



# CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

# R-21

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August 15, 2017

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Receive and file the Fiscal Year 2017 Second Budget Performance Report. (Citywide)

## DISCUSSION

This report includes information on the City's Fiscal Year 2017 (FY 17) budget performance through May 31, 2017, for all funds.

## **Summary**

As of May 31, 2017, no significant concerns have been identified with the City's restricted funds, and any funds that are showing year-end estimates that exceed budgeted appropriations will be resolved with planned budget adjustments that will be presented to the City Council later in FY 17. While in the General Fund there has been an unexpected one-time drop in revenue in FY 17, the City Manager is managing this through instructions to departments to save additional funds. It is expected that with this approach the City could ultimately end the year with a small surplus, but if savings are not sufficient, the City may need to use the operating reserve to end the year in balance. This report summarizes the General Fund performance, and provides additional details on the status of other funds. Please see Attachment A for a breakdown of citywide expenditures by fund.

## **General Fund and Uplands Oil Fund Overview**

Based on current estimates as of May 31, 2017, it is anticipated that the General Fund will end the year in balance with zero funds available and Uplands Oil Fund with \$0.3 million. As mentioned in the March 14, 2017 Fiscal Outlook, a year-end surplus for any one-times is not expected due to certain revenue streams coming in lower than anticipated, the medical marijuana implementation costs, and labor negotiation costs. The estimated FY 17 sources and uses are summarized in the table below and described in further detail in the subsequent sections.

<b>General Fund and Uplands Oil Fund Estimates for FY 17 Performance as of May 31, 2017</b>		
	(\$ in millions)	
	General	Uplands
<b>Beginning Funds Available (10/1)</b>	<b>3.1</b>	<b>0.8</b>
<b>Sources</b>		
Revenues	458.7	7.3
Other Sources (Release of funds includes release from Operating Reserve)	13.1	-
<b>Total Sources</b>	<b>471.8</b>	<b>7.3</b>
<b>Uses</b>		
Expenditures	(475.3)	(7.8)
Other Uses (i.e. carry-over, reservations)	(0.5)	
<b>Total Uses</b>	<b>(475.8)</b>	<b>(7.8)</b>
<b>Ending Funds Available (9/30)</b>	<b>0.0</b>	<b>0.3</b>

### **General Fund - Sources of Funds**

#### Revenues

As of May 31, 2017, the overall General Fund revenues are projected to come in lower than expected. The FY 17 overall projected revenue shortfall is largely due to a \$5.4 million decline in revenues from the Redevelopment Property Tax Trust Fund, following the dissolution of the Redevelopment Agency (RDA). This decline is due to successful property tax appeals by companies in the Harbor area and results in a one-time large revenue impact, as well as a smaller ongoing revenue reduction. Other key revenue streams such as Utility Users Tax and Franchise Fees also continue to perform below budgeted levels. Partially mitigating this shortfall, are higher than estimated property tax revenues, including activity from prior year secured property tax generated from the countywide payments on prior year delinquencies, as well as positive growth in property taxes resulting from assessed valuations continuing to rebound from the recession.

In addition, the price of oil is currently higher than budgeted in FY 17. The FY 17 Adopted Budget oil projections assumed \$35 per barrel, yet our updated estimates include oil revenue that has actually been received to date with anticipated revenue at \$45 per barrel for the remainder of the year. While oil revenue is coming in higher than projected, the revenue in Uplands is being used to offset the shortfall in the General Fund created by the property tax appeals. In the Tidelands Fund, the overall status of the fund makes it unlikely that additional capital funding will be available at the end of FY 17 and, while a small surplus is possible for Uplands, at this time it is too small to project. There continues to be volatility in the market, so we are watching this revenue closely. Additionally, City oil revenue is dependent on more than just the price of oil. Other factors affecting revenue include production levels and exploration and production costs. Attachment B provides a breakdown of the top 40 General Fund revenue performance by source.

### Other Sources

A key source of funds for the FY 17 Adopted Budget was revenue received in FY 16 and carried over to be a “release of reserves” in FY 17. These sources were from various revenues above projected levels in FY 16. In addition to these revenues recognized in the FY 17 Adopted Budget for one-time uses, FY 16 year-end surplus was also reserved and programmed by the City Council as part of the Budget Adjustments on February 14, 2017. These previously set-aside funds were released in FY 17 and used for prior approved purposes, which include: implementing the City Council’s policy to reserve 5 percent for unfunded liabilities for FY 16, funding for strategic investments including the police academy, police overtime to impact violent crime, Sunday library hours, watershed monitoring and compliance, parks conservation needs, Measures MM and MA election costs, medical marijuana implementation costs, carryover of FY 16 one-time investments that were not completed, and transfers to capital improvement projects for City Council District priorities, among others. In addition, a potential use of the operating reserve may be needed in order to end the year in balance. However, as mentioned earlier, departments have been asked to save additional General Fund expenses, and so it is the goal for the City to end the year in balance. In fact, if revenues hold, or enough additional savings occur, the City could end the year with a small surplus. This situation will be closely monitored.

### **General Fund - Uses of Funds**

#### Expenditures by Department

As of May 31, 2017, citywide estimates are projecting the General Fund expenditures to come in right under the FY 17 Adjusted Budget. Departments are collectively on track to save 0.5 percent of their budgeted appropriation as requested by the City Manager earlier in the fiscal year to prepare for various unbudgeted initiatives; however, departments are including the costs related to Medical Marijuana Implementation in their estimates-to-close even though these costs are not currently budgeted in the departments. Currently, only the City Clerk’s Department is estimating to come in over budget due to receiving an invoice for the Long Beach portion of the November 2016 countywide elections from the Registrar-Recorder County Clerk’s Office. The City Clerk’s Department is attempting to absorb this added cost, but a future budget adjustment may be necessary to bring appropriations under budget and funds have been set aside for this purpose. All departments and funds will continue to be monitored for the remaining part of the fiscal year. In light of the revenue shortfall, departments have been asked to save additional funds above the 0.5 percent, but the additional department savings are not factored into the estimate at this time.

The City’s medical marijuana implementation is underway. On February 14, 2017, the City Council approved setting aside \$1.4 million in one-time funds for bridge funding to cover the initial implementation costs until the revenue started coming in. At that point in time, staff projected start-up costs to be approximately \$3.5 million, but recently revised cost estimates are closer to \$2 million for FY 17. These lower cost estimates are due to licensed businesses taking longer to start operations than originally anticipated and delays in filling City positions relating to medical marijuana implementation. This will continue to be closely monitored for the

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remainder of the year. Attachment C provides a breakdown of General Fund expenditure performance by department, with notable variances identified in the footnotes of the attachment.

Since the first performance report, an additional five employee groups have approved Memorandums of Understanding that are effective from the beginning of FY 17 until the end of FY 19. These groups are the Long Beach Firefighters Association (FFA), Long Beach Association of Confidential Employees (LBACE), Long Beach Management Association (LBMA), City Prosecutors Association (CPA), and Long Beach Supervisors Employee Association (LBSEA). The costs of these agreements in FY 17 have been offset by reducing collection charges for worker's compensation, general liability, and health care based on history of past costs, as well as eliminating the funding for some optional retirement liabilities. Salary increases that follow the approved contracts have been included for all employee groups in the FY 18 Proposed Budget, along with appropriate offsets to present a balanced budget.

### Other Uses

The Other Uses category represents assignments of funds available for future specific purposes. In FY 17, the source of funding for Other Uses is the Measure B budget stabilization rainy day fund from Measure A tax revenues and the Successor Agency's sale of property proceeds. In FY 17, the General Fund is estimated to end the year in balance with zero funds available and will likely not have any additional funds left to set aside 5 percent for unfunded liabilities, per City Council policy, unless the financial situation changes, or to fund any additional FY 18 one-times.

### **Measure A Revenues and Expenditures**

Pursuant to the June 7, 2016 Measure A ballot initiative, on January 1, 2017, businesses in the City began to collect an additional 1 percent in sales tax on all tangible personal property sold at retail in Long Beach. The City Council committed \$35,640,000 in anticipated FY 17 Measure A revenues to fund priority public safety maintenance and restorations, as well as capital improvement projects to help rebuild Long Beach's infrastructure projects, and the administration of the Measure A tax. On February 14, 2017, the City Council approved funding for the restoration of Paramedic Rescue 12 and the reinstatement of Police Academy operations and reallocated \$500,000 to time sensitive Fire Station roof repair projects through the deferral of \$2.0 million in residential street repair until FY 18.

As reflected in Attachment D, as of June 30, 2017, \$11,234,719 has been expended and \$8,457,003 has been encumbered, or obligated, for ongoing and one-time, public safety and infrastructure purposes. To facilitate reporting on Measure A revenue and expense, they are budgeted and tracked in a unique subfund of the General Fund. Personnel costs, which are primarily public safety maintenance and restorations, are budgeted in the respective departments. Transfers from the General Fund operating budget into the Measure A subfund and to the Capital Projects Fund (CP 201) for infrastructure projects will be made periodically throughout the year based on approved budgeted amounts.

Sales tax revenue is remitted to the State on a monthly basis, but State disbursements to cities are estimated based on prior year data with true-ups to actual revenue provided at the end of every quarter. As of June 30, 2017, after the State had true-up their monthly remittances to actuals, Measure A revenues are \$15,201,381. While in line with revenue estimates for the ramp up period of Measure A collection, this is a new revenue source and so it is being closely watched. If Measure A revenues do not come in as anticipated, certain Measure A one-time expenditures may need to be deferred until FY 18. Due to the current timeframes of implementing these capital projects, it is not envisioned that this will be an issue for FY 17 project performance; however, revenue delays could potentially shift future year project timing. This will continue to be closely monitored.

### **FY 17 Revenues – All Other Funds**

#### Uplands Fund and Tidelands Operating Funds

The City's oil revenues continue to be impacted by price fluctuations. The FY 17 Adopted Budget oil projections were based on \$35 per barrel. Updated oil price estimates are for an average of \$45 per barrel for the rest of the year. The revised revenue estimates have led to an increase to the Uplands Fund revenue projections, which covers General Fund operations and one-time investments, and in the Tidelands Operating Funds revenue, which funds both operations and capital investment in the Tidelands area. As stated earlier, while oil revenue is coming in higher than projected, the revenue in Uplands is being used to offset the shortfall in the General Fund created by the property tax appeals. In the Tidelands Fund, the overall status of the fund makes it unlikely that additional capital funding will be available at the end of FY 17 and, while a small surplus is possible for Uplands, at this time it is too small to project. Due to the volatility in various factors impacting oil prices, staff continues to closely monitor these funds and will update revenues at year-end.

There are no other revenue concerns related to all other funds to report at this time.

### **FY 17 Expenditures – All Other Funds**

#### Refuse and Recycling

The Refuse and Recycling Fund receives the majority of its revenue from refuse and recycling charges. Other revenue sources include, but are not limited to, grant money from the State for various outreach efforts, revenues from the sale of recyclables collected through the City's residential recycling program, and fees paid by the City's licensed private refuse haulers for AB 939 compliance. Over the years, operating shortfalls have used funds available to offset the shortfall. After many years of implementing various efficiency measures, the fund continues to operate at a structural imbalance. To address the structural imbalance, the City retained an outside consultant to complete a comprehensive cost of service review and develop a rate model. While the City has adjusted the rates in the past for general CPI increases, there has not been a general refuse rate increase since 2003.

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Gas Tax Street Improvement

The Gas Tax Street Improvement Fund is used to account for the receipt and expenditure of gasoline tax funds apportioned under the State Streets and Highways code, as well as other sources dedicated to street improvements such as grant revenue. Expenditures are made for any street-related purpose on the City's system of streets, including reimbursement to the General Fund for eligible street maintenance costs. Gasoline tax revenues have declined 34 percent since FY 14. This decline is largely attributed to increased use of fuel-efficient and alternative fuel vehicles. With the recent passage of the Road Repair and Accountability Act (SB-1) by the State legislature, FY 18 gasoline tax revenues are anticipated to increase by \$4.1 million as compared to FY 17. The additional funds will begin to restore a portion of the gas tax revenues lost in recent years. In the out-years, it is anticipated that gas tax revenues will increase significantly, which will provide additional funding for street rehabilitation.

This matter was reviewed by Deputy City Attorney Amy R. Webber on July 28, 2017.

TIMING CONSIDERATIONS

City Council action is requested on August 15, 2017.

**SUGGESTED ACTION:**

Approve recommendation.

Respectfully submitted,



JOHN GROSS  
DIRECTOR OF FINANCIAL MANAGEMENT

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- ATTACHMENTS: A – EXPENDITURES BY FUND  
B – GENERAL FUND TOP 40 REVENUE  
C – GENERAL FUND EXPENDITURES BY DEPARTMENT  
D – MEASURE A SUMMARY OF REVENUE AND EXPENDITURES AND INFRASTRUCTURE PROJECT LIST

APPROVED:



PATRICK H. WEST  
CITY MANAGER

CITY OF LONG BEACH EXPENDITURES BY FUND THROUGH MAY 31, 2017							
FUND	FY 17 New Allocation	Estimated All-Years Carryover <sup>1</sup>	FY 17 Adopted Budget	Amendments	FY 17 Adjusted Budget	FY 17 Year to Date Expenditures as of 5/31/17	Estimates-to-Close
<b>Funds With All-Years Carryover</b>							
AIRPORT	\$ 44,978,685	\$ 28,377,332	\$ 73,356,017	\$ 698,259	\$ 74,054,276	\$ 24,456,321	\$ 50,028,276
BUSINESS ASSISTANCE	704,289	916,890	1,621,179	70	1,621,249	264,170	779,298
CAPITAL PROJECTS	38,593,926	93,092,507	131,686,433	4,310,316	135,996,749	21,178,874	53,268,255
CIVIC CENTER	9,435,785	10,060,306	19,496,092	150,563	19,646,654	5,930,594	12,094,168
COMMUNITY DEVELOPMENT GRANTS	20,162,053	21,139,107	41,301,160	480,015	41,781,175	15,269,077	26,270,555
CUPA	1,987,120	-	1,987,120	4,923	1,992,044	883,194	1,797,567
DEVELOPMENT SERVICES	21,123,554	1,294,715	22,418,269	893,579	23,311,847	11,641,548	21,885,871
FLEET SERVICES	59,276,203	5,159,763	64,435,966	3,154,071	67,590,037	21,709,134	48,186,139
<sup>2</sup> GAS	128,576,094	13,680,205	142,256,298	452,532	142,708,831	56,150,182	141,746,317
GAS TAX STREET IMPROVEMENT	10,577,854	24,228,572	34,806,426	899,806	35,706,232	5,312,607	15,515,500
GENERAL GRANTS	7,894,199	20,609,685	28,503,884	4,738,589	33,242,474	13,679,769	18,196,002
GENERAL SERVICES	41,768,636	31,309,501	73,078,137	3,297,622	76,375,759	25,005,831	47,770,224
HEALTH	43,052,210	26,347,730	69,399,940	480,491	69,880,432	20,546,940	39,628,929
<sup>3</sup> HOUSING AUTHORITY	70,011,281	-	70,011,281	58,774	70,070,055	44,894,712	70,070,055
HOUSING DEVELOPMENT	13,612,862	22,602,450	36,215,312	8,060	36,223,372	1,421,910	6,339,372
INSURANCE	42,610,539	-	42,610,539	(15,110)	42,595,429	24,990,409	41,850,893
REFUSE/RECYCLING	47,154,322	99,277	47,253,599	32,850	47,286,449	25,916,863	44,990,523
SUCCESSOR AGENCY	74,023,058	25,156,725	99,179,783	3,625	99,183,408	12,612,012	31,536,444
TIDELANDS	123,753,382	146,567,678	270,321,059	2,733,925	273,054,984	85,058,997	161,640,250
TRANSPORTATION	20,749,066	21,081,763	41,830,829	-	41,830,829	8,182,219	22,648,866
<b>SUBTOTAL</b>	<b>\$ 820,045,119</b>	<b>\$ 491,724,204</b>	<b>\$ 1,311,769,323</b>	<b>\$ 22,382,960</b>	<b>\$ 1,334,152,284</b>	<b>\$ 425,105,364</b>	<b>\$ 856,243,502</b>
<b>Funds Without All-Years Carryover</b>							
BELMONT SHORE PKG METER	\$ 830,891	-	\$ 830,891	842,428	1,673,319	\$ 351,369	\$ 821,518
DEBT SERVICE FUND	10,599,566	-	10,599,566	-	10,599,566	3,788,974	10,599,566
EMPLOYEE BENEFITS	267,992,141	-	267,992,141	182,227	268,174,368	145,890,671	233,274,393
GENERAL	471,336,604	-	471,336,604	4,126,796	475,463,400	267,050,176	475,252,848
HARBOR	774,343,000	-	774,343,000	-	774,343,000	290,544,374	774,343,000
PARKING AND BUSINESS AREA IMPROVEMENT	7,970,420	-	7,970,420	215,762	8,186,182	4,632,435	8,186,180
<sup>4</sup> POLICE & FIRE PUBLIC SAFETY OIL PROD ACT	4,073,474	-	4,073,474	(15,876)	4,057,599	1,325,983	4,133,750
SERRF	51,032,196	-	51,032,196	(925)	51,031,272	31,645,361	46,756,740
SERRF JPA	11,202,424	-	11,202,424	-	11,202,424	10,613,256	11,202,424
SEWER	20,228,985	-	20,228,985	-	20,228,985	11,027,292	19,424,479
SPECIAL ADVERTISING & PROMOTION	8,492,412	-	8,492,412	1,053,488	9,545,900	5,248,381	8,910,609
<sup>5</sup> TIDELAND OIL REVENUE	64,159,027	-	64,159,027	(10,589)	64,148,438	44,521,851	72,011,847
TOWING	5,437,193	-	5,437,193	(13,023)	5,424,170	2,765,033	5,153,506
UPLANDS OIL	7,094,773	-	7,094,773	727,967	7,822,740	3,569,266	7,784,773
WATER	102,320,154	-	102,320,154	-	102,320,154	57,373,706	98,629,066
<b>SUBTOTAL</b>	<b>\$ 1,807,113,260</b>	<b>\$ -</b>	<b>\$ 1,807,113,260</b>	<b>\$ 7,108,256</b>	<b>\$ 1,814,221,516</b>	<b>\$ 880,348,129</b>	<b>\$ 1,776,484,700</b>
<b>TOTAL - ALL FUNDS</b>	<b>\$ 2,627,158,379</b>	<b>\$ 491,724,204</b>	<b>\$ 3,118,882,584</b>	<b>\$ 29,491,216</b>	<b>\$ 3,148,373,800</b>	<b>\$ 1,305,453,492</b>	<b>\$ 2,632,728,203</b>

1. Estimated All-Years Carryover is composed of multi-year grants and Capital Improvement Program (CIP) funds; unspent amounts are carried over to future years, resulting in a larger adjusted budget. These carryover estimates are based on the FY 17 Adopted Budget; Financial Management is currently conducting a review to update these figures.

2. Due to the realignment of expense and revenue, budgets are closer to actual spending in FY 17, the Gas Fund is spending closer to budget than in years past.

3. Estimated expenses as of May 31, 2017 equal budget due to an increase in housing voucher allocation, increased costs due to changes to parking locations and staffing, and software upgrades.

4. Estimated expenses as of May 31, 2017 appear to exceed budget due to the inclusion of 100 percent of the costs associated with the Fire Department's HEART Team. In FY 17, Fire Department received \$250,000 in one-time funds for the HEART Team pilot program. Actual expenses are anticipated to exceed this amount in excess of \$100,000. The Fire Department will transfer any expenses over the allocated one-time amount to other eligible sources as part of the FY 17 Year End process.

5. Estimated expenses anticipated to exceed budget due to increased payment to the State and transfer to the Tidelands Operations Fund, both of which are related to higher than anticipated oil revenues. The Long Beach Gas and Oil Department will request an appropriation increase to align budget to actuals, offset by increased oil revenues.

**CITY OF LONG BEACH GENERAL FUND REVENUE SUMMARY**  
THROUGH MAY 31, 2017

Notes	Top 40	Revenues	FY 16 Adjusted Budget	Actuals as of 05/31/2016	FY 17 Adjusted Budget	FY 17 Actual Revenue as of 5/31/17	Estimates-to-Close	Percentage of Adjusted received as of 5/31/17
1	1	REAL PROPERTY TAXES	\$ 103,690,492	\$ 89,869,478	\$ 108,798,216	\$ 93,496,394	\$ 105,262,645	86%
2	2	SALES AND USE TAX & IN-LIEU	58,500,000	32,815,023	58,848,000	36,600,217	58,249,606	62%
3	3	PROPERTY TAX IN-LIEU OF VLF	45,185,899	44,605,601	45,872,400	46,135,841	46,135,841	101%
4	4	TRANSACTION AND USE SALES TAX-MEASURE A	-	-	35,640,000	10,590,700	35,640,000	30%
5	5	TRNSFRS FRM OTHER FUNDS	29,213,781	19,604,276	22,498,488	5,894,299	26,444,875	26%
6	6	ELECTRIC USERS TAX & PENALTIES	20,675,000	13,269,430	21,935,000	11,665,675	19,035,645	53%
7	7	TRANSIENT OCCUPANCY TAX	16,000,000	11,462,026	19,261,000	11,291,146	19,071,985	59%
8	8	PARKING CITATIONS	13,650,918	10,151,133	13,282,118	8,707,095	13,449,428	66%
9	9	BUSINESS LICENSE TAXES	11,561,000	8,576,570	12,357,000	8,196,903	12,157,000	66%
7	10	TELEPHONE USERS TAX & PENALTIES	11,612,958	7,202,647	11,770,000	6,702,027	9,894,062	57%
8	11	EMERGENCY AMBULANCE FEES	11,300,000	6,459,374	11,300,000	7,791,858	12,329,937	69%
9	12	ELECTRIC COMPANY FRANCHISES	7,700,000	5,667,595	7,970,000	5,055,000	6,246,788	63%
10	13	PIPELINE FEE-WATER	5,967,700	2,983,850	6,146,731	3,080,353	6,146,731	50%
10	14	OTHER DEPT SVCS TO PROPRIETARY FUNDS	5,181,790	2,774,311	5,594,699	524,314	5,552,649	9%
10	15	CHARGES FOR SPECIAL SERVICES	4,998,625	1,106,239	5,518,748	2,240,706	5,827,813	41%
10	16	PIPELINE FEE-SEWER	4,575,163	2,287,582	4,712,418	2,365,434	4,712,418	50%
10	17	AMERICAN GOLF LEASE	4,667,337	2,578,475	4,667,337	2,936,872	4,629,981	63%
10	18	LAND,BLDG,R/W,EASEMENT,APT RENTALS	3,650,900	4,154,937	4,552,986	2,396,375	4,649,743	53%
10	19	WATER USERS TAX & PENALTIES	3,934,893	2,513,001	4,029,000	2,567,056	4,100,732	64%
10	20	PIPELINE FRANCHISES	4,500,000	2,469,378	3,304,508	2,491,502	2,896,380	75%
10	21	MISC REFUNDS & REIMB	3,630,000	1,987,737	3,025,200	2,065,055	2,856,447	68%
10	22	GAS USERS TAX & PENALTIES	3,200,000	2,276,257	2,958,608	2,838,756	3,861,116	96%
10	23	PIPELINE SAFETY FEES	2,500,000	2,660,038	2,600,000	2,771,581	2,772,311	107%
10	24	MISC REVENUE FROM OTHER AGENCIES	2,413,726	2,202,904	2,433,962	1,071,163	2,457,772	44%
10	25	HARBOR-POLICE	2,400,781	418,225	2,400,000	625,138	2,500,553	26%
10	26	ASSET MANAGEMENT CHARGES	1,676,517	1,073,936	2,314,509	1,529,676	2,314,509	66%
10	27	REAL PROPERTY TRANSFER TAX	1,672,239	1,155,946	2,139,060	1,359,179	2,398,057	64%
10	28	OTHER DEPT CHGS TO GOVTL FUNDS	1,796,834	1,066,052	2,084,533	1,365,306	1,996,744	65%
11	29	HAULER FEES	1,810,000	1,100,568	2,000,000	1,441,231	2,200,000	72%
12	30	FIRST RESPONDER FEE	189,158	620,557	1,652,298	1,536,718	1,900,000	93%
13	31	OIL PRODUCTION TAX	1,561,190	967,295	1,647,442	876,764	1,157,736	53%
14	32	FIRE INSPECTION FEES	1,054,734	748,664	1,523,976	762,369	1,263,000	50%
14	33	VEHICLE CODE FINES	1,750,000	852,392	1,500,000	614,413	1,265,855	41%
14	34	OTHER GOVT FUND-PUBLIC SERVICE	1,081,500	1,055,555	1,458,258	842,089	1,226,000	58%
14	35	METERED/OTHER PARKING	1,426,844	1,034,460	1,446,710	1,016,855	1,427,366	70%
14	36	POLICE CHARGES FOR SPECIAL EVENTS	1,300,000	866,422	1,300,000	970,100	1,734,729	75%
14	37	INTEREST-POOLED CASH	712,160	1,251,740	1,286,900	1,440,701	2,140,582	112%
14	38	CIP-ENGINEERING CHARGES	1,300,000	556,567	1,257,945	204,006	1,257,945	16%
14	39	EL DORADO PARK FEES	1,076,308	682,514	1,101,308	659,240	1,107,000	60%
14	40	SELF-SUSTAINING CLASSES-REC	1,048,520	528,940	1,094,520	535,083	1,136,730	49%
		<b>SUBTOTAL TOP 40 REVENUES</b>	<b>\$ 400,166,967</b>	<b>\$ 293,657,694</b>	<b>\$ 445,283,878</b>	<b>\$ 295,255,190</b>	<b>\$ 441,408,711</b>	<b>66%</b>
		ALL OTHER REVENUES	\$ 14,205,331	\$ 25,438,436	\$ 15,239,657	\$ 11,838,436	\$ 17,320,378	78%
		<b>TOTAL GENERAL FUND REVENUES</b>	<b>\$ 414,372,299</b>	<b>\$ 319,096,130</b>	<b>\$ 460,523,535</b>	<b>\$ 307,093,626</b>	<b>\$ 458,729,089</b>	<b>67%</b>



**Notes:**

- <sup>1</sup> Property Tax revenue projections are based on the assessed valuation provided by the County of Los Angeles in fall 2016. This report consolidates all property tax, including post-RDA dissolution property taxes and former tax increment pass-through revenues into one citywide property tax category. The estimate includes an actual decline of \$5.4 million in post-RDA revenues from successful appeals in the Harbor-area.
- <sup>2</sup> Sales and Use Tax and In Lieu Sales Tax, non-Measure A, experiencing lower than expected growth and is realizing the full impact of major closures such as Walmart.
- <sup>3</sup> Property Tax in Lieu of VLF are calculated based on the change in cities assessed valuation. FY 17 actuals and estimates-to-close reflect increases in assessed valuation.
- <sup>4</sup> Measure A is anticipated to come in at or around budget based on actual receipts. Reported actuals as of May 2017. Actual year-to-date revenues received as of June 2017 total \$15.2 million.
- <sup>5</sup> Transfers from other funds include transfer from Uplands Oil anticipated higher than budget. FY 17 Adopted Budget assumed \$35 per barrel, revised estimates include price at \$45 per barrel.
- <sup>6</sup> Electric Utility Users Tax estimated below budget based on actual performance. Reduced actuals attributed to reduced rates paid for by Port of Long Beach tenants, issuance of California Climate Credit program with commercial credits issued retroactively for prior years, and reduced oil production.
- <sup>7</sup> Telephone Utility Users Tax estimated below budget due to limited numbers of new subscribers and a highly competitive price environment
- <sup>8</sup> Emergency Ambulance Fees include EMS revenues anticipated to come in over budget due to one time reimbursements from the State for medical transportation from FY 16 now being reimbursed at 100 percent, rather than the 50 percent.
- <sup>9</sup> Electric Company Franchise is based on a percentage of the gross quarterly revenue from all electricity sold within the City of Long Beach. Reduction anticipated due to the drop in electricity use.
- <sup>10</sup> Charges for Special Services includes Police Department public safety agreements/MOUs with external agencies. Due to the POA raises that went into effect mid-year FY 17, projected revenues for these contract services are projected to exceed budgeted revenue amounts.
- <sup>11</sup> Hauler Fee projections anticipate higher than budgeted actuals due to an increase in the amount of refuse disposed and diverted from private haulers.
- <sup>12</sup> First Responder Fee effective starting in FY 16. FY 16 actuals reflect ramp up period for implementation, whereas FY 17 estimates reflects full year of activity.
- <sup>13</sup> Oil Production Tax revenue is remitted to the City on a quarterly basis and reflects production. Oil Production Tax anticipated below budget due to reduced production due to a less aggressive drilling pace and reduced investments in oil fields.
- <sup>14</sup> Vehicle Code Fines are decreasing in recent years. Additionally, comparisons to year-to-date performance across fiscal years subject to deposit timing.

**CITY OF LONG BEACH**  
**GENERAL FUND EXPENDITURES SUMMARY**  
**THROUGH MAY 31, 2017**

Department	FY 17 Adopted Budget	FY 17 Adjusted Budget	FY 17 Actual Expenditures, as of 5/31/16	Estimates-to-Close
City Auditor	\$ 2,466,860	\$ 2,605,896	\$ 1,288,020	\$ 2,559,962
<sup>1</sup> City Attorney	2,709,957	2,705,444	1,501,968	2,756,537
<sup>2</sup> City Clerk	2,728,419	2,739,499	1,904,766	2,849,045
<sup>3</sup> City Manager	3,404,250	3,390,804	2,550,283	3,445,910
City Prosecutor	5,084,604	5,156,441	3,119,998	5,085,182
Citywide Activities	46,840,211	48,282,151	1,765,084	49,782,151
Civil Service	2,576,234	2,569,417	1,340,758	2,566,792
Development Services	5,122,044	5,155,284	3,709,992	5,146,169
Disaster Prep & Emergency	12,004,148	12,304,996	7,137,484	12,049,878
Economic & Property Development	1,970,226	1,977,671	1,573,794	1,935,852
Fire	79,167,256	79,585,640	53,684,888	78,857,959
<sup>4</sup> Financial Management	15,466,196	15,632,385	8,379,086	15,643,858
Health and Human Services	1,748,330	1,907,374	947,126	2,092,115
Legislative	5,407,574	5,422,861	2,961,938	5,360,823
Library Services	13,156,265	13,225,422	7,963,858	13,153,439
<sup>5</sup> Police	199,796,129	200,541,414	126,183,115	200,214,579
Parks, Recreation, and Marine	32,948,754	33,459,468	18,024,602	33,251,147
Public Works	38,739,147	38,801,234	23,013,416	38,501,451
<b>TOTAL</b>	<b>\$ 471,336,604</b>	<b>\$ 475,463,400</b>	<b>\$ 267,050,176</b>	<b>\$ 475,252,848</b>

- <sup>1</sup> The City Attorney's Office has expenses of approximately \$321,000 related to the implementation of Medical Marijuana that are not budgeted and the budget will be adjusted at the close of the fiscal year.
- <sup>2</sup> The City Clerk received a bill from the Registrar Recorder County Clerk from LA County for the November 2016 Elections for approximately \$482,000, which was not originally budgeted. The Department is attempting to absorb the added expense through vacancy and other savings. Any remaining shortfall will be covered through a future Quarterly Budget Adjustment using funds set aside for this purpose.
- <sup>3</sup> The City Manager Department is responsible for Marijuana Oversight which was not budgeted in FY 17. Marijuana Oversight expenses are estimated at approximately \$205,000 for this fiscal year. The City has identified areas of savings to cover the cost of Medical Marijuana implementation and will adjust department budgets at the close of the fiscal year.
- <sup>4</sup> The Commercial Services Bureau within the Financial Management Department is currently estimating approximately \$330,000 in expenses for medical marijuana-related payment processing which is not budgeted in FY 17. The City has identified areas of savings to cover the cost of Medical Marijuana implementation and will adjust department budgets at the close of the fiscal year.
- <sup>5</sup> The Police Department is estimated to end the year more under budget once the budget adjustment posts for the FY 17 mid-year enhancement to Academy staffing from Measure A funds for \$850K.

<b>Measure A - Funding</b>					
<b>Summary of FY 17 Revenue and Expenditures</b>					
<b>as of June 30, 2017</b>					
	<b>FY 17 Adjusted</b>	<b>Structural Portion<sup>1</sup></b>	<b>One-time Portion</b>	<b>Actuals as of 6/30/17</b>	<b>Outstanding as of 6/30/17</b>
<b>Total Measure A Revenue in FY 17</b> <i>Estimate Net of State Board of Equalization Fees</i>	<b>\$ 35,640,000</b>	<b>\$ 23,760,000</b>	<b>\$ 11,880,000</b>	<b>\$ 15,201,381</b>	<b>\$ 20,438,619</b>
	<b>FY 17 Adjusted</b>	<b>Structural Uses</b>	<b>One-time Uses</b>	<b>Actuals as of 6/30/17</b>	<b>Remaining as of 6/30/17</b>
<b>Total Uses of Measure A</b>	<b>\$ 35,640,000</b>	<b>\$ 9,066,443</b>	<b>\$ 26,573,557</b>	<b>\$ 11,234,719</b>	<b>\$ 15,948,277</b>
<b>Invest in Infrastructure (Attachment)</b>	<b>25,739,000</b>	<b>-</b>	<b>25,739,000</b>	<b>6,516,005</b>	<b>10,765,992</b>
<b>Enhance and Maintain Public Safety</b>	<b>9,334,059</b>	<b>8,499,502</b>	<b>834,557</b>	<b>4,718,714</b>	<b>4,615,344</b>
Reestablish Police's South Division	2,372,829	1,538,272	834,557	1,186,415	1,186,415
Restore Fire Engine 8	2,296,881	2,296,881	-	1,722,661	1,722,661
Restore Policy Academy Staffing	850,000	850,000	-	-	-
Restore Paramedic Rescue 12	650,000	650,000	-	-	-
Maintain Police Services	2,254,496	2,254,496	-	1,127,249	1,127,249
Maintain Fire Services	909,853	909,853	-	682,390	682,390
<b>Contribute to Rainy Day Fund (Measure B)</b>	<b>360,000</b>	<b>360,000</b>	<b>-</b>	<b>-</b>	<b>360,000</b>
<b>Administer Measure A Tax</b>	<b>206,942</b>	<b>206,942</b>	<b>-</b>	<b>-</b>	<b>206,942</b>

<sup>1</sup>Structural portion is available for either ongoing operations or one-time purposes.

## Measure A - Funding Year One Infrastructure Project List

PROGRAM	FY 17 Adjusted	Actuals as of 6/30/17	Encumbrances as of 6/30/17	Remaining as of 6/30/17
<b>Street Rehabilitation</b>	<b>\$ 17,520,000</b>	<b>\$ 5,842,899</b>	<b>\$ 6,911,900</b>	<b>\$ 4,765,201</b>
Arterial Street Improvements	4,840,000	88,049	386,080	4,365,871
Residential Street Repair (Slurry)	11,080,000	5,727,091	6,307,114	(954,205)
<i>FY 17 Local Street Repair District 3</i>	-	-	80,353	(80,353)
Alley Management Plan	300,000	1,012	13,400	285,588
Naples Bridge Improvements	100,000	-	-	100,000
Parking Garage Improvements	1,200,000	26,746	124,953	1,048,301
<b>Public Facilities</b>	<b>\$ 2,071,000</b>	<b>\$ 46,486</b>	<b>\$ 716,611</b>	<b>\$ 1,307,903</b>
Fire Station 9	125,000	-	-	125,000
Fire Station Roofs	650,000	5,229	604,834	39,936
<i>Police Crime Lab</i>	200,000	-	-	200,000
Public Safety Building	150,000	-	94,408	55,592
Expo Building Improvements	200,000	768	700	198,532
Brewit Branch Library Improvements	62,000	645	-	61,355
Los Altos Branch Library Improvements	47,000	4,685	4,670	37,645
Harte Branch Library Improvements	62,000	728	-	61,272
Dana Branch Library Improvements	103,000	648	-	102,352
Burnett Branch Improvements	172,000	3,692	5,335	162,973
Animal Care Improvements	150,000	19,341	1,234	129,425
Smart Street Light Technology	150,000	-	-	150,000
<i>Police Academy Space Plan</i>	-	10,749	5,430	(16,179)
<b>Parks &amp; Recreation</b>	<b>\$ 6,098,000</b>	<b>\$ 626,621</b>	<b>\$ 828,492</b>	<b>\$ 4,642,887</b>
Rancho Los Alamitos Ranch House Upgrades	500,000	2,923	-	497,077
Rancho Los Cerritos Improvements	500,000	2,883	-	497,117
Bixby Park Community Center	200,000	5,256	15,500	179,244
MacArthur Park Roof Repair	56,000	4,539	700	50,761
MLK Community Center Roof Repair	42,000	1,589	700	39,711
Jackson Park Improvements	50,000	31,360	-	18,640
PE Right of Way Park Improvements	150,000	300	-	149,700
Pan American Park Improvements	100,000	4,432	-	95,568
Silverado Park Improvements	100,000	-	-	100,000
Silverado Field Turf Improvements	160,000	-	58,100	101,900
Heartwell Field Turf Improvements	320,000	435	15,000	304,565
Urban Forestry - Tree Trimming Parks	350,000	129,036	213,374	7,590
Drake Park Playground	700,000	108,013	53,391	538,597
Los Cerritos Park Playground	700,000	101,759	156,822	441,419
Veterans Park Playground	700,000	107,294	54,891	537,815
Whaley Park Playground	700,000	106,845	159,775	433,380
Citywide Park Irrigation Upgrades	350,000	6,246	14,300	329,454
Community Center Restroom Upgrades	170,000	994	-	169,006
Senior Center Improvements	250,000	12,717	85,940	151,343
<b>Transportation Improvements</b>	<b>\$ 50,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 50,000</b>
Citywide Street Signage Program	50,000	-	-	50,000
<b>Total</b>	<b>\$ 25,739,000</b>	<b>\$ 6,516,005</b>	<b>\$ 8,457,003</b>	<b>\$ 10,765,991</b>