

**CITY OF LONG BEACH**

DEPARTMENT OF FINANCIAL MANAGEMENT

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

April 2, 2013

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive and file the Fiscal Year 2013 First Quarter Budget Performance Report.
(Citywide)

DISCUSSION

This report includes information on the City's Fiscal Year 2013 (FY 13) budget performance through December 31, 2012 for all funds, with particular emphasis on the General Fund.

Summary

As of the end of the first quarter, expenditures in all City funds are expected to end the year within budget. This report includes some reporting format changes to facilitate comparisons with the prior year budget.

FY 13 Expenditures – All Funds

There are no significant spending concerns to report at this time. Please see Attachment A for a complete summary of expenditures by fund.

FY 13 General Fund Expenditures

As of December 31, 2012, General Fund departments have estimated to end the year under budget by \$2.2 million in aggregate, which can be attributed to the International Association of Machinists and Aerospace Workers (IAM) CalPERS pickup savings described on the second page of this report. See Attachment B for a summary of expenditure by department and attachment footnotes for an explanation of any relevant changes.

After the first quarter of FY 13, 23 percent of Adjusted General Fund Appropriations have been expended. This is roughly on pace with the spending pattern of the last fiscal year. Increased demands for City services during the summer months traditionally result in accelerated expenditures in the second and third quarters. City departments anticipate and incorporate the seasonality of expenditures into the estimates-to-close. Since these estimates represent only first quarter results, they should be considered early estimates only. Staff will continue to closely monitor expenses and report any significant changes.

FY 13 General Fund Revenue

General Fund revenues in the first quarter of FY 13 are being realized as expected in the Adopted Budget. New property tax revenues associated with the RDA dissolution were not reflected in the Adopted Budget as described below. These new revenues account for nearly all of the projected increase to the General Fund revenue of \$424.7 million. Revenues from other property and sales taxes continue to experience a modest rebound from recession lows. Inter-fund transfers to the General Fund, which have experienced decline in recent years, are projected to end the fiscal year at budget with the exception of an additional transfer from the SERRF Fund. As a result of the delay in the closure of the Puente Hills landfill until October 2013 and the continued tip fee Long Beach receives, an additional \$1.8 million will be available to transfer to the General Fund.

A list of top 40 General Fund revenues is included in Attachment C.

Recent IAM Negotiations

On January 15, 2013, the City Council approved an amendment to the current Memorandum of Understanding with the IAM. As part of this amendment, the IAM agreed to pay an additional 6 percent of their employee contribution rate to CalPERS, for a total of 8 percent, which represents 100 percent of the employee's share to CalPERS. This additional CalPERS payment was effective January 26, 2013, and is estimated to save the City's General Fund approximately \$2.5 million (\$7.8 million in All Funds) in FY 13. The amendment also included a 5 percent raise, retroactive to the beginning of the fiscal year. That raise was included in the FY 13 Adopted Budget and was anticipated. City Manager Departments worked to reflect these negotiated changes into their estimates-to-close, but these savings estimates are difficult to calculate at a department level or below. Hence, current estimates-to-close may not fully reflect the \$2.5 million savings. The Department of Financial Management will continue to work with Departments to monitor and adjust estimates-to-close to capture the savings as the year progresses.

Property Tax Revenue

Due to the dissolution of the Redevelopment Agency, the City's General Fund is expected to receive one-time revenue from the County into the General Fund in FY 13: Pass-Through Payment of \$3.5 million (previously distributed by the RDA), City's Share of the Property Tax Distribution of \$9.8 million, and one-time distribution from the State sweep of the Housing Fund and Successor Agency Fund of \$15.8 million. Of the Pass-Through Payment, \$2.8 million is included in the FY 13 Adopted Budget. The remaining property tax revenue of \$25.6 million was not anticipated nor included in the FY 13 Adopted Budget and will be budgeted as part of the FY 14 Proposed Budget.

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TIMING CONSIDERATIONS

City Council action on this matter is requested on April 2, 2013.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

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ATTACHMENTS

APPROVED:



PATRICK H. WEST
CITY MANAGER

CITY OF LONG BEACH EXPENDITURES BY FUND THROUGH DECEMBER 2012

FUND	FY 13 New Allocation	FY 13 Adopted Appropriation	Amendments	Adjusted Budget	Year-to-Date Actuals	Estimates-to-Close	Percentage Spent
			Funds with All Years Carryover				
Airport	\$ 41,525,641	\$ 79,069,618	\$ 2,759,939	\$ 81,829,557	\$ 10,036,841	\$ 73,380,249	12%
Business Assistance	653,313	1,837,325	-	1,837,325	2,042	653,313	0%
Capital Projects	15,244,166	97,177,699	-	97,177,699	832,986	15,247,025	1%
Civic Center	10,745,535	11,000,414	37,364	11,037,778	(769,735)	10,751,988	-7%
Community Development Grants	21,847,759	33,888,394	150,000	34,038,394	6,086,165	29,395,165	18%
Fleet Services	31,889,605	32,806,486	384,188	33,190,674	5,914,795	33,425,414	18%
Gas	146,163,008	162,887,599	306,421	163,194,020	40,964,154	136,902,077	25%
Gasoline Tax Street Improvement	14,449,979	38,116,803	-	38,116,803	1,501,466	14,449,979	4%
General Grants	6,479,428	17,479,998	1,470,801	18,950,799	2,148,982	8,677,635	11%
General Services	38,171,162	46,506,520	124,128	46,630,648	8,704,893	42,866,412	19%
Harbor	942,830,909	942,830,909	18,310,227	961,141,136	157,852,127	942,830,909	16%
Health	37,926,224	69,814,237	393,416	70,207,653	5,671,493	34,463,387	8%
Housing Authority	80,142,687	79,911,861	-	79,911,861	19,512,453	80,107,784	24%
Housing Development	9,752,418	78,456,680	25,000	78,481,680	280,594	10,154,962	0%
Insurance	39,782,161	39,921,844	27,127	39,948,971	8,886,530	37,451,658	22%
Refuse/Recycling	44,849,020	45,319,700	1,149	45,320,849	9,390,860	43,276,031	21%
Successor Agency ²	44,487,890	32,493,903	22,013	32,515,915	35,063,248	85,988,830	108%
Tidelands	134,512,572	212,352,557	2,075,691	214,428,249	14,741,063	132,625,427	7%
Transportation	18,118,136	36,673,198	-	36,673,198	1,383,759	17,438,043	4%
SUBTOTAL	\$ 1,679,571,614	\$ 2,058,545,746	\$ 26,087,462	\$ 2,084,633,209	\$ 328,204,515	\$ 1,750,086,237	16%
			Funds Without All Years Carryover				
Belmont Shore Parking Meter	\$ 458,589	\$ 458,589	\$ -	\$ 458,589	\$ 64,011	\$ 458,289	14%
Certified Unified Program Agency (CUPA)	\$ 1,538,941	\$ 1,538,941	\$ 12,395	\$ 1,551,336	\$ 275,826	\$ 1,396,498	18%
Debt Service Fund	\$ 10,465,959	\$ 10,465,959	\$ 1,100	\$ 10,467,059	\$ 4,198,856	\$ 10,467,059	40%
Development Services	\$ 15,607,353	\$ 15,607,353	\$ 4,862	\$ 15,612,205	\$ 2,869,963	\$ 14,399,989	18%
Employee Benefits	\$ 224,113,699	\$ 224,113,699	\$ 21,336	\$ 224,135,035	\$ 43,557,854	\$ 218,567,714	19%
General	\$ 396,831,241	\$ 396,831,241	\$ 437,232	\$ 397,268,474	\$ 92,079,876	\$ 395,058,919	23%
Parking & Business Area Improvement	\$ 6,725,021	\$ 6,725,021	\$ 15,170	\$ 6,740,191	\$ 723,496	\$ 6,607,331	11%
Police & Fire Public Safety Oil Production Act	\$ 3,989,819	\$ 3,989,819	\$ -	\$ 3,989,819	\$ 1,076,284	\$ 3,823,884	27%
SERRF ³	\$ 46,564,632	\$ 46,564,632	\$ 445,711	\$ 47,010,343	\$ 13,980,228	\$ 53,323,276	30%
SERRF JPA	\$ 11,369,810	\$ 11,369,810	\$ -	\$ 11,369,810	\$ 9,683,403	\$ 11,369,810	85%
Sewer	\$ 21,565,132	\$ 21,565,132	\$ -	\$ 21,565,132	\$ 3,218,406	\$ 21,565,132	15%
Special Advertising & Promotion	\$ 5,399,163	\$ 5,399,163	\$ 433	\$ 5,399,596	\$ 992,626	\$ 5,380,668	18%
Tideland Oil Revenue	\$ 423,109,162	\$ 423,109,162	\$ 13,155	\$ 423,122,317	\$ 37,358,483	\$ 422,977,317	9%
Towing	\$ 7,007,184	\$ 7,007,184	\$ 11,312	\$ 7,018,496	\$ 1,595,823	\$ 6,723,126	23%
Upland Oil	\$ 33,721,740	\$ 33,721,740	\$ 136,735	\$ 33,858,475	\$ 16,528,413	\$ 33,858,475	49%
Water	\$ 100,150,158	\$ 100,150,158	\$ -	\$ 100,150,158	\$ 22,482,257	\$ 100,150,158	22%
SUBTOTAL	\$ 1,308,617,604	\$ 1,308,617,604	\$ 1,099,431	\$ 1,309,717,035	\$ 250,685,905	\$ 1,306,127,645	19%
TOTAL - All Funds	\$ 2,988,189,218	\$ 3,367,163,350	\$ 27,186,893	\$ 3,394,350,243	\$ 578,890,320	\$ 3,056,213,882	17%

1. Estimated carryover was taken at a moment in time and will be corrected once the FY 12 audit is complete (expected by the 2nd Quarter Performance Report). When adjusted, estimates to close are expected to be within budget.
 2. At the point in time the carryover was captured, carryover from the old Redevelopment Funds were not yet moved over to the Successor Agency Funds. Once this is corrected, Successor Agency Fund will be within budget.
 3. Unbudgeted expenditures will be submitted in a quarterly adjustment report to accommodate costs.

CITY OF LONG BEACH GENERAL FUND EXPENDITURES SUMMARY THROUGH DECEMBER 2012

Department	Adopted Budget	Adjusted Budget	Expenses Thru Dec 2012	Year End Estimate	Percentage of Adjusted Budget Expended Thru Dec 2012	Percentage of Adjusted Budget Expended Thru Dec 2011	Over/(Under) Last Year's Percentage
CITY AUDITOR	\$ 2,221,695	\$ 2,256,075	\$ 537,401	\$ 2,255,595	24%	14%	10%
CITY ATTORNEY	1,809,962	1,810,098	572,172	1,623,556	32%	33%	-1%
CITY CLERK	3,117,351	3,124,140	510,598	2,997,572	16%	10%	7%
CITY MANAGER	2,558,811	2,560,239	594,050	2,539,040	23%	21%	2%
CITY PROSECUTOR	4,695,508	4,696,094	970,337	4,675,820	21%	19%	2%
CITYWIDE ACTIVITIES ¹	32,143,667	32,353,717	11,211,602	32,981,990	35%	4%	30%
CIVIL SERVICE	1,983,252	1,985,256	476,437	1,956,842	24%	19%	5%
DEVELOPMENT SERVICES DEPARTMENT ²	4,330,995	4,331,351	1,010,881	4,345,050	23%	19%	5%
FIRE DEPARTMENT	70,336,452	70,339,104	17,228,489	69,986,768	24%	21%	4%
FINANCIAL MANAGEMENT DEPARTMENT	11,404,906	11,463,222	2,105,075	11,008,999	18%	12%	7%
HEALTH AND HUMAN SERVICES DEPARTMENT	902,387	923,387	155,806	922,959	17%	23%	-6%
HUMAN RESOURCES DEPARTMENT	445,013	503,868	172,473	497,987	34%	26%	9%
LEGISLATIVE DEPARTMENT	4,649,853	4,661,243	949,981	4,661,243	20%	20%	0%
LIBRARY SERVICES DEPARTMENT	12,436,537	12,436,564	2,099,479	12,217,496	17%	18%	-1%
POLICE DEPARTMENT	184,640,036	184,652,303	40,709,435	183,600,474	22%	20%	2%
PARKS, RECREATION AND MARINE DEPARTMENT	29,703,745	29,705,828	6,499,602	29,487,015	22%	22%	0%
PUBLIC WORKS DEPARTMENT	29,451,071	29,465,985	6,276,058	29,300,514	21%	19%	3%
TOTAL	\$ 396,831,241	\$ 397,268,474	\$ 92,079,876	\$ 395,058,920	23%	19%	4%

1. \$8 million was transferred from the Department of Citywide Activities to the Capital Improvements Fund for City Council approved projects. Of that amount, \$7.2 million comes from one-time Uplands Oil funds.
 2. Development Services is expected to end the year under budget once the First Quarter Budget Adjustment gets posted.

CITY OF LONG BEACH GENERAL FUND REVENUE SUMMARY

FY 13 - TOP 40 REVENUE THROUGH DECEMBER 2012

	FY 13 Adopted Budget	FY 13 Adjusted Budget	FY 13 Actual Revenue YTD	Estimates-to-Close	Percentage of Adjusted Budget Received Thru 1st Qtr FY 13	Percentage of Adjusted Budget Received Thru 1st Qtr FY 12	Notes
SECURED REAL PROPERTY TAXES	69,900,000.0	\$ 69,900,000	\$ 28,923,913	\$ 69,900,000	41%	40%	
PROPERTY TAX RESIDUAL ABX1 26	-	-	64,017	25,561,593			1
PROPERTY TAX STATUTORY PASS THROUGH SALES AND USE TAX & IN-LIEU	60,871,556	60,871,556	11,052,962	60,871,556	18%	19%	2
PROPERTY TAX IN-LIEU OF VLF	39,319,000	39,319,000	-	39,319,000	0%	0%	
TRSF FR UPLAND OIL (SR134)	17,371,294	17,371,294	4,342,824	17,385,215	25%	0%	3
ELECTRIC USERS TAX & PENALTIES	16,600,000	16,600,000	4,868,802	16,872,000	29%	25%	
EMERGENCY AMBULANCE FEES	14,450,000	14,450,000	2,624,127	13,567,000	18%	25%	
TELEPHONE USERS TAX & PENALTIES	13,530,500	13,530,500	3,309,890	13,530,500	24%	23%	
TRANSIENT OCCUPANCY TAX	13,015,403	13,015,403	3,704,051	13,015,403	28%	28%	
PARKING CITATIONS	12,418,043	12,418,043	2,876,910	12,263,443	23%	22%	
BUSINESS LICENSE TAXES	11,561,000	11,561,000	2,849,829	11,561,000	25%	20%	
GAS-IN-LIEU	11,173,175	11,173,175	2,793,294	11,173,175	25%	0%	3
ONE TIME TRSF FR UPLAND OIL (SR134)	10,900,000	10,900,000	10,900,000	10,900,000	100%	0%	4
ELECTRIC COMPANY FRANCHISES	6,210,679	6,210,679	1,838,875	6,112,052	30%	29%	
PIPELINE FEE-WATER	5,562,464	5,562,464	1,391,648	5,562,464	25%	24%	
OTHER DEPT SVCS TO PROPRIETARY FUNDS	5,057,433	5,057,433	627,969	5,209,240	12%	7%	
CHARGES FOR SPECIAL SERVICES	5,015,157	5,015,157	8,144	4,673,474	0%	2%	
AMERICAN GOLF LEASE	4,537,240	4,537,240	1,080,985	4,537,240	24%	24%	
PIPELINE FEE-SEWER	4,283,494	4,283,494	1,070,952	4,283,494	25%	24%	
OPER TRSF FR GEN SVC FD	4,225,000	4,225,000	1,056,250	4,225,000	25%	0%	3
WATER USERS TAX & PENALTIES	3,600,000	3,600,000	965,849	3,600,000	27%	23%	
LAND,BLDG,R/W,EASEMENT,APT RENTALS	3,405,000	3,405,000	403,213	3,531,833	12%	26%	5
GAS USERS TAX & PENALTIES	3,200,000	3,200,000	780,410	3,200,000	24%	26%	
MISC REFUNDS & REIMB	3,184,986	3,184,986	811,788	3,230,258	25%	21%	
PIPELINE FRANCHISES	3,000,000	3,000,000	1,395,069	3,000,000	47%	23%	6
VEHICLE CODE FINES	2,900,000	2,900,000	702,471	2,507,309	24%	14%	7
OPER TRSF FR SERRF	2,785,000	2,785,000	-	5,226,014	0%	0%	8
PIPELINE SAFETY FEES	2,450,000	2,450,000	2,445,369	2,448,819	100%	0%	3
TRANSFER FROM REFUSE FUND	2,037,000	2,037,000	1,267,441	2,037,000	62%	0%	4
OIL PRODUCTION TAX	1,845,000	1,845,000	466,144	1,845,000	25%	22%	
REDEV. REIMB.-NORTH LB	1,755,364	1,755,364	-	-	0%	19%	2
OPERATING TRSF FR TOWING	1,700,000	1,700,000	425,000	1,700,000	25%	0%	3
POLICE CHARGES FOR SPECIAL EVENTS	1,550,000	1,550,000	314,713	1,172,019	20%	31%	
AB939 FEE	1,414,000	1,414,000	365,239	1,450,000	26%	14%	
UNSECURED PERSONAL PROPERTY TAXES	1,400,000	1,400,000	209,931	1,400,000	15%	1%	9
DOG LICENSES & PENALTIES	1,381,634	1,381,634	205,986	1,259,729	15%	20%	
ASSET MANAGEMENT CHARGES	1,353,696	1,353,696	339,467	1,353,902	25%	26%	
HARBOR-POLICE	1,322,000	1,322,000	-	2,164,604	0%	0%	
CIP-ENGINEERING CHARGES	1,279,957	1,279,957	5,089	1,279,957	0%	3%	
ALL OTHER	29,266,166	29,287,166	6,644,546	28,265,457	23%	14%	
TOTAL GENERAL FUND REVENUES	\$ 396,831,241	\$ 396,852,241	\$ 103,133,166	\$ 424,754,414	26%	19%	

Notes

- \$25.6 million in one-time unbudgeted post-RDA property tax revenue is estimated to be realized in the General Fund in FY 13 and will be budgeted as part of the FY 14 Proposed Budget.
- Property Tax for Statutory Pass-Through represents the tax-increment pass-through payments from RDA project areas. As a result of the dissolution of the RDA, this revenue is now being realized in this newly created category. A budget adjustment will be done to move the budget to the appropriate category. In FY 12, the revenue was posted in January (2nd quarter), as opposed to December (1st quarter) for FY 13.
- In FY 12, transfers for the first quarter were posted in January (2nd quarter). In FY 13, transfers for the first quarter were posted in December (1st quarter).
- The entire amount of the one-time transfers was posted in December 2012 (FY 13).
- As of 1st Quarter, revenues from the lease agreement with the Long Beach Towne Center are below prior year actuals as a result of the timing of payments.
- Pipeline Franchise fees from Southern California Edison are based on a percentage of gross receipts and a small surcharge. As SCE gross receipts increase, the pipeline franchise revenue increases.
- Vehicle Code Fine revenues are running ahead of this time last year but are still projected to end the year below budget.
- As a result of the delay in the closure of the Puente Hills landfill and the continued fee tip Long Beach receives, an additional \$1.8 million will be available to transfer to the General Fund in FY 13.
- In FY 13, Accounting changed the methodology in recognizing this revenue received in October for the previous fiscal year (FY 12) instead of the current year. By the end of FY 13, this revenue will even out with this change in methodology.