



## CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6<sup>th</sup> Floor • Long Beach, CA 90802

August 24, 2004

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

SUBJECT: Resolution Requesting Transfer of 10 Percent of Port Net Income to the  
Tidelands Operating Fund

### DISCUSSION

At the beginning of each fiscal year, City Charter Section 1209(c)(4) provides for the transfer of 10 percent of the Harbor Department's net income, as shown by the most recent available independently audited financial statements, to the Tidelands Operating Fund. Since Fiscal Year 2004 (FY 04) has not yet ended, the FY 03 audited financial statements are the basis for the FY 05 transfer. The requested transfer of \$6,850,777 represents 10 percent of the Harbor Department's \$68,507,779 net income, as shown on the audited financial statement (Attachment A) for the fiscal year ended September 30, 2003. The Harbor Department would retain a significant net income of \$61,657,002 after the 10 percent contribution to the Tidelands Operating Fund.

Staff has determined that without the requested transfer for FY 05, the Tidelands Operating Fund would close the fiscal year with a deficit, which would necessitate the closing of beaches and elimination of safety services in the Tidelands areas.

Authority to transfer the funds must be expressed by Resolution (attached). The transfer cannot occur until the Resolution is approved by a two-thirds majority of the entire City Council (i.e., at least six votes) and a separate Resolution is approved by a majority of all members of the Board of Harbor Commissioners (i.e., at least three votes). Since the adoption of the FY 05 budget is dependent upon this transfer, the City Council and Board of Harbor Commissioners must adopt these Resolutions prior to the Council's adoption of the Proposed Budget, which includes the budget of the Harbor Department.

Assistant City Attorney Heather A. Mahood and Budget Management Officer David Wodynski reviewed this letter on August 18, 2004.

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TIMING CONSIDERATIONS

City Council approval is requested on August 24, 2004, prior to adoption of the FY 05 budget.

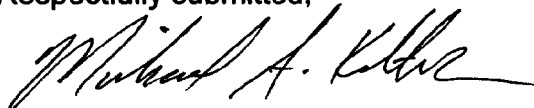
FISCAL IMPACT

The 10 percent net income transfer from the Harbor Revenue Fund (HR) to the Tidelands Operating Fund (TF) is included in the FY 05 Proposed Budget of the Harbor Department (HA). In addition, the annual transfer amount was utilized to balance the FY 05 budgets of the various departments that provide services in the Tidelands. Continuity of services in the Tidelands area, such as beach maintenance, lifeguards, fire and police is contingent on the Port transfer.

IT IS RECOMMENDED THAT THE CITY COUNCIL:


- 1) Adopt the attached Resolution requesting the Board of Harbor Commissioners to approve the transfer of \$6,850,777 from the Harbor Revenue Fund (HR) to the Tidelands Operating Fund (TF) as of October 1, 2004.
- 2) Request the Board of Harbor Commissioners to make said transfer in equal quarterly installments on October 1, 2004, January 1, 2005, April 1, 2005 and July 1, 2005.

Respectfully submitted,



MICHAEL A. KILLEBREW  
ACTING DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:



GERALD R. MILLER  
CITY MANAGER

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Attachments