



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

R-26

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July 11, 2017

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt a Resolution requesting that the Board of Harbor Commissioners approve the transfer of 5 percent of Fiscal Year 2017 (FY 17) gross operating revenue, from the Harbor Revenue Fund (HR 430) to the Tidelands Operations Fund (TF 401), with a true-up adjustment if necessary, to reflect the final gross revenue amount upon issuance of the Harbor Department's FY 17 audited financial statements. (Citywide)

DISCUSSION

City Charter Section 1209(c)(4) provides for the transfer of a maximum of 5 percent of Harbor Department gross operating revenue. The City Charter provides that the City Council, by a 2/3 vote expressed by Resolution, may request the transfer to meet the lawful obligations of the Tidelands Operations Fund. The provision requires a majority vote of the Harbor Board of Commissioners, expressed by Resolution, to enact the transfer, determining that the funds will not be needed for Harbor Department operations. The Harbor Department FY 18 Proposed Budget, approved by the Harbor Commission, will include a transfer amount calculated on 5 percent of FY 17 operating revenue, which is currently estimated at \$18,661,550. This amount is roughly 2 percent higher than the transfer amount received for the previous fiscal year. Approval of the transfer to the Tidelands Operations Fund will be considered by the Harbor Commission as a separate budget action in response to this formal request by the City Council.

Tidelands Fund Requirements

Department operating revenues generated in the Tidelands area (parking, leases, service agreements, etc.) and Tidelands oil revenue are insufficient to fund Tidelands operations, particularly in light of continuing lower oil production and oil prices. The Harbor revenue transfer is a critical funding source for Tidelands operations citywide, including support for lifeguards, waterfront maintenance and operations, the Convention Center, and Aquarium debt payments.

This matter was reviewed by Deputy City Attorney Amy R. Webber on June 6, 2017 and by Assistant Finance Director Lea Eriksen on June 8, 2017.

TIMING CONSIDERATIONS

Authority to transfer the funds must be expressed by Resolution (attached). Since the adoption of the FY 18 Tidelands budget is dependent upon the annual transfer, the City Council and Board of Harbor Commissioners must adopt resolutions prior to the City Council's adoption of the FY 18 Proposed Budget, which includes the budget of the Harbor Department. City Council approval is requested on July 11, 2017, to allow time for the FY 17 transfer amount to be approved by the Board of Harbor Commissioners for the FY 18 Proposed Budget.

FISCAL IMPACT

The transfer of 5 percent of FY 17 gross operating revenue from the Harbor Revenue Fund (HR 430) to the Tidelands Operations Fund (TF 401) will be included in the City Manager's FY 18 Proposed Budget to support Tidelands operations. The transfer amount will be paid quarterly, and will be based on the actual operating revenues reported in the Harbor Department's FY 17 audited financial statements.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

JG:LE:JJ
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ATTACHMENT

APPROVED:



PATRICK H. WEST
CITY MANAGER

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF LONG BEACH MAKING CERTAIN FINDINGS AND
DETERMINATIONS AND REQUESTING THE BOARD OF
HARBOR COMMISSIONERS OF THE CITY OF LONG
BEACH TO APPROVE A TRANSFER FROM THE HARBOR
REVENUE FUND TO THE TIDELANDS OPERATIONS
FUND PURSUANT TO THE PROVISIONS OF CITY
CHARTER SECTION 1209(C)(4)

WHEREAS, City Charter Section 1209(c)(4) authorizes the transfer of
monies deposited to the credit of the Harbor Revenue Fund to the Tidelands Operations
Fund under certain conditions; and

WHEREAS, the City Council finds and determines that a transfer of funds
from the Harbor Revenue Fund to the Tidelands Operations Fund is required to meet the
lawful obligations of the Tidelands Operations Fund; and

WHEREAS, City Charter Section 1209(c)(4) provides for the transfer of a
maximum of five percent (5%) of the gross operating revenues of the Harbor Department;

NOW, THEREFORE, the City Council of the City of Long Beach resolves as
follows:

Section 1. A transfer of funds from the Harbor Revenue Fund to the
Tidelands Operations Fund is required to meet the lawful obligations of the Tidelands
Operations Fund.

Section 2. That five percent (5%) of the gross operating revenues of the
Harbor Department be transferred to the Tidelands Operations Fund.

Section 3. The transfer is being requested quarterly with a reconciliation,
as necessary, to reflect the final audited gross operating revenues as shown on the

1 Harbor Department's independently audited financial statements for the period ending
2 September 30, 2016.

3 Section 4. The City Council by a vote of two-thirds (2/3) of all its
4 members requests that the Board of Harbor Commissioners approve the transfer of five
5 percent (5%) of the gross operating revenues (estimated at approximately \$18,661,550
6 based upon the Harbor Department's FY17 audited financial statement amount) from the
7 Harbor Revenue Fund to the Tidelands Operations Fund, which transfer shall be made
8 by journal entry on the books of the City of Long Beach.

9 Section 5. This resolution shall take effect immediately upon its adoption
10 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

11 I hereby certify that the foregoing resolution was adopted by the City
12 Council of the City of Long Beach at its meeting of _____, 2017,
13 by the following vote:

14
15 Ayes: Councilmembers: _____

16 _____

17 _____

18 _____

19 Noes: Councilmembers: _____

20 _____

21 Absent: Councilmembers: _____

22 _____

23
24
25 _____

City Clerk