



R-14

CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

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

August 18, 2009

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Approve the Fiscal Year 2009 third quarter departmental and fund budget appropriation adjustments in accordance with existing City Council policy (Citywide)

DISCUSSION

On September 9, 2008, the City Council adopted the Appropriations Ordinance governing the City's Adopted Budget for Fiscal Year 2009 (FY 09). 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 appropriation in line with final grant/project award amounts. In accordance with the City's practice, these adjustments are presented quarterly to the City Council for consideration. Please see Attachment A for a Fund Balance Analysis of impacted City funds and Attachment B for a recap of FY 09 General Fund Budget Adjustments.

This letter was reviewed by Assistant City Attorney Heather A. Mahood on August 3, 2009.

TIMING CONSIDERATIONS

The following requests for adjustments to FY 09 departmental and fund appropriations are necessary to reflect changes in operating conditions. City Council action is requested on August 18, 2009 to enable the timely processing of payments.

FISCAL IMPACT

Community Development

The Long Beach Redevelopment Agency (RDA) participates in City loan programs to the extent that it benefits project areas. Repayments on RDA loans are kept in separate Business Assistance Fund accounts and an appropriation increase is required for the funds to be transferred to the Redevelopment Fund from which the loans are made in the amount of \$1,067,585. This appropriation is fully offset by fund balance.

An appropriation increase is also needed in the amount of \$833,952 to accommodate additional loans to local businesses through the Commercial and Industrial Revolving Loan Fund Program. The source of the funding is principal and interest repayments received from previous and existing business loans.

- Increase appropriation in the Business Assistance Fund (SR 149) in the Department of Community Development (CD) by \$1,901,537.

The US Department of Housing and Urban Development (HUD) announced the renewal funding allocation for the Housing Choice Vouchers (HCV) Program in a notice dated May 8, 2009. The notice confirmed an increase in funding eligibility for the calendar year 2009. The requested increase in appropriation to support additional voucher payments will be offset by the additional Housing Assistance Revenue payments (HAP) from HUD. There is no impact to the General Fund.

- Increase appropriation in the Housing Authority Fund (SR 151) in the Department of Community Development (CD) by \$2,500,000.

Fire

On November 13, 2007, the City Council authorized the City Manager to receive and expend Department of Homeland Security grant funding for the 2006 Urban Area Security Initiative (UASI) grant at an amount not to exceed \$6,367,040. Unspent funds originally allocated to the Department of Technology Services for radio equipment must now be allocated to the Police Department to cover purchase costs for Police Intelligence Investigative equipment. In order to correctly align each Department's share of the grant, a shift of UASI grant funding from the Technology Services Department to the Police Department is necessary. There is no net impact to the grant or to the General Grants Fund.

- Decrease appropriation in the General Grants Fund (SR 120) in the Technology Services Department (TS) by \$7,955.
- Increase appropriation in the General Grants Fund (SR 120) in the Police Department (PD) by \$7,955.

On July 8, 2008, the City Council authorized the City Manager to receive and expend Department of Homeland Security grant funding for the 2007 Urban Area Security Initiative (UASI) grant at an amount not to exceed \$6,671,216. Unspent funds originally allocated to the Police Department must now be allocated to the Department of Technology Services to cover purchase costs for Police radio equipment. In order to correctly align each Department's share of the grant, a shift of UASI grant funding from the Police Department to the Technology Services Department is necessary. There is no net impact to the grant or to the General Grants Fund.

- Decrease appropriation in the General Grants Fund (SR 120) in the Police Department (PD) by \$350,000.

- Increase appropriation in the General Grants Fund (SR 120) in the Technology Services Department (TS) by \$350,000.

Long Beach Development Services

On May 4, 2009, the Redevelopment Agency (Agency) approved and authorized the Executive Director to appropriate \$300,000 for the Agency's commitment to infrastructure improvements and open space development at Atlantic Avenue and Pacific Coast Highway, immediately adjacent to Poly High School. The project will aid in the revitalization of a major corridor within the City and serve as a gateway to the school. Redevelopment funds for the project will be available through budgeted tax increment revenues.

- Increase appropriation in the Redevelopment Fund (RD 221) in the Development Services Department (DV) for the Poly High Project Area by \$300,000.

Parks, Recreation and Marine

In November 1992 and November 1996, the voters of Los Angeles County approved Proposition A, the Safe Neighborhood Parks proposition. The City has received a number of grants from this program, including \$87,617 for improvements at Martin Luther King, Jr. Park. This grant was originally appropriated in the Department of Parks, Recreation and Marine. In order to use the funds for improvements to the swimming pool at Martin Luther King, Jr. Park, this appropriation was transferred to the Department of Public Works in 2004. However, only \$80,000 of the \$87,617 was transferred in 2004. It is requested that the remaining \$7,617 be transferred from the Department of Parks, Recreation, and Marine to the Department of Public Works.

- Decrease appropriation in the Capital Projects Fund (CP) in the Department of Parks, Recreation and Marine (PR) by \$7,617.
- Increase appropriation in the Capital Projects Fund (CP) in the Department of Public Works (PW) by \$7,617.

In 2003, sixteen waste oil underground storage tanks (USTs) in the marinas failed secondary containment testing and were taken out of service, emptied and cleaned, but are still out of compliance. An appropriation in the Marina Fund supported by Marina Fund balance is requested to cover the estimated cost to remove the sixteen tanks.

- Increase appropriation in the Marina Fund (TF 403) in the Department of Parks, Recreation and Marine (PR) by \$572,217.

The Dwight Stuart Youth Foundation is providing \$6,860 in funding to the Rancho Los Cerritos Foundation to help underwrite the cost of the Rancho Los Cerritos Teen Docent Program. Funds specifically underwrite staff hours to manage the program (recruitment, training, tour coordination, museum projects and kids workshops) and for teen docent manuals. The program serves 12 high school teens from area schools. Teens train as volunteer docents, then give specialized tours to youth groups, assist

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with weekend kids activities, special events and help with collections and education projects. A budget adjustment is required to expend these funds in the current fiscal year.

Signal Hill Petroleum has agreed to provide \$25,000 per year for five years for the Department of Parks, Recreation and Marine to provide the Movies in the Park Program. This summer, this program will provide outdoor movies at 29 parks throughout the City and Signal Hill. Movies are shown on a 29-foot inflatable screen and are all rated G and intended for family audiences. The Department is requesting to increase its appropriation to expend this year's donation. This appropriation request is fully offset by new donations.

- Increase appropriation in the Department of Parks, Recreation and Marine in the General Fund in the amount of \$31,860.

In February 1989, the City Council established the Park Impact Fee imposed on new residential development to mitigate the impact of increased population on parks and park facilities. Due to industry declines in new residential development, Park Impact Fee revenue has also declined. As a result, acquisition and development funds must be reduced to cover the shortfall, and some discretionary projects have been placed on hold. Of greater concern is that the ability to pursue, or even be eligible for, future grant projects with match requirements will be seriously compromised.

- Decrease appropriation in the Capital Projects Fund (CP) and in the Department of Parks, Recreation and Marine (PR) by \$389,000.
- Decrease appropriation in the Capital Projects Fund (CP) and in the Department of Public Works (PW) by \$115,386.

Police

The Police Department (PD) has \$25,755 in budgeted revenue for reimbursement of expenses incurred by the PD for Dive Team activities and training in the Port of Long Beach. The Port, as a part of the FY 09 port security MOU with the PD, has agreed to reimburse the PD for Dive Team overtime, training and equipment as specified in the MOU.

- Increase appropriation in the Tidelands Operating Fund (TF 401) and in the Police Department (PD) by \$25,755.

Public Works

Two grants received from Los Angeles County Metropolitan Transportation Authority were budgeted in excess of the amount expended on the East-West Corridor Bus Speed Project. Therefore, appropriation must be reduced to align budget with actual expenditures and revenues received.

- Decrease appropriation in the Capital Projects Fund (CP) and in the Department of Public Works (PW) by \$749,071.

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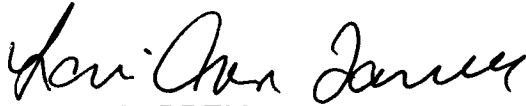
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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



LORI ANN FARRELL
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

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APPROVED:



PATRICK H. WEST
CITY MANAGER

Effect of 3rd Quarter Budget Adjustments on Fund Balance

	<u>Budgeted Expenditure</u>	<u>Budgeted Revenue</u>	<u>Budgeted Fund Balance</u>
<u>General Fund (GP)</u>			
Beginning Fund Balance			\$ 4,083,849
<i>Does not include the \$36.1 million Emergency Fund Balance Reserve</i>			
Unreserving/(Reserving) of Restricted Fund Balance			(662,172)
FY 09 Adopted Budget	403,978,750	405,069,112	1,090,362
Carryover Appropriations/Encumbrances	(2,031,382)	1,142,884	3,174,266
Proposed 3rd Quarter Adjustments:			
Movies in the Park	25,000	25,000	-
Rancho Los Cerritos Youth Docent Program	6,860	6,860	-
Adjusted Budget Including 3rd Quarter Adjustments	\$ 401,979,228	\$ 406,243,856	\$ 7,686,305
<u>Business Assistance Fund (SR 149)</u>			
Beginning Fund Balance			\$ 1,274,048
Unreserving/(Reserving) of Restricted Fund Balance			-
FY 09 Adopted Budget	1,214,532	1,431,900	217,368
Estimated All-years Carryover Budget	(48,155)	(478,337)	(430,183)
	289,210	(506,730)	
City Council Approved Adjustments to Date	(10,763)	-	10,763
Proposed 3rd Quarter Adjustments:			
Transfer of Loan Funds to RDA	1,067,585		(1,067,585)
Commercial and Industrial Revolving Loan Fund Program	833,953	-	(833,953)
Adjusted Budget Including 3rd Quarter Adjustments	\$ 3,346,362	\$ 446,833	\$ (829,542)
<u>Capital Projects (CP)</u>			
Beginning Fund Balance			\$ 41,084,405
Unreserving/(Reserving) of Restricted Fund Balance			1,774,042
FY 09 Adopted Budget	10,790,141	6,301,309	(4,488,832)
Estimated All-years Carryover Budget	53,652,719	26,992,488	(26,660,231)
All-Years Carryover Budget Adjustments	(75,260,540)	32,017,104	107,277,644
City Council Approved Adjustments to Date	1,770,582	(594,165)	(2,364,747)
Proposed 3rd Quarter Adjustments:			
East-West Corridor Bus Speed Project	(749,071)		749,071
Proposition A- MLK Jr. Park - PRM	(7,617)		7,617.00
Proposition A- MLK Jr. Park - PW			
Park Impact Fees	(504,386)	(504,386)	-
Adjusted Budget Including 3rd Quarter Adjustments	\$ (10,308,173)	\$ 64,212,350	\$ 117,378,969

As a matter of practice, the City does not adjust budget during the fiscal year to make the budget match actual operating experience.

Effect of 3rd Quarter Budget Adjustments on Fund Balance

	<u>Budgeted Expenditure</u>	<u>Budgeted Revenue</u>	<u>Budgeted Fund Balance</u>
<u>General Grants (SR 120)</u>			
Beginning Fund Balance			\$ 31,134
Unreserving/(Reserving) of Restricted Fund Balance			-
FY 09 Adopted Budget	6,657,583	6,657,583	(0)
Estimated All-years Carryover Budget	10,880,124	10,870,136	(9,987)
All-Years Carryover Budget Adjustments	(17,435,600)	17,331,984	34,767,584
City Council Approved Adjustments to Date	3,722,379	3,728,869	6,490
Proposed 3rd Quarter Adjustments:			
Urban Area Security Initiative - PD	(342,045)		342,045
Urban Area Security Initiative - TS	342,045		-
Adjusted Budget Including 3rd Quarter Adjustments	\$ 3,824,486	\$ 38,588,572	\$ 35,137,265
<u>Housing Authority Fund (SR 151)</u>			
Beginning Fund Balance			\$ 2,530,722
Unreserving/(Reserving) of Restricted Fund Balance			-
FY 09 Adopted Budget	67,457,618	65,743,450	(1,714,168)
Estimated All-years Carryover Budget	792,013	964,435	172,422
All-Years Carryover Budget Adjustments	(778,779)	961,349	1,740,129
City Council Approved Adjustments to Date	(56,591)	-	56,591
Proposed 3rd Quarter Adjustments:			
HUD for the Housing Choice Voucher Program	2,500,000	2,500,000	-
Adjusted Budget Including 3rd Quarter Adjustments	\$ 69,914,261	\$ 70,169,235	\$ 2,785,697
<u>Redevelopment Agency (RD)</u>			
Beginning Fund Balance			\$ 117,755,572
Unreserving/(Reserving) of Restricted Fund Balance			(2,471,412)
FY 09 Adopted Budget	142,465,986	94,303,833	(48,162,153)
Estimated All-years Carryover Budget	61,506,361	61,506,361	-
All-Years Carryover Budget Adjustments	(43,846,707)	(93,316,682)	(49,469,975)
City Council Approved Adjustments to Date	2,797,279	2,857,500	60,221
Proposed 3rd Quarter Adjustments:			
Poly High Project Area	300,000	-	(300,000)
Adjusted Budget Including 3rd Quarter Adjustments	\$ 163,222,920	\$ 65,351,012	\$ 17,412,253

As a matter of practice, the City does not adjust budget during the fiscal year to make the budget match actual operating experience.

Effect of 3rd Quarter Budget Adjustments on Fund Balance

	<u>Budgeted Expenditure</u>	<u>Budgeted Revenue</u>	<u>Budgeted Fund Balance</u>
<u>Tidelands Fund (TF)</u>			
Beginning Fund Balance			\$ 37,679,036
Unreserving/(Reserving) of Restricted Fund Balance			23,085,202
FY 09 Adopted Budget	134,673,877	122,172,834	(12,501,042)
Estimated All-Years Carryover Budget	19,850,396	9,489,851	(10,360,545)
All-Years Carryover Budget Adjustments	(23,584,851)	11,841,906	35,426,757
City Council Approved Adjustments to Date	(2,120,904)	1,003,814	3,124,718
Proposed 3rd Quarter Adjustments:			
Dive Team MOU with Harbor	25,755		(25,755)
Underground Storage Tanks	572,217		(572,217)
Adjusted Budget Including 3rd Quarter Adjustments	\$ 129,416,490	\$ 144,508,405	\$ 75,856,153

As a matter of practice, the City does not adjust budget during the fiscal year to make the budget match actual operating experience.

**General Fund
FY 09 Budget Adjustment Recap**

	<u>Budgeted Expenditure</u>	<u>Budgeted Revenue</u>	<u>Net Impact</u>
<u>Previous City Council Actions</u>			
Carryover of Prior Year Encumbrances (Beginning Fund Balance is Net of this Amount)	740,590	-	(740,590)
Revenue Adjustments	-	-	-
Subtotal - Ad Hoc Council Action	740,590	-	(740,590)
<u>1st Quarter Approved Budget Adjustments</u>			
Human Dignity program transfer	-	-	-
Graffiti Abatement program transfer	-	-	-
Reimbursement from Boeing Realty Corporation	-	-	-
CityPlace Parking Garage	-	-	-
City Attorney and City Prosecutor MOUs	-	-	-
Good faith deposit for Alamos Bay Marina Restaurant Pad	10,000	10,000	-
Federal E-Rate funding for new Integrated Library System	386,671	386,671	-
Subtotal - 1st Quarter	396,671	396,671	-
<u>2nd Quarter Approved Budget Adjustments</u>			
Transfer Social Services grant program from HE to CD	-	-	-
Boeing Realty Corp Cost Reimbursement Agreement	280,500	280,500	-
Wildland fire overtime	677,000	677,000	-
Unreserve funds held in trust for Library materials	35,255	35,255	-
Budget correction for Federal E-Rate funding for new Library System	(386,671)	(386,671)	-
Overtime cost reimbursement for security at filmings	140,129	140,129	-
Citywide Furlough Savings	(3,914,855)	-	3,914,855
Subtotal - 2nd Quarter	(3,168,642)	746,213	3,914,855
<u>3rd Quarter Requested Budget Adjustments</u>			
Movies in the Park	25,000	25,000	-
Rancho Los Cerritos Youth Docent Program	6,860	6,860	-
Subtotal - 3rd Quarter	31,860	31,860	-
Total FY 09 Budget Adjustments to Date	(1,999,521)	1,174,744	3,174,265
General Fund Adjusted Budget	\$ 401,979,228	\$ 406,211,996	\$ 4,232,768