



# CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

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

February 19, 2013

HONORABLE MAYOR AND CITY COUNCIL

City of Long Beach  
California

## RECOMMENDATION:

Approve the Fiscal Year 2013 first quarter departmental and fund budget appropriation adjustments in accordance with existing City Council policy.  
(Citywide)

## DISCUSSION

On September 4, 2012, the City Council adopted the Appropriations Ordinance governing the City's Adopted Budget for Fiscal Year 2013 (FY 13). 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 appropriations 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 Summary of Proposed Adjustments of impacted City funds and Attachment B for a recap of FY 13 General Fund Expenditure Budget Adjustments.

This matter was reviewed by Assistant City Attorney Charles Parkin on January 28, 2013.

## TIMING CONSIDERATIONS

The following requests for adjustments to FY 13 departmental and fund appropriations are necessary to reflect changes in operating conditions. City Council action is requested on February 19, 2013 to enable the timely processing of payments.

## FISCAL IMPACT

### **Development Services**

On November 21, 2011, the Harbor Department released a solicitation for application under the Greenhouse Gas Emissions Reduction Mitigation Grant Program (GHG Grant Program). On August 20, 2012, the Long Beach Board of Harbor Commissioners approved two Port Community Mitigation Grants. One for a native

garden at the Civic Center. Implementation of this project will facilitate landscaping, irrigation and planting of native plants throughout the Civic Center, through the Sustainability Office. The second grant was approved to plant 6,000 trees over seven years (2013-2020) in the community adjacent to the Port in the amount of \$671,200. There is no match of funds required, and no impact to the General Fund associated with this request.

- Increase appropriations in the Development Services Fund (SR 137) in the Development Services Department (DV) by \$40,948 from grant revenue.
- Increase appropriations in the Community Development Grants Fund (SR 150) in the Development Services Department (DV) by \$671,200 from grant revenue.

The Development Services Department was allocated \$2,000 from FY 12 General Fund budget savings from the Second Council District and \$19,210 from the Ninth Council District. These funds are intended for Neighborhood Services to conduct neighborhood events and projects in the Second and Ninth Districts. The increase in appropriation is offset by the associated General Fund balance reservation.

- Increase appropriations in the General Fund (GP) in the Development Services Department (DV) by \$21,210 from the associated fund balance reservation.

#### **Health and Human Services Department**

On September 20, 2011, City Council approved financing of a new Digital X-Ray System to be used jointly by the Tuberculosis Control Division in the Health and Human Services Department (HE) and Occupational Health Division in the Human Resources Department (HR). This lease-purchase, financed over a seven-year period, provides a cost-effective alternative for replacement of capital assets. Pursuant to recently established guidelines by the Governmental Accounting Standards Board (GASB) to standardize financial reporting, a technical correction to pay the debt service out of the correct fund is required. Therefore, a budget adjustment is necessary to establish appropriations in the Debt Service Fund in HE. Funding comes from revenues transferred from the Health Fund and Insurance Fund as noted in the original Council letter. There is no impact to the General Fund.

- Increase appropriations in the Health Fund (SR 130) in the Health and Human Services Department (HE) by \$23,833 offset by revenue from the Insurance Fund.
- Increase appropriations in the Debt Service Fund (DS 600) in the Health and Human Services Department (HE) by \$47,665 offset by revenue from the Debt Service Fund.

On July 24, 2012, the City Council approved the first amendment to the current agreement between the City of Long Beach and the State Department of Health Services to provide HIV/AIDS surveillance and clinical services in the amount of \$4,528,768. The State has since increased the funding to \$5,173,800. The grant is partially budgeted in the Health Fund. However, an appropriation increase of \$277,363 is necessary to match the budget to the total grant award.

- Increase appropriations in the Health Fund (SR 130) in the Health and Human Services Department (HE) by \$277,363 from additional grant revenues.

### **Library Services**

The Long Beach Public Library has received revenue totaling \$449,080, which is comprised of Jet Blue payments in lieu of fines in the amount of \$445,177 and \$3,903 remaining from a Cal Humanities grant received in FY 12 for materials and special events in support of the *California Reads* program. A budget adjustment is requested and is fully offset by a corresponding increase in revenue in the General Grants Fund.

- Increase appropriations in the General Grants Fund (SR 120) in the Library Services Department (LS) by \$449,080 from donation revenue.

### **Parks, Recreation and Marine**

The Parks, Recreation and Marine Department (PR) provides year-round grounds and facility maintenance services for the Civic Center and adjacent Lincoln Park areas. In prior years, costs associated with maintaining these areas were charged directly to the Civic Center Fund. In FY 13, PR entered into an MOU with Public Works Department (PW) to provide these services on a reimbursement basis. A budget increase is requested for these services and will be offset by revenue from the Civic Center Fund.

- Increase appropriations in the General Fund (GP) in the Parks, Recreation and Marine Department (PR) by \$47,000 offset by MOU revenue.

PR was allocated \$8,154 in additional funds from the Second District's FY 12 budget savings. These funds will be used for upgrades and improvements at Bixby Park. The increase in appropriations is offset by the associated General Fund balance reservation.

- Increase appropriations in the General Fund (GP) in the Parks, Recreation and Marine Department (PR) by \$8,154 from the associated fund balance reservation.

The City is required to reimburse the County of Los Angeles the amount of \$1,859,999 for a grant received for development of the Sports Park because the park was not constructed. The increase in appropriation is offset by the associated General Fund balance fund reservation.

- Increase appropriations in the General Fund (GP) in the Citywide Activities Department (XC) by \$1,859,999 from the associated fund balance reservation.
- Increase appropriations in the General Grants Fund (SR 120) in the Parks, Recreation and Marine Department (PR) by \$1,859,999 offset by revenue from General Fund.

### **Police**

The Police and Harbor Departments have signed an FY 13 MOU for policing services to the Port area. The Harbor Department has agreed to increase reimbursement for the Police Port Security Unit, administrative overhead and related support by \$1,250,582, which includes the \$665,111 in the Tidelands Operating Fund. The MOU was not completed in time for the adopted FY 13 Budget and, therefore, a budget adjustment is necessary and will be fully offset by revenue received from the Harbor Department. The administrative overhead is budgeted as General Fund revenue and will be increased to equal the signed MOU.

- Increase appropriations in the Tidelands Operations Fund (TF 401) in the Police Department (PD) by \$665,111, offset by revenue.

### **Public Works**

In August 2008, the City Council approved and adopted the formation of Community Facilities District 2007-2 (CFD 2007-2) in Belmont Shore. CFD 2007-2 replaced CFD 1 to allow for bond issuance, acquisition of property and to reflect revisions to district boundaries. In December 2009, the City issued bonds under CFD 2007-2. This bond was issued to pay for capital improvement projects in the Belmont Shore Parking and Business Improvement Area. During the FY 13 Budget process, the appropriation to fund the annual debt payment was inadvertently omitted. This appropriation request is offset with parking meter revenue from the Belmont Shore area.

- Increase appropriations in the Belmont Shore Parking Meter Fund (SR 136) in the Public Works Department (PW) by \$254,623 from parking meter revenue.

The Successor Agency (SA) has allocated \$583,495 to the Public Works Department (PW) for graffiti abatement to maintain graffiti abatement at the current level. This is an increase in expense appropriation of \$583,495 for the FY 13 graffiti painting contract that is offset with a revenue increase from SA.

- Increase appropriations in the General Fund (GP) in the Public Works Department (PW) by \$583,495 offset with revenue from SA.

On November 21, 2011, the Harbor Department released a solicitation for application under the Greenhouse Gas Emissions Reduction Mitigation Grant Program (GHG Grant Program). Public Works submitted a proposal to upgrade City safety lights at traffic signals to LED technology Citywide. On August 20, 2012, the Board of Harbor

Commissioners announced awards for the GHG Grant Program, including \$659,605 to PW for the Safety Light upgrades. There is no match of funds required.

- Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$659,605 from grant revenue.

The Public Works Department was allocated \$16,826 in additional funds from the Third Council District's FY 12 General Fund budget savings. The desired use of these funds are for general infrastructure projects in the Third Council District. The increase in appropriation is offset by the associated General Fund balance reservation.

- Increase appropriations in the General Fund (GP) in Citywide Activities Department (XC) by \$16,826 to reflect a transfer to the Capital Projects Fund from the associated fund balance reservation.
- Increase appropriations in the Capital Projects Fund (CP) in the Public Works Department (PW) by \$16,826 from General Fund revenue.

The City is responsible for the maintenance of the fuel Underground Storage Tank (UST) program, which includes ground water monitoring and reporting of four fuel sites per the State Water Board requirement. This is tracked in the Capital Improvement Program (CIP) budget. During the FY 13 Budget process, appropriation to fund the program was inadvertently omitted. To continue performing these duties, the Fleet Services Bureau requires an appropriations increase and will be offset by program fees in the Fleet Services Fund.

- Increase appropriations in the Fleet Services Fund (IS 386) in the Public Works Department (PW) by \$145,000 offset from program fees.

### **Technology Services**

The Technology Services Department (TS) was allocated \$16,591 from the First Council District and \$13,179 from the Sixth Council District FY 12 budget savings. The desired use of these funds are for reprographics needs for various FY 13 projects and events in the First and Sixth Council Districts. The increase in appropriation is offset by the associated General Fund balance reservation.

- Increase appropriations in the General Fund (GP) in the Citywide Activities Department (XC) by \$29,770 to reflect a transfer to the General Services Fund from the associated fund balance reservation.
- Increase appropriations in the General Services Fund (IS 385) in the Technology Services Department (TS) by \$29,770 from General Fund revenue.

**Citywide Activities**

In FY 11, per GASB guidelines, the Debt Service Fund was created to pay for debt from governmental funds. Historically, the debt service payments for the Parks Open Space Bond and the Skylinks Bond were paid out of the General Fund. With the creation of the Debt Service Fund, the General Fund no longer has to serve as a pass-through for those payments. This budget adjustment will align the budget to reflect the actual expense and revenue for these debt service activities. This action has no impact on fund balance.

- Decrease appropriations in the General Fund (GP) in the Citywide Activities Department (XC) by \$1,378,085 with a corresponding revenue decrease.

On October 4, 2011, the City Council authorized the allocation of \$18.4 million in one-time oil revenues in the Uplands Oil Fund to be used for various projects and equipment purchases. The funds were appropriated in multiple departments and funds, and the majority of the projects were completed during FY 12. However, several projects and anticipated equipment purchases could not be finalized during FY 12. The City Council is requested to reappropriate \$662,113 in remaining funds in the Departments listed, in order to complete the City Council authorized projects. The increase in appropriation is offset by the associated General Fund balance reservations.

- Increase appropriations in the General Fund (GP) in the Development Services Department (DV) by \$97,628 for various neighborhood projects directed by City Council;
- Increase appropriations in the General Fund (GP) in the Fire Department (FD) by \$56,366 for Automatic Vehicle Locator equipment purchase;
- Increase appropriations in the General Fund (GP) in the Police Department (PD) by \$7,570 for technology in cars and security cameras and \$350,000 originally for the Shotspotter gunshot detection. Per City Council direction on November 13, 2012, the unspent \$350,000 will be allocated to Police overtime;
- Increase appropriations in the General Fund (GP) in the Library Services Department (LS) by \$111,639 for technology, books and supplies; and
- Increase appropriations in the General Fund (GP) in the Public Works Department (PW) by \$38,910 for the creation of a Business Improvement District in the Ninth Council District.

On November 13, 2012, the City Council approved the issuance of the 2012 Refunding Bonds. On December 13, 2012, six lease revenue bonds were refunded to achieve a debt service reduction of \$16.5 million over 20 years. The bond proceeds, existing debt service reserve funds, and escrow interest earnings will be used to pay

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off the outstanding 1998 Series B Temple Willow, 2001 Plaza Parking, 2002 Public Safety, 2003 Skylinks, 2004 Towne Center Site Acquisition, and 2005 Series A Temple Willow bond issues, and to pay the cost debt issuance. A budget adjustment of \$86,870,885 is necessary to budget for the pay-off of the six previous series of bonds. The requested budget increase is offset by proceeds from the 2012 Refunding Bonds.

- Increase appropriations in the Debt Service Fund (DS 600) in the Citywide Activities Department (XC) by \$58,462,231 from bond proceeds.
- Increase appropriations in the Fleet Services Fund (IS 386) in the Public Works Department (PW) by \$28,408,654 from bond proceeds.

Appropriation increases are required for high priority capital projects and project support costs funded by additional FY 12 revenue from the Tidelands Oil Revenue Fund. Staff has identified projects in the Tidelands areas that address infrastructure, facility improvements, and community access needs. The projects include Convention Center improvements, parking automation upgrades, Cherry Beach playground equipment, public deck replacements, and a set-aside for the Belmont Pool. Please see Attachment C for a detailed list of the proposed projects.

- Increase appropriations in the Tidelands Operations Fund (TF 401) in the City Manager Department (CM) by \$22,774,000 from Tidelands oil revenue.
- Increase appropriations in the Tidelands Operations Fund (TF 401) in the Citywide Activities Department (XC) by \$250,000 from Tidelands oil revenue.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS  
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:



PATRICK H. WEST  
CITY MANAGER

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ATTACHMENTS

## Net Impact of 1st Quarter Budget Adjustments

	<u>Budgeted Expenditure</u>	<u>Budgeted Revenue</u>	<u>Net Impact</u>
<b>General Fund (GP)</b>			
FY 13 Adopted Budget	396,831,241	396,831,241	-
City Council Approved Adjustments to Date*	437,232	2,619,072	2,181,840
Proposed 1st Quarter Adjustments:			
Second Council District's FY 12 Savings for DV	2,000	-	(2,000)
Ninth Council District's FY 12 Savings for DV	19,210	-	(19,210)
Facility Maintenance Services for Civic Center provided by PR	47,000	47,000	-
Second Council District's FY 12 Savings for PR	8,154	-	(8,154)
Graffiti Abatement Services	583,495	583,495	-
Third Council District's FY 12 Savings for PW	16,826	-	(16,826)
First Council District's FY 12 Savings for TS	16,591	-	(16,591)
Sixth Council District's FY 12 Savings for TS	13,179	-	(13,179)
Eliminate Double Budget for Debt Service	(1,378,085)	(1,378,085)	-
Reappropriate Uplands Oil one-time funds from FY 12	662,113	-	(662,113)
Update the Police and Harbor MOU	-	842,604	842,604
Repayment to LA County for Sports Park	1,859,999	-	(1,859,999)
Adjusted Budget Including 1st Quarter Adjustments	\$ 399,118,956	\$ 399,545,328	\$ 426,372
* Includes the unreserving of restricted funds to offset expense increases			
<b>Capital Projects (CP)</b>			
FY 13 Adopted Budget	15,244,166	15,371,150	126,984
City Council Approved Adjustments to Date	-	-	-
Proposed 1st Quarter Adjustments:			
Port Community Mitigation Grants - PW	659,605	659,605	-
Third Council District's FY 12 Savings for PW	16,826	16,826	-
Adjusted Budget Including 1st Quarter Adjustments	\$ 15,920,597	\$ 16,047,581	-
<b>General Grants (SR 120)</b>			
FY 13 Adopted Budget	6,479,428	6,479,428	-
City Council Approved Adjustments to Date	1,470,801	1,470,801	-
Proposed 1st Quarter Adjustments:			
Donations for Library Materials	449,080	449,080	-
Repayment to LA County for Chittick Field	1,859,999	1,859,999	-
Adjusted Budget Including 1st Quarter Adjustments	\$ 10,259,308	\$ 10,259,308	-
<b>Belmont Shore Parking Meter Fund (SR 136)</b>			
FY 13 Adopted Budget	458,589	327,000	(131,589)
City Council Approved Adjustments to Date	-	-	-
Proposed 1st Quarter Adjustments:			
Debt Svc payment for Belmont Shore Parking and Bus. Imp. Area	254,623	200,000	(54,623)
Adjusted Budget Including 1st Quarter Adjustments	\$ 713,212	\$ 527,000	-
<b>Development Services Fund (EF 337)</b>			
FY 13 Adopted Budget	15,607,353	15,441,086	\$ (166,268)
City Council Approved Adjustments to Date	4,852	-	\$ (4,852)
Proposed 1st Quarter Adjustments:			
Port Community Mitigation Grants - DV	40,948	40,948	-
Adjusted Budget Including 1st Quarter Adjustments	\$ 15,653,153	\$ 15,482,034	-

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



## Net Impact of 1st Quarter Budget Adjustments

	<u>Budgeted Expenditure</u>	<u>Budgeted Revenue</u>	<u>Net Impact</u>
<b><u>Fleet Services Fund (IS 386)</u></b>			
FY 13 Adopted Budget	31,889,605	31,994,942 \$	105,337
City Council Approved Adjustments to Date	384,188	-	(384,188)
Proposed 1st Quarter Adjustments:			
Maintenance of fuel UST program	145,000	-	(145,000)
2012 Refunding Bonds	28,408,654	25,660,223	(2,748,431)
<b>Adjusted Budget Including 1st Quarter Adjustments</b>	<b>\$ 60,827,447</b>	<b>\$ 57,655,165</b>	
<b><u>General Services Fund (IS 385)</u></b>			
FY 13 Adopted Budget	38,171,162	36,751,820 \$	(1,419,342)
City Council Approved Adjustments to Date	124,128	-	(124,128)
Proposed 1st Quarter Adjustments:			
First Council District's FY 12 Savings for TS	16,591	16,591	-
Sixth Council District's FY 12 Savings for TS	13,179	13,179	-
<b>Adjusted Budget Including 1st Quarter Adjustments</b>	<b>\$ 38,325,060</b>	<b>\$ 36,781,590</b>	
<b><u>Debt Service Fund (DS 600)</u></b>			
FY 13 Adopted Budget	10,465,959	10,825,960 \$	360,001
City Council Approved Adjustments to Date	1,100	-	(1,100)
Proposed 1st Quarter Adjustments:			
X-ray Machine Debt Service	47,665	47,665	-
2012 Refunding Bonds	58,462,231	54,193,753	(4,268,478)
<b>Adjusted Budget Including 1st Quarter Adjustments</b>	<b>\$ 68,976,955</b>	<b>\$ 65,067,378</b>	
<b><u>Tidelands Fund (TF)</u></b>			
FY 13 Adopted Budget	134,512,572	143,984,038 \$	9,471,466
City Council Approved Adjustments to Date	2,075,691	1,853,938 \$	(221,753)
Proposed 1st Quarter Adjustments:			
Update the Police and Harbor MOU	665,111	1,456,443	791,332
Tidelands Capital/Operating	23,024,000	-	(23,024,000)
<b>Adjusted Budget Including 1st Quarter Adjustments</b>	<b>160,277,374</b>	<b>147,294,419</b>	
<b><u>Community Development Grants Fund (SR 150)</u></b>			
FY 13 Adopted Budget	21,847,759	21,536,666 \$	(311,092)
City Council Approved Adjustments to Date	150,000	150,000 \$	-
Proposed 1st Quarter Adjustments:			
Port Community Mitigation Grants - DV	671,200	671,200	-
<b>Adjusted Budget Including 1st Quarter Adjustments</b>	<b>22,668,959</b>	<b>22,357,866</b>	
<b><u>Health Fund (SR 130)</u></b>			
Proposed 1st Quarter Adjustments:	37,926,224	38,583,367 \$	657,143
City Council Approved Adjustments to Date	393,416	391,700 \$	(1,716)
Proposed 1st Quarter Adjustments:			
Increased funding for HIV/AIDS surveillance and clinical services	277,363	561,890	284,527
X-ray Machine Debt Service	23,833	23,833	-
<b>Adjusted Budget Including 1st Quarter Adjustments</b>	<b>\$ 38,620,836</b>	<b>\$ 39,560,789</b>	

**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 13 Budget Adjustment Recap**

	<u>Budgeted Expenditure</u>	<u>Budgeted Revenue</u>	<u>Net Impact</u>
<b><u>Previous City Council Actions</u></b>			
Carryover of Prior Year Encumbrances (Beginning Fund Balance is Net of this Amount)	416,232	-	(416,232)
Temporary Winter Shelter	21,000	21,000	-
Revenue Adjustments	-	2,598,072	2,598,072
<b>Subtotal - Ad Hoc Council Action</b>	<b>437,232</b>	<b>2,619,072</b>	<b>2,181,840</b>
<b><u>1st Quarter Approved Budget Adjustments (Pending)</u></b>			
Second Council District's FY 12 Savings for DV	2,000	-	(2,000)
Ninth Council District's FY 12 Savings for DV	19,210	-	(19,210)
Facility Maintenance Services for Civic Center provided by PR	47,000	47,000	-
Second Council District's FY 12 Savings for PR	8,154	-	(8,154)
Graffiti Abatement Services	583,495	583,495	-
Third Council District's FY 12 Savings for PW	16,826	-	(16,826)
First Council District's FY 12 Savings for TS	16,591	-	(16,591)
Sixth Council District's FY 12 Savings for TS	13,179	-	(13,179)
Eliminate Double Budget for Debt Service	(1,378,085)	(1,378,085)	-
Reappropriate Uplands Oil one-time funds from FY 12	662,113	-	(662,113)
Update the Police and Harbor MOU	-	842,604	842,604
Repayment to LA County for Sports Park	1,859,999	-	(1,859,999)
<b>Subtotal - 1st Quarter</b>	<b>1,850,482</b>	<b>95,014</b>	<b>(1,755,468)</b>
<b>Total FY 13 Budget Adjustments to Date</b>	<b>2,287,714</b>	<b>2,714,086</b>	<b>426,372</b>
<b>General Fund Adjusted Budget</b>	<b>399,118,956</b>	<b>399,545,328</b>	<b>\$ 426,372</b>

## FY13 Budget Adjustment for Tidelands Capital Projects

Project	Cost
Convention Center Complex Improvements	\$ 3,831,500
-Arena Air Handlers #1-10 Replacement	
-Complete Arena Ballroom Improvements & Renovate Seaside Restrooms	
-Arena Lobby Renovation and Facility Furniture	
Parking Automation Upgrades at Rainbow Harbor	\$ 250,000
Fire Dept. Beach Operations Facility Assessment	\$ 150,000
Shoreline Marina Public Wooden Walkway Design and Permitting	\$ 100,000
Dredging Needs Assessment and Permitting	\$ 450,000
Cherry Beach Playground	\$ 1,500,000
Seaside Way/Convention Center Pedestrian Bridge Set Aside	\$ 1,500,000
Pine Ave Dock Extension Design and Permitting	\$ 500,000
Shoreline Marina Public Deck Replacement	\$ 600,000
Alamitos Beach Concessions Set Aside	\$ 1,000,000
Beach Basketball Courts near Junipero Parking Lot	\$ 250,000
Pine Ave Street Improvements	\$ 450,000
LED Lighting and Safety Improvements	\$ 600,000
Belmont Plaza Pool Set-Aside	\$ 11,181,500
Subtotal:	\$ 22,363,000
Aquarium Operating Support	\$ 250,000

Revised: 2/5/13