



Legislation Details (With Text)

File #: 19-0926 **Version:** 1 **Name:** FM - Budget Adjustments
Type: Agenda Item **Status:** Approved
File created: 7/18/2019 **In control:** City Council
On agenda: 9/17/2019 **Final action:** 9/17/2019
Title: Recommendation to approve the Fiscal Year 2019 second departmental and fund budget appropriation adjustments in accordance with existing City Council policy. (Citywide)
Sponsors: Financial Management
Indexes:
Code sections:
Attachments: 1. 091719-R-20sr&att.pdf

Date	Ver.	Action By	Action	Result
9/17/2019	1	City Council	approve recommendation	Pass

Recommendation to approve the Fiscal Year 2019 second departmental and fund budget appropriation adjustments in accordance with existing City Council policy. (Citywide)

On September 4, 2018, the City Council adopted the Appropriations Ordinance governing the City's Adopted Budget for Fiscal Year 2019 (FY 19). Periodically, changes in revenue or operating conditions require mid-year 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 periodically throughout the year 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 19 General Fund Group Expenditure Budget Adjustments.

This matter was reviewed by Deputy City Attorney Amy R. Webber on September 3, 2019.

The following requests for adjustments to FY 19 departmental and fund appropriations are necessary to reflect changes in operating conditions. City Council action is requested on September 17, 2019, to enable the timely processing of budget adjustments.

FY 19 Appropriation Adjustments **Airport**

- 1. Increase appropriations in the Airport Fund Group in the Airport Department by \$113,190, for the purchase and installation of a new lighting system for the Airport Terminal building, offset by Airport Fund Group operating revenues.*

As part of the Airport's terminal area improvement program, the Airport purchased and installed a new lighting system to the terminal building for the summer travel season. The system helped highlight the building at night, improve the building's aesthetics and match the lighting to other Airport facilities in the vicinity. The one-time purchase and installation cost of the system was estimated at \$113,190 and is offset by Airport operating revenues.

- 2. Increase appropriations in the Airport Fund Group in the Airport Department by \$98,788 for the purchase of components related to the Airport's airfield lights, offset by Airport Fund Group operating revenues.*

The runway and taxiway lights are critical components to a safe and efficient airfield operation. The lighting components are subject to the elements and have a limited number of years for a useful life. The one-time purchase of lighting components, in the amount of \$98,788, will begin preemptive replacement of components before they fail.

City Manager

- 3. Increase appropriations in the Special Advertising and Promotion Fund Group in the City Manager Department by \$52,500 for support associated with preparations for the 2028 Olympic Games, offset by funds available.*

Long Beach was selected as one of the host cities for the 2028 Olympic Games and will host a number of sporting events. These events have the potential to attract more than 500,000 visitors to the City and will receive national and international media coverage. To promote the 2028 Olympic Games, the City will support Olympic qualifying events held in Long Beach in the years leading up to the Games. The requested funds will go directly toward City fees and staffing costs, including application and permit fees, venue fees, and public safety staffing. An appropriation increase is requested to align budget to actuals spent.

- 4. Increase appropriations in the Special Advertising and Promotion Fund Group in the City Manager Department by \$60,000 for Dia de los Muertos, Jazz Festival, and additional community concerts, offset by a transfer from the Parks, Recreation and Marine Department.*

Decrease appropriations in the Special Advertising and Promotion Fund Group in the Parks, Recreation and Marine Department by \$60,000 to transfer appropriations to the City Manager Department.

As part of the Adopted FY 18 Budget, \$60,000 in structural funding was allocated in the Special Advertising and Promotion Fund Group in the Parks Recreation and Marine Department (PRM) to leverage matching funds for the Dia de los Muertos celebration, Jazz Festival, and supplemental matching funds for additional community concerts. The programs are managed and administered by the Office of Special Events and Filming in the City Manager Department (CM), and this request is to transfer the appropriation from PRM to CM. This reallocation has been made permanent in the Proposed FY 20 Budget.

5. *Increase appropriations in the General Fund Group in the City Manager Department by \$47,560 for additional payment for the Percent for the Arts Program above the original budgeted amount, offset by a transfer from the Capital Projects Fund Group in the Public Works Department.*

On December 20, 2016, the City Council approved recommendations to establish a Citywide Percent for the Arts Program (Program). The Program is intended to fund public art installations, provide small arts grants, and support for local arts groups paid for by a percentage of costs on eligible City-managed capital construction projects over \$100,000. Eligible Program fees are assessed on all City-managed capital construction projects using General Fund and other eligible funding sources. Because fees are calculated using 1 percent of direct actual costs of capital construction projects from the previous fiscal year, projections made during the budget development process are estimates. In 2019, actual Program fees are \$217,560, which is \$47,560 more than the originally projected \$170,000. An increase in appropriation is needed to transfer the additional amount for the Percent of the Arts Program. All Program costs are offset by CIP fee actuals assessed from the previous year.

Development Services

6. *Increase appropriations in the Tidelands Operations Fund Group in the Development Services Department by \$150,000 for the Waterfront Visioning process in the Downtown Shoreline Area, offset by a decrease in the Public Works Department.*

Decrease appropriations in the Tidelands Operations Fund Group in the Public Works Department by \$150,000 to transfer appropriations to the Development Services Department.

As part of the Adopted FY 19 Budget, \$150,000 in one-time funds was allocated to begin the Waterfront Visioning Process for an update to the Downtown Shoreline Planned Development Area - 6. The Visioning Process, to be managed by Development Services Department, will examine the physical conditions, constraints, and opportunities of the greater Downtown Shoreline Area. As part of the process, property owners, employers, residents, and visitors will share their ideas for the area and chart a pathway toward a shared vision. This request is to transfer the appropriation from Public Works to Development Services.

7. *Increase appropriations in the General Grants Fund Group in the Development Services Department by \$185,000 for consulting services related to the City's historic resources, offset by revenues.*

The Development Services Department incurs costs for consulting services related to the City's historic resources, including: the ongoing evaluation of existing and potential Historic Districts. The cost is offset by a reserve (Historic Preservation Endowment Fund), which established with a mitigation payment made by Camden Development related to the removal

of the former Loeff's structure at 250 West Ocean Boulevard.

8. *Increase appropriations in the Development Services Fund Group in the Development Services Department by \$485,239, for a one-time cash transfer to the General Services Fund Group in the Technology and Innovation Department, for critical technology needs, offset by funds available.*

On December 5, 2017, the City Council authorized moving forward with critical technology projects. Portions of these projects are not eligible for lease financing and require one-time cash transfers from various departments. The Technology and Innovation Department completed a comprehensive review of each project to determine the amount to be allocated to each department/fund group. An appropriation increase is needed in the Development Services Fund Group to accommodate this transfer and is offset by funds available.

Economic Development

9. *Increase appropriations in the General Fund Group in the Economic Development Department by \$51,000 for core and shell improvements at 309 Pine Avenue, offset by a transfer from the Capital Projects Fund Group in the Public Works Department.*

The Economic Development Department is overseeing core and shell and interior tenant improvements at 309 Pine Avenue as part of the development of the Shaun R. Lumachi Innovation Center, which provides a downtown learning and working center supporting business workers and entrepreneurs. The appropriation increase is offset by a transfer from the Capital Projects Fund Group in Public Works Department.

Energy Resources

10. *Increase appropriations in the Gas Fund Group in the Energy Resources Department by \$15,000,000 to align budget to projected expenditures associated with higher gas commodity revenues and expenditures, offset by higher revenue.*

The Energy Resources Department is purchasing more natural gas than what was budgeted due to cooler winter weather that created a higher demand for gas in the early part of FY 19. Revenues from the sale of natural gas are also greater than budgeted, which will help offset the higher expenses. A budget adjustment is requested to align the associated budget to expenditure actuals.

11. *Increase appropriations in the Gas Fund Group in the Energy Resources Department by \$5,782,625 to allow for the required purchase of Greenhouse (GHG) emission allowances, offset by AB 32 credit revenue.*

Under AB 32, the Energy Resources Department is required to purchase Greenhouse (GHG) emission allowances related to natural gas sales to small and medium-sized natural gas customers. As part of the State program, Energy Resources receives credit

revenue that can fund capital projects that benefit the natural gas rate payers. An appropriation increase is requested to allow for the required purchase of GHG allowances

12. *Increase appropriations in the Gas Fund Group in the Energy Resources Department by \$874,840, for a one-time cash transfer to the General Services Fund Group in the Technology and Innovation Department, for critical technology needs, offset by funds available.*

On December 5, 2017, the City Council authorized moving forward with critical technology needs projects. Portions of these projects are not eligible for lease financing and require one-time cash transfers from various departments. The Technology and Innovation Department completed a comprehensive review of each project to determine the amount to be allocated to each department/fund group. An appropriation increase is needed in the Gas Fund Group to accommodate this transfer and is offset by funds available.

13. *Increase appropriations in the Uplands Oil Fund Group in the Energy Resources Department by \$1,500,000 to align budget to projected annual expenditures associated with higher oil revenues and expenditures, offset by revenue.*

Increase appropriations in the Tidelands Oil Revenue Fund Group in the Energy Resources Department by \$15,000,000 to align budget to projected annual expenditures associated with higher oil revenues and expenditures, offset by revenue.

Estimated expenses in the Uplands Oil and Tidelands Oil Revenue Fund Groups are anticipated to exceed budget. The FY Adopted 19 Budget oil projections were based on \$55 per barrel and have been trending at around this amount. While average price per barrel has been close to budget, there have been lower oil-related expenditures. Both price and production costs impact the City's net oil revenues (gross revenues minus oil related expenditures). The revised operating costs have led to an increase in both Uplands and Tidelands net revenues and corresponding increases in payments (classified as expenditures) to the State of California Lands Commission and to the transfer amount to the Tidelands Operations Fund Group.

14. *Increase appropriations in the SERRF JPA Fund Group in the Energy Resources Department by \$394,475 to align budget to expenditures associated the final debt bond payment and transfer of outstanding balance to the SERRF Operations Fund Group, offset by funds available.*

The Southeast Resource Recovery Facility (SERRF) Joint Powers Authority (JPA) Fund Group is used to account for bonds issued to finance the planning, design, procurement, construction, and startup of the SERRF "waste-to-energy" facility. The bonds were paid off in December 2018. A budget adjustment is needed to match appropriation to incurred interest debt expense and to allow the remaining fund balance to be transferred to the SERRF Operations Fund Group.

Health and Human Services

15. *Increase appropriations in the Health Fund Group in the Health and Human Services Department by \$654,481 to align budget with actual grant revenue awarded for the 2018 Continuum of Care for Homeless Assistance Program, offset by grant revenues.* On June 12, 2018, the City Council authorized the City Manager to submit a renewal grant application through the Long Beach Health and Human Services Department, to the U.S. Department of Housing and Urban development (HUD) for the 2018 Continuum of Care for the Homeless Assistance Program and authorized the City to accept and expend grant funding in an amount between \$8,000,000 and \$10,000,000. Total grant funding awarded for the period of July 1, 2019 through June 30, 2020 was \$8,467,853. This amount exceeded the budget allocated through the FY 19 annual budget process. An appropriation increase of \$654,481 is requested to align budget with actual grant revenue awarded.

Library

16. *Increase appropriations in the General Grants Fund Group in the Library Services Department by \$311,313 for summer reading program, staffing, and materials, offset by revenue from the Long Beach Public Library Foundation.*

The Long Beach Public Library has received revenue totaling \$311,313 from the Long Beach Public Library Foundation from the following sources: staffing and materials in the amount of \$250,000 for the Munzer Foundation and \$48,712 for the Summer Reading Program; \$1,775 and \$6,885 from the Burcham, Gutenberg endowments, respectively, to purchase preschool and children books; and, \$3,941 from the Slaybaugh endowment to purchase quality adult books.

Parks, Recreation and Marine

17. *Increase appropriations in the General Fund Group in the Parks, Recreation and Marine Department by \$33,440 for Movies in the Park, offset by sponsorship from Signal Hill Petroleum.*

Since 2005, Signal Hill Petroleum has sponsored Movies in the Park and is providing Partner of Parks with \$38,000 for movies shown at various park sites in the City. Partners of Parks retains twelve percent of the sponsorship as an operational fee. The remaining amount of \$33,440 has been deposited in the General Fund Group in support of program staffing.

18. *Increase appropriations in the General Fund Group in the Parks, Recreation and Marine Department by \$5,709 for a permit fee related to improvements at the kitten nursery, offset by revenues from the Shelter Building Trust account.*

The Shelter Building Trust account was established specifically for improvements to the shelter environment of animals in the care of Animal Care Services (ACS) staff and patrons of

the shelter. In accordance with the trust requirements, ACS incurred an unbudgeted permit fee expense associated with the kitten nursery for the Long Beach Little Paws Project in the amount of \$5,709.

19. *Increase appropriations in the General Fund Group in the Parks, Recreation and Marine Department by \$36,384 to reimburse First Serve, Inc., offset by funds reserved for this purpose.* The Parks, Recreation and Marine Department has two tennis centers, Billie Jean King (BJK) and El Dorado Park. First Serve, Inc., has a permit for the operation and management of both tennis centers. All revenue derived from the tennis concession is deposited into the City's Tennis Reserve account. All expenditures from this reserve must be expended for the purchase, maintenance, operation, or improvement of grounds, buildings, structures, equipment, or facilities for public tennis. Pursuant to reserve requirements, the BJK Tennis Center made lighting retrofit improvements, replacing outdated components with energy-efficient components, at a cost of \$36,384. A budget adjustment in the amount of \$36,384 is requested to reimburse First Serve, Inc., for the improvements, offset by funds from the reserve.

Public Works

20. *Increase appropriations in the General Fund Group in the Public Works Department by \$479,331 for parking management services, offset by parking-related revenue.*

Increase appropriations in the Tidelands Operations Fund Group in the Public Works Department by \$433,489 for parking management services, offset by parking-related revenue.

On November 7, 2017, the City Council awarded a contract to LAZ Parking California, LLC, of Los Angeles, CA, for citywide parking and management services, in a total amount of \$9,448,978, for a period of three years. To facilitate payment of this contract, City Council approved an appropriation increase for these costs in FY 18. Sufficient appropriation for the FY 19 costs was not included in the Adopted FY 19 Budget. Public Works is requesting to increase appropriations to offset the expenses that have been incurred for this contract. This is a technical correction and is fully offset by parking revenues received during FY 19.

21. *Increase appropriations in the Civic Center Fund Group in Public Works Department by \$187,500, offset by a transfer from the Capital Projects Fund Group.*

Decrease appropriations in the Capital Projects Fund Group in Public Works Department by \$187,500 to transfer the appropriations to the Civic Center Fund Group.

On May 7, 2019, the City Council approved increases in appropriation in the Capital Projects Fund Group in the Public Works Department, offset by transfers from the Special Advertising and Promotion Fund Group in the City Manager Department totaling \$123,500 and offset by \$64,000 in donations received from the Long Beach Chamber of Commerce, the Friends of

Long Beach Fire Fighters, and the Long Beach Police Foundation for the City's Police and Fire Memorial in the new Civic Center. A technical correction is necessary to move the appropriation from the Capital Projects Fund Group to the Civic Center Fund Group so expenses can be realized in the correct fund group.

22. Increase appropriation in the Capital Projects Fund Group in Public Works Department by \$90,000 to install Fiber Connections at the Houghton Park Community Center, offset by a transfer from the General Services Fund Group in the Technology and Innovation Department.

The newly renovated Houghton Park Community Center required high speed fiber to be installed within the building. This project involved running fiber cable from the intersection of Atlantic Avenue and Harding Street to the new billboard at Veteran's Plaza as well as to the Houghton Park Community Center. The Technology and Innovation Department required that this fiber be installed to setup the technology at the Community Center. The costs were anticipated to total \$90,000 to fully install the fiber connection. The requested appropriation increase of \$90,000 in the Capital Projects Fund Group will be offset by a transfer from the General Services Fund Group in the Technology and Innovation Department using funds that were previously set aside for this purpose.

23. Increase appropriations in the Capital Projects Fund Group in the Public Works Department by \$93,485 for the refurbishment of the Houghton Park Community Center, offset by a transfer from the Insurance Fund Group in the Human Resources Department.

Increase appropriations in the Insurance Fund Group in the Human Resources Department by \$93,485 for a transfer to the Capital Projects Fund Group, offset by revenue received from an insurance claim for damage to Houghton Park Community Center.

On January 22, 2017, Long Beach experienced a major storm with record-breaking heavy rains causing damages to the Houghton Park Community Center. The City received \$93,485 from an insurance claim reimbursement, which will be used toward the refurbishment of the Houghton Park Community Center at 6301 Myrtle Avenue. The scope of this project is to construct an approximately 6,500-square-foot building to the east of the existing Community Center, as well as partially renovate the existing Community Center building. The partial renovation of the existing building will realign the entry of the Community Center from the north end of the property to the east facing direction of the parking lot to create a prominent entrance to the Community Center. The new building will house two large multipurpose rooms, a reception area, and a set of restrooms, as well as an enclosed courtyard.

24. Increase appropriations in the Capital Projects Fund Group in the Public Works Department by \$780,000 to transfer Street Medians one-time funds to Public Works, offset by a decrease in appropriation in the Parks, Recreation and Marine Department.

Decrease appropriations in the Capital Projects Fund Group in the Parks, Recreation and Marine Department by \$780,000 to transfer the appropriations to the Public Works Department.

As part of the Adopted FY 19 Budget, the City Council directed the transfer of all street median responsibilities from the Parks, Recreation and Marine Department to the Public Works Department. One-time funds were allocated in FY 16 and FY 17 in the amount of \$780,000 for the turf conversion of street medians and are currently appropriated in the Parks, Recreation and Marine Department. This recommendation is to move appropriations to the correct department who is now managing this project (technical correction).

25. Increase appropriations in the Capital Projects Fund Group in the Public Works Department by \$166,500 for the Anaheim Street Corridor Improvement Project, offset by grant revenue.

On July 10, 2007, the City Council authorized all master funding agreements with Caltrans. The City has been granted a Caltrans grant for the Anaheim Street Corridor Improvement Project in the amount of \$366,500 for preliminary design and environmental work. The total project design cost is estimated at \$366,500, which includes Caltrans grant funding in the amount of \$166,500 and requires a local grant match of \$200,000. Local matching funds consist of Los Angeles County Measure R funds, which are appropriated in the Capital Projects Fund Group in the Public Works Department.

26. Increase appropriations in the Civic Center Fund Group in the Public Works Department by \$1,784,713 for the final debt payment for the old Civic Center complex, offset by revenue collected through charges to user departments via the Civic Center complex rent Memorandum of Understanding (MOU).

At the time of the FY 19 Budget adoption, the final amount for the last debt service payment for the old Civic Center complex was not known. An appropriation increase in the amount of \$1,784,713, is requested to provide funding to make the final debt payment. This appropriation increase is fully offset by revenue received from user departments via the MOU.

Technology and Innovation

27. Increase appropriations in the General Services Fund Group in the Technology and Innovation Department by \$450,000 to support mobile technology costs associated with the unfunded State mandate related to AB 953, offset by a transfer from the General Fund Group in the Police Department.

The Technology and Innovation Department (TI) is responsible for purchasing and replacing mobile devices, and administering cellular phone service plans and administering data service plans for tablets, laptops, and other devices. In 2015, Assembly Bill 953 (AB 953) was approved and requires law enforcement agencies to collect and report stop data. This new legislation requires the Long Beach Police Department (LBPD) to collect stop data beginning

January 1, 2019. To address the requirements of AB 953, LBPD issued cellular phones to allow police officers to collect the State-mandated data in an expedient and safe manner. The cost of these cellular phones and related service plans are incurred by TI and charged to LBPD. LBPD has sufficient appropriation for this transfer in FY 19 using funds that were previously set aside for this purpose and these costs have been incorporated into the FY 20 Budget.

Citywide Activities

28. *Increase appropriations in the General Fund Group in the Citywide Activities Department by \$3,000,000 to return a portion of past water and sewer utility fund transfers made to the General Fund, offset by funds available.*

The City has entered into a legal settlement that requires a \$3,000,000 annual payment by the General Fund over four years to refund \$12,000,000 in transfers from the water and sewer utilities made in previous years. This is the second payment of four.

Approve recommendation.

JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER