



Legislation Details (With Text)

| | | | | | |
|-----------------------|--|----------------------|---|----------------------|---|
| File #: | 23-0536 | Version: | 1 | Name: | FM - FY23 2nd Dept. and Fund budget appropriation adjustments |
| Type: | Agenda Item | Status: | | Status: | Approved |
| File created: | 5/4/2023 | In control: | | In control: | City Council |
| On agenda: | 5/23/2023 | Final action: | | Final action: | 5/23/2023 |
| Title: | Recommendation to approve the Fiscal Year 2023 second departmental and fund budget appropriation adjustments in accordance with existing City Council policy. (Citywide) | | | | |
| Sponsors: | Financial Management | | | | |
| Indexes: | | | | | |
| Code sections: | | | | | |
| Attachments: | 1. 05232023-R-20sr&att.pdf | | | | |

| Date | Ver. | Action By | Action | Result |
|-----------|------|--------------|------------------------|--------|
| 5/23/2023 | 1 | City Council | approve recommendation | Pass |
| 5/23/2023 | 1 | City Council | approve recommendation | Pass |
| 5/23/2023 | 1 | City Council | approve recommendation | Pass |

Recommendation to approve the Fiscal Year 2023 second departmental and fund budget appropriation adjustments in accordance with existing City Council policy. (Citywide)

On September 6, 2022, the City Council adopted the Appropriations Ordinance governing the City of Long Beach's (City) Adopted Budget for Fiscal Year 2023 (FY 23). 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. Other instances involve a contractual obligation or a City Council-initiated project or general operations that require appropriation adjustments to be made. These adjustments are presented periodically throughout the year to the City Council for consideration. On March 7, 2023, the City Council approved the first departmental and fund budget appropriation adjustments. This is the second departmental and fund budget appropriation adjustments request for FY 23. The detailed descriptions of the proposed adjustments are provided below. See Attachment A for a Summary of Proposed Adjustments of impacted City funds.

Some of the proposed adjustments include the proposed use of funds available or operating reserves to offset expenditures with no identified funding source directly related to the use. For some of these adjustments, departments may be noting potentially higher than budgeted department-related revenues. For the General Fund, departmental revenues are typically used to balance the overall budget or create a surplus at year-end with the exception of an expense increase that directly results in increased revenue.

This matter was reviewed by Deputy City Attorney Monica J. Kilaita on May 1, 2023.

The following requests for adjustments to FY 23 departmental and fund appropriations are necessary to reflect changes in operating conditions. City Council action is requested on May 23, 2023, to enable the timely processing of budget adjustments.

Health and Human Services

- 1. Increase appropriations in the Housing Authority Fund Group in the Health and Human Services Department by \$9,853,863, offset by U.S. Department of Housing and Urban Development (HUD) grant revenues.*

On July 1, 2021, the U.S. Department of Housing and Urban Development (HUD) allocated Emergency Housing Vouchers (EHV) and authorized funding by the American Rescue Plan Act of 2021 in the amount of \$11,727,180. This provides 570 new housing vouchers for the purpose of sheltering those who have housing uncertainties. On August 10, 2021, the Housing Authority Commission approved the acceptance of the funds. \$9,853,863 of the \$11,727,180 was unspent in FY 22, and an appropriation increase of \$9,853,863 in the Housing Authority Fund Group is being requested to support EHV in FY 23.

Library Services

- 2. Increase appropriations in the General Grants Fund Group in the Library Services Department by \$546,406 for materials purchases and programming support, offset by revenue from the Long Beach Public Library Foundation.*

The Library Services Department has received funds totaling \$546,406 from the Long Beach Public Library Foundation for materials purchases and programming support. Funding will be used as follows: \$419,861 from Jet Blue and the Gutenberg Endowment will be used to purchase books and digital resources; \$6,792 for the Dive Into Learning program; \$92,842 for the Michelle Obama Library; \$12,469 for the Billie Jean King Main Library; \$6,942 for the Summer Reading program; and, \$7,500 for Cultural Programming.

Parks, Recreation, and Marine

- 3. Increase appropriations in the General Fund Group in the Parks, Recreation and Marine Department by \$30,373 to support unfunded contract obligations, offset by development permit revenue.*

The Parks, Recreation and Marine Department's Park Planning and Partnerships (PP&P) Bureau is requesting an appropriation increase in the amount of \$30,373 for unbudgeted one-time development permit revenue received in FY 23. PP&P is

requesting this one-time development permit revenue be appropriated for unfunded contractual obligations, including mandated environment services such as assessment and clean-up work at 960 Deforest (old Union Pacific Railroad) and 970 West Chester Place (old MTA site). The State Water Resources Control Board is mandating the services and charging the fees.

Public Works

4. *Increase appropriations in the Capital Projects Fund Group in the Public Works Department by \$350,164 for Median and Sidewalk Improvements on Anaheim Street Between Atlantic Avenue and Alamitos Avenue, offset by revenue received from the developer.*

Black Equities Group (Developer), in consultation and with the approval of the Public Works Permit Group, has issued the City a check for \$350,164 for in-lieu costs associated with median, landscaping, and sidewalk rehabilitation. The requirement to reconstruct the median and sidewalk was placed upon the development by the City as part of the City's planning process. The City has agreed it will perform the median and sidewalk improvements for the Developer upon receipt of the funds.

5. *Decrease appropriations in the Capital Projects Fund Group in the Public Works Department by \$44,087, for the Navigation Center Project as a technical correction to align budget to actual funding sources.*

The City is renovating two adjacent properties located at 1718 and 1722 Hayes Avenue in Long Beach. 1718 Hayes Avenue will be converted into a shelter for those experiencing homelessness, while 1722 Hayes Avenue will be converted into a navigation center which will allow persons experiencing homelessness to store belongings while being connected to services, resources, and case management. As part of FY 21 Q2 Budget Adjustment, on April 20, 2021, the City Council approved an appropriation increase of \$944,087 in the Capital Projects Fund Group in the Public Works Department for the Shelter and Navigation Center project, offset by a transfer of \$344,087 from State funds budgeted in the Health Fund Group in the Health and Human Services Department and \$600,000 from ESG-CV round 2 grant funds budgeted in the Community Development Grants Fund Group in the Development Services Department. However, these funds have been reprogrammed to other projects due to limitations of use such as qualified term periods. In exchange, \$900,000 of the Homeless Housing, Assistance and Prevention (HHAP) grant from the Health Grant Fund in the Health and Human Services Department has been identified for this project. The result of the shifting funding sources is a net impact of \$44,087 decrease to the Capital Projects Fund Group in the Public Works. An appropriation decrease in the Capital Projects Fund Group is being requested to align the project budget to actual funding sources. The total project cost is estimated at \$3,000,000 and has identified funding sources of \$1,800,000 of FY 22 Measure A surplus funds and \$900,000 of HHAP grant funding. The Public Works Department will return to the City Council for

additional appropriation once the remaining funds have been identified.

6. *Increase appropriations in the Capital Projects Group in the Public Works Department by \$28,800 for the design of Flashing Beacons at 18 Locations, offset by grant revenue from the Federal Highway Administration Grant Funds (HSIP-5108(188)).*

Increase appropriations in the Capital Projects Fund Group in the Public Works Department by \$28,800, offset by a transfer of the Federal Highway Administration grant funds from the Capital Grants Fund, a fund within the Capital Fund Group.

On April 12, 2022, the City Council approved an appropriation increase in the amount of \$221,200, offset by federal Highway Safety Improvements Program (HSIP) grant funds from Caltrans. The grant award included a \$28,800 for the design phase that was inadvertently left out of the recommendation. An appropriations increase in the amount of \$28,800 is being requested to fully budget the grant award amount of \$250,000.

7. *Decrease appropriations in the Capital Project Fund Group in the Public Works Department by \$2,220,133 as a technical clean-up to resolve carryover budget balances.*

On April 15, 2019, the City went live with Phase 1 of Munis. The implementation included approximately 100,000 converted lines of the Adopted and Adjusted FY 19 Budget, utilizing the newly developed Chart of Accounts, as well as over 2,800 lines of Projects and Grants budget from the converted Project Ledger data. Changes for multi-year grants/projects are necessary to bring appropriations in line with final grant/project award amounts that were cross-walked. This request is a technical budget adjustment to resolve carryover budget balances that were included in the transition to Munis. This decrease is a technical clean-up item and has no impact on active capital improvement projects.

8. *Increase appropriations in the Capital Projects Fund Group in the Public Works Department by \$27,207,000 as a technical clean-up to allocate budget approved in prior fiscal years into the current fiscal year.*

Due to the complexity of certain projects, appropriations approved by the City Council in prior fiscal years have been under discussion to determine the best process to appropriately track the projects in the City's financial system. Due to lapsing of fiscal years since approved, a technical request is being submitted to now appropriate the prior approved budgets in the current fiscal year. This appropriation request includes \$23,490,000 approved on February 15, 2022 for the Bixby Park Bandshell and Improvements, El Dorado Park Sports Fields, MacArthur Park Rehabilitation, and Ramona Park Signature Playground projects; \$1,117,000 approved on December 7, 2021 for the El Dorado Duck Pond Rehabilitation Project and; \$2,600,000 approved on March 1, 2022 for the repaving and restriping of Kilroy Airport Way.

9. *Increase appropriations in the Civic Center Fund Group in the Public Works Department by \$702,661 for Improvements to the Public Safety Building and Parking Structure, offset by a transfer from the Capital Projects Fund.*

On December 13, 2022, as part of the FY 22 third departmental and fund budget appropriation adjustments, the City Council approved an appropriations increase in the amount of \$2,700,000 in the Capital Projects Fund Group for various Police Department facility improvements. Of the amount approved, it was determined that \$702,661 will need to be budgeted in the Civic Center Fund Group where the project cost will be incurred. This is a technical request to increase appropriations in the Civic Center Fund Group where costs will be incurred, offset by a transfer from the Capital Projects Fund Group.

10. *Increase appropriations in the Tidelands Operating Fund Group in the Public Works Department by \$1,205,902 for capital improvements to the Long Beach Convention and Entertainment Center, offset by Measure B-TOT revenue transferred in FY 22 from the General Fund Group in the Citywide Activities Department.*

On March 3, 2020, the City of Long Beach voters approved Measure B, which increased the General Fund portion of the Transient Occupancy Tax (TOT) from 6 percent to 7 percent. Revenue generated from the 1 percent increase is intended for City's art organizations and the Long Beach Convention and Entertainment Center (LBCEC). In FY 22, \$1,205,902 (approximately 50 percent of total Measure B revenues) was allocated to the LBCEC and will be used to fund various capital improvement needs as identified in the City's Facility Conditions Assessment. This includes improvements to entertainment and communal gathering places to improve guest satisfaction and experience such as enhancing the lights, updating furnishings, adding water filling stations and replacing the lobby wall. Funding will also be used for improvements to the Terrace Theater including decorations, as well as updates and renovations to the Chorus Dressing Rooms and restrooms.

11. *Increase appropriations in the Tidelands Operating Fund Group in the Public Works Department by \$1,500,000 for the Colorado Lagoon Open Channel Phase 2A Project, offset by grant revenue from the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy; and,*

Increase appropriations in the Tidelands Operating Fund Group in the Public Works Department by \$1,500,000 for the Colorado Lagoon Open Channel Phase 2A Project, offset by a transfer of San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy grant funds from the Tidelands Grant Fund, a fund within the Tidelands Operating Fund Group.

On November 1, 2022, the City Council authorized the City to submit a grant application to the San Gabriel and Lower Los Angeles Rivers and Mountains

Conservancy and if awarded, accept grant funding an amount up to \$1,500,000. The City has been approved an award in the amount of \$1,500,000 which will support the Colorado Lagoon Open Channel Phase 2A Project which is currently in the construction phase to connect the Colorado Lagoon to Alamitos Bay through expanding a culvert to preserve ecological reserve, native habitat restoration and park improvements. It also includes pre-cast bridges and roadway improvements. This will be achieved through placement of fill in the Colorado Lagoon for shallow habitat creation.

- 12. Increase appropriations in the Refuse & Recycling Fund Group in the Public Works Department by \$115,697 for the CalRecycle Beverage Container Collection Program grant, offset by grant revenue received from CalRecycle.*

The CalRecycle Beverage Container Collection Program grant is used to promote a cleaner Long Beach by funding programs to clean up and recycle beverage containers in the City. Funding supports curbside collection of recycling, neighborhood cleanup efforts, and recycling education programs in the City. Per Resolution No. RES-160024, which authorizes the City to submit an application to Cal Recycle for any and all payment programs offered, the City submitted an application for the CalRecycle program and received \$115,697 in grant funding.

- 13. Increase appropriations in the Civic Center Fund Group in the Public Works Department by \$1,331,450 for the Public Safety Building Roof Rehab and Elevated Platform over Planter Projects, offset by a transfer from the General Fund Group in the Police Department.*

On December 13, 2022, as part of the FY 22 third departmental and fund budget appropriation adjustments, the City Council approved an appropriation increase in the amount of \$394,875 which partially funded the Public Safety Building Roof Rehab and Elevated Platform over Planter Projects. Additional funding of \$1,331,450 is needed to fully fund and complete both project, which includes the design and installation of the roof replacement and an elevated platform over the existing planter, located south of the building. The Police Department will transfer an amount of \$1,331,450 for the project to be funded within the department's FY 22 appropriations and no budget adjustment is needed. The increase in appropriations in the Capital Projects Fund Group will provide the additional funding needed to complete the project.

- 14. Increase appropriations in the Capital Projects Fund Group in the Public Works Department by \$8,893 to align budget with the balance in the 2009 Belmont Shore Bond for improvements to Belmont Shore parking area, offset by the Belmont shore 2009 bond.*

The CFD No. 2007-2 - Belmont Shore 2009 bonds funded the acquisition of property for parking lot use, alleyway improvements and related costs, relocation of utilities, landscaping, signage, and other projects to provide public parking. An unbudgeted balance of \$8,893 remains that can support ongoing improvements in this area. An

appropriations increase is requested in the Capital Projects Fund Group to align budget to the actual balance available from the bond. This balance will be used towards eligible uses such as replacement of trash bins that have past their service life.

15. *Increase appropriations in the Capital Projects Fund Group in the Public Works Department by \$18,515,000 for tenant improvement cost related to the newly acquired City property at 125 Elm Avenue, offset by a transfer of \$12,224,429 from the Gas Fund Group in the Long Beach Utilities Department and a transfer of \$6,290,571 from the General Fund Group in Citywide Activities.*

Increase appropriations in the General Fund Group in the Citywide Activities Department by \$6,290,571 to transfer to the Capital Projects Fund Group, offset by a release of reserves set aside in FY 22 for this purpose.

On October 11, 2022, the City Council authorized the City to execute the purchase of a certain real-estate property located at 125 Elm Avenue. The City has acquired the property and tenant improvement activities have begun. Such improvements are needed before City departments take occupancy within the building. Tenant improvement cost are estimated at \$23,315,000. The increase in appropriation will fund \$18,515,000 of the total cost, offset by a \$12,224,429 from the Gas Fund Group in the Long beach Utilities Department and a transfer of \$6,290,571 from the General Fund Group in Citywide Activities. The remaining \$4,800,000 is being funded in the Measure A five year bond program.

Long Beach Recovery Act

16.

Approve the revised program allocations of the Long Beach Recovery Act as seen in Attachment B.

The Long Beach Recovery Act (LB Recovery Act) was initially approved by the City Council on March 16, 2021, and each revision to the plan has been approved by the City Council in subsequent reports. The total of LB Recovery Act has grown to \$296.6 million since the latest revised plan and is funded by various sources, including the General Fund, as a result of the City's approach in using federal American Rescue Plan Act (ARPA) funds. The U.S. Department of Treasury's Final Rule allows ARPA funding to be used to provide and maintain current government services (e.g., provision of police, parks, and recreation services) up to the amount of the City's calculated revenue loss due to the pandemic. In compliance with the Final Rule, the City will use the majority of ARPA funds to maintain existing, eligible City services (specifically, parks and recreation and police services) for FY 21, FY 22, and FY 23. This spending approach, consistent with the Final Rule, does not result in any increased budgetary allocations or levels of service for the Parks, Recreation and Marine or Police Departments. The total budget for PRM and PD were unaffected by this approach. This portion of ARPA funding allocated to the City makes available

General Fund monies, which are then used to enable the delivery of City Council-approved programs for LB Recovery Act.

The remaining portion of ARPA funds will be used to provide direct relief grants to those impacted most by the pandemic. Utilizing ARPA funds for these direct relief grant payments will provide the opportunity for these funds to be tax-exempt for the beneficiaries (if paid from the General Fund, these payments would be taxable to the recipients). By utilizing ARPA funds, the City alleviates the additional burden of beneficiaries being taxed on these direct relief grants. Table A below details the current LB Recovery Act funding sources.

Table A: Long Beach Recovery Act Funding Sources (in millions)

| Funding Source | Total Program Allocation[°] |
|--|---|
| General Fund* | \$125.8 |
| General Fund** | 4.1 |
| American Rescue Plan Act (ARPA) Direct Relief Grants ⁺⁺ | 10.0 |
| Airport Rescue Grants [^] | 15.1 |
| CDC Public Health Workforce Development Grant | 2.8 |
| ELC Schools Re-Opening Safety Grant | 1.1 |
| Emergency Rental Assistance Program (ERAP) - Round 1 | 30.2 |
| ERAP - Round 2 | 34.1 |
| ERAP - Reallocation Funds | 17.0 |
| Epidemiology and Laboratory Capacity (ELC) Grant | 26.8 |
| Health Disparities Grant | 7.7 |
| HUD Home-ARP (Homelessness) | 10.2 |
| Long Beach Community Foundation - Ballmer Group Grant | 0.1 |
| Long Beach Community Foundation - Knight Donor Grant | 0.2 |
| Vaccination Grant | 5.1 |
| Youth Workforce Development Grant | 6.3 |
| Total Funding Sources | \$296.6 |

* Funds made available due to funding from ARPA covering existing City services.

** Funds made available due to funding from CARES covering existing City services, Police Department savings, and other sources.

⁺⁺ This represents the portion of LB Recovery Act programs funded directly by ARPA. The remaining portion of ARPA funding will be used to support existing City services.

[^] Airport Grants are funded by ARPA as a direct allocation to the Airport Department. This is separate from the City's direct allocation of ARPA funds.

[°] Total amounts received will vary depending on actual funding received.

The Long Beach Recovery Act programs fall under three categories: Economic Recovery, Healthy and Safe Community, and Securing our City's Future. Table B summarizes the total funding by Program Category.

Table B: Long Beach Recovery Act Program Categories (in millions)

| | Total Program Allocation |
|------------------------------|---------------------------------|
| Economic Recovery | \$71.2 |
| Healthy and Safe Community | 149.7 |
| Securing Our City's Future | 75.7 |
| Total LB Recovery Act | \$296.6 |

LB Recovery Act programs continue to evolve as additional funding sources and recovery needs are identified. Attachment B details the revised LB Recovery Act programs, sub-programs, and the associated allocation amounts. Staff will continue to report to the City Council any new recovery-related funding sources secured by the City through the Bi-Annual Reports. Past reports are available on the City's Long Beach Recovery Act website at www.longbeach.gov/recovery <<http://www.longbeach.gov/recovery>>.

COVID-19 Grants

17. Receive and file a report on the financial assistance accepted by the City of Long Beach, from October 1, 2022 through March 31, 2023, under Resolution No. 20-0049 to respond to the proclaimed emergency due to the COVID-19 pandemic; and,

Increase appropriations in several funds across several departments for various COVID-19-related grant opportunities.

On April 14, 2020, through Resolution No. 20-0049, the City Council authorized the City Manager, or designee, to execute all necessary documents, including subcontracts and any subsequent amendments, to apply for, accept and expend grant funding for costs incurred in response to the COVID-19 pandemic. This authorization allowed the City to take advantage of federal and State grants, with or without a match requirement, as quickly as possible and required that all agreements executed under this authority be presented to the City Council at the next practicable opportunity for receive and file. This report presents two financial opportunities accepted during the period of October 1, 2022 to March 31, 2023, for a total of \$4.45 million. This total represents an estimate of funding, which the City may receive in various funds. Actual funding will vary as some funding opportunities are cost reimbursement and are based on eligible expenditures incurred. It should be noted that this report is not inclusive of all financial opportunities accepted by the City during this period and does not include grants that have been presented to the City Council separately.

Development Services Department

Emergency Rental Assistance Grant

Increase appropriations in the Community Development Grants Fund Group in the Development Services Department by \$4,050,727 to align the budget for the Emergency Rental Assistance Program with actual funds received.

Between March 16, 2021, and May 24, 2022, the City Council authorized the acceptance of \$77,301,132 in combined State and federal funding to implement the Emergency Rental Assistance Program (ERAP) to assist eligible renters who experienced economic impacts due to the COVID-19 pandemic with rental and utility payment assistance. Since the last approval, the U.S. Department of Treasury has reallocated additional federal ERAP funds to assist applicants who applied prior to March 31, 2022. While allocated to existing ERAP applications, these funds are not currently budgeted; therefore, an appropriation increase of \$4,050,727 in the Community Development Grants Fund Group in the Development Services Department, offset by revenue, is requested to align the budget with the actual allocations received.

Health and Human Services Department

ELC Schools Reopening Safety Grant

Increase appropriations in the Health Fund Group in the Health and Human Services Department by \$400,000 offset by additional funds granted under the ELC Schools Reopening Safety Grant.

LA County has awarded the Health and Human Services Department an additional \$400,000 through the ELC Schools Reopening Safety Grant. These are pass-through funds from the CDC. Eligible expenses include staff time, office supplies, setting up COVID-19 test sites, procuring PPE and test kits, and tech costs needed to support LBUSD.

Approve recommendation.

[Enter Body Here]

KEVIN RIPER
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

THOMAS B. MODICA
CITY MANAGER