

May 21, 2024

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Recommendation to approve the Fiscal Year 2024 second departmental and fund budget appropriation adjustments in accordance with existing City Council policy. (Citywide)

DISCUSSION

On September 5, 2023, the City Council adopted the Appropriations Ordinance governing the City of Long Beach's (City) Adopted Budget for Fiscal Year 2024 (FY 24). 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 19, 2024, 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 24. The detailed descriptions of the proposed adjustments are provided below. See Attachment A for a Summary of Proposed Adjustments of impacted City funds.

This matter was reviewed by Deputy City Attorney Atoy H. Wilson on May 6, 2024.

TIMING CONSIDERATIONS

The following requests for adjustments to FY 24 departmental and fund appropriations are necessary to reflect changes in operating conditions. City Council action is requested on May 21, 2024, to enable the timely processing of budget adjustments.

FISCAL IMPACT

Airport

1. *Increase appropriations in the Airport Fund Group in the Airport Department by \$504,793 for public safety services, offset by Airport operating revenues.*

The Long Beach Airport Department contracts with the Police Department for public safety services provided at the Airport. In FY 24, public safety services are

estimated to cost \$9,274,662, exceeding the budget by \$504,793. An appropriation increase of \$504,793 is requested to align with the estimated service costs and is offset by Airport operating revenues.

2. *Increase appropriations in the Airport Fund Group in the Airport Department by \$500,000 for the Reconstruction of Taxiway L Project, offset by grant revenues and Airport operating revenues.*

On August 3, 2021, the City Council approved an appropriation increase in the amount of \$25,308,052 for the Reconstruct Taxiway L Project at the Long Beach Airport, offset by Federal Aviation Administration (FAA) Airport Improvement Program (AIP) grant revenues and Airport Fund Group funds available. Work to close out the project extended beyond the original schedule. This resulted in higher than budgeted project costs for project management and construction management expenditures. An appropriation increase in the amount of \$500,000 is requested for these higher costs, offset by \$453,300 from AIP grant revenues and \$46,700 from Airport operating revenues as the grant match requirement.

3. *Increase appropriations in the Airport Fund Group in the Airport Department by \$134,546 for increased utility expenses, offset by Airport operating revenues.*

In 2023, the Long Beach Airport opened a new baggage claim area and rented new office spaces in the Airport's terminal area. The addition of these new spaces has increased utility costs. An appropriation increase of \$134,546 is requested to align with the estimated FY 24 utility expenses, offset by Airport operating revenues.

Library Services

4. *Increase appropriations in the General Grants Fund Group in the Library Services Department for materials purchases and programming support by \$523,898, offset by revenue from the Long Beach Public Library Foundation.*

The Library Services Department has received funds totaling \$523,898 from the Long Beach Public Library Foundation for materials purchases and programming support. An appropriation increase in the amount of \$523,898 is requested in the General Grants Fund Group in the Library Services Department. The contributions are as follows: \$202,492 in support of the Family Learning Centers; \$10,000 for library materials; \$9,115 for the Summer Reading program; \$115,000 for Billie Jean King Main Library general expenses; \$128,659 for Michelle Obama Neighborhood Library general expenses; \$10,000 for the Digital Archive; \$40,600 for Senior Services; and \$8,032 for the Dive Into Learning program.

Public Works

5. *Increase appropriations in the Capital Projects Fund Group in the Public Works Department by \$5,988,950 for the Project Homekey Luxury Inn Tenant Improvements, offset by a transfer of \$3,638,950 in grant revenue from Health Fund Group in the Health and Human Services Department and a transfer of \$2,350,000 from the General Fund Group in the Citywide Activities Department.*

Increase appropriations in the General Fund Group in the Citywide Activities Department by \$2,350,000 to transfer to the Capital Projects Fund Group, offset by a release of reserves set aside for this purpose.

On September 13, 2022, the City Council authorized the purchase of the property at 5950 Long Beach Boulevard, known as the Luxury Inn of Long Beach, to provide interim or temporary housing for people experiencing homelessness. On February 7, 2023, the City Council approved the Homekey Capital Award Grant from the Department of Housing and Community Development (HCD) which included funding in the amount of \$21,252,813 for the acquisition and facility renovations. Of this amount, \$3,638,950 has been earmarked for facility tenant improvements for the project. Additionally, \$2,350,000 was reserved in the General Fund Group in FY 22 as a grant match to the tenant improvement needs.

An appropriation increase for a total amount of \$5,988,950 is requested in the Capital Projects Fund Group in the Public Works Department, offset by the planned transfer of \$3,638,950 in grant revenue from Health Fund Group in the Health and Human Services Department and the planned transfer of \$2,350,000 from the General Fund Group in the Citywide Activities Department. To facilitate a transfer from the General Fund Group, an appropriation increase of \$2,350,000 in the General Fund Group in the Citywide Activities Department is also requested, offset by a release of reserves for this purpose. An appropriation increase is not needed in the Health Fund Group as the grant is currently appropriated to support a transfer to the Capital Projects Fund Group. The total estimated project cost is \$12.4 million. Of this amount, \$11.2 million in funding has been identified from various sources including project home grant funding inclusive of this appropriation request for \$5,988,950. Other funding sources identified include Measure A funds designated for homeless response efforts, AB 32 funds, and general capital funds. Staff estimates a remaining future funding gap of approximately \$1.2 million for which staff will continue to seek additional funding resources for project completion.

6. *Increase appropriations in the Capital Projects Fund Group in the Public Works Department by \$20,000 for Elm Alley reconstruction, offset by revenue received from the Developer.*

The Developer, in consultation and with the approval of the Public Works Department, has provided the City an in-lieu payment totaling \$20,000. An appropriation increase of \$20,000 in the Capital Projects Fund Group in the Public

Works Department is requested, offset by Developer revenue. Funds will be used by the City to perform the alley reconstruction on behalf of the Developer. The alley bifurcates the 440 Elm property from the Linden Avenue lot and is in such a dilapidated condition that the Public Works Department is unable to construct an ADA compliant pathway without reconstruction. As such, the Public Works Department prioritized the reconstruction of this alley as part of its ADA improvements, for which the Developer paid for its proportionate share of costs. This alley reconstruction is required for the Developer to meet its Accessory Use Permit (AUP) conditional requirement to provide an ADA compliant pathway through the alley and for the Public Work Department's clearance for issuance of the Temporary Certificate of Occupancy (TCO) from the Community Development Department.

7. *Increase appropriations in the Capital Projects Fund Group in the Public Works Department by \$25,000 for reconstruction of the Artesia Alley, offset by revenue received from the Developer.*

The Developer, in consultation and with the approval of the Public Works Department, has provided the City an in-lieu payment totaling \$25,000 for its portion of the Artesia Alley reconstruction costs located north of Artesia Blvd. between Lewis Avenue and Cerritos Avenue. The Developer was to reconstruct the full width of the east-west alley adjacent to the northern property line of the project site. Further, this alley reconstruction is required to satisfy the City's Conditions of Approval. The in-lieu payment will be used by the City to perform the alley reconstruction on behalf of the Developer. An appropriation increase of \$25,000 in the Capital Projects Fund Group in the Public Works Department is requested, offset by Developer revenue.

8. *Increase appropriations in the Capital Projects Fund Group in the Public Works Department by \$212,000 for the Reverend Dr. Martin Luther King Jr. (MLK) Place-Based Neighborhood Improvement Strategy – Decorative Crosswalks Project, offset by transfer of Community Development Block Grant (CDBG) funds from the Community Development Department.*

The Public Works Department is managing and administering the Reverend Dr. Martin Luther King Jr. (MLK) Place-Based Neighborhood Improvement Strategy – Decorative Crosswalks Project. The total project cost is estimated at \$212,000, which includes construction, construction management, and project oversight. An appropriation increase of \$212,000 is requested in the Capital Projects Fund Group in the Public Works Department, offset by a transfer of CDBG funding appropriated in the Community Development Grants Fund Group in the Community Development Department.

9. *Increase appropriations in the Capital Projects Fund Group in the Public Works Department by \$550,000 for the new Ramona Park Signature Playground project, offset by transfer of Community Development Block Grant (CDBG) funds from the Community Development Department.*

The Public Works Department is managing and administering the construction of the new Ramona Park Signature Playground Project. The total project cost is currently estimated at \$2,416,000, which includes design, construction, construction management, and project oversight. Of the total project cost, \$550,000 is funded with CDBG with the remaining costs funded with State of California Surplus Grant funding and Measure A. An appropriation increase of \$550,000 is requested in the Capital Projects Fund Group in the Public Works Department, offset by a transfer of CDBG funding appropriated in the Community Development Grants Fund Group in the Community Development Department.

- 10. Increase appropriations in the Capital Projects Fund Group in the Public Works Department by \$3,100,000 for the San Gabriel River Trail West Side Enhancement Project, offset by grant revenue from the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy (RMC); and*

Increase appropriations in the Capital Projects Fund Group in the Public Works Department by \$3,100,000, offset by transfer of San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy grant revenue from the Capital Grant Fund in the Public Works Department.

On January 23, 2024, the City Council adopted a Resolution to accept and expend grant funding for The San Gabriel River Trail West Side Enhancement Project (Project). The Project was awarded funding by the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy (RMC) in the amount of \$3,100,000 and has no match requirements. The Project aims to replace utility roads with a paved bike trail and construct trail-grade separations at bridge crossings along the west side of the San Gabriel River. An appropriation increase in the amount of \$3,100,000 is requested in the Capital Projects Fund Group in the Public Works Department, offset by grant revenue. The additional appropriation request of \$3,100,000 is a technical appropriation to allow for the transfer of grant funds from the Capital Projects Grant Fund, a fund within the Capital Projects Fund Group.

- 11. Increase appropriations in the Capital Projects Fund Group in the Public Works Department by \$2,750,000, offset by grant revenue from the Los Angeles County Fiscal Year 2023-24 Homeless Initiative Measure H Funding; and*

Increase appropriations in the Capital Projects Fund Group in the Public Works Department by \$2,750,000, offset by transfer of Los Angeles County Fiscal Year 2023-24 Homeless Initiative Measure H Funding grant revenue from the Capital Grant Fund in the Public Works Department.

On June 13, 2023, the City Council authorized the purchase of the property at 702 West Anaheim Street, to provide temporary housing for people experiencing homelessness. The acquisition and facility improvement of the property was supported by grant funds from Los Angeles County Fiscal Year 2023-24 Homeless Initiative Measure H in the amount of \$6,500,000. Of this amount, \$3,750,000 was

used for the acquisition of the property and the remaining \$2,750,000 will be applied towards the facility tenant improvements. The City has committed \$2,950,000 from Measure A funds currently appropriated in the Capital Projects Fund Group to fully fund the improvements and satisfy the grant's one-to-one match for improvement costs. An appropriation increase in the amount of \$2,750,000 is requested in the Capital Projects Fund Group in the Public Works Department to expend the grant funds. The additional appropriation request of \$2,750,000 is a technical appropriation to allow for the transfer of grant funds from the Capital Projects Grant fund, a fund within the Capital Projects Fund Group.

12. Increase appropriations in the Tidelands Area Fund Group in the Public Works Department by \$1,500,000 for the Queen Mary Village Shops Demolition Project, offset by a transfer from the Economic Development Department.

The Economic Development Department received Port Partnership funding from the Harbor Department which included \$1,500,000 for the demolition of the shuttered village shops located in the parking lot of the Queen Mary. The Public Works Department is now managing the efforts for the demolition project. To expend project funding, an appropriation increase in the amount of \$1,500,000 is requested in the Tidelands Area Fund Group (Queen Mary Capital Projects Fund) in the Public Works Department. The appropriation increase is offset by a transfer of funds appropriated in the Tidelands Area Fund Group in the Economic Development Department.

13. Increase appropriations in the Capital Projects Fund Group in the Public Works Department by \$275,761, as a technical correction to clean-up legacy projects.

On April 15, 2019, the City went live with Phase 1 of Munis. The implementation included approximately 100,000 converted lines of the FY 19 Adopted and Adjusted 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. The requested appropriation is a technical correction to allow for double budgeting of CIP projects that were not included in the transition from FAMIS to Munis and to clean-up legacy projects not intended to carry over to the new system. These requested appropriation adjustments in the Capital Projects Fund Group will align previously approved projects to budgeted funding sources and will have no impact on the delivery of currently appropriated capital improvement projects.

14. Increase appropriations in the Refuse & Recycling Fund Group in the Public Works Department by \$69,030 for the Used Oil Payment Program, offset by grant revenue received from the California Department of Resources Recycling and Recovery (CalRecycle) in FY 24.

On May 9, 2023, the City Council approved a Resolution authorizing the City Manager, or designee, to apply, accept, and expend grant funding from the California Department of Resources Recycling and Recovery (CalRecycle). The

CalRecycle Used Motor Oil Payment Program is used to promote a cleaner Long Beach by funding programs to prevent used motor oil from being improperly disposed. An appropriation increase in the amount of \$69,030 is requested in the Refuse & Recycling Fund Group in the Public Works Department, offset by grant revenue. Grant funding will be used to provide convenient methods of recycling used oil to residents, including an on-call curb side collection program for used motor oil and filters, Certified Collection Centers throughout the city, and free drop off events twice per month. As subsequent grant funding is awarded, the Department will return to the City Council with a request to appropriate funding for these efforts.

- 15. Increase appropriations in the Capital Projects Fund Group in the Public Works Department by \$66,000 for enhanced services at the Downtown Long Beach Alliance (DLBA) Transit Mall, offset by a transfer from the Refuse and Recycling Fund Group in the Public Works Department.*

On January 24, 2023, the City Council adopted a Resolution to enter into an agreement with the Downtown Long Beach Alliance (DLBA) for enhanced services on 1st Street between Pacific Avenue and Long Beach Boulevard Transit Mall, including upkeep operations and trash receptacles through the Downtown area in an annual amount not to exceed \$291,000 for a period of two years, with option to renew for three additional one-year periods, at the discretion of the City Manager. This agreement is supported by \$225,000 from Proposition A funds appropriated in the Capital Projects Fund Group and \$66,000 appropriated in the Refuse and Recycling Fund Group. An appropriation increase of \$66,000 is requested in the Capital Projects Fund Group, offset by a transfer from the Refuse and Recycling Fund Group. The Department will request for subsequent years appropriation as part of the budget process.

Citywide Activities

- 16. Increase appropriations in the General Fund Group in the Citywide Activities Department by \$400,000, for a transfer of Homelessness Emergency Funds to the Capital Projects Fund Group in the Public Works Department;*

Decrease appropriations in the General Fund Group in the Health and Human Services Department by \$400,000, to offset a transfer to the Citywide Activities Department; and

Increase appropriations in the Capital Projects Fund Group in the Public Works Department by \$400,000, offset by a transfer from the General Fund Group in the Citywide Activities Department for non-congregate interim housing.

A technical correction is requested to transfer \$400,000 from the Health and Human Services Department to the Citywide Activities Department. This appropriation transfer, within the General Fund Group, will align to the correct department facilitating the transfer of funds to the Capital Projects Fund Group. Homelessness emergency funds are designated to support the non-congregate

interim housing project renovating the former Luxury Inn property. An appropriation increase of \$400,000 in the Capital Projects Fund Group in the Public Works Department is also requested to expend project funding, offset by the transfer from the General Fund Group in the Citywide Activities Department. Due to funds being transferred between fund groups, it is necessary for appropriation in the fund group sending the funds and the fund group receiving the funds.

Long Beach Recovery Act

17. Increase appropriations in the General Fund Group in the Library Services Department by \$5,039, offset by a transfer from the City Manager Department;

Decrease appropriations in the General Fund Group in the City Manager Department by \$5,039, to offset a transfer to the Library Services Department;

Increase appropriations in the General Fund Group in the Health and Human Services Department by \$707,000, offset by a transfer from the Economic Development Department;

Increase appropriations in the General Fund Group in the Technology and Innovation Department by \$70,000, offset by a transfer from the Economic Development Department;

Increase appropriations in the General Fund Group in the Citywide Activities Department by \$634,907, offset by a transfer from the Economic Development Department;

Decrease appropriations in the General Fund Group in the Economic Development Department by \$1,411,907, to offset transfers to the Health and Human Services, Technology and Innovation and Citywide Activities Departments; and

Approve the revised program allocations of the Long Beach Recovery Act as shown 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. Appropriation adjustments are necessary to implement the program changes reported to the City Council in memos dated March 15, 2024 and May 10, 2024. Total LB Recovery Act funding has grown to \$296.9 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 has used 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. 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 LB Recovery Act programs.

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 makes them 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 Allocation¹ |
|--|---|
| General Fund ² | \$125.8 |
| General Fund ³ | 4.4 |
| American Rescue Plan Act (ARPA) Direct Relief Grants ⁴ | 10.0 |
| Airport Rescue Grants ⁵ | 15.1 |
| Centers for Disease Control and Prevention (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 |
| HOME American Rescue Plan Program (HOME-ARP) (addressing 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 | \$296.9 |

¹ Amounts rounded to the nearest tenths. Total amounts received will vary depending on actual funding received.

² Funds made available due to funding from ARPA covering existing City services.

³ Funds made available due to funding from CARES covering existing City services, Police Department savings, and other sources.

⁴ 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.

⁵ 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.

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*)

| | Updated Allocations | FY 21 Actuals | FY 22 Actuals | FY 23 Actuals | Balance Remaining |
|----------------------------------|--------------------------------|--------------------------|--------------------------|--------------------------|------------------------------|
| Economic Recovery* | \$69.9 | \$2.7 | \$34.5 | \$15.6 | \$17.1 |
| Healthy and Safe Community* | 150.7 | 21.1 | 68.8 | 30.4 | 30.4 |
| Securing Our City's Future | 76.3 | 33.7 | 22.2 | 0.0 | 20.4 |
| Total LB Recovery Act | \$296.9 | \$57.5 | \$125.5 | \$46.0 | \$67.9 |

*Amounts rounded to the nearest tenths.

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.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



Kevin Riper
Director
Financial Management

APPROVED:



THOMAS B. MODICA
CITY MANAGER

ATTACHMENTS: A – SUMMARY OF PROPOSED BUDGET ADJUSTMENTS
B – LONG BEACH RECOVERY ACT PROGRAM ALLOCATIONS