

March 20, 2024

TRANSACTIONS AND USE TAX CITIZENS' ADVISORY COMMITTEE MEMBERS

City of Long Beach
California

RECOMMENDATION:

Receive and file an update on Fiscal Year 2023 Measure A expenditures and revenues.

DISCUSSION

Summary

As part of the Adopted FY 23 Budget, the City Council initially budgeted \$92.68 million in Measure A expenditures to fund priority public safety maintenance, restorations, capital improvement projects, Community Hospital one-time needs, contribution to the Measure B Stabilization fund and the administration of the Measure A tax. The FY 23 Measure A Adjusted Budget was \$102.65 million to account for adjustments to the Measure A budget approved by City Council in FY 23 First Budget Adjustment on March 7, 2023 for FY 22 surplus funds that were allocated to projects as approved by City Council on February 7, 2023 in the FY 22 Year End Performance Report in the amount of \$9.83 million and for approved projects that were not fully expended in FY 22 to be carried over to FY 23 in the amount of \$137,712. The Adopted FY 23 Budget revenue was \$67.45 million with additional planned releases of \$17.73 million of cash set aside from the previous outyear plan and the use of \$7.5 million from FY22 operating surplus. The Measure A Transaction and Use Tax Citizens' Advisory Committee (CAC) reviewed the original and adjusted Measure A spending plan at previous meetings and determined all projects listed to be in compliance with the Measure A resolution of intent prioritizing spending. The actual expenditures are within the approved categories of spending.

This report provides details of actual revenue received and expenditures incurred as of September 30, 2023. Attachment A summarizes FY 23 Measure A sources and uses, and overall year-end impact for FY 23.

FY 23 Budget Performance

Sales and Use Tax & Measure A Revenues

The Adopted FY 23 Budget initially projected Measure A revenues at \$67 million. The FY 23 Budget for Measure A continues to support programs previously approved by the City Council and reflects the intent of the initiating ballot measure with all the funds being allocated to maintain and enhance public safety services, and support infrastructure investment, public safety, and set aside for the Measure B stabilization fund.

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The FY 23 Budget was developed during the Spring/Summer 2022. At that time, it was projected that this revenue stream would continue to recover and more closely align to pre-pandemic levels in FY 23. Measure A revenues ended the year at \$68.8 million, which was \$1.4 million more than budget (two percent), but \$3.1 million less (four percent) than previously estimated during midyear. Revenue actuals lower than projected at midyear are due to similar trends impacting sales and use tax revenue (non Measure A). Although Measure A included continued improvement in categories such as restaurants and hotels, FY 23 Measure A revenue was also subject to lower than anticipated receipts from fuel and service stations, autos and transportation, and one-time use tax generated from development.

Measure A Expenditures

In terms of uses, the City Council approved the FY 23 First Budget Adjustment Report on March 7, 2023, which included appropriation adjustments to the Measure A plan for \$137,712 in approved projects that were not fully expended in FY 22 that were carried over to FY 23 and adjustments to implement the recommended uses totaling \$9.83 million from FY 22 year-end Measure A surplus as detailed in the FY 22 Year-End Performance Report. In FY 23, the Measure A plan recognized notable savings from planned allocations approved as part of the budget but not spent in the fiscal year which includes: \$1 million for Community Hospital seismic repairs no longer under contractual agreement, \$1.75 million for an infrastructure bond debt service payment which is now scheduled for a first payment to be incurred in FY 24, and \$3.9 million from a contingency reserve which was included in the plan. In addition, the Measure B reservation ended at \$0.7 million due to an increase in Measure A revenues. FY 23 funds available totaling \$7.5 million will be reserved to fully fund the Adopted FY 24 Measure A plan.

Table A below provides a summary of Measure A actual revenue and expenditures and a yearend operational surplus of \$522,699. This amount includes a FY 23 reserve of \$7.5 million for uses approved as part of the Adopted FY 24 Budget. In consideration of revenue trends discussed earlier in this report, the \$522,699 FY 23 surplus was not programmed, but instead recommended to allow the funds to accumulate as a fund balance for possible unforeseen future needs.

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Table 2: FY 23 Measure A Budget and Year-End Performance		
	FY23 Adopted Budget	FY 23 Performance
Sources		
Measure A Revenue	67.45	68.84
Other Sources (Release of Reserve) ¹	17.73	17.73
MEASURE A - Releases of Reserves-FY 22 Surplus ²	7.51	7.51
Other Sources (Release for FY 22 one-times carryover) ³		0.14
Measure A surplus FY22 ⁴	-	9.83
Total Sources	92.68	104.05
Uses		
Expenditures	(92.01)	(92.47)
Other Uses: Measure B Reservation	(0.67)	(0.69)
Other Uses: FY 23 Surplus Reservation for Adopted FY24 ⁵		(7.50)
Other Uses: FY 23 One-time Carryforward Reservation ⁶		(2.87)
Total Uses	(92.68)	(103.52)
FY 23 Year-End Projection	0.00	0.52

¹ Previously, per the Measure A out-year funding plan, funds were accumulated as reserves for future planned projects such as the rebuilding of the Police force and funding public safety communication technology upgrades that had cash needs in different years. These funds are now being released to fund these planned projects as well as additional uses added in FY 23.

² The Adopted FY 23 budget was fully funded using \$7.5 million of FY 22 operating surplus.

³ In FY 22, a total of \$0.137 million of approved projects were not fully expended but were reappropriated in FY 23. This included budget for irrigation pumps and outreach for the North LB pool feasibility study.

⁴ As part of the FY 24 Budget, the Measure A plan earmarked \$7.5 million of anticipated FY23 Surplus to fully fund the plan. This item represents a reserve to be released in FY23.

⁵ Set aside for projects to be reviewed as part of the budget development process and will be fully disclosed as part of the Proposed FY 24 Budget.

⁶ In FY 23, a total of \$2.87 million of approved projects were not fully expended but are planned to be set aside and reappropriated in FY 24. This includes the efforts for the 2-year Homeless LA River response project, parks grounds tree removal efforts, Crack Seal team vehicles purchase and Parks Bathrooms door improvements.

FY 24 First Citywide Budget Adjustment Report

On March 19, 2024, City Council approved FY 24 First Citywide Budget Adjustment Report which included \$2.87 million carryforward of previously approved projects not fully expended in FY 23 and reappropriated in FY 24 to complete these projects or activities. This includes \$185,117 to support, Grounds Division Tree Removal at City parks, \$600,000 for hardware/installation and maintenance of parks restroom doors, \$534,171 for Crack Seal and Slurry team vehicles and \$1,545,872 for the second of a two-year outreach and clean up initiative to support outreach and clean-up efforts along the river bed. The unspent Measure A one-time funds were reserved at the end of FY 23 and the reserves will be released to offset cost in FY 24. As such, there is no impact to the fund associated with these adjustments. These proposed recommendations for the uses of

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Measure A funds have already been approved by the Measure A Citizens' Advisory Committee therefore the committee does not need to vote that the proposed uses are in conformance with the intent of Resolutions No. RES-16-0018 and RES-16-0017 prioritizing spending.

SUGGESTED ACTION:

Approve recommendation.

Measure A

Summary of FY 23 Revenue and Expenditures

Attachment A

Total FY 23 Year-End Unallocated Surplus Calculation

	FY 23 Adopted	Actuals as of 09/30/23
Total Measure A Revenue	\$ 67,447,606	\$ 68,843,597
Other Sources (Release of Reserves) ¹	17,728,020	17,728,020
MEASURE A - Releases of Reserves-FY 22 Surplus ²	7,505,357	7,505,357
Other Sources (Release for FY 22 one-times carryover) ³	-	137,712
Measure A surplus FY22 ⁴	-	9,830,786
Total Sources	92,680,983	104,045,472
Expenditures	(92,006,507)	(92,469,178)
Other Uses: Measure B Reservation	(674,476)	(688,436)
Other Uses: FY 23 Surplus Reservation for Adopted FY24 ⁵		(7,500,000)
Other Uses: FY 23 One-time Carryforward Reservation ⁶		(2,865,160)
Total Uses	(92,680,983)	(103,522,774)
FY 23 Year-End Surplus / (Shortfall)	\$ 0	\$ 522,699

Measure A Expenditure Detail

		Budget Allocation		
	FY 23 Adjusted Budget/Uses	Structural Uses	One-time Uses	Actuals/Uses as of 09/30/23
Total Uses of Measure A	\$ 102,649,481	\$ 39,797,245	62,852,236	\$ 93,157,614
Invest in Infrastructure (Attachment)	42,075,504	-	42,075,504	42,075,504
Infrastructure Debt Service*	1,750,000	-	1,750,000	-
Enhance and Maintain Public Safety	44,299,543	38,914,311	5,385,232	42,753,671
Maintain Police Services ⁷	19,886,350	19,886,350	-	19,886,350
Maintain Fire Services ⁷	9,492,577	9,492,577	-	9,492,577
Reestablish Police's South Division	1,538,272	1,538,272	-	1,538,272
Restore Fire Engine 8	2,296,881	2,296,881	-	2,296,881
Restore Police Academy Staffing	1,408,805	1,408,805	-	1,408,805
Restore Paramedic Rescue 12	1,110,176	1,110,176	-	1,110,176
Quality of Life Officers	371,917	371,917	-	371,917
Neighborhood Safety Bike Team	2,200,000	2,200,000	-	2,200,000
Engine 17	609,333	609,333		609,333
Public Safety Communications Technology	1,931,104	-	1,931,104	1,931,104
Homelessness - LA River 2yrs ⁶	2,104,628	-	2,104,628	558,756
Homelessness - LA River -Vehicles	349,500	-	349,500	349,500
Coordinated Response Team	1,000,000	-	1,000,000	1,000,000

Measure A

Summary of FY 23 Revenue and Expenditures

Attachment A

Measure A Expenditure Detail

		Budget Allocation		
	FY 23 Adjusted Budget/Uses	Structural Uses	One-time Uses	Actuals/Uses as of 09/30/23
Health and Other Infrastructure One-Time Uses	13,641,500	-	13,641,500	7,431,545
Investment in Community Hospital*	1,000,000	-	1,000,000	-
Network Camera Modernization	2,784,600	-	2,784,600	2,784,600
Parks Grounds Tree Removal	1,800,000	-	1,800,000	1,614,883
Crack Seal Team - Vehicles ⁶	678,521	-	678,521	144,350
Parks Bathroom - Magnetic Door Locks ⁶	600,000	-	600,000	-
Irrigation Pumps	100,000	-	100,000	100,000
North LB Pool Feasibility Study	37,712	-	37,712	37,712
702 Anaheim - Homeless Shelter	2,750,000	-	2,750,000	2,750,000
Contingency Reserve*	3,890,667		3,890,667	-
Administer Measure A Tax	208,458	208,458	-	208,458
Contribute to Stabilization Fund (Measure B)	674,476	674,476	-	688,436
Infrastructure IIP + FY 23 Bond Proceeds (\$60.25m)	102,325,504	-	102,325,504	

¹ Previously, per the Measure A out-year funding plan, funds were being accumulated as reserves for future planned projects such as the rebuilding of the Police Academy and funding public safety communication technology upgrades that had cash needs in different years. These funds are now being released to fund these planned projects as well as additional uses added in FY 23.

² The Adopted FY 23 budget was fully funded using \$7.5 million of FY 22 operating surplus.

³ In FY 22, a total of \$0.137 million of approved projects were not fully expended but were reappropriated in FY 23. This included budget for irrigation pumps and outreach for the North LB pool feasibility study.

⁴ Represents funding set aside at the end of FY 22 for Council approved new projects in FY 23. The \$9.83 million is contingent upon confirmation from the Measure A Citizens' Advisory Committee (CAC). These items were approved at the August 2023 Transactions and Use Tax Citizens' Advisory Committee meeting.

⁵ Set aside of \$7.5 million as part of the FY 24 Adopted budget to fully fund the Measure A plan.

⁶ In FY 23, a total of \$2.87 million of approved projects were not fully expended but are planned to be set aside and reappropriated in FY 24. This includes the efforts for the 2yr Homeless LA River response project, parks grounds tree removal efforts, Crack Seal team vehicles purchase, and Parks Bathrooms door improvements.

⁷ The FY 23 budget continues to use Measure A to help maintain existing levels of Police and Fire services. "Sworn FTEs Maintained" represents the equivalent number of sworn FTEs retained over the years that may have otherwise been reduced but for Measure A funding.

*Projects marked with an asterisk were not expended and are savings in FY23