



Date: October 7, 2016

To: Patrick H. West, City Manager *T. West*

From: John Gross, Director of Financial Management *J. Gross*

For: Mayor and Members of the City Council

Subject: **Response to Questions from Long Beach Business Journal**

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Staff have received a series of questions from the Long Beach Business Journal relating to the management and use of Measure A revenue, the General Capital Projects Fund, and General Fund support for infrastructure projects from FY 14 to FY 16. Due to the likely interest of City Council, the Transactions and Use Tax Citizens' Advisory Committee and the public on these issues, staff has provided this memo in response. A copy of this memo will be forwarded to the Long Beach Business Journal.

**1. How will the City show Measure A revenue is being spent in addition to existing funding sources?**

Staff will provide regular financial reports to both the Transactions and Use Tax Citizens' Advisory Committee and the City Council to show the receipt and expenditure of Measure A funds. These Measure A specific reports will supplement the financial and budgetary reports that are regularly provided to the City Council, which will now include reports on Measure A performance. Measure A funds will also be highlighted in the Proposed Budget book every year. Additionally, in the first quarter of calendar year 2017 the City plans to establish a website, that residents (or anyone) can review that provides information on Measure A projects and their status and on revenues and expenditures.

**2. How does the City plan to manage and monitor receipt and expenditure of Measure A funds?**

The Department of Financial Management is charged with the management and monitoring of all City funds, including Measure A, in conformance with Generally Accepted Accounting Principles (GAAP). Financial Management will use its existing processes to ensure proper accounting of Measure A funds. As is true for all City funding sources, Measure A funds will be subject to annual auditing and reporting requirements. This is in addition to any specific Measure A related financial reports that may be requested by, and/or presented to, the Transactions and Use Tax Citizens' Advisory Committee and the City Council. As mentioned in the previous question, the City will also provide a special website where Measure A projects, revenues and expenditures can be tracked.

**3. Will the City establish a separate fund or sub-fund in the budget clearly designating Measure A revenue and expenditures?**

Staff has created dedicated subfunds within the City's General Fund and General Capital Projects Fund to facilitate the tracking and reporting of Measure A revenues and expenditures. Financial transactions related to Measure A revenues will be recorded in these subfunds. As is always the case, staff will modify the approach used to adjust for the capabilities of the forthcoming new financial system and/or any currently unanticipated reporting or accounting needs.

**4. What are the funding sources for "General Capital Projects" (page 95 of the FY17 CIP)?**

The General Capital Projects Fund receives revenues from multiple sources, some of which vary from year to year. These may include the General Fund (including Uplands Oil), interfund transfers, transportation and facilities impact fees, and miscellaneous grant funds. Page 95 of the FY 17 Proposed CIP provides funding detail for the "General Capital Projects Program" and is not inclusive of all projects supported by the General Capital Projects Fund. Funding for these projects totals \$8,518,905 and is comprised of \$3,277,405 from General Fund, including \$1,045,600 in one-time funding, \$4,000,000 from Harbor Fund, \$791,500 from the Refuse and Recycling Fund and \$450,000 from General Capital Projects Fund funds available.

The total General Capital Projects Fund project budget for FY 17, exclusive of Measure A, is \$10,687,100. This amount includes the \$8,518,905 previously identified plus \$768,195 from Community Development Block Grant funds, \$400,000 from Transportation Impact Fees, \$500,000 from the Development Services Fund, \$300,000 from the Transportation Development Act, and \$100,000 from General Capital Projects Fund funds available.

**5. Please provide a list of the General Fund infrastructure projects started and/or completed during the last three fiscal years.**

The General Fund allocation for capital infrastructure project programming varies from year to year and includes both ongoing allocations and one-time allocations, based on funding availability. The attached list provides a summary of General Fund supported infrastructure projects as approved in the adopted Capital Improvement Program Budget from FY 14 to FY 16 (attached).

**6. Similar to L.A. County's Measure M, will the City develop a performance metric methodology to determine project priorities?**

Measure A-supported capital infrastructure investments are expected to follow the Infrastructure Investment Plan first presented to the City Council at its Study Session on May 3, 2016. The Infrastructure Investment Plan includes \$150 million in projects to improve the City's infrastructure. These project priorities were developed based on City staff's recommendations of need, and were presented to the City Council and the community prior to the adoption of Measure A to outline \$150 million in critical infrastructure projects. A data driven approach was used wherever that data was available, such as using existing plans and assessments. Streets were selected based on the Pavement Management Plan, which guides what streets will receive maintenance to improve and extend their overall life, and which are most cost-effective for complete overlay and replacement. The City is currently conducting a similar data-based evaluation of sidewalks and alleys, and Measure A funding will be invested in the highest priority areas according to those studies. The \$150 million infrastructure investment plan was created using 2016 estimates and specific projects will be further designed and bid to achieve final cost information. The full list of projects and the map can be found at:

<http://www.longbeach.gov/pw/news/infrastructure-investment-plan/>

If you have any questions, please contact Assistant Finance Director Lea Eriksen at (562) 570-6533.

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ATTACHMENT

CC: TRANSACTION & USE TAX CITIZENS' ADVISORY COMMITTEE  
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