CITY OF LONG BEACH

Financial Management
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June 9, 2026

Honorable Mayor and City Council
City of Long Beach
California

RECOMMENDATION:

Recommendation to Adopt the attached Resolution requesting that the Board of Harbor Commissioners approve in the Fiscal Year 2027 Budget the transfer of 5 percent of Fiscal Year 2026 (FY 26) gross operating revenue, from the Harbor Fund Group to the Tidelands Operating Fund Group, with a true-up adjustment, if necessary, to reflect the final gross revenue amount upon issuance of the Harbor Department's FY 26 audited financial statements. (Citywide)

DISCUSSION

City Charter Section 1209(c)(4) provides for the transfer of a maximum of 5 percent of Harbor gross operating revenue. The Charter provides that the City Council, by a 2/3 vote expressed by resolution, may request the transfer to meet the lawful obligations of the Tidelands Operating Fund Group. The provision requires a majority vote from the Board of Harbor Commissioners, expressed by resolution, determining that the funds will not be needed for Harbor Department operations. The Harbor Department Proposed FY 27 Budget, scheduled to be approved by the Harbor Commission on June 22, 2026, will include a transfer amount calculated as 5 percent of FY 26 operating revenue, currently estimated at $28,726,936. This amount is a 13.5 percent increase over the estimated transfer amount budgeted for the current fiscal year (FY 26), at $25,304,986. Approval of the transfer to Tidelands will be considered by the Harbor Commission as a separate budget action in response to this formal request by the City Council.

Tidelands Fund Requirements

Department operating revenues generated in the Tidelands area (parking, leases, service agreements, etc.) and Tidelands oil revenue are insufficient to fund Tidelands operations, particularly considering continuing lower oil production and oil revenue. The Harbor revenue transfer is a critical funding source for Tidelands operations citywide, including support for lifeguards, waterfront maintenance and operations, the Convention Center, and Aquarium debt payments.

This matter was reviewed by Deputy City Attorney Ashleigh Stone on May 12, 2026, and Acting Revenue Management Officer Valerie Valentine on May 27, 2026.

TIMING CONSIDERATIONS

Authority to transfer the funds must be expressed by Resolution (attached). Since the adoption of the FY 27 Tidelands budget is dependent upon the annual transfer, the City Council and Board of Harbor Commissioners must adopt resolutions prior to the City Council's adoption of the Proposed FY 27 Budget, which includes the budget of the Harbor Department. City Council approval is requested on June 9, 2026, to allow time for the FY 26 transfer of 5 percent of gross operating revenue to be approved by the Board of Harbor Commissioners for the Proposed FY 27 Budget.

FISCAL IMPACT

The transfer of 5 percent of FY 26 gross operating revenue from the Harbor Fund Group to the Tidelands Operating Fund Group will be included in the City Manager's Proposed FY 27 Budget to support Tidelands operations. The transfer amount will be paid quarterly and will be based on the actual operating revenues reported in the Harbor Department's FY 26 audited financial statements. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no fiscal or local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

Kevin Riper
Director
Financial Management

APPROVED:

THOMAS B. MODICA
CITY MANAGER