CITY OF LONG BEACH

Financial Management
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25

May 19, 2026

Honorable Mayor and City Council
City of Long Beach
California

RECOMMENDATION:

Recommendation to approve the Fiscal Year 2026 second departmental and fund budget appropriation adjustments in accordance with existing City Council policy. (Citywide)

DISCUSSION

On September 9, 2025, the City Council adopted the Appropriations Ordinance governing the City of Long Beach's (City) Adopted Budget for Fiscal Year 2026 (FY 26). 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. In accordance with the City's practice, these adjustments are presented periodically throughout the year to the City Council for consideration.

On March 18, 2026, the City Council approved the first departmental and fund budget appropriation adjustments. This letter includes the second departmental and fund budget appropriation adjustments request for FY 26. Detailed descriptions of the proposed adjustments are provided in the Fiscal Impact section of this letter. See Attachment A for a Summary of Proposed Adjustments of impacted City funds. Budget Adjustments to implement the Memorandums of Understanding (MOUs) approved by City Council are also included in this report and outlined in Attachment B.

This matter was reviewed by Deputy City Attorney Ashleigh Stone on April 28, 2026.

TIMING CONSIDERATIONS

The following requests for adjustments to FY 26 departmental and fund appropriations are necessary to reflect changes in operating conditions. City Council action is requested on May 19, 2026, to enable the timely processing of budget adjustments.

FISCAL IMPACT

Airport

1. *Increase appropriations in the Airport Fund Group in the Airport Department by $519,006 for public safety services, offset by Airport operating revenues.*

   The Long Beach Airport contracts with the Police Department for public safety services provided at the Airport. Services are estimated to cost $10,852,745 for FY 26, an increase from the cost in FY 25. Cost increases are due to higher labor cost and inflation impacts on goods and services. An appropriation increase of $519,006 is needed to align with estimated costs of services and is offset by Airport operating revenues.

2. *Increase appropriations in the Airport Fund Group in the Airport Department by $662,000 for State-mandated ground water monitoring activities at the Long Beach Airport, offset by Airport operating revenues.*

   On May 24, 2024, the State Water Resources Control Board (SWRCB) identified the Airport as a facility that has accepted, stored, or used materials that contain per- and polyfluoroalkyl substances (PFAS). PFAS is the federally mandated fire-fighting substance required by all California airports. The Airport Department is required to conduct ongoing ground water sampling to assess both the presence of PFAS and its potential for spreading. The Airport Department has contracted with Moffat & Nichol to develop periodic work plans, field investigation, and analysis. An appropriation increase of $662,000 is needed for the estimated cost of the services for FY26 and is offset by Airport operating revenues.

Economic Development and Opportunity

3. *Increase appropriations in the General Grants Fund Group in the Economic Development and Opportunity Department by $1,231,112 to support the Cannabis Equity Program, offset by grant revenue from California Governor's Office of Business and Economic Development (GO-Biz).*

   Decrease appropriations in the General Grants Fund Group in the City Manager Department by $1,231,112 to transfer the budget to the managing department; and,

   On March 10, 2026, City Council approved a grant from California Governor's Office of Business and Economic Development (GO-Biz) to support the Cannabis Equity Program. The Economic Development & Opportunity Department was awarded $1,231,112 to assist equity applicants with startup costs including rent/lease payments, local licensing and regulatory fees, legal assistance, regulatory compliance, capital improvements, furniture, fixtures, and equipment. In addition, the grant award will help to continue to fund three full-time employees responsible for administering the program and direct technical assistance to vendors. The appropriation request is to transfer the budget to the department administering the GO-Biz grant.

4. *Increase appropriations in the Tidelands Area Fund Group in the Economic Development and Opportunity Department by $2,000,000 for the Revenue Generating Investments in Queen Mary's Sir Winston's, offset by a transfer from the Tidelands Operating Fund Group.*

   On February 17, 2026, City Council approved the recommended uses of the FY 25 Funds Available for the Tidelands Operating Fund Group. On March 17, 2026, the budget was appropriated to the recommended projects, including a $2,000,000 allocation to Economic Development and Opportunity Department for the Queen Mary's Sir Winston's restaurant and lounge. The $2,000,000 investment in Sir Winston's is intended to support improvements that will generate revenue in future fiscal years. These improvements include, but are not limited to: elevator modernization, new furniture, fixtures, and equipment, ADA upgrades, and marketing. Reopening the space will expand programming opportunities and increase visitation, contributing to long-term financial sustainability of the Queen Mary Fund. An appropriation increase is needed in the Tidelands Area Fund Group where the funds will be expended and managed. The increase of appropriations is offset by a transfer of funds in the Tidelands Operating Fund Group.

Energy and Environmental Services

5. *Increase appropriations in the Refuse & Recycling Fund Group in the Energy & Environmental Services Department by $2,201,359 for the Beverage Container Collection Program, EPA Recycling, Education and Outreach, CalRecycle Used Motor Oil Payment Program, SB1383 Local Assistance, and CalRecycle Zone Improvement Fund Grants.*

   Decrease appropriation in the Refuse & Recycling Fund Group in the Public Works Department by $2,201,359, to transfer budget to the department managing the grants.

   In FY 26, solid waste management programs (Refuse, Organics, and Recycling) transferred from the Public Works Department to the Energy and Environmental Services Department to streamline operations by aligning the City's new organics collections program with the planned modification of the Southeast Resource Recovery Facility (SERRF) into an anaerobic digestion facility capable of processing the City's source-separated organics. A budget adjustment is needed to move the grant budget appropriation in the Refuse & Recycling Fund Group to the appropriate department managing the grants.

6. *Increase appropriations in the Refuse/Recycling Fund Group in the Energy & Environmental Services Department by $5,913,247 for additional recyclable collection services, offset by recycling rate revenue.*

   On March 11, 2025, the City Council approved an increase to USA Waste of California Inc., dba Waste Management, for recyclable collection services due to increased operational and processing costs. This request is to increase the budgeted amount for that contract during FY 26. A request to structurally increase the contract's budget amount will be submitted as part of the FY 27 budget development process. The structural budget

is currently set at $4,359,958. The actuals are anticipated to be $10,273,205. Therefore, an increase of 5,913,247 in appropriation is requested for FY 26. This increase is offset by revenue from current recycling rates.

Health and Human Services

7. *Increase appropriations in the Health Fund Group in the Health and Human Services Department by $876,000 for the Interim Housing: Atlantic Bridge Community program, offset by grant revenues.*

   On April 25, 2025, the Health and Human Services Department was selected to receive $423,400 to operate the Atlantic Bridge Community Interim Housing Program located at 6841 - 6847 Atlantic Avenue Long Beach, CA 90805. The Interim Housing Program, funded by the Los Angeles Homeless Services Authority, supports individuals and adult households experiencing homelessness in the City of Long Beach by providing safe, temporary shelter, twenty-four hours per day, seven days per week, year-round.

   On October 14, 2025, the City Council granted authority to the City Manager to execute the agreement and accept and expend funding for this grant in an amount up to $1,397,950, since staff anticipated additional funds in the amount of $974,550 to be awarded at a later date. Additional funds in the amount of only $876,000 were later added to the contract, bringing the total grant funding to $1,299,400. An appropriation approval of $423,400 for this award was granted contingent on final award receipt; with the understanding that staff would return to Council for final approval once the remaining anticipated funds had been awarded. An additional $876,000 in appropriation is requested to bring the full grant appropriation to $1,299,400.

8. *Increase appropriations in the Health Fund Group in the Health and Human Services Department by $3,521,784 for the County Measure A LACAHSA program, offset by grant revenues; and,*

   Decrease appropriations in the Community Development Fund Group in the Community Development Department by $3,521,784 for the County Measure A LACAHSA program, to offset an appropriation transfer to the Health and Human Services Department.

   In 2024, Los Angeles County voters approved Los Angeles County Measure A, a half-cent sales tax to fund homeless services and affordable housing development throughout the County. Approximately 35.8% of revenues generated by Measure A will be directed to the Los Angeles County Affordable Housing Solutions Agency (LACAHSA) for affordable housing production and preservation, renter protection, homelessness prevention, and technical assistance. As an eligible jurisdiction, the City of Long Beach is allocated to receive funding from LACAHSA in the amount of $10,938,793 for FY 26. The funding will be received by the Community Development Department, a portion of which, $3,521,784, will be utilized by the Homeless Services Bureau of the Health and Human Services Department for persons at-risk of homelessness who would benefit from receiving services.

At its meeting on September 23, 2025, the City Council granted authority to accept and expend this funding, and approved appropriations in the Community Development Grants Fund Group in the Community Development Department in the amount of $10,938,793, offset by LACAHSA County Measure A funds. A request to transfer appropriations in the amount of $3,521,784 to the Health Fund Group in the Health and Human Services Department would align budget with the department administering this program.

9. *Increase appropriations in the Health Fund Group in the Health and Human Services Department by $2,400,000 for implementing the Dignity Health - St. Mary Medical Center: Dignity Center for Integrated Care (DCIC) Model, offset by grant revenues.*

   On November 18, 2025, the City Council authorized the City Manager to execute an agreement with Dignity Health – St. Mary Medical Center to receive and expend grant funding in an annual allocation in the amount of $600,000 for four years, for a total of $2,400,000 over for the estimated period of October 1, 2025, to September 30, 2029. This was the result of several years of discussions regarding funding that had been earmarked and would be made available from the sale of real estate assets, including the older adult housing property, St. Mary's Towers, to the nonprofit organization, Mercy Housing. The California Attorney General has required that a portion of these funds must be allocated to the Health Department to support the development and expansion of the Dignity Center Integrated Care (DCIC) Model. The Health Department was guaranteed that, once available, these funds would be awarded through a non-competitive process. The formal contract for this grant award has now been received and fully executed by the City Manager.

10. *Increase appropriations in the Health Fund Group in the Health and Human Services Department by $2,999,263 for the Respiratory Rescue program, offset by grant revenues.*

    On March 12, 2025, the Long Beach Board of Harbor Commissioners voted to approve funding in an amount not to exceed $2,999,263 for the City of Long Beach, Department of Health and Human Services (Health Department), under the Port of Long Beach Community Grants Program Healthcare Solicitation, as part of the Asthma Consortium of Greater Long Beach. Funding will be used to carry out the services detailed in the Respiratory Rescue program scope of work, pursuant to the Memorandum of Understanding (MOU) executed on September 24, 2025, for a period of three years. The Health Department anticipates all expenses associated with this project to be fully reimbursable, with no impact to the operating fund.

Library, Arts, and Culture

11. *Increase appropriations in the General Grants Fund Group in the Library, Arts, and Culture Department by $371,359 for materials purchases and programming support, offset by revenue from the Long Beach Public Library Foundation*

    The Library, Arts, and Culture Department received funds totaling $371,359 from the Long Beach Public Library Foundation for materials purchases and programming support. An appropriation increase is requested in the General Grants Fund Group, to be distributed

as follows: $107,500 for the Family Learning Centers, $45,103 for Literacy Development, $116 for Foundation Materials, $44,640 for Foundation Cultural Programming, $50,000 for Books Unbanned program, $43,915 for Digital Archiving, $33,232 for Senior Services, $3,000 for Foundation Dive Into Learning, and $43,853 for Obama General Expenses.

Public Works

12. *Increase appropriations in the Capital Projects Fund Group in the Public Works Department by $360,000 to fully fund the Bay Shore Library Restroom Improvements project, offset by a transfer of City Measure A critical needs reserve in the General Fund Group in the Citywide Activities Department.*

    The Bay Shore Library Restroom Improvements project focuses on upgrading two existing restrooms to better serve the public by converting them into modern ADA accessible facilities. In addition to the restroom renovations, the project includes mandatory code related to modifications to adjacent hallways, office walls, and doors to improve accessibility, circulation, and overall functionality. Planned improvements include new energy-efficient lighting, updated plumbing fixtures, fresh wall finishes, and new flooring. The total cost of the project is estimated at $977,008. The project is currently supported by $517,008 of City Measure A and $100,000 of General Capital funding. City Measure A critical needs contingency funds in the amount of $360,000 are recommended for use to fully fund the project. These funds are for possible priority needs that may arise and to help stabilize programs through volatility of actual revenue performance. The funds are currently appropriated in the General Fund Group in the Citywide Activities Department and will be transferred to the Capital Projects Fund Group in the Public Works Department to fully fund the Bay Shore Library Restroom Improvements project.

13. *Increase appropriation in the General Fund Group in the Public Works Department by $933,249 for Elevator Maintenance, offset by a transfer from the Tidelands Operating Fund Group.*

    In FY 26, the Public Service Bureau in the Public Works Department received two significant elevator service proposals that exceed typical annual maintenance requests, totaling $933,249.

    The first proposal, in the amount of $157,649, is for necessary upgrades to the elevator located at 50 Shoreline Drive at the terminus of the Shoreline Pedestrian Bridge. This unit had been out of service since March 2024 due to prolonged exposure to the coastal environment and repeated vandalism. The work restored functionality and implemented protective improvements to extend the service life of the equipment. Reinstating this elevator was critical to ensuring ADA accessibility and maintaining uninterrupted public access during high-attendance waterfront events. The Parks, Recreation and Marine Department will absorb the cost for the repairs within current appropriations in the Tidelands Operating Fund Group and transfer the funds to the General Fund Group in the Public Works Department to complete the work.

The second proposal, in the amount of $775,600, is for the comprehensive modernization of all three elevators at the Aquarium Garage. Two of the three units are currently non-operational and have been out of service for several months. The remaining elevator is unable to accommodate existing demand, resulting in significant wait times, operational strain, and reliability concerns. Modernization is necessary to restore full functionality, improve system reliability, and ensure safe and efficient vertical circulation within one of the City's highest-traffic parking facilities. The Public Works Department has sufficient appropriation in the Tidelands Capital Fund in the Tidelands Operating Fund Group to fund the repairs. These funds will be transferred to the General Fund Group in the Public Works Department to complete the work.

14. *Increase appropriations in the Capital Projects Fund Group in the Public Works Department by $900,000 for the construction phase of the Artesia Great Boulevard Project, offset by grant funds received from Los Angeles County Metropolitan Transportation Authority (Metro); and,*

    Increase appropriations in the Capital Projects Fund Group in the Public Works Department by $900,000, offset by a transfer of grants funds from Metro from the Capital Grant Fund.

    On October 11, 2016, the City Council adopted Resolution RES-16-0099 authorizing the City Manager to execute all Funding Agreements with Metro. In June 2016, the Metro Board approved $900,000 Measure R Matching Funds for grant F9130 for the Artesia Great Boulevard Project (Project). The total Project cost is estimated at $54,804,096, inclusive of design, construction, construction management, labor compliance, project oversight, and inspections. The Project is currently supported by $200,000 of AB 2766, $1,037,012 of Gas Tax, $190,656 of General Capital Projects Funds, $500,000 Measure A bond funds, $4,025,000 of Local Return Measure R, $1,827,037 of Los Angeles County Metropolitan Transportation Authority (Metro) call for Projects F7316 Grant, $4,700,081 of Metro call for Projects F9130 Grant, $27,651,000 of Metro Measure R MR315.70 Grant, $120,000 of Proposition A, $10,450,000 of Proposition C, $3,203,310 from Traffic Improvement Fees which are all currently appropriated in the Capital Project Fund Group in the Public Works Department. This budget adjustment will further support the Project with $900,000 of Measure R grant F9130 funding from Metro. The grant requires a 34.7 percent local match, which will be covered using the previously stated funding sources currently budgeted for the Project.

15. *Decrease appropriations in the Capital Projects Fund Group in the Public Works Department by $7,407,080 to align with amended Economic Development Administration (EDA) grant award; and,*

    Decrease appropriations in the Capital Projects Fund Group in the Public Works Department by $7,407,080, to align the actual transfer of EDA grant funds from the Capital Project Grant Fund.

    On September 15, 2020, Council authorized an increase in appropriation of $8,960,000 for the Economic Development Administration (EDA) grant for City's Flood Control

Resiliency Improvement Project. On June 5, 2025, EDA modified the authorized scope of work by replacing “construction” with “design” and adding “no construction activities are permitted under this award”. The EDA grant has been amended and therefore the appropriation must be reduced to align budget with the new terms of the award. The Public Works Department is currently applying for a new EDA grant to fund the construction phase. Staff will return to City Council once the funding has been identified. An appropriation decrease of $14,814,160 is requested in the Capital Projects Fund Group in the Public Works Department. Of this amount, $7,407,080 is the decrease from grant reimbursement revenues received from the EDA. The remaining $7,407,080 is a technical appropriation decrease that allowed the transfer of EDA grant funds from the Capital Grant Fund, a fund within the Capital Projects Fund Group.

16. *Decrease appropriations in the Capital Projects Fund Group in the Public Works Department by $24,000 to reallocate Community Development Block Grant (CDBG) funding to the Graffiti Removal Program.*

    As part of the FY 25 Capital Improvement Program Adopted Budget, $752,000 of Community Development Block Grant (CDBG) funding was approved for ADA Sidewalk Improvements. Due to expiring construction contracts, the Public Works Department does not anticipate spending the full amount of the CDBG funding allocated to ADA Sidewalk Improvements. To prevent the remaining funds from expiring, $24,000 will be reallocated to fund the Graffiti Removal Program which is currently budgeted in the Community Development Fund Group in the Community Development Department.

17. *Decrease appropriations in the Capital Projects Fund Group in the Public Works Department by $600,000 to align AB32 funding with the FY 26 Capital Improvement Program Adopted Budget.*

    The Public Works Department is requesting a technical adjustment to decrease the Capital Improvement Program (CIP) budget for Police Department’s North Division Solar Project by $600,000 as funding for the project has been reallocated to the Police Department’s North Division roof repair needs. While the solar panel project for $600,000 was originally approved in FY 25 budget with the use of AB 32 funds, a subsequent cost analysis revealed that project estimated need exceeds the appropriation, requiring a more comprehensive funding strategy. This reallocation of funds towards roof repair was included as part of the FY 26 Capital Improvements budget to ensure that available resources are immediately directed towards actionable projects, while staff continue to evaluate future funding options and alternative resources for the solar panels. This action is a technical adjustment to eliminate the budget in Police Department’s North Division Solar Project.

18. *Increase appropriations in the Capital Projects Fund Group in the Public Works Department by $5,589,000 for the second technical appropriation for the Automated Speed Enforcement (ASE) Program, offset by transfer of ASE program revenue from the General Capital Projects Fund.*

AB 645, signed into law on October 13, 2023, authorizes a limited pilot Automated Speed Enforcement (ASE) program for the use of automated speed safety systems in six California cities, including the City of Long Beach, for a maximum of five years up to January 1, 2032. The legislation permits deployment of up to 18 speed safety systems throughout the City to address excessive speeding along high-injury corridors. Citation revenues from the program will be used for citywide traffic-calming safety improvements. On December 16, 2025, City Council approved appropriation increases in the Capital Projects Fund Group in the Public Works Department for the ASE program to be offset by ASE program revenues. The city's capital budgeting process requires a second technical appropriation of $5,589,000 to allow the transfer of revenue from ASE program tracked in a specific fund to be transferred to the project, which is tracked in a general capital fund, both of which are in the Capital Projects Fund Group.

19. *Decrease appropriations in the Capital Projects Fund Group in the Public Works Department by $6,400,000 as a technical request to remove the double budgeting for the Hamilton Loop project and Houghton Park Mobility Hub projects.*

    On October 15, 2024, and September 9, 2025, the City Council authorized an appropriation increase in the Capital Projects Fund Group in the Public Works Department for the Hamilton Loop and Houghton Park Mobility Hub projects, respectively. The decrease of $6,400,000 is a technical clean-up due to a change in the accounting process for reimbursement from the Harbor Department. At the time the appropriations were made, the previous process created a technical double budget. With the implementation of the new reimbursement process with the Harbor Department, the technical double budgeting is no longer necessary. The new reimbursement process does not impact the delivery of the projects.

20. *Decrease appropriation in the Capital Projects Fund Group in the Public Works Department by $8,922 to align budget with grant revenue received; and,*

    Decrease appropriations in the Capital Projects Fund Group in the Public Works Department by $8,922 to align the transfer of grant funds received from the City of Signal Hill from the Capital Project Grant Fund.

    On August 4, 2020, Council authorized an increase in appropriation of $399,000 from City of Signal Hill for the cost share of street improvements of Temple Avenue between Obispo Avenue and Spring Street. Now that the work is completed, actual costs have come in lower than the original estimate. The Public Works Department is reimbursed based on actuals, thus the amount received was less than budget. An appropriation decrease of $17,844 is being requested in the Capital Projects Fund Group in the Public Works Department. Of this amount, $8,922 is the decrease from grant reimbursement revenues received from the City of Signal Hill. The remaining $8,922 is a technical appropriation decrease that allowed the transfer of grant funds from the Capital Grant Fund, a fund within the Capital Projects Fund Group.

21. *Decrease appropriations in the Capital Projects Fund Group in the Public Works Department by $101,399 to align budget with grant revenue received; and,*

Decrease appropriations in the Capital Projects Fund Group in the Public Works Department by $101,399 to align the transfer of grant funds for park improvement projects from of Los Angeles County Regional Park and Open Space District (RPOSD) Measure A funds from the Capital Grants Fund.

On June 11, 2019, the City Council approved the Parks, Recreation and Marine Department to apply for RPOSD Measure A allocation funding for a series of projects. On January 19, 2021, City Council approved the acceptance of the Year 1 and 2 allocations of these grant funds; however, due to various delays, these funds were unavailable for the City to appropriate until 2025. On March 18, 2025, the City Council authorized an appropriation of $325,627, for funding two of the approved projects which include Bixby Park Parcel 1 Improvements and Scherer Park Improvements. Grant Funding for the Scherer Park Improvement from Los Angeles County RPOSD Measure A grants funding which expired before it was completed, and alternate funding sources were used to complete the Project. The Public Works Department is reimbursed based on actuals, thus the amount received was less than budget. An appropriation decrease of $202,798 is being requested in the Capital Projects Fund Group in the Public Works Department. Of this amount, $101,399 is the decrease from grant reimbursement revenues received from the Los Angeles County RPOSD Measure A funds. The remaining $101,399 is a technical appropriation decrease that allowed the transfer of grant funds from the Capital Grant Fund, a fund within the Capital Projects Fund Group.

22. *Decrease appropriations in the Capital Projects Fund Group in the Public Works Department by $48,933 to align budget with grant revenue received.*

    On December 7, 2021, and May 21, 2024, Council authorized an increase in appropriation of $275,000 and $212,000 of Community Development Block Grant (CDBG) funding for the Long Beach Boulevard CDBG Crosswalks and Martin Luther King Jr Decorative Crosswalks projects, respectively. Now that the work is completed, actual costs have come in lower than the original estimate. The Public Works Department is reimbursed based on actuals, thus the amount received was less than budget. An appropriation decrease of $48,933 is being requested to align budget with grant revenue received.

23. *Decrease appropriations in the Capital Projects Fund Group in the Public Works Department by $*12,910 is *to align budget with actuals.*

    On April 15, 2025, Council authorized an increase in appropriation of $240,541 from Spinnaker Bay of Long Beach Homeowners Corporation for the cost share of street pavement rehabilitation work within the right-of-way on Spinnaker Bay Drive. Now that the work is completed, actual costs have come in lower than the original estimate and the remaining unused funds have been returned to Spinnaker Bay of Long Beach Homeowners Corporation. An appropriation decrease of $12,910 is requested to align the budget with actual expenditures.

24. *Decrease appropriations in the Capital Projects Fund Group in the Public Works Department by $10,189, to align budget with actuals.*

On December 17, 2019, as part of the FY 2019 third departmental and fund budget appropriation adjustment, City Council authorized an increase of $116,834 in the Capital Project Fund Group in Public Works Department to replace light fixtures at the El Dorado Tennis Center, offset by funds from The El Dorado Tennis Trust Fund. Now that the work is completed, actual costs have come in lower than the original estimate and the remaining unused funds have been returned to the El Dorado Tennis Trust Fund in the General Fund Group in the Parks, Recreation and Marine Department. An appropriation decrease of $10,189 is requested to align the budget with actual expenditures.

25. *Decrease appropriations in the Capital Projects Fund Group in the Public Works Department by $2,358,677 as a technical adjustment to align legacy project budgets to actuals with no impact to active capital projects.*

On April 15, 2019, the City went live with Phase 1 of the Munis Financials system. 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 Public Works Department has spearheaded efforts over the past few years to validate all project budgets in the current system. This has required various budget adjustment requests over the years to align projects to the new budgeting structure in the Munis Financial system. This request is a technical budget adjustment in the Capital Projects Fund Group to align budget with actuals. There is no project impact by this request.

Appropriation Adjustments to Implement City Council-Approved Memorandums of Understanding (MOUs)

26. *Increase appropriations by $2,755,325 in the relevant departments and fund groups as shown on Attachment B to implement the Memorandums of Understanding (MOUs) approved by City Council as follows:*

- On November 11, 2025, the City Council approved the 2025-2028 MOU with the Long Beach Firefighters Association (FFA).
- On November 11, 2025, the City Council approved the 2025-2028 MOU with the Long Beach Lifeguard Association (LGA).
- On January 20, 2026, the City Council approved the 2025-2028 MOU with the Long Beach Police Officers Association (POA).

The MOUs listed above were implemented after the FY 26 Adopted Budget took effect on October 1, 2026. As such, the Adopted FY 26 Budget did not include the approved salary adjustments for the affected departments and funds. Instead, estimates for salary increases were factored into the calculation of the overall General Fund Group amount. Additionally, salary adjustments are needed for sworn management in the Fire and Police Departments, tied to the salary rates of Firefighters and Police Officers; appropriation for six new FTEs for a full-time paramedic rescue; and salary adjustments due to skill pay changes and additions to skill pays. As these are unbudgeted costs for departments,

appropriation increases are requested to fund the City Council approved, ongoing labor costs. Attachment B lists the requested department and fund group appropriation increases.

Appropriation increases are requested to align FY 26 budget to the increased labor costs within departments and fund groups. The net total appropriation increase for all funds is $2,755,325, of which $2,169,686 is for the General Fund Group. The General Fund Group increase of $11,514,657 in the Fire and Police Departments is partially offset by the planned set-aside of $9,344,972 that was included in the Adopted FY 26 Budget for negotiation-related costs. In FY 26, the additional costs in the General Fund Group will need to be absorbed by funds and may require a drawdown of General Fund reserves by the end of the fiscal year. Appropriation increases in non-General Fund Groups are offset by funds available in each relevant fund group. Ongoing structural costs in FY 27 and beyond have been included in the FY 27 budget development processes, with the structural funding solutions to be identified.

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 – MOU FY 26 IMPACT BY DEPARTMENT AND FUND