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LB Auditor wants city paid faster

PROPOSAL: Council will be asked to endorse a plan to reduce the lag in Tidelands Fund payment.

By Paul Eakins Staff Writer

LONG BEACH — City officials have found a creative way to pay for desperately needed repairs to the Naples Seawall — by using an extra payment from the Harbor Department to cover the \$9.5 million cost.

City Auditor Laura Doud, at the behest last year of a City Council desperate to bolster the rapidly depleting Tidelands Fund, has come up with a new system for receiving annual transfers from the Harbor Department.

She also has a proposal to add an extra payment in October that she says the city is owed, bringing the total transfer to almost \$25 million.

"It's been lagging every year," Doud said last week. "We're just catch-

Want to go?

What: Long Beach City Council meeting

When: 5 p.m., Tuesday

Where: Council Chambers, 333 W. Ocean Blvd.

Watch: Channel 3, Verizon FiOS Channel 21 or at www.longbeach.gov

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ng up."

Doud is asking the council to OK the plan Tuesday and to forward it to the Harbor Commission for its approval.

The extra payment is what Councilman Gary DeLong, supported by council members Suja Lowenthal, Gerrie Schipske and Val Lerch, wants the council to tap to fund the Naples Seawall repairs. He has requested that the council approve that \$9.5 million expense in a separate item Tuesday.

Each year, the Port of Long Beach transfers 10 percent of its net revenue to the city's Tidelands Fund, which pays for operations, maintenance, development and other programs along coastal zones such as beaches, marinas, waterways and the Pike at Rainbow Harbor. The Tidelands Fund has other revenue sources as well, totalling \$116.7 million this year.

The port transfer is made in quarterly payments that are based on 2-year-old Port revenue figures outlined in an audit. The City Charter says the transfer can't exceed 10 percent of the Port's audited income, and a Harbor audit can take almost a year to complete.

Doud proposes basing the Tidelands transfer on the estimated port revenue from the most recent fiscal year, rather than from two years earlier. Eighty percent of the money would be paid at the beginning of the new fiscal year, while the rest would be paid once the new audit is finished.

That means when the 2011 fiscal year begins Oct. 1, the port would transfer an amount based on the 2010 fiscal year's estimated revenue — a payment of roughly \$9.9 million initially, followed by almost \$2.5 million

more when an audit is finished. At the same time, Doud says the port should still make a \$12.4 million payment based on the 2009 audited revenue.

In other words, despite making its Tidelands transfer payments every year since the policy was implemented in the 1990s, the Harbor Department will have to make two such payments in the next fiscal year.

City Attorney Bob Shannon said the deal is legal and doesn't violate the City Charter's restriction of a 10 percent port revenue transfer.

"We believe it can be legally done, and the Harbor has not disputed it," Shannon said.

He and Doud said they have consulted with Harbor Department officials on the plan.

While Harbor Commission President Nick Sramek said he doesn't agree that the port is behind in its payments, he said he is supportive of Doud's plan.

Still, the extra transfer will mean the port will have to pay twice as much money in the next fiscal year, which could mean cutting back or delaying port projects, Sramek said. He noted that a discussion of about the proposal has been scheduled for today's commission meeting to make sure everyone understands what is involved.

"According to what we're looking at right now, we can do that," Sramek said. "We just have to adjust our budget early."

The one-time Tidelands boost couldn't come at a better time, as far as DeLong is concerned.

Without it, repairing the Naples Seawall "would've been a challenge," DeLong said.

"But at the end of the day, the repairs must happen, and they must happen soon, or else the walls are in danger of collapse," DeLong said. "We don't really have a choice."

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