



## News Release

City of Long Beach  
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FOR IMMEDIATE RELEASE

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**Subject :** City of Long Beach Proactive Measures Will Help Address State Fiscal Emergency; Braces for Potential Cutbacks

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In an era of perpetual fiscal crises, the City of Long Beach has positioned itself to address ongoing budget challenges. On the eve of the release of the Governor's proposed Fiscal Year 2009 (FY 09) budget and the declaration of a State Fiscal Emergency, the City has already started to brace itself for potential cutbacks.

"While the City will challenge any and all efforts by the State to raid local government coffers, Long Beach has already taken proactive steps to address the State's looming fiscal crisis," said City Manager Pat West.

In anticipation of the State's fiscal crisis, as well as the softening local economy, the City Manager took the following proactive steps just one month into the new fiscal year, in November 2007, to contain costs:

- Requested \$5 million in spending reductions from General Fund departments in the current fiscal year;
- Laid off City employees;
- Eliminated senior management positions, including a Deputy City Manager;
- Limited annual merit adjustments for managers;
- Imposed a management hiring freeze;
- Restricted out-of-state travel;
- Eliminated the practice of using General Fund monies to buy tables at community events; and
- Began evaluating the consolidation of Bureaus.

In addition, the Police Department has implemented broad-based reforms to rein in its spending, which have produced a 40 percent reduction in overtime spending during the first quarter of the current fiscal year. It is anticipated that these citywide measures coupled with ongoing revenue enhancing strategies will allow the City to maintain its proactive approach as it strives to end the current year in balance.

Due to the State's burgeoning budget deficit, currently projected at \$14 billion, the Governor is expected to declare a Fiscal Emergency on January 10th when he releases his FY 09 proposed budget. According to Lori Ann Farrell, Director of Financial Management, "the impacts that the upcoming State Fiscal Emergency will have on Long Beach will not be known until specific proposals are unveiled; however, under Prop 1A the

State can borrow up to \$9 million in City General Fund property tax revenue, and the City's redevelopment and transportation funding could also be diverted. In addition, the State may withhold \$7.9 million in anticipated Proposition 1B infrastructure funding, and reduce State grant funding for a variety of programs."

While the State would have to repay the City in three years, with interest, for borrowing against property tax revenue, the immediate loss of these critical funding sources would still likely impact existing services and programs.

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