



City of Long Beach
Working Together to Serve

Memorandum

Attachment C

Date: January 22, 2010

To: Patrick H. West, City Manager

From: Lori Ann Farrell, Director of Financial Management

For: Members of the Budget Oversight Committee

Subject: Update On FY 10 BOC Budget Proposals

On September 15, 2009, the City Council adopted the Fiscal Year 2010 (FY 10) Budget. The final budget included several General Fund revenue proposals recommended by the Budget Oversight Committee (BOC) as approximately \$2 million in offsets to restore key services for FY 10 that were slated for elimination or deferral. These proposals included: a fee on private refuse haulers, increased towing fee collections, an Accident Debris Program and Contracting-in Fire Dispatch. The following memo will provide an update on the status of these four new revenue sources through the end of the first quarter of the fiscal year.

Private Hauler Refuse Fee - \$1.19 million – On November 3, 2009, the City Council approved an amendment to the Municipal Code that established the Refuse Hauler Business Fee. This fee will apply to the 16 permitted private refuse haulers operating in Long Beach, and will be based on 8 percent of gross revenue earned each month. The haulers are required to include this new fee beginning with their December 2009 report which is due 45 days after the close of the month. The current estimate-to-close for this revenue in FY 10 is approximately \$1,083,334, or one month (\$108,333) less than budgeted. Gross receipts however, will determine actual performance.

Towing Collections - \$300,000 – To intensify its cost recovery efforts, the City issued an RFP to provide collection services for outstanding towing fees where vehicle auction proceeds are insufficient to settle the account. An internal committee reviewed the six proposals submitted, and three finalists had been selected. A contract for services with MRS Associates was brought to the City Council for approval on January 19, 2010. It is expected that the firm will be able to increase collections by approximately \$300,000 to \$400,000 annually.

Accident Debris Program - \$250,000 – At the scene of an accident, spilled fuels, oils, chemicals and other vapor emitting agents pose a direct threat to safety at the scene and the health of our waterways and groundwater. The California Vehicle Code (CVC) allows response agencies to recover costs for responding to vehicle accidents and initiating cleanup activities resulting from the accident where the "contents of a vehicle" are deposited upon a street or highway. The Accident Debris Program, or EF Recovery Program, was adopted into the FY 10 Budget to address

this health and safety issue. It was estimated that this Program could generate net revenue of \$250,000 in cost recovery for the Fire Department. On October 13, 2009, the City Council approved the Vehicle Accident and Hazardous Material Release Response and Mitigation Fee. An RFP was issued for required billing and collection services and the Fire Department is currently reviewing the proposals submitted in response. It is expected that a contract for services will be brought to the City Council for approval before March 19, 2010.

Contracting-in Fire Dispatch - \$250,000 – The FY 10 Adopted Budget also included the in-sourcing of dispatch services for Area E – Compton, Downey, Santa Fe Springs – to be provided to these cities by the City of Long Beach. Discussions with Area E City Managers and Fire Chiefs are ongoing. However, an agreement does not seem likely at this time.

Staff will keep the BOC apprised of additional progress toward the full implementation of these fees during future meetings. If you have any questions, please contact me at 8-6427.

cc: Mayor and Members of the City Council
Suzanne Frick, Assistant City Manager
Reginald I. Harrison, Deputy City Manager
Alan Patalano, Acting Fire Chief
Mike Conway, Director of Public Works
Leslie Horikawa-Thiede, Manager, Fleet Services Bureau
Jim Kuhl, Manager, Environmental Services Bureau
Erik Sund, Manager, Business Relations Bureau
David Wodynski, Manager, Budget and Performance Management Bureau