

# FY 16 PROPOSED BUDGET

## CITY OF LONG BEACH

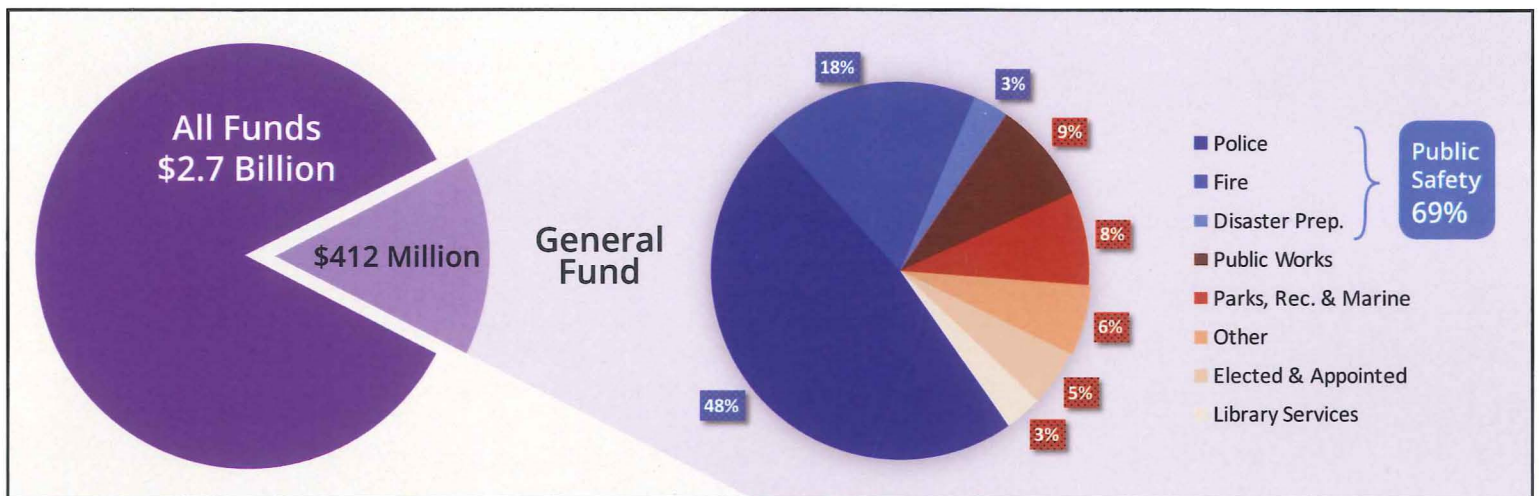


This handout summarizes the City Manager's FY 16 Proposed Budget that has been presented to the Mayor and City Council for consideration. The FY 16 Budget must be adopted by the City Council by September 15, 2015.

Public input is a very important part of the budget process and your participation is highly encouraged. Please see the back page for information on how you can share your thoughts and preferences with us.

### THE GENERAL FUND

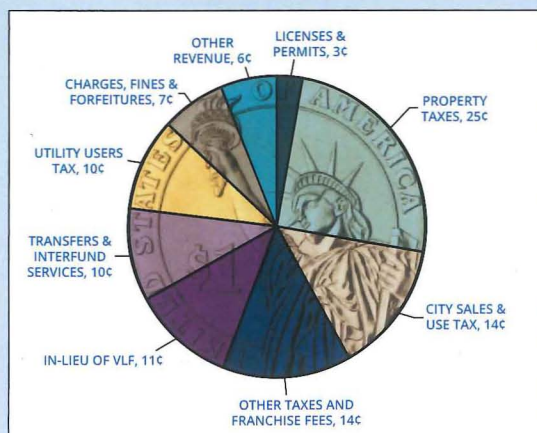
The City has a \$2.7 billion budget. However, a majority of these resources are designated by law for specific purposes. Only the General Fund, which is 15% (\$412 million) of the budget, is completely unrestricted. It provides much of the resources for critical City services including police patrol and investigations, fire response, parks, streets and sidewalks repair, and library services.



### REVENUES

The General Fund primarily relies on general tax revenue. Among the largest are Property Tax, Sales and Use Tax, Property Tax in Lieu of Vehicle License Fees (VLF) and Utility Users Tax, which account for approximately 60% of all General Fund revenues.

The overall trend in the major sources of General Fund revenue has been essentially flat over the last five years. While sources such as property tax and sales tax increased during this time frame, others such as utility users tax and parking citations experienced consistent decline. The FY 16 Proposed Budget reflects the continuation of a period of stabilizing many of the revenue sources begun in FY 15.



### EXPENDITURES

For FY 16, 69% of the General Fund is devoted to Public Safety (Police, Fire, and Disaster Preparedness and Emergency Communications). The remaining 31% supports all other City departments. The chart above shows how the General Fund is distributed between departments.

Approximately 79¢ of every dollar is used to pay the salaries and benefits of the employees that perform City services. The remaining 21¢ pays for other costs such as utilities, equipment and maintenance, contracts, and materials and supplies.





## BUDGET HIGHLIGHTS

### BUDGET HIGHLIGHTS

THE FY 16 PROPOSED BUDGET HAS MUCH TO BE PROUD OF:

#### PRESERVATION OF SERVICES

Police, Fire, Public Works, Parks, Libraries, and other major services are preserved. Public Safety continues to be Long Beach's highest priority. This budget includes both a Police recruit academy and a Fire recruit academy for new police and fire sworn personnel. The proposed budget also includes non-recurring funds of \$2.2 million for overtime that the Police Chief may allocate for gang prevention efforts, violent crime suppression, and other high priorities. This funding is on top of the nearly \$7.5 million in funding for Police overtime included in their budget.

#### ENHANCED FOCUS ON CRITICAL INFRASTRUCTURE

Supplemental funding of \$950,000 for streets and sidewalks will be allocated in FY 16 based on need as defined by the new pavement management system and the new sidewalk plan/studies. The sidewalk plan is funded with an additional \$1 million. These amounts are in addition to the \$4.9 million for residential streets and \$11.4 million for arterial and secondary streets, and \$3 million in funding for sidewalks provided in the FY 16 Capital Budget.

#### FUNDING OUR PRIOR YEAR COMMITMENTS

The FY 16 budget recognizes the programmatic commitments made by the City Council over the past several years and provides structural solutions to continue funding these commitments. These commitments include, but are not limited to, the Language Access Plan, the Violence Prevention Plan, homeless prevention, support for the Veterans and Technology Commissions, and small business incentives.

#### FUNDING OUR CURRENT AND FUTURE COMMITMENTS

This budget includes \$1 million for a sidewalk study in order to replace curb ramps and address other accessibility issues, and adds an American with Disabilities Act (ADA) compliance coordinator to facilitate ADA projects and prevent/respond to ADA complaints. It also includes funding to comply with new federal requirements for water quality for both City-owned and private property, including inspection, monitoring and permitting. Additionally, this budget adheres to the City Council policy of setting aside 5% of non-recurring revenue to be calculated and reserved when FY 15 is closed out.

#### INVESTMENTS IN EFFICIENCY IMPROVEMENTS

In FY 16, we will be able to continue to invest in projects that will reduce future ongoing costs to the General Fund. The proposed budget includes funding for water conservation and water needs, a major project to reduce paper documents, and signage associated with the first street sweeping rerouting in over 30 years that will improve the quality of life in parking impacted areas. It also provides partial funding for the conversion of street lights to LED lighting. Lastly, staff continues its efforts to modernize our critical Financial and HR systems, which utilize 1970's technology and practices, through the implementation of a new Enterprise Resource Planning (ERP) system. The new system will provide major advances in efficiency, transparency, and controls.

#### FOCUS ON ECONOMIC DEVELOPMENT

The newly formed Economic & Property Development Department (EPD) in coordination with its external partners, the Economic Development Commission, the Economic Development and Finance Committee of the City Council, and the City's new Bloomberg Grant-funded in-house Innovation Team (i-team), will work to ensure that Long beach is "open for business," all the while supporting our neighborhoods.

#### INNOVATION AND EFFICIENCIES

This budget makes changes throughout the organization to become more efficient and innovative. These changes include transferring the Workforce Development Bureau (Pacific Gateway Workforce Investment Network) from the Human Resources Department to the Economic & Property Development Department, implementing a new vehicle replacement model for the Fleet Services Bureau, and continuing to consolidate Fire and Police emergency call-taking and dispatch under the Disaster Preparedness & Emergency Communications Department.



## MAYOR ROBERT GARCIA'S RECOMMENDATIONS

"I'm pleased to be able to present a balanced budget with a surplus to the City Council, and to make recommendations that reflect our priorities and values as a City, including support for businesses, public safety, and education. The City Manager, Department Heads, City Council and every staff person in the City should be applauded for prudently managing our funds to turn a projected deficit, when the fiscal year began, into a surplus."

- Mayor Robert Garica



## STRATEGIC INITIATIVES

The \$2.7 billion budget features a \$630,000 surplus; maintains City services; continues to emphasize the public safety continuum of services and provides investments in parks, beaches, streets and sidewalks.

The budget proposes preservation of services; enhanced focus on critical infrastructure; funding the City's prior year commitments; funding the City's current and future commitments; investments in efficiency improvements; focus on economic development; and innovation and efficiencies.

Among Mayor Garcia's recommendations are:

- Support for \$2.2 million in one-time funds for preventing and responding to violent crimes;
- Support for \$150,000 in one-time funding for community engagement strategies, de-escalation techniques, and other training for police;
- \$100,000 for crime analysis support;
- \$186,000 for the Be S.A.F.E youth program;
- Support for \$200,000 for a small business incentive program;
- Support for implementation of the Open Counter software to improve efficiency in business permitting and licensing;to improve parking;
- Support for \$150,000 in one-time funds for the Long Beach Museum of Art; and
- \$50,000 toward creation of an Innovation Hub downtown;
- Creation of an Early Childhood Education coordinator position;
- A pilot program to open three libraries on Sundays;
- Support for \$950,000 to reroute street sweeping to improve parking;
- Support for \$150,000 in one-time funds for the Long Beach Museum of Art; and
- \$50,000 in matching funds for the Arts Council.

"This budget is really about making our city more livable. Whether it's expanding our crime analysis resources so we can combat gang violence, opening some libraries for additional hours, or making parking easier for residents, everything we are doing is designed to improve the quality of life for everyone in Long Beach."

- Mayor Robert Garica



## EXPLORE THE PROPOSED BUDGET AT [openLB.gov](http://openLB.gov)

Explore the proposed budget at [openLB.gov](http://openLB.gov). Graphs and charts visualize the details of the FY16 budget. Then be sure to take the Budget Priority Survey and complete the Budget Challenge! All at [longbeach.gov](http://longbeach.gov).





# OUTLOOK, FUTURE CHALLENGES & FISCAL DISCIPLINE

## OUTLOOK

The FY 16 Proposed Budget includes a modest, temporary surplus of \$630,000 that is recommended to be saved to help solve future deficits. FY 16 is expected to be the transition year to a more difficult time period beginning in FY 17. Expenses appear as if they will continue to outpace revenues; and within the three-year period (FY 16 - FY 18), we are facing a deficit of \$15.3 million.

This budget works to preserve and continue services with a level of fiscal responsibility consistent with previous City Council discipline. Specifically, the budget is structurally balanced and the temporary surplus is not used for any new permanent ongoing spending so that services are more likely to be able to be maintained. The budget also includes strategic investments to increase efficiencies and maintain critical infrastructure.

### General Fund Surplus/Deficit (in Millions)

	FY 16 Budget	FY 17 Projected	FY 18 Projected	Cumulative
Proposed	\$0.6*	(\$7.5M)	(\$7.8M)	(\$15.3M)

\*Assumes this temporary surplus is not structurally spent, which reduces the FY 17 deficit from \$8.1 to \$7.5 million.

## FUTURE CHALLENGES

The City has several other budget challenges on the horizon, including:

- Revenue is growing more slowly than the cost to provide City services;
- Expiring employee agreements - projections for FY 16 and beyond do not include any raises or takeaways;
- Employee benefit costs that continue to outpace inflation;
- Operating budgets that have not kept pace with non-personnel cost increases;
- Capital investment needs for City infrastructure exceed \$1 billion;
- There is no dedicated funding source for the redevelopment of underutilized and blighted areas;
- Although the City Council has addressed the unfunded liability for pensions and has taken beginning steps for other unfunded liabilities, there remains underfunding of the current costs to provide for the retiree health subsidy and sick leave costs; and
- A recent drop in oil prices that help fund General Fund and Tidelands services.

## FISCAL DISCIPLINE

As the City prepares for FY 16, it is a leaner more efficient organization than it was a decade ago. During the national economic downturn, the Mayor, City Council, and City Management all worked to ensure that reductions had a minimal impact on public services, despite eliminating approximately \$134 million in General Fund expenditures and 700 positions.

The primary focus continues to be, on efficiency, reduction in administrative costs, and new methods of delivering services. The Proposed Budget continues to stress fiscal discipline. Among other things, it:

- Maintains current services;
- Includes no new ongoing services without offsetting reductions;
- Continues to develop efficiencies and explore cost reductions and ways to maximize revenues for the future;
- Includes one-time investments that focus on reducing operating costs;
- Uses CalPERS Stabilization Fund and carries over temporary surplus to address future deficits; and
- Contains additional funding for unfunded liabilities per 5% Council policy.







## STRATEGIC INVESTMENTS

The City has approximately \$11.7 million in non-recurring general-purpose funds available to invest in FY 16 from FY 15 General Fund revenues above estimate. The following is a summary of the City Manager's recommendations for the use of these funds.

Title	Est. Cost	Description
<b>EFFICIENCY IMPROVEMENTS</b>		
Street Sweeping Signage Replacement	\$950,000	To cover the costs for signs for new routing and street sweeping windows.
Citywide LED Lights Installation	\$100,000	To cover a portion of the costs to convert the City's street lights to LED.
Parks Water Conservation Needs	\$415,000	To support the increasing costs of water and assist in the conversion to drought tolerant landscaping in medians.
Document Imaging Project	\$200,000	To plan the conversion of the City's documents to reduce storage needs.
<b>CRITICAL INFRASTRUCTURE</b>		
State Courthouse Demolition	\$3,055,000	To cover a portion of the costs to demolish the state courthouse in order to make way for the new Civic Center.
Sidewalk Study & Plans	\$1,000,000	To conduct a sidewalk study and plans of the City's entire sidewalk network in order to replace curb ramps and address other ADA accessibility issues.
Street and Sidewalk Repair	\$950,000	To supplement street and sidewalk repair and replacement according to need, as determined by the Pavement Management Plan and Sidewalk Study.
<b>OTHER INVESTMENTS</b>		
Overtime to Impact Violent Crime and Other Activity	\$2,200,000	To fund overtime to patrol, suppress, investigate, and prosecute violent crime activities. Overtime will be allocated to gang enforcement, violent crime suppression, and other priorities as determined by the Chief of Police.
Contemporary Police Training	\$150,000	To fund training in specific disciplines, including; cultural and diversity sensitivity; community engagement strategies; health; crisis, and more!
FY 16 Election Expense	\$1,500,000	To cover the net expense of the FY 16 City Council elections.
Watershed Monitoring and Compliance	\$600,000	To cover required Stormwater NPDES Permit/MOU Participation.
Small Business Incentives	\$200,000	To cover the costs of providing small business incentives.
Police and Fire Academy Recruitment	\$150,000	To support Civil Service costs for outreach efforts for PD & FD academies.
Proactive Homeless Initiative	\$100,000	To support homeless initiative costs.
Continuation of Language Access Plan	\$80,000	To continue to implement the Language Access Plan.



## PUBLIC INPUT/COMMUNITY ENGAGEMENT

There are a variety of ways to participate in the FY 16 Proposed Budget process. Visit [longbeach.gov](http://longbeach.gov) or call (562) 570-6425.

### ■ TAKE THE LONG BEACH BUDGET CHALLENGE

This interactive simulation challenges you to balance the City's budget, while also deciding if existing funding levels should be changed. Go to [longbeach.gov/budgetchallenge](http://longbeach.gov/budgetchallenge).

### ■ TAKE THE LONG BEACH BUDGET PRIORITY SURVEY

This simple survey lets you identify what the City's General Fund priorities should be. Go to [longbeach.gov/budgetchallenge](http://longbeach.gov/budgetchallenge).

### ■ ATTEND A BUDGET MEETING, & SHARE YOUR THOUGHTS IN PERSON

See calendar online.

### ■ CALL OR EMAIL YOUR COUNCILMEMBER

See online Directory at [longbeach.gov](http://longbeach.gov).

### ■ SHARE YOUR THOUGHTS ONLINE

Twitter #LBFY16 and @LongBeachCity; or on Facebook, Long Beach City.