

**BH-11**

# CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6<sup>th</sup> Floor • Long Beach, CA 90802

September 8, 2009

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Receive supporting documentation into the record, conclude the public hearing and take the actions necessary to adopt the Fiscal Year 2010 budget as listed in Attachment A of this letter. (Citywide)

## DISCUSSION

On July 30, 2009, the City Manager's Proposed Budget for Fiscal Year 2010 (FY 10) was delivered by the Mayor to the City Council and community with recommended amendments for consideration. Subsequent workshops and hearings were set for August 4, August 11, August 18, August 25, August 31, September 1, and September 8, along with approximately three Budget Oversight Committee (BOC) meetings and 14 community meetings at which the FY 10 Proposed Budget was discussed. We are pleased to report that through the scheduled workshops, hearings, BOC and community meetings, presentations have been made by multiple City departments resulting in 23 separate opportunities for public feedback, deliberation and input.

At the conclusion of the hearings, the City Council will be asked to amend the proposed budget as it deems appropriate, and to adopt the proposed budget as amended. Since the publication of the FY 10 Proposed Budget, updated estimates of revenue and expense, which address technical corrections as well as decisions made by elected offices, are listed by fund and department in Attachments B and C to this letter, respectively.

The Appropriations Ordinance officially adopts the FY 10 budget and authorizes expenditures in conformance with the adopted budget. To become effective October 1, 2009, this Ordinance must include a finding of emergency. Specific resolutions provide for approval of the budgets for the Harbor, Sewer and Water funds; and certain fee adjustments. Requests for approval include the FY 10 Capital Improvement Program; the Mayor's Recommendations; and the Budget Oversight Committee's Recommendations to the FY 10 Proposed Budget.

This letter was reviewed by Assistant City Attorney Heather A. Mahood on August 24, 2009.

### TIMING CONSIDERATIONS

In accordance with the Long Beach City Charter, the FY 10 budget must be adopted by September 15, 2009, following at least one public hearing. Should the City Council fail to adopt the budget on or by that date, the City Manager's FY 10 Proposed Budget shall be deemed the budget for the 2010 fiscal year. The Mayor then has five calendar days from City Council adoption of the budget to use his veto authority. The City Council would then have until September 30, 2009, to override veto action by the Mayor with a two-thirds supermajority vote.

### FISCAL IMPACT

The City Charter requires that the Appropriations Ordinance shall govern and control the expenditure and commitment amounts stated therein relating to the City's departments, offices and agencies during each fiscal year. The total FY 10 budget for all departments and funds is \$2,890,216,712, which comprises \$2,544,519,957 in new appropriation and \$349,696,755 in estimated carry-over from FY 09 for multi-year grants and projects.

The Appropriations Ordinance, included as Attachment A-17 to this letter, totals \$1,549,226,942 for all funds except Harbor, Water and Sewer, and \$1,552,390,329 for all departments except Harbor and Water. The \$3,163,387 difference between funds and departments in the Appropriations Ordinance is due to general City indirect costs budgeted in the Department of Financial Management but charged to the Harbor, Water and Sewer funds, which are not included in the Appropriation Ordinance by fund.

The proposed Harbor, Water and Sewer Fund budgets are in separate City Council ordinances included as Attachment A-1 and A-4 to this letter, respectively, and total \$995,293,015. The budget for the Harbor Department was adopted by the Board of Harbor Commissioners by minute order on May 18, 2009. The budget for the Water Department was adopted by the Board of Water Commissioners by resolution on July 10, 2009.

All user fees and charges in the attached Master Fee and Charges Schedule (A-5) have been increased by the City Cost Index, a calculation of the projected increase in the City's cost from FY 09 to FY 10, except for those fees that are set using other criteria. In addition to the CCI-based fee changes, some fees have been added or adjusted due to a change in service or other bases. For details regarding these proposed new fees and non-CCI fee adjustments, please see the List of Proposed Fee Adjustments for FY 10 that has been incorporated as Exhibit C to the Master Fee and Charges Resolution.

Other requested City Council actions include approval of the FY 10 One-Year Capital Improvement Program (CIP) budget, which is contained in the Appropriations

Ordinance. The Planning Commission, at its meeting of August 20, 2009, approved the CIP for FY 10 for conformance with the General Plan. Any projects that are not in conformance with the Plan will be highlighted by Development Services staff and steps to secure conformance will be outlined.

Further, motions approving the budgets of the Redevelopment Agency's (RDA) Project Area Committees (PACs) for the Central Long Beach, the West Long Beach Industrial and the North Long Beach Project Areas and the Long Beach Housing Development Company (HDC) are requested. The PAC budgets are included in the budget of the Development Services Department, while the budget of the HDC is included in the budget of the Community Development Department. In addition, a motion finding the use of North Redevelopment Project Funds on behalf of the Central Redevelopment Project's low-and-moderate-housing efforts will benefit the North Redevelopment Project area.

The City Council is also requested to adopt the Resolution establishing the "Gann Appropriations Limit" (Limit) for general purpose expenditures. In November 1979, the voters of the State of California approved Proposition 4, also known as the "Gann Initiative." The Initiative places certain limits on the amount of tax revenue that can be appropriated each fiscal year. The Limit is based on actual appropriations during FY 79 and guards against overspending proceeds of taxes. Only those revenues which are considered as "proceeds of taxes" are subject to the Limit. The Limit is recalculated each fiscal year based on certain inflation and population factors provided by the State. The proposed budget includes tax revenue estimates that are at 40.86 percent of the 2009-2010 Appropriations Limit and, therefore, does not exceed the Limit. This calculation is reviewed by the City Auditor for conformance to the law.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



LORI ANN FARRELL  
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

APPROVED:

  
PATRICK H. WEST  
CITY MANAGER

**List of Requested Fiscal Year 2010 Budget Adoption Actions**

1. Adopt the Resolution approving the FY 10 budget for the Long Beach Harbor Department as adopted by the Board of Harbor Commissioners on May 18, 2009. (A-1).
2. Declare an emergency to exist (A-2).
3. Declare the Ordinance approving the Resolution establishing the rates and charges for water and sewer service to all customers, as adopted by the Board of Water Commissioners on July 24, 2009, as an Emergency Ordinance, read and adopted as read (A-3).
4. Adopt the Resolution approving the FY 10 budget of the Long Beach Water Department as adopted by the Board of Water Commissioners on July 10, 2009 (A-4).
5. Adopt the Resolution amending the master fee and charges schedule for specified city services for citywide fees and charges and the City Clerk, City Prosecutor, Community Development, Development Services, Financial Management, Fire, Gas and Oil, Health and Human Services, Library Services, Long Beach Airport, Parks, Recreation and Marine, Police, and Public Works Departments (A-5).
6. Approve the FY 10 One-Year Capital Improvement Program (A-6).
7. Adopt the Resolution approving the budgets for the Redevelopment Agency's Project Area Committees in the amounts of \$50,000 for Central Long Beach, \$80,000 for West Long Beach Industrial and \$44,895 for North Long Beach (A-7).
8. Adopt the Resolution of the City Council of the City of Long Beach finding that the use of taxes allocated to the North Redevelopment Project on behalf of the Central Redevelopment Project for the purpose of increasing, improving and preserving the community's supply of low-and-moderate-income housing will be of benefit to the North Redevelopment Project (A-8)
9. Adopt a motion approving the budget for the Long Beach Housing Development Company in the amount of \$14,771,161, which is included in the budget of the Department of Community Development (A-9).
10. Adopt a motion approving the transfer of \$16,083,972 from the Harbor Revenue Fund to the Tidelands Operating Fund (A-10).
11. Adopt a motion approving the use of the CalPERS Annual Lump Sum Prepayment Option for the employer portion of the City's CalPERS retirement benefit. The recommended prepayment, in the amount of \$46,013,000, should provide a budgetary savings of \$1,749,730 to the City. Of this amount, the General Fund should recoup a budgetary savings of \$1,049,400. (A-11)
12. Adopt the Resolution adopting an appropriations limit (Gann) for FY10 pursuant to Article XIII(B) of the California Constitution (A-12).
13. Adopt the Mayor's proposed funding recommendations, as amended, to the FY10 Proposed Budget (A-13).
14. Adopt the Budget Oversight Committee's proposed funding recommendations, as amended to the FY10 Proposed Budget (A-14).
15. Adopt a motion amending the proposed budget (A-15).
16. Declare an emergency to exist (A-16).
17. Declare the Appropriations Ordinance for FY10, creating and establishing the funds of the Municipal Government and appropriating money to and authorizing expenditures from said funds and for said fiscal year as an Emergency Ordinance, read and adopted as read (A-17).

## FISCAL YEAR 2010 APPROPRIATIONS ORDINANCE BY FUND

| <u>FUND</u>                                   | <u>FY 10<br/>PROPOSED<br/>EXPENDITURES</u> | <u>CHANGES</u>    | <u>FY 09 ESTIMATED<br/>CARRYOVER*</u> | <u>FY 10<br/>APPROPRIATION</u> |
|---|--|-------------------|---------------------------------------|--------------------------------|
| GENERAL FUND                                  | 380,704,944                                | 146,899           | -                                     | 380,851,842                    |
| GENERAL GRANTS FUND                           | 6,364,760                                  | (79,512)          | 11,009,980                            | 17,295,229                     |
| POLICE & FIRE PUBLIC SAFETY OIL PROD ACT FUND | 3,783,938                                  | 70,194            | -                                     | 3,854,132                      |
| HEALTH FUND                                   | 41,445,160                                 | (165,394)         | 29,575,921                            | 70,855,687                     |
| PARKING & BUSINESS AREA IMPROVEMENT FUND      | 7,419,800                                  | (100,000)         | -                                     | 7,319,800                      |
| SPECIAL ADVERTISING & PROMOTION FUND          | 5,984,150                                  | (14,051)          | -                                     | 5,970,100                      |
| UPLAND OIL FUND                               | 14,907,730                                 | -                 | -                                     | 14,907,730                     |
| HOUSING DEVELOPMENT FUND                      | 21,212,767                                 | 108,308           | 67,423,986                            | 88,745,061                     |
| BELMONT SHORE PARKING METER FUND              | 668,275                                    | -                 | -                                     | 668,275                        |
| DEVELOPMENT SERVICES FUND                     | 12,825,061                                 | 63,277            | -                                     | 12,888,338                     |
| BUSINESS ASSISTANCE FUND                      | 667,257                                    | 6,155             | (234,209)                             | 439,203                        |
| COMMUNITY DEVELOPMENT GRANTS FUND             | 28,853,780                                 | 2,462,728         | 35,312,476                            | 66,628,984                     |
| PARK DEVELOPMENT FUND                         | 309,111                                    | (2,969)           | -                                     | 306,142                        |
| GASOLINE TAX STREET IMPROVEMENT FUND          | 7,808,973                                  | -                 | 21,926,803                            | 29,735,776                     |
| TRANSPORTATION FUND                           | 15,500,667                                 | (56,216)          | 23,872,736                            | 39,317,187                     |
| CAPITAL PROJECTS FUND                         | 3,958,708                                  | (367,843)         | 49,500,270                            | 53,091,135                     |
| CIVIC CENTER FUND                             | 989,384                                    | 1,373,631         | 2,207,705                             | 4,570,720                      |
| GENERAL SERVICES FUND                         | 37,632,281                                 | 234,452           | 189,233                               | 38,055,966                     |
| FLEET SERVICES FUND                           | 33,710,124                                 | 106,048           | 840,510                               | 34,656,682                     |
| INSURANCE FUND                                | 39,296,858                                 | 162,650           | -                                     | 39,459,508                     |
| EMPLOYEE BENEFITS FUND                        | 224,702,016                                | 255,770           | -                                     | 224,957,787                    |
| TIDELANDS FUNDS                               | 112,115,600                                | (112,366)         | 20,660,890                            | 132,664,124                    |
| TIDELAND OIL REVENUE FUND                     | 70,510,894                                 | 111,696           | -                                     | 70,622,590                     |
| RESERVE FOR SUBSIDENCE                        | -  | -                 | -                                     | -                              |
| GAS FUND                                      | 96,003,687                                 | 413,617           | 1,208,457                             | 97,625,760                     |
| AIRPORT FUND                                  | 36,395,696                                 | 614,219           | 30,129,568                            | 67,139,482                     |
| REFUSE/RECYCLING FUND                         | 43,656,773                                 | 380,488           | 90,213                                | 44,127,474                     |
| SERRF FUND                                    | 53,618,191                                 | (2,056,656)       | -                                     | 51,561,534                     |
| SERRF JPA FUND                                | 11,295,285                                 | -                 | -                                     | 11,295,285                     |
| TOWING FUND                                   | 9,064,732                                  | 53,155            | -                                     | 9,117,887                      |
| PARKING AUTHORITY FUND                        | -  | -                 | -                                     | -                              |
| HOUSING AUTHORITY FUND                        | 69,225,955                                 | 96,544            | 764,004                               | 70,086,502                     |
| REDEVELOPMENT FUND                            | 134,429,896                                | 19,243,097        | 55,218,212                            | 208,891,205                    |
| CUPA FUND                                     | 1,176,379                                  | 40,189            | -                                     | 1,216,568                      |
| <b>TOTAL</b>                                  | <b>1,526,238,830</b>                       | <b>22,988,112</b> | <b>349,696,755</b>                    | <b>1,898,923,697</b>           |

\* Carryover of multi-year grants and CIP funds.

## FISCAL YEAR 2010 APPROPRIATIONS ORDINANCE BY DEPARTMENT

| <u>DEPARTMENT</u>            | <u>FY 10<br/>PROPOSED<br/>EXPENDITURES</u> | <u>CHANGES</u>       | <u>FY 09 ESTIMATED<br/>CARRYOVER*</u> | <u>FY 10<br/>APPROPRIATION</u> |
|------------------------------|--|----------------------|---------------------------------------|--------------------------------|
| MAYOR AND COUNCIL            | \$ 4,622,508                               | \$ 29,293            | \$ -                                  | \$ 4,651,801                   |
| CITY ATTORNEY                | 7,242,981                                  | 169,816              | -                                     | 7,412,796                      |
| CITY AUDITOR                 | 2,583,368                                  | 43,662               | -                                     | 2,627,031                      |
| CITY CLERK                   | 5,680,729                                  | 27,906               | -                                     | 5,708,635                      |
| CITY MANAGER                 | 7,254,851                                  | -4,246               | (196)                                 | 7,250,409                      |
| CITY PROSECUTOR              | 4,550,419                                  | -34,134              | (2,293)                               | 4,513,992                      |
| CIVIL SERVICE                | 1,995,973                                  | 12,066               | -                                     | 2,008,039                      |
| AIRPORT                      | 36,009,882                                 | 600,342              | 145,803,756                           | 182,413,979                    |
| COMMUNITY DEVELOPMENT        | 139,622,450                                | 2,496,601            | (234,068,786)                         | (91,949,735)                   |
| DEVELOPMENT SERVICES         | 151,669,983                                | 19,352,049           | 393,318,374                           | 564,340,406                    |
| FINANCIAL MANAGEMENT**       | 341,608,380                                | 1,723,637            | (728,326)                             | 342,603,692                    |
| FIRE                         | 90,447,615                                 | 1,170,646            | 1,815,775                             | 93,434,036                     |
| HEALTH AND HUMAN SERVICES    | 46,076,851                                 | -121,901             | 31,863,224                            | 77,818,174                     |
| HUMAN RESOURCES              | 7,714,599                                  | 78,190               | -                                     | 7,792,789                      |
| LIBRARY SERVICES             | 12,773,690                                 | 74,453               | -                                     | 12,848,143                     |
| LONG BEACH GAS AND OIL       | 237,020,919                                | -1,631,078           | 1,208,457                             | 236,598,298                    |
| PARKS, RECREATION AND MARINE | 47,814,470                                 | 428,428              | 26,388,100                            | 74,630,998                     |
| POLICE                       | 202,674,066                                | -2,581,216           | 3,476,633                             | 203,569,483                    |
| PUBLIC WORKS                 | 146,842,493                                | 1,039,219            | (19,630,957)                          | 128,250,755                    |
| TECHNOLOGY SERVICES          | 35,092,457                                 | 217,913              | 252,993                               | 35,563,363                     |
| <b>TOTAL</b>                 | <b>\$ 1,529,298,685</b>                    | <b>\$ 23,091,644</b> | <b>\$ 349,696,755</b>                 | <b>\$ 1,902,087,084</b>        |

\* Carryover of multi-year grants and CIP funds.

\*\* Department of Financial Management includes internal service charges that are contained in the resolutions of the Water, Sewer and Harbor funds for accounting, budgeting and treasury functions, and other citywide activities such as debt service.

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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH FINDING THAT THE USE OF TAXES ALLOCATED TO THE NORTH REDEVELOPMENT PROJECT ON BEHALF OF THE CENTRAL REDEVELOPMENT PROJECT FOR THE PURPOSE OF INCREASING, IMPROVING AND PRESERVING THE COMMUNITY'S SUPPLY OF LOW-AND-MODERATE-INCOME HOUSING WILL BE OF BENEFIT TO THE NORTH REDEVELOPMENT PROJECT

WHEREAS, the Redevelopment Agency of the City of Long Beach, California (the "Agency"), adopted redevelopment plans for the North Long Beach Redevelopment Project (the "North Project") and the Central Long Beach Redevelopment Project (the "Central Project"); and

WHEREAS, Section 33334.2 of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.) requires that not less than twenty percent (20%) of all taxes allocated to each project area be used by the Agency for the purpose of increasing, improving and preserving the community's supply of low-and-moderate-income housing available at affordable housing cost; and

WHEREAS, the Agency desires to utilize funds presently allocated to the North Project to assist the Central Project in meeting its twenty percent (20%) set aside obligation for Fiscal Years 2009-10; and

WHEREAS, Section 33334.3 of the Community Redevelopment Law provides that the Agency may use such funds in this manner if a finding is made by resolution of the Agency and the City Council that such use will be of benefit to the North Project;

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NOW, THEREFORE, the City Council of the City of Long Beach resolves as

follows:

Section 1. That the use of taxes in Fiscal Years 2009-10 allocated to the North Project to assist the Central Project's obligation of increasing, improving and preserving the community's supply of low-and-moderate-income housing available at affordable housing cost will be of benefit to the North Project.

Section 2. This resolution shall take effect immediately upon its adoption by the City Council, and the City Clerk shall certify to the vote adopting this resolution.

I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of \_\_\_\_\_, 2009, by the following vote:

Ayes: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Noes: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

Absent: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
City Clerk