



ITEM 6

Date: June 5, 2013
To: Mayor and Members of the City Council
From: Patrick H. West, City Manager
Subject: Recommended Allocations of One-Time Funds

Due to a number of factors, Long Beach can expect a significant amount of one-time dollars in both the current and next fiscal year. As requested by the Mayor and City Council, City Management has been preparing recommendations for use of those one-time funds as part of the FY 14 Budget process. One of our financial policies is to consider all of the City's financial issues concurrently as part of the annual budget process, including changes to the operating budget and capital budgets, so the City Council and the community can see the impact of all spending decisions and how those interact with the City Council's policies. However, should the City Council decide to expedite allocation of the funds, this memo provides staff's recommendations for the use of these funds.

FY 14 One-Time Funds Expected

In Fiscal Year 2014 (FY 14), Long Beach has a very unique opportunity to invest \$56.8 million of one-time funds. For more than 10 years, Long Beach has had to defer investment in our capital facilities and critical operating systems as we addressed our significant structural deficits.

Since 2001, Long Beach has had little to no resources to invest in the buildings and systems that define us as a city and make our government function to our residents' expectations. We have not been able to fund replacement of our critical financial and operating systems; repair our deteriorating public buildings, aging park equipment and facilities, and alleys; or jump start open space development. This lack of investment not only creates substandard facilities for our current residents, but impacts future generations as the need for investment grows each year if not addressed.

While the majority of the one-time funds will be targeted towards projects that residents see and utilize every day, attention must be given to those unseen critical operating systems that allow our City to function correctly. Our financial and human resources systems are in dire need of replacement. If these outmoded systems do not operate correctly, funding for all City services will be at risk. As staff presented to the Mayor and City Council on March 5, 2013, these systems are essential to meet accounting, legal, and operational requirements. These systems currently do not meet our needs for fiscal analysis, reporting, transparency, or functionality and there is an increasing potential for errors in

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both operations and financial decision-making. It is critical that we do not forget these unseen systems as we plan our investment of these one-time dollars, as failure of these systems could ultimately result in major adverse impacts across a variety of City services.

The Proposed FY 14 Budget, to be released in two months, recommends investment in all of these areas.

City Council Allocations

The City Council has already invested some of these funds in our streets, sidewalks, and park facilities. On April 2, 2013, the City Council directed \$5.4 million of the \$56.8 million to fund these needs. On the June 11, 2013 City Council agenda, there is a recommendation from the Budget Oversight Committee (BOC) to allocate an additional \$6.45 million of the one-time funds evenly among the nine Council Districts for investments in infrastructure including residential street repaving, slurry seal, sidewalk repairs, and Parks, Recreation and Marine CIP maintenance projects. If the BOC's recommendation is approved, this will bring the total allocated to Council Districts for these purposes to \$11.85 million, outside of the budget process.

It is also worth noting that the Proposed FY 14 Budget maintains the current funding for streets and sidewalks from sources such as Gas Tax, Proposition A, Measure R, CDBG and General Fund. Added together, the FY 14 Budget will dedicate \$18.4 million to streets and sidewalks (not including the one-time allocations).

Funds Available for Council Priorities

The Proposed FY 14 Budget will recommend \$41.7 million to be spent in six key priority areas identified in Attachment A, and further detailed in Attachment B. This includes \$13 million for park projects and nearly \$10 million available to the City Council for allocation towards additional City Council priorities. If the City Council takes action on June 11, 2013 to allocate the \$6.45 million identified by the BOC, it is recommended this come from the undesignated funding. Based on the advice of the City Attorney, any funding divided among Council Districts will be spent based on recommendations by City staff, in collaboration with the Council District.

Summary

The attached documents outline the City Manager's proposed uses of the one-time funds. It is recommended the disposition of the one-time funds be considered as part of the FY 14 Budget process, which will include the Mayor's budget recommendations.

cc: Suzanne Frick, Assistant City Manager
Reginald Harrison, Deputy City Manager
All Department Directors

Attachments

ONE-TIME DECISIONS MADE BY THE CITY COUNCIL TO DATE

- Parks Capital Projects or Temporary Programs (\$1.8 million)
- Street Replacement and Slurry Seal (\$2.6 million)
- Sidewalk Replacement (\$1 million)

ONE-TIME CATEGORIES IN PROPOSED FY 14 BUDGET

Critical Operating Systems Replacement (\$11.2 million)

Replacement of outdated Finance and Human Resources systems; software for fuel purchase, fleet management, and liability claims systems, and completion of modern communications upgrades.

Public Safety (\$5.5 million)

Supplemental funding for both a police academy and a fire academy to replenish our public safety personnel; overtime funding for Gang Enforcement and other Police Department priorities; gender accommodation projects in Fire Stations; additional cameras for LB COPS in high priority areas.

Parks, Playground and Library Infrastructure (\$15.0 million)

Kick-start development of new open space and rehabilitate an aging community center; replace playground equipment; equipment and books for the new North Library;

Public Works Infrastructure (\$3.4 million)

New citywide alley program; streets and sidewalk system updates, and Citywide infrastructure fund for priority projects;

Critical Public Facilities Upgrades (\$3.4 million)

Roof and ceiling repairs, fire system installations, improvements of doors, windows and irrigation; rehabilitate aging parks and park facilities.

Organizational Investments and FY 14 Election (\$3.2 million)

Training for employees; investments in capital projects that yield operational savings; funds for the FY 14 election.

Available for Council-Directed Policy Decisions (\$9.7 million)

Funds at the City Council's discretion for further investment in areas listed above or other priorities.



Request for One-Time Expenditures

Attachment B

<u>One-Time Resources</u>	<u>Available</u>
FY 14 One-Time Available Funds	\$ 56,840,000
<u>One-Time Expenditures</u>	
Council Committed	5,400,000
Department Recommended Projects	41,738,600
Funds Available for Council Policy Priorities	9,701,400

Funding Requests by Category

Council Committed	Title	Est. Cost	Description, Purpose and/or Need
CW	Street Repaving and Slurry Seal	\$ 2,600,000	Approved by Council April 2, 2013. A spending plan for specific capital projects will be established in consultation with each City Council District.
CW	Sidewalks	\$ 1,000,000	Approved by Council April 2, 2013. A spending plan for specific capital projects will be established in consultation with each City Council District.
CW	Parks Capital Projects or Temporary Programs	\$ 1,800,000	Approved by Council April 2, 2013. A spending plan for specific programs and capital projects will be established in consultation with each City Council District.
	Subtotal	\$ 5,400,000	

Critical Operating Systems Replacement

	Title	Est. Cost	Description, Purpose and/or Need
FM	Financial/HR Systems Replacement	\$ 10,000,000	Outdated system is becoming more and more of a risk to the City. It is inefficient and there are problems with accounting, reporting, transparency and controls. The system has increasing risk of failure. The total cost of a new system is \$30 million, with an estimated \$10 million funded through General Fund.
FM	Fuel Management System Software and Terminal Hardware Upgrade	\$ 170,600	Upgrades to the fuel management system software and terminal hardware are needed to better manage the City's fueling operations and to meet additional demand for audit trails and security, increase fuel keys capacity, improve real-time communication with fuel terminals to resolve customer issues at the pump pool, and improve reporting by eliminating cumbersome data downloads.
FM	Update Software application used to manage fleet maintenance activities (M4 to M5)	\$ 131,000	Upgrade the current system used to manage maintenance activities of the City's 2100+ active fleet related assets. Upgrade will improve customer access to fleet data, provide access to other applications like the fuel management system, and improved maintenance response for refuse packers.
HR	New Liability Claims System	\$ 350,000	New system software will streamline claim/lawsuit handling, offer reports to help Risk Management analyze trends and manage City costs, and allow for departments to easily report patron accidents.
TS	Completion of Phone System Upgrade	\$ 356,000	This project will convert remaining Nortel phone systems and handsets to one common VoIP platform. The upgrade will continue to reduce ongoing telecommunications cost by eliminating carrier services and maintenance contracts. Sites remaining to be converted are North PD, ECOC, Fleet Services, PRM, Animal Control, and Senior Center.

Title	Est. Cost	Description, Purpose and/or Need
PR Upgrade Parks and Recreation reservation and registration system technology (PRM)	\$ 150,000	This recommendation addresses findings in the May 2012 Audit of PRM. Upgrading the CLASS registration and reservation system will improve accounting controls, reporting, customer service, and online capabilities; and purchase technology to standardize use at all cash collection sites in the Department.
Subtotal	\$ 11,157,600	

Public Safety

Title	Est. Cost	Description, Purpose and/or Need
PD Police Academy/Overtime	\$ 2,200,000	Recruit Academy and overtime funds as determined by the Police Chief. Any funds not needed for the Academy will be used by the Police Department at the Chief's discretion to address priority issues.
PD FY13/FY 14 Gang Enforcement	\$ 600,000	A one-time amount is needed in FY 13 and FY 14 to supplement gang enforcement at the Police Chief's discretion.
PD LBCOPS Cameras	\$ 500,000	Additional cameras based on Police Department priority needs.
FD 2nd Fire Recruit Academy	\$ 1,350,000	Recruit class to fill vacancies in the Fire Department. The additional academy would provide employees who would reduce call-back staffing costs.
FD Gender Accommodation / Fire Station Improvements	\$ 900,000	Complete fire station gender accommodation modifications. Remaining resources will be used to fund additional fire station improvements, including HVAC, roof, window, kitchen and other repairs.
Subtotal	\$ 5,550,000	

Parks, Playground & Library Infrastructure

Title	Est. Cost	Description, Purpose and/or Need
PR Houghton	\$ 3,000,000	Replacement of one of the oldest and most heavily-used community centers in the City. The current facility is dilapidated and in a deteriorated state. This would provide the first phase of funding for a project expected to cost between \$6 and \$8 million.
PR Willow Springs	\$ 1,000,000	Willow Springs is one of the largest open spaces in the City that is land-banked for park development purposes, with a long history of efforts to improve this site. As Willow Springs is now a passive use park, park development is considerably less expensive and \$1 million can open up large parts of Willow Springs park to the public.
PR Drake	\$ 1,000,000	The City has already invested significantly in purchasing land for Drake park to provide much needed park space to a park-starved area. The funds provided will help to develop this park and leverage grant dollars to bring park amenities such as soccer fields and landscaping to Drake park.
PR Chittick	\$ 1,000,000	Chittick Field is one of the City's most dilapidated park areas that is quickly becoming a treasure. The City currently has a project to transition this storm retention basin into a community recreation facility and construction is underway. Chittick Field needs approximately \$1 million to fully achieve the desired outcome, including funding night lighting for the sports fields.
PR Davenport	\$ 1,000,000	The City completed Phase 1 of Davenport Park in 2007. Phase 2 of the project would perform soil cleanup of an old landfill and connect the park to Paramount Blvd. The \$1 million will fund soil remediation and allow pursuit of grant applications to construct the park.
PR Nature Center	\$ 1,000,000	The Nature Center is one of the jewels of Long Beach and one of only a handful in Southern California. Unfortunately, the current building is substandard and requires significant investment. The \$1 million will fund building enhancements at the Nature Center to upgrade that facility.
PR Bixby Park	\$ 1,000,000	This funding would construct a new public restroom to support park events in a heavily used park on Ocean Blvd. Remaining resources will be used to fund additional facility and grounds maintenance work at Bixby Park.
PR El Dorado Regional Park Infrastructure Repair	\$ 1,000,000	Long Beach is unique in that it is one of only a handful of cities that has a Regional Park. El Dorado Park has several needs, and these funds will help repair park infrastructure. This \$1 million will assist with the repair of the Duck Pond walkway, parking lot asphalt repair and replacement, and Duck Pond pump replacement to reduce water costs and improve water quality, as well as other infrastructure repairs in El Dorado Park.

	Title	Est. Cost	Description, Purpose and/or Need
PR	Recreation Park and Area Infrastructure	\$ 1,000,000	Infrastructure repairs for Recreation Park and area infrastructure.
PR	Parks Playground Equipment Replacement	\$ 2,250,000	These funds would be distributed throughout the City to replace aging and outdated playground equipment. New equipment will be compliant with new ADA codes.
LS	Furniture and Equipment for New North Library	\$ 1,200,000	The new North Library will need furnishings including shelving, seating, tables, equipment, etc. Funding for those items are not included in construction of the new building.
LS	Opening Day Collection for New North Library	\$ 400,000	The new North Library will need a start-up collection purchased in preparation for opening day.
LS	Replace Library Public Computer Management System	\$ 50,000	The system manages the time allowed on a computer per session, print management, etc. The current system no longer has technical support available and must be replaced.
LS	Library Laptop Tables for 10 Branch Libraries	\$ 50,000	10 branch libraries have an inadequate number of power outlets in public spaces to accommodate computers. Power outlets set into library tables will provide more space for computer users and create a safer environment.
	Subtotal	\$ 14,950,000	

Public Works Infrastructure

	Title	Est. Cost	Description, Purpose and/or Need
PW	Citywide Pavement Mgmt Update	\$ 750,000	The pavement management system provides for the systematic evaluation and replacement of the 815 miles of City roadways. The information is over 10 years old and becoming obsolete. An updated system would provide better accuracy in tracking and costing future repairs and prioritizing repaving, rebuilding and slurring. By properly identifying future infrastructure needs, repairs could be made before complete reconstruction would be required.
PW	Citywide Sidewalk Update	\$ 500,000	Staff currently relies upon a sidewalk survey conducted in 1999 to recommend target areas for the annual sidewalk replacement program. This survey is clearly obsolete. A new survey, coupled with an updated pavement management system, will allow the City to more effectively and accurately manage its capital improvement program.
PW	Asphalt Zipper	\$ 100,000	This machine allows for a 2-man crew to remove and replace sections of asphalt streets that suffer from tree root intrusion in a few hours. Currently, a 4 or 5 man crew requires 2 days of work to handle this type of work.
PW	CityPlace Parking Garage Improvements	\$ 160,000	The project is needed to improve access for the disabled, perform repairs to the ground floor asphalt and the parking machines, and to make improvements to the facade.
PW	Alley Projects	\$ 900,000	Typically no funding is allocated for alley improvements. These funds would be distributed throughout the City to address the most critical alleys.
CW	Repair and Replacement Contingency	\$ 1,000,000	Provide contingency funds that the City Manager may use to fund equipment or facility repairs that otherwise are not budgeted and cannot be delayed until the next budget.
	Subtotal	\$ 3,410,000	

Critical Public Facilities Upgrades

	Title	Est. Cost	Description, Purpose and/or Need
PR	Emergency Exit Doors at Park Facilities	\$ 25,000	One-time upgrade to repair and replace 6 emergency exit doors to address safety issues.
PR	Parks Roof Replacement	\$ 475,000	One-time roof repair and replacement at multiple sites that are currently leading to ongoing maintenance costs, safety and aesthetic issues that are impacting use of the facilities.
PR	Replace Doors, Frames and Windows at Park Facilities	\$ 225,000	Replacement of chronic failing doors, frames, and windows at Park facilities and community centers.
PR	Community Center Repairs	\$ 100,000	One-time repair of current community centers (e.g. deferred painting, signage, plumbing, electrical), to address basic safety issues.

	Title	Est. Cost	Description, Purpose and/or Need
PR	Parks Bathroom Partition Replacement and Repair	\$ 150,000	One-time installation of new bathroom stall partitions in park freestanding restrooms (both men and women).
PR	Park Walkway Repairs	\$ 250,000	Multiple park sites have walkways that are in dire need of repair. These funds will repair and replace uneven walkways in parks throughout the City.
PR	Upgrade and replace irrigation systems and reduce ongoing water consumption at parks	\$ 1,100,000	One time upgrade and replacement of irrigation systems. Potential locations include: Drake, Peace, Seaside, City Hall/Civic Center, Carrol, Miracle, 4th Street Senior Center, Bixby, Bluff Area, Los Altos, Whaley, Recreation, Stearns, Hearwell, El Dorado West, Hudson, Veterans, MLK Jr., Cerritos, Orange, Houghton, DeForest parks. Will result in significant reduction of water usage.
PR	Renovate and Repair Athletic Fields	\$ 100,000	One-time upgrade to existing athletic fields currently used for rent by youth and adult leagues. Will help to reduce more expensive ongoing field renovation costs.
LS	Library Roof Replacement	\$ 500,000	The majority of branch library roofs have exceeded their useful life and there is potential for leaking and damaging the collection and equipment.
LS	Library Security Cameras and Security Improvements	\$ 76,000	Cameras, DVRs, and monitors for 12 libraries, to allow for monitoring of Library facilities and operations. Monitoring will provide increased security for patrons and staff, increased ability to prevent loss and theft, and allow the Library to provide video footage in the event of an incident. Additional fencing and outside lighting at 3 branch libraries where safety and security have been an issue (Blayshore, Harle and Twain).
HE	West Facilities Center Roof Replacement	\$ 275,000	The West Facilities Center roof has several leaks that damage the facility's fixtures and equipment during heavy rains and must be replaced. Replacement of the roof will also improve energy efficiency.
HE	MSC Telecommunications Reconfiguration	\$ 150,000	The Multi-Service Center for the Homeless (MSC) is undergoing a facility modernization funded by LA County. Floor plan changes require a reconfiguration of the facility's telephone/intranet/internet infrastructure including cabling and equipment in order to complete the project. There is no funding for this component of the project.
	Subtotal	\$ 3,426,000	

Organizational Investments & FY 14 Elections

	Title	Est. Cost	Description, Purpose and/or Need
CC	FY14 Elections and possible run-offs	\$ 2,170,000	FY14 elections, assuming a full race in every office and no appointments, is estimated at \$2.9M. Estimated revenue for elections is \$649,000, which are reimbursements from LB Unified and City College.
FM	Establish an efficiency incentive revolving fund	\$ 1,000,000	This fund would be created to provide a revolving fund for projects that pay back the initial investment over a few years through the savings created. Money would be returned by a charge to the impacted department's operating budget.
HR	New Employee Orientation	\$ 40,000	Develop an on-line orientation with updated capabilities for new employees to more efficiently and expeditiously ensure that new employees receive necessary information as they begin their City careers.
HR	Human Resources Academy	\$ 35,000	Recently there have been several substantial changes in State and Federal law related to employee issues, including health care benefits, labor relations, pension reform, and other legal changes. In depth training is required to ensure the City's Human Resources are properly prepared and certified to implement these changes throughout the organization.
	Subtotal	\$ 3,245,000	

Available for Council-Directed Policy Decisions

	Title	Est. Cost	Description, Purpose and/or Need
CW	Funds Available for Council Policy Priorities	\$ 9,701,400	
	Subtotal	\$ 9,701,400	
	TOTAL	\$ 56,840,000	

