



CITY OF LONG BEACH

BH-1

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802 • (562) 570-6425 • Fax (562) 570-5836

September 2, 2014

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive and discuss proposed Fiscal Year 2015 budgets for the following departments: Harbor Department and Financial Management Department; and

Receive supporting documentation into the record, conclude the public hearing and take the actions necessary to adopt the Fiscal Year 2015 budget as listed in Attachment A of this letter. (Citywide)

DISCUSSION

On July 22, 2014, the City Manager's Proposed Budget for Fiscal Year 2015 (FY 15) was delivered by Mayor Garcia to the City Council and community with recommended amendments for consideration. Budget meetings were set for March 11, July 22, August 5, August 12, August 19, September 2, September 9, along with six Budget Oversight Committee (BOC) meetings, and ten community meetings at which the FY 15 Proposed Budget was discussed. We are pleased to report that through the scheduled 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 amend the proposed budget as it deems appropriate, and adopt the proposed budget as amended. Since the publication of the FY 15 Proposed Budget, updated estimates of revenue and expense, which primarily address technical corrections, are listed by fund and department in Attachments B and C to this letter, respectively.

The Appropriations Ordinance officially adopts the FY 15 budget and authorizes expenditures in conformance with the adopted budget. To become effective October 1, 2014, this Ordinance must include a finding of emergency. Specific resolutions provide for approval of the budgets for the Harbor, Sewer, and Water funds, which are not in the Appropriations Ordinance and certain fee adjustments. There will be motions that request approvals for the following: the FY 15 Capital Improvement Program; the Mayor's Recommendations; the Budget Oversight Committee's Recommendations; the Departmental Organization Ordinance; and the Salary Resolution for the FY 15 Proposed Budget.

This matter was reviewed by City Attorney Charles Parkin on August 19, 2014.

TIMING CONSIDERATIONS

In accordance with the Long Beach City Charter, the FY 15 budget must be adopted by September 15, 2014. Should the City Council fail to adopt the budget by that date, the City Manager's FY 15 Proposed Budget shall be deemed the budget for the 2015 fiscal year. The Mayor 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, 2014, 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 15 budget for all departments and funds is \$3,322,069,507, which comprises \$3,006,466,116 in new appropriation and \$315,603,391 in estimated carry-over from FY 14 for multi-year grants and projects.

The Appropriations Ordinance, included as Attachment A-16 to this letter, totals \$2,340,204,053 for all funds except Harbor, Sewer, and Water, and \$2,345,806,321 for all departments except Harbor and Water. The \$5,602,268 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 Appropriations Ordinance by fund.

The proposed Harbor, Water and Sewer fund budgets are in separate City Council resolutions included as Attachment A-1 and A-4 to this letter, respectively, and total \$981,789,527. The Board of Harbor Commissioners adopted the budget for the Harbor Department by minute order on July 14, 2014. The Board of Water Commissioners adopted the budget for the Water Department by resolution on June 19, 2014.

User fees and charges in the Master Fee and Charges Schedule Attachment A-5 have been adjusted due to changes in service and other factors. For details regarding these proposed new fees, deletions and adjustments, please see the List of Proposed Fee Adjustments for FY 15 that has been incorporated as Exhibit C to the Master Fee and Charges Resolution.

Other requested City Council actions include approval of the FY 15 One-Year Capital Improvement Program (CIP) budget, included in Attachment A-6, which is contained in the Appropriations Ordinance. The Planning Commission, at its meeting of August 21, 2014, approved the CIP for FY 15 for conformance with the General Plan.

The City Council is also requested to adopt the Resolution, included as Attachment A-9, 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" (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 42.13 percent of the 2014-2015 Appropriations Limit and, therefore, does not exceed the Limit. This calculation is reviewed by the City Auditor for conformance to the law.

A motion to amend the Departmental Organization Ordinance, included as Attachment A-12, is also being requested. This amendment incorporates changes to departments, bureaus, and divisions for FY 15. These organizational changes are necessary to implement changes reflected in the Proposed FY 15 budget. (A redline version is also provided). The Salary Resolution, included as Attachment A-13, is also included for adoption.

After the City Manager delivered the FY 15 Proposed Budget to the Mayor, technical adjustments in nature were made to the budget. These changes are generally not substantial and are disclosed in Attachment B and C of this letter. Since the release of the FY 15 Proposed Budget, a few noteworthy changes have occurred. The Police Department and the Harbor Department finalized the Port Security Unit MOU for FY 15 and it increased the sworn staffing by one Sergeant position. Along with the two Sworn positions added through the Long Beach Transit contract earlier in the process, this results in a total sworn staffing increase of three FTEs, from 803 FTEs in FY 14 to 806 FTEs in FY 15. The second change relates to the non-structural appropriation in the General Fund in the Citywide Activities Department representing the transfer of one-time GEMT funds to Fleet for the replacement of five fire engines/pumpers. On July 1, 2014, the City Council redirected \$517,000 of these funds to the Capital Projects Fund for sidewalks. The original one-time transfer of \$2.8 million was reduced to \$2.3 million, which will now fund four fire engine/pumpers. In FY 15, the Human Resources Department is proposing several organizational changes to better reflect the structure and functions of its operation. The changes are detailed in the FY 15 Organizational Ordinance. The remaining changes were minor technical adjustments made to various funds and departments.

HONORABLE MAYOR AND CITY COUNCIL
September 2, 2014
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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

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ATTACHMENTS

APPROVED:



PATRICK H. WEST
CITY MANAGER

List of Requested Fiscal Year 2015 Budget Adoption Actions

1. Adopt the Resolution approving the FY 15 budget for the Long Beach Harbor Department as adopted by the Board of Harbor Commissioners on July 14, 2014. (A-1)
2. Declare an emergency to exist. (A-2)
3. Declare the Ordinance approving the Resolution No. WD-1326 establishing the rates and charges for water and sewer service to all customers, as adopted by the Board of Water Commissioners on June 19, 2014, as an Emergency Ordinance, read, and adopted as read and laid over to the next regular meeting of the City Council for final reading. (A-3)
4. Adopt the Resolution approving the FY 15 budget of the Long Beach Water Department as adopted by the Board of Water Commissioners on June 19, 2014. (A-4)
5. Adopt the Resolution amending the Master Fee and Charges Schedule for specified City services for Citywide fees and charges for the City of Long Beach. (A-5)
6. Approve the FY 15 One-Year Capital Improvement Program. (A-6)
7. Adopt a motion approving the FY 15 budget for the Long Beach Community Investment Company (formerly known as the Long Beach Housing Development Company) in the amount of \$9,290,777. (A-7)
8. Adopt a motion approving the estimated transfer of \$17,300,000 from the Harbor Revenue Fund to the Tidelands Operating Fund. (A-8)
9. Adopt the Resolution establishing the "Gann Appropriations Limit" (Limit) for FY 15 pursuant to Article XIII (B) of the California Constitution. (A-9)
10. Adopt the Mayor's proposed budget recommendations, as amended, to the FY 15 Proposed Budget. (A-10)
11. Adopt the Budget Oversight Committee's proposed funding recommendations, as amended, to the FY 15 Proposed Budget. (A-11)
12. Declare the Ordinance amending the Departmental Organization Ordinance read the first time and laid over to the next regular meeting of the City Council for final reading. (A-12)
13. Adopt the amended Salary Resolution for FY 15. (A-13)
14. Adopt a motion amending the proposed FY 15 budget. (A-14)
15. Declare an emergency to exist. (A-15)
16. Declare the Appropriations Ordinance for FY 15, 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 and laid over to the next regular meeting of the City Council for final reading. (A-16)

FISCAL YEAR 2015 APPROPRIATIONS ORDINANCE BY FUND
(Does not include Harbor, Water and Sewer Funds)

<u>FUND</u>	<u>FY 15 PROPOSED EXPENDITURES</u>	<u>CHANGES</u>	<u>FY 14 ESTIMATED CARRYOVER*</u>	<u>FY 15 APPROPRIATIONS</u>
GENERAL FUND	417,836,232	(551,475)	-	417,284,757
UPLAND OIL FUND	36,015,702	164,174	-	36,179,876
GENERAL GRANTS FUND	8,812,460	(13,437)	8,759,078	17,558,100
POLICE & FIRE PUBLIC SAFETY OIL PROD ACT FUND	4,433,161	-	-	4,433,161
HEALTH FUND	39,482,210	-	30,266,730	69,748,940
PARKING & BUSINESS AREA IMPROVEMENT FUND	7,142,408	-	-	7,142,408
SPECIAL ADVERTISING & PROMOTION FUND	6,062,804	-	-	6,062,804
HOUSING DEVELOPMENT FUND	10,713,202	-	9,717,315	20,430,517
BELMONT SHORE PARKING METER FUND	656,145	-	-	656,145
BUSINESS ASSISTANCE FUND	650,119	-	1,609,518	2,259,637
COMMUNITY DEVELOPMENT GRANTS FUND	21,051,815	-	18,617,913	39,669,727
GASOLINE TAX STREET IMPROVEMENT FUND	15,605,973	-	29,736,462	45,342,435
TRANSPORTATION FUND	20,851,962	-	10,856,163	31,708,125
CAPITAL PROJECTS FUND	12,478,624	-	51,229,329	63,707,952
CIVIC CENTER FUND	10,195,588	-	1,454,735	11,650,323
GENERAL SERVICES FUND	51,318,524	-	13,401,723	64,720,248
FLEET SERVICES FUND	34,483,667	-	1,931,667	36,415,334
INSURANCE FUND	42,042,245	-	139,683	42,181,927
EMPLOYEE BENEFITS FUND	232,706,625	-	-	232,706,625
TIDELANDS FUNDS	148,678,871	(6,244)	76,380,468	225,053,096
TIDELAND OIL REVENUE FUND	417,816,112	-	-	417,816,112
RESERVE FOR SUBSIDENCE	-	-	-	-
DEVELOPMENT SERVICES FUND	18,153,507	-	1,323,586	19,477,093
GAS FUND	106,368,549	-	8,692,923	115,061,472
GAS PREPAY FUND	39,128,641	-	-	39,128,641
AIRPORT FUND	43,017,760	-	22,092,203	65,109,962
REFUSE/RECYCLING FUND	45,361,815	-	494,261	45,856,075
SERRF FUND	51,224,403	-	-	51,224,403
SERRF JPA FUND	11,218,558	-	-	11,218,558
TOWING FUND	7,160,349	-	-	7,160,349
HOUSING AUTHORITY FUND	77,074,605	-	-	77,074,605
SUCCESSOR AGENCY	75,610,411	-	28,891,812	104,502,223
CUPA FUND	1,692,365	-	7,822	1,700,187
DEBT SERVICE FUND	9,962,233	-	-	9,962,233
TOTAL	2,025,007,644	(406,982)	315,603,391	2,340,204,053

*Carryover of multi-year grants and CIP funds.

FISCAL YEAR 2015 APPROPRIATIONS ORDINANCE BY DEPARTMENT
(Does not include Harbor and Water)

<u>DEPARTMENT</u>	<u>FY 15 PROPOSED EXPENDITURES</u>	<u>CHANGES</u>	<u>FY 14 ESTIMATED CARRYOVER*</u>	<u>FY 15 APPROPRIATIONS</u>
MAYOR AND COUNCIL	4,747,735	-	-	4,747,735
CITY ATTORNEY	9,463,005	-	-	9,463,005
CITY AUDITOR	2,970,581	-	-	2,970,581
CITY CLERK	2,620,378	-	-	2,620,378
CITY MANAGER	59,883,349	22,324	61,195,866	121,101,539
CITY PROSECUTOR	4,779,147	-	60,507	4,839,654
CIVIL SERVICE	2,174,093	-	-	2,174,093
AIRPORT	42,122,257	-	22,092,203	64,214,459
DISASTER PREPAREDNESS & EMERGENCY COMMUNICATIONS	1,441,814	-	533,158	1,974,973
DEVELOPMENT SERVICES	117,602,816	-	54,156,195	171,759,011
FINANCIAL MANAGEMENT**/**	476,302,341	(1,884,101)	1,170,499	475,588,739
FIRE	97,542,076	-	910,949	98,453,025
HEALTH AND HUMAN SERVICES	117,233,226	-	30,855,537	148,088,763
HUMAN RESOURCES	20,973,051	-	4,909,004	25,882,055
LIBRARY SERVICES	14,392,795	-	-	14,392,795
LONG BEACH GAS AND OIL	600,189,937	164,174	8,697,375	609,051,486
PARKS, RECREATION AND MARINE	54,122,709	-	10,671,911	64,794,620
POLICE	208,935,992	(432,068)	3,376,417	211,880,341
PUBLIC WORKS	145,519,936	346,274	103,572,045	249,438,255
TECHNOLOGY SERVICES	48,969,089	-	13,401,725	62,370,814
TOTAL	2,031,986,327	(1,783,397)	315,603,391	2,345,806,321

*Carryover of multi-year grants and CIP funds.

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

***Part of the Changes column includes the shifting of the ERP system budget from the Citywide Allocations Department (XI) to the Water Department, whose numbers are not included in Attachment C.

Exhibit A

as of 1:28 PM

FISCAL YEAR 2015 APPROPRIATIONS ORDINANCE BY FUND

FUND	FY 15 NEW ALLOCATION	FY 14 ESTIMATED CARRYOVER*	FY 15 APPROPRIATION
GENERAL FUND	417,284,757	-	417,284,757
UPLAND OIL FUND	36,179,876	-	36,179,876
GENERAL GRANTS FUND	8,799,023	8,759,078	17,558,100
POLICE & FIRE PUBLIC SAFETY OIL PROD ACT FUND	4,433,161	-	4,433,161
HEALTH FUND	39,482,210	30,266,730	69,748,940
PARKING & BUSINESS AREA IMPROVEMENT FUND	7,142,408	-	7,142,408
SPECIAL ADVERTISING & PROMOTION FUND	6,062,804	-	6,062,804
HOUSING DEVELOPMENT FUND	10,713,202	9,717,315	20,430,517
BELMONT SHORE PARKING METER FUND	656,145	-	656,145
BUSINESS ASSISTANCE FUND	650,119	1,609,518	2,259,637
COMMUNITY DEVELOPMENT GRANTS FUND	21,051,815	18,617,913	39,669,727
GASOLINE TAX STREET IMPROVEMENT FUND	15,605,973	29,736,462	45,342,435
TRANSPORTATION FUND	20,851,962	10,856,163	31,708,125
CAPITAL PROJECTS FUND	12,478,624	51,229,329	63,707,952
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GENERAL SERVICES FUND	51,318,524	13,401,723	64,720,248
FLEET SERVICES FUND	34,483,667	1,931,667	36,415,334
INSURANCE FUND	42,042,245	139,683	42,181,927
EMPLOYEE BENEFITS FUND	232,706,625	-	232,706,625
TIDELANDS FUNDS	148,672,627	76,380,468	225,053,096
TIDELAND OIL REVENUE FUND	417,816,112	-	417,816,112
RESERVE FOR SUBSIDENCE	-	-	-
DEVELOPMENT SERVICES FUND	18,153,507	1,323,586	19,477,093
GAS FUND	106,368,549	8,692,923	115,061,472
GAS PREPAY FUND	39,128,641	-	39,128,641
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SERRF FUND	51,224,403	-	51,224,403
SERRF JPA FUND	11,218,558	-	11,218,558
TOWING FUND	7,160,349	-	7,160,349
HOUSING AUTHORITY FUND	77,074,605	-	77,074,605
SUCCESSOR AGENCY	75,610,411	28,891,812	104,502,223
CUPA FUND	1,692,365	7,822	1,700,187
DEBT SERVICE FUND	9,962,233	-	9,962,233
TOTAL	2,024,600,662	315,603,391	2,340,204,053

*Carryover of multi-year grants and CIP funds.

FISCAL YEAR 2015 APPROPRIATIONS ORDINANCE BY DEPARTMENT

DEPARTMENT	FY 15 NEW ALLOCATION	FY 14 ESTIMATED CARRYOVER*	FY 15 APPROPRIATION
MAYOR AND COUNCIL	4,747,735	-	4,747,735
CITY ATTORNEY	9,463,005	-	9,463,005
CITY AUDITOR	2,970,581	-	2,970,581
CITY CLERK	2,620,378	-	2,620,378
CITY MANAGER	59,905,673	61,195,866	121,101,539
CITY PROSECUTOR	4,779,147	60,507	4,839,654
CIVIL SERVICE	2,174,093	-	2,174,093
AIRPORT	42,122,257	22,092,203	64,214,459
DISASTER PREPAREDNESS & EMERGENCY COMMUNICATIONS	1,441,814	533,158	1,974,973
DEVELOPMENT SERVICES	117,602,816	54,156,195	171,759,011
FINANCIAL MANAGEMENT**	474,418,240	1,170,499	475,588,739
FIRE	97,542,076	910,949	98,453,025
HEALTH AND HUMAN SERVICES	117,233,226	30,855,537	148,088,763
HUMAN RESOURCES	20,973,051	4,909,004	25,882,055
LIBRARY SERVICES	14,392,795	-	14,392,795
LONG BEACH GAS AND OIL	600,354,111	8,697,375	609,051,486
PARKS, RECREATION AND MARINE	54,122,709	10,671,911	64,794,620
POLICE	145,866,210	103,572,045	249,438,255
PUBLIC WORKS	208,503,924	3,376,417	211,880,341
TECHNOLOGY SERVICES	48,969,089	13,401,725	62,370,814
TOTAL	2,030,202,930	315,603,391	2,345,806,321

*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.



Mayor's Budget Recommendations Fiscal Year 2015

Presented July 22, 2014



Mayor's Budget Message & Recommendations Fiscal year 2015

Mayor Robert Garcia

As prescribed by the Long Beach City Charter, I hereby transmit to the Long Beach City Council my recommendations for the 2015 Budget prepared by the City Manager.

Preparing for the Future – Learning from the Past

This Budget Message is one of my first official acts as Mayor. I take my responsibility to protect the fiscal health of the City very seriously. The City Manager has prepared a sound budget that protects core city services and sets aside surpluses this year to address looming shortfalls in coming years which are anticipated from significant increases in employee retirement costs.

I am proud of the work that Mayor Foster and the previous City Council achieved during very difficult budget years to better align the cost and revenue side of our budget. On-going expenses and revenues were better aligned through reductions of positions and pension costs while one-time funds were invested in new infrastructure, parks and other projects. I will not forget the lessons learned during this experience. It is essential to keep on-going expenditures in line with on-going revenues and to prepare now for the increase in pension costs that will begin to hit us as soon as next year.

In his out-going budget message, Mayor Foster provided recommendations to address these issues that I want to highlight and include in this message to reinforce their importance moving forward.

Continuing Partnership with Employee Groups

With 75% of every City dollar currently allocated to salary and benefits, and with pension costs projected to nearly double over the next 6 years, payroll savings will have to continue to be part of the solution to our budget challenges. Exploring ways to decrease and stabilize costs in coming years through reviewing skill pays, changes in benefit programs and contributions, retirement contribution, sick leave calculations and others must be explored in negotiations with our employee groups. We will have to count on their continued partnership as we address the real fiscal challenges we are facing in coming years.

A Responsible Policy on Uplands Oil

The City of Long Beach currently benchmarks the price of oil at \$70 per barrel. Revenue greater than \$70 is considered “one-time” and has been mostly used for capital improvements. It is important that the City Council continue this policy. Oil is still a volatile commodity and we witnessed great movement in 2009 that put the city in a difficult financial position. In addition, bond rating agencies use the city’s pricing of oil as a measure in our bond rating.

Putting Existing Resources to Work

Overall, I agree with the recommendations in the City Manager’s Budget for the coming year. I have, however, several recommendations for reallocations to address key issues and concerns.

Building our Reserves for the Future

The Manager’s budget allocates the \$3.1 million projected surplus from the FY15 budget to the CalPERS stabilization fund. I recommend the first \$2 million of any FY 14 surplus also be put into the CalPERS stabilization fund to provide stronger protections from future market rate changes. By building our reserves we are ensuring a stronger financial position in future budgets.

A New Economic & Property Development Department

Economic Development continues to be one of the City’s top priorities. Long Beach has adopted a holistic approach to economic development – one I fully support. Central to this approach is the belief that every department and employee has a role in promoting economic development in the City, whether it is facilitating permits and inspections, enhancing customer service, solving problems, or making our neighborhoods and business corridors look better.

The City’s economic development efforts should be rooted in nearly every department of the City, and include partners such as the Business Improvement Districts, Gateway Cities COG, the Convention and Visitors Bureau, and our strong partnership with Long Beach City College, California State University, Long Beach, and our Workforce Development Bureau.

The strategy to rejuvenate the City through this holistic approach to economic development is showing results. The City’s General Fund revenue is estimated at \$400 million. This is the first time we are projecting on-going revenue at the \$400 million level since 2008. Earlier this year, the unemployment rate in Long Beach hit a six year low, dropping to 8.4% as of April 2014. Also, thousands of jobs are being created due to projects like the \$1.2 billion replacement of the Gerald Desmond Bridge and the \$1.3 billion Middle Harbor project. We have recently celebrated successes like the expansion

of Douglas Park and the Mercedes Benz facility, new high-end residential development in Downtown and the growth of Molina Healthcare, a Fortune 500 company, bringing high quality jobs to our City.

In order to continue and build upon this momentum in FY 15, I am proposing restructuring our business and property development efforts into the new Economic & Property Development Department.

This new department, located within the City Manager's Office, will need resources to assist with economic development, creation of jobs, and coordination of the City's various economic development functions and partnerships. I am recommending that this new department assume direct functional oversight of the Asset Management Bureau in Public Works, bringing seven additional staff under the direction of the Director of Economic and Property Development (formerly Business and Economic Development Director). This will provide the resources for the City to strategically dispose of 259 parcels of the former Redevelopment Agency, to provide a cohesive vision for how the City's economic development efforts are implemented and real estate assets are managed, and provide additional staff for the Director to work with the Mayor, City Council, and City staff to achieve our economic development goals.

The new department will also work with City Council offices and Business Improvement Districts on business recruitment and business advocacy. The department brings together staff from the office of business and property development and asset management, and therefore does not require any additional funds.

The Technology and Innovation Department

A 21st century City deserves a 21st century government. I am a firm believer that the use of innovative technology can make our City more efficient, effective, and improve communication with our community all at the same time.

Our current Technology Services Department has worked to adapt to the rapid changes in technology. They have worked on major software upgrades, integrated new operating systems citywide, and installed wifi in our public libraries and many of our parks. As we prepare to meet the needs of the 21st century, we need to also ensure that government is innovating.

The new Technology and Innovation Department will lead the way to making government more open, accessible, and innovative. The department should also partner with California State University, Long Beach and Long Beach City College on open data and technology projects. The Go Long Beach Smart Phone App is a great success story of how innovation made government more efficient and accessible to the public.

Renaming the department and implementing reforms will not cost the general fund any additional financial resources.

Earlier this year, I also proposed a Technology and Innovation Commission to address important areas of public policy as they emerge. The Commission would be comprised of Long Beach residents with special skills, knowledge, expertise and interest in technological innovation, and would be able to advise the Council on new technology and serve as a clearinghouse for new ideas that can enhance the City's use of technology and its place in our economy. To provide support for this Commission, I recommend using \$100,000 of funds already available in the technology general services fund.

Supporting our Historic Neighborhoods

Long Beach currently has 17 designated historic districts, including Belmont Heights, Drake Park/Wilmore City, and the Wrigley Area. Additionally, 130 landmarks have been designated around the City, including the Long Beach Museum of Art, Broadlind Hotel, Fire Station No. 10, and The Wilmore building.

Long Beach's is a leader in historic preservation and recently was awarded an "A" grade by the Los Angeles Conservancy in a new study that measures historic preservation in the 88 cities within Los Angeles County. Long Beach received a score of 230 out of a possible 245, and was one of 17 cities to receive an "A" grade.

We can, however, and should continue to do more. During the past few years of budget reductions, the City was forced to eliminate the Historic Preservation Officer position. As part of the FY 15 Budget, I am recommending that the City restore this function without increasing ongoing costs. As such, I recommend reclassifying a Planner III position already included in the City Manager's Proposed Budget to assume the role of Historical Preservation Planner and serve as the City's dedicated staff over this highly important function.

Investing in Libraries and the Arts

Libraries are such an important facet of a healthy city, providing opportunities for learning and development for residents of all ages. It is important that we invest in reading materials, both conventional and electronic, so our community has access to as diverse a supply of material resources as possible. The City's annual allocation for book and digital materials purchases is \$677,000, and has been reduced over the years. While private donations have increased that budget to nearly \$1.5 million a year, including generous donations from Jet Blue and the Library Foundation, in FY 15 I recommend a one-time enhancement of \$200,000 to the Library material and supplies budget with a focus on both conventional and digital books and media.

The Arts Council plays a pivotal role in Long Beach in encouraging artistic development, as well as the production of public art. This year, they have requested \$50,000 in one-time funds to produce a marketing plan for the Arts Council. In the past, the City has built strong partnerships with outside agencies by matching City dollars to their private fund raising efforts, and I am proposing to do the same with the Arts Council this year with the additional \$50,000.

I recommend dedicating \$250,000 of the City Manager's proposed upgrades to citywide Heating, Ventilation and Air Conditioning (HVAC) systems for the Library and Arts Council enhancements. City Management has indicated that some of the HVAC systems are not ready to be replaced, creating an opportunity to spend the funds on these important library and art needs.

Identifying Internal Street Sweeping Efficiencies

Over the past year, the City has engaged in an evaluation of the City's street sweeping operation to determine if the private sector can provide the service more cost-effectively. While the study identified some possible savings, the current operation may also be reconfigured by City staff to achieve better results and possibly achieve savings as well.

I recommend that the city begin immediate implementation of efficiencies in the street sweeping operation and not pursue a contracting out proposal in the coming year. I believe there are efficiencies that can be implemented immediately that can improve service, reduce effects to residents and reduce costs. I am recommending the reduction of the four hour window to two hours in parking impacted areas and in other areas where feasible, purchase of more cost-effective vehicles, and other efficiencies that can save money.

Funding for Affordable Housing

Healthy and strong cities ensure that opportunities are available for all our residents to live in safe and clean housing. The City must play a leading role in rehabilitating and creating new affordable housing units for our more disadvantaged residents, including workforce housing, housing for those of moderate income, and housing for those with low, very low, or extremely low incomes. While the dissolution of the Redevelopment Agency resulted in the loss of a dedicated funding source for affordable housing initiatives, over the next few years we expect significant resources to be available to continue our work in rehabilitating existing housing stock and creating new affordable housing opportunities. From FY 14 to FY 16, the City expects to receive \$24.7 million in funds that were owed to the City from the former Redevelopment Agency.

Recently, the State of California dedicated 20% of its ongoing Cap and Trade dollars to sustainable communities and affordable housing, creating a statewide grant program of \$130 million in FY 15 for affordable housing and sustainable communities. Long Beach will be well suited to compete for these funds, as 25% of all Cap and Trade funds will benefit disadvantaged communities, and Long Beach has a strong reputation as a leader in sustainable transit-oriented development and the creation of affordable housing.

For FY 15, I am recommending that the City place the \$24.7 million identified above into the existing Housing Trust Fund to continue the City's great work in the affordable housing arena and support our certified Housing Element. I am also recommending our Development Services Department explore methods to reconstitute the Housing Trust

Fund so that more of our housing resources can be incorporated into the fund. This fund has been underutilized due to its current structure, and by exploring a different structure, we can potentially maximize the funding sources the City has, provide greater flexibility in funding projects and put additional resources into the fund. Additionally, we must seek additional grant resources, such as State dollars, and advocate at the State level for those dollars to be available to assist with our entire spectrum of housing needs, from workforce housing to the lowest of income levels. I am asking that the City also work with housing advocates to develop ways of strengthening the Housing Trust Fund.