



Date: August 30, 2019

To: Patrick H. West, City Manager *T.H.W.*

From: John Gross, Director of Financial Management *J.G.*

For: Budget Oversight Committee Members
Mayor and Members of the City Council

Subject: **Response to Questions From the Budget Oversight Committee Meeting on August 20, 2019**

This memorandum provides responses to questions raised during the August 20, 2019 Budget Oversight Committee meeting that were not fully addressed on the floor or needed further clarification.

1. What is the amount by which the Cannabis Program has been subsidized by the General Fund over the prior two years?

The table below provides a summary of Cannabis Program revenues and expenditures over the prior two fiscal years (FY 17-FY 18). The table also includes FY 19 year-end estimates-to-close (ETCs), and FY 20 Proposed Budget.

GENERAL FUND CANNABIS PROGRAM REVENUES/EXPENDITURES (FY17 - FY20)				
	<u>FY 17 Actuals</u>	<u>FY 18 Actuals</u>	<u>FY 19 ETC's</u>	<u>FY 20 Proposed</u>
EXPENDITURES				
Cannabis Oversight	\$ 1,060,876	\$ 2,404,612	\$ 2,839,593	\$ 2,864,227
Homeless Related Expenses	-	1,383,726	1,487,586	1,095,773
Measure B - Rainy Day Fund	1,534	16,452	34,643	40,000
Total Measure MA Expenditures	\$ 1,062,410	\$ 3,804,790	\$ 4,361,822	\$ 4,000,000
REVENUES				
Measure MA Bus. Lic. Tax Revenues	-	1,224,540	3,464,350	4,000,000
Total Measure MA Revenues	\$ -	\$ 1,224,540	\$ 3,464,350	\$ 4,000,000
<i>Cannabis Regulatory Fees</i>	153,395	399,093	1,017,662	160,000
Total Cannabis Program Revenues	\$ 153,395	\$ 1,623,633	\$ 4,482,012	\$ 4,160,000
Cannabis Program Surplus/(Deficit)	\$ (909,015)	\$ (2,181,156)	\$ 120,189	\$ 160,000

Cannabis revenues include both Measure MA business license taxes, as well as regulatory fees charged to cannabis businesses. Fee revenues include application fees, police background investigation fees, fire permit fees, annual adult-use regulatory fees, and administrative penalties. Both revenue sources should be counted when determining the amount that the Cannabis Program has been subsidized by the General Fund over the prior two years.

Cannabis Program expenditures include departmental costs related to permitting, regulating, and enforcing the cannabis industry. In addition, Measure MA expenditures include costs for

homeless services and the required Measure B one percent (1%) set aside for the Rainy-Day Fund. Although these costs are not directly related to cannabis oversight, Measure MA specifies that funds may be used for “public safety, 9-1-1 emergency response, police officers, homelessness, and general City services.” Thus, these expenditures are appropriate uses of Measure MA funds.

As shown in the table, Measure MA expenditures exceeded revenues by approximately \$909,000 in FY 17 and \$2.2 million in FY 18. The primary reason for the shortfall was due to the slow pace of business openings over the first two years of program implementation. During the FY 17-FY 18 period, the Cannabis Program was subsidized by other non-cannabis General Fund revenue sources.

Beginning in FY 19, staff estimate Measure MA revenues, when combined with cannabis regulatory fee revenues, will exceed Measure MA expenditures for the first time. However, this surplus is created in part by a one-time spike in fee collections in FY 19 caused by an influx of cannabis applications following passage of the adult-use ordinance. That spike is not expected to continue in FY 20. As a result, staff expect Cannabis Program revenues to drop slightly in FY 20, despite an increase in business license tax collection. Notwithstanding the decrease in one-time revenues, the proposed FY 20 Measure MA revenues are balanced with proposed expenditures.

2. How has the number of budgeted positions that are part of the Cannabis Program changed since the start of the program? Were the positions that were reduced or eliminated from the budget vacant? What is the recruitment status of positions that are currently vacant?

The table below provides a summary of budgeted cannabis positions from FY 18 through FY 20. FY 17 did not include budgeted positions for the Cannabis Program given that Measures MA and MM were approved by voters after the start of the fiscal year.

CANNABIS PROGRAM STAFFING (FY 18 - FY 20)		FY 2018	FY 2019	FY 2020	Current
Dept	Description	Adopted	Adopted	Proposed	Vacancies
CM	Assistant to the City Manager	1.0	1.0	1.0	-
CM	Program Specialist	1.0	1.0	1.0	-
CM	Clerk Typist IV	1.0	-	-	-
DV	Principal Building Inspector	1.0	1.0	1.0	1.0
DV	Senior Combination Building Inspector	1.0	1.0	1.0	-
DV	Combination Building Inspector	3.0	1.0	1.0	1.0
DV	Clerk Typist III	1.0	1.0	1.0	1.0
FM	License Inspector	2.0	2.0	1.0	-
FM	Administrative Analyst	1.0	1.0	1.0	-
FM	Customer Service Representative II	1.0	-	-	-
FD	Fire Plan Checker II	1.0	1.0	1.0	-
FD	Firefighter (Investigator)	2.0	2.0	1.0	-
FD	Clerk Typist III	-	-	1.0	-
LW	Deputy City Attorney	1.0	2.0	1.0	-
LW	Legal Assistant I-IV	1.0	1.0	1.0	-
HE	Health Plan Checkers (EHS I - NC's)	3.0	3.0	3.0	3.0
CP	Prosecutor	-	0.5	0.5	-
CP	Legal Assistant	-	0.5	0.5	-
TOTAL FTE's		21.0	19.0	17.0	6.0

As shown in the table, the City eliminated 4.0 full-time-equivalent (FTE) positions from the cannabis regulatory program in FY 19, all of which were vacant at the time of elimination. The total net FTE decrease in FY 19 was 2.0 FTEs as positions in the City Attorney and City Prosecutor's Offices were added. An additional 2.0 FTE positions are proposed to be eliminated in FY 20. These positions are also currently vacant.

As of August 27, 2019, there are 6.0 vacant FTE positions in the Cannabis Program. This includes 3.0 FTE Code Enforcement positions in the Development Services Department and 3.0 FTE non-career Environmental Health Specialist positions in the Health and Human Services Department (Health Department). Both departments are in the process of filling their vacant positions. At this time, staff does not recommend reducing Cannabis Program positions beyond what has been recommended in the Proposed FY 20 Budget. Additional information on current vacancies follows:

- **Code Enforcement Positions (3.0 FTE)** – All three positions had previously been filled, but became vacant due to staff turnover in the Code Enforcement Bureau within the past year. Inspectors assigned to the standard Code Enforcement Program have been assisting as necessary. The Code Enforcement Bureau is in the process of filling the vacant Building Inspector and clerical positions. Building Inspectors play a key role in the enforcement of unlicensed cannabis businesses in Long Beach. By filling these positions, the City will be able to maintain enforcement efforts against the illicit cannabis market.
- **Environmental Health Specialist (3.0 FTE)** – The Health Department is currently in the process of filling the Environmental Health Specialist (EHS) positions. These positions are responsible for plan checking, inspecting, and regulating licensed cannabis facilities in Long Beach. The budgeted EHS positions are necessary to ensure licensed cannabis businesses meet State and local public health requirements, including the proper packaging, labeling, and testing of cannabis products. To date, the Environmental Health Services Bureau has relied upon outside consultants and existing EHS from the Retail Food Facility Inspection Program to develop, implement, and evaluate the cannabis health regulatory program, including training materials, inspection checklist, and internal policies/procedures. The cost for these services has been charged to the Measure MA budget, using salary savings created by the vacant EHS positions. Now that cannabis health inspection and education program materials have been fully developed, the Health Department has begun recruitment efforts to fill the EHS positions. These positions will allow the Health Department to hire dedicated staff to provide ongoing support for the program.

3. Does the City Council have the ability to create or amend a policy to reject cannabis applications that have made no progress by a certain date?

The City Council has the ability to create or amend policies related to licensing adult-use cannabis businesses and has a limited authority to create or amend policies related to licensing medical cannabis businesses due to a voter-driven ballot initiative. Creating a policy related to abandoned cannabis applications may be feasible; however, there are current policies in place that ensure cannabis applicants are proceeding through the application process in a timely manner.

Pursuant to Long Beach Municipal Code (LBMC) Sections 5.92.245 and 5.90.270, if a cannabis applicant submits an incomplete business license application, they are notified of the deficiencies in the application and they are granted 90 days from the date of notification by the City to correct the deficiencies. For each subsequent incomplete application notification by the City, applicants are charged an incomplete application fee, which is meant to deter them from submitting incomplete applications. If the cannabis applicant fails to correct the deficiencies within the timeframe specified, the application is deemed abandoned, void, and of no further force and effect.

Additionally, there is a deadline for dispensary applicants to complete the application process. Under the authority of Section 5.90.270 of the LBMC, the City Manager created a regulation entitled "Medical Marijuana Dispensary Application Expiration Policy." The regulation applies to both medical and adult-use cannabis dispensaries due to the requirement that adult-use cannabis dispensaries must maintain the medical cannabis dispensary license to operate. Under this policy, dispensary applicants proceeding through the application process must complete the process and obtain a business license no later than October 1, 2020. To complete the application process and obtain the business license, the dispensary must finish the construction of the facility, receive their Certificate of Occupancy, and pass all other department inspections. Any dispensary that has not obtained a business license by the October 1, 2020 deadline will have their application be deemed null and void. Should any medical cannabis dispensary applications be deemed null and void, the City will refer to the Public Lottery Pending/Ineligible list to determine which replacement applications will be permitted to proceed through the licensing process.

Currently, there is no policy requiring non-retail cannabis applicants to obtain a business license within a specific timeframe. Non-retail cannabis applications typically take longer to finish the licensing process due to the complexities related to their operations. The permitting and construction for non-retail facilities require more up-front capital and take longer to construct compared to retail establishments. Therefore, it is difficult to predict a reasonable timeframe for these businesses to complete the application process. In addition, there is no limitation to the number of non-retail facilities. Thus, having a license in process does not generally hold up another business and basic business economics may automatically address licenses that aren't moving forward.

Staff believes there are improvements to regulations that could be made regarding abandoned business license applications for all industries of the City. Staff intends to address the overall concern regarding abandoned business license applications, including cannabis applications.

4. How much does an entity have to pay in permit fees to film in Long Beach? How does Long Beach's filming permit fee amount compare to other cities in the region? Would it be beneficial to raise the permit fee rate to be more competitive with other cities?

The City currently charges various fees and charges associated with filming in Long Beach. The fees charged will vary based on the type of filming and the related services required to support each filming project. A comprehensive listing of the City's filming fees and charges is attached. The attachment also includes a comparison of the City's fees to other similar jurisdictions. Please note that fee structures across the jurisdictions differ. As a result, City

fees may not be assessed or reported in the same manner in other jurisdictions. Staff continues to monitor the City’s filming fees to ensure adequate cost recovery. Based on an estimate of the typical application and permit fees charged by the City and comparable jurisdictions, Long Beach is higher by approximately 35 percent. As a result, increasing permit fees is not recommended and may not make the City competitive among comparable jurisdictions.

5. How does Long Beach’s Transient Occupancy Tax (TOT) rate compare with other cities in the region that have an established tourism industry?

Long Beach’s TOT rate of 12 percent of room rent is comparable to other cities in the region with an established tourism industry. The TOT rates of nine surrounding cities were reviewed. Long Beach’s TOT rate of 12 percent represents the average TOT rate of the cities surveyed and is equal to the TOT rates in Redondo Beach and Pasadena. Anaheim has the highest TOT rate at 15 percent followed by Santa Monica and Los Angeles at 14 percent. The TOT rate in Torrance is 11 percent, and Manhattan Beach, Huntington Beach, and Newport Beach are 10 percent.

The City’s 12 percent TOT rate does not include an additional 3 percent assessment levied on hotels with more than 30 rooms within the Long Beach Tourism Business Improvement Area (LBTBIA). Revenues generated from the assessment are passed directly to the Long Beach Convention and Visitors Bureau and dedicated to promoting and marketing the City as a tourism destination. With the LBTIA assessment and the TOT, the total percentage of gross room revenues collected from operators in certain areas of the City can be up to 15 percent.

TOT Rate Comparison	
City	Rate
Anaheim	15.00%
Long Beach Downtown (TOT plus assessment)	15.00%
Santa Monica	14.00%
Los Angeles	14.00%
Long Beach	12.00%
Redondo Beach	12.00%
Pasadena	12.11%
Torrance	11.00%
Newport Beach	10.00%
Huntington Beach	10.00%
Manhattan Beach	10.00%

Source:

Computations by CaliforniaCityFinance.com from State Controller data.

6. Can you provide the TOT revenue data by type of travel?

The following below provides a summary of Long Beach hotel demand based on interviews with Long Beach hotel operators and other stakeholders in the local tourism industry conducted in 2016 by BAE Urban Economics as part of a Hotel Market Study and Demand Analysis for the City. The information gathered for the study suggests that “Business” travel

represents the greatest share of Long Beach’s hotel room demand, or approximately 45 to 50 percent of all hotel stays. This sector is composed of travelers doing business in or near Long Beach. The next largest source of demand stems from “Group” travel, which includes conventions, conferences, trade shows and exhibitions, as well as corporate/business meetings booked “onsite” at a hotel. Group travel, whether related to convention, onsite meetings, or citywide events, was estimated to comprise 30 to 35 percent of all hotel room demand in Long Beach. Lastly, the category of “Leisure” demand represents tourists.

Hotel Stays by Type of Travel

	<u>Convention</u>	<u>Business</u>	<u>Leisure</u>	<u>Other (inc. Groups)</u>
Market Segment	15%	45%	20%	20%
Sources: CVB and Hotel Interviews, 2016; BAE, 2016				

7. Please provide an overview of the Special Advertising and Promotions Fund revenue and expense budget that distinguishes structural vs. one-time expenses.

The table below provides a summary of Special Advertising and Promotions Fund revenues and expenses broken out by structural and one-time expenditures.

Special Advertising and Promotions Fund Revenues and Expenses (FY 18-FY 20)			
	FY 18 Actuals	FY 19 Adopted	FY 20 Proposed
Sources:			
Revenues	11,449,136	11,232,337	11,822,139
Uses:			
Expenditures (Structural)	9,564,993	10,433,219	11,672,340
Expenditures (One-Time)	1,990,000	1,470,000	850,000
Total Uses	11,754,993	11,903,219	12,522,340
Total Sources less Uses (impact to funds available)	(305,857)	(670,882)	(700,201)
Net Operating Surplus (structural, excl. one-times)	\$ 1,884,143	\$ 799,118	\$ 149,799

8. How old are the vehicles being replaced with AB 32 funding?

Fleet’s AB 32 allocation is expected to be used for electric vehicle (EV) charging infrastructure to support electric sedans in the City’s fleet. The majority of the EVs that will use this infrastructure are regular replacements approved through Fleet’s annual vehicle replacement process. The vehicles being replaced are 10-14 years old and are fully gas-powered or conventional gas-electric hybrids (such as a Prius). These vehicles are all overdue for replacement. All new sedans added to the City’s fleet follow the established City Manager approval process and will be EVs unless extenuating circumstances necessitate a gas-powered vehicle. The City’s EV and charging infrastructure efforts are managed by the Battery Electric Vehicle Task Force.

9. When did the Development Services Department transfer AB 32 Cap and Trade funds to the Water Department?

The Development Services Department received Cap and Trade funds from the Energy Resources Department in FY 18, as approved by the City Council on February 20, 2018. Half of these funds were later transferred from Development Services to the Water Department in FY 19. These funds were allocated for the Direct Installation for Multi-Family Efficiency (DIME) program, a pilot program to install water and energy saving devices in multi-family buildings in disadvantaged communities. These devices include showerheads, faucet aerators, clothes washers, and toilets, which will save water and save energy used to heat water. This was from a previous year's allocation of the Cap and Trade funds. In FY 20 Cap and Trade funds are allocated for different projects.

10. How much money is being budgeted for the DIG program? How many trees have been planted as a result of this program?

The DIG (Direct Install Garden) pilot program will install drought tolerant gardens and plant trees in disadvantaged communities affected by environmental pollution. A total of \$470,000 has been budgeted for the DIG program. The number of trees planted is yet to be determined, as the program will launch in the Fall of 2019.

11. What are the City's indirect administrative costs related to City's Advisory Body Members, such as meeting meals, trainings, travel, and parking?

Due to time constraints, staff was able to collect information only on City Charter Commissions. Staff believe that City Council-appointed committees' indirect costs would be negligible. Estimated indirect expenses were broken up in three categories (meals, travel and training, and City parking).

Civil Service Commission	Amount Paid in 2018
Meals (business, meetings)	\$1,000
Travel and Training	None
City Parking (\$10 per day)	\$1,250

CPCC	Amount Paid in 2018
Meals (business, meetings)	\$2,500
Travel and Training	None
City Parking (\$10 per day)	\$1,200

Parks and Recreation	Amount Paid in 2018
Meals (business, meetings)	\$150
Travel and Training	\$1,515
City Parking	None

POLB Commission	Amount Paid in 2018
Meals (business, meetings)	Not available, requires additional time
Travel and Training	\$109,049
City Parking (\$10 per day)	\$1,500

Water Commission	Amount Paid in 2018 (Actuals)
Meals (business, meetings)	\$1,449
Travel and Training	\$8,173
City Parking	540

Planning Commission	Amount Paid in 2018
Meals (business, meetings)	\$5,500
Travel and Training	\$4,200
City Parking	\$1,680

12. Are the commissioner stipends established through the City Charter? Would changing the compensation amount require voter approval? Will the newly-created City Council Appointed Redistricting and Ethics Committees be included in potential changes to advisory bodies compensation?

Advisory Body compensation are established by the Long Beach Municipal Code (LBMC). Since the LBMC allows the City Council to specify the compensation provided to a Board, Commission, or Committee, no voter approval is needed (LBMC §2.18.050(D): "The members of advisory bodies shall receive no compensation for the performance of their official duties unless compensation is expressly provided by the City Council."). Additionally, any newly created Committees, such as the Redistricting and Ethics Committees, are recommended to be included if any changes are made to compensation.

13. Is it possible to consolidate Commissions if they have shared constituencies?

This could be done on a case-by-case basis and would require City Council action.

14. Could the advisory bodies members' compensation be capped at \$7,000 per year for City Charter Commissions and \$1,000 per year for City Council Appointed Committees, instead of a monthly meeting maximum of \$1,000 and \$250, respectively.

This is an option that could be implemented by the City Council. As described in the August 6, 2019 memorandum on Commission Compensation, no City Charter Commission averaged more than three meetings per month. If costs were calculated using the highest meeting frequency of three meetings a month, this would be just slightly over a \$7,000 limit (3 meetings x 12 months x \$200 per meeting).

If you have any questions, please contact Budget Manager Grace Yoon at (562) 570-6408.

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ATTACHMENT

- CC: CHARLES PARKIN, CITY ATTORNEY
 LAURA L. DOUD, CITY AUDITOR
 TOM MODICA, ASSISTANT CITY MANAGER
 KEVIN J. JACKSON, DEPUTY CITY MANAGER
 REBECCA G. GARNER, ADMINISTRATIVE DEPUTY TO THE CITY MANAGER
 GRACE H. YOON, BUDGET MANAGER
 DEPARTMENT HEADS



Filming Price Comparison

	Long Beach	Santa Clarita	Burbank	FilmLA (Cty of LA)	Seal Beach	Huntington Beach	Hermosa Beach
Permit Fees							
Application Fee	Commercial Filming- \$368 Student Film- \$35 Still Photography- \$158	No separate application fee			Film \$844 (\$1,019 expedited) Student \$100 Still Photography \$419	Film \$100 Student \$50 Still Photography \$276.70	Film \$539 Student \$113 Still Photography \$225
Permit Fee	Commercial Filming- \$525 Student Film- \$0 Still Photography- \$158	Motion Picture Permit- \$385 Movie Ranch Permit- \$154 Still Photography- \$120	\$350/week \$150/single day film permit	Motion Filming \$699/permit (up to 10 locations over 2 weeks) Still Photography \$66/permit		Film \$600 Stills \$400	
Rider Fee	\$53 per change	\$70	\$50	Motion Filming \$111/rider	Permit Rider Processing \$129 each	\$120	
Staffing Fees							
Filming Staff Monitoring- Site Visit	\$42/hour			FilmLA Monitor \$32.50/hour up to 8 hrs (overtime rates apply) Park Monitor \$38/hr	Film Monitor - 6hr min. per officer, per shift \$120/hr		
Police	Motor Sgt. \$104.07 + equipment/hour Sgt. \$103.80 + equipment/hour Motor Off. \$80.88 + equipment/hour Officer \$79.34 + equipment/hour	L.A. County Sheriff Rates (not including mileage) Deputy, Generalist \$88.69/hour Deputy, Bonus I \$96.56/hour Deputy, Bonus II \$116.45/hour Sergeant \$105.36 Lieutenant \$126.66	Rental of Police Motor \$60/day	Retired/Off-Duty LAPD Officer \$56/hr, 8hr min	Police Officer - \$150/ hour	Police Officer - \$91/hour	Police Officer - \$116/hour
Police- Misc.	Marine Patrol-\$53.39 + equipment/hour Park Ranger \$50 + equipment/hour						
Police- Equipment	\$40.00 per vehicle, per day						
Fire- Spot Check	\$105.00/visit			\$85			
Fire- Standby Firefighter Service	\$91.00/hour	Still Photography \$277 (on site cast&crew 16+) Pyrotechnics&SFX \$288 Fuel Dispensing Trucks \$223		Uniformed Fire Safety Officer \$108/hr (4hr min. + 1hr travel time) Fire Safety Advisor \$55.14/hr			
Fire- Lifeguard Services	\$88.00/hour Non-Career Lifeguard 25.15/hour Rescue Boat Service (including 2 lifeguards) \$176/hour +270/boat per day			Lifeguard \$171/hr (4hr min.) Billed through Dept. of Beaches and Harbors			
Administrative and Additional Fees	(see admin fee below)	Fire Department Film Permit Fee \$282	Administrative Costs \$200 Site Preparation 100% of staff hourly rate	Park Film Office Administration Fee \$150	\$500 deposit (staff time/ property damage)		Business License Fee \$223 +processing
Location Fees							
Beaches & Parks (Except for those listed below)	Comm/TV/Features \$800/day Still Photography \$200/day Student- \$0		Skate Park \$100/hour (2 hr min.) Other Park Facilities \$100/hour (2hr min.)	LA County Beaches Film \$400/beach/day Still \$100/beach/day	Beaches/ Parks - \$350 per day		
Shoreline Park, Marina Green and Rainbow Lagoon Park	Comm/TV/Features \$815/day Still Photography \$210/day Student- \$0						





Filming Price Comparison

	Long Beach	Santa Clarita	Burbank	FilmLA (City of LA)	Seal Beach	Huntington Beach	Hermosa Beach
The Esplanade & The Promena	Comm/TV/Features \$500/day Still Photography \$200/day Student- \$0						
Miscellaneous Locations			DeBell Golf Course \$1,000/day Starlight Bowl \$5,000/4 hours Pools \$100-200/hour (2hr min.) Theatre, Art Gallery \$100/hour (2hr min.)	City Parks Prep Days \$150/day/park Film Days \$450/day/park(includes base camp and crew parking) Wrap/Clean-up Days \$150/day/park Equipment Base Camp \$450/day/park Location Hold \$450/day/park Still Photo \$75/day/pary up to 14 \$150/day/park 15+ persons	General Locations - \$450		Still Photography \$218- 1st day, \$113/additional day Filming- Varies \$1258-2823/day, per location Prep/Strike \$113-2823 per day, per location
Road Closures	Shoreline Drive CLOSURE \$5,100/day Queensway Bridge CLOSURE \$3,500/day Applian Way CLOSURE \$1,020/day	Lane Closure \$699/occurrence/day Driving Shots w/ or w/o ITC \$216/occurrence/day No Parking for Production Vehicles or Clearance \$315/occurrence/day					
City Buildings	\$1,500/day City Hall/Civic Center \$5,000/day		City Property \$200/day		City Hall - \$215 per day City Jail - \$525 per day		
Parking	SOUTH of Ocean Blvd. \$10/space per day NORTH of Ocean Blvd. \$5/space per day City Place Parking Structure \$8/space per day		\$3/space up to 8 hour period	Parks Film Office Crew Parking \$100/day/pay (1-15 vehicles) \$300/day/park (16+ vehicles)	\$33 per space		\$30 per space, per 24 hrs (1.25/hour)
Administrative Fees							
Administrative Fee	15% of total fees						



Date: August 29, 2019

To: Patrick H. West, City Manager 

From: John Gross, Director of Financial Management 

For: Mayor and Members of the City Council

Subject: **Response to Questions From the August 20, 2019 City Council Budget Hearing**

During the August 20, 2019 Budget Hearing, the Public Works, Development Services, and Health and Human Services Departments presented on their respective proposed FY 20 budgets. This memorandum provides responses to questions raised by City Councilmembers that were not fully addressed on the floor or needed further clarification.

1. What are options for weekend homeless services?

Staff is currently evaluating options and will report back to the City Council in a separate communication before September 3, 2019.

2. On page 403 of the Proposed FY 20 Budget book, why did the Revenue from Other Agencies line item decrease from FY 18 to FY 20?

In FY 18, the Public Works Department received \$34.4 million in Revenue from Other Agencies. In FY 19, the adjusted budget for this revenue line item is \$24.9 million; in FY 20, it is \$26.0 million. The higher revenue in FY 18 compared with FY 19 and FY 20 is related to the receipt of grant-funded revenues for Capital Improvement Projects. Examples of grant-funded projects that received revenue in FY 18 include LB-MUST, Daisy Avenue Bike Boulevard, Blue Line Signal Prioritization, and Deforest/Dominguez Gap. Amounts in this revenue category fluctuate from year-to-year based on availability and award of grant funds.

3. On page 191 of the Proposed FY 20 Budget book, why did the Transfers to Other Funds expense line item decrease significantly in FY 20?

In FY 18, the Development Services Department budgeted \$26.5 million in the Transfers to Other Funds expense line. The adjusted FY 19 budget for this expense line is \$42.5 million, and the proposed FY 20 budget is \$1.8 million. The reduction in the FY 20 budget occurred for two primary reasons. First, the City/Agency loan repayment was budgeted and expended in the Transfers to Other Funds category. This payment stopped in FY 19, so the reduction in appropriations of \$16.0 million is reflected in FY 20. Second, following the refunding of the Successor Agency's (SA) bond, revenue to pay debt service goes directly from the County to the fiscal agent, bypassing the City. This allowed the Department to revamp how these expenses are reflected in the budget. Going forward, the SA's debt service payments reflected in FY 18 (\$26.3 million) only impacted the Debt Service character and not the Transfers to Other Funds character. The Proposed FY 20 Budget reflects this new budgeting practice.

4. Provide information on bilingual skill pays included in the Proposed FY 20 Budget.

In the Proposed FY 20 Budget, there is \$895,288 budgeted across all funds for bilingual skill pays for approximately 571 budgeted positions. In addition to employees receiving the annual bilingual skill pay, employees can be certified to receive per diem bilingual pay, which is paid on an as-needed basis. As of July 26, 2019, there were 769 employees receiving some form of bilingual skill pay.

If you have any questions, please contact Budget Manager Grace Yoon at (562) 570-6408.

JG:GY:JJ
\\CLBCLUST92\DEPT2\FI\S\BUDGET\FY 20\COUNCIL MEETINGS AND HEARINGS_FY 20\AUGUST 13\TFF FOR BUDGET HEARINGS ON AUG 13

CC: CHARLES PARKIN, CITY ATTORNEY
LAURA L. DOUD, CITY AUDITOR
TOM MODICA, ASSISTANT CITY MANAGER
KEVIN J. JACKSON, DEPUTY CITY MANAGER
REBECCA G. GARNER, ADMINISTRATIVE DEPUTY TO THE CITY MANAGER
GRACE H. YOON, BUDGET MANAGER
DEPARTMENT HEADS



Date: August 20, 2019

To: Patrick H. West, City Manager *[Signature]*

From: John Gross, Director of Financial Management *[Signature]*

For: Mayor and Members of the City Council

Subject: **Response to Questions from the August 13, 2019 City Council Budget Hearing**

During the Budget Hearing held on August 13, 2019, the Police, Fire, and Parks, Recreation, and Marine Departments provided presentations on their Departments' Proposed FY 20 Budgets. This memorandum provides responses to questions raised by members of the City Council during that time that were not fully addressed on the floor or need further clarification.

1. In the Police Department, what accounts for a reduction of 4 Special Services Officer III positions in the FY 20 budget?

The FY 20 budget includes the following: eliminating two vacant Special Services Officer III positions from the Jail Division Transport Unit as part of organizational efficiencies; one Special Services Officer III is upgraded to a Special Services Officer IV in the Marine Patrol Division to provide supervisory coverage; and, the fourth Special Services Officer III is a vacant position being upgraded to a Programmer IV for the Justice Lab.

2. Why is it critical for the Police Department to have 9 positions added in the FY 20 budget related to addressing State mandates and the Body Worn Camera program?

Two key California legislation items were enacted as of January 1, 2019. Senate Bill (SB) 1421 (effective as of January 1, 2019) and Assembly Bill (AB) 748 (effective as of July 1, 2019) were passed to increase police transparency. Both bills require the release of body worn camera (BWC) footage in addition to police audio files and document files, which must be reviewed and redacted before release to the requestor. Neither bill allocated funding to local law enforcement agencies to fund these additional mandates.

To comply with these State mandates, the Police Department is requesting to add 9.0 civilian FTEs. The additional personnel are required to support response to requests, searching, reviewing, extracting, and redacting BWC footage, police audio files, and document files.

The Police Department currently has several hundred cases that qualify for release under these bills and are being requested via the California Public Records Act (CPRA) process. BWC footage accumulated during the Department's previous BWC pilot programs also qualify for release and are pending review and redaction. As the Department looks ahead into future years, deployment of 875 cameras will produce 60,000 new hours of video footage each year. Since these laws have been enacted, there has been an increase in CPRA requests from the media, academics, advocacy groups, authors, defense and civil rights attorneys, and arrestees/defendants. State law allows jurisdictions to charge a fee to recover the costs associated with producing electronic data. Staff is proposing a cost-recovery fee as part of the Proposed FY 20 Budget, Master Fee and Charges Schedule.

The Police Department has redirected existing sworn and civilian staff from normal job functions to address the backlog of CPRA requests. Most notably, sworn officers who are injured and assigned to temporary transitional duty have been assisting with these duties. This has served as a temporary solution to addressing the increase of CPRA requests due to SB 1421 and AB 748 while the FY 20 budget plan is being deliberated. However, these sworn officers require significant training to perform the review, redaction, and extraction of police video, audio, and document files. This has been found to be an inefficient solution given that sworn officers return to their full-duty assignment and newly injured officers must be re-trained on review, redaction, and extraction standards.

Peer law enforcement agencies in the region have been sued due to systematic failure to comply with CPRA. The addition of 9.0 civilian FTEs addresses the backlog of CPRA requests and is a priority in the effort to avoid lawsuits experienced by peer agencies and reduce significant financial liability.

The following illustrates how the 9.0 civilian FTEs will support this effort and potentially reduce financial liability due to lawsuits:

- 5 Clerk Typist IIIs: Will be responsible for ensuring that video, audio, and document files are categorized, stored, and archived correctly. It is estimated that video redaction will be the most labor-intensive activity. Redacting six minutes of video footage requires one hour of staff labor. The five Clerk Typists will have capacity to edit 1,716 hours of video footage in one year. Under the pilot program, there have been 15,728 hours of total video accumulated and the Department projects accumulating 60,000 hours of video each year.
- 2 Assistant Administrative Analysts: One Analyst will review and/or assist with redactions. If assisting with editing, one Assistant Administrative Analyst can edit 346 hours per year if redaction was his or her only job. The second Analyst will ensure BWC are functioning properly and provide police officer support.
- 1 Administrative Analyst: Will review and finalize camera footage, audio files, and document files for release.
- 1 Records Administrator: Will coordinate with the City Attorney, the City Manager, and Chief of Police on all video, audio, and document file release. Will manage vendor contracts and ensure quality control of released files.

For more information on the details regarding SB 1421, AB 748, and the backlog of CPRA requests, please refer to the August 19, 2019 memorandum prepared by the Police Department.

3. How much would it cost for the Police Department to provide Quality of Life Team services to cover weekends?

If the City wanted to have Quality of Life (QOL) Team services available over the weekend, the Police Department recommends adding a QOL Police Officer at each of the four Patrol Divisions to cover weekends citywide. This would cost approximately \$793,801 to the General

Fund. Unlike other police services, staffing long-term QOL Officers requires specialized training and consistent staffing to develop relationships with individuals experiencing homelessness. While overtime may be a short-term solution, it is not a sustainable option to provide additional staffing on weekends. It is optimal to add additional QOL officers to augment weekday service.

Additionally, for QOL services to be effective over the weekend, QOL Officers would require access to public health resources within the homeless care system, such as the Multi-Service Center (MSC), which includes all our nonprofit partners. Opening the MSC on Saturdays and Sundays would cost an additional \$1 million to \$1.4 million in the General Fund. This does not factor in other homeless service providers throughout the City that may be closed over the weekends.

4. Can the City enter into an agreement with Department of Water and Power (DWP) and Caltrans to provide quality of life support and enforcement in our waterways?

A report detailing the options available to the City will be returned within 120 days.

5. Provide an update on trash cans in the City.

Information will be provided in memo follow up on any questions from the August 20, 2019 Budget Hearings.

6. What are the available options to take steps toward moving Tideland Fund dollars to the Police Department to bolster enforcement for beachfront related issues or add additional funds for Trash Cans?

As part of the Proposed FY 20 Budget, a total of \$2.6 million was allocated for Tidelands Capital Projects. If the Council would like to add new priorities, \$200,000 could be reallocated for higher priority uses as outlined below.

Tidelands Capital Projects	FY 20 Proposed Amount	Proposed New Amount	Change
Available for New Priorities	-	200,000	200,000
Convention Center	500,000	500,000	-
Tidelands Critical Facilities	450,000	500,000	50,000
Colorado Lagoon Playground	400,000	350,000	(50,000)
Painting - Various Public Facilities	150,000	-	(150,000)
Naples Seawall Repairs	500,000	500,000	-
Alamitos Bay Pump Design	200,000	200,000	-
Marina Boat Storage Improvements	200,000	200,000	-
Wayfinding Signs	200,000	150,000	(50,000)
Total	2,600,000	2,600,000	-

7. Provide information on the Be S.A.F.E. program in the FY 20 Proposed budget.

The Be S.A.F.E. Program (Program) operated by the Parks, Recreation, and Marine Department started in FY 13 as a violence prevention measure, extending supervised hours and recreation programming at selected parks, using resources allocated from City Council District one-time funds. The Program offers three hours of additional programming each evening to help engage youth and families in positive, safe activities during the ten weeks of extended summer daylight hours. The programming includes sports, games, tournaments, recreation and fitness activities, and a wide range of enrichment opportunities.

Currently, the Program is offered at 11 park sites, operating Monday through Friday, from 5:00 p.m. to 8:00 p.m. Total participation for the summer is projected to be 28,830. Participation estimates for each site are provided in the chart below.

FY 19 Be S.A.F.E. Program Participation		
Council District	Park	Estimate
1	Drake	6,548
1	Seaside	4,236
2	Bixby	1,851
4	Orizaba	1,911
5	Pan American	1,153
6	King	2,019
7	Admiral Kidd	2,913
7	Silverado	2,149
8	Scherer	1,633
9	Houghton	1,687
9	Ramona	2,730
TOTAL		28,830

Current funding includes a structural budget of \$80,000 to support three sites and overall Program coordination/administration (\$8,000), and \$192,000 in one-time funding for the additional eight sites. Each site costs \$24,000 to operate. The FY 20 Proposed Budget does not include the \$192,000 of one-time funding, which currently supports eight additional sites.

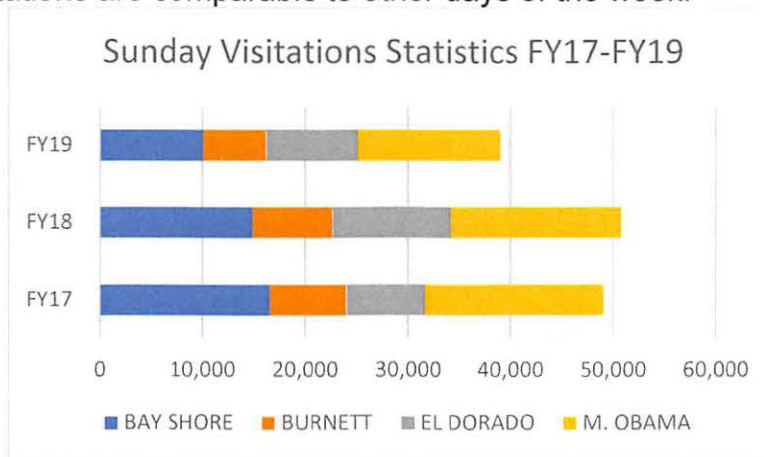
The Program is offered in some of the most densely-populated, park-poor neighborhoods of the City. Long Beach parks are seen as the “backyard” and safe haven for many families. Keeping parks open later during the summer provides a positive public safety impact for vulnerable communities. As often witnessed by staff, many participants are no longer just “hanging out,” but are now engaged in positive activities, meeting neighbors, and becoming part of their community. Additionally, the Program has been a source of employment for local youth. The Department has hired several seasonal staff from within the community surrounding each Program site.

Each year, staff has worked to improve the free program offerings to the community. For example, through support from the Port of Long Beach, the Program provides additional free “Movies in the Park” events at each site. Some sites have enjoyed the free community concerts, a field trip to Los Cerritos Wetlands, and special Family Nights with activities designed to be enjoyed together such as cooking, DIY projects, talent shows, and luaus. A

particularly popular activity this summer has been Mad Science, a science enrichment offering with workshops and a mobile aquarium.

8. Provide visitation data on Bay Shore, Burnett, El Dorado, and Michelle Obama Libraries that have Sunday library hours.

Currently, there are four libraries that are open on Sundays for four hours (half-days) – Bay Shore, Burnett, El Dorado, and Michelle Obama Libraries. The chart below shows the data on Sunday visitations at these libraries from FY 17 through FY 19. When standardized for open hours, these visitations are comparable to other days of the week.



	FY17 (49 WEEKS, EL DORADO - 40 WEEKS)	AVERAGE PER DAY	FY18 (50 WEEKS)	AVERAGE PER DAY	FY19 (44 WEEKS)	AVERAGE PER DAY
BAY SHORE	16,616	339	14,950	299	10,144	231
BURNETT	7,480	153	7,812	156	6,125	139
EL DORADO	7,592	190	11,462	229	8,896	202
M. OBAMA	17,479	357	16,633	333	13,923	316

The annual cost to fund Sunday library hours on overtime is \$268,000. In FY 19, one-time General Fund support of \$180,000 was allocated to provide partial funding for Sunday library hours using year-end funds available.

If you have any questions, please contact Budget Manager Grace Yoon at (562) 570-6408.

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Questions/Follow-Up Items from the August 13, 2019 Budget Oversight Committee

Request/Question	Response or Follow Up/Next Steps
<p>Various questions were asked about Measure A infrastructure projects, including questions regarding funding for curbs and sidewalks, total funding for projects outside of Measure A, funding for alleys, and traffic needs, etc.</p>	<p>Questions will be addressed in the Capital Improvements Program presentation by the Public Works Department on 8/20/19.</p>
<p>The City is hiring an outside consultant to conduct citywide user fee and cost recovery studies. How many fees does the consultant anticipate reviewing in a quarter?</p>	<p>Upon City Council approval of the contract on 8/20/19, meetings will be scheduled between the consultant and the departments to discuss scope of work, work plan, and timeline. A status update on the projected timeline and the estimated number of fees reviewed in a quarter will be provided at future BOC meeting or through a separate memo. This update is anticipated to be available during Fall 2019.</p>
<p>Various questions were asked about City Commissions and their pay, including other benefits or reimbursements received by Commissioners, whether stipends are established through the charter or other mechanisms, and other agencies comparisons.</p>	<p>Staff will provide a report with this information in a follow up presentation to the BOC on 9/3/19.</p>