



Legislation Text

File #: 13-0732, **Version:** 1

Recommendation to approve the FY 14 one-year Capital Improvement Program. (A-6)

On August 1, 2013, the City Manager's Proposed Budget for Fiscal Year 2014 (FY 14) was delivered by the Mayor to the City Council and community with recommended amendments for consideration. Budget meetings were set for February 12, March 5, March 12, April 23, August 6, August 13, August 27, September 3 and September 10, along with nine Budget Oversight Committee (BOC) meetings and nine community meetings at which the FY 14 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 27 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 14 Proposed Budget, updated estimates of revenue and expense, which address technical corrections as well as decisions made by elected offices, are listed by fund and department in Attachments Band C to this letter, respectively.

The Appropriations Ordinance officially adopts the FY 14 budget and authorizes expenditures in conformance with the adopted budget. To become effective October 1, 2013, 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. Requests for approval include the FY 14 Capital Improvement Program; the Mayor's Recommendations; and the Budget Oversight Committee's Recommendations for the FY 14 Proposed Budget.

This matter was reviewed by City Attorney Charles Parkin on August 20, 2013.

In accordance with the Long Beach City Charter, the FY 14 budget must be adopted by September 15, 2013. Should the City Council fail to adopt the budget by that date, the City Manager's FY 14 Proposed Budget shall be deemed the budget for the 2014 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, 2013, to override veto action by the Mayor with a two-thirds supermajority vote.

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 14 budget for all departments and funds is \$3,917,614,042, which comprises \$3,126,505,680 in new appropriation and \$791,108,362 in estimated carry-over from FY 13 for multi-year grants and projects.

The Appropriations Ordinance, included as Attachment A-14 to this letter, totals \$2,569,089,304 for all

funds except Harbor, Sewer, and Water, and \$2,571,229,855 for all departments except Harbor and Water. The \$2,140,551 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 \$1,142,757,770. The Board of Harbor Commissioners adopted the budget for the Harbor Department by minute order on June 17, 2013. The Board of Water Commissioners adopted the budget for the Water Department by resolution on June 20, 2013.

User fees and charges in the attached Master Fee and Charges Schedule (A-5) have been increased by the City Cost Index (CCI), a calculation of the increase in the City's cost over the prior fiscal year, except for those fees that are set using other criteria. In addition to the CCI-based fee changes, some fees have been added or adjusted due to a change in service or other bases. For details regarding these proposed new fees and non-CCI fee adjustments, please see the List of Proposed Fee Adjustments for FY 14 that has been incorporated as Exhibit C to the Master Fee and Charges Resolution.

Other requested City Council actions include approval of the FY 14 One-Year Capital Improvement Program (CIP) budget, which is contained in the Appropriations Ordinance. The Planning Commission, at its meeting of August 15, 2013, approved the CIP for FY 14 for conformance with the General Plan.

The City Council is also requested to adopt the Resolution establishing the "Gann Appropriations Limit" (Limit) for general purpose expenditures. In November 1979, the voters of the State of California approved Proposition 4, also known as the "Gann Initiative." The Initiative places certain limits on the amount of tax revenue that can be appropriated each fiscal year. The Limit is based on actual appropriations during FY 79 and guards against overspending proceeds of taxes. Only those revenues which are considered as "proceeds of taxes" are subject to the Limit. The Limit is recalculated each fiscal year based on certain inflation and population factors provided by the State. The Proposed Budget includes tax revenue estimates that are at 40.94 percent of the 2013-2014 Appropriations Limit and, therefore, does not exceed the Limit. This calculation is reviewed by the City Auditor for conformance to the law.

Approve recommendation.

JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER