



Legislation Text

File #: 12-0762, **Version:** 1

Recommendation to adopt the Budget Oversight Committee's proposed funding recommendations, as amended, to the FY 13 Proposed Budget. (A-13)

On August 1, 2012, the City Manager's Proposed Budget for Fiscal Year 2013 (FY 13) was delivered by the Mayor to the City Council and community with recommended amendments for consideration. Hearings were set for March 6, April 17, June 10, July 3, July 24, August 7, August 14, August 21, August 28, and September 4 and September 11, along with five Budget Oversight Committee (BOC) meetings and ten community meetings at which the FY 13 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 26 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 13 Proposed Budget, updated estimates of revenue and expense, which address technical corrections as well as decisions made by elected offices, are listed by fund and department in Attachments B and C to this letter, respectively.

The Appropriations Ordinance officially adopts the FY 13 budget and authorizes expenditures in conformance with the adopted budget. To become effective October 1, 2012, 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 appropriation ordinance, and certain fee adjustments. Requests for approval include the FY 13 Capital Improvement Program; the Mayor's Recommendations; and the Budget Oversight Committee's Recommendations for the FY 13 Proposed Budget.

This matter was reviewed by Assistant City Attorney Charles Parkin on August 16, 2012.

In accordance with the Long Beach City Charter, the FY 13 budget must be adopted by September 15, 2012. Should the City Council fail to adopt the budget by that date, the City Manager's FY 13 Proposed Budget shall be deemed the budget for the 2013 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, 2012, 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 13 budget for all departments and funds is \$4,211,052,092, which comprises \$2,979,129,932 in new appropriation and \$1,231,922,160 in estimated carry-over from FY 12 for multi-year grants and projects.

The Appropriations Ordinance, included as Attachment A-16 to this letter, totals \$2,293,557,866 for all funds except Harbor, Sewer, and Water, and \$2,295,149,709 for all departments except Harbor and Water. The \$1,591,844 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 \$1,042,981,067. The budget for the Harbor Department was adopted by the Board of Harbor Commissioners by minute order on June 4, 2012. The budget for the Water Department was adopted by the Board of Water Commissioners by resolution on June 21, 2012.

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 projected increase in the City's cost from FY 12 to FY 13, 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 13 that has been incorporated as Exhibit C to the Master Fee and Charges Resolution.

Other requested City Council actions include approval of the FY 13 One-Year Capital Improvement Program (CIP) budget, which is contained in the Appropriations Ordinance. The Planning Commission, at its meeting of August 16, 2012, approved the CIP for FY 13 for conformance with the General Plan.

A motion to amend the Departmental Organization Ordinance is also being requested. This amendment incorporates changes to departments, bureaus, and divisions for Fiscal Year 2013. These organizational changes are necessary to implement changes reflected in the Proposed FY 13 budget. The Salary Resolution is also included for adoption. (A redline version is also provided)

All the City's Redevelopment Funds were dissolved and the assets and liabilities were transferred to the Successor Agency Fund whose sole purpose is to dispose of the assets and discharge the obligations of the former Redevelopment Agency. This fund is now included as part of the Appropriations Ordinance.

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 39.78 percent of the 2012-2013 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