



Legislation Text

File #: 14-0682, **Version:** 1

Recommendation to approve the FY 15 One-Year Capital Improvement Program. (A-6)

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.

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.

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.

Approve recommendation.

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JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER