



Legislation Text

File #: 22-1055, Version: 2

WITHDRAWN

~~Recommendation to receive supporting documentation into the record, conclude the public hearing, and take the actions necessary to adopt the Fiscal Year 2023 budget as listed in Attachment A. (Citywide)~~

On August 2, 2022, the City Manager's Proposed Budget for Fiscal Year 2023 (FY 23) was delivered by Mayor Garcia to the City Council and the community for consideration. The City Council budget hearings were held on December 7, 2021, as well as on March 8, August 2, August 9, August 16, August 23, and September 6, 2022. Additionally, Budget Oversight Committee (BOC) meetings and citywide community town hall meetings were also held in the months of January and August 2022, at which the Proposed FY 23 Budget was discussed. As a result of these meetings, there were 17 scheduled opportunities for public feedback, deliberation, and input. Additionally, input was solicited through the Long Beach Budget Priority Survey to obtain feedback on desired City of Long Beach (City) priorities. The survey was promoted on the City's website, Twitter, Instagram, Facebook, and at community meetings.

At the conclusion of the September 6, 2022 hearing, the City Council will amend the Proposed FY 23 Budget as it deems appropriate and adopt the proposed budget as amended. Since the publication of the Proposed FY 23 Budget, a few updates were made to the proposed revenue and expenditure budgets, which primarily address technical corrections and are listed by fund group and department in Attachments B, C, and D. The reasons for these budget adjustments are discussed at the end of this letter.

As part of the FY 23 Budget Adoption, there are two Ordinances to be considered for approval in Attachment A. The first Ordinance amends the Departmental Organization of the City (A-6). The second is the Appropriations Ordinance (A-15), which officially appropriates the funding for the Adopted Budget (approved in A-3) and authorizes expenditures in conformance with the Adopted Budget. For the Appropriations Ordinance to become effective on October 1, 2022, the City Council must first declare an emergency to exist (A-14) before adopting the Ordinance. Historically, the City Council declares an Ordinance to approve a Resolution establishing the rates and charges for the water and sewer services as part of the budget adoption actions. This year, on May 10, 2022, the City Council approved said Ordinance and because no further changes to water or sewer rates are being proposed, there is no need for the ordinance to be declared again with the FY 23 budget adoption actions.

There are also five Resolutions to approve the budget for the Long Beach Harbor Department

(A-8); approve the budget for the Water Department (A-9); approve the Master Fees and Charges Schedule (A-4); establish the Gann Appropriations Limit (A-12); and amend the Salary Resolution (A-7). There are also the following motions: approve the FY 23 One-Year Capital Improvement Program (A-5); approve the FY 23 Budget for the Long Beach Community Investment Company (A-10); approve the Harbor Fund Group transfer (A-11); approve the amended Financial Policies (A-13); approve the Mayor's Recommendations (A-1); approve the BOC Proposed Funding Recommendations (A-2); and amend the Proposed FY 23 Budget (A- 3).

This matter was reviewed by Deputy City Attorney Monica Kilaita on August 16, 2022, and by Budget Manager Grace H. Yoon on August 9, 2022.

In accordance with the City Charter, the Proposed FY 23 Budget must be adopted by September 15, 2022. Should the City Council fail to adopt the budget by that date, the City Manager's Proposed FY 23 Budget will be deemed the budget for the 2023 Fiscal Year. The Mayor has five calendar days from the City Council adoption of the budget to use his veto authority. The City Council would then have until September 30, 2022, to override the veto action by the Mayor with a two-thirds supermajority vote (six Councilmembers).

The City Charter requires that the Appropriations Ordinance govern and control the expenditure and commitment amounts stated therein relating to City departments, offices, and agencies during each fiscal year. The total Proposed FY 23 Budget for all departments and fund group is \$4,088,571,947, which is comprised of \$3,177,225,467 in new appropriation and \$911,346,480 in estimated carryover from FY 22 for multi-year grants and projects. Attachments B, C, and D provide the financial overview by Fund Group and Department, and Citywide revenue by Fund Group, respectively.

The Appropriations Ordinance, included as Attachment A-15, totals \$3,267,581,693 for all fund groups except Harbor, Sewer, and Water fund groups, and \$3,269,788,542 for all departments except Harbor and Water Departments. The \$2,206,850 difference between fund groups and departments is due to general City indirect costs budgeted in the Financial Management Department but charged to the Harbor, Water, and Sewer Funds, which are not included in the Appropriations Ordinance by fund groups.

The proposed Harbor, Water, and Sewer Fund Group budgets are in separate City Council Resolutions included as Attachment A-8 and A-9, respectively, and total \$820,990,254. The Board of Harbor Commissioners adopted the budget for the Harbor Department by minute order on May 23, 2022. The Board of Water Commissioners adopted the budget for the Water Department by Resolution on June 23, 2022.

User fees and charges in the Master Fees and Charges Schedule, included as Attachment A-4, have been adjusted due to changes in service and other factors. For details regarding these proposed new fees and adjustments, please see the List of Proposed Fees Adjustments for FY 23 that has been incorporated as Exhibits B and C to the Master Fees and Charges Resolution.

Other requested City Council actions include:

- Approving the FY 23 One-Year Capital Improvement Program (CIP) budget, included as Attachment A-5, which is contained in the Appropriations Ordinance.
- Amending the Departmental Organization Ordinance included as Attachment A-6. This amendment incorporates changes to departments, bureaus, and divisions for FY 23. These organizational changes are necessary to implement changes reflected in the Proposed FY 23 Budget. A redline version of the changes is also provided.
- Adopting the amended Salary Resolution for FY 23, which creates and establishes positions of employment while fixing and prescribing the compensation for officers and employees, is included as Attachment A-7. Historically, the Salary Schedule has been included alongside the Salary Resolution, for review by the City Council. This year the Department of Human Resources will return to the City Council at a later date for approval of the Salary Schedule to ensure accuracy and inclusion of new/updated classifications.
- Adopting the FY 23 Long Beach Community Investment Company (LBCIC) budget, included as Attachment A-10. The LBCIC budget is prepared annually for City Council approval and is a subset of the Housing Development Fund. The LBCIC oversees the delivery of housing and neighborhood revitalization services. The LBCIC approved its FY 23 Budget on May 18, 2022.
- Adopting a Resolution, included as Attachment A-12, establishing the Gann Appropriations Limit (Limit) for general purpose expenditures. In November 1979, the voters of the State of California (State) 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 prevents overspending proceeds of taxes. Only those revenues that 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 45.38 percent of the 2022-2023 Appropriations Limit and, therefore, do not exceed the Limit. The City Auditor reviews this calculation for conformance to the law.
- Adopting the amended Financial Policies for the City, included as Attachment A-13. Changes have been made to the Revenue Projection Policy (Policy 10), which adjusts the Revenue Estimation Methodology from Reasonably Conservative to Reasonably Expected.

After the City Manager delivered the Proposed FY 23 Budget to the Mayor, technical adjustments were made to complete the budget. These changes are shown in Attachments B, C, and D. Changes include the following:

1. An expense decrease in the Energy Resources Department in the SERRF Fund Group of

\$49,342 as a technical correction to align the budget more accurately with anticipated expenditures in FY 23.

2. A revenue decrease in the Public Works Department in the Refuse and Recycling Fund Group by \$3,826,066 to adjust the budget to align with the anticipated impacts of the proposed rate increase to Solid Waste and Recycling fees.

3. An expense decrease of \$1,930,776 and a revenue increase of \$25,000 in the Development Services Department in the Community Development Grants Fund Group as a technical correction to align anticipated expense and revenue to actuals for multiyear grant reimbursements in FY 23.

The remaining changes were minor, technical adjustments made to various funds and departments resulting in no bottom line changes at the fund level.

This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

Approve recommendation.

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KEVIN RIPER
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

THOMAS B. MODICA
CITY MANAGER