

**CITY OF LONG BEACH**

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802

September 6, 2011

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive supporting documentation into the record, conclude the public hearing and take the actions necessary to adopt the Fiscal Year 2012 budget as listed in Attachment A of this letter. (Citywide)

DISCUSSION

On August 2, 2011, the City Manager's Proposed Budget for Fiscal Year 2012 (FY 12) was delivered by the Mayor to the City Council and community with recommended amendments for consideration. Subsequent hearings were set for August 2, August 16, August 23, August 30, and September 6, along with approximately three Budget Oversight Committee (BOC) meetings and 11 community meetings at which the FY 12 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 19 separate opportunities for public feedback, deliberation and input.

At the conclusion of the hearings, the City Council will be asked to amend the proposed budget as it deems appropriate, and to adopt the proposed budget as amended. Since the publication of the FY 12 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 12 budget and authorizes expenditures in conformance with the adopted budget. To become effective October 1, 2011, this Ordinance must include a finding of emergency. Specific resolutions provide for approval of the budgets for the Harbor, Sewer and Water funds, and certain fee adjustments. Requests for approval include the FY 12 Capital Improvement Program; the Mayor's Recommendations; and the Budget Oversight Committee's Recommendations to the FY 12 Proposed Budget.

This letter was reviewed by Assistant City Attorney Heather A. Mahood on August 19, 2011.

TIMING CONSIDERATIONS

In accordance with the Long Beach City Charter, the FY 12 budget must be adopted by September 15, 2011, following at least one public hearing. Should the City Council fail to adopt the budget on or by that date, the City Manager's FY 12 Proposed Budget shall be deemed the budget for the 2012 fiscal year. The Mayor then 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, 2011, to override veto action by the Mayor with a two-thirds supermajority vote.

FISCAL IMPACT

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 12 budget for all departments and funds is \$4,057,654,963 which comprises \$2,779,631,046 in new appropriation and \$1,278,023,917 in estimated carry-over from FY 11 for multi-year grants and projects.

The Appropriations Ordinance, included as Attachment A-18 to this letter, totals \$2,480,775,505 for all funds except Harbor, Water and Sewer, and \$2,484,086,963 for all departments except Harbor and Water. The \$3,311,458 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 ordinances included as Attachment A-1 and A-4 to this letter, respectively, and total \$949,227,699. The budget for the Harbor Department was adopted by the Board of Harbor Commissioners by minute order on June 20, 2011. The budget for the Water Department was adopted by the Board of Water Commissioners by resolution on June 23, 2011.

All 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 11 to FY 12, 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 12 that has been incorporated as Exhibit C to the Master Fee and Charges Resolution.

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Other requested City Council actions include approval of the FY 12 One-Year Capital Improvement Program (CIP) budget, which is contained in the Appropriations Ordinance. The Planning Commission, at its meeting of August 18, 2011, approved the CIP for FY 12 for conformance with the General Plan. Any projects that are not in conformance with the Plan will be highlighted by Development Services staff and steps to secure conformance will be outlined.

Motions approving the budgets of the Redevelopment Agency's (RDA) Project Area Committees (PACs) for the Central Long Beach, the West Long Beach Industrial and the North Long Beach Project Areas and the Long Beach Housing Development Company (HDC) are requested. The PAC budgets are included in the budget of the Development Services Department. In addition, a motion to find that the contribution of North Redevelopment Project Area funds to Central Redevelopment Project Area low-and-moderate-income housing efforts will benefit the North Redevelopment Project Area is requested. The Redevelopment Agency adopted its FY 12 budget on June 20, 2011, premised on no changes to California Redevelopment Law (Health and Safety Code Section 33000 *et seq.*). Approximately one week later, AB 1X 26 and AB 1X 27, which respectively eliminated and recreated redevelopment agencies on a voluntary basis, were enacted. In August 2011, the City Council approved an ordinance pursuant to AB 1X 27 to participate in the voluntary redevelopment program at a cost of approximately \$34 million. AB 1X 26 and AB 1X 27 have been stayed by the California Supreme Court; however, the Agency may continue to pay its existing obligations, which are well within the proposed budget. If AB 1X 27 is upheld, the Agency's overall budget will not change but funds will need to be reallocated to make the payment.

A motion to amend the Departmental Organization Ordinance is also being requested. This amendment incorporates changes to departments, bureaus, and divisions for Fiscal Year 2012. These organizational changes are necessary to implement changes reflected in the Proposed FY 12 budget. The Salary Resolution is also included for adoption.

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 39.36 percent of the 2011-2012 Appropriations Limit and, therefore, does not exceed the Limit. This calculation is reviewed by the City Auditor for conformance to the law.

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

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ATTACHMENTS

APPROVED:



PATRICK H. WEST
CITY MANAGER

List of Requested Fiscal Year 2012 Budget Adoption Actions

1. Adopt the Resolution approving the FY 12 budget for the Long Beach Harbor Department as adopted by the Board of Harbor Commissioners on June 20, 2011. (A-1)
2. Declare an emergency to exist. (A-2)
3. Declare the Ordinance approving the Resolution No. WD-1285 establishing the rates and charges for water and sewer service to all customers, as adopted by the Board of Water Commissioners on June 23, 2011, as an Emergency Ordinance, read, and adopted as read and laid over to the next regular meeting of the City Council for final reading. (A-3)
4. Adopt the Resolution approving the FY 12 budget of the Long Beach Water Department as adopted by the Board of Water Commissioners on June 23, 2011. (A-4)
5. Adopt the Resolution amending the master fee and charges schedule for specified city services for citywide fees and charges for the City of Long Beach. (A-5)
6. Approve the FY 12 One-Year Capital Improvement Program. (A-6)
7. Adopt a motion approving the budgets for the Redevelopment Agency's Project Area Committees in the amounts of \$50,000 for Central Long Beach, \$80,000 for West Long Beach Industrial, and \$50,000 for North Long Beach. (A-7)
8. Adopt the Resolution finding that the use of taxes allocated to the North Redevelopment Project on behalf of the Central Redevelopment Project for the purpose of increasing, improving and preserving the community's supply of low- and moderate-income housing will be of benefit to the North Redevelopment Project. (A-8)
9. Adopt a motion approving the budget for the Long Beach Housing Development Company in the amount of \$20,193,989. (A-9)
10. Adopt a motion approving the transfer of \$16,920,700 from the Harbor Revenue Fund to the Tidelands Operating Fund. (A-10)
11. Declare the Ordinance amending the Departmental Organization Ordinance read the first time and laid over to the next regular meeting of the City Council for final reading. (A-11)
12. Adopt the amended Salary Resolution for FY 12. (A-12)
13. Adopt the Resolution adopting an appropriations limit (Gann) for FY 12 pursuant to Article XIII (B) of the California Constitution. (A-13)
14. Adopt the Mayor's proposed funding recommendations, as amended, to the FY 12 Proposed Budget. (A-14)

List of Requested Fiscal Year 2012 Budget Adoption Actions

15. Adopt the Budget Oversight Committee's proposed funding recommendations, as amended, to the FY 12 Proposed Budget. (A-15)
16. Adopt a motion amending the proposed FY 12 budget. (A-16)
17. Declare an emergency to exist. (A-17)
18. Declare the Appropriations Ordinance for FY 12, creating and establishing the funds of the Municipal Government and appropriating money to and authorizing expenditures from said funds and for said fiscal year as an Emergency Ordinance, read, and adopted as read and laid over to the next regular meeting of the City Council for final reading. (A-18)

FISCAL YEAR 2012 APPROPRIATIONS ORDINANCE BY FUND

<u>FUND</u>	FY 12		FY 11 ESTIMATED	FY 12
	<u>PROPOSED</u> <u>EXPENDITURES</u>	<u>CHANGES</u>	<u>CARRYOVER*</u>	<u>APPROPRIATION</u>
GENERAL FUND	392,919,799	(915,198)	-	392,004,602
GENERAL GRANTS FUND	6,316,419	52,502	11,051,337	17,420,258
POLICE & FIRE PUBLIC SAFETY OIL PROD ACT FUND	3,133,760	1,544	-	3,135,304
HEALTH FUND	38,775,090	381,108	27,986,543	67,142,740
PARKING & BUSINESS AREA IMPROVEMENT FUND	6,178,583	53,286	-	6,231,869
SPECIAL ADVERTISING & PROMOTION FUND	5,251,736	(3,493)	-	5,248,243
UPLAND OIL FUND	18,348,325	1,302,532	-	19,650,857
HOUSING DEVELOPMENT FUND	28,191,550	(14,190)	55,104,629	83,281,989
BELMONT SHORE PARKING METER FUND	674,147	(212,275)	-	461,872
DEVELOPMENT SERVICES FUND	12,299,709	(400,662)	-	11,899,047
BUSINESS ASSISTANCE FUND	724,197	(909)	1,340,574	2,063,862
COMMUNITY DEVELOPMENT GRANTS FUND	31,126,960	(2,966,776)	29,985,248	58,145,432
PARK DEVELOPMENT FUND	3,735	(3,735)	-	-
GASOLINE TAX STREET IMPROVEMENT FUND	16,662,565	(8,636)	21,805,942	38,459,871
TRANSPORTATION FUND	15,882,549	(3,017)	18,448,967	34,328,498
CAPITAL PROJECTS FUND	4,875,477	4,532	159,084,775	163,964,784
DEBT SERVICE FUND	-	10,813,439	-	10,813,439
CIVIC CENTER FUND	1,293,530	15,982	724,955	2,034,467
GENERAL SERVICES FUND	38,804,422	53,484	189,233	39,047,139
FLEET SERVICES FUND	31,193,217	108,061	(577,111)	30,724,167
INSURANCE FUND	38,733,582	131,318	295,483	39,160,383
EMPLOYEE BENEFITS FUND	222,796,558	11,441,636	-	234,238,194
TIDELANDS FUNDS	133,556,857	(1,776,921)	60,733,543	192,513,479
TIDELAND OIL REVENUE FUND	242,170,966	(100,997)	-	242,069,969
RESERVE FOR SUBSIDENCE	-	-	-	-
GAS FUND	103,502,278	24,779	12,564,139	116,091,196
GAS PREPAY FUND	20,871,645	(855,628)	-	20,016,018
AIRPORT FUND	39,960,231	49,022	64,837,870	104,847,123
REFUSE/RECYCLING FUND	42,088,611	1,602,091	122,138	43,812,840
SERRF FUND	46,714,501	1,280,788	-	47,995,289
SERRF JPA FUND	11,369,810	-	-	11,369,810
TOWING FUND	8,349,681	(53,764)	-	8,295,917
PARKING AUTHORITY FUND	-	-	-	-
HOUSING AUTHORITY FUND	73,226,330	41,804	658,353	73,926,487
REDEVELOPMENT FUND	170,171,437	806,440	188,160,508	359,138,385
CUPA FUND	1,261,418	(19,440)	-	1,241,978
TOTAL	1,807,429,676	20,828,706	652,517,124	2,480,775,505

*Carryover of multi-year grants and CIP funds.

FISCAL YEAR 2012 APPROPRIATIONS ORDINANCE BY DEPARTMENT

<u>DEPARTMENT</u>	<u>FY 12 PROPOSED EXPENDITURES</u>	<u>CHANGES</u>	<u>FY 11 ESTIMATED CARRYOVER*</u>	<u>FY 12 APPROPRIATION</u>
MAYOR AND COUNCIL	4,839,203	(20,229)	-	4,818,974
CITY ATTORNEY	8,585,107	(2,747)	-	8,582,360
CITY AUDITOR	2,638,210	(9,826)	-	2,628,384
CITY CLERK	4,982,164	(12,693)	-	4,969,471
CITY MANAGER	8,536,494	18,542,066	(196)	27,078,364
CITY PROSECUTOR	4,824,978	19,987	91,946	4,936,911
CIVIL SERVICE	2,160,085	(19,310)	-	2,140,775
COMMUNITY DEVELOPMENT	-	-	92,742,471	92,742,471
AIRPORT	39,376,533	22,750	64,717,064	104,116,347
DEVELOPMENT SERVICES	231,075,221	(4,246,249)	289,718,208	516,547,180
FINANCIAL MANAGEMENT**	380,252,817	21,147,305	19,266,064	420,666,186
FIRE	94,356,153	(308,938)	1,980,096	96,027,311
HEALTH AND HUMAN SERVICES	115,886,603	(3,896,233)	28,111,036	140,101,407
HUMAN RESOURCES	22,094,035	1,732,604	-	23,826,639
LIBRARY SERVICES	13,002,844	(32,787)	-	12,970,057
LONG BEACH GAS AND OIL	401,289,908	2,589,775	12,564,139	416,443,821
PARKS, RECREATION AND MARINE	59,966,893	(8,760,104)	38,555,096	89,761,884
POLICE	200,238,669	(964,643)	6,535,800	205,809,827
PUBLIC WORKS	179,347,493	(4,743,302)	98,069,200	272,673,391
TECHNOLOGY SERVICES	37,073,759	5,245	166,200	37,245,203
TOTAL	1,810,527,168	21,042,672	652,517,124	2,484,086,963

*Carryover of multi-year grants and CIP funds.

**Department of Financial Management includes internal service charges that are contained in the resolutions of the Water, Sewer and Harbor funds for accounting, budgeting and treasury functions, and other citywide activities such as debt service.

A-16
BH-25.16

No supporting documents.