



Fiscal Year 2011 Proposed Budget

July 27, 2010



Fiscal Challenges

- \$18.5M General Fund deficit for FY 11

| | |
|----------------------|---------|
| Employee Costs | \$11.3M |
| Revenue Decline | \$4.2M |
| Health Benefit Costs | \$1.8M |
| PERS Cost Increase | \$1.0M |
| Other Cost Increases | \$0.2M |

- Governments are in a long-term crisis
- City is projecting future General Fund structural deficits in FY 12, FY 13, and FY 14



Making Tough Decisions

- Over the past seven years, Long Beach has adopted \$163 million in deficit solutions

650 positions eliminated

Increased cost recovery through fees and charges

Consolidated bureaus and divisions

Employees contributed more to health and retirement costs

Reduced service levels throughout the organization

- Without this level of sustained fiscal discipline, Long Beach would be facing unimaginable cuts this year
- The City's financial health is stronger than many other cities



Other Cities' Experiences

- Oakland
- Los Angeles
- San Jose
- San Diego



Celebrating Our Successes

- Sustained decline in crime
- Secured \$120 million in Stimulus funds (one-time)
- New Police and Fire stations
- Largest amount of street improvement work in decades
- Maintained a \$9 million Budget Stabilization Fund
- Leading California and the nation in mobility infrastructure
- Significant progress in cleaning up the LA River



Celebrating Our Successes

- New Airport Parking Structure and pending Airport Terminal improvements
- New Long Beach Courthouse
- Long Beach Breakwater / Ecosystem Restoration Study
- Workforce Development success
- Wetlands and Colorado Lagoon
- Graffiti and pothole response
- New parks

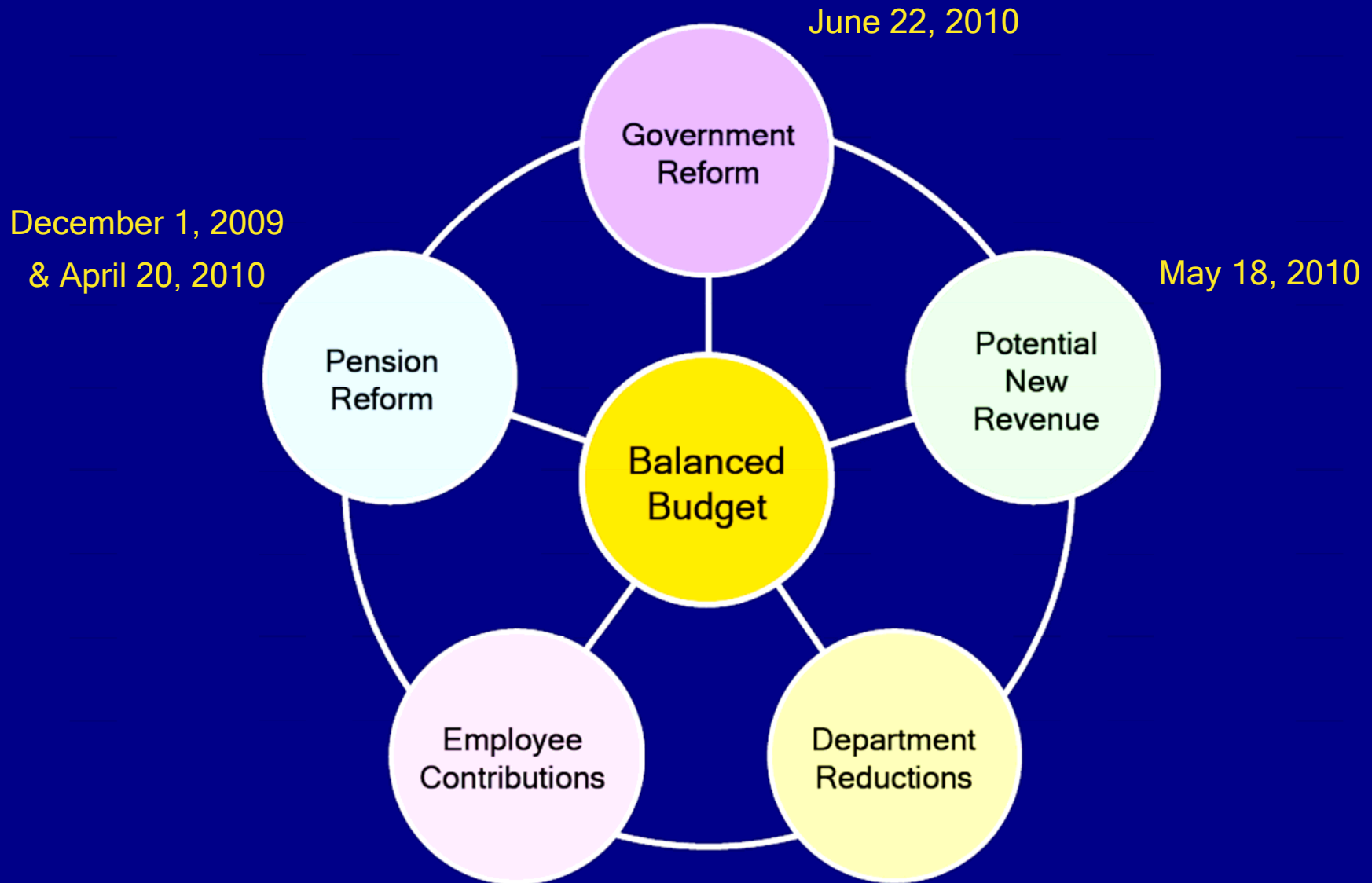


Path to Fiscal Sustainability

- Maintain core services and priority programs
- Preserve services that provide for a healthy, safer community, including libraries, parks, and public works
- Structurally balance the budget using a multi-pronged approach for FY 11 and beyond
- Maintain each department's proportional share of the General Fund



Five-Pronged Approach





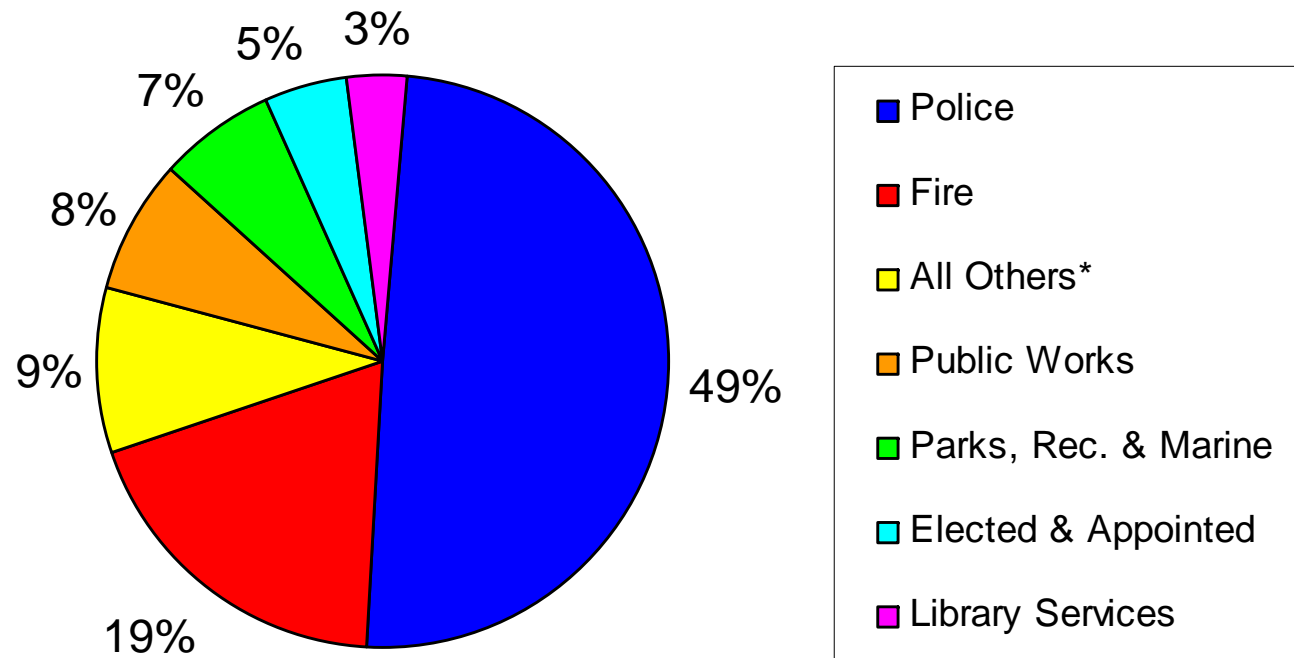
Maintain Proportionate Share

- Maintaining core public safety and quality of life services is essential to a healthy and productive city and community
- In FY 10, it became evident we could not continue to reallocate public resources from crime prevention to crime suppression
- Wholesale exemptions for Police and Fire sworn staffing cannot be recommended
- FY 11 reduction targets maintain the proportional allocation of the General Fund that each department enjoyed in FY 10



Maintain Proportionate Share

FY 10 General Fund Allocation



* Includes City Manager, Community Development, Financial Management, and Health & Human Services

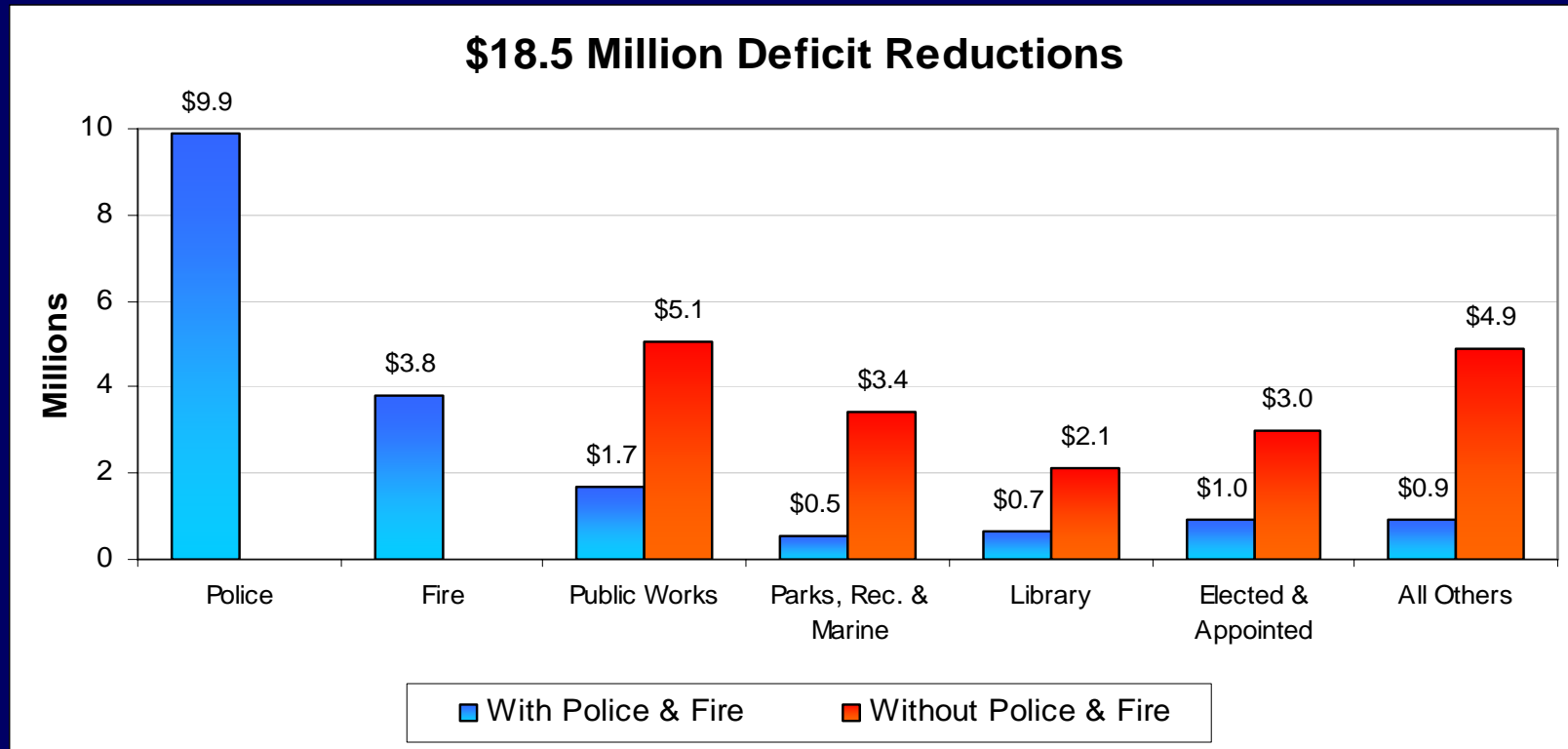


Maintain Proportionate Share

- Without a proportionate share model, quality of life service reductions will increase dramatically, causing an enormous imbalance
- Quality of life programs and crime prevention programs will be impacted, fueling crime rather than preventing it
- Where cost growth occurs, that department must be a part of the solution to curb that growth



Maintain Proportionate Share





Department Reductions

Plan A

- \$7.2 million in General Fund reductions to departments

130 positions (FTEs) eliminated:

71 positions eliminated

24 positions transferred to the Gas Fund

19 sworn Police positions eliminated

4 sworn Police positions civilianized

12 sworn Fire positions eliminated



Department Reductions - Plan A

Quality of Life Service Impacts Include:

- Reduced translator and interpreter services for Council meetings
- Reduced availability of Family Learning Centers at libraries
- Less hours at community swimming pools
- Reduced funding for printed materials, supplies, training, and contractual services
- Contracting-out for maintenance trades of painting, locksmithing, and carpentry (Public Works)
- Reduced resources for elected and appointed departments



Department Reductions - Plan A

Police & Fire Service Impacts Include:

- Changes in staffing at Station 1 and Station 14
- Contracting-out for crossing guard services and City Hall security
- Civilianization of 4 Police Officer positions assigned to City Hall and Internal Affairs
- Reduced size of some specialized Police units
- Elimination of four 4 vacant motorcycle officers dedicated to traffic enforcement (Prop H)
- Reduced Police overtime



Employee Participation

- Of the \$18.5 million deficit for next year, \$11.3 million is attributable to increases in negotiated labor contracts
- Discussion with labor organizations are underway
- Without negotiated agreements, additional employee layoffs and significant service reductions must be implemented
- “Plan B” reductions are not recommended, but are necessary to balance the budget without employee assistance



Department Reductions

Plan B

- \$11.3 million in additional General Fund reductions to departments

85 positions (FTEs) eliminated:

30 positions eliminated

49 sworn Police positions eliminated

6 sworn Fire positions eliminated



Department Reductions - Plan B

Quality of Life Service Impacts Include:

- Reduced library hours and print materials
- Significantly reduced staffing for parks and teen centers
- Significantly reduced pothole repair services
- Elimination of Health Department's program to promote and coordinate quality, affordable, and accessible childcare
- Reduced resources for Code Enforcement and Property Services
- Further reduced resources for elected and appointed departments



Department Reductions - Plan B

Police & Fire Service Impacts Include:

- Eliminate 44 Patrol Officers and vehicles
- Eliminate 5 Sergeants and vehicles
- Reduce staffing at Station 12 (6 positions)
- Fire Department “Rolling Brownouts”



Other Funds

- Several of the City's other funds are experiencing difficulties:

Development Services Fund

Employee Benefits Fund

Fleet Services Fund

General Services Fund

Health Services Fund

Insurance Fund

Public Safety (Prop H) Fund

Special Advertising & Promotions Fund

Tidelands Operating Fund

Towing Fund

- Action must be taken to bring available resources in line with planned expenses



Special Advertising & Promotion Fund

Service Impacts Include:

- Less funding for the Arts Council and the Long Beach Convention & Visitors Bureau
- Restructuring of summer concerts (Municipal Band) to maintain music events in the park under a more cost-effective model
- Elimination of City neighborhood block party traffic control
- Elimination of City funding for parades, including Daisy Lane, Martin Luther King, Jr., and Veterans Day parades
- Elimination of City funding for special events



Tidelands Operating Fund

Service Impacts Include:

- Reduction in Fire Marine Safety officers on the waterways
- Reduction weekday lifeguard staffing for West and East beach response units and Colorado Lagoon
- Elimination of Fourth of July fireworks in Queensway Bay
- Elimination of City support for the Naples Boat Parade, Belmont Shore Christmas Parade, and Parade of a Thousand Lights
- Reduction in Police overtime in Tidelands area



Summary

- Proposed FY 11 Budget continues Long Beach along the path to financial stability
- A five-pronged balanced approach ensures we are meeting the needs of our community
- Restructuring of government is an important component that we will begin to implement next year
- Assistance of our employees is critical if we are to avoid significant reductions in service and prevent further layoffs
- Tough financial times are still ahead



Budget Process

- Many different opportunities for the public and the City Council to consider the Proposed Budget

Budget Hearings

Budget Oversight Committee Meetings

Community Budget Meetings

- The “Community Budget Book” and an up-to-date meeting schedule can be found at:

www.longbeach.gov



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