



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

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

September 4, 2012

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 2013 budget as listed in Attachment A of this letter. (Citywide)

DISCUSSION

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.

TIMING CONSIDERATIONS

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.

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 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.

HONORABLE MAYOR AND CITY COUNCIL

September 4, 2012

Page 3

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.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

JG/rag
K:\Budget\FY 13\Budget Adoption\9-4-12 cc ltr Budget Adoption Council Letter FY13.doc

ATTACHMENTS

APPROVED:



PATRICK H. WEST
CITY MANAGER

List of Requested Fiscal Year 2013 Budget Adoption Actions

1. Adopt the Resolution approving the FY 13 budget for the Long Beach Harbor Department as adopted by the Board of Harbor Commissioners on June 4, 2012. (A-1)
2. Declare an emergency to exist. (A-2)
3. Declare the Ordinance approving the Resolution No. WD-1299 establishing the rates and charges for water and sewer service to all customers, as adopted by the Board of Water Commissioners on June 21, 2012, 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 13 budget of the Long Beach Water Department as adopted by the Board of Water Commissioners on June 21, 2012. (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 13 One-Year Capital Improvement Program. (A-6)
7. Adopt a motion approving the FY 13 budget for the Long Beach Housing Development Company in the amount of \$2,678,780. (A-7)
8. Adopt a motion approving the estimated transfer of \$16,825,000 from the Harbor Revenue Fund to the Tidelands Operating Fund. (A-8)
9. 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-9)
10. Adopt the amended Salary Resolution for FY 13. (A-10)
11. Adopt the Resolution adopting an appropriations limit (Gann) for FY 13 pursuant to Article XIII (B) of the California Constitution. (A-11)
12. Adopt the Mayor's proposed funding recommendations, as amended, to the FY 13 Proposed Budget. (A-12)
13. Adopt the Budget Oversight Committee's proposed funding recommendations, as amended, to the FY 13 Proposed Budget. (A-13)
14. Adopt a motion amending the proposed FY 13 budget. (A-14)
15. Declare an emergency to exist. (A-15)
16. Declare the Appropriations Ordinance for FY 13, 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-16)

FISCAL YEAR 2013 APPROPRIATIONS ORDINANCE BY FUND
 (Does not include Harbor, Sewer, and Water)
 FY 13

<u>FUND</u>	<u>PROPOSED EXPENDITURES</u>	<u>CHANGES</u>	<u>FY 12 ESTIMATED CARRYOVER*</u>	<u>FY 13 APPROPRIATION</u>
GENERAL FUND	395,418,650	(377,370)	-	395,041,280
GENERAL GRANTS FUND	6,511,090	(31,662)	11,000,570	17,479,998
POLICE & FIRE PUBLIC SAFETY OIL PROD ACT FUND	4,044,945	(55,126)	-	3,989,819
HEALTH FUND	38,178,507	(252,283)	31,888,013	69,814,237
PARKING & BUSINESS AREA IMPROVEMENT FUND	6,234,269	490,752	-	6,725,021
SPECIAL ADVERTISING & PROMOTION FUND	5,398,987	176	-	5,399,163
UPLAND OIL FUND	33,721,727	13	-	33,721,740
HOUSING DEVELOPMENT FUND	9,791,449	(39,031)	68,704,262	78,456,680
BELMONT SHORE PARKING METER FUND	458,589	-	-	458,589
DEVELOPMENT SERVICES FUND	15,053,545	553,808	-	15,607,353
BUSINESS ASSISTANCE FUND	707,916	(54,603)	1,184,012	1,837,325
COMMUNITY DEVELOPMENT GRANTS FUND	21,586,959	260,800	12,040,635	33,888,393
PARK DEVELOPMENT FUND	-	-	-	-
GASOLINE TAX STREET IMPROVEMENT FUND	14,452,282	(2,303)	23,666,824	38,116,803
TRANSPORTATION FUND	18,124,872	(6,736)	18,555,062	36,673,199
CAPITAL PROJECTS FUND	8,055,612	44,788	81,933,533	90,033,933
DEBT SERVICE FUND	10,255,959	210,000	-	10,465,959
CIVIC CENTER FUND	10,728,312	13,607	254,879	10,996,798
GENERAL SERVICES FUND	38,155,742	15,072	8,335,358	46,506,172
FLEET SERVICES FUND	31,883,232	6,284	916,881	32,806,398
INSURANCE FUND	39,075,172	697,634	139,683	39,912,488
EMPLOYEE BENEFITS FUND	234,430,971	(10,323,145)	-	224,107,826
TIDELANDS FUNDS	132,270,532	2,214,995	77,839,985	212,325,513
TIDELAND OIL REVENUE FUND	423,108,119	1,043	-	423,109,162
RESERVE FOR SUBSIDENCE	-	-	-	-
GAS FUND	104,773,246	(116,074)	16,724,591	121,381,763
GAS PREPAY FUND	41,450,391	-	-	41,450,391
AIRPORT FUND	41,236,510	275,556	37,543,977	79,056,042
REFUSE/RECYCLING FUND	44,880,187	(38,264)	470,680	45,312,604
SERRF FUND	46,563,701	238	-	46,563,939
SERRF JPA FUND	11,369,810	-	-	11,369,810
TOWING FUND	7,252,762	(248,000)	-	7,004,762
PARKING AUTHORITY FUND	-	-	-	-
HOUSING AUTHORITY FUND	80,049,150	93,537	(230,826)	79,911,861
SUCCESSOR AGENCY	41,439,237	3,048,652	(11,993,987)	32,493,903
CUPA FUND	1,531,795	7,146	-	1,538,941
TOTAL	1,918,194,228	(3,610,495)	378,974,133	2,293,557,866

*Carryover of multi-year grants and CIP funds.

FISCAL YEAR 2013 APPROPRIATIONS ORDINANCE BY DEPARTMENT
(Does not include Harbor and Water)

<u>DEPARTMENT</u>	<u>FY 13 PROPOSED EXPENDITURES</u>	<u>CHANGES</u>	<u>FY 12 ESTIMATED CARRYOVER*</u>	<u>FY 13 APPROPRIATION</u>
MAYOR AND COUNCIL	4,649,853	-	-	4,649,853
CITY ATTORNEY	8,896,127	(5,654)	-	8,890,473
CITY AUDITOR	2,987,888	(4,678)	-	2,983,210
CITY CLERK	3,120,066	(2,714)	-	3,117,351
CITY MANAGER	22,876,060	15,687	45,779,290	68,671,037
CITY PROSECUTOR	4,739,278	21,643	-	4,760,921
CIVIL SERVICE	2,054,339	287	-	2,054,625
AIRPORT	40,839,181	286,139	35,755,006	76,880,325
DEVELOPMENT SERVICES	79,115,961	3,126,728	95,083,051	177,325,741
FINANCIAL MANAGEMENT**	442,753,876	(8,205,281)	16,100,686	450,649,282
FIRE	93,011,139	(319,696)	2,774,543	95,465,986
HEALTH AND HUMAN SERVICES	118,868,692	(167,444)	31,969,373	150,670,620
HUMAN RESOURCES	20,905,208	24,164	(596,812)	20,332,560
LIBRARY SERVICES	12,723,428	(73,429)	-	12,649,999
LONG BEACH GAS AND OIL	598,192,817	13,350	16,724,591	614,930,758
PARKS, RECREATION AND MARINE	50,923,249	(57,116)	23,300,561	74,166,694
POLICE	196,925,817	52,883	5,768,910	202,747,610
PUBLIC WORKS	179,544,238	1,669,565	97,979,575	279,193,377
TECHNOLOGY SERVICES	36,658,854	15,072	8,335,359	45,009,285
TOTAL	1,919,786,072	(3,610,495)	378,974,133	2,295,149,709

*Carryover of multi-year grants and CIP funds.

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