

**CITY OF LONG BEACH**

DEPARTMENT OF FINANCIAL MANAGEMENT

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

September 18, 2007

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to increase appropriations in the General Fund (GP) and in the Police Department (PD) by \$7,000,000. (Citywide)

DISCUSSION

As has been reported to the City Council for the past several months, the Police Department's expenditures will exceed its total FY 2007 (FY 07) adjusted budget by \$7,000,000 (or 3.7 percent). In past years, due to the continuous addition of more police officer positions to the force, combined with natural attrition, the Department experienced long-term vacancies in budgeted sworn staffing. The vacancy rate provided salary savings with which the Department funded unbudgeted expenses for overtime, materials, equipment and various operations. The City took proactive steps the past two years to fill the vacant positions, running larger and more police academies. As a result, the Department finally achieved full staffing during FY07.

With the lack of available Police Department salary savings to offset the current level of spending, the Department has not operated within its previously approved appropriation. Staff has for months been developing strategies to address this overage, including use of one-time reserves, utilizing savings provided by other departments not spending their full General Fund appropriation, workers' compensation program savings and higher than anticipated oil revenues. These solutions provide the funding to support the appropriation increase needed to comply with the City Charter requirement that departments not exceed appropriation.

In an effort to address current and future fiscal challenges within the Police Department, staff from Police, Financial Management and the City Manager's Office have been tasked with reviewing the Department's spending as well as develop additional resources through new revenue and efficiency savings in the areas of civilianization, redeployment and technology upgrades to adequately support the Department's core needs. The City Auditor's efficiency study of the Department will be factored into the review. It is expected that this collaboration will produce sustainable solutions for FY 08 and beyond.

This letter was reviewed by Assistant City Attorney Heather A. Mahood and Budget and Performance Management Bureau Manager David Wodynski on September 12, 2007.

TIMING CONSIDERATIONS

City Council action on this matter is requested on September 18, 2007, to ensure the Police Department is able to close the year without exceeding its appropriation authority.

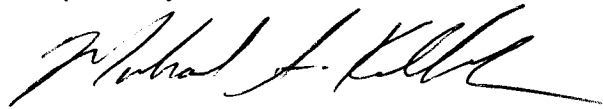
FISCAL IMPACT

The \$7,000,000 appropriation increase will be supported through one-time revenues and expenditure savings in other departments.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MICHAEL A. KILLEBREW
DIRECTOR OF FINANCIAL MANAGEMENT

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LETTER - FY07 INCREASE TO PD.DOC

APPROVED:



ANTHONY W. BATTS
CITY MANAGER