

R-37

CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

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

September 7, 2010

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 2011 budget as listed in Attachment A of this letter. (Citywide)

DISCUSSION

On July 23, 2010, the City Manager's Proposed Budget for Fiscal Year 2011 (FY 11) was delivered by the Mayor to the City Council and community with recommended amendments for consideration. Subsequent hearings were set for July 27, August 10, August 17, August 24, and September 7, along with approximately three Budget Oversight Committee (BOC) meetings and 7 community meetings at which the FY 11 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 16 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 11 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 11 budget and authorizes expenditures in conformance with the adopted budget. To become effective October 1, 2010, 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 11 Capital Improvement Program; the Mayor's Recommendations; and the Budget Oversight Committee's Recommendations to the FY 11 Proposed Budget.

This letter was reviewed by Assistant City Attorney Heather A. Mahood on August 24, 2010.

TIMING CONSIDERATIONS

In accordance with the Long Beach City Charter, the FY 11 budget must be adopted by September 15, 2010, 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 11 Proposed Budget shall be deemed the budget for the 2011 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, 2010, 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 11 budget for all departments and funds is \$2,888,906,361 which comprises \$2,491,051,082 in new appropriation and \$397,855,279 in estimated carry-over from FY 10 for multi-year grants and projects.

The Appropriations Ordinance, included as Attachment A-19 to this letter, totals \$2,058,387,516 for all funds except Harbor, Water and Sewer, and \$2,060,265,449 for all departments except Harbor and Water. The \$1,877,933 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 Appropriation 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 \$828,640,912. The budget for the Harbor Department was adopted by the Board of Harbor Commissioners by minute order on June 28, 2010. The budget for the Water Department was adopted by the Board of Water Commissioners by resolution on June 24, 2010.

All user fees and charges in the attached Master Fee and Charges Schedule (A-5) have been increased by the City Cost Index, a calculation of the projected increase in the City's cost from FY 10 to FY 11, 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 11 that has been incorporated as Exhibit C to the Master Fee and Charges Resolution.

Other requested City Council actions include approval of the FY 11 One-Year Capital Improvement Program (CIP) budget, which is contained in the Appropriations Ordinance. The Planning Commission, at its meeting of August 19, 2010, approved the CIP for FY 11 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. A motion is also requested making certain findings regarding the construction of certain public improvements with Redevelopment Funds to allow the Downtown Redevelopment Project Area to fund the City Place Parking Structure debt service 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 2011. These organizational changes are necessary to implement changes reflected in the Proposed FY 11 budget. The Salary Resolution will be submitted at a later date to the Council for approval.

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 38.42 percent of the 2010-2011 Appropriations Limit and, therefore, does not exceed the Limit. This calculation is reviewed by the City Auditor for conformance to the law.

HONORABLE MAYOR AND CITY COUNCIL
September 7, 2010
Page 4

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

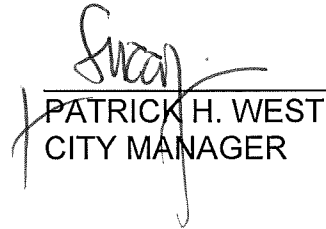


LORI ANN FARRELL
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

LAF/sm
K:\Budget\FY 11\Budget Adoption\Budget Adoption Council Letter 11.doc

ATTACHMENTS

APPROVED:



PATRICK H. WEST
CITY MANAGER

List of Requested Fiscal Year 2011 Budget Adoption Actions

1. Adopt the Resolution approving the FY 11 budget for the Long Beach Harbor Department as adopted by the Board of Harbor Commissioners on June 28, 2010. (A-1)
2. Declare an emergency to exist. (A-2)
3. Declare the Ordinance approving the Resolution establishing the rates and charges for water and sewer service to all customers, as adopted by the Board of Water Commissioners on June 24, 2010, as an Emergency Ordinance, read and adopted as read. (A-3)
4. Adopt the Resolution approving the FY 11 budget of the Long Beach Water Department as adopted by the Board of Water Commissioners on June 24, 2010. (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 11 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 of the City Council of the City of Long Beach 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 the Resolution making certain findings regarding the construction of certain public improvements with Redevelopment funds (City Place Parking Structure debt service). (A-9)
10. Adopt a motion approving the budget for the Long Beach Housing Development Company in the amount of \$19,050,008. (A-10)
11. Adopt a motion approving the transfer of \$24,847,412 from the Harbor Revenue Fund to the Tidelands Operating Fund. (A-11)
12. Adopt a motion approving the use of the CalPERS Annual Lump Sum Prepayment Option for the employer portion of the City's CalPERS retirement benefit. The recommended prepayment, in the amount of \$52,063,000 should provide a budgetary savings of \$1,937,000 to the City. Of this amount, the General Fund should recoup a budgetary savings of \$1,225,000. (A-12)
13. Adopt the Ordinance amending the Departmental Organization Ordinance. (A-13)

List of Requested Fiscal Year 2011 Budget Adoption Actions

14. Adopt the Resolution adopting an appropriations limit (Gann) for FY11 pursuant to Article XIII (B) of the California Constitution. (A-14)
15. Adopt the Mayor's proposed funding recommendations, as amended, to the FY11 Proposed Budget. (A-15)
16. Adopt the Budget Oversight Committee's proposed funding recommendations, as amended to the FY11 Proposed Budget. (A-16)
17. Adopt a motion amending the proposed budget. (A-17)
18. Declare an emergency to exist. (A-18)
19. Declare the Appropriations Ordinance for FY11, 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. (A-19)

FISCAL YEAR 2011 APPROPRIATIONS ORDINANCE BY FUND

| <u>FUND</u> | <u>FY 11 PROPOSED EXPENDITURES</u> | <u>CHANGES</u> | <u>FY 10 ESTIMATED CARRYOVER*</u> | <u>FY 11 APPROPRIATION</u> |
|---|--|-------------------|---------------------------------------|--------------------------------|
| GENERAL FUND | 382,068,111 | 857,159 | - | 382,925,270 |
| GENERAL GRANTS FUND | 6,138,654 | (150,398) | 11,740,589 | 17,728,845 |
| POLICE & FIRE PUBLIC SAFETY OIL PROD ACT FUND | 3,263,846 | (69,963) | - | 3,193,883 |
| HEALTH FUND | 40,190,799 | (185,063) | 25,699,608 | 65,705,344 |
| PARKING & BUSINESS AREA IMPROVEMENT FUND | 7,002,510 | (846,550) | - | 6,155,960 |
| SPECIAL ADVERTISING & PROMOTION FUND | 5,011,271 | 110,894 | - | 5,122,165 |
| UPLAND OIL FUND | 14,907,730 | - | - | 14,907,730 |
| HOUSING DEVELOPMENT FUND | 25,098,124 | 2,028,007 | 64,077,094 | 91,203,224 |
| BELMONT SHORE PARKING METER FUND | 668,275 | - | - | 668,275 |
| DEVELOPMENT SERVICES FUND | 11,947,929 | (600,081) | 106,379 | 11,454,227 |
| BUSINESS ASSISTANCE FUND | 816,877 | 11,429 | 477,863 | 1,306,169 |
| COMMUNITY DEVELOPMENT GRANTS FUND | 29,608,685 | 5,464,732 | 44,613,046 | 79,686,463 |
| PARK DEVELOPMENT FUND | 310,691 | (1,723) | - | 308,968 |
| GASOLINE TAX STREET IMPROVEMENT FUND | 10,108,973 | 1,759 | 19,419,291 | 29,530,023 |
| TRANSPORTATION FUND | 15,626,761 | (1,840,088) | 22,849,890 | 36,636,564 |
| CAPITAL PROJECTS FUND | 4,272,078 | (21,419) | 45,088,339 | 49,338,998 |
| CIVIC CENTER FUND | 2,444,703 | 89,590 | 942,762 | 3,477,055 |
| GENERAL SERVICES FUND | 38,293,973 | (653,553) | 189,233 | 37,829,652 |
| FLEET SERVICES FUND | 33,519,962 | (125,580) | 696,825 | 34,091,207 |
| INSURANCE FUND | 40,274,631 | (9,754) | 254,985 | 40,519,863 |
| EMPLOYEE BENEFITS FUND | 220,426,998 | 524,594 | - | 220,951,592 |
| TIDELANDS FUNDS | 122,159,234 | 8,823,944 | 33,022,441 | 164,005,619 |
| TIDELAND OIL REVENUE FUND | 70,360,070 | (22,355) | - | 70,337,716 |
| RESERVE FOR SUBSIDENCE | - | - | - | - |
| GAS FUND | 110,804,633 | 6,634,800 | 14,704,408 | 132,143,841 |
| GAS PREPAY FUND | 42,771,641 | (21,899,996) | - | 20,871,645 |
| AIRPORT FUND | 36,756,192 | 486,613 | 68,583,244 | 105,826,050 |
| REFUSE/RECYCLING FUND | 42,056,512 | 253,751 | (217,205) | 42,093,058 |
| SERRF FUND | 53,885,209 | 11,170 | - | 53,896,378 |
| SERRF JPA FUND | 11,295,285 | - | - | 11,295,285 |
| TOWING FUND | 8,827,789 | 46,379 | - | 8,874,169 |
| PARKING AUTHORITY FUND | - | - | - | - |
| HOUSING AUTHORITY FUND | 72,951,411 | 3,117 | 796,504 | 73,751,032 |
| REDEVELOPMENT FUND | 161,771,656 | 34,722,980 | 44,809,983 | 241,304,619 |
| CUPA FUND | 1,279,830 | (33,201) | - | 1,246,629 |
| TOTAL | 1,626,921,046 | 33,611,191 | 397,855,279 | 2,058,387,516 |

*Carryover of multi-year grants and CIP funds.

FISCAL YEAR 2011 APPROPRIATIONS ORDINANCE BY DEPARTMENT

| <u>DEPARTMENT</u> | <u>FY 11 PROPOSED EXPENDITURES</u> | <u>CHANGES</u> | <u>FY 10 ESTIMATED CARRYOVER*</u> | <u>FY 11 APPROPRIATION</u> |
|------------------------------|--|-------------------|---------------------------------------|--------------------------------|
| MAYOR AND COUNCIL | 4,925,850 | (2,009) | - | 4,923,840 |
| CITY ATTORNEY | 8,024,169 | (58,712) | - | 7,965,457 |
| CITY AUDITOR | 2,753,291 | 2,235 | - | 2,755,526 |
| CITY CLERK | 2,780,124 | 502,139 | - | 3,282,263 |
| CITY MANAGER | 8,289,504 | (21,537) | (196) | 8,267,770 |
| CITY PROSECUTOR | 4,758,192 | (20,851) | 91,946 | 4,829,287 |
| CIVIL SERVICE | 1,983,869 | 20,356 | - | 2,004,225 |
| AIRPORT | 36,360,628 | 299,230 | 67,453,711 | 104,113,570 |
| COMMUNITY DEVELOPMENT | 148,228,227 | 5,737,528 | 114,196,489 | 268,162,244 |
| DEVELOPMENT SERVICES | 178,453,127 | 34,118,265 | 44,881,606 | 257,452,999 |
| FINANCIAL MANAGEMENT** | 397,579,310 | (25,517,420) | 13,477,904 | 385,539,794 |
| FIRE | 94,157,149 | (377,199) | 1,906,804 | 95,686,754 |
| HEALTH AND HUMAN SERVICES | 44,988,420 | 688,125 | 26,962,884 | 72,639,429 |
| HUMAN RESOURCES | 7,948,995 | (20,746) | - | 7,928,249 |
| LIBRARY SERVICES | 12,839,212 | (44,770) | - | 12,794,442 |
| LONG BEACH GAS AND OIL | 240,637,024 | 6,401,845 | 14,704,408 | 261,743,276 |
| PARKS, RECREATION AND MARINE | 50,783,723 | (90,696) | 26,268,206 | 76,961,233 |
| POLICE | 200,781,028 | (492,040) | 5,501,594 | 205,790,582 |
| PUBLIC WORKS | 146,333,659 | 12,834,249 | 82,220,455 | 241,388,363 |
| TECHNOLOGY SERVICES | 36,475,127 | (628,449) | 189,468 | 36,036,146 |
| TOTAL | 1,629,080,628 | 33,329,542 | 397,855,279 | 2,060,265,449 |

*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-18
R-37.18

No supporting documents