

CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

R-34

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

June 2, 2009

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive and File the Fiscal Year 2009 Second Quarter Budget Performance Report.
(Citywide)

DISCUSSION

This report provides an update on the City's Fiscal Year 2009 (FY 09) budget and operational performance through March 31, 2009. The report covers a broad spectrum of financial information for all funds and departments with multi-year comparisons, charts and graphs to provide a clear picture of the City's financial situation. While the focus of the financial report is the General Fund, exceptional performance (both positive and negative) in other funds is highlighted where applicable.

Summary

The total Adjusted City Budget for all funds as of March 31, 2009 was \$3.52 billion. With 50 percent of the year complete, expenditure performance in all funds is at approximately 28.7 percent year-to-date. The total adjusted General Fund expenditure budget was \$405.1 million, with budgeted revenue of \$405.4 million. After the first six months of the fiscal year, based on current appropriation authority, overall expenditures are on target but revenues will fall well short of budgeted expectations.

FY 09 General Fund Revenue

Given the receipt of large upfront, one-time installment payments early in the fiscal year, year-to-date General Fund revenue is close to the expected performance after the second quarter of the year at \$202.1 million, or approximately 49.8 percent of total budget. However, as has been reported previously, it is estimated that Upland Oil, Sales and Use Tax, Vehicle License Fees, Transient Occupancy Tax, Interest-Pooled Cash, Real Property Transfer Tax, and other economically sensitive revenues will come in up to \$19.2 million below budget due to the impact of the current recession. In factoring out upfront and one-time payments from year-to-date actuals, and pro-rating installment revenues, only \$192.6 million in structural revenue has been received, or about 48.1 percent, with 50 percent of the fiscal year complete.

Foreclosure activities, delinquent payments, and reassessment appeals are expected to negatively impact Secured Property receipts later in the fiscal year or in FY 10, though the full impact will not be known until the receipt of future payment distributions from the County. Current assessments of year-to-date collections reveal that the FY 09 budget, with its conservative growth projection over FY 08 performance, may have compensated for the impact of the initial declines in the real estate market for this fiscal year, with increased impacts likely to be experienced in FY 10. An increase in the payment of outstanding property tax by banks taking ownership of foreclosed homes appears to be partially mitigating the negative impact of foreclosure related delinquencies.

Staff is vigilantly monitoring revenue performance and modifying forecasts based on evolving economic performance data. Current and projected revenue performance is based upon a variety of factors, and includes both structural and one-time revenues. It is important to note the risks inherent in projecting revenue, as the City has limited, if any, authority to affect many of the major General Fund revenue streams. The table below highlights performance through March 31, 2009 for selected General Fund revenues.

Revenue Source	FY 09 Adopted Budget	FY 09 YTD Revenue	YTD Rev as % of Adjusted Budget	FY 09 Estimate-to-Close	Notes
Secured Property Tax	\$67,600,000	\$39,671,533	58.7%	\$67,600,000	The City received its third secured property tax distribution from the County in February. The total year-to-date payment is net of administrative costs charged to the City. A trending increase in the payment of outstanding property tax by banks taking ownership of foreclosed homes may partially offset the impact of foreclosure related delinquent payments.
Real Property Transfer Tax	\$1,600,000	\$338,981	21.2%	\$700,000	Real Property Tax collections will come in less than in FY 08 and below budget projections due to a reduction in real estate prices. On average, monthly sales activity has increased 33 percent over last year due to buyers taking advantage of price declines. However, this has been largely offset by the dramatic reduction in the price of homes sold.
Sales and Use Tax, (includes the Triple Flip)	\$55,198,211	\$26,954,763	48.8%	\$53,950,439	The Sales and Use Tax payments were reduced by 25 percent for the State Triple Flip and are offset by the bi-annual Property Tax In-Lieu of Sales Tax payment from the State. Second quarter sales tax receipts, net of payment adjustments and corrections related to prior periods, reflected a decline of 5.4 percent. Sales tax performance in all business segments is down except for Construction due to the exceptional quarter-over-quarter sales growth of Edison Material Supply. The first half of the \$15.1 million triple flip backfill payment posted in January, with the second to post in May.
Motor Vehicle In-Lieu Tax (VLF), combined with Property Tax In Lieu of VLF	\$40,444,000	\$20,477,190	50.6%	\$40,936,618	Payments for VLF are received monthly, while the Property Tax In-Lieu of VLF is received in January and May. Monthly VLF payments are trending much lower than budget due to a sharp decline in State auto sales, and as a result, the monthly payments from the State were zero in November and December. In-Lieu VLF payments will exceed budget because they are based on property assessed valuation growth rather than auto sales.

HONORABLE MAYOR AND CITY COUNCIL

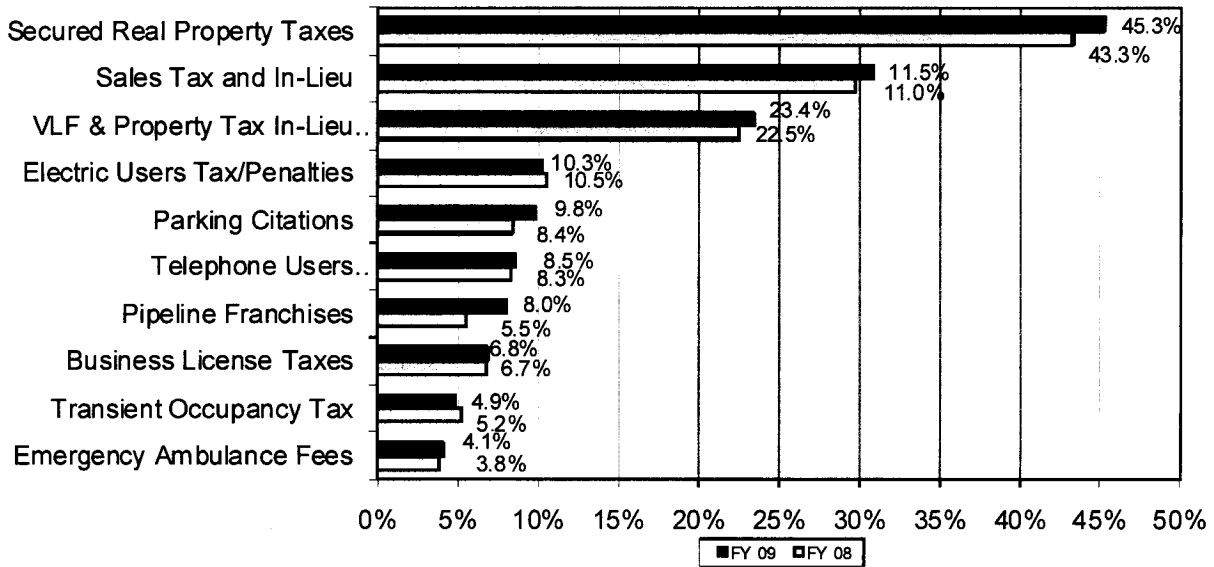
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Revenue Source	FY 09 Adopted Budget	FY 09 YTD Revenue	YTD Rev as % of Adjusted Budget	FY 09 Estimate-to-Close	Notes
Uplands Oil Transfer	\$18,857,471	\$4,459,276	23.6%	\$9,128,670	Budgeted FY 09 revenue is based on an \$85/bbl oil price assumption. At the end of the second quarter, Wilmington Crude oil priced at \$45.25/bbl, for a FYTD average of \$40.25/bbl, much lower than budgeted expectations. The first Upland's Oil transfer to the General Fund took place in the second quarter, with additional transfers to continue on a quarterly basis thereafter. Due to the decline of oil prices, the Upland's Oil Transfer will be approximately \$9.7 million below budget.
Utility Users Tax	\$43,985,757	\$20,889,198	47.5%	\$41,463,000	Electric UUT collections are trending below budget. The Public Utilities Commission did not approve the expected 6.2 percent rate increase for SoCal Edison. Telephone UUT collections are expected to come in at budget. The voter-approved telecommunications measure may safeguard collections against year-over-year declines in revenue; however, that has yet to be seen. Natural gas UUT collections are anticipated to come in less than budget due to a decrease in consumption and a sharp decline in gas commodity prices. Water UUT collections are trending below budget due to the impact of successful water conservation efforts.
Parking Citations	\$16,654,482	\$8,597,833	51.6%	\$14,099,573	Parking citation revenue is not expected to meet budgeted expectations. Estimated increases in citation activity from past resource investments were overly optimistic; however, since the consolidation of enforcement services into Public Works, efficacy of enforcement has improved. A pending audit adjustment to completely post FY 08 revenue to the prior year will reduce receipts. This audit adjustment will revise YTD receipts to 7,741,992, or 46.5 percent, of YTD expected revenue.
Business License Tax	\$11,337,589	\$5,985,590	52.8%	\$11,000,000	Despite expectations that recession related Long Beach business closures would lower collections, Business License revenue is trending close to budget.
Emergency Ambulance Fees	\$8,620,000	\$3,559,894	41.3%	\$8,550,000	Emergency Ambulance Fee collections are projected to trend close to budget.
Transient Occupancy Tax	\$9,180,000	\$4,256,567	46.4%	\$8,470,000	The recession has had a negative impact on Long Beach tourism, which has led to declines in room prices and occupancy rates in Long Beach hotels.
Pipeline Franchises	\$8,000,000	\$7,011,661	87.6%	\$8,000,000	The second quarter franchise payment reflected a significant increase in the volume of natural gas transported with a decline in price. Pipeline Franchises are expected to perform at or above budget predicated on a continuance of high transport demand by Long Beach electric generation plants.
Electric Company Franchises	\$6,897,000	\$3,451,004	50.0%	\$6,200,000	An Edison rate case with the Public Utilities Commission did not result in a rate increase for the current fiscal year. This will lead to collections below budgeted expectations.
Interest-Pooled Cash	\$4,888,000	\$1,372,963	28.1%	\$3,152,630	Interest earnings from pooled cash will come in below budget due to interest rate declines in the financial market.

A summary of the top 40 General Fund revenues is included in Attachment A. Exhibit 1 below shows the City's top 10 General Fund revenue sources in FY 09 as a percentage of total year-to-date General Fund revenue.

Exhibit 1 – Top 10 FY 09 General Fund Revenue Sources as a Percentage of the \$202.1 million Total Year-to-Date



FY 09 Revenue by Department

Attachment B provides a breakdown of General Fund revenue performance by department. Many of the departmental variances are captured in the footnotes to this attachment. The Financial Management Department realized the highest level of General Fund revenue to date of all operating departments at \$12.1 million, followed by the Department of Public Works at \$11.5 million, and the Police Department at \$6.1 million. As noted earlier, despite 50 percent of revenue collected, due mostly to one-time payments and interdepartmental transfers received during the first quarter, actual revenues are trailing under budget.

FY 09 General Fund Expenditures

The Adopted General Fund expenditure budget for FY 09 was \$403.9 million. As of March 31, 2009, the total adjusted General Fund budget was \$405.1 million, due to carry-over for prior year encumbrances. The overall year-to-date General Fund spending is \$177.4 million, or 43.8 percent of budget, with 50 percent of the Fiscal Year complete. This is a result of cost savings measures implemented by the City Manager early in fiscal year 2009. On December 9, 2008, the City Manager issued department-specific savings targets, instituted a hard hiring freeze, reduced limits on Department contracting authority and deferred State-funded Capital projects to ensure the City ends the fiscal year in balance.

FY 09 General Fund Expenditures by Department

FY 09 Savings Measures

In light of current economic challenges and the State's budget crisis, and the \$19.2 million current year deficit that has resulted, the City has implemented tighter fiscal controls to manage department budgets and ensure that the General Fund remains in balance. On December 9, 2008, the City Manager transmitted FY 09 General Fund operational savings targets to departments including some related funds, ranging from 1-3 percent, to generate \$6 million in savings for FY 09. Since those targets were assigned, the General Fund revenue outlook worsened. Given the worsening fiscal condition, and the negative budgetary outlook for FY 10 and beyond, the City Manager implemented a more aggressive budget balancing approach, as discussed with the City Council at the March 3, 2009 Special Meeting on the budget.

Department savings targets were increased and directors were instructed to reduce spending by 2-6 percent. The City Manager provided a governing framework to guide department directors in their deliberations when considering mid-year cost savings measures. Proposals were to be primarily structural in nature and fall into five targeted categories: the elimination of non-core services and duplication of efforts; exploring opportunities to privatize various City operations; decreasing subsidies; increasing revenues; and creating internal efficiencies.

These cost savings measures in City Manager-led departments are expected to have a \$12.5 million structural annual savings value. However, given the nature of the recommended reductions and the fact that six months of the fiscal year remain, it is anticipated that the actual value of the FY 09 deficit solutions (both revenue increases and cost reductions) will equal approximately \$10.5 million. The following chart highlights the expected deficit solutions by department and the percent of the FY 09 expenditure budget these solutions represent.

DEPT	Estimated FY 09 Deficit Solutions	Estimated FY 09 Solutions as % of Budget
CD	\$ 320,482	6.0%
CM	183,002	6.0%
DV	500,000	44.1%
FD	1,465,247	2.0%
FM	537,693	5.0%
HE	64,967	1.2%
HR	194,610	2.4%
LBGO	821,408	2.0%
LS	589,277	4.5%
PD	2,754,000	1.4%
PR	1,228,942	4.7%
PW	1,200,000	3.8%
TS	704,332	2.0%
Total \$	10,563,960	2.4%

Approximately 23.21 FTEs will be impacted by these reductions; of the positions to be eliminated, two are filled full-time FTEs, 3.55 are filled part-time/non-career FTEs, four are vacant management positions and 13.66 are vacant Non-management FTEs.

Exhibit 2 – Largest FY 09 General Fund Expenditures Year-to-Date by Department, as a Percentage of the \$177.4 million Total Expenditures.

*Citywide Activities include debt payments, pass through transactions, old Police and Fire pension plan, General Fund project funding, etc.

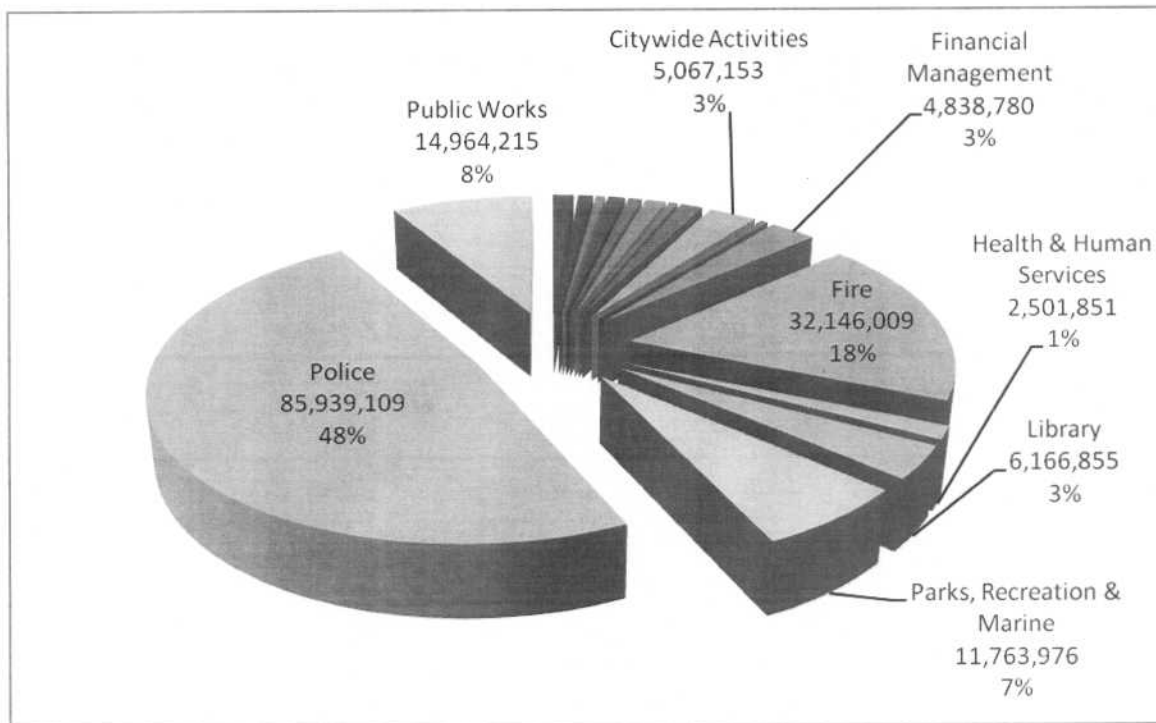


Exhibit 2 shows the City's top 8 General Fund year-to-date expenditures by department. In aggregate the Top 8 represents \$163.4 million or 92.1 percent of General Fund expenditures. The majority of General Fund expenditures comprise public safety services. Of the \$177.4 million expended to date, the Police Department (48 percent) and Fire Department (18 percent) comprise 66 percent of the total General Fund year-to-date expenditures. Attachment C provides a listing of all departments' year-to-date General Fund expenditure performance.

FY 09 Expenditure Performance – All Funds

The City's Adopted FY 09 Budget for all funds includes \$3.5 billion of annual funds, carryover (multi-year grants and capital projects funds) of \$399.1 million, prior year encumbrances (goods and services ordered in FY 08 but received in FY 09), and City Council approved budget amendments. Combined, the total Adjusted City Budget as of March 31, 2009 was \$3.52 billion. Please see Attachment D for a breakdown of Citywide expenditures by fund.

While it is not expected that department or fund expenditures will occur equally throughout the fiscal year or be fully expended in the current fiscal year due to the inclusion of multi-year projects, monitoring the rate of expenditure is a helpful indicator of resource management. With 50 percent of the year complete, expenditure performance in all funds is at approximately 28.7 percent year-to-date. This includes the Harbor and Redevelopment Funds currently performing at 18.3 percent and 27.2 percent, respectively.

Other Significant Issues

Employee Furlough or Equivalent Savings

City management entered into discussions with the City's nine labor unions regarding employee generated cost savings options, including a potential mandatory work furlough or equivalent savings.

While various cost savings strategies were discussed, immediate action is necessary to help address the FY 09 budget shortfall by the end of the fiscal year. Implementation of a business closure and a mandatory 40-hour work furlough for all permanent employees, to take place on the last Friday of each month, will provide for the continuation of critical programs and services for the public while mitigating service impacts and mitigating the need for significant workforce reductions at this time. Due to public safety needs, critical business functions and potential revenue loss, alternative approaches to employee-generated savings including floating furlough days are being considered. The furlough will commence May 29, 2009 and continue through the end of the fiscal year. A furlough may not be implemented if equivalent employee generated savings are negotiated with labor organizations. The employee 40-hour work furlough is expected to generate \$4 million in General Fund and approximately \$7 million in All Funds savings.

Health Fund

The Health Fund supports vital disease prevention, prenatal care, healthcare services and bio-terrorism prevention to the City's residents. The Health Fund depends extensively on State revenue and reimbursable grants for funding. The Health Fund continues to experience cash flow problems due mainly to delayed grant reimbursements and has experienced an unprecedented cash shortfall for over 191 days without anticipated relief in the short-term due to the delay in the State budget adoption and the State's cash crisis. Collections of grant reimbursable expenses from the State, a major source of revenues in the Health Fund, are being delayed as the State addresses its persistent deficit. To continue these vital services to residents, the City continues to expend its monies predicated on future reimbursements from its grantors, including the State; however, this is proving to be problematic given the State's current challenges. Should the level and pace of reimbursement not increase during the last six months of the fiscal year, the Health Fund may require a General Fund cash loan.

In addition, as previously reported, State General Fund reductions of 10 percent across the board will significantly impact some grant-funded programs in FY 09; however, because of the State's overlapping fiscal year with the City's last quarter of FY 08, the City will see approximately \$100,000 in revenue losses to the Health Fund in current year program budgets. These reductions will be offset with corresponding expenditure reductions to eliminate Health Fund impacts.

To address reductions in State revenue as well as delayed grant reimbursements, the Health Department implemented a plan to cut \$2 million in annual spending from its budget (\$1 million for half year savings in FY 09). This led to the elimination of 30.76 FTEs from the

department. However, given that the Federal, State and County grantors currently owe the City approximately \$3 million in grant reimbursements, further reductions may be needed to end the year in balance. The Health Department will likely need to make significant budget reductions in FY 10 to resolve its ongoing cash flow challenges.

Development Services Fund

As the effects of the declining economy continue be felt throughout every sector nationally, regionally, and locally, the Department of Development Services has particularly felt the trickle-down effects of the housing crisis and the slowdown of new housing construction. During the first six months of FY 09, the Department experienced a 25 percent decrease in the number of building permits issued and an 80 percent decline since FY 07. With a beginning fund balance of \$544,832, the Development Services Fund is currently expected to end the year with a negative fund balance of approximately \$1.7 million.

In April 2009, Long Beach Development Services' management met with the Budget Office to identify short- and long-term solutions that would mitigate the Fund's balance. Given that planning and development activities in Long Beach are experiencing historic lows, the Department is careful about raising fees in a community that is experiencing an unemployment rate of 11.3 percent. However, the Department must bring its expenditures in line with its expected revenue. If a solution cannot be found in the near-term, further reductions will be required.

Conclusion

Numerous financial constraints continue to challenge the City's ability to end the fiscal year in balance, especially in the General Fund. These include revenues impacted by the slowing national and regional economy, forthcoming impacts of the State's current year budget deficit, and certain departmental expenditure trends. These challenges make it imperative that we maintain a firm position of fiscal restraint. Looking to the future, we must not lose sight of the fact that the City must also address its existing retiree health care commitments, ongoing labor negotiations, and critical infrastructure needs including remediating our aging facilities, streets, sidewalks and other infrastructure systems. To realign resources to meet these needs will take much collaboration on the part of the community and workforce, as current year and future service reductions will have a direct impact on City employees as well as the community members accustomed to a certain level of service from the City.

TIMING CONSIDERATIONS

City Council action on this matter is not time critical.

FISCAL IMPACT

There is no fiscal impact associated with the recommended action.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,




LORI ANN FARRELL
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

LAF:DW:SM
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ATTACHMENTS

APPROVED:



PATRICK H. WEST
CITY MANAGER

March 2009
General Fund Revenue (Top 40)
Fiscal Year 2009
(50.0% of Year Completed)

Attachment A

TOP 40 GENERAL FUND REVENUES	FY 08 Year End Actuals	FY 08 March YTD	FY 09 March YTD	FY 09 March YTD Over/(Under) FY 08 March YTD	% of FY 09 Adj Budget	FY 09 Adjusted Budget	FY 09 Estimate-to-Close
SECURED REAL PROPERTY TAXES ¹	\$ 65,417,653	\$ 37,904,823	\$ 39,671,533	\$ 1,766,710	58.7%	\$ 67,600,000	\$ 67,600,000
CITY SALES AND USE TAX & IN-LIEU SALES AND USE TAX ²	52,792,453	26,073,325	26,954,763	881,438	48.8%	55,198,211	53,950,439
VEHICLE LICENSE FEE & PROPERTY TAX IN-LIEU OF VLF ³	39,393,475	19,717,468	20,477,190	759,723	50.6%	40,444,000	40,936,618
ELECTRIC USERS TAX & PENALTIES ⁴	17,663,613	9,234,322	9,000,250	(234,071)	48.7%	18,479,500	17,830,000
PARKING CITATIONS ⁵	14,086,162	7,350,000	8,597,833	1,247,833	51.6%	16,654,482	14,099,573
TELEPHONE USERS TAX & PENALTIES	14,633,115	7,294,806	7,453,108	158,301	49.9%	14,943,000	14,943,000
PIPELINE FEES ⁶	11,411,785	6,894,935	7,198,186	303,251	59.9%	12,013,564	12,013,564
BUSINESS LICENSE TAXES	11,300,759	5,884,438	5,985,590	101,152	52.8%	11,337,589	11,000,000
TRANSIENT OCCUPANCY TAX ⁷	9,108,780	4,554,797	4,256,567	(298,230)	46.4%	9,180,000	8,470,000
EMERGENCY AMBULANCE FEES ⁸	8,348,777	3,340,422	3,559,894	219,472	41.3%	8,620,000	8,550,000
PIPELINE FRANCHISES ⁹	11,901,157	4,828,889	7,011,661	2,182,772	87.6%	8,000,000	8,000,000
ELECTRIC COMPANY FRANCHISES ⁴	6,202,407	3,558,340	3,451,004	(107,336)	50.0%	6,897,000	6,200,000
PRIOR YEAR SECURED REAL PROPERTY TAXES ¹⁰	6,037,846	3,297,759	3,241,174	(56,585)	55.7%	5,814,000	4,500,000
GAS USERS TAX & PENALTIES ¹¹	5,777,714	2,966,064	2,846,823	(119,241)	50.8%	5,604,450	5,300,000
CHARGES FOR SPECIAL SERVICES ¹²	4,298,330	933,882	212,007	(721,875)	4.0%	5,292,840	5,582,380
INTEREST-POOLED CASH ¹³	5,830,484	2,839,049	1,372,963	(1,466,086)	28.1%	4,888,000	3,152,630
AMERICAN GOLF LEASE ¹⁴	4,729,547	1,963,430	1,755,697	(207,733)	38.6%	4,550,000	4,413,500
VEHICLE CODE FINES ¹⁵	3,087,569	1,375,573	1,438,847	63,274	32.9%	4,367,891	2,924,296
OTHER DEPT SVCS TO PROPRIETARY FUNDS	3,668,847	1,425,728	1,967,488	541,760	47.7%	4,124,278	4,741,365
WATER USERS TAX & PENALTIES ¹⁶	3,048,960	1,442,035	1,589,016	146,982	44.6%	3,565,000	3,390,000
MISC REFUNDS & REIMB	9,226,607	1,215,557	1,834,366	618,808	54.3%	3,377,959	3,556,737
LAND,BLDG,R/W,EASEMENT,APT RENTALS	3,543,440	1,743,403	1,702,613	(40,790)	51.4%	3,310,000	3,310,000
CIP-ENGINEERING CHARGES ¹⁷	2,717,491	422,812	959,925	537,112	30.5%	3,150,000	2,650,000
REDEV. REIMB.-NORTH LB	2,231,926	-	1,266,935	1,266,935	50.0%	2,533,870	2,122,978
CITY/MISC/BOND REFI ADVANCES ¹⁸	1,295,424	1,295,424	2,300,000	1,004,576	100.0%	2,300,000	2,300,000
OIL PRODUCTION TAX ¹⁹	2,151,968	1,050,370	1,021,810	(28,561)	45.4%	2,250,000	1,950,000
MISC REVENUE FROM OTHER AGENCIES ²⁰	811,674	286,388	212,407	(73,982)	12.6%	1,682,312	454,964
REAL PROPERTY TRANSFER TAX ²¹	1,196,023	384,114	338,981	(45,132)	21.2%	1,600,000	700,000
OFF-STREET PARKING ²²	1,141,686	472,967	298,088	(174,880)	21.4%	1,394,128	653,823
ASSET MANAGEMENT CHARGES	1,210,152	635,788	655,986	20,198	53.2%	1,232,350	1,232,350
METERED/OTHER PARKING	1,128,409	539,454	554,966	15,512	45.7%	1,214,000	1,000,000
FIRE INSPECTION FEES ²³	1,087,692	562,578	646,166	83,588	55.8%	1,157,000	1,282,200
OTHER DEPT CHGS TO GOV'L FUNDS	1,096,208	474,341	474,218	(123)	42.3%	1,121,616	1,121,616
FACILITY RENTAL	782,703	299,622	401,177	101,555	39.5%	1,016,207	882,037
FIRE PLAN CHECK FEES ²⁴	1,297,269	552,995	758,160	205,165	75.2%	1,008,000	1,300,000
INTANGIBLE PERSONAL PROPERTY TAXES ²⁵	1,202,842	630,363	481,844	(148,518)	48.2%	1,000,000	1,300,000
HARBOR-POLICE	631,155	193,860	220,228	26,369	22.2%	991,596	991,596
FALSE ALARM REVENUE ²⁶	582,111	251,907	285,610	33,704	29.2%	978,762	676,060
REDEV. REIMB.-CENTRAL	1,003,494	-	479,509	479,509	50.0%	959,018	994,573
TRANSFERS FROM OTHER FUNDS ²⁷	42,837,676	20,182,935	18,788,581	(1,394,354)	40.8%	46,058,493	36,689,835
SUBTOTAL TOP 40 GENERAL FUND REVENUES	375,915,385	184,074,965	191,723,164	7,648,199	49.7%	385,909,116	362,766,135
SUBTOTAL ALL OTHER REVENUES	24,340,000	9,551,797	10,392,249	840,454	53.1%	19,556,667	23,541,564
TOTAL	\$ 400,255,385	\$ 193,626,762	\$ 202,115,414	\$ 8,488,653	49.8%	\$ 405,465,783	\$ 386,307,699

Notes:
See next page

March 2009
General Fund Revenue (Top 40)
Fiscal Year 2009
(50.0% of Year Completed)

Attachment A

Notes:

¹ The City received its third secured property tax distribution from the County in February. The total year-to-date payment is net of administrative costs charged to the City. A trending increase in the payment of outstanding property tax by banks taking ownership of foreclosed homes will partially offset the impact of foreclosure related delinquent payments.

² Second quarter sales tax receipts, representing holiday sales activity, demonstrated 5.7 percent growth over the previous year. However, actual business activity, net of payment adjustments and corrections related to prior periods, reflected a decline of 5.4 percent. The performance of all business segments were down except for Construction, due to the exceptional quarter over quarter sales growth of Edison Material Supply. The first half of the \$15.1 million triple flip backfill payment posted in January, with the second to post in May.

³ Monthly Vehicle License Fee payments are trending much lower than budget due to a sharp decline in State auto sales. Monthly payments from the State were suspended in November and December due to a significant decline in State auto sales. Property Tax In-Lieu payments posted in January, with the second to post in May.

⁴ An Edison rate case with the Public Utilities Commission did not result in a rate increase for the current fiscal year. The postponement of the increase will lead to collections below budgeted expectations.

⁵ Parking citation revenue is not expected to meet budgeted expectations. Estimated increases in citation activity from past resource investments were overly optimistic; however, since the consolidation of enforcement services into Public Works, efficacy of enforcement has improved. A pending accounting adjustment to correctly post FY 08 revenues to that Fiscal Year will reduce receipts.

⁶ The second installment of quarterly Water and Sewer Pipeline Fee payments posted in March. The annual Safety Pipeline Fee posted in January.

⁷ The recession has negatively impacted Long Beach tourism, which has led to declines in room prices and occupancy rates at Long Beach hotels.

⁸ The notable increase in revenue over the previous year is due to a fee increase.

⁹ The second quarter franchise payment reflected a significant increase in the volume of natural gas transported with a decline in price. Pipeline Franchises are expected to perform at or above budget predicated on a continuance of high transport demand by Long Beach electric generation plants.

¹⁰ Although delinquent property tax payments are increasing, supplemental property tax payments related to transfers of ownership and new construction are declining substantially.

¹¹ Collections are anticipated to come in lower than budget due to a decrease in gas commodity prices and consumption.

¹² Revenue related to Long Beach City College security services will post at a later time than in the previous year.

¹³ Interest earnings from pooled cash will come in below budget due to interest rate declines in the financial market.

¹⁴ American Golf receipts are coming in lower than expected at this time of the year due to rainy weather earlier in the fiscal year and overall reduced play.

¹⁵ Vehicle Code Fines are trending well under budget.

¹⁶ Collections are trending below budget due to the impact of successful water conservation efforts.

¹⁷ Capital Projects billings will come in below budget due to reduced capital spending.

¹⁸ \$2.3 million in principal payments toward the Central Long Beach Project Area debt obligation to the General Fund have posted.

¹⁹ As oil field operators reduce expenses and investments, and thus production, in order to maintain positive cash flow in an energy market with lower oil prices, collections will come in below budget.

²⁰ The Community Development Department's budgeted revenue for the Premiere Marketing contract will not materialize. The estimate-to-close is also lower than budget given that the City will receive reduced reimbursements from the State related to the jailing of parolees.

²¹ Real Property Tax collections will come in less than in FY 08 and below budget projections due to a reduction in real estate prices. On average, monthly sales activity has increased over last year due to buyers taking advantage of price declines; however, home prices have significantly declined thus lowering revenue.

²² Parking revenues from City Place garages have declined due to venue closures.

²³ The notable increase in revenue over the previous year is due to a fee increase.

²⁴ Current year-to-date performance is greater than in the previous year due to variations in the timing and size of development projects.

²⁵ Year-to-date collections are demonstrating declines due to the impact of valuation adjustments and delinquent payments.

²⁶ Revenue related to False Alarm fee increases is not meeting budgeted expectations.

²⁷ The second installment of the quarterly transfers into the General Fund took place in the second quarter. The total transfers are less than 50 percent of budget at this point in the year due to a reduction in the Upland's Oil transfer, related to a decrease in oil prices.

March 2009
Revenue Analysis by Department
General Fund - Fiscal Year 2009
(50 % of Year Completed)

Attachment B

Department	FY 09 Adopted Budget	Amendments ¹	Adjusted Budget	Year-to-Date Actuals	Remaining	Estimates-to-Close	
Mayor and City Council	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
City Attorney	250	-	250	-	250	250	-
City Auditor	-	-	-	225	(225)	-	-
City Clerk	126,743	-	126,743	20,106	106,637	126,743	100.0%
City Manager	-	-	-	1,175	(1,175)	2,240	-
City Prosecutor	-	-	-	6,035	(6,035)	-	-
Civil Service	-	-	-	-	-	-	-
Community Development ²	6,209,256	(65,000)	6,144,256	2,356,425	3,787,831	4,069,773	66.2%
Citywide Activities	311,331,098	-	311,331,098	159,392,544	151,938,554	296,953,900	95.4%
Development Services	1,023,556	-	1,023,556	480,149	543,407	857,849	83.8%
Financial Management	20,451,380	-	20,451,380	12,180,445	8,270,935	19,100,411	93.4%
Fire ³	11,562,900	-	11,562,900	5,577,293	5,985,607	12,905,396	111.6%
Health and Human Services	1,741,193	-	1,741,193	632,985	1,108,208	1,708,202	98.1%
Library Services ⁴	581,617	386,671	968,288	368,766	599,522	988,198	102.1%
Parks, Recreation & Marine	9,163,158	-	9,163,158	3,460,274	5,702,884	8,496,066	92.7%
Police ⁵	17,657,934	-	17,657,934	6,127,697	11,530,237	17,779,556	100.7%
Public Works	25,220,027	75,000	25,295,027	11,511,237	13,783,790	23,319,116	92.2%
TOTAL	\$ 405,069,112	\$ 396,671	\$ 405,465,783	\$ 202,115,356	\$ 203,350,427	\$ 386,307,699	95.3%

Notes:

¹ Amendments reflect budget adjustments during the fiscal year.

² Revenues from Premier Sponsorship totalling \$1,000,000 will not be realized this fiscal year. The projects transferred over to RDA and the Veterans Memorial parking contract expired in FY 08 and both revenues will no longer accrue to CD.

³ The Fire Department revenue is 11.6 % higher due to a one-time second quarter \$677,000 reimbursement from wildland fire strike teams, ongoing increases to fire inspection and plan check fees, as well as movie and television revenue.

⁴ Funds from the Federal E-rate Grant were appropriated for an Integrated Library System. A request to move the budget to the General Grants Fund was made as part of the 2nd Quarter Budget Adjustment.

⁵ The Police Department's projected revenue is slightly over budget as approximately \$330,000 was attributable to filming events for the first five months of the year.

March 2009
Expenditure Analysis by Department
General Fund - Fiscal Year 2009
(50% of Year Completed)

Attachment C

Department	FY 09 Adopted Budget	Amendments ¹	Adjusted Budget	Year-to-Date Actuals ²	Remaining	Estimates-to-Close	
Mayor and City Council	\$ 5,032,840	\$ 33,024	\$ 5,065,864	\$ 2,174,064	\$ 2,891,800	\$ 5,065,864	100.0%
City Attorney	2,989,841	60,805	3,050,646	1,572,540	1,478,105	2,994,659	98.2%
City Auditor	2,289,732	38,556	2,328,287	966,883	1,361,404	2,328,287	100.0%
City Clerk	3,713,740	72,528	3,786,267	1,761,279	2,024,988	3,653,667	96.5%
City Manager	3,031,422	(114,535)	2,916,887	1,385,993	1,530,894	2,659,743	91.2%
City Prosecutor	5,058,303	79,924	5,138,227	2,137,706	3,000,520	5,058,303	98.4%
Civil Service	2,188,600	419	2,189,019	906,750	1,282,268	2,184,502	99.8%
Community Development	5,589,855	(109,360)	5,480,495	2,305,966	3,174,529	5,159,578	94.1%
Citywide Activities ³	20,264,581	649,768	20,914,350	5,067,153	15,847,197	13,589,770	65.0%
Development Services ⁴	1,895,586	(762,991)	1,132,595	763,340	369,255	1,680,772	148.4%
Financial Management	10,696,938	134,817	10,831,755	4,838,780	5,992,975	10,305,778	95.1%
Fire	73,187,088	75,271	73,262,359	32,146,009	41,116,350	72,456,907	98.9%
Health and Human Services	5,317,374	4,972	5,322,346	2,501,851	2,820,495	5,129,355	96.4%
Library Services	12,999,778	452,795	13,452,573	6,166,855	7,285,718	12,863,844	95.6%
Parks, Recreation & Marine	25,673,507	223,542	25,897,048	11,763,976	14,133,072	25,069,861	96.8%
Police	192,805,368	-	192,805,368	85,939,109	106,866,259	189,933,767	98.5%
Public Works	31,244,197	297,109	31,541,306	14,964,215	16,577,091	31,008,739	98.3%
TOTAL	\$ 403,978,750	\$ 1,136,642	\$ 405,115,391	\$ 177,362,469	\$ 227,752,922	\$ 391,143,396	96.6%

Notes:

¹ Amendments reflect budget adjustments approved by the City Council during the fiscal year, but are primarily due to prior-year encumbrances (purchase orders).

² As of March 31, 2009, 45.21 percent of payrolls are posted with 45.21 percent of the year complete.

³ Citywide Activities include debt service payments, as well as interdepartmental transfers, including transfers to the Capital Improvement Fund.

⁴ ETC for GP CityPlace includes an increase in parking operations contract costs as a result of labor and CPI increases. Automation upgrade is being proposed to assist in reducing costs.

**March 2009
Expenditure Analysis by Fund
Fiscal Year 2009
(50% of Year Completed)**

Attachment D

Fund	FY 09 New Allocation	Estimated All-Years Carryover ¹	FY 09 Adopted Appropriation	Amendments ²	Adjusted Budget	Year-to-date Actuals	Estimates-to-close	Remaining	% Spent	
Funds with All Years Carryover										
Airport	\$34,918,652	\$51,524,656	\$86,443,308	\$450,000	\$86,893,308	\$19,950,997	57,201,759	65.8%	\$66,942,311	23.0%
Business Assistance ³	1,214,532	(289,210)	925,322	-	925,322	698,603	1,188,247	128.4%	226,719	75.5%
Capital Projects	10,790,141	61,972,111	72,762,252	(594,165)	72,168,087	6,111,620	14,182,828	19.7%	66,056,466	8.5%
Civic Center	1,644,585	3,334,304	4,978,889	961	4,979,850	63,559	2,428,189	48.8%	4,916,291	1.3%
Community Development Grants	26,749,523	38,697,921	65,447,445	5,070,310	70,517,755	14,121,821	35,798,432	50.8%	56,395,934	20.0%
Fleet Services	36,339,357	354,121	36,693,477	2,674,468	39,367,946	14,358,439	36,373,482	92.4%	25,009,507	36.5%
Gas	144,834,502	(437,091)	144,397,411	829,869	145,227,280	52,742,003	98,059,476	67.5%	92,485,277	36.3%
Gasoline Tax Street Improvement	17,354,032	16,093,345	33,447,377	256,084	33,703,461	4,653,955	5,142,113	15.3%	29,049,505	13.8%
General Grants	6,657,583	13,680,702	20,338,285	3,058,002	23,396,287	5,599,903	12,045,322	51.5%	17,796,384	23.9%
General Services	36,876,801	1,721,389	38,598,190	134,136	38,732,326	15,554,562	35,764,049	92.3%	23,177,764	40.2%
Harbor	1,020,678,713	-	1,020,678,713	-	1,020,678,713	186,885,637	-	0.0%	833,793,076	18.3%
Health	44,918,181	38,170,053	83,088,234	13,792	83,102,025	16,987,771	39,464,039	47.5%	66,114,254	20.4%
Housing Authority ⁴	67,457,618	746,749	68,204,367	-	68,204,367	34,078,508	69,472,188	101.9%	34,125,859	50.0%
Housing Development	26,704,716	75,433,592	102,138,307	21,196	102,159,503	10,245,243	27,639,489	27.1%	91,914,260	10.0%
Insurance	36,371,584	-	36,371,584	106,063	36,477,647	17,736,202	35,687,210	97.8%	18,741,446	48.6%
Police & Fire Public Safety Oil Production Act	4,756,444	-	4,756,444	-	4,756,444	906,980	4,733,778	99.5%	3,849,463	19.1%
Redevelopment	142,465,986	39,566,140	182,032,126	265	182,032,391	49,441,811	146,152,840	80.3%	132,590,580	27.2%
Refuse/Recycling	49,584,535	36,512	49,621,047	67,035	49,688,082	21,332,510	45,665,541	91.9%	28,355,572	42.9%
SERRF	55,212,970	-	55,212,970	456	55,213,426	25,434,508	53,378,923	96.7%	29,778,917	46.1%
Sewer	17,941,697	-	17,941,697	-	17,941,697	5,967,642	17,941,697	100.0%	11,974,054	33.3%
Tidelands Operating	134,673,877	29,695,859	164,369,535	2,124,972	166,494,507	56,960,129	126,199,236	75.8%	109,534,378	34.2%
Transportation	16,922,674	28,777,803	45,700,477	15,283,251	60,983,728	8,107,895	25,176,879	41.3%	52,875,833	13.3%
Water	87,495,696	-	87,495,696	-	87,495,696	34,282,433	87,495,696	100.0%	53,213,263	39.2%
SUBTOTAL	\$ 2,022,564,398	\$ 399,078,752	\$ 2,421,643,151	\$ 29,496,695	\$ 2,451,139,846	\$ 602,222,733	977,191,412	39.9%	\$ 1,848,917,112	24.6%
Funds Without All Years Carryover										
General	\$ 403,978,750	\$ -	\$ 403,978,750	\$ 1,136,642	\$ 405,115,391	\$ 177,362,469	391,143,396	96.6%	\$ 227,752,922	43.8%
Belmont Shore Parking Meter ⁵	669,532	-	669,532	-	669,532	139,632	881,807	131.7%	529,900	20.9%
Certified Unified Program Agency (CUPA)	1,294,779	-	1,294,779	-	1,294,779	556,539	1,215,560	93.9%	738,240	43.0%
Employee Benefits	227,098,045	-	227,098,045	43,526	227,141,571	96,823,179	209,214,924	92.1%	130,318,393	42.6%
Development Services ⁶	13,839,827	-	13,839,827	32,508	13,872,335	5,809,752	13,965,873	100.7%	8,062,583	41.9%
Park Development	1,057,653	-	1,057,653	-	1,057,653	265,471	399,990	37.8%	792,182	25.1%
Parking & Business Area Improvement	7,031,088	-	7,031,088	1,144	7,032,232	2,327,993	6,672,232	94.9%	4,704,239	33.1%
SERRF JPA	11,394,998	-	11,394,998	-	11,394,998	7,591,496	11,394,998	100.0%	3,803,502	-
Special Advertising & Promotion	6,938,289	-	6,938,289	752,615	7,690,905	4,252,986	7,318,495	95.2%	3,437,919	55.3%
Tideland Oil Revenue	363,188,961	-	363,188,961	34,096	363,223,057	104,464,504	115,480,607	31.8%	258,758,554	28.8%
Towing	9,825,615	-	9,825,615	670	9,826,285	4,104,915	9,422,387	95.9%	5,721,370	41.8%
Upland Oil	28,650,709	-	28,650,709	-	28,650,709	7,697,317	17,643,604	61.6%	20,953,392	26.9%
SUBTOTAL	\$ 1,074,968,248	\$ -	\$ 1,074,968,248	\$ 2,001,200	\$ 1,076,969,448	\$ 411,396,253	784,753,873	72.9%	\$ 665,573,196	38.2%
TOTAL - All Funds	\$ 3,097,532,646	\$ 399,078,752	\$ 3,496,611,399	\$ 31,497,895	\$ 3,528,109,294	\$ 1,013,618,986	1,761,945,285	49.9%	\$ 2,514,490,308	28.7%

Notes:

¹ Estimated All-Years Carryover is composed of multi-year grants and Capital Improvement Program (CIP) funds; unspent amounts are carried over to future years.

² Amendments reflect budget adjustments approved by the City Council during the fiscal year including All-Years Carryover Budget Adjustments.

³ Housing Authority has enough carryover fund balance to cover projected expenses over and above the budget.

⁴ The negative expense carryover balance in SR 149 is offset by the overages in revenue carryover balances.

⁵ A duplicative ETC was entered in March and will be removed next month.

⁶ ETCs overestimated EIR consulting and Hansen Land Management costs. Reduction will be reflected in April's ETC.