

September 5, 2023

BH-27.15

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 2024 budget as listed in Attachment A. (Citywide)

DISCUSSION

On August 1, 2023, the City Manager's Proposed Budget for Fiscal Year 2024 (FY 24) was delivered by Mayor Richardson to the City Council and the community for consideration. The City Council budget hearings were held on January 17, March 7, August 1, August 8, August 15, August 22, and September 5, 2023. Additionally, Budget Oversight Committee (BOC) meetings and citywide community town hall meetings were also held in the months of January, February, July, and August 2023, at which the Proposed FY 24 Budget was discussed. As a result of these meetings, there were 24 scheduled opportunities for public feedback, deliberation, and input. Additionally, FY 24 budget input was solicited through the Long Beach Budget Priority Survey in January and the Digital Budget Comment Card in August to obtain feedback on desired City priorities and input on the FY 24 Proposed Budget. Both the survey and the comment card were promoted on the City's website, X (formerly Twitter), Instagram, Facebook, Reddit, Nextdoor, and at community meetings.

At the conclusion of the September 5, 2023 Budget Hearing, the City Council will amend the Proposed FY 24 Budget as it deems appropriate and adopt the proposed budget as amended. Since the publication of the Proposed FY 24 Budget, a few updates were made to the proposed revenue and expenditure budgets, which primarily address technical corrections and are listed by fund group and department in Attachments B, C, and D. The reasons for these budget adjustments are discussed at the end of this letter.

As part of the FY 24 Budget Adoption, there are three Ordinances to be considered for approval in Attachment A. The first Ordinance amends the Departmental Organization of the City (A-6). The second Ordinance approves Resolution No. UT-1482 (A-10), which establishes the rates and charges for the water, sewer, and gas services. The third is the Appropriations Ordinance (A-16), which officially appropriates the funding for the Adopted Budget (approved in A-3) and authorizes expenditures in conformance with the Adopted Budget. For the second and third Ordinances to become effective on October 1, 2023, the City Council must first declare an emergency to exist before adopting each Ordinance (A-9 and A-15).

There are also five Resolutions to approve the Master Fees and Charges Schedule (A-4); amend the Salary Resolution (A-7); approve the budget for the Long Beach Harbor Department (A-8); approve the budget for the Utilities Department (A-11); and establish the Gann Appropriations Limit (A-14). There are also the following motions: approve the Mayor's

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Recommendations (A-1); approve the BOC Proposed Funding Recommendations (A-2); amend the Proposed FY 24 Budget (A-3); approve the FY 24 One-Year Capital Improvement Program (A-5); approve the FY 24 Budget for the Long Beach Community Investment Company (A-12); and approve the Harbor Fund Group transfer (A-13).

This matter was reviewed by Deputy City Attorney Monica Kilaita on August 16, 2023 and by Budget Manager Grace H. Yoon on August 15, 2023.

TIMING CONSIDERATIONS

In accordance with the City Charter, the Proposed FY 24 Budget must be adopted by September 15, 2023. Should the City Council fail to adopt the budget by that date, the City Manager's Proposed FY 24 Budget will be deemed the budget for the 2024 Fiscal Year. The Mayor has five calendar days from the City Council adoption of the budget to use his veto authority. The City Council would then have until September 30, 2023, to override the veto action by the Mayor with a two-thirds supermajority vote (six Councilmembers).

FISCAL IMPACT

The City Charter requires that the Appropriations Ordinance govern and control the expenditure and commitment amounts stated therein relating to City departments, offices, and agencies during each fiscal year. The total Proposed FY 24 Budget for all departments and fund groups is \$4,264,914,347, which comprises of \$3,239,989,594 in new appropriation and \$1,024,924,753 in estimated carryover from FY 23 for multi-year grants and projects. Attachments B, C, and D provide the financial overview by Fund Group and Department, and Citywide revenue by Fund Group, respectively.

The Appropriations Ordinance, included as Attachment A-16, totals \$3,339,734,767 for all Fund Groups except Harbor, Sewer, Water, and Gas Fund Groups, and \$3,344,564,651 for all departments except Harbor and Utilities Departments. The \$4,829,884 difference between Fund Groups and Departments is due to general City indirect costs budgeted in the Financial Management Department but charged to the Harbor, Water, Sewer, and Gas Fund Groups, which are not included in the Appropriations Ordinance by Fund Group.

The proposed Harbor, Water, Sewer, and Gas Fund Group budgets are in separate City Council Resolutions included as Attachment A-8 and A-11, respectively, and total \$925,179,581. This total figure reflects what is in the budget system, which may vary from the figures included in the resolutions, which allow for adjustments to be made to the adopted budget in an amount not exceeding five (5) percent. The final budgets are \$608,416,908 for the Harbor Fund Budget, \$162,465,645 for the Water Fund, \$23,564,028 for the Sewer Fund, and \$130,733,000 for the Gas Fund. The Board of Harbor Commissioners adopted the budget for the Harbor Department by minute order on June 12, 2023. The Board of Utilities Commissioners adopted the budget for the Utilities Department by Resolution on June 26, 2023.

User fees and charges in the Master Fees and Charges Schedule, included as Attachment A-4, have been adjusted due to changes in service and other factors. For details regarding these

proposed new fees and adjustments, please see the List of Proposed Fees Adjustments for FY 24 that has been incorporated as Exhibits B and C to the Master Fees and Charges Resolution.

Other requested City Council actions include:

- Approving the FY 24 One-Year Capital Improvement Program (CIP) budget, included as Attachment A-5, which is contained in the Appropriations Ordinance.
- Amending the Departmental Organization Ordinance included as Attachment A-6. This amendment incorporates changes to departments, bureaus, and divisions for FY 24. These organizational changes are necessary to implement changes reflected in the Proposed FY 24 Budget. A redline version of the changes is also provided.
- Adopting the amended Salary Resolution for FY 24, which creates and establishes positions of employment while fixing and prescribing the compensation for officers and employees, is included as Attachment A-7. Historically, the Salary Schedule has been included alongside the Salary Resolution, for review by Council. Starting in FY 23, the Department of Human Resources will return to City Council at a later date for approval of the Salary Schedule to ensure accuracy and inclusion of new/updated classifications.
- Adopting the FY 24 Long Beach Community Investment Company (LBCIC) budget, included as Attachment A-12. The LBCIC budget is prepared annually for City Council approval and is a subset of the Housing Development Fund. The LBCIC oversees the delivery of housing and neighborhood revitalization services. The LBCIC approved its FY 24 Budget on May 17, 2023.
- Adopting a Resolution, included as Attachment A-14, establishing the Gann Appropriations Limit (Limit) for general purpose expenditures. In November 1979, the voters of the State of California (State) approved Proposition 4, also known as the Gann Initiative (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 prevents overspending proceeds of taxes. Only those revenues that 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 47.95 percent of the 2023-2024 Appropriations Limit and, therefore, do not exceed the Limit. The City Auditor reviews this calculation for conformance to the law.

After the City Manager delivered the Proposed FY 24 Budget to the Mayor, technical adjustments were made to complete the budget. These changes are shown in Attachments B, C, and D. Changes include the following:

1. An expense and revenue decrease of \$16,195 in the Public Works Department in the Capital Projects Fund Group as a correction to align with CDBG FY 24 Action Plan 24.
2. An expense decrease in the Airport Department in the Capital Projects Fund Group of \$52,449 as a technical correction to align personnel budgeting to project budgeting.

3. An expense increase in the Health and Human Services Department in the Health Fund Group of \$23,890 as a technical correction for the sidewalk vending program fleet vehicle purchase expenditure in FY 24.

The remaining changes were minor, technical adjustments made to various funds and departments resulting in no bottom line changes at the fund level.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



KEVIN RIPER
DIRECTOR OF FINANCIAL MANAGEMENT

ATTACHMENTS

APPROVED:



THOMAS B. MODICA
CITY MANAGER

List of Requested Fiscal Year 2024 Budget Adoption Actions

1. Adopt the Mayor's proposed budget recommendations, as amended, to the Proposed FY 24 Budget. (A-1)
2. Adopt the Budget Oversight Committee's proposed funding recommendations, as amended, to the Proposed FY 24 Budget. (A-2)
3. Adopt the expenditures and revenues as identified in the Proposed FY 24 Budget, as amended. (A-3)
4. Adopt the Resolution amending the Master Fees and Charges Schedule for specified City services for Citywide fees and charges for the City of Long Beach. (A-4)
5. Approve the FY 24 One-Year Capital Improvement Program. (A-5)
6. 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-6)
7. Adopt the amended Salary Resolution for FY 24. (A-7)
8. Adopt the Resolution approving the FY 24 budget for the Long Beach Harbor Department as adopted by the Board of Harbor Commissioners on June 12, 2023. (A-8)
9. Declare an emergency to exist pursuant to City Charter Section 221 for the Ordinance approving the Resolution No. UT-1482 establishing the rates and charges for Water, Sewer, and Gas services to all customers, as adopted by the Board of Utilities Commissioners on June 26, 2023. (A-9)
10. Declare the Ordinance approving the Resolution No. UT-1482 establishing the rates and charges for Water, Sewer, and Gas services to all customers, as adopted by the Board of Utilities Commissioners on June 26, 2023, 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-10)
11. Adopt the Resolution approving the FY 24 budget of the Long Beach Utilities Department as adopted by the Board of Utilities Commissioners on June 26, 2023. (A-11)
12. Adopt a motion approving the FY 24 budget for the Long Beach Community Investment Company in the amount of \$10,675,142. (A-12)
13. Adopt a motion approving the estimated transfer of \$24,122,500 from the Harbor Fund Group to the Tidelands Operations Fund Group. (A-13)
14. Adopt the Resolution establishing the Gann Appropriations Limit for FY 24 pursuant to Article XIII (B) of the California Constitution. (A-14)
15. Declare an emergency to exist pursuant to City Charter Section 221 for the Appropriations Ordinance for FY 24, creating and establishing the fund groups of the Municipal Government and appropriating money to and authorizing expenditures from said funds and for said fiscal year. (A-15)

List of Requested Fiscal Year 2024 Budget Adoption Actions

16. Declare the Appropriations Ordinance for FY 24, creating and establishing the fund groups 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 2024 APPROPRIATIONS ORDINANCE BY FUND GROUP
(Does not include Harbor, Water, Sewer, and Gas Fund Groups)

<u>FUND GROUP</u>	<u>FY 24 PROPOSED EXPENDITURES</u>	<u>CHANGES*</u>	<u>FY 23 ESTIMATED CARRYOVER**</u>	<u>FY 24 APPROPRIATIONS***</u>
GENERAL FUND	719,137,012	-	-	719,137,012
UPLAND OIL FUND	10,314,080	-	-	10,314,080
GENERAL GRANTS FUND	11,598,781	-	27,185,298	38,784,078
POLICE & FIRE PUBLIC SAFETY OIL PROD ACT FUND	2,871,145	-	-	2,871,145
HEALTH FUND	64,077,201	23,890	41,504,528	105,605,619
CUPA FUND	2,935,653	-	-	2,935,653
SPECIAL ADVERTISING & PROMOTION FUND	11,599,628	-	-	11,599,628
HOUSING DEVELOPMENT FUND	12,463,329	-	18,219,282	30,682,611
BELMONT SHORE PARKING METER FUND	844,382	-	-	844,382
BUSINESS ASSISTANCE FUND	757,019	-	4,246,567	5,003,586
COMMUNITY DEVELOPMENT GRANTS FUND	18,319,604	-	25,491,614	43,811,218
HOUSING AUTHORITY FUND	109,722,688	-	5,737,141	115,459,829
GASOLINE TAX STREET IMPROVEMENT FUND	11,889,365	-	14,044,644	25,934,008
CAPITAL PROJECTS FUND	184,852,036	(68,644)	663,205,342	847,988,734
SUCCESSOR AGENCY OPERATIONS	4,233,281	-	29,466,722	33,700,003
CIVIC CENTER FUND	24,819,094	-	480,371	25,299,465
GENERAL SERVICES FUND	78,420,346	-	20,707,380	99,127,726
FLEET SERVICES FUND	51,911,234	-	3,482,863	55,394,097
INSURANCE FUND	74,815,760	-	-	74,815,760
EMPLOYEE BENEFITS FUND	416,869,196	-	-	416,869,196
TIDELANDS OPERATIONS FUND	107,900,479	-	95,545,309	203,445,788
TIDELANDS AREA FUNDS	38,084,601	-	18,073,198	56,157,799
TIDELANDS OIL REVENUE FUND	91,961,960	-	-	91,961,960
RESERVE FOR SUBSIDENCE	-	-	-	-
DEVELOPMENT SERVICES FUND	35,350,578	-	(2,056,422)	33,294,157
GAS PREPAY	46,131,723	-	-	46,131,723
AIRPORT FUND	60,627,755	-	57,420,340	118,048,095
REFUSE/RECYCLING FUND	72,340,343	-	2,170,576	74,510,919
SERRF FUND	7,093,001	-	-	7,093,001
SERRF JPA FUND	-	-	-	-
TOWING FUND	7,327,677	-	-	7,327,677
DEBT SERVICE FUND	11,593,856	-	-	11,593,856
SUCCESSOR AGENCY - DEBT SERVICE	23,991,962	-	-	23,991,962
TOTAL	2,314,854,768	(44,754)	1,024,924,753	3,339,734,767

*Please refer to the Fiscal Impact section of the City Council Letter for a general description of notable changes.

**Reflects estimated carryover for accounts with projects and grants as of 5/31/23.

***The total appropriations for all fund groups is \$4,264,914,347. This is derived from the total FY 24 Appropriations amount above, plus \$925,179,581 for the Harbor, Water, Sewer, and Gas Fund Groups not listed above. Note: figure may not account for rounding.

FISCAL YEAR 2024 APPROPRIATIONS ORDINANCE BY DEPARTMENT
(Does not include Harbor and Utilities Departments)

<u>DEPARTMENT</u>	<u>FY 24 PROPOSED EXPENDITURES</u>	<u>CHANGES*</u>	<u>FY 23 ESTIMATED CARRYOVER**</u>	<u>FY 24 APPROPRIATIONS****</u>
MAYOR AND COUNCIL	8,050,573	-	(1,081)	8,049,492
CITY ATTORNEY	10,617,544	-	(3,900)	10,613,644
CITY AUDITOR	3,507,601	-	-	3,507,601
CITY CLERK	5,281,467	-	-	5,281,467
CITY MANAGER	27,188,045	-	7,282,576	34,470,621
CITY PROSECUTOR	7,138,407	-	1,674,586	8,812,993
CIVIL SERVICE	3,895,471	-	-	3,895,471
AIRPORT	59,725,492	(52,449)	57,230,336	116,903,379
DISASTER PREPAREDNESS & EMERGENCY COMMUNICATIONS	14,395,629	-	1,561,976	15,957,605
DEVELOPMENT SERVICES	88,275,826	-	71,224,979	159,500,804
ECONOMIC DEVELOPMENT	32,677,659	-	98,767	32,776,426
FINANCIAL MANAGEMENT***	754,073,266	-	112,562,598	866,635,864
FIRE	166,301,404	-	3,545,615	169,847,019
HEALTH AND HUMAN SERVICES	187,127,193	23,890	47,180,253	234,331,336
HUMAN RESOURCES	38,587,031	-	(686,811)	37,900,220
LIBRARY SERVICES	19,653,165	-	5,118,904	24,772,068
ENERGY RESOURCES	109,001,976	-	-	109,001,976
PARKS, RECREATION AND MARINE	78,528,151	-	31,107,645	109,635,795
POLICE	314,615,694	-	11,173,594	325,789,289
POLICE OVERSIGHT	1,499,453	-	-	1,499,453
PUBLIC WORKS	316,580,874	(16,195)	653,806,601	970,371,280
TECHNOLOGY & INNOVATION	72,962,731	-	22,048,117	95,010,848
TOTAL	2,319,684,651	(44,754)	1,024,924,753	3,344,564,651

*Please refer to the Fiscal Impact section of the City Council Letter for a general description of notable changes.

**Reflects estimated carryover for accounts with projects and grants as of 5/31/23.

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

****The total appropriations for all fund groups is \$4,264,914,347. This is derived from the total FY 24 Appropriations amount above, plus \$920,349,696 for the Harbor and Utilities Departments not listed above. Note: figure may not account for rounding.

FISCAL YEAR 2024 REVENUES BY FUND GROUP
(Does not include Harbor, Water, Sewer, and Gas Fund Groups)

<u>FUND GROUP</u>	<u>FY 24 PROPOSED REVENUES</u>	<u>CHANGES*</u>	<u>FY 24 PROPOSED BUDGETED REVENUES</u>
GENERAL FUND	676,790,001	-	676,790,001
UPLAND OIL FUND	11,811,475	-	11,811,475
GENERAL GRANTS FUND	11,147,287	-	11,147,287
POLICE & FIRE PUBLIC SAFETY OIL PROD ACT FUND	2,897,874	-	2,897,874
HEALTH FUND	63,475,465	-	63,475,465
SPECIAL ADVERTISING & PROMOTION FUND	12,008,333	-	12,008,333
HOUSING DEVELOPMENT FUND	12,735,212	-	12,735,212
BELMONT SHORE PARKING METER FUND	893,794	-	893,794
BUSINESS ASSISTANCE FUND	728,199	-	728,199
COMMUNITY DEVELOPMENT GRANTS FUND	9,778,871	-	9,778,871
GASOLINE TAX STREET IMPROVEMENT FUND	13,096,064	-	13,096,064
CAPITAL PROJECTS FUND	173,206,602	(16,195)	173,190,407
CIVIC CENTER FUND	24,361,028	-	24,361,028
GENERAL SERVICES FUND	78,547,435	-	78,547,435
FLEET SERVICES FUND	67,916,587	-	67,916,587
INSURANCE FUND	84,593,625	-	84,593,625
EMPLOYEE BENEFITS FUND	416,498,796	-	416,498,796
TIDELANDS OPERATIONS FUND	112,569,406	-	112,569,406
TIDELANDS AREA FUNDS	34,619,590	-	34,619,590
TIDELANDS OIL REVENUE FUND	98,787,714	-	98,787,714
RESERVE FOR SUBSIDENCE	5,286,979	-	5,286,979
DEVELOPMENT SERVICES FUND	36,905,203	-	36,905,203
GAS PREPAY FUND	-	-	-
AIRPORT FUND	65,877,118	-	65,877,118
REFUSE/RECYCLING FUND	73,516,115	-	73,516,115
SERRF FUND	4,150,000	-	4,150,000
SERRF JPA FUND	-	-	-
TOWING FUND	7,328,360	-	7,328,360
HOUSING AUTHORITY FUND	105,713,883	-	105,713,883
SUCCESSOR AGENCY OPERATIONS	4,219,567	-	4,219,567
CUPA FUND	1,864,161	-	1,864,161
DEBT SERVICE FUND	10,000,690	-	10,000,690
SUCCESSOR AGENCY DEBT SERVICE	30,162,041	-	30,162,041
TOTAL	2,251,487,476	(16,195)	2,251,471,281

*Please refer to the Fiscal Impact section of the City Council Letter for a general description of notable changes.

No supporting documents.