



City of Long Beach

CITY MANAGER'S FISCAL YEAR 2008 PROPOSED BUDGET

BUDGET WORKSHOP

August 7, 2007



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FY 08 Proposed Budget

Guided by City Council's Priorities

- Provide Structurally Balanced Budget
- Reduce Crime, Particularly Violent Crime
- Improve Transportation System (Infrastructure)
- Promote Economic Development
- Lead Environmental Stewardship Efforts
- Continue Workforce & Business Development
- Promote Neighborhood Quality of Life
- Enhance Community Involvement
- Enhance Public Health Programs
- Support Quality Housing Development



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FY 08 Proposed Budget

Supported by City Council's Financial Policies

- Adopt a Structurally Balanced Budget
- Report on How Budget is Balanced
- Maintain and Build General Fund Reserves
- Limit Use of One-time Revenues
- Delineate Use of New Discretionary Revenue
- Conform to Accounting and Financial Reporting Principles
- Review User Fees and Charges
- Seek Grants
- Continue Long-term Financial Planning
- Control Debt Issuance



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FY 08 Proposed Budget

Extensive Community Outreach

- Staff Attended Over 40 Community Meetings – April-July
- Mayor's Budget Town Halls
- Budget 101 Workshop – May 14
- City Council Budget Workshop – June 19
- 8 Monthly Budget Oversight Committee Meetings
- 9 City Council Budget Workshops and Hearings – July-September



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FY 08 Proposed Budget

Primary Goals of the City Manager's Proposed Budget

- Deliver a Structurally Balanced Budget
- Maintain Current Level of Core Services
- Address Emerging Issues
- Fulfill Charter Changes



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FY 08 Proposed Budget

Performance Management

- Key to Professional Management of City Resources
- Gives City the Tools to:
 - Anticipate and Plan for Challenges and Opportunities Over Next 2-5 Years
 - Plan and Budget for Future Based on Community Priorities
 - Continuously Improve Services Provided to All Customers
 - Produce Better Results for People Who Live, Work and Play in Long Beach
 - Increase Accountability at All Levels of Organization
 - Evolve Focus of Organization from "Outputs" to "Outcomes"
- Performance Management program received a Certificate of Distinction from ICMA



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FY 08 Proposed Budget

Performance-Based Program Budget

- Links funding to service levels and results
 - Enhances dialogue from who's spending what funds to what is the community getting for its money
 - Uses community priorities and needs to help us ask the right questions and inform decision-making
- Aligns Policy Focus Areas with Programs
 - Provides better strategic perspective to develop policy guidance
 - Assists in planning for results
- Performance management is an evolutionary process
 - FY 08 is third year of performance-based program budget
 - Continuously evaluating performance measures and results to build on strengths and address weaknesses



FY 08 Proposed Budget

Focus Area: Community Safety

Total Investment: \$376.3 million

Provide a safe and productive environment for the entire community. In Long Beach, community safety is a top priority. Community safety goes beyond crime suppression and emergency response. Safe communities ensure a healthy environment, in which unsafe conditions are prevented or quickly addressed, and residents are allowed to fully engage in the social and economic life of the community.

Programs Include:

- | | |
|------------------------------------|-----------------------|
| • Police Patrol & Traffic Services | • Disaster Management |
| • Homeland Security Services | • Animal Control |
| • Fire Emergency Response | • Inspection Services |
| | • City Prosecutor |





FY 08 Proposed Budget

Focus Area: Community Safety

- FD will maintain arrival on-scene for 90 percent of emergency calls within six minutes or less
- Violent crimes per 1,000 residents will remain at approximately 7
 - Long-term goal is 4 violent crimes per 1,000 residents by 2013
- PD will maintain an average response time of five minutes or less for Priority One calls for service
 - Meets strategic objective
- 100 percent of disease outbreak cases will be contained in a timely manner
- 85,000 construction inspections will be conducted, with 95 percent completed in 24 hours



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FY 08 Proposed Budget

Focus Area: Community Safety

- New Recommended Services Through Proposition H
- Oil Production Tax Now Available for Public Safety
 - New Police Officers
 - New Ladder Truck
 - Enhanced Disaster Management Oversight



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FY 08 Proposed Budget

Focus Area: Neighborhoods & Housing

Total Investment: \$125.0 million

Enhance and beautify neighborhoods, provide adequate housing for the community, balance the effects of growth on neighborhoods and the environment, plan for future land use and improve the quality of life for all Long Beach residents, particularly those with special needs.

Programs Include:

- Housing Development
- Library Facilities & Maintenance
- Community Design & Development
- Historic Preservation
- Graffiti Removal
- Community Support & Litter Abatement



FY 08 Proposed Budget

Focus Area: Neighborhoods & Housing

- Approximately 3,200 of 3,550 housing units to be built with City assistance will be for homeownership
- 70 percent of Code Enforcement violation cases will be in compliance within 120 days
- 90 percent of customers at the Development Services Center will be served within 30 minutes
- Additional \$84 million Redevelopment investment in blight removal and infrastructure development





FY 08 Proposed Budget

Focus Area: Environment

Total Investment: \$56.3 million

Maintain clean and safe neighborhoods, streets, waterways, beaches and parks, and promote sustainable practices throughout the community.

Programs Include:

- Certified Unified Program Agency
- Hazardous Materials
- Recreational Water Quality
- Environmental Planning
- Refuse Collection
- Waste Diversion & Recycling
- Street Sweeping



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FY 08 Proposed Budget

Focus Area: Environment

- 210,000 tons of refuse will be collected
- 32,100 tons of recyclables will be collected
- 13,600 tons of debris will be diverted from storm drains and the ocean through street sweeping
- Enhanced hazardous materials inspections
- Administration of green building and construction/ demolition debris recycling programs, and support the Sustainable City Commission
- Enhanced alley clean-up program



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FY 08 Proposed Budget

Focus Area: Business & Economic Assistance

Total Investment: \$310.5 million

Help attract and retain businesses, develop a productive workforce, enhance the tourism industry, strengthen the city's economy and revitalize ailing commercial districts.

Programs Include:

- Youth Development
- Career Development Services
- Employer Workforce Development
- Development & Redevelopment
- Cultural Tourism Development
- Business Licensing & Permits
- Harbor Activities



FY 08 Proposed Budget

Focus Area: Business & Economic Assistance

- 79 percent of adults and youth completing training programs will be placed in jobs in targeted industries
- 90 percent of youth will be returned to school, placed in an internship or employed
- 200 businesses will benefit from improvements on targeted commercial corridors
 - 17 percent increase over FY 07
- 36,500 business licenses and permits will be active
 - 5.6 percent increase over FY 07





FY 08 Proposed Budget

Focus Area: Health & Human Services

Total Investment: \$47.2 million

Minimize the risk and spread of disease and other hazardous conditions, increase awareness of healthy behaviors, improve access to health care resources, assist families and individuals in need of support and ensure the mental and physical health of the community.

Programs Include:

- Human Dignity Office
- Maternal Child & Adolescent Health
- Health Promotion/Preventive Health
- Food Facility & Housing Code Enforcement
- Animal Shelter Operations
- Substance Abuse Counseling
- Homeless Services



FY 08 Proposed Budget

Focus Area: Health & Human Services

- 100 percent of beach sites will be sampled for water quality on a weekly basis
 - Continuation of FY 07 level of service
- 90 percent of samples will be within State standards
 - 2 percent increase over FY 07
- 500 mosquito traps will be monitored weekly
 - Doubles FY 07 level of service
- 80 percent of STD patients will have improved health and reduced risk of disease transmission
 - Continuation of FY 07 level of service
- 88 percent of disease prevention program participants will report increased knowledge of health risks and behaviors
 - 8 percent increase from FY 07





FY 08 Proposed Budget

Focus Area: Health & Human Services

- Decline in grant funding continues for the fourth consecutive year. In FY 08, some service delivery approaches are shifted from individual to community health.
- Refer Child Health and Disability Prevention Clinic clients to other providers that offer full range of care.
- Refer 640 of 800 Prenatal Clinic clients to private providers.
- 10 percent (100) reduction in Substance Abuse Counseling Program clients served.
- Redirect Artesia WIC clientele to one of other five WIC sites in Long Beach.
 - Due to reduction in client demand and State grant funding
- Reduce Role of Men Program outreach and case management services (estimated 35 fewer participants)



FY 08 Proposed Budget

Focus Area: Culture, Education & Leisure

Total Investment: \$56.4 million

Enrich the quality of life through arts and cultural experiences, offer recreational activities, maintain open space for outdoor pursuits, provide access to reading, literacy and other learning opportunities and nurture the physical, intellectual and educational well-being of all Long Beach residents.

Programs Include:

- Arts Support
- Library Resources
- Youth Literacy Development
- Cultural & Performing Arts
- Beach/Waterway Maintenance & Operations
- Sports
- El Dorado Regional Park





FY 08 Proposed Budget

Focus Area: Culture, Education & Leisure

- 120,000 youth will be served through Library Literacy Development Programs (increase of 16.5 percent over FY 07)
- Provide 96,000 new library resources
- 5.5 acres of open space will be provided per 1,000 residents
 - Goal to achieve 6.0 acres per 1,000 residents by 2012; an additional 246 acres are needed
- 626,000 youth and teen recreation participant days will be provided
- 177,000 youth and adult Sports Program participant days will be provided
- 255,000 Senior Center visits expected
- 238,000 aquatics facilities visits expected
- 139,000 Nature Center visits expected
- Refer 65 Extended Day Program participants to other providers



FY 08 Proposed Budget

Focus Area: Infrastructure & Transportation

Total Investment: \$533.5 million

Maintain and improve streets, sidewalks and alleys to improve traffic flow, keep City facilities clean and safe, maintain a secure Airport and plan for future needs.

Programs Include:

- Street Drainage
- Street Maintenance
- Traffic Engineering
- Airport Security & Safety
- City Facilities Capital Project Management
- Street Median Landscaping
- Harbor Investment





FY 08 Proposed Budget

Focus Area: Infrastructure & Transportation

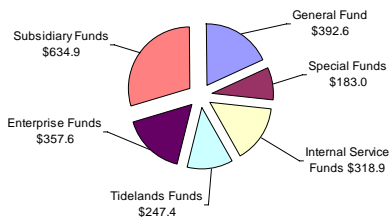
- 1,800 sidewalk locations will be repaired
 - Continuation of FY 07 level of service
- The percentage of local streets rated as “good” will decline from 35 percent to 34 percent
 - This percentage is expected to decline further to 30 percent by 2010 without additional resources
- The Airport will be in compliance with 100 percent of regulatory safety and security reviews (FAA, TSA & State)



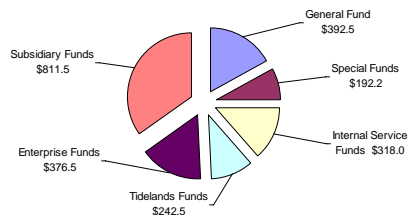
FY 08 Proposed Budget

Proposed Resources and Expenditures – All Funds (Structural and One-Time)

FY 08 Proposed Resources
All Funds (in millions)
(Total = \$2.1 billion)



FY 08 Proposed Expenditures
All Funds (in millions)
(Total = \$2.3 billion)





Financial Strategic Plan

- Financial Strategic Plan Maintains Three-year Outlook on General Fund Revenue and Expense
- FY 08 Proposed General Fund is Structurally Balanced, but Tenuously
- Future Liabilities are Significant
- **Options Available for the Future**



Financial Strategic Plan

Fiscal Year 2008-2010 General Fund Structural Revenue and Expense Projections

(In structural increments, in millions)

Fiscal Year	FY 08	FY 09	FY 10
Proposed/Projected Structural Revenue Changes	\$385.2	\$393.5	\$404.2
Includes:			
<i>Property Tax</i>		1.6	3.5
<i>Sales Tax and In-Lieu Sales Tax (Backfill)</i>		1.6	1.6
<i>Utility Users Tax</i>		0.5	0.8
<i>Vehicle License Fees and In-Lieu VLF (Backfill)</i>		2.0	2.1
Proposed/Projected Structural Expenditure Changes	\$385.1	\$394.1	\$406.5
Includes:			
<i>Negotiated POA Salary Increases (1)</i>		3.6	10.0
<i>Loss of COPS UHP Grants</i>		1.0	
<i>10 percent New Discretionary Revenue Set Aside for Capital</i>		1.0	1.0
Adopted/Estimated Structural Surplus/(Deficit)	\$0.1	(\$0.6)	(\$2.3)

(1) This only includes the negotiated Police salary increases in FY 09; other Bargaining Unit agreements expire in FY 07 and FY 08.





Financial Strategic Plan

Estimated Future Liabilities

- Streets, Sidewalks, Curbs & Gutters (net) - \$90 million
- City Facilities Rehab/Rebuild - \$585 million
- Alleys & Storm Drains - \$90 million
- Police Department Overtime - \$6 million
- Preventive Street & Facility Maintenance
- IAM & FFA Negotiations (per 1% increase) - \$1.8 million
- Police Officers Adjustment to Median - \$10-\$15 million
- Annual Set-aside to Fund GASB Liabilities - \$3 million
- Contractual & Uncontrollable Cost Increases - \$2 million



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FY 08 Proposed Budget

General Fund: Maintaining a Structural Balance

- Uncontrollable Cost Growth of \$2.1 Million
- Combined with Approved Compensation Increases, Created a \$2.6 Million Structural Gap
- Strategies to Maintain a Structurally Balanced Budget
 - Departments Submitted Reduction Options Based Upon Community, City Council & Department Priorities
 - Improved Cost Recovery Through Fees
 - Continued Full Allocation of Costs for Services
- **Not Enough Ongoing Resources to Invest in Infrastructure**

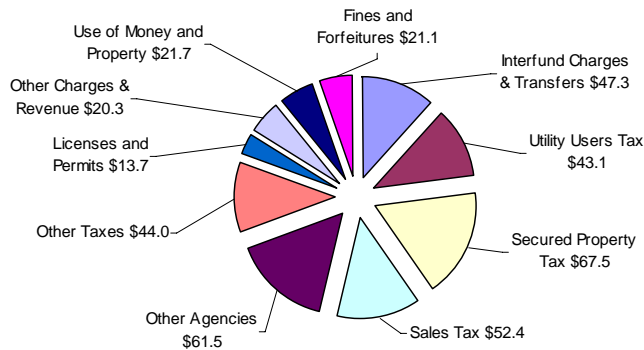


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FY 08 Proposed Budget

FY 08 Proposed Resources General Fund (in millions) (Total = \$392.6 million)



FY 08 Proposed Budget

FY 08 Projected Resources (\$392.6 million)

- Major Revenues Represent 66% Percent of Ongoing Resources
 - Secured Property Tax - \$67.5 million
 - Sales and Use Tax - \$52.4 million
 - Utility Users Tax - \$43.1 million
 - Vehicle License Fees - \$40.8 million
 - Parking Tickets - \$16.4 million
 - Pipeline Fees - \$11.3 million
 - Business Licenses - \$11.3 million
 - Transient Occupancy Tax - \$9.5 million





FY 08 Proposed Budget

FY 08 Projected Resources (continued)

- \$7.6 million is One-Time
 - New Street Lights – Cost Sharing
 - Delinquent Parking Ticket Collections
 - Public Safety Building FEMA Reimbursement
 - Debt Refinancing
 - Library Roof Capital Project Savings

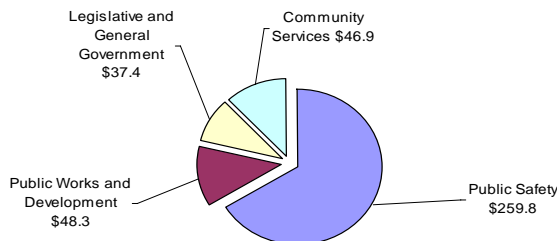


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FY 08 Proposed Budget

FY 08 Proposed Expenditures by Category of Service General Fund (in millions) (Total = \$392.5 million)



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FY 08 Proposed Budget

Proposed General Fund One-Time Expenditures

- Street Repair/Slurry Seal - \$2 million
- Termino Ave. Storm Drain - City's Share - \$1.5 million
- Critical Facility Repairs - \$1.45 million
- Ballot Initiatives and District Elections - \$1.35 million
- Library Books - \$300,000
- ADA Ad Hoc Requests – Facilities - \$250,000
- Parking Structure Operations & Maintenance - \$193,937
- Street Lights - \$133,000 net



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FY 08 Proposed Budget

General Fund Unbudgeted Department Enhancement Requests

- City Auditor – \$342,092
 - 3.4 additional FTE staff; Salary increases
- City Attorney – \$201,109
 - 2.0 additional FTE staff; Proposition F budget changes
- Civil Service – \$270,281
 - 2.0 additional FTE staff
- City Prosecutor – \$10,803
 - Salary increases
- City Clerk – \$142,500
 - Increase programming hours from Technology Services
- Mayor and City Council – \$80,876
 - Salary increases and other personal changes



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FY 08 Proposed Budget

FY 08 Performance Management Improvements

- PerformanceSoft Views
 - Evolve From Measurement to Management
 - Integrate Financial and Performance Information
 - Improved Transparency Through Reporting
- Focus on Verification of Data and Program Evaluation
- Provide Regular Performance Reviews to Senior Management and City Council
 - Improve Operations and Service Delivery
 - Inform Future Planning
- Welcome Participation Beyond City Manager-directed Departments



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FY 08 Proposed Budget

Proposed FY 08 Optimization Efforts

- Water & Air Quality Improvement Strategy Development
- Capital Projects Process and Tracking Review
- Parking Master Plan Review
- Retiree Healthcare – GASB 45 Funding Strategy Development
- Succession Plan Development
- Continuity of Operations Plan Development



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FY 08 Proposed Budget

Risks Exist

- We Have Budgeted All Foreseeable Revenue Growth
- We Have Not Identified Resources for Future Liabilities
- High Oil Prices Support Ongoing Expenses
- Capacity of Departments to Deliver Services and Accommodate Change Is Already Strained
- To Capitalize on Current Renaissance, Need Further Ongoing Investments in Infrastructure and Facilities
- Need Additional Investments in All Elements of Community Safety (Health, Code Enforcement, Literacy, Recreation)



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FY 09 and Beyond

Opportunities

- Exciting Opportunities on the Horizon
 - Downtown Residential Development & Douglas Park
 - Tidelands Capital Improvements
 - Public Safety Facilities
 - Redevelopment Investments in Infrastructure and Economic Development in North and Central Long Beach
 - State Infrastructure Funding
 - Organization Becoming Accustomed to Ongoing Review



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FY 09 and Beyond

Looking Ahead

- Long Beach Is at the Tipping Point
- Regrowth and Renewal Require Continued Investment
- Must Identify New Revenue Solutions to Continue to Make the Scale of Investments Required to Complete the Rebuild of the Community We All Desire
- Without Additional Resources, We Must Be Prepared to Further Dramatically Reduce the Size of, and Continue Diluting Service Levels Provided by, this Organization



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City of Long Beach

CITY MANAGER'S FISCAL YEAR 2008 PROPOSED BUDGET

BUDGET WORKSHOP

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