

Fiscal Year 2010 Proposed Budget

Press Conference

July 30, 2009



- Worst recession since Great Depression
- State budget crisis
- Multiple funds facing structural deficits
 - ✓ General Fund
 - ✓ Tidelands
 - ✓ Towing
 - ✓ Health
 - ✓ Fleet
 - ✓ Prop H
 - ✓ Development Services
- City projecting General Fund structural deficits in FY10, FY11, and FY12



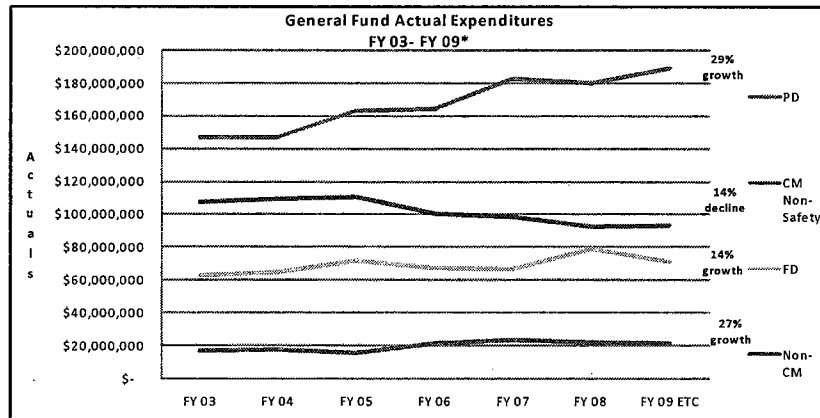
Six consecutive years of belt-tightening:

- 527 positions (non-sworn) have been eliminated
- \$111.5 million in costs have been eliminated
- Core City Manager-department services such as parks and recreation, public works, and libraries have experienced a 14% decrease
- During this time, public safety services were determined to be essential, above other City services



Fiscal Year	% of Reductions	Value of Reductions	Position Reductions
2004	12%	\$ 28.0	174
2005	17%	\$ 22.0	202
2006	13%	\$ 16.0	25
2007	6%	\$ 7.4	--
		\$ 73.4	401
2008	2%	\$ 2.2	--
2008 Mid-Year	5%	\$ 5.3	--
		\$ 7.5	--
2009	10%	\$ 11.4	102
2009 Mid-Year	2% - %6*	\$ 19.2	24
		\$ 30.6	126
6-Year Total		\$111.5	527

*Also includes a 40-hour furlough or equivalent savings



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- Unlike the federal government, the City cannot run a deficit - nor can it take funds from other levels of government as the State is doing
- While we have been able to protect and even grow public safety for the past six years, this is no longer possible given the financial situation

Police and Fire Departments comprise 66% of the General Fund budget

Approximately 80% of the General Fund is spent on employee compensation

Solutions require direct and sustained involvement of all departments along with our employee unions

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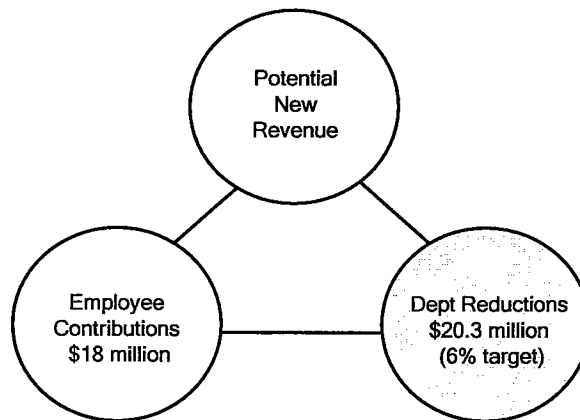


- Prop. 1A Property Tax Borrowing: \$10 million
Special legislation for 3-yr loan from L.B. Subsidence Fund
- Gas Tax Take: \$8 million
Saved from State takeaways
- PERS Loss Liability: \$21 million in FY 12
Smooth over several years
- Long Beach Exemption to Proposed State 10% Oil Barrel Severance Tax: \$2-3 million
- PERS Lump Sum Pre-Payment Option: \$950,000
- Restructuring Health Insurance Options and Plan Design: \$485,000
- Boeing C-17: Undetermined \$ Impact
- L.B. Airport Improvement: Undetermined \$ Impact

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Three-Pronged Approach



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New Revenue - Bold Actions & Ideas:

- Aquarium Debt Restructuring: \$6,000,000
- Oil & Gas Dept. Pre-Pay Tender Offer: \$25,000,000
- Oil & Gas Transfer Increase: \$820,000
- RDA pays CityPlace Parking Garage Debt Service: \$830,000
- Technology Services Transfer Increase: \$470,000
- Stimulus Activities: \$43,000,000 (est.)
- Wilmington Oil Field Legislation: Future \$
- Signal Hill Petroleum Survey: Future \$
- Clean Truck Sales Office: \$500,000
- New Private Refuse Hauler Fee: \$1,300,000

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New Revenue - Retail & Industry:

- Douglas Park
- Target Department Store
- Fresh & Easy
- Best Buy
- Autry BMW Motorcycles
- Vespa Motor Scooters
- Cruise Line Industry
- Long Beach Studios
- Tesla
- Marriot Residence Inn
- Hotel Maya
- Avia Hotel
- Sierra Suites

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- Target provided of \$20.3 million, equal to 6% of departments' discretionary budgets

Not an "across-the-board" approach

Some departments may take a higher or a lower percentage of reductions

- Non-City Manager department reductions of 6% included
- Core vs. Non-Core services

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Community-Oriented Government:

RDA - blight	CD - jobs, housing, code enforcement
PRM - kids	Port - jobs
HHS - families	PW - beautification, safety
Libraries - literacy	PD & FD - safety, emergency response

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Reduction in Sworn Force:

- Emphasis on maintaining emergency response services
- Civilianization
- Attrition
- Retirements
- Eliminating vacant positions
- Potential layoffs

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Reduction in Sworn Force:

- Emphasis on maintaining emergency response services
- Data driven: Based on risk management
- Focused Deployment Engine
- Light Force Company
- Civilianization efforts
- Attrition
- Retirements
- Vacant positions

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- Reduced dedicated truancy patrols
- Preserved hours at all libraries with longer wait times for materials, information requests
- Reduced homework assistance at public libraries; eliminated public library-based Raise-a-Reader programs
- Severely reduced number of available HIV/AIDS tests due to State budget cuts
- Reduced services to pregnant women, children and families due to State budget cuts
- Longer lines to pay or dispute parking citations
- Longer wait times for construction plan reviews and building inspections
- Fewer Municipal Band concerts and programs at the Nature Center
- Fewer grants to community non-profit and arts organizations
- New fees for recreation, cultural programs, and outside sports leagues

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- City Manager's recommended cuts allow City to balance its budget for coming year and put it in stronger position in the years ahead
- If further State raids, economy worsens, employee solutions not negotiated or proposed recommendations rejected, more drastic measures will be required
- Significant employee furloughs, police and firefighter reductions, cuts to library hours, parks, youth programs, street and sidewalk maintenance and other service reductions and additional layoffs

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- Asking City employees to be part of the solution
- Approximately 80¢ of every General Fund dollar spent on employees
- FY 10 negotiated contract increases estimated to equal \$18 million
- Our employee salaries are not high in the relative market; we simply do not have the resources in this fiscal year to support agreed upon increases

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- Our employee organizations have worked with us in the past:
 - POA represented employees received no salary increases in FY 03, FY 04, and FY 05
 - FFA represented employees received no salary increases in FY 03, FY 04, and FY 05
 - IAM represented employees received no salary increases in FY 03 and FY 05
- We are asking for their help again in order to protect core public services and weather this financial storm

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\$18 Million Equivalents:

- 21 Furlough Days/Equivalent Savings, or
- \$18M Full Pick-up of Employee Share PERS
+ 2 days Furlough/Equivalent savings, or
- \$18M Forgo/Freeze Negotiated Salary Increases, or

Any Combination of the Above

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- The FY 10 Budget includes a 21-day furlough, affecting all employees (sworn and civilian) in all City departments
- The furlough will go into effect if the \$18 million in employee contributions are not realized
 - Equates to an 8% salary reduction for all employees, including management
- The budget document includes “Plan B” not-recommended alternative solutions to the City Manager’s proposals
 - Can be used if economy worsens, additional State raids or if City Manager proposals not implemented

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- Ten City Council Budget Workshops and Hearings scheduled
- Two Budget Oversight Committee meetings scheduled
- City staff presentations at neighborhood associations, boards and commissions available
- E-mail available for community questions on budget:
budget@longbeach.gov

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- Three-pronged strategy to solve \$38.3 million deficit in FY 10 requires sacrifice from all stakeholders
- Proposed budget will put City on path toward fiscal sustainability for future
- If things get worse, more reductions will be required
- Must take a long-term approach to fiscal solvency
- Extensive community outreach and participation planned
- All documents now available at www.longbeach.gov

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