



Legislation Details (With Text)

File #: 11-0890 **Version:** 1 **Name:** FM - A-16 motion to amend proposed budget
Type: Agenda Item **Status:** Approved
File created: 8/24/2011 **In control:** City Council
On agenda: 9/6/2011 **Final action:** 9/6/2011
Title: Recommendation to adopt a motion amending the proposed FY 12 budget. (A-16)
Sponsors:
Indexes: Budget
Code sections:
Attachments: 1. 090611-BH-25.16sr&att.pdf, 2. 090611-BH-25-Revised Attach A.pdf

Date	Ver.	Action By	Action	Result
9/6/2011	1	City Council	approve recommendation	Pass

Recommendation to adopt a motion amending the proposed FY 12 budget. (A-16)

On August 2, 2011, the City Manager’s Proposed Budget for Fiscal Year 2012 (FY 12) was delivered by the Mayor to the City Council and community with recommended amendments for consideration. Subsequent hearings were set for August 2, August 16, August 23, August 30, and September 6, along with approximately three Budget Oversight Committee (BOC) meetings and 11 community meetings at which the FY 12 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 19 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 12 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 12 budget and authorizes expenditures in conformance with the adopted budget. To become effective October 1, 2011, this Ordinance must include a finding of emergency. Specific resolutions provide for approval of the budgets for the Harbor, Sewer and Water fund; and certain fee adjustments. Requests for approval include the FY 12 Capital Improvement Program; the Mayor’s Recommendations; and the Budget Oversight Committee’s Recommendations to the FY 12 Proposed Budget.

This letter was reviewed by Assistant City Attorney Heather A. Mahood on August 19, 2011.

In accordance with the Long Beach City Charter, the FY 12 budget must be adopted by September 15, 2011, 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 12 Proposed Budget shall be deemed the budget for the 2012 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, 2011, to override veto action by the Mayor with a two-thirds supermajority vote.

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 12 budget for all departments and funds is \$4,057,654,963 which comprises \$2,779,631,046 in new appropriation and \$1,278,023,917 in estimated carry-over from FY 11 for multi-year grants and projects.

The Appropriations Ordinance, included as Attachment A-18 to this letter, totals \$2,480,775,505 for all funds except Harbor, Water and Sewer, and \$2,484,086,963 for all departments except Harbor and Water. The \$3,311,458 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 Appropriations 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 \$949,227,699. The budget for the Harbor Department was adopted by the Board of Harbor Commissioners by minute order on June 20, 2011. The budget for the Water Department was adopted by the Board of Water Commissioners by resolution on June 23, 2011.

All user fees and charges in the attached Master Fee and Charges Schedule (A-5) have been increased by the City Cost Index (CCI), a calculation of the projected increase in the City's cost from FY 11 to FY 12, 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 12 that has been incorporated as Exhibit C to the Master Fee and Charges Resolution.

Other requested City Council actions include approval of the FY 12 One-Year Capital Improvement Program (CIP) budget, which is contained in the Appropriations Ordinance. The Planning Commission, at its meeting of August 18, 2011, approved the CIP for FY 12 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. The Redevelopment Agency adopted its FY 12 budget on June 20, 2011, premised on no changes to California Redevelopment Law (Health and Safety Code Section 33000 *et seq.*). Approximately one week later, AB 1X 26 and AB 1X 27, which respectively eliminated and recreated redevelopment agencies on a voluntary basis, were enacted. In August 2011, the City Council approved an ordinance pursuant to AB 1X 27 to participate in the voluntary redevelopment program at a cost of approximately \$34 million. AB 1X 26 and AB 1X 27 have been stayed by the

California Supreme Court; however, the Agency may continue to pay its existing obligations, which are well within the proposed budget. If AB 1X 27 is upheld, the Agency's overall budget will not change but funds will need to be reallocated to make the 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 2012. These organizational changes are necessary to implement changes reflected in the Proposed FY 12 budget. The Salary Resolution is also included for adoption.

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 39.36 percent of the 2011-2012 Appropriations Limit and, therefore, does not exceed the Limit. This calculation is reviewed by the City Auditor for conformance to the law.

Approve recommendation.

JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

APPROVED:

PATRICK H. WEST
CITY MANAGER