



## Legislation Text

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Recommendation to receive and file a description of the City's services and high-level service level options as part of Service Priority Budgeting. (Citywide)

As part of the Adopted FY 21 Budget, the Mayor and City Council directed the City Manager to evaluate and begin a zero-based budgeting approach for FY 22 with earlier community outreach and participation. This direction was done prior to the discussion and award of the federal American Rescue Plan Act funds. The City was facing a significant shortfall in FY 22, and this process was intended to provide greater transparency and education on the budget and begin the dialogue with the community earlier in the budget process. To address this initial request, a Service Priority Budgeting (SPB) process that incorporates zero-based budgeting elements along with more robust and earlier community engagement was developed.

Now, the American Rescue Plan Act will provide substantial one-time federal funds that are anticipated to cover the General Fund shortfall in FY 22 and be of substantial help in maintaining services for FY 22. The American Rescue Plan Act funds were incorporated as the key funding source for the Long Beach Recovery Act approved by the City Council on March 16, 2021. As a result, the City is not anticipating major service reductions to occur in the FY 22 budget. The Long Beach Recovery Act is expected to provide a "relief" year to allow the City, its residents, and businesses to begin recovery from the adverse pandemic impacts, and also to provide time for the City to make thoughtful and strategic plans for expected substantial shortfalls and future budget challenges beyond FY 22.

As a result of the expected funding of current services in FY 22 by the Long Beach Recovery Act using federal funding, the normal SPB process has been modified to greatly simplify the content but still provide basic departmental service information. This allows City services to be viewed in more detail to more easily determine priorities. This information can serve as an initial basis for discussions for the years after FY 22 when federal funds do not currently appear as if they will be available to cover the budget shortfalls. Additionally, the SPB process supports the goals noted in the City's Racial Equity and Reconciliation Framework to ensure more transparency in the community budgeting process.

Through the modified SPB process, City departments completed the following:

- **Service Area and Budget Summary**

The Service Area and Budget Summary provides a listing of departments' main service areas and a rough approximation of the associated budget allocation in each department,

including the General Fund impact level (i.e., none/low, medium, high).

### **Service Areas Detailed Description**

The Service Areas Detailed Description attachment provides information on each of the departments' service areas. The attachment includes a high-level description of each service area, key services/functions provided within the service area, and hypothetical descriptions of three different levels of services that could be provided in each service area: (1) minimum services (e.g., critical - must be provided); (2) higher level of service; and, (3) highest level of service (up to current level allowed by the FY 21 budget). It is important to note that the highest level of service is the current FY 21 level of service and may be lower than is desired by the department.

The SPB packet (Attachment A) is organized by department and represents each department's analysis and may not represent the view of the City Manager or the view of the Budget Office. Additionally, while information is provided on various potential impacts of higher or lower service levels - these packets are not proposed service reductions or budget cuts. As mentioned previously, for the FY 22 budget development process, it is anticipated that federal funds will cover most or all of the shortfall for FY 22. Thus, while this process can help inform decisions that might be made in FY 22, it is more likely to be a key source of information for the budgets in FY 23 and beyond. The SPB packet is a comprehensive guidebook of service areas the City provides with information on the various levels of services that *could* be provided to the community. This can serve as the basis for current and future conversations on the relative importance and prioritization of the City's services and is particularly important when there is more funding available (i.e., what are the most important service expansions or new services) or less funding available to cover current services (i.e., what are the highest priority services to maintain all of the important services the City provides and what are the lowest priority).

Because federal funds are likely to prevent substantive service reductions and there will be temporary new programs funded by the Long Beach Recovery Act, it is recommended that the City postpone a more in-depth review of service levels and instead use the usual budget process for FY 22, including the normal community input process, with the important note that SPB information is available now to the public and comments can be made by the public at any time, including before the proposed budget is prepared.

This matter was reviewed by Deputy City Attorney Amy R. Webber on March 18, 2021 and by Budget Manager Grace H. Yoon on April 5, 2021.

City Council action is requested on April 20, 2021, as part of the budget development process.

This recommendation has no financial impact and no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no

local job impact associated with this recommendation.

Approve recommendation.

JOHN GROSS  
INTERIM DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

THOMAS B. MODICA  
CITY MANAGER