

January 19, 2016

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach, California

SUBJECT: Fiscal Year 2016 Adopted Budget

This transmittal letter and the attachments that follow describe the changes to the Proposed FY 16 Budget made by the City Council and are reflected in this Adopted Budget.

The FY 16 General Fund budget maintains City services, funds our prior obligations, makes strategic investments, and continues the discipline shown by the City Council to steer Long Beach through times of fiscal uncertainty. As a key example, the City Council, with the adoption of this budget, carries over \$675,000 in estimated temporary surplus to partially offset the projected structural deficit in FY 17.

The City Council adopted the City Manager's Proposed FY 16 Budget of \$2.7 billion with changes related to Mayor Garcia's recommendations (Attachment 1), the Budget Oversight Committee recommendations, and a few changes made on adoption night by the City Council (both shown on Attachment 2). A description of the changes are as follows:

1. Fund the following one-time programs from the General Fund FY 15 State Mandate Reimbursement Funds:
 - a. Open three branch libraries on Sunday, which has been determined by the Library Services Department to be Bay Shore, Burnett, and North branch libraries, for \$183,000.
 - b. Increase crime analysis resources by \$100,000 in the Police Department.
 - c. Fund My Brother's Keeper project for \$30,000 in the Development Services Department.
 - d. Support the Arts Council by providing \$50,000 subject to matching funds.

- e. Implement the Be S.A.F.E. Program in the Parks, Recreation and Marine Department for \$186,000. The Be S.A.F.E. program will be offered at the following six locations in FY 16 – Admiral Kidd (District 7), Drake (District 1), Houghton (District 9), Scherer (District 8), Seaside (District 1), and Silverado (District 7). An additional site at Martin Luther King (District 6) was added with other funds through an outside partner for a total of seven sites.
 - f. Fund improvements to 309 Pine Avenue for \$51,000 to facilitate the development of an innovation hub.
2. Implement efficiencies and ease of use by moving towards a one line City phone number for \$100,000 in the Technology and Innovation Department for initial steps to create this new system, drawn down from the FY 16 General Services Fund Beginning Funds Available.
3. Implement the Clean Team by purchasing two Clean Team trucks for \$95,000, drawn down from the FY 16 Refuse Fund Beginning Funds Available.
4. Authorize the City Prosecutor Department's FY 15 General Fund year-end surplus to be used for the PATH Program and other City Prosecutor programs, up to \$250,000. A surplus of \$236,235 was confirmed and appropriated on December 10, 2015 in the City Prosecutors budget.
5. Restore the proposed reduction of 1.0 FTE Marine Safety Sergeant Boat Operator in the Tidelands Fund in the Fire Department for \$140,000, by reducing Project Management funds of \$25,000 in the City Manager Department, reducing Water funds of \$46,000 in the Parks, Recreation and Marine Department, and reducing Utility funds of \$69,000 in the Economic and Property Development Department.
6. Allocate \$2.666 million for capital infrastructure projects or existing City programs on a City Council Divide by Nine basis. This is funded by reprogramming the following:
 - a. \$950,000 from Supplemental Funds for Streets and Sidewalks from the City Manager's proposed non-recurring projects.
 - b. \$675,000 from Unallocated FY 16 Temporary Surplus.
 - c. \$341,000 from General Fund FY 15 State Mandate Reimbursement Funds.
 - d. \$300,000 drawn down from FY 16 General Fund Beginning Funds Available.
 - e. \$200,000 drawn down from FY 16 Uplands Fund Beginning Funds Available.
 - f. \$200,000 from the Document Imaging Project from the City Manager's proposed non-recurring projects.

These Divide by Nine funds will be allocated equally to each of the Council Districts, solely for infrastructure purposes or for existing programs in accordance with the procedures for implementation of Divide by Nine. Any exceptions must be approved by the City Council on a case-by-case basis.

7. Provide funds for the Rancho Los Alamitos plan check for \$50,000, drawn down from the FY 16 General Fund Beginning Funds Available.
8. Match dollar-for-dollar up to \$30,000, drawn down from the FY 16 General Fund Beginning Funds Available, for additional funds raised above \$85,000 for the Municipal Band. If the matching funds are not fully utilized, the balance of funds will be used to improve any park locations hosting Municipal Band concerts.
9. Reprogram \$100,000 of the City Manager's proposed non-recurring budget for Small Business Incentive Program to the Rancho Los Cerritos for \$50,000 and weekend Graffiti Abatement for \$50,000. The Public Works Department will report back in one year on usage of the Graffiti Weekend Abatement Program.
10. Fund the Document Imaging Project for \$200,000, drawn down from the FY 16 General Services Beginning Funds Available.

While the above lists all of the changes to the City Manager's FY 16 Proposed Budget, Attachment 3 provides a summary of the adopted General Fund Strategic Investments along with the changes between the Proposed and Adopted budgets.

Overall, the FY 16 budget continues the progress made towards fiscal sustainability in the last few years, while maintaining current service levels with a focus on public safety, as well as all of the other services that make Long Beach a great city. It also refrains from structurally spending the temporary FY 16 surplus, to help address the challenging times we know are right around the corner, maintaining the discipline to achieve long-term financial health.

I want to express my appreciation to the Mayor and the City Council and the Budget Oversight Committee, for their work to review, modify and adopt this budget with a surplus, and to all of the staff who worked diligently to support the Mayor and the City Council in this effort.

Respectively submitted,


PATRICK H. WEST
CITY MANAGER

Attachments





Mayor's Budget Recommendations Fiscal Year 2016

Presented July 28, 2015



Mayor's Budget Message & Recommendations Fiscal year 2016

Mayor Robert Garcia

I am proud to present the City of Long Beach Budget for Fiscal Year 2016. The City Manager has prepared a sound and balanced budget that reflects my priorities including: fiscal responsibility, economic development, public safety, livability, and innovation. The budget also includes a surplus of more than \$600,000, despite the significant reductions in oil revenue funds. The City Manager, Department Heads, City Council and every staff person in the City should be applauded for prudently managing our funds to turn a projected deficit, when the fiscal year began, into a surplus in spite of this unanticipated loss of revenue.

In the message below, I will highlight some of the recommendations included in the budget the City Manager prepared and supplement those with some one-time enhancements to catalyze other important priorities with funding from the State Mandates Reimbursement funds. This budget leaves \$630,000 available to reduce next year's projected structural deficit, as well as \$630,000 in one-time dollars for the Council's Budget Oversight Committee to develop recommendations for the full Council's consideration and adoption.

FISCAL RESPONSIBILITY

Fiscal discipline is a hallmark of this City's Council and Management Team. This Council and Manager continue to build on the strong foundation they inherited and worked together to achieve a small surplus by following a path of fiscal responsibility. This Council has followed the lead of previous councils by avoiding commitments beyond what our structural budget allows, while making strategic investments with one-time funds and setting aside revenues to offset future liabilities through mechanisms such as the CalPERS Stabilization Fund, which now contains \$8.5 million and will help the City mitigate the affect of increasing pension costs in coming years.



Mayor's Budget Message & Recommendations Fiscal year 2016

The proposed budget continues this City's trend of enacting fiscally prudent budgets, and will maintain service levels, but will also make critical enhancements to key services with minimal structural changes.

This budget is lean and maximizes our strengths as a city.

SUPPORTING BUSINESSES & ECONOMIC DEVELOPMENT

Enhancing economic growth and opportunity is one of my top priorities as Mayor. This budget is the first to reflect the \$3 million in funding from Bloomberg Philanthropies to support the Long Beach Innovation Team, whose first task is to enhance economic development efforts, which improve business services, support job growth, and enhance workforce development. I know this effort will make a lasting effect on our city.

Maximizing our Economic Development Department

I fully support the proposed reorganization of Workforce Development from the Human Resources Department to the new Economic and Property Development Department. This change in our City's organizational structure will better align the City's workforce development with our efforts to enhance the City's focus on economic development, and further assist businesses in accessing a trained workforce and locate, expand or stay in Long Beach.

Supporting Small Businesses

The City Council worked in the current budget year to develop a package of reforms to spur growth and attract new businesses to Long Beach. I am delighted the City Manager recommended an expenditure of \$200,000 in this budget to continue the small business incentive pilot program to support the businesses that really are the heart and soul of our local economy.



Mayor's Budget Message & Recommendations Fiscal year 2016

The City has an incredible resource in the Small Business Development Center on Pine Avenue, which is predicated on a strong partnership between the City and Long Beach City College. With a modest investment in the building, this resource can have an even greater impact. Thus, I am recommending an investment of \$51,000 in one-time dollars into 309 Pine Avenue, a City-owned building, to improve the facility and to support development of an Innovation Hub that will have the capacity to host even more innovative partnerships and to assist entrepreneurs as they start or grow an existing business.

This budget also includes funding for the Open Counter software system to improve the experience of business owners and other license and permit applicants. The Open Counter software system will allow customers to more easily access zoning information to assess planning requirements for proposed projects, greatly improving staff efficiency and customer service.

PUBLIC SAFETY

Long Beach has seen a tremendous drop in crime rates over the past two decades, and I am committed to doing everything I can to see that trend continue. That means strengthening our police services by maintaining force capacity and enhancing training opportunities for all public safety personnel.

Police & Fire Academies

To achieve the goal of strengthening our police and fire services by maintaining force capacity, I am pleased to support the Manager's recommendations for funding for both a police academy and a fire academy along with enhanced outreach and recruitment efforts to ensure our sworn personnel reflect the diversity of our community. I am also proposing the City Manager maximize the size of our future police academies to ensure we are training as many officers each year as possible to offset attrition through retirements and bring additional police officers onto the City's police force.



Mayor's Budget Message & Recommendations Fiscal year 2016

Strengthening Policing Citywide

I also support the Manager's recommendation of \$2.2 million in one-time funds for preventing and responding to violent crimes, and I want to supplement this investment with an additional \$100,000 in one-time support for increased crime analysis to target our resources and personnel as effectively as possible – one of the most effective measures our Chief identified to combat crime. These resources would be available to the Chief of Police to address gang activity and other sources of violent crime, as well as property crime.

I also applaud the proposed \$150,000 in one-time funding included in the FY16 budget for training in community engagement strategies, de-escalation techniques, mental health and addiction training, and other issues relevant to 21st century policing. I also support the Manager's inclusion of positions to support disaster preparedness planning and community response teams to keep our city safe.

Enhanced Violence Prevention

As part of our continuum of public safety services, we also need to focus on prevention. I will ask the Council to fund the Be SAFE programs, with one-time dollars at a cost of \$186,000. These programs provide important structured activities for our young people in our parks during the summer. This proposal increases the program to expand services, so these programs do not depend upon Council discretionary accounts, and ensures the City invests in Be SAFE programming. The additional funding should also provide more opportunities to work with our community nonprofits. I encourage Parks, Recreation and Marine to work with the Police Department and the Safe Long Beach Program to identify the best locations for these programs in FY 16. I am also recommending the Parks, Recreation, and Marine Department develop ways to structurally fund these programs in the future.

I am also recommending the allocation of \$30,000 in one-time funds for the My Brother's Keeper project, which was initiated nationally by President Obama, and focuses on supporting safety, health, and good choices for young people so they can complete their education and transition to a career. These funds will be used to identify additional foundation and corporate resources that our community can use to ensure that every young person has a bright future.



Mayor's Budget Message & Recommendations Fiscal year 2016

Brighter Neighborhoods

The Manager's budget also includes funds to allow citywide installation of new LED lights throughout our neighborhoods and business corridors, most of which is secured through grants and rebates. LED lights are more efficient, and cast a clearer, more pleasant light than the current streetlights. As part of this effort, I recommend the City Manager explore technology in priority locations to allow lights to be brightened as needed to support public safety needs. These LED lights are an example of enhancing community safety through investments in technology.

Public safety will not be achieved by policing alone but only through a comprehensive and citywide continuum of services.

LIVABLE CITY

We have an opportunity to make our city more livable and improve the quality of life by providing important services and amenities for residents, some of which were cut back during the recession.

Expanding Pre-school and Early Childhood Education

The best investment we can make in education is in preschool and early childhood education. Investing early in children provides tremendous returns for every additional dollar spent on their education. The gains students make in these years are still measurable in high school. For that reason, I recommend the funding of a dedicated Early Childhood Education Coordinator – as the City used to do – through the realignment of a position within the existing budget of the Health and Human Services Department. This new staff person will work with the City's Early Education Committee to develop a new city-wide early childhood education plan, increase professional development opportunities, and improve cooperation between public and private providers to ensure that every child arrives in kindergarten ready to learn and succeed at their fullest potential.



Mayor's Budget Message & Recommendations Fiscal year 2016

Sunday Library Hours

Libraries provide vital access for students and residents to support lifelong learning and access to critical services and information. Our libraries have endured significant budget cuts over the past few years, resulting in limited hours of operation. I am recommending an enhancement using one-time funds to create a city-wide pilot program to expand library hours to open three library branches on Sundays. This one-time pilot will cost \$183,000 and provide the opportunity to evaluate the effect of Sunday hours for our residents. The Bayshore Library Sunday program has been a huge success and this expansion will build off of that program.

A Clean Long Beach

Long Beach is a beautiful and welcoming city. Unfortunately, too many neighborhoods suffer from trash and litter on the streets. I am proposing the creation of two Long Beach Clean Teams using new and existing staff resources included in the Manager's budget and the Refuse Fund to purchase two new vehicles. The new Clean Teams will have branded City trucks that will move around Long Beach and pick up dumped items and trash, clear weeds, and clean up neighborhoods.

In addition, I am recommending staff examine how the Refuse Fund could be used to purchase additional trash cans and develop strategies for deploying and servicing trash cans in litter affected areas.

Welcome to Long Beach

To ensure a proper welcome to residents and visitors, this budget also includes funding to enhance and improve welcome signage at major entrances to our city.

Investing in the Arts

I am pleased to support the additional \$150,000 of one time funding recommended by the Manager for the Long Beach Museum of Art, which is a world-class museum, hosting many outstanding exhibits each year. This critical City-owned institution provides vital service to this community and deserves additional support from the City. The Museum, like all other areas of the city, had to make due with a significant reduction in funding through the recession. This one time investment simply brings



Mayor's Budget Message & Recommendations Fiscal year 2016

FY16 funding levels back in line with pre-recession levels. It is my intention to permanently restore this funding in future budgets.

Last year, the City granted \$50,000 to the Arts Council to provide a pool of matching funds for marketing purposes. The Arts Council was able to match all \$50,000 and put those funds to good use in FY15. In order to support the continued marketing work of the Arts Council, I am also recommending allocation of \$50,000 in one-time funds as a matching grant to the Arts Council for Long Beach for the coming year.

Easing Parking

Parking is a significant challenge for many residents, especially in and around downtown. Some of this is unavoidable in a built-out, dense city like Long Beach. But one contributing factor is early morning street sweeping. In order to ease this challenge and create more available parking, I am delighted the Manager included \$950,000 in one-time support to implement the first street-sweeping rerouting in more than 30 years, continuing the effort that began with my first budget message. Shortening the time window and sweeping the streets in parking impacted neighborhoods later in the day will ease parking for residents while continuing to clean our streets to protect our beaches from debris, which would otherwise enter storm drains.

INNOVATION THROUGH TECHNOLOGY

Long Beach is committed to maintaining and enhancing communication with the public and increasing access to information for residents, businesses and visitors. We have made important investments in technology and must continue to modernize our digital infrastructure and support innovation. The FY16 budget supports increased capacity to implement technology initiatives, including website management and the use of open data, increased resources to the Technology and Innovation Department and Commission, and the modernization of software.



Mayor's Budget Message & Recommendations Fiscal year 2016

I applaud the additional staff already built into the Manager's budget to facilitate website design and administration, manage Open Data portals, assist the Technology and Innovation Commission, and support the City's use of surveillance cameras and WiFi, as well as implementation of a centralized Identity Management System to enhance security and access-management on City systems.

A Single Phone Number for Long Beach

A critical piece of improving service and making it easier for our residents to access services is providing a single point of contact for city services. I am proposing an additional \$100,000 in one-time funds available in the General Services Fund to initiate the creation of a single phone number, similar to a 311 system, which will allow residents, businesses, and visitors to use one phone number to access or inquire about city services. The new system will also allow for improved customer service management and real time monitoring and improved reporting of responses to increase transparency for residents and allow the City Manager and Department Heads to measure and improve response times.

CONCLUSION

Taken together, the City Manager's budget with the recommendations contained in this message provide a sustainable budget that is within our means and will continue to move this City forward toward an even brighter future. I look forward to working with the City Council on the adoption of this budget and its implementation in the coming year.

**FY 2016 Budget Adoption
City Council Approved Actions**

Mayor's Recommendations

The Mayor's Proposed Budget Recommendations dated July 28, 2015 as follows:

Source	Amount	Use	Amount
General Fund FY 15 State Mandate Reimbursement Funds	\$600,000	Open 3 branch libraries on Sunday	\$183,000
		Increase crime analysis resources	\$100,000
		My Brother's Keeper project	\$30,000
		Arts Council support	\$50,000
		Be SAFE program	\$186,000
		Improvements to 309 Pine Avenue	\$51,000
Draw down FY 16 General Services Beginning Funds Available	\$100,000	Telephone System	\$100,000
Draw down FY 16 Refuse Beginning Funds Available	\$95,000	One time purchase of two Clean Team Trucks	\$95,000
Total	\$795,000	Total	\$795,000

Mayor's Recommendations Total **\$795,000**

BOC Recommendations

The BOC recommends the Mayor's Proposed Budget Recommendations above and also recommends the following, as amended on the floor by City Council:

Source	Amount	Use	Amount
FY 15 City Prosecutor Budget Savings (Up to)	\$250,000	PATH and/or other City Prosecutor Programs (Up to)	\$250,000
Total	\$250,000	Total	\$250,000

Source	Amount	Use	Amount
City Manager Budget - Tidelands Fund - Reduced Project Management funds	\$25,000	Fire Department - Tidelands Fund - Restore Proposed Reduction of 1.0 FTE Marine Safety Sgt Boat Operator	\$140,000
Park, Recreation, and Marine Water Budget - Tidelands Fund - Reduced Water funds	\$46,000		
Economic and Property Development Department - Tidelands Fund - Reduced Utility funds	\$69,000		
Total	\$140,000	Total	\$140,000

Source	Amount	Use	Amount
Supplemental Funds for Streets and Sidewalks	\$950,000	Capital Infrastructure Program and existing City programs Divide by Nine. Any exceptions to this must go to City Council for approval.	\$2,666,000
Unallocated FY 16 Temporary Surplus	\$675,000		
General Fund FY 15 State Mandate Reimbursement Funds	\$341,000		
Drawn down FY 16 General Fund Beginning Funds Available	\$300,000		
Drawn down FY 16 Uplands Fund Beginning Funds Available	\$200,000		
Document Imaging Project	\$200,000		
Total	\$2,666,000	Total	\$2,666,000

Source	Amount	Use	Amount
Drawn down FY 16 General Fund Beginning Funds Available	\$80,000	Rancho Los Alamitos - Plan Check	\$50,000
		Municipal Band - up to \$30,000 to match one to one additional funds raised above \$85,000. If the matching funds aren't fully utilized, the balance of funds will be used to improve any park location hosting Municipal Band concerts.	\$30,000
Total	\$80,000	Total	\$80,000

Source	Amount	Use	Amount
Small Business Incentive Program	\$100,000	Rancho Los Cerritos	\$50,000
		Graffiti Weekend Abatement	\$50,000
Total	\$100,000	Total	\$100,000

Source	Amount	Use	Amount
Drawn down FY 16 General Services Beginning Funds Available	\$200,000	Document Imaging Project	\$200,000
Total	\$200,000	Total	\$200,000

BOC Recommendations Total **\$3,436,000**

FY 16 Adopted Strategic Investments		
	Proposed Budget	Adopted Budget
Efficiency Improvements		
<u>Street Sweeping Signage Replacement</u> To cover the costs for replacement of signs for new routing and street sweeping windows.	\$ 950,000	\$ 950,000
<u>Citywide LED Lights Installation</u> To cover a portion of the costs to convert the City's street lights to LED.	\$ 100,000	\$ 100,000
<u>Parks Water Conservation Needs</u> To support the increasing costs of water and assist in the conversion to drought tolerant landscaping in medians.	\$ 415,000	\$ 415,000
<u>Document Imaging Project</u> To plan the conversion of the City's documents in order to reduce filing and storage needs.	\$ 200,000	\$ -
Critical Infrastructure		
<u>Council District Infrastructure</u> These funds will be allocated equally to each of the Council Districts, for infrastructure purposes and existing City programs.		\$ 2,666,000
<u>State Courthouse Demolition</u> To cover a portion of the costs to demolish the state courthouse in order to make way for the new Civic Center.	\$ 3,055,000	\$ 3,055,000
<u>Sidewalk Study & Plans</u> To conduct a sidewalk study and plans of the City's entire sidewalk network in order to replace curb ramps and address other ADA accessibility issues.	\$ 1,000,000	\$ 1,000,000
<u>Street and Sidewalk Repair</u> To supplement street and sidewalk repair and replacement according to need, as determined by the Pavement Management Plan and Sidewalk Study.	\$ 950,000	\$ -
Strategic Investments		
<u>Overtime to impact violent crime activity</u> To fund overtime to patrol, suppress, investigate and prosecute violent crime activities. Overtime will be allocated to gang enforcement, violent crime suppression, homicide investigations and other priorities as determined by the Chief of Police.	\$ 2,200,000	\$ 2,200,000
<u>Police Training in Constitutional Policing and Community Partnership Building</u> To fund contemporary training in specific disciplines, including impartial policing; cultural and diversity sensitivity; community engagement strategies; mental health, addiction, and homelessness; crisis intervention; problem-solving and interpersonal skills; bias awareness; alternatives to arrest; and less than lethal techniques.	\$ 150,000	\$ 150,000
<u>FY 16 Election Expense</u> To cover the net expense of the FY 16 City Council elections.	\$ 1,500,000	\$ 1,500,000
<u>Watershed Monitoring and Compliance</u> To cover required Storm Water NPDES Permit/MOU Participation.	\$ 600,000	\$ 600,000
<u>Small Business Incentives</u> To cover the costs of providing small business incentives.	\$ 200,000	\$ 100,000
<u>Police and Fire Academy Recruitment</u> To support Civil Service costs for outreach efforts for PD & FD academies.	\$ 150,000	\$ 150,000
<u>Proactive Homeless initiative</u> To support homeless initiative costs.	\$ 100,000	\$ 100,000
<u>Continuation of Language Access Plan</u> To continue to implement the Language Access Plan.	\$ 80,000	\$ 80,000
<u>Be SAFE program</u> To provide structured activities for our young people in our parks during the summer.	\$ -	\$ 186,000
<u>Pilot Sunday Library Hours</u> The three pilot libraries are Bay Shore, Burnett and North Branch Library.	\$ -	\$ 183,000
<u>Increased Crime Analysis</u> To effectively target resources and personnel in order to address gang activity as well as other sources of violent crime, as well as property crime.	\$ -	\$ 100,000

FY 16 Adopted Strategic Investments		
	Proposed Budget	Adopted Budget
<u>My Brother's Keeper Project</u> To support safety, healthy and good choices for young people so they can complete their education and transition to a new career.	\$ -	\$ 30,000
<u>Improvements to 309 Pine Avenue</u> To improve the facility and to support development of an Innovation Hub to support small businesses.	\$ -	\$ 51,000
<u>Arts Council Support</u> To provide a pool of matching funds for marketing purposes.	\$ -	\$ 50,000
<u>Rancho Los Cerritos and Rancho Los Alamitos</u> To provide \$50,000 each for the historic ranchos.	\$ -	\$ 100,000
<u>Weekend Graffiti Abatement</u> To conduct a pilot to abate graffiti on weekends.	\$ -	\$ 50,000
<u>Municipal Band</u> To provide up to \$30,000 subject to matching one to one additional raised above \$85,000. The balance of funds, if any, to be used to improve any park location hosting Municipal Band concerts.	\$ -	\$ 30,000
Prior Year Funds		
<u>FY 15 State Mandate Reimbursement Funds</u> One-time Funds received to reimburse the City for expenses related to state mandates.	\$ 941,000	\$ -
<u>Unallocated FY 16 Temporary Surplus</u> Represents General Fund temporary surplus available for one-time purposes.	\$ 675,000	\$ -
<u>FY 16 Beginning Funds Available</u> Represents General Fund and Uplands Fund Funds available for one-time purposes.	\$ 580,000	\$ -
TOTAL	\$ 13,846,000	\$ 13,846,000

July 2, 2015

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

SUBJECT: Fiscal Year 2016 Proposed Budget

This budget has much to celebrate. I am pleased to present a budget that maintains City services, funds our prior obligations and makes strategic investments. Due to higher revenues, we have a three-year financial forecast that is better than previous forecasts and includes a modest, but temporary, surplus of \$630,000 in FY 16 instead of a slight deficit.

The FY 16 Budget is a credit to the Mayor and City Council's discipline and restraint, which have put us in a good position to manage the budget and to better weather the future challenges. We have structurally balanced the budget and saved the temporary surpluses from FY 14 and FY 15. Our employee groups have agreed to pension reform, saving \$250 million over a ten year period, and we have reduced spending by \$134 million and almost 700 positions over the past ten years. Through it all, we have maintained a very good bond/credit rating of AA-. We have also made numerous efficiency improvements, including investments to reduce water and fuel consumption. We are focused on growing our revenue base through strong economic development; the new Bloomberg Grant-funded Innovation Team (i-team) will assist in this area. There are many good things happening throughout the City, including over 880 housing units coming online downtown, the Pike being transformed to the Pike Outlets with H&M, Nike and Forever 21; and the successes at Douglas Park, which collectively add up to 3,000 jobs and include Mercedes Benz, Virgin Galactic, Universal Technical Institute and the creation of a medical office cluster. Unemployment has dropped from a high of 14.6 percent to the lowest level since May 2008, at 7.7 percent. Our tourism and hotel occupancy are at record levels.

Because revenues and expenses are both better than projected in FY 15, there will be one-time resources available for FY 16 that will allow us to continue to make strategic investments. The budgets for FY 16 and beyond are our investment in the future and the springboard to paying down past unfunded liabilities.

A BUDGET THAT HAS MUCH TO CELEBRATE

Even in a difficult budget environment, the FY 16 budget avoids any significant cuts and prepares for the future by avoiding increases, except as necessary to address previous initiatives or committed costs. This budget funds services in a proportionate manner

across a wide range of services, maintaining all services, and giving top priority to public safety. The key elements are described below:

Preservation of Services. Police, Fire, Public Works, Parks, Libraries and other major services are preserved.

Focus on Public Safety. Public Safety is Long Beach's highest priority. It remains at approximately 69 percent of the General Fund budget. This budget, as in FY 14 and FY 15, includes both a Police recruit academy and a Fire recruit academy for new police and fire sworn personnel. Non-recurring funds of \$150,000 are included to support Civil Service costs for outreach efforts for the Police and Fire academies.

The proposed budget includes staffing changes in Police in order to have faster response times to crime scenes and more efficiently process those crime scenes. The proposed budget strengthens the Fire Department's ability to provide community-based emergency response through the addition of a civilian CERT coordinator. In addition, both Police and Fire will have improved capacity and oversight to manage financial operations, a critical function given that these two departments account for 69 percent of the City's General Fund spending.

The proposed budget also includes a strategic investment of non-recurring funds of \$2.2 million for overtime to patrol, suppress, investigate and prosecute violent crime activities. Overtime will be allocated to gang enforcement, violent crime suppression, homicide investigations and other priorities as determined by the Chief of Police. This funding is on top of the nearly \$7.5 million in funding for Police overtime included in the base budget. In addition, the budget includes \$150,000 in non-recurring funds for contemporary training in specific disciplines, including impartial policing; cultural and diversity sensitivity; community engagement strategies; mental health, addiction, and homelessness; crisis intervention; problem-solving and interpersonal skills; bias awareness; alternatives to arrest; and less than lethal techniques., etc. In FY 16, Police will be conducting a Body Camera pilot using funds allocated in FY 15. In addition, the East Police Substation will be completed in FY 16.

Enhanced Focus on Critical Infrastructure. To continue the progress the City Council made in FY 14 and FY 15 to address improvements to the City's infrastructure, supplemental funding of \$950,000 for streets and sidewalks will be allocated in FY 16 based on need as defined by the new pavement management system and the new sidewalk plan/studies, which are also funded with an additional \$1 million. These amounts are in addition to the \$4.9 million in funding for streets provided in the Capital Budget, and \$3 million in funding for sidewalks provided in the FY 16 Capital Budget.

The budget also includes \$3.05 million to cover a portion of the costs to demolish the old state courthouse in order to make way for the new Civic Center. The balance of the

funding is expected to come from a multi-year loan with debt service paid from revenue associated with the former RDA.

Funding Our Prior Year Commitments. Over the past few years, the City Council has made programmatic changes, such as the Language Access Plan, the Violence Prevention Plan and Homeless prevention. The FY 16 budget recognizes those prior commitments and provides structural solutions to continue funding these commitments:

- **Language Access Plan (LAP) Implementation:** Includes an intern and an additional \$80,000 in non-recurring support to continue to implement LAP, which will be combined with \$70,000 carried over from FY 15 for a total of \$150,000.
- **Veterans Commission Support:** Adds half a position to assist with duties associated with the Veterans Commission.
- **Technology Commission Support:** Adds a position to assist with duties associated with the Technology Commission.
- **Technology Initiatives:** Adds positions to implement technology initiatives, including website design and management, open data, surveillance cameras, and Wi-Fi and modernization of software.
- **Small Business Incentives:** Includes \$200,000 in non-recurring funding for a pilot small business incentive program.
- **Midtown Business Improvement District (BID):** Includes \$19,000 for the City-owned property costs of implementing this new BID.
- **Homeless Services:** Adds a position for homeless services outreach, adds a non-career position for collection and storage of homeless' possessions and an additional \$100,000 in non-recurring funds to support homeless-related costs.

Funding Our Current and Future Commitments. This budget also adds an American with Disabilities Act (ADA) compliance coordinator to facilitate ADA projects and prevent/respond to ADA complaints. As previously mentioned, the budget includes \$1 million for a sidewalk study in order to replace curb ramps and address other ADA accessibility issues. It also includes adjustments necessary to comply with new federal requirements for water quality for both City-owned and private property, including inspection, monitoring and permitting.

The budget adheres to the City Council policy of setting aside 5 percent of non-recurring revenue to fund unfunded liabilities that will be calculated and reserved when FY 15 is closed out. It will then be incorporated as a budget adjustment for FY 16.

Investments in Efficiency Improvements. Due to reductions in oil revenues, there are limited non-recurring funds available for investments as compared to the unprecedented level of non-recurring funds in FY 14 that allowed the City to make many investments in

infrastructure, efficiency and other improvements. However, in FY 16, we will be able to continue to invest in projects that will reduce future ongoing costs to the General Fund, saving the City money down the road, when we will need it most. In FY 16, the City will include a portion of the funding for converting the City's street lights to LED, which will reduce energy use. This budget includes \$100,000 to cover a portion of these costs.

The proposed budget also includes \$415,000 for water conservation and water needs. These investments will help reduce ongoing water consumption, which will help to reduce water costs. Due to the drought, the Governor has issued an executive order on water conservation with the intention to reduce statewide water usage by 25 percent. To that end, the Long Beach Water Department has enacted certain restrictions on the use of potable water, which City departments are in compliance with. Parks, Recreation & Marine is currently employing a number of best maintenance practices in order to conserve water and is in the process of exploring turf conversion in parks, golf courses and athletic fields. These funds will assist with the turf conversion in street medians.

Also included is \$200,000 for a document imaging conversion plan. This will enable the City to plan for digitizing City records, which will reduce environmental impact, increase efficiency and productivity, and reduce storage and office space needs. This will also help reduce the building size requirements and associated costs for the new Civic Center.

The City will also invest \$950,000 to implement the first street sweeping rerouting in over 30 years. As directed in the FY 15 Budget, staff are creating new routes that are expected to reduce parking impacted areas to two-hour windows wherever possible, eliminate conflicts with trash collection, modify early morning sweeping where possible, and ultimately reduce the number of vehicles needed to sweep the City's streets. The implementation will require funds to replace the City's street sweeping signage.

In the City's continued efforts to leverage available external funding, reduce fuel costs, and improve air emissions from the City's fleet, State Air Quality funds (AB 2677) will be used to pay for the incremental cost related to the purchase of approximately 64 fuel efficient vehicles, which will replace current fleet in need of replacement. On average, compressed natural gas (CNG) powered equipment emits approximately 6-11 percent lower levels of greenhouse gas than gasoline.

Marketing and Promotions. As mentioned earlier, FY 14 was a record year for hotel occupancy taxes. This additional revenue has boosted the Special Advertising and Promotions Fund, and will allow the City to make some strategic investments in this area. First, the budget includes \$400,000 to study and implement new signs in key City gateways. The Long Beach Museum of Art will receive \$150,000 for promotion and marketing of this important Long Beach attraction. The Long Beach Convention and Visitors Bureau (CVB) will receive an additional \$300,000 to support its successful

efforts to bring needed business to the City's convention center and hotels, as well as \$50,000 in non-recurring resources for promotion of the center and CVB-hosted special events. Lastly, the City will invest in its communications and marketing functions housed in the City Manager's Office that will result in an increased ability to coordinate Citywide communications, interface with media and external organizations, and assist with promotional events to showcase the City.

Focus on Economic Development. Economic Development in Long Beach is holistic. It is intended to be inclusive of all City departments, an all City employees. Each City employee has a responsibility to ensure that Long Beach is open for business. The vision of the Economic & Property Development Department (EPD) focuses on creating business opportunities by laying the infrastructure groundwork; reducing risk and increasing certainty in the development process; supporting our neighborhoods as we support development; coordinating the City's departments into a unified team; and continuing to foster and encourage every City employee to be a business ombudsman.

EPD works with its strategic external partners, as well as with the Economic Development Commission and the Economic Development and Finance Committee of the City Council, and the City's new Bloomberg Innovation Grant-funded in-house Innovation Team (i-team). The i-team will work with City staff and stakeholders to research and develop solutions to pressing issues with an initial focus on economic development, advising the City on how to best stimulate growth, create jobs, and leverage City resources, particularly through on-line delivery of City services. The i-team will also help the City develop and implement innovative solutions to improving services, enhancing civic engagement, and activating neighborhoods and business districts. The grant match for the Bloomberg Innovation Grant has been used to establish an Efficiency & Innovation fund, which will be used for implementation costs associated with initiatives developed by the i-team.

Innovation and Efficiencies. The City is always looking for ways to improve its service delivery. This budget makes several changes throughout the organization to improve service delivery and become more efficient and innovative.

- The consolidation of Fire and Police emergency call-taking and dispatch operations is moving forward with the transfer of civilian dispatching staff to the Disaster Preparedness and Emergency Communication Department. This will result in more efficient response times and economies of scale, such as a reduction in overtime shifts and vacancies. The operational responsibility, duties, roles, and other responsibilities regarding this transfer will be governed by a Memorandum of Understanding between the Police, Fire and Disaster Preparedness and Emergency Communications.
- The Economic & Property Development Department will assume responsibility for the Workforce Development Bureau (Pacific Gateway Workforce Investment

Network), which will increase the synergy between the two operations to enhance both workforce development and business recruitment and advocacy.

- Utility billing and meter reading support will be transferred from Financial Management to Long Beach Gas and Oil in order to expand opportunities for cross-training, coverage and other operational efficiencies.
- Marine and Beach Maintenance Operations in Parks, Recreation & Marine will be moved to the Marine Bureau to unify all beach and marine service providers under one roof, allowing for faster response times, eliminate redundancies and create more efficient communications between work units.
- Development Services is finalizing the restructuring of the Permit Counter to improve customer service and permitting processes by the addition of a Permit Counter Supervisor that is not funded by the General Fund.
- The Fleet Bureau in Financial Management is implementing a new vehicle replacement model for total lifecycle costing, which is projected to save \$1 million annually after approximately seven years (when fully implemented) Citywide.
- In Public Works, the Parking Operations Officer position is reinstated in order to provide a more cohesive and structural oversight of parking operations. In addition, some clerical positions are restructured in order to provide support that will free up more costly staff and permit other staff more time to be out in the field.

MORE DIFFICULT TIMES AHEAD

As previously described, the FY 16 budget has much for which our Long Beach community can be pleased with and proud of; Long Beach's improved economy, the quality of services, historically low crime rates, continued excellent and responsive fire and emergency response services, the ongoing investment in parks and beaches, and substantial improvements in street and sidewalk infrastructure. At the same time, this budget works to preserve and continue these services with a level of fiscal responsibility consistent with previous City Council discipline. Specifically, the budget is structurally balanced and a temporary surplus is not used for any structural spending so that services are more likely to be able to be maintained. The budget also includes strategic investments to increase efficiencies and maintain critical infrastructure.

However, this budget continues to adjust to the current lower price of oil, which has had an impact on the level of investments that can be made in Long Beach. Fortunately, while the oil situation could have been worse, Long Beach has a history of strong financial management and will continue to manage through this issue. Although this budget includes a modest, temporary surplus, FY 16 is expected to be the last transition year to a more difficult time period beginning in FY 17.

While the revenue situation has improved since the Three-Year Fiscal Outlook was presented in March, long-term revenues are not expected to be sufficient to maintain service increases. As the next chart indicates, expenses appear as if they will continue to outpace revenues, due primarily to CalPERS costs; and within the three-year period (FY 16 – FY 18), we are facing a deficit of \$15.3 million.

General Fund Surplus / Deficit (in Millions)				
	FY 16 Budget	FY 17 Projection	FY 18 Projection	Cumulative
Proposed Budget	0.6 *	(7.5)	(7.8)	(15.3)

* Assumes this temporary surplus is not structurally spent which reduces FY 17 deficit from \$8.1 to \$7.5 million

CalPERS Rate Increases. As discussed last year, the State's CalPERS pension fund recently began implementing large increases in annual pension costs to cities, due to changes in actuarial smoothing and mortality assumptions, to help ensure the cities' pension plans are financially sound and that they become fully funded.

Fortunately, CalPERS investment returns last year were much better than projected, so the new projected increase in pension costs peaks at \$25.7 million annually by FY 2020, instead of \$35.6 million for the General Fund. This is almost \$10 million better than previously projected, but still results in increased costs that will impact the City's fiscal outlook for years to come. However, it will ultimately save money in the long-term as the City pays down its unfunded liability.

The City has also prudently led the way in creating and funding a CalPERS Stabilization Fund to address the concern that actual amounts owed to CalPERS can and will vary from projections, potentially significantly, depending on a variety of factors, primarily investment returns. Due to the use of the CalPERS Stabilization Fund, however, the next three years are locked in for the City's General Fund, providing stability in budget planning.

Price of Oil and Production in Long Beach. The City's oil revenues are impacted by both price and production efforts. For FY 15 and beyond, the current price drop has led to a dramatic reduction in both Uplands revenue, which covers General Fund operations and one-time investments, and in Tidelands revenue, which covers both operations and capital investment in the Tidelands area. In addition, the oil production-based taxes for both the City's General Fund and Police and Fire Public Safety Oil Production Act Fund (Prop H) are impacted. While FY 15 is performing better than projected in March, FY 16 is still forecasted with the assumption that production will be at the \$55 level. Based on market future prices and a number of projections by market professionals, we are

projecting that prices will rise slowly from there. This means that one-time capital investments using both Uplands Funds and Tidelands Funds are severely limited.

While we have made millions in infrastructure investments using past one-time oil resources, the City still has many infrastructure needs that are unfunded or underfunded, including streets, sidewalks, bridges, storm water infrastructure, parks infrastructure, City facility needs, and public safety equipment. The low price of oil, if it continues, will dramatically impact our ability to fund these critical investments. However, it is important to remember that the phrase “predicting the price of oil” qualifies as an oxymoron; the price can unpredictably change up or down at any time.

In addition, for FY 16, there are reductions to the Prop H and Tidelands operations budgets in order to adjust to the reduced oil revenue. These reductions are detailed in the Executive Summary and in the Department Budget Chapters. The reductions were done in a manner to minimize service impacts for FY 16; though there will be reductions to materials and supplies, contractual services, and 1.1 vacant marine safety Full-Time Equivalent (FTE). In addition, any future reductions necessary in FY 17 and beyond will likely have service impacts unless oil prices/production rise significantly, which is not currently expected to occur.

Other Budget Challenges. The City has several other budget challenges on the horizon, including:

- Expiring employee agreements, whose renewals are not reflected in projections for FY 16 and beyond;
- Employee benefit costs that continue to outpace inflation;
- Operating budgets that have not kept pace with non-personnel cost increases; and,
- Although the City Council has addressed the unfunded liability for pensions and has taken beginning steps for other unfunded liabilities, there remains underfunding of the current costs to provide for the retiree health subsidy and sick leave costs.

A PLAN TO MAINTAIN STRONG FINANCIAL MANAGEMENT

We have already taken past steps that have helped us to tackle the budget challenges. These approaches, which we are continuing in this budget, are described below:

Proportionate Share. As in the past, this budget maintains proportionate share. Although organization-wide budget reductions were not necessary this year, proportionate share ensures that Police, Fire, and Disaster Preparedness & Emergency Communications receive most of the General Fund resources (approximately 69 percent), while preserving base level support for other core functions. Proportionate

share also helps ensure that departments are incentivized to save money and be innovative. Continued use of this tool will be vital to maintaining a holistic Citywide approach to services as we face tight budgets, as well as projected deficits well into the future. This will ensure we can remain a full service City instead of facing fiscal distress similar to other comparable cities which exceeded 70 percent of their budget for Police and Fire.

Surplus Carryover. I am proposing that the estimated \$630,000 temporary structural surplus in FY 16 be carried over to FY 17 to help address the structural deficit projected for that year. Without this carryover, we will be facing a total deficit of \$15.9 million by FY 18 that will be compounded in future years by increasing CalPERS contributions.

CalPERS Stabilization Fund. The new CalPERS formula for calculating the annual City pension cost is much more volatile and sensitive to CalPERS investment earning rates than in the past. Should there be lower than expected investment earnings, the City could face service decreases in police, fire or other areas in the future. Use of the innovative CalPERS Stabilization Fund will help mitigate potential service reductions. It may serve as a model for other cities in California. The CalPERS Stabilization Fund has sufficient funds deposited in it to use to lock in the General Fund costs for the next three years.

Memorandum of Understanding (MOU) Agreements. The City is a service provider and our employees provide the services. As a result, labor costs are the biggest cost driver for the City. The MOU between the City and the IAM expired at the end of FY 14; six other employee agreements expire at the end of FY 15, and Police and Fire MOUs expire at the end of FY 16. The City is currently in negotiation with the IAM and will begin negotiations with the other groups as contracts expire. We hope to build upon the cooperation and collaboration that developed during pension reform discussions as we work together on upcoming agreements to secure fair agreements that recognize the incredible value of our employees, as well as the fiscal realities the City is facing in the future.

Reserve for Unfunded Liabilities. Previous City Council actions have deposited \$3.1 million in the reserve for unfunded liabilities. This budget continues the City Council policy to deposit 5 percent of one-time revenues into this reserve, which will be calculated and reserved at the end of FY 15. Also, 5 percent of any additional one-time revenues realized during FY 16 will similarly be allocated to this reserve.

Pension Reform. The City is saving \$13.8 million per year in the General Fund (\$24.7 million in All Funds) due to pension reform, which was agreed to by all bargaining units.

Health Care Efficiencies. While employee Health Care costs continue to grow, the rate of growth is lower than it would have been due to the cost savings implemented by the City over the last couple of years, such as changing vendors for health insurance and drug benefits, and by implementing plan design changes. There are also cost savings to the City's plan due to the emphasis placed on preventative measures, such as health

assessments, flu shots, and a wellness program. In addition, there will be Citywide savings from the new Employee Assistance Program, which will provide higher service levels at a lower cost.

Reserves Funded. We have worked diligently to ensure that the emergency and operating reserves are funded within the City Council approved policy levels. The emergency reserve stands at \$43.4 million which, at 9.8 percent, is close to the normal level of 10 percent, and the operating reserve stands at \$10.5 million which, at 2.5 percent, is within the 2 to 7 percent level.

Operational and Efficiency Improvements. Numerous operational and efficiency improvements have been made in the past and continue to be made, including for the future:

- Eliminated hundreds of vehicles from City fleet
- Combined clerical staffing, with workgroups sharing clerical support
- Streamlined permit fees and consolidated inspection services
- Reduced management personnel
- Developed a more efficient and effective ambulance service
- Implemented LBCOP to leverage the power of technology to help reduce crime
- Expanded the type of projects that can be submitted for immediate plan review, resulting in faster plan checks and often in same day service
- Reorganized civilian staffing in Police in order to move more sworn personnel to front line law enforcement activities
- Installed Smart Parking Meters which accept credit/debit cards, allow prepay and locate open parking
- Implementing new systems:
 - HR onboarding system
 - utility billing system
 - parking citation system
 - business license system (in process)
 - financial and HR systems (in process)
 - Electronic Plan Check system (in process)

CONCLUSION

This budget has much to celebrate and continues the discipline that has allowed Long Beach to maintain long-term services and its financial health. A key foundation of the City's financial health is the adherence to sound financial policies, most notably the requirement for a structurally balanced budget, where recurring revenue must meet or exceed recurring expenditures. This budget continues to uphold this key City Council

policy. It is one of the best ways to preserve long-term services and the City's long-term health.

Due in large part to the support and fiscal prudence of the Mayor and City Council, the City of Long Beach emerged from the Great Recession significantly leaner, but in relatively good shape compared to other cities of our size. However, despite the improved economy, there are significant fiscal challenges coming our way and we must be prepared. Long Beach must continue to take steps to a new economic reality and reduce expenditure growth to match the limited revenue growth.

During FY 16, we will continue to develop efficiencies, explore cost reductions on the expense side, find ways to maximize existing revenues, and find new revenues through a continued focus on economic development. We cannot wait for the FY 17 budget process to engage departments and use citizen outreach to develop a plan to address the upcoming shortfalls.

The Executive Summary, immediately following this transmittal letter, provides a summary of the budget and its significant changes. The balance of the proposed budget document provides details and additional explanations for the General Fund, as well as all other funds.

My appreciation to the Mayor and City Council for your fiscally prudent leadership and to the management team for their creativity and strong management during the more difficult years that have helped get us to this point, to all City employees who have continued to provide the best service possible with limited resources, and to all departments for all of their good work in developing this budget. I would also like to thank the City Attorney, City Prosecutor, City Auditor, City Clerk, Civil Service Executive Director, Harbor Department Executive Director and Water Department General Manager for their continued cooperation and assistance.

We look forward to working with you as you consider this proposed budget and as we move forward to address the challenges facing us in the future.

Respectively submitted,

A handwritten signature in blue ink that reads "Patrick H. West". The signature is written in a cursive style with a long horizontal line extending to the right.

Patrick H. West
City Manager



Executive Summary

EXECUTIVE SUMMARY

The Fiscal Year 2016 (October 1, 2015 through September 30, 2016) All Funds budget for the City of Long Beach totals \$2.7 billion, including \$617.0 million for the Capital Improvement Plan. The table below shows the total proposed budget for the City's General Fund, including non-recurring expenditures, enterprise funds (Gas, Refuse, Water, Airport, Development Services, etc.) and all other (Harbor, Successor Agency (Redevelopment fund), Debt Service, Internal Service, etc.) funds. Of the total budget, Harbor constitutes 31 percent, or approximately \$829.1 million, of all proposed spending. The overall 11 percent decrease in the total budget from the FY 15 General Fund Adopted Budget to the FY 16 Proposed Budget is due primarily to the lower price of oil which impacts the General Fund, Uplands Funds, Tidelands, and Tidelands Oil Funds.

Total Budget (\$ in millions)					
		<u>FY 15 Adopted</u>	<u>FY 16 Proposed</u>	<u>% of Total</u>	<u>% Change</u>
General Fund - Recurring	\$	400.9	\$ 412.0	15%	3%
General Fund - Non-Recurring	\$	18.2	\$ 15.9	1%	-12%
Enterprise Funds		445.9	\$ 445.2	17%	0%
All Others		<u>2,144.7</u>	<u>\$ 1,799.3</u>	<u>67%</u>	<u>-16%</u>
Total	\$	3,009.8	\$ 2,672.4	100%	-11%

GENERAL FUND

The General Fund, which accounts for approximately 15 percent of the total budget, provides much of the resources for critical core City services. This includes police patrol, fire response, parks, streets and sidewalks repair, and library services. Most other funds and resources are restricted by law for other purposes and cannot be used to support these basic functions.

Following nearly a decade of reductions and deficits, the General Fund is again expected to experience a surplus of \$630,000 in FY 16. As the next chart indicates, for the foreseeable future, expenses appear as if they will continue to outpace revenues, even though the revenue situation has improved between the March update and now. To help ensure that Long Beach continues along the road of maintaining services and financial strength, the proposed budget preserves the temporary surplus to prevent and minimize future shortfalls in FY 17. Within the three-year period of 2016-2018, we are facing a deficit of \$15.3 million.

General Fund Surplus / Deficit (in Millions)				
	FY 16	FY 17	FY 18	Cumulative
	Budget	Projection	Projection	
Proposed Budget	0.6 *	(7.5)	(7.8)	(15.3)

* Assumes this temporary surplus is not structurally spent which reduces FY 17 deficit from \$8.1 to \$7.5 million

Executive Summary

There are a multitude of drivers that impact the three-year forecast as shown in the following chart.

General Fund Surplus / (Deficit) Drivers				
(\$ In Millions)				
Changes	FY 16 Proposed	FY 17 Projected	FY 18 Projected	3-Year Total
Uplands Oil Transfer	\$ (6.0)	\$ (0.9)	\$ 0.2	\$ (6.7)
Property Tax	8.4	3.1	1.7	13.1
Transient Occupancy Tax	2.1	0.6	0.2	2.9
In Lieu - Vehicle License Fees	1.8	0.9	0.9	3.6
Other Revenue Change	3.9	1.0	0.4	5.3
Total Revenue Impact	10.1	4.7	3.4	18.3
Natural Salary Growth	\$ 1.0	\$ 1.0	\$ 1.0	\$ 3.0
CalPERS Pension Changes	5.4	6.3	4.8	16.5
Health Benefit Related Increases	1.4	1.5	1.5	4.4
Increased Liabilities	1.7	0.8	1.5	4.0
Other Miscellaneous Changes	(0.5)	3.3	2.4	5.2
Total Expense Impact	9.0	12.9	11.2	33.1
City Manager Budget Proposals - Net	0.5			0.5
Saved Surplus from Previous Year		0.6		0.6
PROJECTED ANNUAL STRUCTURAL SURPLUS / (DEFICIT)	\$ 0.6	\$ (7.5)	\$ (7.8)	\$ (15.3)

As the chart above indicates, the CalPERS changes are driving the growth in expenses, which, while painful, puts the City on the path towards fully funding the pension unfunded liability and ultimately reducing costs in the future.

Proposed FY 16 Changes By Department

The next table summarizes the FY 16 proposed changes to departmental budgets along with the net impact of those changes on budgeted positions. As shown in the table, the FY 16 Proposed Budget maintains the relative priorities established by the Mayor and Council during previous budget cycles by funding departments at a level that matches their overall share of General Fund resources compared to prior years. Public Safety will continue to receive approximately 69 percent of the overall General Fund budget, with other Departments receiving the remaining share.

Significant changes in FY 16 include the addition of \$244,000 to fund City Council approved programmatic changes such as the Language Access Plan, Veteran’s Commission support, business improvement district expenses, and Homeless prevention efforts. The budget also includes a reorganization of the Emergency Communications function to combine both Police and Fire Dispatch operations into the Disaster Preparedness and Emergency Communications

Executive Summary

department. It also includes the reorganization of the former Asset Management Bureau from Public Works to the Economic and Property Development Department. In addition, the budget includes a technical adjustment to full-time equivalent positions (FTE) in the Fire Department in order to reflect the department's current actual staffing levels. This adjustment does not impact service levels. Significant changes by department are detailed in Attachment A to the Executive Summary and in the Department Budget Chapters.

FY 16 General Fund Impacts by Department				
Departments	FY 16 Proposed Changes	Positions Impacted	FY 15 Proportion of General Fund	FY 16
Police ⁽¹⁾	(7,051,053)	(64.60)	50.2%	47.5%
Fire ⁽¹⁾	(2,619,081)	(41.25)	18.9%	18.4%
Disaster Preparedness and Emergency Communications	9,997,631	86.00	0.4%	3.0%
Public Works	(1,288,488)	(3.70)	8.6%	8.8%
Parks, Recreation and Marine	14,490	(3.77)	8.0%	8.0%
Library Services	4,635	(0.20)	3.2%	3.2%
Elected & Appointed	-	2.00	4.9%	5.1%
All Others ⁽²⁾	1,443,888	4.21	5.7%	6.0%
TOTAL	502,022	(21.31)	100.0%	100.0%

(1) The significant decrease in budget and FTEs include moving dispatch staff from the Police and Fire Departments to the Department of Disaster Preparedness and Emergency Communications.

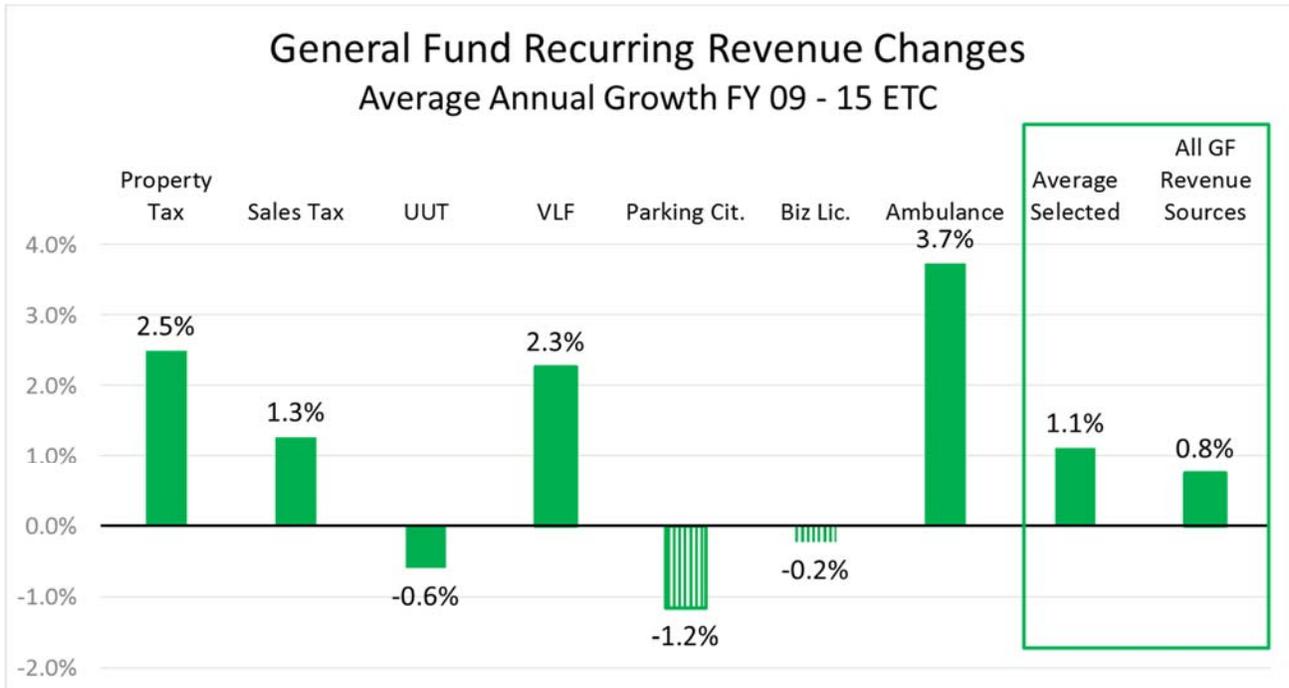
(2) Includes City Manager, Citywide Activities, Development Services, Financial Management, Health & Human Services, Human Resources, and the Economic and Property Development Department.

Major General Fund Revenue Trends

The General Fund primarily relies on general tax revenue for funding of the most basic services of local government. These dollars are unrestricted in their use. As the next table illustrates, the major General Fund revenues have seen very moderate to negative growth over the seven-year period FY 09 – FY 15 estimates to close (ETCs). Property Taxes, exclusive of supplementals and delinquencies, is the largest General Fund revenue category. Property Tax revenue reflects moderate growth, after restating the impacts of the State dissolution of the Redevelopment Agency (RDA) and the FY 10 Prop 1A take-away. Sales and Use Tax, reflects positive growth over this period, in large part due to the City's efforts to attract and retain large business sales operations as a way to generate local sales tax. Sales tax generated by these agreements are difficult to predict and are based on proprietary business operations, which the City has little influence over. Absent these agreements, the overall increase in retail sales is much lower. Positive growth is also seen in Property Tax in Lieu of VLF, which is tied to changes in assessed valuation, and ambulance transport revenue, which reflects improvements in billing and collections, fee increases and a changing payer mix. Individually, these modest gains in revenue demonstrate growth in the economy. While these are positive financial indicators, there remain other revenues, such as Utility Users Tax and Parking Citations, which have been consistently flat or negative. The overall trend in General Fund revenue was slightly better than flat over the

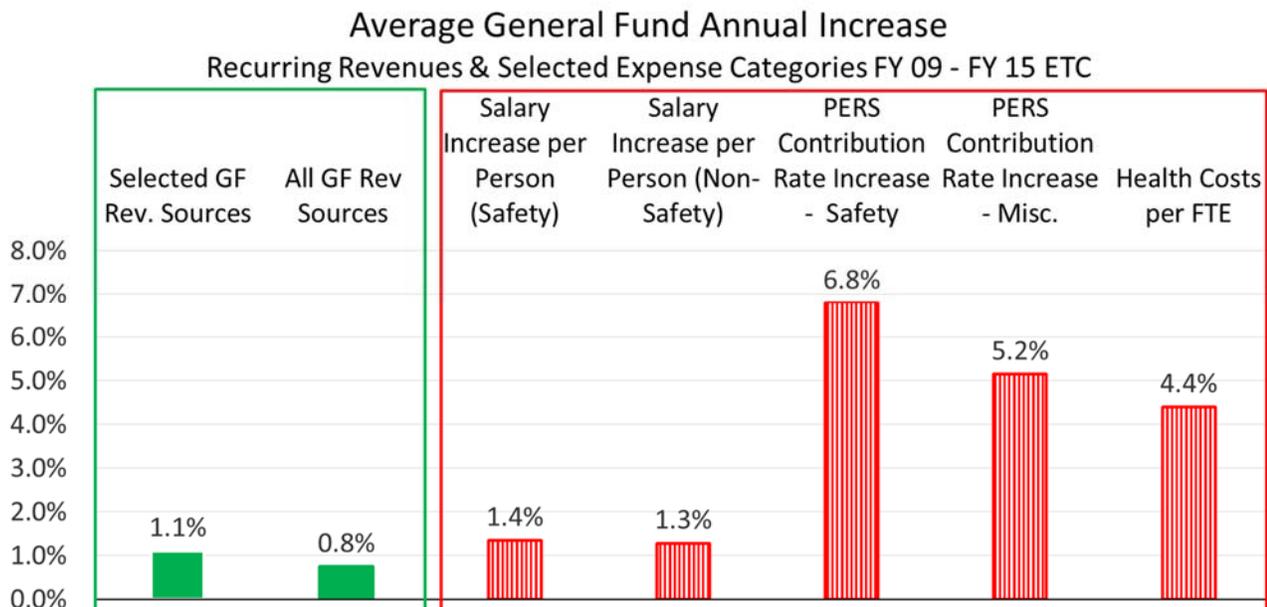
Executive Summary

last seven years. For FY 16, modest increases in Property Tax, Vehicle License Fees, and other revenues that reflect the growth experienced in FY 15 are projected.



Major General Fund Expense Trends

The City is a service provider and our employees provide the services. As a result, labor costs are the biggest cost driver for the City. Increases in the City's largest expenses, which include retirement contributions, employee healthcare, and wages, have grown faster than recurring General Fund revenues for the seven year period FY 09-15. The chart below highlights how various structural cost escalators have outpaced increases in revenue collected.



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This difference between annual increases in revenues and costs is what drives the City's "structural deficit." Because the General Fund budget must be balanced, expenses were cut to bring spending in line with ongoing revenues, resulting in significant service and position reductions over the last nine years. Over this time period, \$134 million in structural cuts were made, along with a reduction in the budgeted workforce of almost 700 positions – a 20 percent reduction.

In FY 16, expenses are continuing to grow faster than revenues. However, due to the City Council's past decision to structurally carry over the FY 15 surplus, a deficit in FY 16 has been avoided. In light of the significant cost increases anticipated for FY 17, the City Manager, is once again, proposing that the City Council continue the practice of using the structural surplus in FY 16 to help mitigate the deficits projected for FY 17 and FY 18. As the next section on CalPERS rate changes will highlight, the employer contribution rates for pensions are expected to rise significantly beginning in FY 16, underscoring the importance of saving any short-term surpluses.

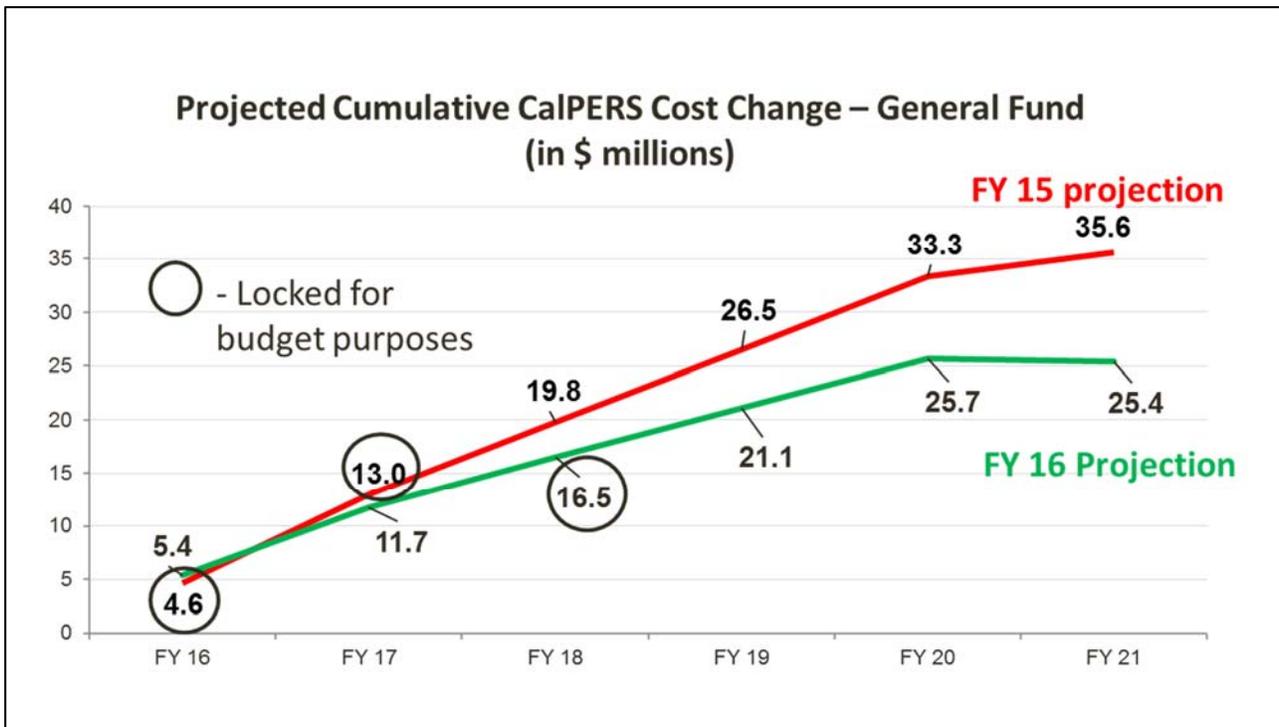
Pension Costs Increases

A key reason for budgetary issues in FY 17 is that large CalPERS pension costs increases are scheduled to begin in FY 17, with a smaller, but still significant, increase in FY 16. These increases are a result of changes to the rate smoothing policy and mortality assumptions recently adopted by CalPERS. Previous amortization and smoothing policies spread investment gains or losses and paid for them over a 15-year smoothing and a rolling 30-year amortization period. This methodology helped local governments avoid large rate volatility in normal years and better plan ahead for changes in pension costs. However, it also contributed to the underfunding of the City's pension plans. The new amortization and smoothing policy pays for all gains and losses over a fixed 30-year period, with increases or decreases in the rate smoothed over only a five-year period. This new methodology will eliminate the City's unfunded liability in approximately 30 years, but also increases costs and exposes the City to a higher volatility in the annual costs. The higher volatility of the City's pension costs will be offset by the City's CalPERS Stabilization Fund.

The mortality rate and other demographic assumptions were also changed based on recent studies that reflected a population that is living longer and, thus, collecting pension benefits over longer time periods. This will also increase costs to more accurately reflect pensions paid to retirees for a longer period of time.

These rate smoothing and mortality assumption changes are scheduled to take effect in FY 16 and FY 17, respectively, and will be phased in over the subsequent five years. While these fiscally sound changes put the City on a path towards paying down its current unfunded liabilities over 30 years, it also means that pension contribution rates are expected to increase substantially over time. Fortunately, CalPERS investment returns last year were better than projected, so the new projected increase in pension costs peaks at \$25.7 million by FY 2020, instead of \$35.6 million per year for the General Fund

Executive Summary



It is worth noting that the smoothing methodology change is much more volatile and sensitive to CalPERS investment earning rates than in the past. Depending on whether market returns are higher or lower than the CalPERS assumed rate of return of 7.5 percent, the estimated increase to the General Fund could be much higher or, conversely, have no negative impact at all. The CalPERS Stabilization Fund was created in FY 14 to address these potential fluctuations due to varying rates of return among other factors. Should there be lower than expected investment earnings, the City could face service decreases in police, fire or other areas in the future. The innovative CalPERS Stabilization Fund will help mitigate these potential service reductions that result due to fluctuations in market returns and other factors, and may even serve as a model for other cities in California facing the same types of challenges. The CalPERS stabilization fund has sufficient funds to lock in the projected CalPERS rates and associated General Fund costs for the next three years, which is shown by the circled amounts in the chart above.

Oil Revenue

As discussed in March, the City's oil revenues are impacted by both price and production efforts. For FY 15 and beyond, the current price drop has led to a dramatic reduction in both Uplands revenue, which covers General Fund operations and one-time investments, and in Tidelands revenue, which covers both operations and capital investment in the Tidelands area. In addition, the oil production-based taxes for both the City's General Fund and Police and Fire Public Safety Oil Production Act Fund (Prop H) are impacted. While FY 15 is performing better than projected in March, FY 16 is still forecasted assuming production will be at the \$55 level, and a projection that prices will rise slowly from there, as shown in the following table. This means that one-time capital investments using both Uplands Funds and Tidelands funds are severely limited.

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In millions of \$	FY 14 Actual	FY 15 Adopt	FY 15 ETC	FY 16 Proj.	FY 17 Proj.	FY 18 Proj.
Price per Barrel	~\$99/bbl	\$70/bbl	\$45/bbl	\$55/bbl	\$60/bbl	\$65/bbl
Uplands	\$ 32.3	\$ 17.5	\$ 13.9	\$ 11.5	\$ 10.6	\$ 10.8
Tidelands	\$ 42.7	\$ 27.0	\$ 12.4	\$ 10.8	\$ 12.1	\$ 16.5

In addition, for FY 16 there are reductions to the Prop H and Tidelands operations budgets in order to adjust to the reduced oil revenue. These are described in the section on Summary of Significant Changes at the end of this Executive Summary in Attachment B and in the Department Budget Chapters. These reductions were done in a manner to minimize service impacts for FY 16; however, any future reductions necessary in FY 17 and beyond will likely have service impacts unless oil prices/production rise significantly, which is not likely to occur.

Unfunded Liabilities

There are four major employee-related unfunded liabilities – pensions, retiree sick leave (to pay retiree health insurance premiums), retiree health insurance subsidies, and workers' compensation. The City currently has \$1.2 billion in these unfunded liabilities, summarized by the following table.

Current Unfunded Liabilities \$ in Millions	
Pension	\$ 834
Sick Leave	134
Retiree Health Subsidy	143
Workers Compensation	111
	\$ 1,222

Unfunded liabilities are costs for services already delivered, but not paid for in full. When applied to employee benefits, which are the major components of service costs, the unfunded liability represents the unfunded portion of the costs of benefits that employees will accrue over their working careers with an employer. The principal causes of unfunded liabilities for employee benefits generally are lower than expected investment earnings on system assets, benefit enhancements that are made retroactive, and under-funding. The amounts of the unfunded liabilities will vary from year to year based on these factors.

With the recent changes to the CalPERS amortization, smoothing and demographic assumption policies, the City will be on track to pay off the unfunded pension liability in approximately 30 years through increased contributions that will result in an additional ongoing cost of \$25.7 million to the General Fund by FY 20. For the other unfunded liabilities, however, the current annual

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funding for the associated employee benefits is not large enough to reduce the unfunded liabilities.

The City will need to explore a variety of alternatives in addition to increased funding and reducing costs, including the possibility of exploring the reduction of employee benefits. This budget takes an additional step towards the reduction in unfunded liabilities by setting aside 5 percent of non-recurring revenue that will be calculated and reserved as part of FY 15 Year-End close, and then incorporated as a budget adjustment in FY 16.

STATUS OF OTHER FUNDS

In addition to the General Fund, the City maintains 36 other funds. Many are narrowly focused and restricted to specific business activities. This section discusses issues impacting other key City funds and highlights funds that have Citywide impact.

General Services Fund

The primary revenue source for the General Services Fund are internal charges to City Departments, which account for over 80 percent of total revenues. This cost recovery model is intended to allocate 100 percent of eligible costs to provide services to City departments. The fund is used to account for the operation, maintenance and replacement of the City's information and communications systems. This includes the cost for systems' hardware and software, as well as support services provided by the Technology and Innovation Department. FY 16 includes enhancements to implement technology initiatives, including website design and management, and open data; increased resources to support the Technology Commission; and modernization of software, which are offset by increased charges to other departments.

Fleet Services Fund

The Fleet Services Fund is used to account for the City's purchase, maintenance, fueling and replacement of vehicles and equipment, except those owned by the Water and Harbor Departments. The major sources of revenue for this fund are charges to user departments, including capital replacement, preventive maintenance, repair and fueling charges. Fleet's replacement budget is \$19.5M for FY 16, which represents an \$8.5M increase from the current year due to a large number of refuse truck and sweeper replacements. This is supported by funds already provided by user departments. Alternative fuel vehicles are estimated at 50 percent of the total replacements in FY 16, continuing our goals to reduce greenhouse gas emissions and provide cleaner burning, more fuel efficient vehicles to City departments.

SERRF Fund

The SERRF Fund is used to maintain the Waste to Energy Program and provide regional disposal services for residential and commercial refuse delivered by the City and various private haulers. Since FY 14, SERRF has been incurring costs for ash disposal and hauling to the El Sobrante Landfill due to the closure of the Puente Hills Landfill in November 2013. SERRF will continue to incur these costs into FY 16, with an expected increase of approximately \$522,000, for a new total of \$7.6 million. In FY 16, SERRF operations will become subject to AB 32, the Global

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Warming Solutions Act of 2006, and must pay a fee for the carbon and equivalent gases generated by the facility. Staff estimates the cost of AB 32 compliance at \$2.0 million annually.

In FY 15, SERRF began to draw from its fund balance to cover the ash disposal costs, as well as to partially cover other operating expenses. As provided for in its Joint Powers Authority (JPA) agreement, the SERRF Fund had built up a fund balance over the years to cover its anticipated negative cash flow over the next few years as it nears the point in 2018 when its bonds are completely paid off, and the electrical generation contract between the City and Southern California Edison expires. Based on certain funding criteria in the JPA agreement, there is a 50-50 revenue sharing of Net Facility Revenue between the City's JPA partner, the Los Angeles County Sanitation Districts, and the City's General Fund. SERRF will continue to draw down its funds available in FY 16. As a result, the General Fund is not expected to receive any future transfer of Net Facility Revenue from SERRF. Staff continue to explore operational agreements and newer green technologies to assess the long-term viability of SERRF facility operations beyond 2018.

Gas Fund

The Gas Fund finances the provision of reliable and cost-competitive natural gas service to customers in Long Beach and Signal Hill, while ensuring continued pipeline infrastructure integrity. Ninety percent of the Gas Fund's revenues are received directly from gas ratepayers through metered gas sales. These sales are primarily affected by national gas commodity market prices and winter weather conditions. Improved extraction technologies have recently resulted in an abundance of additional gas supplies nationwide, causing continued downward pressure on natural gas commodity prices. These price benefits are passed directly through to gas customers.

To ensure the safe operation of the nation's natural gas pipeline system, federal regulators in the Office of Pipeline Safety have significantly increased on-site audits and regulatory reporting requirements of natural gas utilities. The City is now required to prepare a Distribution Integrity Management Plan (DIMP) that delineates potential threats to the safe operation of the Long Beach pipeline gas system and describes the City's high priority focus on replacing its gas pipelines that were installed between the years 1920 and 1950.

In FY 14, the City Council authorized the Department of Gas and Oil (GO) to enter into contracts with various entities to implement the Advanced Metering Infrastructure (AMI) system for customers of Long Beach and Signal Hill. AMI is an integrated network of smart meters, communication collectors and data management systems that enable seamless communication between utilities and their customers. It will no longer be necessary to make a vehicle trip to a customer's location to visually read a meter to determine consumption data. AMI is now a best practice in the utility industry and, in California, every natural gas utility meter has already been converted or is in the process of converting to AMI. There are many benefits of AMI, including, but not limited to, elimination of the existing meter reading contract for \$1.4 million, reduced vehicle trips to manually read meters, meter reading accuracy, and customer privacy and security. Implementation of the project will continue through FY 17 and result in the deployment of 150,000 smart gas meters to utility customers across the city. The total project cost is \$22.1 million, of which the majority will be paid for by issuing bonds and Gas Fund reserves designated for this project.

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Continued monitoring of the Gas Fund's financial health is needed to ensure that customers are appropriately served, pipeline integrity is being maintained with an adequate level of repair and replacement, and a reasonable transfer to the General Fund is sustained.

Successor Agency Fund

In FY 12, the Successor Agency Fund was created in response to California statute AB1X26, which mandated the dissolution of the City's Redevelopment Agency (RDA). Effective February 1, 2012, the City Council adopted a resolution designating the City of Long Beach as the Successor Agency to the RDA and transferred all former RDA functions and assets to the City. The purpose of the Successor Agency is to dispose of the assets and discharge the obligations of the former Redevelopment Agency. Pursuant to AB1X26, the revenue source for the Successor Agency funds consists of bi-annual distributions from the Redevelopment Property Tax Trust Fund (RPTTF). These revenues are then used to make payments against the Successor Agency's Recognized Obligation Payment Schedules (ROPS). The ROPS are the obligations and commitments created by the City's former Redevelopment Agency for a given six-month period. Additionally, the Successor Agency Fund receives a bi-annual administrative allocation equal to 3 percent of its RPTTF distributions. Over time, as the obligations of the former RDA are met and activity slows, funds remitted to the Successor Agency Fund will decrease. Funds available at the end of FY 15 will be approximately \$6.5 million, including remaining bond proceeds and RPTTF distributions, which are needed to cover future costs for existing committed projects.

Property tax that was formerly remitted to the RDA is now paid to all the taxing entities, including the City of Long Beach, where the City receives approximately 21% as residual property tax. In FY 15, there was more residual property tax revenue that flowed to the City due to a Union Bank CD that came due, which lowered the RPTTF distribution since program income from the CD must be used first. As a result, we have additional non-recurring revenue of \$4.7 million to the General Fund, which has been included in this budget for one-time projects.

Towing Fund

The Towing and Lien Sales operation continues its optimization efforts in FY 16 through implementation of a new Towing Operations software system to better manage this operation. After several years of lower revenues from declining tow volumes, towing revenues are stabilizing and are projected to support a \$1.2 million ongoing transfer to the General Fund.

Refuse Fund

The primary source of revenue for the Refuse Fund is from refuse and recycling charges, which account for approximately 93 percent of total revenues. This fund is also supported by grant money from the State for various public outreach efforts (recycling, litter reduction, used motor oil collection, etc), revenues from the sale of recyclables collected through the City's residential recycling program, fees paid by the City's licensed private refuse haulers for AB 939 compliance, and interest income. The fund previously had a substantial funds available balance, which has been declining over the last few years due to annual operating shortfalls, as fees have not increased at the rate needed to match increasing costs. After multiple years of identifying and implementing various efficiency measures, the fund continues to operate with a structural imbalance. Staff evaluated strategies to address the structural deficit and has proposed a fee increase for FY 16 with the goal of structurally balancing the fund. In addition, the rates are being

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restructured based on a study conducted by an outside consulting firm. These rates better reflect the full cost of service to the rate payer. The average monthly increase for a single-family home would be \$2.15. With the fee increase, Long Beach's refuse rates will still remain lower than comparable full-service cities like Los Angeles, Burbank, Pasadena, Santa Monica, and San Jose. Of the ten full-service cities reviewed, Long Beach will be the third lowest rate after the increase.

Health Fund

The Health Fund was established to account for funds restricted for public health purposes only. The fund accounts for revenues and expenditures associated with federal, state and local grants, health permits, and other fees. After experiencing cash flow issues with grant reimbursements in FY 09 and FY 10, the Fund is on a more secure fiscal footing. With a write-off of an uncollectable General Fund loan at the end of FY 14 that dated back to the establishment of the Fund, the Fund is in a better position to address capital repair and infrastructure needs, particularly at the main Health Department facility. Staff is closely monitoring the Fund, reviewing cash flow, and identifying strategies to meet ongoing needs.

Airport Fund

The Airport Fund wholly finances Long Beach Airport's operations, including the safety and security of the Airport, the highest level of customer service to passengers, the improvement of quality of life in the surrounding community, and providing a fair and reasonable operating cost to our business partners. Airline fees, parking concessions, and long-term ground leases of airport property support the Airport Fund. The Federal Aviation Administration also provides revenue to the Airport Fund through its Airport Improvement Program (AIP). The Fund also receives Passenger Facility Charges (PFC) and Customer Facility Charges (CFC) from air carriers and car rental agencies, respectively. The Fund does not receive any General Fund dollars.

The Airport Fund currently is facing a decrease in revenue as a consequence of reduced enplanements, largely driven by the underutilization of air carrier slots by JetBlue, who holds the majority of the air slots at the Airport. To help meet these challenges, the Airport has reduced expenditures by eliminating positions and increased airline fees. The strength of the Airport Fund, despite these challenging times, is a testament to the Airport's strong management team.

Uplands Oil Fund

The Uplands Oil Fund accounts for oil revenue outside the Tidelands area and accounts for all costs and revenues for the City's proprietary oil interests, including accumulating reserves for the City's portion of well abandonment and site clearance liabilities. Revenues are derived from participation in oil operations and overhead fees received by the City as Unit Operator for the Tidelands Oil operations. The price of oil has shown frequent oscillations and occasional sharp drops. The price of oil was relatively stable for the last three years, and then began a sharp decline in mid-2014, from \$100 per barrel in July, to a low of \$38 per barrel January 2015. Key drivers for the lower price are low demand and high production by the OPEC nations, by non-OPEC producers, and by the United States. There is no current indication that the price of oil will increase in the foreseeable future to previously budgeted levels. In recent years, a "reliable" base for oil revenue had been budgeted at \$70 per barrel or \$17.4 million a year from Uplands to the

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General Fund. Revenue generated over the reliable base was considered one-time and budgeted for critical infrastructure, innovation and efficiency projects. The low price of oil has greatly reduced the oil revenue that the City can rely on receiving. The FY 16 Proposed Budget includes a projected price of oil of \$55 per barrel, or \$11.5 million structurally, to the General Fund. No revenue over that projected base amount is currently projected. Staff continually monitors and reports on oil markets and production for any changes that might impact City's finances.

Tidelands Operating Funds

Tidelands Operating Funds are comprised of the Tidelands Operations, Marina, Queen Mary and the Rainbow Harbor Area funds. Tidelands operations along the beaches and waterways remain heavily dependent on base oil revenue and an annual transfer from the Harbor Revenue Fund to support Aquarium debt payments, lifeguards, waterfront maintenance, and the Convention Center. Surplus revenue generated by marina boat slip rental is pledged to repay the 2015 Marina Revenue Bonds issued for waterside improvements to the Alamitos Bay Marina.

Similar to the Uplands Fund, Tidelands Operating Funds are very dependent on oil revenue. The FY 16 Proposed Budget includes a projected price of oil of \$55 per barrel, which equates to \$10.8 million, to the Tidelands Operations Fund. No revenue over that projected base amount is currently projected; therefore, no additional capital is expected in FY 16. Also, since the Tidelands Operations budget is in a deficit this year, the FY 16 Proposed Budget includes some budget reductions for operations, which have minimal service impacts. For FY 17, the Tidelands Operations budget is expected to be in balance again.

Police and Fire Public Safety Oil Production Act

On May 1, 2007, the voters approved the Police and Fire Public Safety Oil Production Tax (Proposition H), a special tax of 25 cents, with an annual CPI increase on every barrel of oil produced, and restricted to fund police and fire services. The tax assessed through June 30, 2015 was \$0.28/barrel oil produced, and increased to \$0.29/barrel oil produced effective July 1, 2015. This fund will be closely monitored in FY 16, since oil production is impacted by the price of oil and will, therefore, impact Proposition H revenue. FY 16 revenues are expected to decline from FY 14 levels by approximately 20%. The FY 16 Proposed Budget includes some budget reductions for operations which have minimal service impacts, but future years will require additional reductions unless the oil situation improves from what is currently projected.

Gas Tax Fund

The Gasoline Tax Street Improvement Fund is used to account for the receipt and expenditure of gasoline tax funds apportioned under the State Streets and Highways code, as well as other sources dedicated to street improvements such as grant revenue. Expenditures may be made for any street-related purpose on the City's system of streets, including maintenance. FY 16 includes \$10.8 million in capital street improvements funded by both gas tax funds and grant revenue. In addition, approximately \$7 million per year was previously transferred from this fund to the General Fund to reimburse the City for eligible street maintenance costs. However, due to a projected decline in the City's gasoline tax apportionment, this amount was reduced to \$5.3 million in FY 16. A further decline in gas tax funds is also projected for FY 17. This will hinder the City's ability to maintain streets unless this situation changes.

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Insurance Fund

The Insurance Fund was created to finance and account for the City's General Liability and Workers' Compensation activities. The Fund is primarily supported through charges to City departments and funds, with approximately 62.4 percent of its revenue derived from the General Fund. Although the number of workers' compensation claims has been reduced, the cost of claims has risen and is expected to increase in future years. This is due to the erosion in the SB 899 reforms that will result in further cost increases and future medical care for life for accepted body parts (which is awarded on most claims). The City's long-term workers' compensation liability is currently valued at \$111 million. The City will be challenged to keep workers' compensation costs from increasing without reforms from the State. The Department of Financial Management works with the City Attorney's Office and the Department of Human Resources to identify cost-saving opportunities in the Insurance Fund, and to ensure the City meets its legal and workforce obligations. To this end, a Citywide increase of \$1.3 million has been included in the FY 16 budget, with smaller increases projected in the foreseeable future.

Employee Benefits Fund

The Employee Benefits Fund (EBF) is used to support employee benefits such as paid time off, CalPERS benefits, employee healthcare and pension obligation bond payments, among other costs. The EBF is primarily supported through charges to departments for their employees' estimated benefit costs. The City's outstanding unfunded liability for benefits, not including pensions, could be as high as \$276 million. The City will be developing an approach to address these unfunded liabilities in the next few years

SUMMARY OF SIGNIFICANT CHANGES

The lists that follow constitute summaries of significant budget changes in General Fund departments (Attachment A) and other funds (Attachment B), and a list of Efficiency Improvements, Critical Infrastructure Improvements and Strategic Investments (Attachment C). Presented in these lists are the fiscal impacts, as well as the position impacts, for related activities within Departments or Funds. For ease of review, all reallocations of resources within departments, offset adjustments, and minor changes have not been included. As figures reflect the net impact to a fund, an increase in expense is shown as a positive number (cost/hit to fund) and a decrease in expense is shown as a negative number (savings/benefit to fund). Accordingly, a decrease in revenue is shown as a positive number (cost/hit to fund), and an increase in revenue is shown as a negative number (savings/benefit to fund).



SUMMARY OF SIGNIFICANT CHANGES: GENERAL FUND

For ease of review, reallocations of resources within departments, offset adjustments, and minor changes have not been included.

CITY ATTORNEY

	Impact	Positions
Add a Deputy City Attorney and a Legal Assistant III position to the Harbor Division, offset by costs transferred to the Port of Long Beach.	-	2.00

CITY MANAGER

	Impact	Positions
Add a Public Information Officer and a Program Specialist to coordinate citywide communications.	74,147	0.50
Reallocate Intergovernmental Affairs, Public Affairs, and Citywide Communications expense to better align with service levels.	(74,147)	(0.25)
Add an ADA Coordinator to facilitate ADA projects and prevent/respond to ADA complaints.	102,719	1.00
Move the Director of Economic and Property Development to the Economic & Property Development Department.	(27,792)	(1.00)

CIVIL SERVICE

	Impact	Positions
Restructure Deputy Director Position into three management positions (Administrative Officer, Recruitment and Selection Officer and Special Projects Officer) offset by the elimination of two Personnel Analyst III positions and other material reductions. No net staff increase.	-	-

DISASTER PREPAREDNESS & EMERGENCY COMMUNICATIONS

	Impact	Positions
Implement various organizational, staffing, and materials budget changes to assist with operational and budget management including an upgrade of a Public Safety Dispatcher to Communications Center Coordinator and an addition of an Administrative Analyst II to aide in the coordination of the Citywide Disaster Preparedness Program.	122,969	1.00
Move dispatch staff and associated budget from the Police and Fire Department to the Department of Disaster Preparedness and Emergency Communications, consolidating the call taking function and improving services to residents requiring fire or emergency medical services. Net zero budget impact citywide.	9,874,662	85.00

DEVELOPMENT SERVICES

	Impact	Positions
Reallocate funding for Neighborhood Services Specialists to be able to continue Proactive Code Enforcement, offset by reallocating funding for Combination Inspector Aides and increasing CDBG funds for sidewalks in the Public Works Department.	168,195	1.50
Add a non-career Administrative Intern for Language Access Policy implementation, partially offset by decreasing budget to reduce reliance on outside contractors.	27,371	0.77
Carry forward unspent FY 15, non-recurring funds for Language Access Policy, potentially bringing the total FY 16 funds to \$150,000 with the addition of new FY 16 non-recurring funds.	70,000	-

ECONOMIC & PROPERTY DEVELOPMENT

	Impact	Positions
Move the Asset Management Bureau from the Public Works Department. Net zero budget impact citywide.	1,018,962	8.25
Move the Director of Economic and Property Development from the City Manager's Department. Net zero budget impact citywide.	136,411	0.54
Move the Workforce Development Bureau from the Human Resources Department. Net zero budget impact citywide.	238,253	-
Move the Business Ombudsman from the Development Services Department. Net zero budget impact citywide.	39,925	1.00

FIRE

	Impact	Positions
Add an Administrative Officer to increase personnel and administrative oversight and planning.	154,216	1.00
Add a Public Affairs Assistant to provide ongoing community-based emergency response through the CERT Program.	77,721	1.00
Add a non-career Clerk Typist to help ensure ability to meet Public Records Requests workloads.	29,257	0.75
Realign the number of total sworn fire positions to reflect the Department's current actual staffing levels. Reduces 24 budgeted, vacant positions and increases budgeted call-back costs resulting in net budgeted savings. There will be no impact on service levels; the daily staffing levels at all fire stations will remain unchanged.	(193,394)	(24.00)
Increase budget for the implementation costs of new First Responder Fee billings, fully offset by new revenue.	-	-
Move dispatch staff and associated budget to the Department of Disaster Preparedness and Emergency Communications, consolidating the call taking function and improving services to residents requiring fire or emergency medical services. Net zero budget impact citywide.	(2,841,856)	(20.00)

FINANCIAL MANAGEMENT

	Impact	Positions
Add a Clerk Typist III to assist with payroll and safety compliance issues in the Administrative and Accounting Bureaus, which is fully offset by savings in Financial Management and other departments generated by the position reductions in the Commercial services Bureau.	38,114	0.50
Increase budget for First Responder Fee billing and collection support, including staff, materials and software licensing expenses. All costs recouped through the Commercial Services Bureau MOU.	-	2.00
Move utility billing and meter reading to the Long Beach Gas and Oil Department, where the utility call center resides, to support operational efficiencies.	-	(9.80)
Reduce administrative costs for billing, collection, payment processing, and customer assistance in the Commercial Services Bureau, including the elimination of two vacant positions, which fully offsets the General Fund Costs of the new Clerk Typist III.	(24,011)	(2.00)

HEALTH & HUMAN SERVICES

	Impact	Positions
Add a Community Program Specialist I and convert two Public Health Associate III positions to Community Programs Specialist III positions to perform increased duties associated with the administration and monitoring of the 2014 Continuum of Care (CoC) grant, which conducts social services for the homeless. General Fund costs partially offset by reducing budget for the Central Facility Center.	17,223	0.20
Add an Administrative Analyst I to support the proposed Veterans Affairs Commission (0.5 FTE) as well as other Health and Human Services programs (0.5 FTE).	114,746	1.00

HUMAN RESOURCES

	Impact	Positions
Move the Workforce Development Bureau into the Economic and Property Development Department. Net zero General Fund budget impact citywide.	(238,253)	-

LIBRARY

	Impact	Positions
Add an Administrative Analyst II position to coordinate the human resource functions of approximately 200 employees, offset by reducing a vacant Library Circulation Supervisor.	(9,512)	-
Add a Community Information Specialist to market and promote the library programs and services and special events, offset by reducing a vacant non-career Library Clerk IV and a vacant non-career Page.	16,148	(0.20)

POLICE

	Impact	Positions
Upgrade seven budgeted Forensic Specialists to Criminalists II, allowing for greater flexibility and efficiency in processing crime scenes as well as faster response times to crime scenes.	102,242	-
Convert a Clerk Typist II and III position to non-career Admin Intern positions to assist in Patrol Bureau clerical, data entry and scanning duties.	(39,053)	(0.04)
Upgrade an Executive Assistant position to a Special Projects Officer to coordinate departmental-wide policy initiatives.	35,566	-
Convert Clerk Typist III to Assistant Administrative Analyst II in the Chief of Police's office in order to support the project management of the Public Records Act process, which has increased in volume and complexity.	22,163	-
Restructure the Financial Bureau for greater operational and budget management, including the addition of an Accounting Technician, a Financial Services Officer, an Admin Intern, and the elimination of a vacant Locksmith position.	159,312	0.96
Decrease budget for the discontinued Red Light Camera Program.	(210,000)	-
Move dispatch staff and associated budget to the Department of Disaster Preparedness and Emergency Communications, consolidating the call taking function and improving services to residents requiring police or emergency services. Net zero budget impact citywide.	(7,032,806)	(65.00)
Reallocate an existing Officer position into the Prop H fund, bringing the total Impact Motors Unit to 10 budgeted positions in Prop H.	(74,023)	(0.52)
Carry forward anticipated Police Department savings from FY 15 to FY 16 for the FY 16 portion of the current Police Academy.	1,500,000	-

PARKS, RECREATION & MARINE

	Impact	Positions
Reduce General Fund support for special events at park facilities, which will partially be supported by funding for City press events in the City Manager's Office.	(16,201)	(0.50)
Increase budget for the implementation of the Mandatory Spay and Neuter Program, including funds for the voucher program and the addition of non-career Animal License Inspectors, offset by revenue from pet licenses.	-	0.67
Increase the budget for water to account for water rate increases.	90,223	-
Consolidate staffing from the El Dorado East Regional Park and the El Dorado Nature Center into a "one campus" operation, allowing for the elimination of a vacant Recreation Assistant position.	(39,803)	(0.76)
Increase Gate Attendant staffing at El Dorado East Regional Park, offset by an increase in entry fee revenues.	-	3.03
Implement various organizational, staffing, and materials budget changes to assist with operational and budget management, including reorganizing the Marine, Maintenance Operations and Business Operations Bureau.	(34,241)	(6.21)

PUBLIC WORKS

	Impact	Positions
Reclassify a vacant Clerk Typist II to Secretary to provide direct clerical support to the Business Operations Bureau, which is offset by reductions to materials and supplies.	-	0.55
Add two Parking Control Checkers, offset by revenue.	-	2.00
Add a Maintenance Assistant I to support clean-up efforts as part of the City's Homeless Encampment Program.	54,288	1.00
Reduce budget in street sweeping debris disposal, engineering consultants and general real estate services in order to partially offset increased costs related to stormwater management and homeless costs.	(94,245)	-
Reinstate Parking Operations Officer to manage the City's parking system, offset with reductions in materials and supplies.	-	0.40
Move the Asset Management Bureau into Economic and Property Development Department. Net zero budget impact citywide.	(1,166,484)	(8.25)
Increase budget for watershed contract inspections and coordinator to meet new federal requirements, which is partially offset by revenue from inspected business properties.	80,261	-
Increase Gas Tax support for Public Works operating services in order to offset increased General Fund costs in Development Services due to reallocation of funding.	(168,195)	-

SUMMARY OF SIGNIFICANT CHANGES: OTHER FUNDS

For ease of review, all reallocations of resources within funds, offset adjustments, and minor changes have not been included.

AIRPORT FUND

	Impact	Positions
Increase fees paid by airplanes and parking rates to maintain budgeted levels of revenue and restructure pricing to better reflect industry practices. (Airport)	(1,140,000)	-
Decrease budgeted revenue to reflect decline in passenger onboardings and termination of Boeing's C-17 lease. (Airport)	1,544,019	-
Implement various organizational, staffing, and materials budget changes to assist with operational and budget management, including the elimination of vacant positions. (Airport)	(415,906)	(4.00)
Non-recurring funding for Airport Terminal Area Improvements including emergency repairs and non-scheduled equipment replacement. (Airport)	1,000,000	-
Non-recurring funding for new Airport Rental Car Facility. (Airport)	1,500,000	
Non-recurring funding for Airfield Pavement Rehabilitation. (Airport)	1,000,000	

CAPITAL PROJECTS FUND

	Impact	Positions
Reclassify a vacant Clerk Typist II to Secretary to provide direct clerical support to the Business Operations Bureau, which is offset by reductions to materials and supplies. (Public Works)	-	(0.55)
Add Engineering Interns to assist with construction, design and plans, which are funded through capital funds. (Public Works)	-	8.00
Add a Transportation Program Planner to coordinate and manage the Bike Long Beach program, which is funded through capital funds and grants. (Public Works)	-	1.00

CIVIC CENTER FUND

	Impact	Positions
Reinstate Parking Operations Officer to manage the City's parking system. Offset with reductions in materials and supplies. (Public Works)	-	0.13

COMMUNITY DEVELOPMENT GRANTS FUND

	Impact	Positions
Reallocate funding for Neighborhood Services Specialists to be able to continue Proactive Code Enforcement, offset by reallocating funding for Combination Inspector Aides and increasing CDBG funds for sidewalks in the Public Works Department. (Development Services)	-	(1.50)

DEVELOPMENT SERVICES FUND

	Impact	Positions
Increase revenue for Plan Checks and Inspections to align budget with actuals. (Development Services)	(350,000)	-
Add a Supervisor position to the Permit Counter to coordinate and oversee Permit Center counter activities. (Development Services)	109,207	1.00
Increase budget for annual maintenance cost for the Electronic Plan Check System and a plotter/scanner. (Development Services)	18,544	-
Non-recurring funding for consultants for assistance with large-scale project plan check and inspections. (Development Services)	150,000	-
Non-recurring funding for vendor to digitize microfilm/microfiche records and a plotter/scanner to digitize planning records. (Development Services)	165,000	-
Non-recurring funding for a subscription for Open Counter software. (Development Services)	40,500	-
Non-recurring funding of \$500,000 to add sustainability components to currently planned capital projects, offset by Construction & Debris Forfeiture funds. (Development Services)	-	-

EMPLOYEE BENEFITS FUND

	Impact	Positions
Add a Clerk Typist III to assist with clerical and safety and facility issues in the Administrative and Accounting Bureaus. (Financial Management)	38,114	0.50
Eliminate budget and vacant positions associated with the Employee Assistance Program as this program was contracted out in FY 15, and increase budget to fund the third party provider contract. (Human Resources)	(150,872)	(2.00)
Add a Personnel Analyst III Confidential dedicated to the support of ongoing labor relations and contract negotiations in the Labor Relations Bureau. (Human Resources)	109,543	1.00
Increase budget to support the implementation of various technological solutions to assist staff with Affordable Care Act reporting, COBRA and Direct Pay administration, Open Enrollment Self-service, and other benefits and personnel related functions. Expenses are offset by refunds from contracted administrators of various employee benefits programs. (Human Resources)	-	-

FLEET SERVICES FUND

	Impact	Positions
Reclassify Fleet Maintenance Division job classifications to maintenance positions with lower costs and add a fully offset Clerk Typist III. (Financial Management)	(152,290)	1.00
Add an Acquisition Superintendent to improve vehicle acquisition management. (Financial Management)	124,357	1.00
Increase Acquisitions Capital budget to begin elimination of 600 vehicle replacement backlog, which is supported by funds already provided by user departments. (Financial Management)	8,533,899	-
Increase revenue to fund UST programs at a relative constant, annual level (fully funded); accelerate closing of former UST sites to save on future monitoring costs, and budget for existing annual ground water monitoring services. (Financial Management)	(319,000)	-
Add two Garage Service Attendants to reflect higher Fire equipment, Marine Vessel and emergency vehicle maintenance needs. (Financial Management)	135,959	2.00
Add an Assistant Administrative Analyst II position to support alternative fuel fleet analysis. (Financial Management)	88,226	1.00

GAS FUND

	Impact	Positions
Reduce administrative costs for billing, collection, payment processing, and customer assistance in the Commercial Services Bureau, including the elimination of two vacant positions. (Financial Management)	(39,808)	-
Move utility billing and meter reading to the Long Beach Gas and Oil Department, where the utility call center resides, to support operational efficiencies. (Financial Management)	(2,536,585)	-
Move utility billing and meter reading from Financial Management, Commercial Services to Long Beach Gas & Oil, Business Operations Bureau, to support operational efficiencies. (Gas and Oil)	2,989,180	9.80
Add three Customer Service Representative III positions to the Call Center to decrease customer wait times and improve customer service delivery. (Gas and Oil)	86,641	3.00

GAS TAX STREET IMPROVEMENT FUND

	Impact	Positions
Increase Gas Tax support for Public Works operating services in order to offset increased General Fund costs in Development Services due to reallocation of funding. (Public Works)	168,195	-

GENERAL SERVICES FUND

	Impact	Positions
Add a Business System Specialist III to enhance design and administration of the City's websites. Increase is offset by charges to user departments. (Technology and Innovation)	104,969	1.00
Add a Business Systems Specialist III to facilitate the City's Open Data efforts. Increase is offset by charges to user departments. (Technology and Innovation)	104,969	1.00
Add an Executive Assistant to assist the Director with the Technology Commission in addition to other duties, at a cost of \$99,577, which is included in the budget designated for the Technology Commission, in addition to other duties. (Technology and Innovation)	-	1.00
Add a Communication Specialist VI to enhance the City's efforts with surveillance cameras and Wi-Fi. Increase is offset by charges to user departments. (Technology and Innovation)	144,134	1.00
Increase budget for annual software maintenance cost for various City applications. This will align budget with actual expense. Increase is offset by charges to user departments. (Technology and Innovation)	45,000	-
Implement centralized Identity Management System to enhance control of access/security to City systems. Increase is offset by charges to user departments. (Technology and Innovation)	150,000	-
Replace internal ticketing (work order) system for increased efficiency and effectiveness. Increase is offset by charges to user departments. (Technology and Innovation)	250,000	-
Increase budget for High Speed Data Communications for Library facilities. Increase is offset by charges to user departments. (Technology and Innovation)	252,000	-
Increase budget for Workload Automation Software Licenses and Support contract increase. Increase is offset by charges to user departments. (Technology and Innovation)	100,927	-

HEALTH FUND

	Impact	Positions
Add a Community Program Specialist I and convert two Public Health Associate III positions to Community Programs Specialist III positions to perform increased duties associated with the administration and monitoring of the 2014 Continuum of Care (CoC) grant, which conducts social services for the homeless. (Health)	-	0.80
Reclassify various positions in order to support the Supplemental Nutrition Assessment Program Education (SNAP-ed) grant. (Health)	-	-
Add a non-career Maintenance Assistant III to support Vector Control Specialists mitigating conditions contributing to West Nile Virus. Position is offset by departmental revenue from calls for service. (Health)	-	1.00
Convert Public Health Professional III to Environmental Health Officer to improve organizational oversight. Position is offset by department revenue. (Health)	-	-
Add positions to support additional requirements in the Black Infant Health (BIH) Program, including an Outreach Worker II; a Health Educator II; and a non-career Clerk Typist II. Positions are offset by grant revenue. (Health)	-	2.71
Add a Public Health Associate III to support various health activities, such as the Best Start Learning by Doing Program and the newly programmed Older Adult Fall Prevention Program, offset by grant revenue. (Health)	-	0.50

PARKING AND BUSINESS AREA IMPROVEMENT FUND

	Impact	Positions
Establish Mid-Town Property and Business Improvement District (MBID) pass-through budget of \$161,501, fully offset by revenue. (Economic and Property Development)	-	-

POLICE & FIRE PUBLIC SAFETY OIL PRODUCTION ACT FUND

	Impact	Positions
Non-recurring Public Safety Realignment (AB109) funds to maintain the Impact Motors Team in addressing violent crime and augment duties to include routine AB109 compliance checks. (Police)	(386,912)	0.52

RAINBOW HARBOR AREA FUND

	Impact	Positions
Reinstate Parking Operations Officer to manage the City's parking system. Offset with reductions in materials and supplies. (Public Works)	-	0.43
Align budget with actual expenses and revenues of the Pike Parking garage. (Public Works)	524,658	-

SPECIAL ADVERTISING & PROMOTION FUND

	Impact	Positions
Increase budget for City press events support and contractual service support for City advertising and marketing efforts. (City Manager)	134,000	-
Reallocate Intergovernmental Affairs, Public Affairs, and Citywide Communications expense to better align with service levels.	169,039	0.93
Add a Public Information Officer and a Program Specialist to coordinate citywide communications. (City Manager)	194,290	1.50
Reallocate Tidelands Operations Funding for Special Events and Filming to the SAP Fund to better align expenses and services. (City Manager)	455,270	4.46
Convert all Special Events Park Ranger Positions to Events Coordinators to provide support for events and filming operations. (City Manager)	(5,108)	(1.00)
Increase budget for the Long Beach Area Convention and Visitors Bureau's (CVB) Contract to more effectively promote tourism. (City Manager)	300,000	-
Non-recurring funding to promote the Long Beach Museum of Art. (City Manager)	150,000	-
Non-recurring funding for Gateway Signs plan and implementation. (City Manager)	400,000	-
Non-recurring funding for Long Beach Area Convention and Visitors Bureau outreach. (City Manager)	50,000	-

SERRF FUND

	Impact	Positions
Reduce budget due to a reduced contract for the operation of the SERRF Facility operations and maintenance contract. (Gas and Oil)	(1,071,750)	-
Increase budget for higher ash hauling and disposal costs. (Gas and Oil)	522,000	-
Increase budget revenues due to higher tip fees charged to private waste haulers and City refuse operations. (Gas and Oil)	(1,343,000)	-
Increase budget for cap-and-trade costs associated with SERRF Facility compliance with the California Global Warming Solutions Act of 2006 (AB 32). (Gas and Oil)	1,501,000	-
Non-recurring reduction in revenue and expense due to a major planned outage in SERRF scheduled for January 2016. (Gas and Oil)	1,331,750	-

TIDELANDS MARINA FUND

	Impact	Positions
Implement various organizational, staffing, and materials budget changes to assist with operational and budget management, including reorganizing the Marine, Maintenance Operations and Business Operations Bureau. (Parks, Recreation, and Marine)	4,721	0.30

TIDELANDS OPERATION FUND

	Impact	Positions
Reallocate Tidelands Operations Funding for Special Events and Filming to the SAP Fund to better align expenses and services. (City Manager)	(455,270)	(4.46)
Reduce Contractual Services in City Facilities Capital Project Management. (City Manager)	(25,000)	-
Reallocate Intergovernmental Affairs, Public Affairs, and Citywide Communications expense to better align with service levels.	(65,990)	(0.25)
Reduce Marine Safety Staffing by 1.0 FTE Marine Safety Sergeant Boat Operator and 0.10 FTE Non-career Lifeguard resulting in not deploying one additional rescue boat during the summer season and 200 hundred fewer hours of lifeguard staffing on the beaches. (Fire)	(145,000)	(1.10)
Reduce the Bayshore Roller Hockey budget for staffing, materials and supplies with no service impact to existing roller hockey programs. (Parks, Recreation, and Marine)	(40,752)	(1.16)
Reduce Belmont Pool custodial maintenance program to level required by outdoor pool. (Parks, Recreation, and Marine)	(103,452)	(1.00)
Increase grounds landscape budget for newly redesigned parks and outdoor facilities, including Mother's Beach planters, Belmont Pool planters and the Bixby Annex grounds. (Parks, Recreation, and Marine)	25,563	-
Increase Tidelands water budget to properly fund water utility costs due to water rate increases. (Parks, Recreation, and Marine)	230,000	-
Expand the use of the reservation and registration system to include the Annual Beach Parking Pass Program, and eliminate the contractual services that previously provided this service. (Parks, Recreation, and Marine)	(21,416)	-
Implement various organizational, staffing, and materials budget changes to assist with operational and budget management, including reorganizing the Marine, Maintenance Operations and Business Operations Bureau. (Parks, Recreation, and Marine)	(77,693)	(0.70)
Increase budget for the Colorado Lagoon watershed monitoring in order to comply with federal regulations. (Public Works)	233,235	-
Reinstate Parking Operations Officer to manage the City's parking system. Offset with reductions in materials and supplies. (Public Works)	-	0.04
Reduce utilities for facilities in the Tidelands areas. (Public Works)	(33,175)	-

TOWING FUND

	Impact	Positions
Decrease budgeted revenues in the Towing Fund to better reflect actual revenues from towing fees, lien sales, and vehicle storage fees. (Financial Management)	713,442	-
Eliminate vacant positions in Towing to right-size staffing with workload. (Financial Management)	(169,699)	(2.00)
Reduce budget in the Towing Fund to recognize lower costs of the Temple-Willow facility lease. (Financial Management)	(530,085)	-

TRANSPORTATION FUND

	Impact	Positions
Non-recurring Motor Vehicle Subvention Program (AB 2766) funds for purchase of alternative fuel vehicles, which will reduce fuel costs. (Financial Management)	600,000	-

GENERAL FUND STRATEGIC INVESTMENTS

Title	Est. Cost	Description
Efficiency Improvements		
Street Sweeping Signage Replacement	950,000	To cover the costs for replacement of signs for new routing and street sweeping windows.
Citywide LED Lights Installation	100,000	To cover a portion of the costs to convert the City's street lights to LED.
Parks Water Conservation Needs	415,000	To support the increasing costs of water and assist in the conversion to drought tolerant landscaping in medians.
Document Imaging Project	200,000	To plan the conversion of the City's documents in order to reduce filing and storage needs.
Critical Infrastructure		
State Courthouse Demolition	3,055,000	To cover a portion of the costs to demolish the state courthouse in order to make way for the new Civic Center.
Sidewalk Study & Plans	1,000,000	To conduct a sidewalk study and plans of the City's entire sidewalk network in order to replace curb ramps and address other ADA accessibility issues.
Street and Sidewalk Repair	950,000	To supplement street and sidewalk repair and replacement according to need, as determined by the Pavement Management Plan and Sidewalk Study.
Strategic Investments		
Overtime to impact violent crime activity	2,200,000	To fund overtime to patrol, suppress, investigate and prosecute violent crime activities. Overtime will be allocated to gang enforcement, violent crime suppression, homicide investigations and other priorities as determined by the Chief of Police.
Police Training in Constitutional Policing and Community Partnership Building	150,000	To fund contemporary training in specific disciplines, including impartial policing; cultural and diversity sensitivity; community engagement strategies; mental health, addiction, and homelessness; crisis intervention; problem-solving and interpersonal skills; bias awareness; alternatives to arrest; and less than lethal techniques.
FY 16 Election Expense	1,500,000	To cover the net expense of the FY 16 City Council elections.
Watershed Monitoring and Compliance	600,000	To cover required Storm Water NPDES Permit/MOU Participation.
Small Business Incentives	200,000	To cover the costs of providing small business incentives.
Police and Fire Academy Recruitment	150,000	To support Civil Service costs for outreach efforts for PD & FD academies.
Proactive Homeless initiative	100,000	To support homeless initiative costs.
Continuation of Language Access Plan	80,000	To continue to implement the Language Access Plan.