

\$ 4,768,983	\$ 4,874,602	\$ 4,893,857	\$ 4,893,857	\$ 4,818,974
1,275,495	1,264,451	1,264,451	1,263,714	1,674,802
2,258,335	2,200,432	2,222,342	2,158,844	2,258,256
4,254,220	3,269,240	3,351,078	3,231,871	4,870,191
2,483,320	2,554,791	2,556,040	2,505,799	2,617,969
4,798,519	4,666,207	4,666,207	4,666,207	4,779,552



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August 1, 2012

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188,466,148	185,814,282	189,595,222	189,590,422	185,779,379
30,821,996	28,734,193	29,186,923	29,133,432	28,042,778



The Road Ahead

- Significant fiscal discipline over the past nine years leaves Long Beach in a better fiscal position
 - \$209 million in deficit solutions adopted
 - 857 positions eliminated
 - Reducing 25% of the workforce and 28% of management
 - Consolidation of departments, bureaus, and divisions
 - Increased cost recovery through fees and charges
 - More efficient service delivery
 - Employees contributing more to their health/retirement costs
 - Reduced service levels
- The City has an established tradition of fiscal sustainability, which has set the stage for the deficit solutions proposed for FY 13 and beyond



Adapting to the New Normal

- Despite declining budgets, an incredible amount of work has been accomplished
 - Police and Fire continue to meet their core mission
 - Leveraged resources to construct more CIP projects, and arterial and residential streets than in the previous year
 - Provide myriad opportunities for families and youth to learn and engage in educational and recreational activities
- The City continues to look for reforms, efficiencies, and other solutions to makes the best use of our tax dollars
- While departments strive to find innovative ways to leverage available dollars, we must recognize that with continually declining resources, services will be impacted



Structural Deficit Projection Update

	Original	Update
FY 13	\$16.4M	\$17.2M
FY 14	\$7.1M	\$10.9M
FY 15	\$2.6M	\$6.4M
Total	\$26.1M	\$34.5M

- FY 13 changes reflect further weaknesses in projected revenue
- FY 14 and FY 15 changes reflect \$7.7 million in increased costs to the City from CalPERS



Components of a Balanced Budget

- Significant savings from pension reform have been negotiated with several employee bargaining units, including
 - POA, FFA, Attorneys, Prosecutors, Management, Confidential, Engineers, and Lifeguards
- The Mayor and City Council have lead by example and picked up a larger portion of their pension costs
- Without the negotiated pension savings from employee groups, FY 13 departmental reductions would have been much larger
- City Management continues to negotiate with the City's largest employee union, the IAM
- The FY 13 Proposed Budget does not include any pension savings from IAM



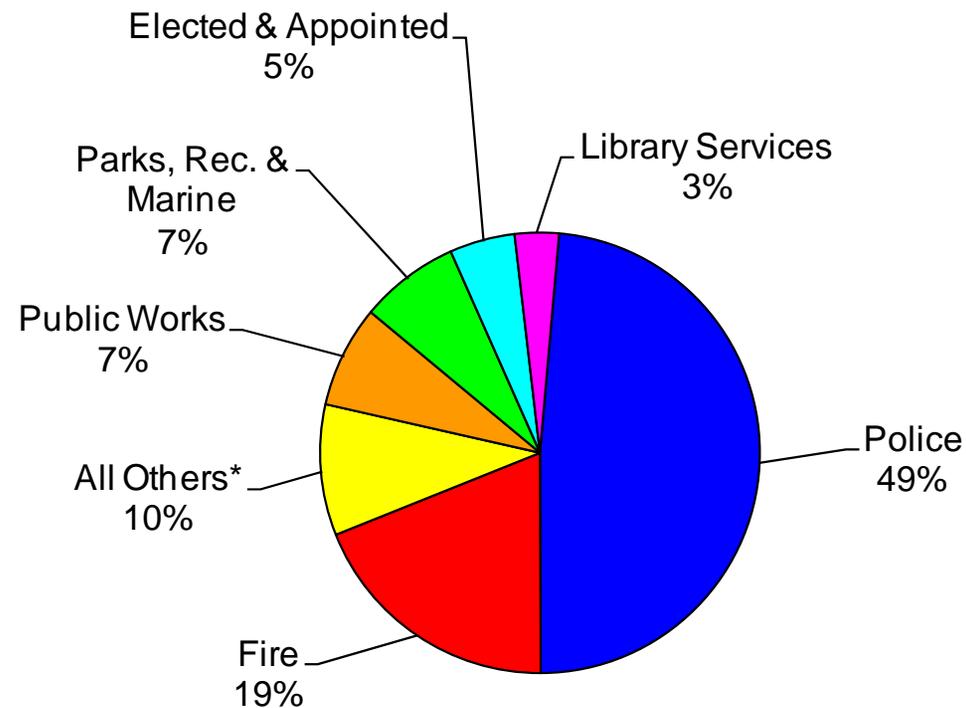
Components of a Balanced Budget (Cont.)

- Government Reform and Efficiencies
- Increase in Budgeted Oil Revenues
 - Budgeted at \$65 per barrel with a price fluctuation reserve
- Departmental Deficit Solutions totaling \$17.2 million



Proportionate Share

FY 13 General Fund Allocation



*Includes City Manager, Citywide Activities, Development Services, Financial Management, Health & Human Services, and Human Resources.



Why Proportionate Share Is Important

- Ensures that our Police and Fire Departments receive the majority of the General Fund resources (68%)
- Preserves funds to pay for all the other quality of life services such as parks, libraries, code enforcement, animal care, as well as essential internal support services
- Absent a proportionate share approach, by 2030, 100% of our General Fund would go towards public safety
- Helps the City manage the growth of expenditures in department budgets
- If Police and Fire were exempt from proportionate share, cuts to other department reductions would triple (300%)



Approach to Reductions

- With cost reductions made in previous years, FY 13 reduction scenarios reflect fewer choices and options
- Rethink what we do and how we do it by focusing on efficiencies and new methods of service delivery to maintain services
- Develop and implement long-term changes to minimize the cost of services and slow the growth rate of those costs
- Continue to provide core services to the community and minimize service impacts whenever possible



Major Budget Initiatives

- One-time resources for a 40-recruit police academy to stabilize staffing, consistent with proportionate share
- Maintains four-person fire engines by realigning staff and operations
 - Offsets the one-time funding used last year through structural reductions (one less engine and continued light force staffing)
- Provides more oil money for operations by increasing the budgeted price of oil to \$65 per barrel, along with a price fluctuation reserve
- Makes strategic investments using one-time funding of \$17 million:
 - Fire Station gender accommodations; technology improvements; Police Academy; transition to a new paramedic services model



Major Budget Changes

- Implement an alternative paramedic service model, increasing paramedic service at a reduced cost
- Reduce Police staffing for special assignments/units and transfer workload to other units or patrol officers
- Reduce Police support services personnel who assist in case preparation, crime analysis, prisoner transport and administrative support
- Finalize consolidation of the South and West Police Divisions to create a Central Division
- Increase 7 officers in Tidelands funded by the Port



Major Budget Changes (Cont.)

- Seek program partners for adaptive recreation, senior center, and Nature Center as funding is reduced
- Focus free or subsidized After School and Youth Sports programs in higher risk areas
- Reduce swimming programs
- Reduce the Park Rangers program at El Dorado Regional Park to Friday, Saturday and Sunday
- Reduce programs and hours at the Main Library to match hours at branch libraries
- Six branch libraries will become "self-service" facilities, with full access to the library but less professional librarian assistance



Major Budget Changes (Cont.)

- Reduce sidewalk program from \$3 million to \$2 million
- Reduce tree trimming funding and competitively bid all remaining in-house tree trimming functions
- Enact proportionate share reductions of all other General Fund departments, including appointed, elected, and internal service departments



FY 13 Position Impacts

	Total	Filled
General Fund		
- Sworn*	(43.00)	(36.00) *
- Non-Sworn	(116.30)	(114.20)
Subtotal:General Fund	(159.30)	(150.20)
All Other Funds		
- Sworn	7.00	7.00
- Non-Sworn	(141.49)	(38.03)
Subtotal: Other Funds	(134.49)	(31.03)
Total	(293.79)	(181.23)

* Reductions will be through attrition and eliminating vacant positions. No sworn positions will be laid off.



FY 13 Governmental Reform

- Proposed FY 13 initiatives include:
 - Evaluate alternative service delivery methods, including competitive bidding
 - Change parameters for special pays and overtime
 - Combine like functions
- Evaluate Management Partners' recommendations and analyze potential cost saving measures



Summary

- The “new normal” economy makes our challenges in delivering services even greater
- Revenues will not grow in the new economy to allow us to deliver current level of services at our current costs
- Costs and cost growth must be reduced through new methods of service delivery and other approaches
- Long Beach has been and will continue to be aggressive in developing solutions to maximize services to the community
- New models of service delivery will be explored and put into action
- We will also continue to pursue new revenue opportunities as a means to maintain services



Budget Process

Many opportunities for the public and the City Council to consider the Proposed Budget

Budget Oversight Committee Meetings
Budget Hearings
Community Budget Meetings
Interactive Budget Online

Meetings Held

March 6 - GP Deficit Presentation
April 17 - Revenue Generating Options
June 18 - BOC Meeting
June 19 - Management Partners Presentation
July 3 - Management Partners Presentation
July 16 - BOC Meeting
July 24 - Pension Options

Meetings Tentatively Scheduled

August 7 - Budget Hearing
August 14 - Budget Hearing
August 15 - BOC Meeting
August 21 - Budget Hearing
August 28 - Budget Hearing
September 4 - BOC Meeting & Budget Hearings
September 11 - Budget Hearings

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