

FY 14 Proposed Budget

The Path to Sustainability

August 6, 2013
City Council Meeting



A Marked Departure From Past Budgets

- First time in 10 years we have a General Fund surplus
- Opportunity to buffer deficit in future years
- Significant one-time dollars (\$57 million) presents a unique opportunity



A Surplus for FY 14

- The Mayor and City Council have demonstrated incredible fiscal restraint
 - 10 years of necessary, but painful, cuts
 - Significant organizational and operational changes over the past three years
- Pension reform with City employees
- Additional property tax revenues as the result of the RDA dissolution, but at the cost of infrastructure improvements



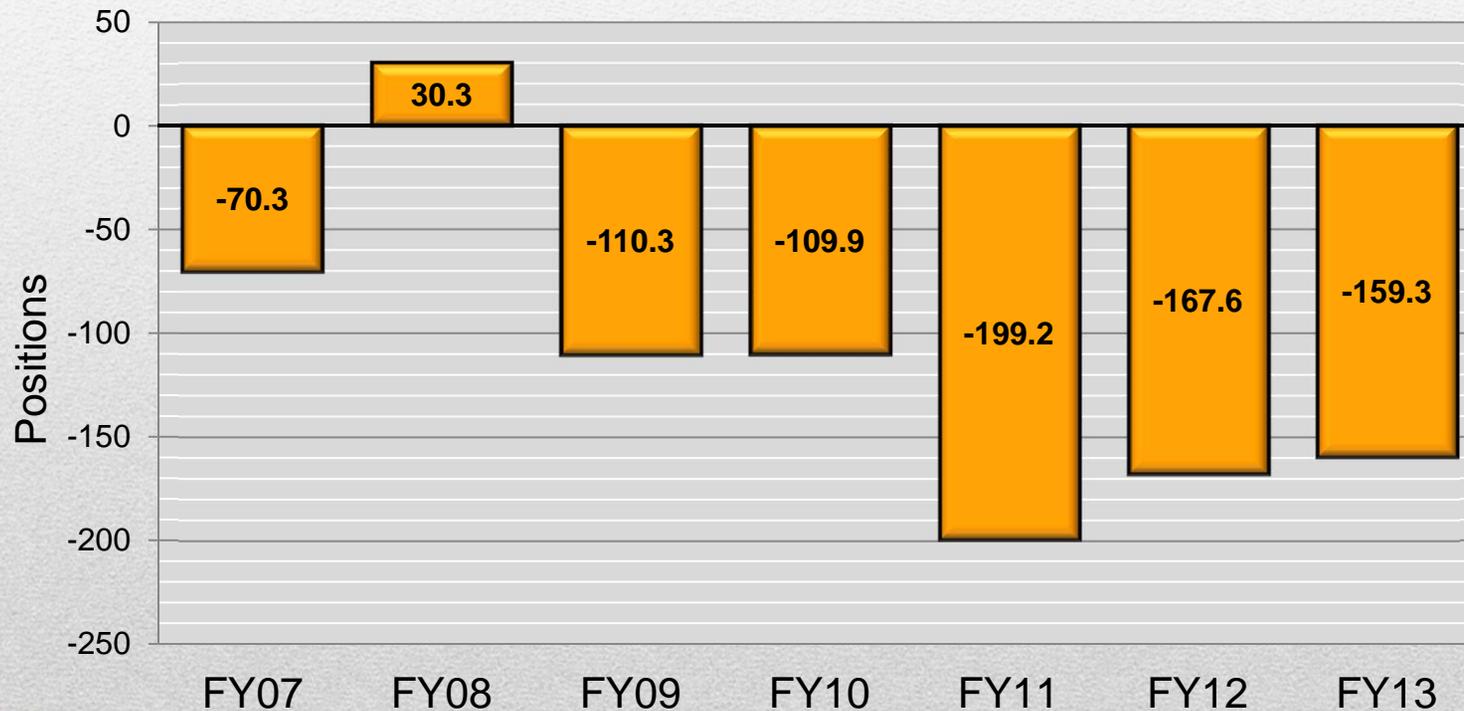
General Fund Deficit Solutions

- Deficit solutions have totaled \$134 million over the past seven years



General Fund Position Reductions

- 786 positions have been eliminated since FY 07



Organizational Impact of Budget Reductions

- Staffing reductions across all departments
- No investment in critical business systems
- No investment in deteriorating City facilities
- Loss of seasoned employees to other organizations
- Difficulty in attracting talent



Service & Efficiency Improvements

- Consolidations eliminate two departments
- Centralization of technology oversight
- Combined plan check and inspection services
- Consolidation of all parking operations
- Provision of more online services



Other Major Accomplishments

- Violent crimes at a 40-year low in calendar year 2012
- Significant investment in streets and sidewalks through multiple funding sources and one-time funds
- New Airport concourse and parking structure
- Improved water quality:
 - Colorado Lagoon
 - Treatment trains and storm drains
 - Advocacy, regulation, and regional partnerships



Ongoing Pension Savings

General Fund	FY 14	FY 15 & Beyond
PENSION SAVINGS	\$11.6M	\$13.0M

- Pension reform will save a minimum of \$125 million in the General Fund, and \$215 million for All Funds, through 2023



Dissolution of the Redevelopment Agency

Less resources for infrastructure and neighborhood revitalization, but more for the General Fund



3-Year Outlook

- General Fund surplus of \$3.5 million in FY 14
- If the surplus is spent in FY 14, the 3-year deficit will be \$4.8 million, which will result in service reductions
- If the surplus is applied to the FY 15 and FY 16 deficits, the 3-year deficit is nearly eliminated

	FY14 Budget	FY15 Projected	FY16 Projected	TOTAL
Spend Surplus in FY 14	\$0 Carried Forward	(\$2.5M)	(\$2.3M)	(\$4.8M)
Proposed Budget	\$3.5M Carried Forward	\$1.0M Carried Forward	(\$1.3M)	(\$1.3M)



General Fund Changes for FY 14

- Structurally restores \$2.3 million in recreational and Police programs funded with one-time funds in FY 13:
 - 4 FTE Special Service Officers in the Prisoner Transport Unit
 - 4 FTE Police Service Specialists in East Division, Vice and Sex Crimes and the Crime Lab
 - 3 FTE Neighborhood Service Specialists (formerly Police Service Specialists)
 - After School Recreation and Youth Sports at 14 parks
 - Gym operations at Pan American Park



General Fund Changes for FY 14

- Adds back-to-back Police and Fire academies for the first time in years
- Provides LBPD with an additional \$2.2 million in one-time funding for overtime and other high-priority needs
- Fully funds Fire staffing at current levels and upgrades 6 daily Firefighter positions to Firefighter/Paramedics for the Rapid Medic Deployment model



General Fund Changes for FY 14

- Addition of a Registered Nurse position in a reorganized and reclassified Jail Medical program
- Government Reform Successes
 - Modification of Floor Warden and Standby Pay up to \$1.2 million (all funds)
- A modest reduction in Code Enforcement and Graffiti Abatement to align service levels with elimination of Redevelopment



Police Department Budget

	General Fund
FY 13 Structural Budget	181,910,036
<i>One-times for OT, Gang Enforcement, PSS</i>	<i>2,356,000</i>
<i>One-times for Prisoner Transport Unit</i>	<i><u>374,000</u></i>
Total	184,640,036
FY 14 Structural Budget	186,906,977
<i>One-times for Overtime or Academy</i>	<i>2,200,000</i>
<i>One-times for Gang Enforcement</i>	<i><u>600,000</u></i>
Total	189,706,977

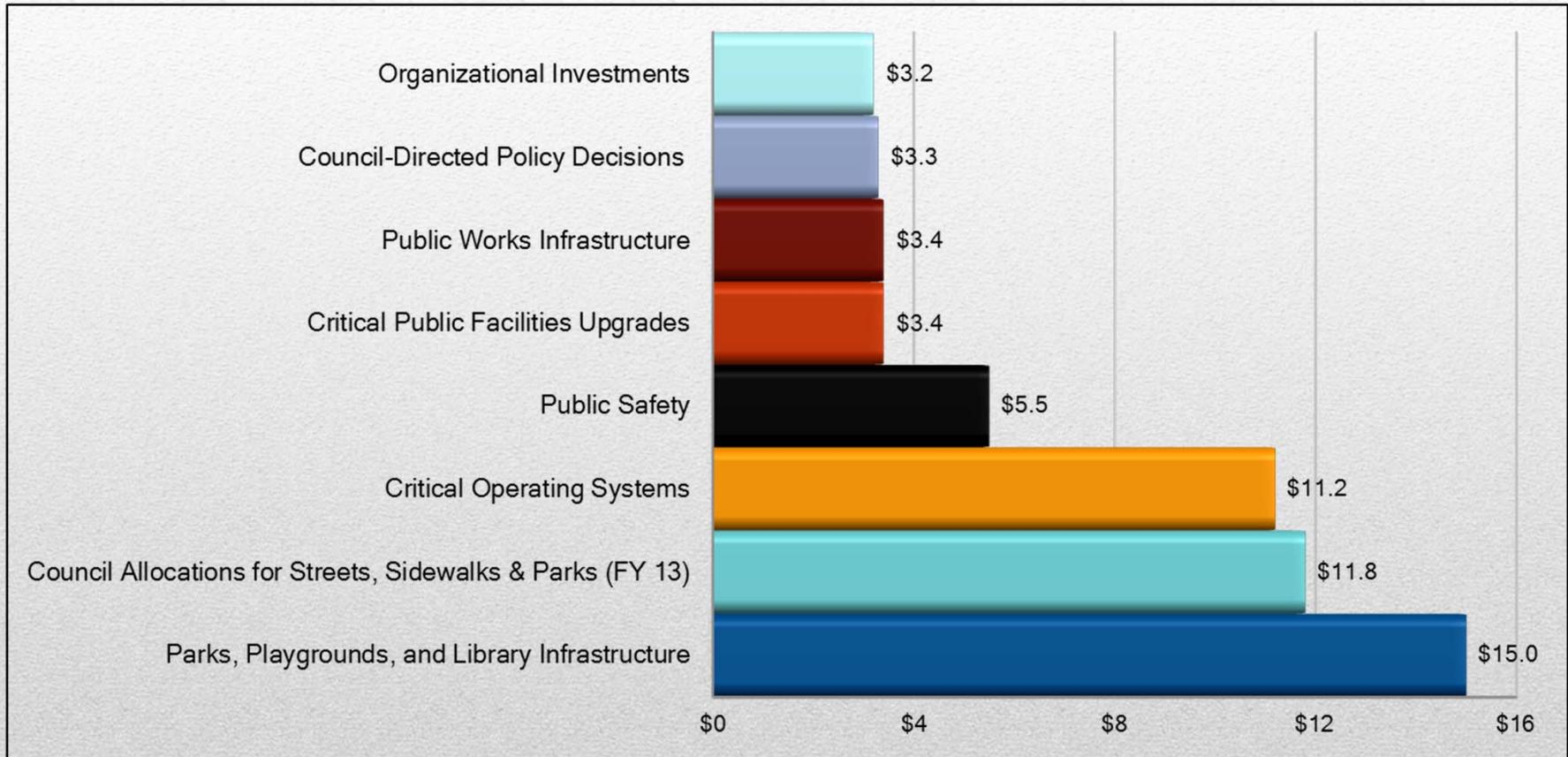


Police Staffing

- 803 sworn positions budgeted in FY 14, an increase of one position
- Academies in FY 13 and FY 14 stabilize staffing
- FY 14 Budget maintains FY 13 level for gang enforcement and provides \$600,000 in one-time funds



One-Time Funding: \$57 Million



Future Challenges

- Higher costs and greater variability in pension costs due to changes in CalPERS funding methodology
 - Rate increases projected to start in FY 16, as has been incorporated into the FY 16 deficit projection
 - Use \$3.5 million in FY 14 one-time funding to establish PERS stabilization fund
- Investments in the City workforce are needed to improve recruitment and retention



FY 14 Budget Highlights

- First projected surplus in 10 years
- Makes major investment in City assets
- Positions the City to avoid deficits over next three years
- Adds back-to-back Police and Fire Academies
- Structurally restores \$2.3 million in recreational and Police programs funded with one-time funds in FY 13



The Path to Fiscal Stability

- The FY 14 Budget can put us on a path to fiscal sustainability if we:
 - Maintain fiscal restraint
 - Use FY 14 surplus to cover following years' deficit
 - Set aside reserves to cover future cost variances



Schedule of Budget Meetings

Meetings Held

February 12 - Unfunded Liabilities
March 5 - Financial/HR Systems
March 12 - RDA Dissolution
March 18 - BOC
April 23 - Infrastructure Report
May 13 - BOC
June 10 - BOC

Meetings Scheduled

August 6 to 31 - Budget Hearings
August 7 - District 4 Meeting
August 12 - District 1 Meeting
August 14 - District 5 Meeting
August 19 - District 9 Meeting
August 20 - BOC
August 21 - District 8 Meeting
August 22 - District 3 Meeting
August 22 - District 7 Meeting
August 27- District 2 Meeting
August 27 - BOC
August 28 - District 6 Meeting
September 3 - BOC
September 3 - Budget Hearing
September 9 - BOC
September 10 - Budget Hearings



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