

Performance Management

Performance Management

The Value of Performance Management

In 2005, City of Long Beach implemented Performance Management as a framework to more efficiently provide services and clearly communicate results to residents, visitors, and employees. Under the leadership of the City Manager, Performance Management requires City departments to set specific service objectives based on community and City Council priorities, as well as monitor performance toward meeting these objectives. As a result of Performance Management, the City is better able to assist the community in understanding City operations, enhance governmental accountability and allocate the City's limited resources to core services.

Open Communication

Through Performance Management, communicating goals and progress increases transparency and therefore helps dispel misconceptions within the community regarding the purpose, nature, volume, and impact of City services. To gauge progress, departments work to meet service targets and communicate measurable outcomes to the community and decision makers. As a result, City staff and community members are informed of ongoing departmental successes and challenges to service delivery, allowing for an improved understanding between the community and its government.

Increased Accountability

Performance measurement involves setting clear expectations for City operations through identification of goals and the monitoring of operational progress toward achieving them. Transparently establishing each department's expected and actual contributions in the provision of City services forms a "performance contract" between City agencies providing services and the community, allowing policymakers and service providers to be held accountable for the results provided each year for the community. This increased clarity and accountability also allows City staff to better manage daily operations. Operational and financial information is now readily available for staff to identify performance anomalies and course corrections.

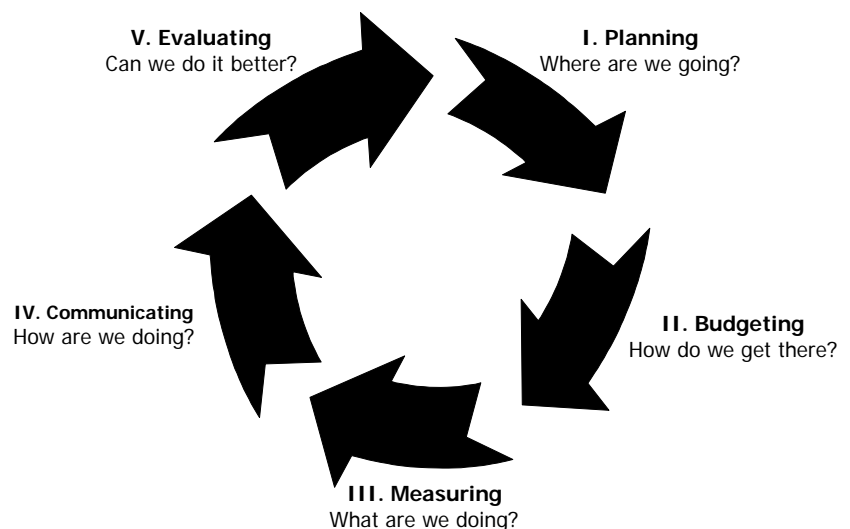
Efficient Allocation of Resources

With a limited amount of dollars available, performance-based budgeting guides how we will use the City's limited resources to meet goals. By tying fiscal decisions to measurable outcomes addressing community needs, the City is better able to identify and focus service delivery on areas of highest importance to the community.

The Performance Continuum

To promote open communication, increase accountability and efficiently allocate limited resources, the City engages in a continual process consisting of five major stages.

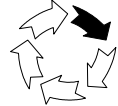
This Performance Continuum includes *planning*, *budgeting*, *measuring*, *communicating*, and *evaluating* results.



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For each of the stages, the City has developed specific strategies to ensure that all City Manager-led departments use a common approach to managing the community's resources. The City has gone to great lengths to make Performance Management a practical, valuable, accessible, and easily understood tool for City staff and the community to use. The following section highlights how each stage of the continuum is utilized to implement the needs and priorities of the community.

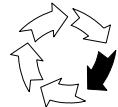
I. Planning: The Strategic Business Plan



The City must know the direction it is heading and where it expects to go. This is a basic operational tenet of any organization. However, as a public agency, the City must clearly articulate this direction for the community. As the foundation for Performance Management, planning requires that each City Manager-led department develop a Strategic Business Plan. Aligning department-specific operations with the City Council priorities and organizational objectives, these plans are reviewed and updated each year to reflect the changing service delivery environment. Planning begins with departments gathering input from residents, businesses and City employees to determine the most significant challenges currently facing their operations. Employee work groups then develop Strategic Objectives outlining the strategies by which the department will address these challenges over the next several years.

Department functions are grouped into service areas called Programs. In order for departments to gauge progress, each Program has a set of related performance measures. Departments regularly track and evaluate the demand, workload, efficiency and outcome type measures for their Programs, and the results are reported to the City Council on a quarterly basis.

II. Budgeting: The Performance-based Program Budget



Since FY 06, the City has used a Performance-based Program Budget format, which presents budget and performance information at the Program level. In contrast to the traditional format that presents budget allocations only by department and bureau, the Performance-based Program Budget links dollars to measurable results, creating a critical "performance contract" through which the community can hold its public officials and staff accountable for the results they promise through the annual Budget. Furthermore, a Performance-based Program Budget shifts the focus from inputs (how much are we spending and by whom) and focuses instead on outcomes (what priority areas are being funded and what impacts these services have on the community). As a result, the Performance-based Program Budget allows the City Council, management and staff to allocate resources based on community priorities and clearly communicate this through the Budget document.

III. Measuring



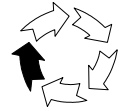
To ensure that the City is headed in the right direction and delivering the results the community expects, departments track a minimum of two performance measures per Program. To provide timely, accurate and meaningful performance information to the community, City Council and employees, the City tracks all performance measures in a centralized database system. While most performance measures are tracked on a monthly basis, others are tracked on a quarterly or annual basis.

Accurate tracking and careful monitoring of performance provides useful information for staff and the community about both the quantity and quality of services provided by the City. These important management practices enable decision-makers to spot trends, identify areas of

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concern, make operational adjustments before problems arise and make informed policy decisions during the annual budget process.

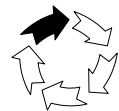
IV. Communicating: Reporting to the Community



Because performance information that merely resides in a database is no good to anyone, the City's Performance Management effort provides an on-going stream of communication. Through monthly newsletters, inter-departmental monthly progress reports, and Quarterly Performance Reports to the City Council, the City is able to share information about the City's fiscal and operational performance.

The City's public reporting of performance information also includes key measures on the Program pages of the annual Budget Book. In the FY 09 Budget, readers find key measures that define and track the "performance contract" for each Program over the past few years and establish the proposed level of performance for the coming year.

V. Evaluating: Managing for Results



Ongoing evaluation is needed to maximize service goals and improve community services. By integrating the City's planning, budgeting and service delivery processes into one seamless structure, the City equips itself to identify areas for improvement. To analyze performance trends over time, evaluating results involves utilizing all of the Performance Management tools including Strategic Business Plans, Performance-based Program Budgets, performance measures and regular performance reports. Benchmarks or comparisons to similar jurisdictions are used to evaluate the effectiveness and efficiency of service delivery, as well as to evaluate how the City compares to regional and national standards (for example, crime statistics, open space available per capita and library material circulation per capita).

In line with the City's dedication to continuous improvement, Performance Management gives the City Council, City Manager and City staff the tools to plan and adapt for future needs, and provides community members with more information about how we may work together to improve our great City.

In recognition of the City of Long Beach's efforts to modernize its operational practices through Performance Management, the International City/County Management Association, a national leader in professional municipal management, has recognized Long Beach with its 2008 Certificate of Distinction for the third consecutive year. This national award puts Long Beach in elite company amongst local governments throughout the United States.

Budget Summaries

Notes:

Beginning with the FY 03 budget, all-years funds show both estimated carryover revenues and expenditures. These carryover amounts are for multi-year grants and projects that have been previously budgeted but not yet received nor expended.

Summary of Budgets by Department All Funds

Fiscal Years 2007 to 2009
(Includes operating, debt service and capital improvement program)

	Actual FY 07	Adopted* FY 08	Adjusted** FY 08	Estimated FY 08	Proposed* FY 09
OPERATIONS					
Mayor and Council	\$ 4,864,211	\$ 5,313,570	\$ 5,267,997	\$ 5,099,972	\$ 5,215,817
City Attorney	8,961,991	10,166,439	10,183,908	9,166,713	9,708,745
City Auditor	2,771,025	2,952,830	2,978,157	2,938,702	2,682,333
City Clerk	5,076,094	4,546,202	4,569,932	3,961,394	3,911,718
City Manager	8,739,491	8,807,600	8,841,793	8,523,345	8,087,496
City Prosecutor	4,653,102	5,440,796	5,441,122	5,377,298	5,492,110
Civil Service	2,899,361	2,227,123	2,227,123	2,484,628	2,224,506
Airport	24,527,896	26,493,980	26,881,780	25,335,430	27,384,959
Community Development	147,946,606	144,077,036	145,194,128	177,945,491	145,578,033
Development Services	152,840,818	129,981,836	131,311,245	154,721,832	160,342,492
Financial Management	19,414,331	21,358,586	22,166,969	21,077,537	22,335,863
Interfund and Non-Operating ⁽¹⁾	304,566,089	319,969,959	315,212,322	318,003,721	340,864,760
Police and Fire Pension Plan	4,244,125	4,100,000	4,100,000	4,100,000	4,100,000
Fire	91,343,923	87,840,578	90,962,786	93,940,680	93,793,784
Harbor	438,997,279	640,661,936	635,661,936	498,210,387	1,017,640,715
Health and Human Services	47,027,394	51,058,551	53,209,288	47,409,776	50,832,388
Human Resources	7,261,350	7,936,041	7,982,943	7,309,667	8,123,010
Library Services	14,187,020	15,229,694	16,074,855	15,829,796	13,271,115
Long Beach Gas & Oil	374,751,697	327,688,029	626,119,826	711,115,633	579,572,123
Parks, Recreation and Marine	69,307,206	52,104,605	55,979,861	60,588,217	57,997,862
Police	198,712,245	197,032,148	199,273,070	195,350,489	207,431,124
Public Works	217,104,958	148,921,314	191,038,354	193,744,312	184,574,235
Technology Services	30,213,216	34,744,882	38,834,759	38,178,228	35,441,901
Water	91,660,648	96,226,129	96,226,129	93,608,586	104,317,162
TOTAL	\$ 2,272,072,077	\$ 2,344,879,862	\$ 2,695,740,282	\$ 2,694,021,832	\$ 3,090,924,250
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Full-Time Equivalent Employees	5,775.57	5,896.25	5,895.25	5,895.25	5,833.26
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		Adopted*	Adjusted**	Estimated	Proposed*
		FY 08	FY 08	FY 08	FY 09
All Funds by Character					
Salaries, Wages and Benefits	\$ 773,051,573	\$ 775,625,715	\$ 734,655,123	\$ 810,837,662	
Materials, Supplies and Services	777,434,040	1,093,943,147	1,230,486,181	1,068,026,413	
Capital Purchases	296,192,840	295,150,733	252,637,907	690,889,427	
Debt Service	286,440,962	286,614,908	226,234,973	296,379,326	
Transfers From Other Funds	100,082,785	132,139,446	139,271,744	113,376,389	
Subtotal	\$ 2,233,202,199	\$ 2,583,473,949	\$ 2,583,285,928	\$ 2,979,509,217	
Internal Support	111,677,663	112,266,333	110,735,904	111,415,032	
TOTAL ALL FUNDS	\$ 2,344,879,862	\$ 2,695,740,282	\$ 2,694,021,832	\$ 3,090,924,250	

* Amounts exclude all-years carryover.

** Amounts do not include budget adjustments made after July 1, 2008.

⁽¹⁾ Interfund and Non-Operating include pass through transactions and debt service payments.

Summary of Full-Time Equivalents (FTEs) by Department

Fiscal Years 2007 to 2009

DEPARTMENT	FY 07 Adopted	FY 08 Adopted	FY 09 Proposed
Mayor and Council	54.56	56.00	54.50
City Attorney ⁽¹⁾	77.75	79.75	79.75
City Auditor	18.60	20.00	20.00
City Clerk	19.50	23.48	19.48
City Manager	26.00	26.00	23.00
City Prosecutor	42.40	45.40	45.90
Civil Service	23.00	25.00	23.00
Airport	122.45	125.80	125.80
Community Development	276.60	291.97	282.52
Development Services	139.72	142.75	128.03
Financial Management	159.46	165.55	162.56
Fire	569.28	581.28	580.28
Harbor	403.30	436.90	475.60
Health and Human Services	431.54	424.30	412.07
Human Resources	25.62	27.62	31.50
Library Services	182.63	186.48	186.17
Long Beach Gas & Oil	239.25	240.25	240.25
Parks, Recreation and Marine	494.71	497.43	462.15
Police	1,488.95	1,517.95	1,485.95
Public Works	613.67	610.76	624.17
Technology Services	143.00	148.00	147.00
Water	223.58	223.58	223.58
TOTAL FTEs	5,775.57	5,896.25	5,833.26

⁽¹⁾ The City Attorney has committed to leaving 7.00 positions vacant in FY 09.

Summary of General Fund Budgets by Department

Fiscal Years 2007 to 2009

(Includes operating, debt service and capital improvement program)

	Actual FY 07	Adopted* FY 08	Adjusted FY 08	Estimated FY 08	Proposed* FY 09
OPERATIONS					
Mayor and Council	\$ 4,864,211	\$ 5,313,570	\$ 5,267,997	\$ 5,099,972	\$ 5,215,817
City Attorney	3,263,242	3,643,679	3,646,457	3,336,991	2,989,841
City Auditor	2,627,678	2,556,774	2,582,100	2,537,598	2,282,687
City Clerk	5,076,094	4,546,202	4,569,932	3,961,394	3,911,718
City Manager	3,676,853	3,578,916	3,613,110	3,294,891	3,003,495
City Prosecutor	4,556,267	5,341,120	5,341,445	5,255,460	5,373,871
Civil Service	2,867,370	2,191,901	2,191,901	2,467,089	2,188,600
Community Development	7,897,099	7,509,225	6,758,337	5,805,043	5,562,345
Development Services	500,322	1,530,785	1,554,949	1,740,903	1,885,904
Financial Management	8,705,169	9,725,076	10,500,213	10,073,553	10,603,363
Interfund and Non-Operating ⁽¹⁾	2,711,805	(3,930,105)	(9,805,033)	(2,883,334)	(2,419,062)
Police and Fire Pension Plan	19,414,331	21,358,586	22,166,969	21,077,537	22,335,863
Fire	66,671,372	67,700,843	68,751,559	72,140,831	73,075,654
Health and Human Services	4,893,873	5,399,836	5,403,563	5,288,961	5,302,028
Human Resources	352,673	-	1,706	-	-
Library Services	13,329,195	14,629,600	15,122,537	14,785,731	12,711,186
Parks, Recreation and Marine	27,896,174	27,404,694	27,540,254	27,289,402	25,646,046
Police	182,353,230	182,079,311	182,207,816	180,293,816	193,371,235
Public Works	30,926,844	31,369,931	31,419,928	30,156,247	31,182,654
TOTAL	\$ 392,583,801	\$ 391,949,944	\$ 388,835,741	\$ 391,722,085	\$ 404,223,243

Full-Time Equivalent Employees	3,130.60	3,168.85	3,167.85	3,167.85	3,078.80
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	Adopted* FY 08	Adjusted FY 08	Estimated FY 08	Proposed* FY 09
General Fund by Character				
Salaries, Wages and Benefits	\$ 326,702,487	\$ 328,010,512	\$ 323,914,903	\$ 337,502,494
Materials, Supplies and Services	50,950,721	52,842,632	55,229,651	54,680,138
Capital Purchases	2,629,452	2,654,605	1,809,535	2,165,357
Debt Service	11,909,278	11,923,315	12,220,690	14,751,453
Transfers From Other Funds	(21,902,824)	(28,028,671)	(21,830,712)	(26,616,236)
Subtotal	\$ 370,289,114	\$ 367,402,395	\$ 371,344,067	\$ 382,483,207
Internal Support	21,660,830	21,433,346	20,378,018	21,740,036
TOTAL GENERAL FUND	\$ 391,949,944	\$ 388,835,741	\$ 391,722,085	\$ 404,223,243

* Amounts exclude all-years carryover.

⁽¹⁾ Interfund and Non-Operating include pass through transactions and debt service payments.

Summary of Resources & Expenditures by Fund

Fiscal Year 2009

	Estimated Fund Balance 10/1/2008	Unreserving/ (Reserving) Restricted Fund Balance*	Total Revenues	Estimated All-years Carryover Revenue	Total Resources
GENERAL FUNDS					
General	\$ 374,389	\$ (229,430)	\$ 405,496,659	\$ -	\$ 405,641,618
Total	\$ 374,389	\$ (229,430)	\$ 405,496,659	\$ -	\$ 405,641,618
SPECIAL FUNDS					
General Grants ^{(1) (2)}	22,734.60	\$ -	\$ 6,657,583	\$ 4,142,980	\$ 10,823,298
Police & Fire Public Safety Oil Prod Act	1,132,429	-	3,831,677	-	4,964,106
Health ⁽¹⁾	167,933	-	44,848,495	45,425,598	90,442,026
Parking And Business Area Improvement	590,006	-	6,637,900	-	7,227,906
Special Advertising & Promotion	2,584,696	-	6,975,045	-	9,559,741
Upland Oil	5,421,797	-	28,831,232	-	34,253,029
Housing Development ⁽¹⁾	41,607,234	-	24,000,380	62,712,596	128,320,211
Belmont Shore Parking Meter	369,396	-	527,000	-	896,396
Development Services	-	-	15,209,378	-	15,209,378
Business Assistance	1,327,949	-	1,331,900	(90,047)	2,569,802
Community Development Grants ⁽¹⁾	4,356,448	-	23,937,220	35,030,952	63,324,620
Park Development	773,745	-	1,043,145	-	1,816,890
Gasoline Tax Street Improvement ^{(1) (2)}	4,502,162	-	15,170,059	14,558,017	34,230,238
Transportation ⁽¹⁾	19,868,609	-	16,954,866	29,924,691	66,748,166
Capital Projects ⁽¹⁾	40,551,528	-	6,301,309	30,191,917	77,044,754
Assessment District	-	-	-	-	-
Total	\$ 123,276,668	\$ -	\$ 202,257,190	\$ 221,896,704	\$ 547,430,562
INTERNAL SERVICE FUNDS					
Civic Center ⁽¹⁾	\$ 14,852,227	\$ -	\$ 1,230,311	\$ (750,946)	\$ 15,331,592
General Services	5,098,621	-	36,006,817	812,702	41,918,140
Fleet Services ⁽¹⁾	10,571,160	-	35,235,105	1,110,113	46,916,378
Insurance	1,412,829	-	37,749,299	-	39,162,128
Employee Benefits	17,002,263	-	226,361,574	-	243,363,837
Total	\$ 48,937,098	\$ -	\$ 336,583,106	\$ 1,171,870	\$ 386,692,074
TIDELANDS FUNDS					
Tidelands Funds ⁽¹⁾	\$ 62,778,989	\$ -	\$ 121,531,327	\$ 12,123,191	\$ 196,433,507
Tideland Oil Revenue	46,514,333	-	363,016,117	-	409,530,450
Reserve For Subsidence	163,765,954	-	6,300,000	-	170,065,954
Total	\$ 273,059,276	\$ -	\$ 490,847,444	\$ 12,123,191	\$ 776,029,911
ENTERPRISE FUNDS					
Gas ⁽¹⁾	\$ 1,344,273	\$ 1,886,171	\$ 146,248,993	\$ -	\$ 149,479,437
Water	4,124,428	-	85,556,867	-	89,681,295
Sewer	2,980,897	-	18,012,400	-	20,993,297
Airport ⁽²⁾	14,110,014	-	32,980,474	34,880,034	81,970,522
Refuse/Recycling	25,819,957	-	38,533,549	(22,821)	64,330,684
SERRF	36,664,892	-	47,898,000	-	84,562,892
SERRF-JPA	367,140	-	11,394,998	-	11,762,138
Towing	654,600	-	9,485,161	-	10,139,761
Total	\$ 86,066,200	\$ 1,886,171	\$ 390,110,442	\$ 34,857,213	\$ 512,920,027
SUBSIDIARY AGENCIES-FUNDS					
Harbor	\$ 1,020,140,177	\$ -	\$ 795,733,000	\$ -	\$ 1,815,873,177
Parking Authority	-	-	-	-	-
Housing Authority	3,144,585	-	65,743,450	972,945	69,860,980
Redevelopment ⁽¹⁾	131,830,020	-	94,303,833	64,881,287	291,015,139
CUPA	145,387	-	1,396,144	-	1,541,531
Total	\$ 1,155,260,167	\$ -	\$ 957,176,427	\$ 65,854,232	\$ 2,178,290,826
TOTAL	\$ 1,686,973,799	\$ 1,656,741	\$ 2,782,471,268	\$ 335,903,211	\$ 4,807,005,019

* Reserving fund balance is the setting aside of restricted funds when received, while unreserving is the making available of these restricted funds as prescribed expenditures are incurred.

⁽¹⁾ Fund balance may include appropriations for grants and projects in all-year subfunds that are committed, thus not available.

⁽²⁾ Fund balance includes amounts to be received from approved grant proceeds to cover open contracts.

Operating Expenditures	Capital Improvement Expenditures	Debt Service	Total Expenditures	Estimated All-years Carryover Expense	Estimated Fund Balance 9/30/2009
\$ 387,261,003	\$ 2,210,787 ⁽¹⁾	\$ 14,751,453	\$ 404,223,243	\$ -	\$ 1,418,375 ⁽²⁾
\$ 387,261,003	\$ 2,210,787	\$ 14,751,453	\$ 404,223,243	\$ -	\$ 1,418,375
\$ 6,657,583	\$ -	\$ -	\$ 6,657,583	\$ 3,970,209	\$ 195,506
4,756,444	-	-	4,756,444	-	207,662
44,380,968	-	325,144	44,706,112	45,425,598	310,317
7,031,088	-	-	7,031,088	-	196,818
6,930,787	-	-	6,930,787	-	2,628,954
28,650,709	-	-	28,650,709	-	5,602,320
25,998,840	-	686,049	26,684,889	65,506,298	36,129,024
457,257	-	212,275	669,532	-	226,864
	-	-	13,917,848	-	1,291,530
1,473,381	-	-	1,473,381	123,746	972,676
26,598,907	-	-	26,598,907	32,623,910	4,101,802
1,056,174	-	-	1,056,174	-	760,716
8,758,973	8,595,059	-	17,354,032	16,436,376	439,831
10,070,395	6,849,620	-	16,920,015	17,636,148	32,192,003
5,288,832	5,501,309	-	10,790,141	54,059,105	12,195,508
-	-	-	-	-	-
\$ 178,110,338	\$ 20,945,988	\$ 1,223,468	\$ 214,197,642	\$ 235,781,389	\$ 97,451,532
\$ (1,962,641)	\$ 730,000	\$ 2,867,680	\$ 1,635,040	\$ 2,998,279	\$ 10,698,274
34,103,135	-	2,739,693	36,842,828	2,011,526	3,063,785
30,389,679	1,300,000	4,622,154	36,311,834	410,229	10,194,316
36,290,954	-	-	36,290,954	-	2,871,174
214,686,471	-	11,318,007	226,004,478	-	17,359,359
\$ 313,507,598	\$ 2,030,000	\$ 21,547,535	\$ 337,085,133	\$ 5,420,034	\$ 44,186,908
\$ 98,714,490	\$ 14,240,000	\$ 18,079,132	\$ 131,033,622	\$ 20,029,579	\$ 45,370,305
363,131,614	-	-	363,131,614	-	46,398,836
-	-	-	-	-	170,065,954
\$ 461,846,104	\$ 14,240,000	\$ 18,079,132	\$ 494,165,236	\$ 20,029,579	\$ 261,835,096
\$ 135,532,678	\$ 7,350,000	\$ 1,888,738	\$ 144,771,416	\$ 3,180,917	\$ 1,527,104
71,578,047	12,589,940	3,343,778	87,495,696	-	2,185,599
12,374,891	5,000,000	510,000	17,941,697	-	3,051,600
26,676,724	6,800,000	1,292,847	34,769,571	45,862,293	1,338,658
49,529,322	-	-	49,529,322	(127,537)	14,928,900
53,696,373	-	5,500	53,701,873	-	30,861,019
-	-	11,394,998	11,394,998	-	367,140
9,821,496	-	-	9,821,496	-	318,265
\$ 359,209,531	\$ 31,739,940	\$ 18,435,861	\$ 409,426,068	\$ 48,915,673	\$ 54,578,286
\$ 684,047,078	\$ 144,779,250	\$ 191,852,385	\$ 1,020,678,713	\$ -	\$ 795,194,464
-	-	-	-	-	-
67,445,005	-	-	67,445,005	802,711	1,613,263
111,924,559	-	30,489,492	142,414,052	64,881,287	83,719,800
1,289,158	-	-	1,289,158	-	252,372
\$ 864,705,801	\$ 144,779,250	\$ 222,341,877	\$ 1,231,826,928	\$ 65,683,998	\$ 880,779,899
\$ 2,564,640,375	\$ 215,945,965	\$ 296,379,326	\$ 3,090,924,250	\$ 375,830,673	\$ 1,340,250,096

⁽¹⁾ General Fund CIP total of \$2,210,787 is included in the Capital Projects total of \$215,945,965. It is shown in the General Fund line to illustrate the General Fund's contribution to citywide CIPs such as Sidewalks, Critical Facility Repair, Storm Drains, ADA Improvements, Residential Streets and Slurry Seal.

⁽²⁾ Excludes the General Fund Emergency Reserve of \$36.1 million and other Restricted Reserves.

Comparison of Revenues by Fund Fiscal Years 2007 to 2009

	Actual FY 07	Adopted* FY 08	Adjusted FY 08	Estimated FY 08	Proposed* FY 09
GENERAL FUNDS					
General	\$ 385,519,595	\$ 392,627,821	\$ 387,471,443	\$ 389,014,958	\$ 405,496,659
Total	\$ 385,519,595	\$ 392,627,821	\$ 387,471,443	\$ 389,014,958	\$ 405,496,659
SPECIAL FUNDS					
General Grants	\$ 22,869,614	\$ 7,614,381	\$ 17,303,468	\$ 20,924,787	\$ 6,657,583
Police & Fire Pub Sfty Oil Prod Act	903,760	3,600,000	3,600,000	3,694,000	3,831,677
Health	41,497,878	44,838,364	46,131,890	41,610,191	44,848,495
Parking and Business Area Improvement	5,928,016	6,292,812	6,809,694	6,809,694	6,637,900
Special Advertising & Promotion	6,527,339	6,361,650	6,361,650	6,441,861	6,975,045
Upland Oil	22,612,119	20,669,477	30,401,227	33,148,932	28,831,232
Housing Development	35,513,353	21,261,419	27,797,199	56,352,389	24,000,380
Belmont Shore Parking Meter	530,445	462,000	462,000	462,000	527,000
Development Services	14,043,733	14,709,378	14,709,378	11,406,062	15,209,378
Business Assistance	3,493,707	1,881,900	2,081,900	1,544,447	1,331,900
Community Development Grants	27,749,449	24,387,886	19,480,930	37,044,369	23,937,220
Park Development	789,420	1,020,000	1,020,000	1,370,980	1,043,145
Gasoline Tax Street Improvement	13,342,447	10,703,870	10,850,466	9,963,873	15,170,059
Transportation	16,417,932	14,522,930	22,470,879	16,535,376	16,954,866
Capital Projects	52,257,891	9,778,000	12,850,993	14,931,943	6,301,309
Total	\$ 264,477,103	\$ 188,104,066	\$ 222,331,674	\$ 262,240,903	\$ 202,257,190
INTERNAL SERVICE FUNDS					
Civic Center	\$ 2,100,954	\$ 1,230,321	\$ 667,024	\$ 1,296,363	\$ 1,230,311
General Services	37,064,377	35,532,326	35,636,036	35,404,650	36,006,817
Fleet Services	29,122,783	31,615,477	31,615,477	29,283,737	35,235,105
Insurance	37,646,457	37,049,801	37,053,478	37,012,140	37,749,299
Employee Benefits	185,650,056	213,636,266	213,636,266	204,451,447	226,361,574
Total	\$ 291,584,627	\$ 319,064,191	\$ 318,608,281	\$ 307,448,337	\$ 336,583,106
TIDELANDS FUNDS					
Tidelands Funds	\$ 136,139,990	\$ 115,240,228	\$ 115,240,228	\$ 134,152,305	\$ 121,531,327
Tideland Oil Revenue	205,816,481	127,331,785	413,802,772	499,386,631	363,016,117
Reserve For Subsidence	7,603,010	6,300,000	6,300,000	6,300,000	6,300,000
Total	\$ 349,559,481	\$ 248,872,013	\$ 535,343,000	\$ 639,838,936	\$ 490,847,444
ENTERPRISE FUNDS					
Gas	\$ 114,443,138	\$ 134,635,664	\$ 134,635,664	\$ 135,667,902	\$ 146,248,993
Water	75,281,145	81,551,658	81,551,658	80,128,804	85,556,867
Sewer	11,221,734	12,443,400	12,443,400	12,133,268	18,012,400
Airport	43,935,058	25,867,952	50,992,952	52,734,086	32,980,474
Refuse/Recycling	38,757,417	35,527,248	35,527,248	40,254,618	38,533,549
SERRF	49,085,442	46,981,000	46,981,000	48,085,077	47,898,000
SERRF-JPA	11,456,336	11,168,071	11,168,071	11,443,071	11,394,998
Towing	8,228,779	9,311,055	9,311,055	8,835,690	9,485,161
Total	\$ 352,409,048	\$ 357,486,048	\$ 382,611,048	\$ 389,282,516	\$ 390,110,442
SUBSIDIARY AGENCIES-FUNDS					
Harbor	\$ 508,040,701	\$ 501,105,000	\$ 501,105,000	\$ 521,438,000	\$ 795,733,000
Parking Authority	-	-	-	-	-
Housing Authority	67,312,713	60,910,758	60,910,758	66,343,285	65,743,450
Redevelopment	101,669,753	77,983,833	77,983,833	119,587,494	94,303,833
CUPA	885,615	1,411,547	1,488,809	1,366,499	1,396,144
Total	\$ 677,908,782	\$ 641,411,138	\$ 641,488,400	\$ 708,735,277	\$ 957,176,427
TOTAL	\$ 2,321,458,636	\$ 2,147,565,278	\$ 2,487,853,846	\$ 2,696,560,927	\$ 2,782,471,268

* Amounts exclude all-years carryover. See budget ordinance in the front section of this document.

Comparison of Expenditures by Fund

Fiscal Years 2007 to 2009

	Actual FY 07	Adopted* FY 08	Adjusted FY 08	Estimated FY 08	Proposed* FY 09
GENERAL FUNDS					
General	\$ 392,583,801	\$ 391,949,944	\$ 388,835,741	\$ 391,722,085	\$ 404,223,243
Total	\$ 392,583,801	\$ 391,949,944	\$ 388,835,741	\$ 391,722,085	\$ 404,223,243
SPECIAL FUNDS					
General Grants	\$ 23,324,927	\$ 7,608,589	\$ 17,297,932	\$ 20,944,359	\$ 6,657,583
Police & Fire Pub Sfty Oil Prod Act	-	4,500,000	4,500,000	3,465,331	4,756,444
Health	41,681,596	44,761,420	46,200,168	41,561,470	44,706,112
Parking and Business Area Improvement	5,839,081	6,936,000	7,202,882	6,727,794	7,031,088
Special Advertising & Promotion	6,289,930	6,325,452	6,380,018	6,438,665	6,930,787
Upland Oil	23,114,592	20,931,281	30,210,199	32,953,963	28,650,709
Housing Development	27,071,942	30,667,252	36,966,510	50,392,783	26,684,889
Belmont Shore Parking Meter	566,283	668,275	668,275	668,275	669,532
Development Services	13,526,175	14,879,919	14,902,721	13,359,790	13,917,848
Business Assistance	2,299,617	1,406,466	1,608,762	1,429,632	1,473,381
Community Development Grants	28,206,980	25,072,582	20,165,626	37,371,128	26,598,907
Park Development	1,076,158	1,057,212	1,057,212	1,057,201	1,056,174
Gasoline Tax Street Improvement	14,141,632	4,001,115	10,456,719	13,327,880	17,354,032
Transportation	15,186,752	15,051,874	23,032,127	23,249,076	16,920,015
Capital Projects	33,118,018	10,762,824	13,835,817	22,647,397	10,790,141
Total	\$ 235,443,682	\$ 194,630,262	\$ 234,484,970	\$ 275,594,746	\$ 214,197,642
INTERNAL SERVICE FUNDS					
Civic Center	\$ 7,156,956	\$ 481,550	\$ 522,608	\$ 7,436,362	\$ 1,635,040
General Services	34,081,178	36,464,012	36,918,632	35,302,237	36,842,828
Fleet Services	36,608,138	31,929,074	34,036,627	29,294,426	36,311,834
Insurance	30,656,294	37,122,007	37,173,085	35,911,228	36,290,954
Employee Benefits	191,186,305	213,150,968	213,228,391	199,566,516	226,004,478
Total	\$ 299,688,871	\$ 319,147,610	\$ 321,879,343	\$ 307,510,767	\$ 337,085,133
TIDELANDS FUNDS					
Tidelands Funds	\$ 132,061,335	\$ 116,646,939	\$ 119,794,733	\$ 119,932,004	\$ 131,033,622
Tideland Oil Revenue	201,476,363	127,242,413	413,696,507	499,386,629	363,131,614
Reserve For Subsidence	-	-	-	-	-
Total	\$ 333,537,698	\$ 243,889,352	\$ 533,491,240	\$ 619,318,633	\$ 494,165,236
ENTERPRISE FUNDS					
Gas	\$ 114,639,142	\$ 136,414,608	\$ 138,958,584	\$ 137,626,942	\$ 144,771,416
Water	77,192,090	83,580,858	83,580,858	80,308,808	87,495,696
Sewer	15,576,437	13,671,847	13,671,847	14,326,354	17,941,697
Airport	57,362,116	28,422,991	51,310,791	54,286,670	34,769,571
Refuse/Recycling	37,389,691	40,643,098	40,674,629	37,445,651	49,529,322
SERRF	45,354,436	53,289,502	53,338,048	51,032,392	53,701,873
SERRF-JPA	11,391,669	11,718,071	11,718,071	11,443,071	11,394,998
Towing	8,897,597	9,698,607	9,735,740	9,273,001	9,821,496
Total	\$ 367,803,179	\$ 377,439,581	\$ 402,988,568	\$ 395,742,889	\$ 409,426,069
SUBSIDIARY AGENCIES-FUNDS					
Harbor	\$ 441,545,495	\$ 643,135,272	\$ 638,135,272	\$ 500,683,723	\$ 1,020,678,713
Parking Authority	-	-	-	-	-
Housing Authority	59,903,117	62,072,219	62,072,219	65,453,339	67,445,005
Redevelopment	140,581,300	111,227,606	112,387,651	136,721,322	142,414,052
CUPA	984,934	1,388,017	1,465,279	1,274,328	1,289,158
Total	\$ 643,014,847	\$ 817,823,113	\$ 814,060,421	\$ 704,132,712	\$ 1,231,826,928
TOTAL	\$ 2,272,072,077	\$ 2,344,879,862	\$ 2,695,740,282	\$ 2,694,021,832	\$ 3,090,924,251

* Amounts exclude all-years carryover.

Comparison of Revenues by Fund Group and Source

Fiscal Years 2007 to 2009

	Actual FY 07	Adopted* FY 08	Adjusted FY 08	Estimated FY 08	Proposed* FY 09
GENERAL FUNDS					
General Revenues					
Property Taxes	\$ 70,522,336	\$ 74,873,000	\$ 74,873,000	\$ 73,360,958	\$ 75,873,500
Taxes Other Than Property Taxes					
Sales and Use Taxes	39,949,534	39,441,000	39,441,000	39,540,000	41,918,211
Oil Production Taxes	2,219,948	2,230,000	2,230,000	2,230,007	2,250,000
Franchises	22,339,945	24,343,082	24,343,082	23,543,082	24,442,564
Utility Users Taxes	41,694,045	43,055,000	43,055,000	41,049,700	42,506,950
Business License Taxes	10,714,206	11,562,752	11,562,752	11,704,227	11,627,589
Transient Occupancy Taxes	9,154,215	9,500,000	9,500,000	9,000,000	9,180,000
Other Taxes	1,670,668	2,000,000	2,000,000	1,030,000	1,600,000
Fines and Forfeitures	17,644,089	21,058,141	21,058,141	19,451,101	21,362,373
Use of Money and Property					
Interest on Investments	6,871,106	7,336,140	7,336,140	7,302,977	6,008,311
Other Use of Money and Property	15,079,127	13,947,734	13,802,180	13,924,957	14,131,277
Subventions From Other Agencies					
State Prop. Tax Exempt. Replace.	662,902	704,000	704,000	660,000	660,000
In-Lieu Sales and Use Tax	13,355,882	13,000,000	13,000,000	13,020,775	13,280,000
Motor Vehicle In-Lieu	2,558,672	3,300,000	3,300,000	2,200,000	2,244,000
Other	42,073,438	44,934,126	45,839,126	44,173,415	45,190,786
City Utilities In-Lieu	11,401,767	11,101,767	11,101,767	11,710,961	11,101,767
Sundry Revenues	17,090,380	6,627,990	5,626,856	6,477,582	6,794,232
Interfund Transfers	24,527,801	26,024,299	21,024,299	33,343,870	34,535,197
Reimbursements and Charges for Services					
Licenses and Permits	12,716,371	13,687,934	13,687,934	13,200,866	14,045,679
From Other Governmental Agencies	(45,453)	-	-	-	-
Charges to Other City Funds	10,909,108	10,423,465	10,508,775	9,105,170	11,373,005
Other Reimbursements and Chgs for Svcs	12,409,508	13,477,391	13,477,391	12,985,310	15,371,218
TOTAL - GENERAL FUNDS	\$ 385,519,595	\$ 392,627,821	\$ 387,471,443	\$ 389,014,958	\$ 405,496,659
SPECIAL FUNDS					
Taxes Other Than Property					
Transient Occupancy Taxes	\$ 5,121,919	\$ 5,320,000	\$ 5,320,000	\$ 5,400,000	\$ 5,920,000
Parking and Business Improvement Taxes	4,535,332	4,495,000	4,760,800	4,760,800	4,745,000
Other Taxes	4,819,811	7,907,494	8,158,576	8,189,076	8,210,259
Use of Money and Property					
Interest on Investments	1,798,799	91,000	(514,000)	1,390,092	590,000
Other Use of Money and Property	(45,502)	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Reimbursements and Charges for Services					
Licenses and Permits	743,575	-	-	750,000	1,000,000
Employment and Training Grants	7,284,031	7,750,153	2,479,346	9,712,560	7,659,537
Capital Improvement Projects	52,257,891	9,778,000	12,850,993	14,931,943	6,301,309
CDBG	17,002,978	14,251,723	14,251,723	24,220,677	13,735,513
Proposition A & C	14,440,874	13,143,680	13,143,680	14,457,376	14,905,616
Other Government Agencies	66,112,089	52,742,593	72,670,697	64,895,401	57,028,058
Charges for Current Services	1,957,459	2,880,706	2,880,706	3,127,020	2,759,075
Interfund Charges	85,798	467,037	467,037	(310,096)	(366,157)
Other	88,362,049	69,276,680	85,862,117	110,716,054	79,768,980
TOTAL - SPECIAL FUNDS	\$ 264,477,103	\$ 188,104,066	\$ 222,331,674	\$ 262,240,903	\$ 202,257,190
INTERNAL SERVICE FUNDS					
Use of Money and Property					
Interests on Investments	\$ 473,685	\$ 450,200	\$ 450,200	\$ 384,706	\$ 450,200
Other Use of Money and Property	4,201,290	3,298,000	2,727,776	3,377,983	3,498,000

* Amounts exclude all-years carryover. See budget ordinance in the front section of this document.

	Actual FY 07	Adopted* FY 08	Adjusted FY 08	Estimated FY 08	Proposed FY 09
INTERNAL SERVICE FUNDS (continued)					
Charges for Current Services					
Civic Center	\$ 821,239	\$ 655,121	\$ 662,048	\$ 707,587	\$ 655,111
General Services	36,723,847	34,957,326	35,061,036	35,338,089	35,431,817
Fleet	26,510,921	29,239,345	29,239,345	26,144,001	32,857,032
Insurance	34,006,857	35,327,301	35,327,301	35,305,178	36,326,799
Employee Leave Time and Other Benefits	190,842,372	212,877,266	212,877,266	203,434,502	225,602,574
Sundry & Other Revenues	(2,111,886)	1,759,632	1,763,309	2,756,291	1,761,573
Interfund Transfers	116,302	500,000	500,000	-	-
TOTAL - INTERNAL SERVICE FUNDS	\$ 291,584,627	\$ 319,064,191	\$ 318,608,281	\$ 307,448,337	\$ 336,583,106
TIDELANDS FUNDS					
Use of Money and Property					
Interest on Investments	\$ 11,037,512	\$ 9,298,340	\$ 9,298,340	\$ 10,795,536	\$ 9,752,040
Other Use of Money and Property	247,065,914	160,437,094	446,908,081	535,265,613	397,298,900
Other Revenues					
Sundry	(355,169)	929,290	929,290	527,230	553,290
Interfund Charges/Transfers	59,349,079	47,806,787	47,806,787	63,235,069	52,297,072
From Other Agencies	1,972,747	622,192	622,192	906,168	622,192
Licenses and Permits	151,935	129,640	129,640	157,331	129,640
Charges for Services	30,054,684	29,409,670	29,409,670	28,680,790	29,923,110
Fines & Forfeitures	282,780	239,000	239,000	271,200	271,200
TOTAL - TIDELANDS FUNDS	\$ 349,559,481	\$ 248,872,013	\$ 535,343,000	\$ 639,838,936	\$ 490,847,444
ENTERPRISE FUNDS					
Use of Money and Property					
Interest on Investments	\$ 6,634,616	\$ 3,650,266	\$ 3,650,266	\$ 5,478,142	\$ 4,275,266
Other Use of Money and Property	42,331,489	36,953,049	39,578,049	45,667,888	44,056,214
Licenses and Permits	2,658,651	1,634,750	1,634,750	2,321,584	2,343,750
Charges for Services					
Gas	112,877,673	134,012,016	134,012,016	134,987,281	145,617,345
Refuse/Recycling	33,647,590	32,568,809	32,568,809	35,423,888	35,974,515
SERRF	46,651,243	44,785,000	44,785,000	45,520,000	45,702,000
SERRF-JPA	-	-	-	-	-
Towing	8,020,909	8,869,668	8,869,668	8,748,975	9,043,774
Sewer	9,064,833	11,117,400	11,117,400	10,453,355	17,243,400
Water	70,770,816	77,559,287	77,559,287	76,450,922	81,489,496
Airport	11,969,344	92,598	22,592,598	18,074,193	380,474
Interfund Transfers	-	-	-	-	-
Other/Misc Revenues	7,781,886	6,243,205	6,243,205	6,156,287	3,984,208
TOTAL - ENTERPRISE FUNDS	\$ 352,409,048	\$ 357,486,048	\$ 382,611,048	\$ 389,282,516	\$ 390,110,442
SUBSIDIARY AGENCIES - FUNDS					
Property Taxes	\$ 72,994,612	\$ 69,180,400	\$ 69,180,400	\$ 79,964,887	\$ 74,680,400
Taxes Other than Property	4,676,883	4,785,000	4,785,000	3,060,000	5,085,000
Use of Money and Property					
Interest on Investments	49,764,207	42,350,781	42,350,781	46,242,944	28,870,781
Other Use of Money and Property	64,147,914	53,453,292	53,453,292	64,716,557	59,299,292
Charges for Services	370,813,009	376,751,000	376,751,000	372,299,150	543,000,000
From Other Governmental Agencies	67,413,485	96,054,758	96,132,020	106,069,606	202,577,450
Sundry Revenues	36,479,366	323,730	323,730	30,214,454	45,166,730
Licenses and Permits	1,297,766	1,278,283	1,278,283	1,284,088	1,375,344
Interfund Transfers	10,321,540	(2,766,107)	(2,766,107)	4,883,592	(2,878,571)
TOTAL - SUBSIDIARY AGENCIES	\$ 677,908,782	\$ 641,411,138	\$ 641,488,400	\$ 708,735,277	\$ 957,176,427
TOTAL - REVENUES	\$ 2,321,458,636	\$ 2,147,565,278	\$ 2,487,853,846	\$ 2,696,560,927	\$ 2,782,471,268

* Amounts exclude all-years carryover. See budget ordinance in the front section of this document.

Financial Strategic Plan

I. Background

The Financial Strategic Plan (Plan) is the City's long-range budget planning tool to project fluctuations in structural revenue and expense in the General Fund and ensure that the City maintains a structural balance in the General Fund. Utilized to eliminate a projected structural deficit between the fiscal years 2004 – 2007, which was first accomplished with the adoption of the Fiscal Year 2007 (FY 07) Budget and maintained with the FY 08 Budget, the Plan has now evolved into the City's ongoing long-term fiscal planning tool. With a continual three-year revenue and expense projection, the Plan allows for increased accuracy in projections based upon more concrete operational and financial assumptions, and provides a roadmap for the development of future years' budgets. The Plan, as has been the case since its inception, will be updated each year to reassess the condition of the General Fund, address changes in the financial and service delivery environment, and to make appropriate adjustments to ensure it reflects the City Council's priorities and input from the community. This section of the budget book is designed to provide a brief synopsis of the Plan's history, detailed information on the Plan's recommended direction for FY 09 and an outlook for the subsequent two fiscal years.

II. Development of the Financial Strategic Plan

In September 2002, the Mayor and City Council directed City Staff to create a Plan to address the City's burgeoning structural deficit in the General Fund, which was projected to reach approximately \$102 million by FY 06 if the City took no action. The Plan would eliminate the City's reliance on one-time revenues to balance its budget by rationally and responsibly (although with much sacrifice) bringing ongoing spending in line with ongoing revenues. Seeking a reasoned approach within which the organization could make the necessary adjustments, the Mayor and City Council called for the development of the Plan to balance the budget.

The Plan was unveiled to the City Council on January 7, 2003. To ensure a broad base of support, the City Manager and his staff presented the proposed Plan to the City Council and held over 80 community meetings to brief community stakeholders on the Plan's approach to balancing the budget, discuss potential service and organizational impacts and to answer questions and collect input for the City Council's consideration. After two months of intense review, the City Council officially endorsed the Plan on March 25, 2003. Each spring and summer since the Plan was endorsed, the City has updated the Plan's assumptions and proposals while maintained a tradition of transparency and inclusiveness.

III. Plan Accomplishments FY 04 – FY 08

The City has undergone a sea change in its effort to eliminate the General Fund structural deficit over the past five years through both strategic cost and or service reductions and revenue increases. Under the Mayor and City Council leadership, Plan solutions were adopted with the annual budget each fiscal year, implementing \$107.6 million in structural deficit solutions from FY 04 – FY 08. Hundreds of difficult decisions were made in attacking the structural deficit, including \$75.6 million in cost reductions, e.g., the removal of over 250 vehicles from the City's fleet, elimination of more than 400 City positions, non-core recreation programs, instituting employee contributions for the cost of health and retirement benefits, reduced service levels throughout the organization, and optimizing various City operations to save money including Fleet and Towing, Custodial Services and the Workers' Compensation.

With these and other cost reductions, exacerbated by an increased level of retirements and attrition of senior staff to other organizations, remaining employees were asked to "do more with less," resulting in increased turnaround and response times for traditional customer service activities such as gas turn-ons/offers, tree trimming, street repair and facility maintenance. To avoid further service reductions, a total of \$32 million in annual revenue adjustments were made with

increased return on assets and improved cost recovery through new and updated fees. **Table 1** below reflects the success of the Plan in addressing the structural deficit from FY 04 – FY 08.

Table 1: Impact on the Structural Deficit, FY 04 - FY 08

Plan Year One: FY 04 Achieved Solutions	-	\$41 million
Plan Year Two: FY 05 Achieved Solutions	-	\$29 million
Plan Year Three: FY 06 Achieved Solutions	-	\$22 million
Plan Year Four: FY 07 Achieved Solutions	-	\$10 million
Plan Year Five: FY 08 Adopted Solutions	-	\$5.6 million
Total Structural Solutions: FY 04 - FY 08		\$107.6 million

Table 2 below summarizes the deficit reduction solutions, including a breakdown between cost reductions and revenue enhancements, developed during the five years since the Plan was first endorsed by the City Council.

Table 2: Summary of Financial Strategic Plan Solutions, FY 04 - FY 08

<i>(in millions)</i>	FY 04	FY 05	FY 06	FY 07	FY 08
Structural Budget Gap	\$60	\$39	\$3	\$ -	\$5.6
Prior Year Deficit	-	19	29	10	-
Cost Reductions	28	22	16	7.4	2.2
Revenue Adjustments	13	7	6	2.6	3.4
Remaining Structural Deficit	\$19	\$29	\$10	\$0	\$0

As a testament to the significance of what has been accomplished to date, the City’s approach to long-range planning through the Plan has been highlighted as a best practice in a new book published by the Government Finance Officers’ Association (GFOA) entitled, *Long-Term Financial Planning*. According to the GFOA:

“The elements of revenue and expenditure projection, fiscal environment analysis, gap identification, gap-closing strategy development, and cooperation and communication between a wide-range of stakeholder groups, including elected officials, staff, and citizens, are all hallmarks of successful long-term financial planning. Long Beach’s story demonstrates the critical role that long-term financial planning can play in securing the financial position of a government. Long-term financial planning is not just a one-time event in response to crisis. Long Beach’s experience illustrates this point, too.”

IV. Maintaining a Structural Balance: FY 09

In compliance with the City Council's Financial Policy on achieving and maintaining a structurally balanced budget, the FY 09 Proposed General Fund budget is without a structural budget deficit for the third year in a row. This accomplishment, which is dependent on departments operating within their approved spending limits, continues to be a challenge for the City with the addition of negotiated compensation increases for miscellaneous, firefighters, police officers and other employees as well as the \$2.2 million in non-discretionary increases in the cost of providing services. In addition, the softening of the local economy has led to less robust revenue projections, particularly for property and sales taxes. Given these fiscal pressures, it was necessary for the City Manager to take some measured, proactive steps to provide the Mayor and City Council with a structurally balanced General Fund budget for FY 09.

To achieve this, given the continued fiscal plight of local governments nationwide, we must fundamentally change our approach to get at the root of our budget challenges. Six years ago, when the City's budget challenges were faced head-on, the City Manager and his department directors employed an approach that gradually downsized the organization, with an emphasis on minimally impacting the workforce and the community. Given the size of the organization and available resources at that time, opportunities existed to protect selected departments from reductions. Elected and appointed departments along with sworn and emergency dispatcher staffing were largely exempted from implementing service reductions.

After five years of downsizing and trimming available excess from our current organization, this approach will no longer work to rid the City from its persistent deficit challenges. A new approach must be taken, one that goes beyond deficit reduction to finally change our organizational structures to make them more effective and bring fiscal sustainability to the General Fund.

There are three primary elements to this approach:

- ✓ All General Fund departments must participate in the solution
- ✓ Non-General Fund Departments must more fully contribute
- ✓ Organizational Changes are required to achieve lasting efficiencies

The required changes that this strategy demands will not be easy. They will certainly call upon a vast number of people to redefine their priorities or rethink the way this government can best serve the community. Actual spending amongst non-City Manager departments in the General Fund has increased by 38 percent since the City began to address its structural deficit. These Departments are requested to identify cost savings for FY 09 to alleviate the strain on the remaining departments that have absorbed almost all of the deficit reduction measures over the past five years. It is anticipated that these measures will generate at least \$2 million toward the elimination of the structural deficit.

Other departments and operations throughout the City must be engaged to address the General Fund short and long-term needs. These partners include the Harbor and Water Departments, the Southeast Resource Recovery Facility, Long Beach Transit and the Redevelopment Agency. These departments and operations provide excellent service to the community in their relentless fulfillment of their core missions. Over the years, the City has and continues to receive valuable direct and indirect benefits from these operations, whether in the form of economic activity, direct services or financial contributions.

Lastly, we can no longer support the redundant structures that have developed throughout the organization; structures that began as work-arounds to provide new or required services, but now serve as barriers to efficiency and quality. Redundancies through the City of Long Beach can still be found, despite the years of budget cuts and downsizing, many of which exist as counter measures to the restrictive impacts of past deficit reduction efforts. Meaningful and lasting

organizational change is not only essential for true fiscal sustainability; it is simply the right thing to do. Therefore, the FY 09 Proposed Budget reflects several strategies for achieving organizational efficiencies that will allow us to take a greater step toward fiscal sustainability than our past deficit reduction efforts produced. These include:

Consolidate or Streamline Operations
Focus Departments on Core Services
Contract-out Portions or All of Non-core Services
Streamline Support Functions
Modernize Workforce Management
Consolidate Bureaus, Reduce Management and Support Staffing
Create the Development Services and Airport Departments
Relocate and/or Rebuild the Main Library
Maximize Tidelands Resources
Provide Sustainable Funding Through Cost Recovery

For more information on these and all strategies employed for FY 09, please see the City Manager's Budget transmittal at the beginning of the budget book.

Despite these strategies being proposed the structural balance in the General Fund for FY 09 is tenuous at best, and the proposed budget still does not provide the resources for the level of service that staff would like to provide or the community has requested. The ongoing fiscal challenges facing the City make maintaining a Plan to guide funding decisions all the more critical going forward. Thus, the Plan as presented below is updated to incorporate FY 09 and FY 10 into its outlook.

V. Positioning for the Future: FY 10 - FY 11

As part of the FY 09 budget development process, staff provided several briefings to the Budget Oversight Committee and the City Council (at the July 1 Budget Study Session) on the City's fiscal outlook, and provided a multiyear outlook on the City's future liabilities. The Plan highlights three pivotal issues that will have a long-standing impact on the City's ability to maintain a structural balance in its General Fund.

- First, the compensation increases given to sworn police personnel after the adoption of the FY 07 budget, as communicated earlier, have consumed any projected structural revenue growth for the next few years. This has limited the ability for the General Fund to respond to other existing or emerging service delivery issues.
- Second, there are several major cost commitments on the horizon totaling approximately \$20 million annually, including the police officers' compensation increase to the median of comparable agencies in FY 10, negotiated FFA and IAM salary increases, post-retirement health care liabilities, environmental remediation liabilities, the need to replace the underground storage tanks and anticipated General Liability payments. Beyond these commitments, the Mayor and City Council have voiced their desire for increased funding for streets, sidewalk and infrastructure.
- Third, and most critically, the revenue streams in the General Fund continue to fall short of the true needs for service delivery and physical investments throughout the City.

While the Plan reflects a structural balance in FY 09, we cannot lose sight of the fact that the General Fund continues to reel from the loss of \$43 million per year in Utility User Tax revenue (each percentage point of the 5 percent now generates \$8.3 million, up from \$6 million in 2000) and over \$25 million per year from the State Property Tax takeaways. Combined with the lack of any appreciable discretionary revenue growth, and the \$20 million in future commitments, pressure continues to mount on the City without a significant change in how the General Fund is

supported. A return to a structural imbalance by funding ongoing costs with one-time resources is not recommended, as it would be a violation of the City Council's Financial Policies, a contradiction to the City Council's priority for a structurally balanced budget and a threat to the stable fiscal outlook the City currently enjoys from credit rating agencies.

Therefore, before the largest of these future liabilities impact the budget, the City must develop an approach to address its mounting liabilities. Two primary options exist:

- 1) Identify continued opportunities to significantly downsize the staffing and scope of the organization using the new approach developed for FY 09; or,
- 2) Identify new ongoing revenue sources, coupled with continued service optimization, so that sufficient dollars are available to make the investments needed to sustain the city's ongoing emergence as a preeminent California city.

Even with the new approach to fiscal sustainability, the specter of a structural deficit will return again in FY 10 and FY 11. Therefore further service reductions and downsizing will be necessary at a time when service levels and investment requirements, especially in the area of infrastructure, maintenance and workforce development have reached a critical juncture. **Table 3** below summarizes the structural budget projections for the General Fund from FY 09 – FY 11, showing the clear impacts of future expenditure commitments without additional revenue streams.

Table 3: Proposed/Projected Financial Strategic Plan, FY 09 - FY 11

(In structural increments, in millions)				
Fiscal Year	FY 09	FY 10	FY 11	
Proposed /Projected Structural Revenue	\$398.7	\$407.2	\$411.3	
Includes:				
<i>Property Tax</i>		2.7	2.8	
<i>Sales Tax and In-Lieu Sales Tax (Backfill)</i>		1.6	1.6	
<i>Utility Users Tax</i>		0.8	0.8	
<i>Vehicle License Fees and In-Lieu VLF (Backfill)</i>		0.9	0.8	
Proposed /Projected Structural Expenditures	\$395.8	\$416.8	\$431.9	
Includes:				
<i>Negotiated POA Salary Increases</i>		9.7	3.0	
<i>Negotiated FFA & IAM Salary Increases</i>		6.3	7.5	
<i>General Liability Cost Change</i>		0.9	1.0	
<i>Workers' Compensation Cost Change</i>		0.6	0.6	
Proposed /Estimated Structural Surplus/(Deficit)	2.91*	(\$9.6)	(\$20.6)	
<i>*FY 09 Proposed Surplus is programmed to support one-time expenses in FY 09.</i>				
Further Projected Potential Cost Increases on the Horizon				
Underground Storage Tanks			\$7.5	
Estimated Annual Set-aside to Fund new GASB Liabilities			\$3.6	
Possible General Liability Payments			\$9.0	

As shown in the notes to the table above, there are other additional likely costs that are not factored into the structural calculations, as they remain largely unknown.

With the knowledge of these potentially significant liabilities in our near future, the City must continue to take a fiscally prudent approach to the use of available General Fund resources, and begin to seriously consider additional revenue sources to support the levels of investment required to sustain the gains achieved over the past decade to redevelop and reinvigorate Long Beach as a progressive beach community. It is critical to keep in mind that what is more alarming about the chart above is not the costs projected to encumber and exceed our limited resources; rather it is the dearth of additional investments in the quality of life programming both residents desire and staff would like to deliver. It is only through such investments that the City will finally be able to achieve equitable economic opportunities, sufficient public health for our children and seniors, adequate recreational and artistic avenues to promote positive interactions and civic pride, increased levels of education and employment skills, and cleaner, more vibrant neighborhoods, all of which lead ultimately to a sustainable level of community safety.

VI. Continued Community Outreach and Participation

Over the past several years, the budget development and adoption process has been increasingly transparent, allowing for as much public input and City Council deliberation as possible before adoption. This Study Session for the FY 09 Budget was held on July 1, 2008 to provide an update on the budget development process as well as preview the upcoming year's fiscal outlook.

In addition, for four consecutive years (FY 02-FY 06) the City hosted a citywide Budget Summit before the release of the Proposed Budget to share information about potential budget changes and to garner additional input. Given the voter-approved Charter changes accelerating the budget development timeline, holding a citywide Budget Summit has not been feasible. Councilmanic district Budget Summits and staff budget briefings to City commissions, boards, committees and neighborhood groups have served to fill any void that the new budget adoption schedule may have created.

Further, the scheduling of up to ten budget workshops and hearings following the release of the FY 09 Proposed Budget to the City Council will remain in place. These meetings serve as the most effective means of reviewing and discussing the specific recommendations contained in the City Manager's Proposed Budget, the Mayor's Budget Recommendations and the Budget Oversight Committee's recommendations. Continuing this strong tradition of transparency and public input, the following schedule outlines the proposed City Council workshops, public hearings, and budget adoption:

General Fund Revenues

TOP 40 GENERAL FUND REVENUES	FY 06 ACTUALS	FY 07 ACTUALS	FY 08 ADJ BUD	FY 08 ETC	FY 09 PROP
SECURED REAL PROPERTY TAXES	\$ 58,843,473	\$ 62,320,147	\$ 67,500,000	\$ 65,000,000	\$ 67,600,000
CITY SALES AND USE TAX	49,098,623	53,305,416	52,441,000	52,560,775	55,198,211
MOTOR VEHICLE IN LIEU TAX	30,668,630	36,971,510	40,800,000	39,612,716	40,444,000
ELECTRIC USERS TAX & PENALTIES	17,479,286	18,623,762	19,000,000	17,950,000	18,479,500
TELEPHONE USERS TAX & PENALTIES	14,543,335	14,869,613	15,500,000	14,650,000	14,943,000
PARKING CITATIONS	12,850,577	14,088,187	16,350,250	15,597,118	16,654,482
BUSINESS LICENSE TAXES	10,101,826	10,310,856	11,272,752	11,337,628	11,337,589
PIPELINE FEES	6,599,061	10,210,204	11,293,082	11,418,082	12,013,564
EMERGENCY AMBULANCE FEES	8,102,939	8,084,308	8,944,000	8,300,000	8,620,000
TRANSIENT OCCUPANCY TAX	8,273,736	9,154,215	9,500,000	9,000,000	9,180,000
PIPE LINE FRANCHISES	7,609,608	6,529,022	7,000,000	7,800,000	8,000,000
ELECTRIC COMPANY FRANCHISES	6,320,914	7,211,550	8,300,000	6,700,000	6,897,000
GAS USERS TAX & PENALTIES	5,795,553	5,277,312	5,410,000	5,445,000	5,604,450
AMERICAN GOLF LEASE	4,080,807	4,396,919	4,360,000	4,600,000	4,550,000
INTEREST-POOLED CASH	3,876,636	6,054,011	5,920,000	5,663,990	4,888,000
PRIOR YEAR SECURED REAL PROPERTY TAXES	4,830,642	5,834,296	4,500,000	5,700,000	5,814,000
VEHICLE CODE FINES	3,003,644	3,052,871	4,367,891	3,280,455	4,367,891
LAND,BLDG,R/W,EASEMENT,APT RENTALS	3,336,297	3,418,241	3,082,580	3,414,575	3,310,000
CIP-ENGINEERING CHARGES	2,028,818	2,093,942	3,150,000	1,575,314	3,150,000
WATER USERS TAX & PENALTIES	2,903,452	3,010,908	3,230,000	3,100,000	3,565,000
CHARGES FOR SPECIAL SERVICES	3,178,922	3,870,567	4,049,696	3,980,747	5,293,840
MISC REFUNDS & REIMB	3,650,594	3,139,835	2,476,820	3,096,465	3,389,105
OIL PRODUCTION TAX	2,243,749	2,208,394	2,230,000	2,230,000	2,250,000
REDEV. REIMB.-NORTH LB	2,108,789	2,221,222	2,201,078	2,461,892	2,533,870
REAL PROPERTY TRANSFER TAX	2,330,140	1,670,668	2,000,000	1,030,000	1,600,000
UNSECURED PERSONAL PROPERTY TAXES	1,287,706	821,955	1,000,000	575,000	586,500
MISC REVENUE FROM OTHER AGENCIES	768,727	1,150,984	2,166,669	813,628	1,709,082
OFF-STREET PARKING	1,412,566	1,442,273	1,652,316	1,238,295	1,469,128
OTHER DEPT CHGS TO GOV'TL FUNDS	1,543,622	1,101,578	1,408,040	1,414,040	1,121,616
METERED/OTHER PARKING	975,875	1,091,717	1,190,000	1,051,758	1,214,000
ASSET MANAGEMENT CHARGES	1,499,040	1,197,891	1,180,354	1,180,354	1,232,350
CITY/MISC/BOND REFI ADVANCES	1,146,292	1,271,360	1,146,292	1,295,424	2,300,000
FACILITY RENTAL	669,332	774,068	1,018,667	758,427	1,016,207
INTEREST-LOAN REPAYMENTS	522,470	572,815	1,207,740	1,449,809	934,911
FIRE PLAN CHECK FEES	995,394	898,774	1,008,000	1,050,000	1,008,000
SELF-SUSTAINING CLASSES-REC	789,351	836,002	863,442	849,434	913,442
ACTIVITY CHARGES-REC	841,866	812,480	734,668	725,174	915,930
INTANGIBLE PERSONAL PROPERTY TAXES	942,295	1,005,905	1,000,000	1,300,000	1,000,000
EL DORADO PARK FEES	738,696	760,861	806,903	790,000	916,903
TRANSFERS FROM OTHER FUNDS	41,528,659	33,430,952	31,882,981	44,812,762	45,393,879
SUBTOTAL TOP 40 GENERAL FUND REVENUES	\$ 329,521,944	\$ 345,097,590	\$ 363,145,221	\$ 364,808,862	\$ 381,415,450
SUBTOTAL ALL OTHER REVENUES	\$ 38,653,544	\$ 40,422,005	\$ 24,326,222	\$ 24,206,096	\$ 24,081,210
TOTAL	\$ 368,175,489	\$ 385,519,595	\$ 387,471,443	\$ 389,014,958	\$ 405,496,659