

City Council Budget Hearing

Fiscal Year 2010 Budget Preview

May 12, 2009





Agenda

- Preview of Fiscal Year 2010 Budget
- Review of Employee Budget Ideas



Current Fiscal Challenges

- Worst recession since Great Depression
- State budget crisis: Special Election and \$10 million in potential revenue take-aways
- Multiple funds facing structural deficits
 - ✓ Tidelands
 - ✓ Towing
 - ✓ Health
 - ✓ Fleet
 - ✓ Prop H
 - ✓ Development Services
- City projecting General Fund structural deficits in FY10, FY11 and FY12



FY 10 Projected General Fund Deficit

(in Millions)

	FY 09	FY 10	Difference
Expenditures	\$395.8	\$422.1	\$26.3
Revenue	\$395.8	\$378.8	(\$17.0)
			(\$43.3)



Solving the FY 10 General Fund Deficit

\$43 million Equivalents:

- 49 Furlough Days/Equivalent Savings, or
- 12% Department Cuts, or
- 39% Department Cuts if Police and Fire excluded, or
- 569 Civilian Layoffs, or
- 338 Sworn Layoffs (Police and Fire), or

Any Combination of the Above



FY 10 Budget

- \$43 million means a 12% “cut” to all General Fund departments, including Police and Fire
- \$43 million means a 39% “cut” to all General Fund departments if we exclude Police and Fire
- We cannot “cut” our way out of this and stay on track to be the great city we know we can be



History of Financial Plan Cuts

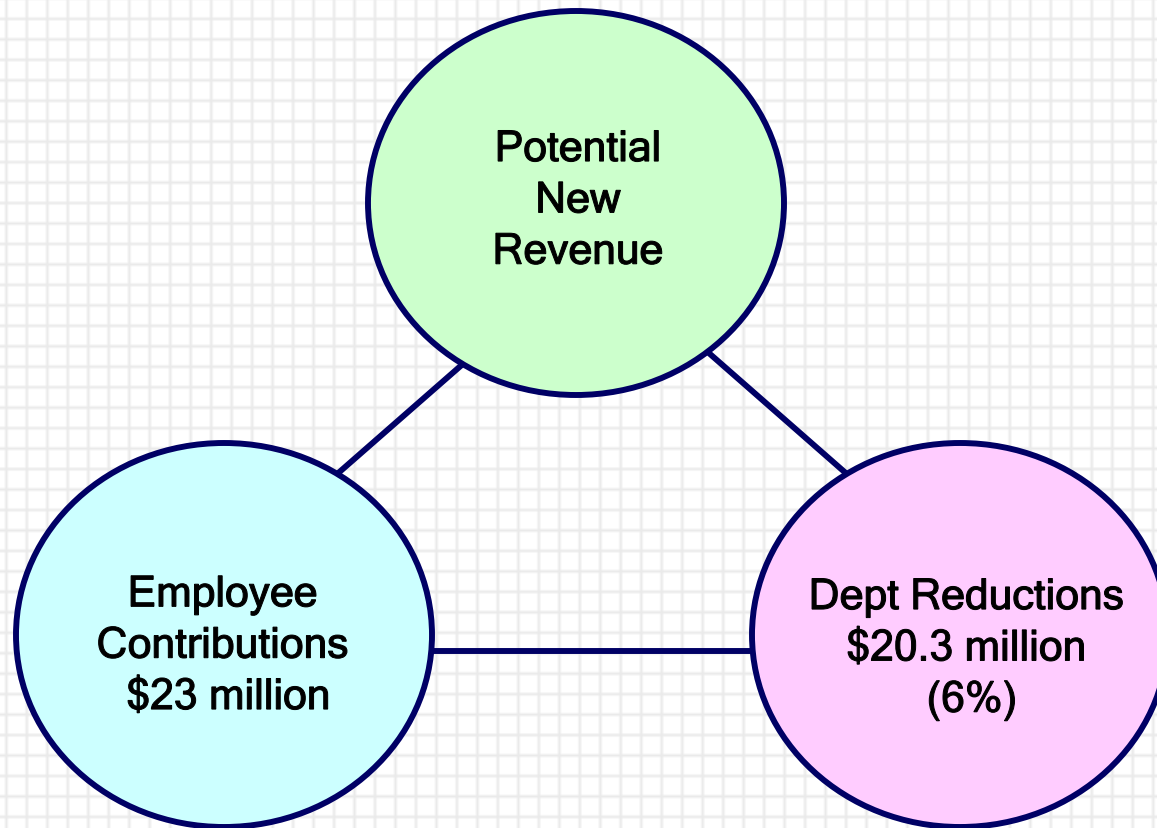
Fiscal Year	% of Reductions	Dollar Value of Reductions	Position Reductions
2004	12%	\$ 28.0	(174)
2005	17%	22.0	(202)
2006	13%	16.0	(25)
2007	6%	7.4	-
		\$ 73.4	(401)
2008	2%	\$ 2.2	-
2008 - Mid-year	5%	5.3	-
		\$ 7.5	-
2009	10%	\$ 11.4	(102)
2009 - Mid-year	2% - 6%*	19.2	(24)
		\$ 30.6	(126)
Six-year Total		\$ 111.5	(527)

*Also Includes 40-hour Furlough or Equivalent Savings



Balanced Approach to Solving Deficit

Three-pronged Approach





FY 10 Budget Strategy

- Asking City employees to be part of the solution
- 84% of General Fund budget is employee compensation
 - ✓ 85% in Police Department
 - ✓ 92% in Fire Department
- FY 10 negotiated contract increases estimated to equal \$23 million
- Our employee salaries are not high in the relative market; we simply do not have the resources to support agreed upon increases



Potential Employee Contributions

\$23 Million Equivalents:

- 26 Furlough Days/Equivalent Savings, or
- \$23M Full Pick-up of Employee Share PERS + 7 days Furlough/Equivalent savings, or
- 302 Civilian Layoffs, or
- 180 Sworn (Police and Fire) Layoffs, or
- \$23M Forgo/Freeze Negotiated Salary Increases, or

Any Combination of the Above



Potential Employee Contributions

Potential employee contributions require negotiating compensation/benefit reductions

\$23 million

- Requires modifying 5 existing contracts
 - ✓ Police, Fire, IAM, Attorneys, and Prosecutors
- Continue negotiations with 4 unions with open/expired contracts
 - ✓ Management, Engineers, Confidential, and Lifeguards



Furlough Savings - \$100,000 Earners

General Fund Only

Number of Days	All CM Employees Over \$100,000	CM Employees Over \$100,000 Excluding PD/FD*
5	\$ 758,988	\$ 81,711
10	\$1,517,975	\$ 163,422
15	\$2,276,963	\$ 245,132
20	\$3,035,950	\$ 326,843

*Excludes sworn personnel and management



FY 10 Budget Scenarios

Solving the \$43.3 million FY 10 General Fund structural deficit

Through department budget reductions and assuming negotiated compensation/benefit reductions in the amount of \$23M

Department	6% All GF Departments	18% Exempt PD/FD
Police	\$ 10,000,000	\$ 0
Fire	4,000,000	0
Public Works	1,700,000	5,400,000
Libraries	750,000	2,400,000
Parks	1,400,000	4,500,000
All Others	2,450,000	8,000,000
Total	\$ 20,300,000	\$ 20,300,000



Example of Potential Reductions at 6% (With Employee Contributions)

- Fire
 - ✓ Postpone Fire recruit training academy
 - ✓ Reduce staffing in administration and training
 - ✓ Reduce Fire operational staffing
- Libraries
 - ✓ Elimination of 18 staff positions (Librarians, Library Clerks, Library Pages, and administration staff)
 - ✓ Reduced hours of operation at all 12 Family Learning Centers



Example of Potential Reductions at 6% (With Employee Contributions)

- Parks and Recreation
 - ✓ Elimination of certain clerical staff in Administration
 - ✓ Reduce maintenance of Blair Field
 - ✓ Increase golf fees
 - ✓ Establish field use fees
- Police
 - ✓ Convert or eliminate 5 vacant Corporals to Police Officers
 - ✓ Reduce staffing in Community Relations, administrative functions, specialty units and vacant Public Safety Dispatch positions



Example of Potential Reductions at 6% (With Employee Contributions)

- Public Works
 - ✓ Eliminate vacant engineering, construction and traffic positions (15 positions)
- Other Departments
 - ✓ Eliminate 6 Animal Care Services positions
 - ✓ Eliminate Case Manager-Homeless Program
 - ✓ Reduce Vector Control budget



FY 10 Budget Scenarios

Solving the \$43.3 million FY 10 General Fund structural deficit

Through department budget reductions without negotiated compensation/benefit reductions in amount of \$23M

Department	12% Dept Reduction All GF Departments	39% Dept Reduction Exempt PD/FD
Police	\$ 21,400,000	\$ 0
Fire	8,700,000	0
Public Works	3,500,000	11,500,000
Libraries	1,600,000	5,200,000
Parks	2,900,000	9,600,000
All Others	5,200,000	17,000,000
Total	\$ 43,300,000	\$ 43,300,000



Example of Additional Reductions at 12% (Without Employee Contributions)

- Fire

- ✓ Reduce number of Fire apparatus in service to match peak demand needs
- ✓ Reduce staffing of support functions
- ✓ Possible closure of two Stations based on demand and service area

- Libraries

- ✓ Elimination of staff equivalent to 4 neighborhood libraries (Librarians, Library Clerks, and Library Pages)
- ✓ 28% reduction in materials budget
- ✓ Close Family Learning Centers at 5 libraries



Example of Additional Reductions at 12% (Without Employee Contributions)

- Parks and Recreation

- ✓ Elimination of Rancho Los Alamitos support
- ✓ Establish fees for Youth Sports programs for children ages 5-14 (indoor soccer, t-ball, flag football, volleyball, and basketball)
- ✓ Staffing reductions to After School Recreation programs in 19 parks:
 - District 1 - Drake,
 - District 2 - Miracle,
 - District 3 - College Estates,
 - District 4 - Stearns and Whaley,
 - District 5 - Pan Am, Wardlow, and Heartwell
 - District 6 - King and Vets
 - District 7 - Somerset, Admiral Kidd, and Cherry
 - District 8 - Bixby and Scherer
 - District 9 - Ramona, Davenport, Coolidge and DeForest



Example of Additional Reductions at 12% (Without Employee Contributions)

- Police
 - ✓ Reduce staffing in:
 - Directed Enforcement Teams
 - Community Policing and Specialty Units
 - Command Staff Oversight
 - Patrol Staffing
- Public Works
 - ✓ Eliminate sweeping of alleys
 - ✓ Increase citywide tree trimming cycle from 6 to 8 years
 - ✓ Reduce pothole repairs by 50%
- Other
 - ✓ Reduce social service programs by 50% focusing on assistance to prevent families from homelessness



FY 11

(in Millions)

	FY 10	FY 11	Difference
Expenditures	\$422.1	\$439.6	\$17.5
Revenue	\$378.8	\$384.8	\$6.0
			(\$11.5)



FY 12

FY 12 Projected Structural Deficit

\$26.7 million - \$41.7 million

- Losses From PERS in FY 09 will hit California cities in FY 12
- Impact to General Fund will be \$15M to \$30M
- Long Beach is the 3rd largest agency in PERS
- Cities/agencies are lobbying for improved “smoothing”



Summary

- To solve \$43.3 million deficit in FY 10:
 - ✓ City Manager FY 10 Proposed Budget will reflect \$23 million in employee contributions and 6% department reductions
 - If employee solutions cannot be negotiated, 26-day furlough, 302 civilian or 180 sworn layoffs will be required
 - Layoffs will still occur with 6% service reductions
- If State borrows \$10 million from Long Beach, any new revenue will backfill State take-away
- Must take long-term approach to fiscal solvency
 - ✓ Deficits in FY 11 and FY 12 are significant
- We are not alone - Most CA Cities facing deficits

City Council Budget Hearing

Fiscal Year 2010 Budget Preview

May 12, 2009

