City of Long Beach
Working Together to Serve

Memorandum

Date: November 14, 2017

To: Patrick H. West, City Manager

From: John Gross, Director of Financial Management

For: Mayor and Members of the City Council

Subject: **Summary of September 5, 2017 FY 18 Budget Adoption Actions**

On September 5, 2017, the City Council adopted the City Manager's Proposed FY 18 Budget with the following changes related to the Mayor's recommendations, Budget Oversight Committee recommendations, and other City Council actions. This memorandum provides a summary of these changes. Also included is a brief summary of direction and clarification to support City Council actions as they relate to the items that were approved.

1. Fund the following programs from the General Fund FY 17 one-time sources from FY 17 Uplands Fund funds available and expected election cost savings that are no longer needed for their original purposes:

    a. Business Corridor Improvements, divided evenly among the Pacific, Anaheim, and Carson Business Corridors in the Economic Development Department in the amount of $450,000.

        - Attached is a map outlining these business corridors. Staff will work with City Council offices, business improvement districts, and business owners to identify activation, wayfinding, and beautification projects that increase economic activity.

    b. Leverage grant funding and Community Health programs in the Health and Human Services Department in the amount of $100,000.

    c. My Brother's Keeper implementation in the Health and Human Services Department in the amount of $100,000.

    d. Animal Care Services as a result of audit findings in the Parks, Recreation and Marine Department in the amount of $50,000.

        - The Parks, Recreation and Marine Department will return to Council with a recommended action for the best use of the $50,000 once pending Animal Care Services Audit findings have been finalized.

2. Contingent upon the availability of additional General Fund FY 17 one-time year-end surplus, fund capital infrastructure or existing City programming, in the amount of $750,000, to be divided equally between the City Council Districts for District Priorities. Any exceptions must go to the City Council for approval.

- Once the FY 17 year-end close process is completed, staff will be able to certify if there was sufficient year-end surplus to fund this in its entirety. In addition, Staff will review and return with updates to the policies and procedures related to implementing District Priorities.

3. Fund the following ongoing programs from Special Advertising and Promotions Fund (SAP) revenue:

   a. Nine community concerts, one in each Council District in the amount of $54,000.

      - One outdoor music event will occur in each of the nine City Council Districts for a total event cost of $6,000 each, to include the musical performance and all costs associated with providing the event, which may include the band, performance stage, sound system, power, portable restrooms, and any other additional costs.

   b. Leverage matching funds for Dia de los Muertos in the amount of $20,000.

   c. Leverage matching funds for the Jazz Festival in the amount of $20,000.

   d. Supplemental matching funds for additional community concerts throughout the City in the amount of $20,000, at Parks, Recreation and Marine Department's discretion.

      - The Department will establish a process to ensure equal access to the funds by all City Council District Offices and attempt to ensure the resources in their entirety are used each year. The process will include an application to be completed early in Spring before the summer season. The resources will then be allocated equally between the Council Districts that provided an intent to use the funds once their matching resources are secured. For instance, if all nine Council Districts apply for these funds, then a maximum of $2,222 would be available to match resources identified by each one; and if only five Council Districts apply, then a maximum of $4,000 would be available to match resources identified by each of the five Council Districts. In the event that a Council District that applied cannot provide enough matching resources and there is an unused amount, the City Council may consider an action to appropriate the remaining resources in the next fiscal year.

      - In the memo to City Council members dated August 22, 2017 to provide alternative options for an expanded outdoor music option, $4,000 was included in the Community Concert Program proposal to provide program coordination and oversight for these events by Department staff. As this item does not provide the resources to allow for this service, staff will bring a budget adjustment forward for the

$4,000 in staff costs using the Special Advertisement and Promotions Fund as the source.

4. Contingent upon the availability of additional Tidelands Operations Fund FY 17 one-time year-end surplus, fund Convention Center improvements in the amount of $1,000,000, which frees up Measure A funds from the Convention Center.

    - Once the FY 17 year-end close process is completed, staff will determine if there is sufficient year-end surplus to fund this in it is entirety.

5. Contingent upon the availability of additional Measure A funds from the above item, fund the replacement, repair and rapid response for sidewalks to be used Citywide based on need in the amount of $1,000,000.

    - Once the FY 17 year-end close process is completed, staff will determine if there is sufficient year-end surplus to fund this in its entirety. These funds will be allocated for sidewalk repairs that have "Path of Travel" issues per the City's ADA litigation compliance. As the sidewalk assessment will not be complete until Summer 2018, the procedure to determine how to spend these funds will be as follows:

        i. Each Council District will receive a spending allocation based on that Council District's proportion of sidewalk linear feet compared to citywide sidewalk linear feet. In the absence of sidewalk linear feet, which will be quantified in the sidewalk assessment, street linear feet will serve as a proxy for FY 18.

        ii. Public Works will identify the sidewalks within Council Districts to be addressed with the funds using input from Council Districts on the top priority sidewalk needs. Identified sidewalk needs will be reviewed by Public Works to verify Path of Travel compliance has been met.

The following direction was also provided by the City Council:

1. The $125,000 in ongoing funding for Proactive Homeless Initiative can also be used for Community Health programs, in addition to Homeless Rapid Response activities.

2. On a go-forward basis, the City shall make Citywide investments in streets, alleys, and sidewalks based on need.

    - The attached map shows the City's updated Master Infrastructure Investment Plan. The goal is to complete the work on the plan between FY 17 and FY 22 subject to funding availability and project costs. Projects are based on estimated costs and actual costs could vary. After completion of the infrastructure identified on the attached map, the City will use data from master planning documents to identify future spending plans to address the City's infrastructure needs based on need. The City manages assets valued in the billions of dollars. Each of the streets, alleys, and sidewalks all have

master planning documents that solicit input and plan out the short term expenditure of funds. Each of these master planning documents has an independent third party assess the condition of the infrastructure based on nationwide industry standards and then prepare a capital investment plan that outlines how future expenditures are spent. Those recommendations put forward projects of the highest need. Each project is assessed based on need and then recommended to move forward based on available resources.

3. Any additional FY 17 year-end surplus in the General Fund should be set aside to fund the City's critical one-time needs for FY 19, subject to the Budget Oversight Committee review and recommendation to the full City Council.

    - Once the FY 17 year-end close process is completed, Staff will review the staff's recommended uses of the General Fund surplus with the Budget Oversight Committee.

4. The plan for community concerts should be revisited annually based on equity and return on investment (e.g. attendance, leveraged funds, etc.).

5. Staff will return to the Budget Oversight Committee with recommendations to allocate any additional FY 17 Tidelands Funds one-time year-end surplus above $1,000,000 in a manner that is fair, balanced and consistent with the reprioritization criteria established by City Council in 2015.

    - Once the FY 17 year-end close process is finished, Staff will review the staff's recommended uses of Tidelands fund surplus with the Budget Oversight Committee.

Additionally, City Council approved a motion directing the City Manager to implement mandatory General Fund budget saving targets for FY 18 for all departments at the maximum level possible without eliminating jobs or programs. In order to balance the budget, the proposed FY 18 Budget already included a savings factor from the natural turnover in filling of positions citywide – calculated at 1.25 percent of non-sworn personnel costs for each fund and budgeted in the Citywide Activities Department.

In order to implement the budgeted savings factor and achieve the intent of the City Council motion, all City Manager departments, including the elected and appointed departments, will receive targets. The General Fund targets will be 1.3 percent of non-sworn personnel costs or 0.5 percent of a department's total structural budget, whichever is greater. For other funds, the targets will be a simple 1.25 percent of non-sworn personnel costs. In order to meet or exceed the savings targets, Departments were instructed to review discretionary purchases, filling of positions and eliminate spending that does not cut filled positions or have a significant adverse impact to programs, financial, and operational controls.

If you have any questions regarding this matter, please contact Lea Eriksen, Assistant Director of Financial Management, at 570-6533.

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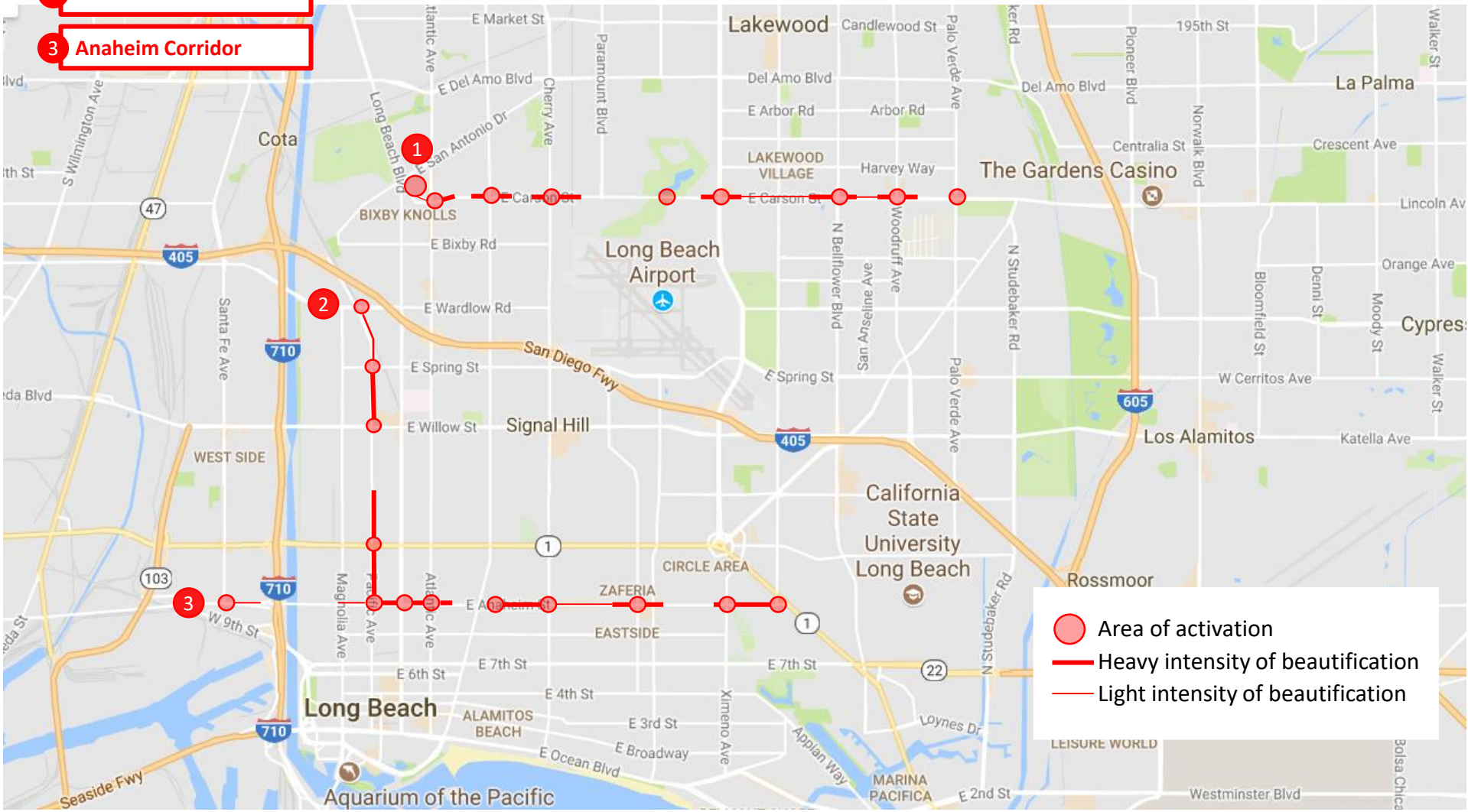
ATTACHMENTS

CC: CHARLES PARKIN, CITY ATTORNEY
LAURA L. DOUD, CITY AUDITOR
DOUGLAS HAUBERT, CITY PROSECUTOR
TOM MODICA, ASSISTANT CITY MANAGER
KEVIN JACKSON, DEPUTY CITY MANAGER
REBECCA G. GARNER, ASSISTANT TO THE CITY MANAGER
LEA D. ERIKSEN, ASSISTANT FINANCE DIRECTOR
ALL CITY MANAGER DEPARTMENT HEADS

Corridor Improvement Map: Levels of Beautification Intensity

1. Carson Street Corridor
2. Pacific Avenue Corridor
3. Anaheim Corridor



CITY OF LONG BEACH INFRASTRUCTURE INVESTMENT FY18 PLAN UPDATE

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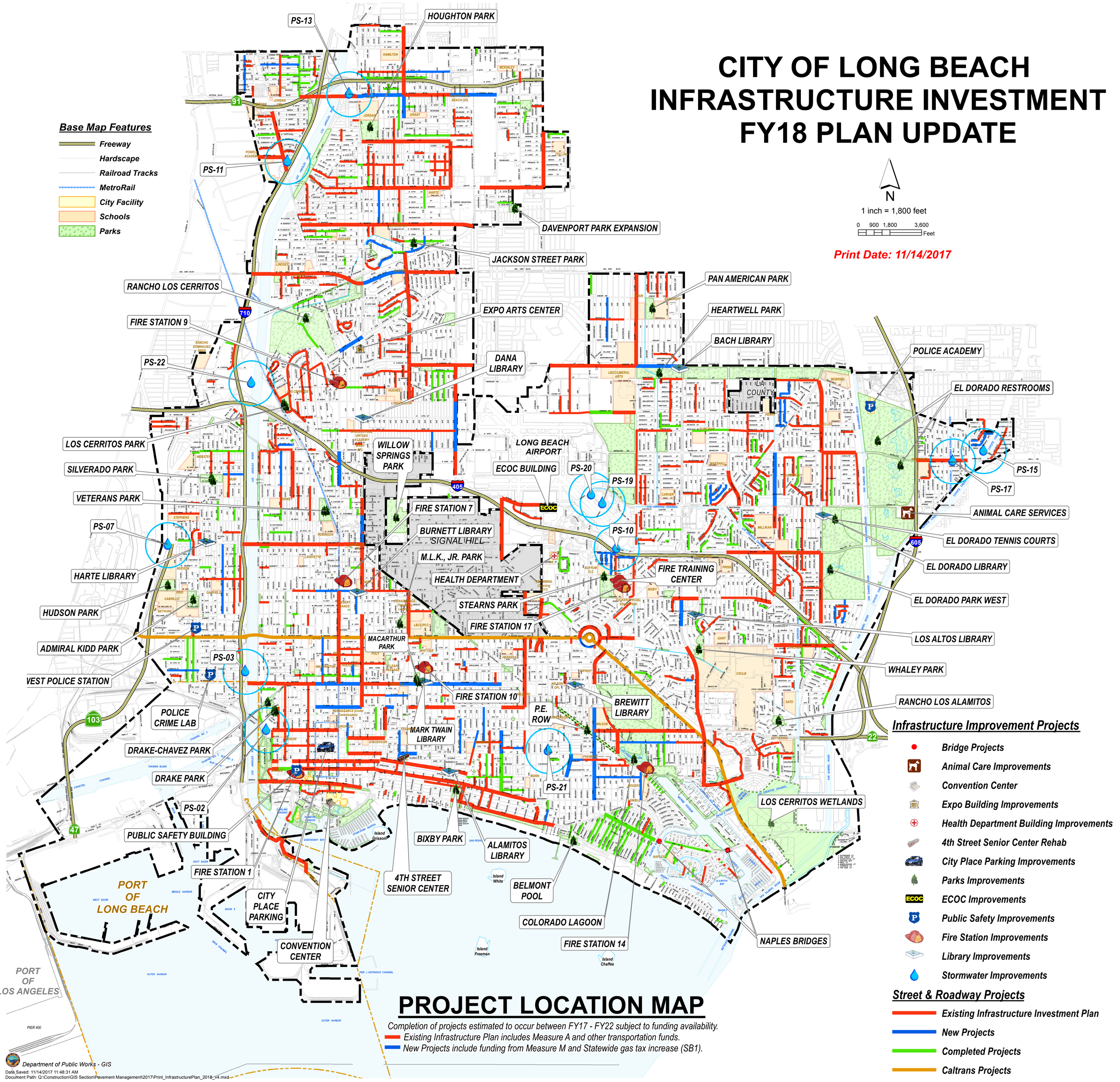
1 inch = 1,800 feet

0 900 1,800 3,600 Feet

Print Date: 11/14/2017



PROJECT LOCATION MAP

Completion of projects estimated to occur between FY17 - FY22 subject to funding availability.

Existing Infrastructure Plan includes Measure A and other transportation funds.

New Projects include funding from Measure M and Statewide gas tax increase (SB1).

Department of Public Works - GIS

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