

# **Performance Management “Better Every Day”**

# Performance Management

## The Value of Performance Management

An organization committed to excellence constantly looks for ways to achieve its goals and improve the results it delivers to its customers. The City of Long Beach has made this commitment and aims to provide the best services to residents, businesses and visitors in the most efficient way possible. In 2005, the City began using performance management to improve services and communicate results to the community.

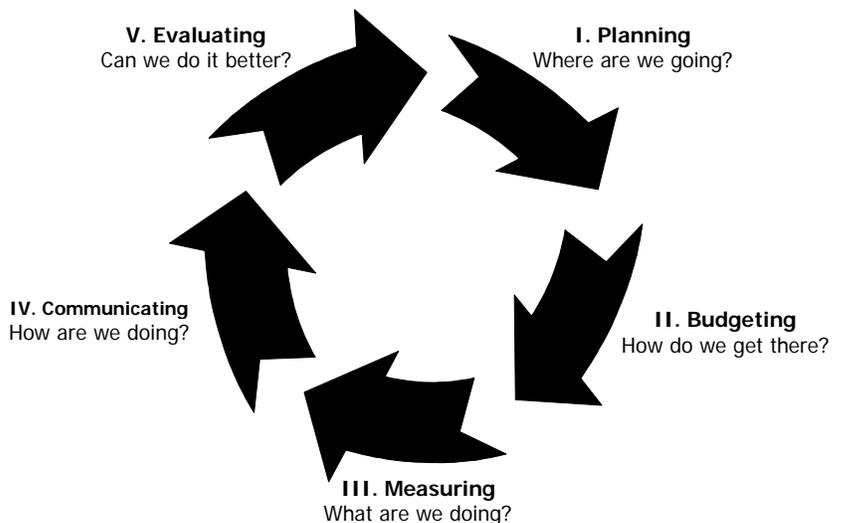
*“Performance management is essential for government agencies seeking to improve outcomes and rebuild confidence in government...”*

*From: Executive Session on Public Sector Performance Management, Harvard University (2001)*

Performance management increases accountability at all levels of the organization and better aligns City services with the City Council and community’s priorities. This approach requires the City Manager-led departments to set specific service objectives based on community and City Council priorities, and monitor performance toward meeting these objectives. Performance management increases accountability, creates results and leads to informed decisions based on performance information through a five-stage cycle called the Performance Continuum.

## The Performance Continuum

There are five important stages of the performance continuum that help the organization to achieve its goals and achieve continuous improvement. This continuum involves planning, budgeting, measuring, communicating and evaluating results. For each of the stages (highlighted to the right), the City has developed very specific strategies to ensure that all City Manager-led departments are utilizing a common approach to managing the community’s resources. This includes the development of Strategic Business Plans, utilization of a Performance-based Program Budget and publishing a portfolio of performance reports. These best practice service delivery strategies, promulgated by the City Manager, and supported by the City’s Performance Management Office, are used to improve any process, operation or service delivered by the City.



The following section provides an introduction to the City’s performance management program, highlighting how each stage of the continuum is utilized to implement the needs and priorities of the community through the relentless improvement of service delivery.

# Performance Management



## I. Planning: The Strategic Business Plan

To drive continuous improvement, we must establish what we want to accomplish and how we are going to get there. Planning requires that each City Manager-led department develop a **Strategic Business Plan (Plan)**. Each Plan aligns department-specific operations with citywide goals, laying the foundation for the entire performance management approach. The planning process begins with customer input, developing Programs around the services that they need and want, and ends with performance measures that establish the quality results that they expect to receive.

The Plan is developed at the department level for all City Manager-led departments. Departments must first gather input from residents, businesses, and City employees to determine the most significant challenges facing the City over the next 2-5 years. Next, employee work groups develop a small number of Strategic Objectives that departments will accomplish to address the significant challenges facing the City.

Line of Business	Emergency Services
Line of Business Purpose Statement	The purpose of the Emergency Services Line of Business is to provide fire, rescue, medical and marine emergency and non-emergency response services to the general public so they can have a safer community with less loss of life and property.
Program Name	<b>Emergency Response Operations</b>
Program Purpose Statement	The purpose of the Emergency Response Operations Program is to provide emergency response and community enhancement services to the general public so they can receive prompt and effective service to ensure the safety of life and property.
<b>Family of Measures</b>	
Outcome Measures	<ul style="list-style-type: none"> <li>Percentage of structure fires confined to the room of origin (B)</li> <li>Number of fire fatalities (B)</li> <li>Percentage of on-scene arrival of first appropriate unit for all emergency calls within 6 minutes or less (from call initiation to arrival on scene) (B) (SO 1)</li> <li>Percentage of on-scene arrival of BLS ambulance within 10 minutes or less (from dispatch to arrival) (B) (SO 1)</li> <li>Percentage of calls for emergency service with a turnout time (from time of alarm to en route) within 1 minute (O)</li> </ul>
Output Measures	<ul style="list-style-type: none"> <li>Total number of emergency responses (B)</li> <li>Number of Fire responses (M)</li> <li>Number of ALS responses (O)</li> <li>Number of BLS responses (O)</li> </ul>
Demand Measures	Number of calls for service for emergency response (B)
Efficiency Measures	Dollar expenditure per emergency response (B)
Services	<ul style="list-style-type: none"> <li>Emergency Fire Responses</li> <li>Emergency Medical Responses</li> <li>Non-Emergency Medical Responses</li> <li>Hazardous Materials Emergency Responses</li> <li>Other Responses (Swift water Rescue, Utility Emergencies, Elevator Evacuations, Bee Responses, Urban Search And Rescue (USAR), WMD, Homeland Security/Terrorism Response, Earthquake/Flood/Tsunami and Other Natural Disasters)</li> <li>Airport Fire and Rescue Responses</li> <li>Fire Boat Responses</li> <li>Automatic and Mutual Aid Responses</li> <li>Hydrant Maintenance Services</li> <li>Fire Prevention Inspection Reports</li> <li>Training (School Drills, High Rise Drills, Target Hazard Drills, Industrial, Fire Extinguisher Training, Disaster Drills)</li> <li>School Fire Drills</li> <li>School Safety Training Services</li> <li>Station Maintenance Services</li> <li>Community Assistance Services (Community Organizations, Other Long Beach City Departments)</li> </ul>

**Program Purpose Statement**  
Program purpose statements communicate specific results that the City will achieve on behalf of the community.

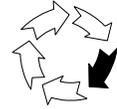
**Performance Measures**  
Progress on clear and measurable performance measures help the Program to achieve its purpose. This includes Outcome, Output, Demand and Efficiency measures.

**Services**  
All Programs are defined by the multitude of services required to achieve the identified outcomes.

To organize the work effort, activities and services are grouped into one of the City's 172 Programs, and performance measures are developed to provide practical information about the City's progress toward reaching its performance targets on a monthly, quarterly and annual basis. Performance measures provide important data about the outcomes, workload, customer demand, and efficiency of City Programs. Plans are reviewed and updated each year to reflect the changing service delivery environment.

Sample Strategic Business Plan Page

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## II. Budgeting: The Performance-based Program Budget

The annual budget is the most important planning document the City produces each year, communicating how we use limited resources to make progress toward the goals and objectives identified by the community (residents and businesses), City leadership (City Council and management), and departments through the strategic business planning process. **Performance-based Budgeting** means that departments link resources to outcomes in the form of annual performance targets, establishing a “Results Contract” for services with the City Council and the community.

Beginning with FY 06, the City presents budget and performance information at the Program level using a Performance-based Program Budget format. Instead of presenting the budget as lump-sum allocations to departments (in the traditional organizational structure of bureau and division), dollars are tied to clear and measurable results by Program. In essence, departments agree to deliver a specific *level of service* for a specific *amount of money* in order to achieve specific *results for the community*.

**Resources**  
Budget information sets “the price for service” in the Results Contract.

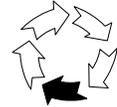
**Results**  
Key performance targets establish the level of service delivery for the coming year.

**Impact**  
Results Narratives explain the impact of the costs and services on the community.

Emergency Response Operations Program					
Focus Area: Community Safety			Line of Business: Emergency Services		
<b>Program Purpose Statement:</b> To protect lives, the environment and property by providing effective fire suppression, paramedic services and basic life support transport.					
<b>Key Services Provided:</b> Emergency Fire and Medical Responses, Non-emergency Medical Responses: Airport Fire and Rescue, Fire Boats, Automatic and Mutual Aid, Fire Prevention Inspection Reports, School Safety Training Services, Community Assistance Services (community organizations, other City departments), Equipment Maintenance (chain saws, rotary saws, jaws-of-life and personal protective equipment) and Fire Station Facility Maintenance Coordination					
FY 07 Funding Sources: General Fund 84%, Tidelands Fund 16%					
Emergency Response Operations	Actual FY 05	Budget FY 06	Estimated FY 06	Percent of Budget	Proposed* FY 07
Expenditures	59,054,878	64,064,068	62,479,904	98%	62,158,900
Revenues	18,983,196	21,211,018	21,632,735	102%	18,855,412
FTEs	399.00	427.00	427.00	100%	427.00
<small>*Amounts exclude all-years carryover.</small>					
Key Performance Measure	Actual FY 05	Budget FY 06	Estimated FY 06	Percent of Budget	Proposed FY 07
% of on-scene arrival of first appropriate unit for all emergency calls within 6 minutes or less (from call initiation to arrival on scene)**	74%	(a)	73%	(a)	73%
# of emergency responses completed	45,913	47,000	46,200	96%	47,000
\$ expenditure per emergency response completed	\$1,279	\$1,293	\$1,312	103%	\$1,275
<small>(a) Tracking systems are being developed to capture this data going forward and/or data not available. **Note that the industry standard goal for both of the % of on-scene arrivals is 90%.</small>					
<b>Results Narrative:</b>					
Proposed budget will enable continued provision of fire suppression and emergency medical services in line with incremental growth in the community's demand for service.					
The proposed budget includes a revenue increase of \$340,000. This is anticipated new revenue from a proposed increase of the ambulance transports rates to match the Los Angeles County July 2006 projected rates for ALS and BLS transports. The rates would increase from \$793.25 to \$865.75 for ALS transports and from \$557.50 to \$610.50 for BLS transports. The increased revenue will assist in cost recovery of the provision of emergency medical services. Customers affected by the increased rates will be those with private insurance companies and self-pay patients.					
The Department is reimbursed 100 percent by the Harbor Department and Airport Bureau for the provision of fire suppression and emergency medical services to their respective areas.					

A Performance-based Program Budget allows the City Council, employees and City management to assess the effectiveness and efficiency of City Programs, ensure that the City is focused on longer-term objectives and maintain accountability to the community. A **Performance-based Program Budget** shifts the focus away from inputs (how much are we spending and by whom) and focuses instead on outcomes (what priority areas are being funded and what impact this service has on the community).

# Performance Management



## III. Measuring: The Family of Measures

To ensure that the City is headed in the right direction and delivering the results the community expects, it is important to measure progress along the way. Having the necessary information readily available to make good business decisions is one of the key objectives of performance management. **The Family of Measures** provides this information through the tracking at least four key measures for each Program (see Sample Program Page above) including:

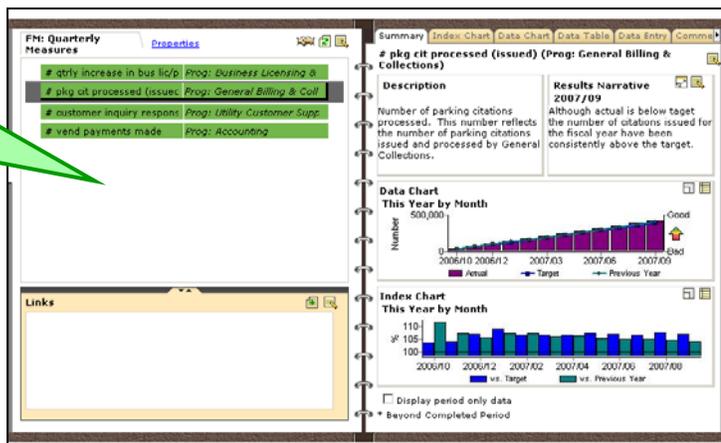
- Outcome Measures: benefit or impact experienced by the customer as a result of receiving services (expressed as a percentage change)
- Output Measures: number of units of service provided or customers served
- Demand Measures: number of units of services needed, requested by eligible customers or required by law
- Efficiency Measures: cost per unit of output or outcome (often a dollar amount)

Throughout the year, departments monitor progress by tracking performance information for the services they provide against the expected targets reflective of funding levels received. Most performance measures are tracked on a monthly basis whereas others are tracked on a quarterly or annual basis. There are multiple performance measures for each Program and literally hundreds of performance measures for all Programs citywide. In order to provide timely, accurate and meaningful performance information to the community, City Council, and staff, the City tracks all performance measures in a centralized database system called **Views**. This system allows stakeholders to track real and estimated performance and progress toward meeting operational goals.

### Monthly Measurement

Most performance measures are tracked in the Views reporting system on a monthly 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. Ongoing tracking and monitoring also enables decision-makers to spot trends, identify areas of concern, make operational adjustments before problems arise, and helps everyone involved to make good policy decisions during the annual budget process.



Sample Views Briefing Book

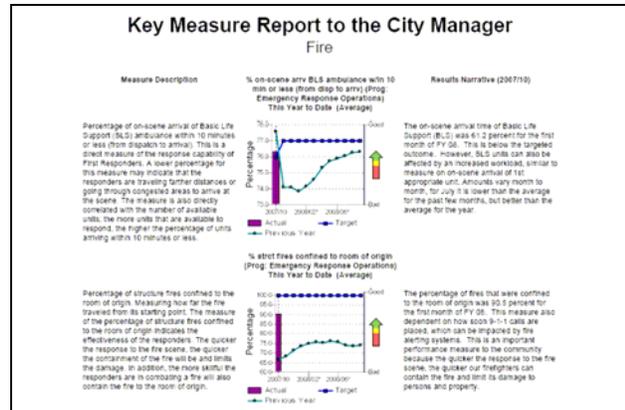
# Performance Management



## IV. Communicating: The Portfolio of Reports

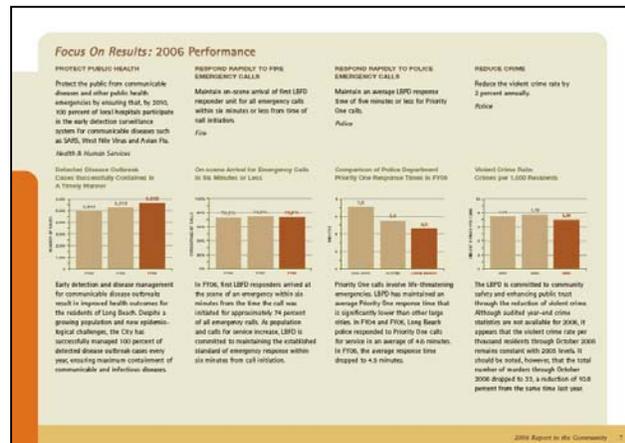
Communication between stakeholders is essential for enhancing accountability and achieving collective goals. Just as the dashboard on a car will tell us how fast we are going or how the engine is performing, the regular reporting of performance information helps to communicate whether the City is meeting its goals. Performance information that merely resides in a database is no good to anyone. This is why the City's **Portfolio of Reports** is such a critical component of performance management.

Throughout the year, current financial and performance information is shared with a variety of audiences in a variety of different formats and reports. Each audience has a different purpose for consuming performance information, whether they are a member of the community, City Council or City staff, and they need current data to set goals and make informed decisions about future outcomes.



Sample Page, Monthly Performance Report

For instance, **Quarterly Performance Reports to the City Council** include not only information about the City's fiscal performance, but also performance data and Results Narratives for 54 Key Measures from City Manager-led departments.



Sample Page, 2006 Report to the Community

Additionally, performance reporting includes Key Measures on the Program pages of the **Annual Budget Book**. In the FY 08 Budget, readers may find over 680 Key Measures that define the Results Contract for each Program over the past few years and the proposed level of performance for the coming year.

Finally, the City Manager's **2006 Report to the Community** includes 36 Key Measures by Focus Area and accompanying performance information to show how well departments did over the past three years to meet key objectives established in departments' Strategic Business Plans.

Communicating Results provides stakeholders with the information they need to ensure accountability, better manage operations and maintain a high level of transparency to achieve their desired results, whether it is planning for the City's future or making adjustments to current operations.

# Performance Management



## V. Evaluating: Managing for Results

To maximize service goals and improve community services, ongoing evaluation is needed. By integrating the City's planning, budgeting and service delivery processes into one seamless structure, the City equips itself to identify areas for improvement. **Managing for Results** is the analytical process that feeds good management and planning for the coming year.

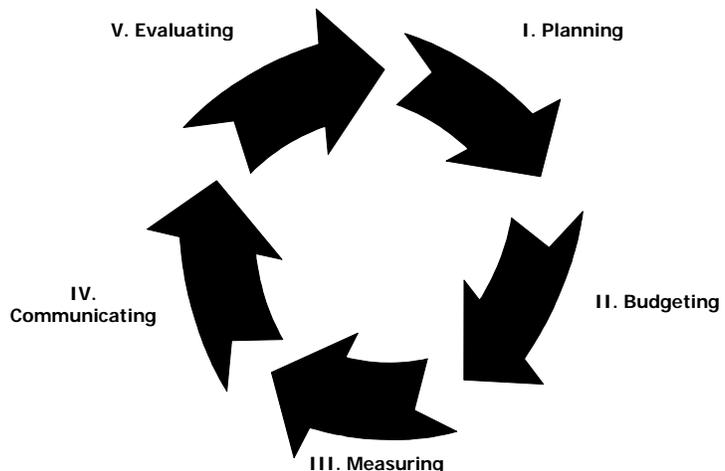
All great organizations make adjustments to take advantage of new opportunities and meet emerging challenges. Evaluating results on a regular basis highlights Programs where there may be gaps in performance or resources by asking and answering the following questions:

- What is it that the community wants us to achieve?
- How well are we achieving these objectives?
- How can we do it better?

Evaluating Results utilizes all of the performance management tools including Strategic Business Plans, Performance-based Program Budgets, performance measures and regular performance reports, to analyze performance trends over time. In some cases, benchmarks or comparisons to similar jurisdictions are used to evaluate the effectiveness and efficiency of service delivery. In other cases, benchmarks (e.g. crime statistics, the availability of open space and library circulation per capita) are used by the City of Long Beach to see how we measure up to regional and national standards.

At the conclusion of the fiscal year, departments will undergo a thorough review and evaluation of performance measure data to ensure that the City is achieving its objectives. Service delivery strategies and financial allocations may be reevaluated at this time to improve performance. In many ways, this evaluation process has already begun through **Optimization Studies** that aim to improve the efficiency and effectiveness of City operations. For instance, great progress has been made in the areas

of workers' compensation, information technology and code enforcement, amongst many others, that will improve services to customers and save money. In the end, evaluating results is critical to producing the best possible outcomes for our customers.



Evaluation is a never-ending process for an organization that seeks 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 can get there together.

# Performance Management

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## Citywide Focus Areas: Tying it All Together

Each of the Programs and services the City provides contributes to the ultimate outcomes that the community expects: safe neighborhoods, good business opportunities and a clean environment. To ensure that resources are directed toward the overarching priorities of the community, each Program is aligned with one of the city's nine **Citywide Focus Areas**. Focus Areas capture all City Programs and are grouped into the following categories:



Community Safety



Neighborhoods & Housing



Leisure, Culture & Education



Health & Human Services



Business & Economic Assistance



Utilities



Transportation & Infrastructure



Environment



Leadership, Management & Support

Additionally, Focus Areas assist City staff in evaluating performance and planning for issues that cross Programs and departments. One important issue is the growing youth population. Therefore, in addition to the nine Citywide Focus Areas above, each Program may also link to the City's cross-cutting Youth Focus Area:



Youth

Focus Areas incorporate and expand upon broad categories identified in the **Strategic Plan 2010** document and provide a comprehensive framework for all City Programs. Organizing City services by Focus Area provides better information to the City Council as they make policy decisions about issues affecting the entire community such as Community Safety or Neighborhoods & Housing. Focus Areas identify how financial resources are invested and how individual services impact areas of strategic importance to the community.

# Performance Management

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## GLOSSARY OF TERMS

As you hear more and more about performance management, you may also hear some unfamiliar words and terms. As language helps to define and sustain a culture of results-based service delivery in Long Beach, it is important that the terminology be clear and understandable. Therefore, several key terms are defined below.

**Citywide Focus Area:** A broad service area that aligns each Program to a specific and tangible outcome for the community. There are nine Citywide Focus Areas in the City defined by the results they provide to community members and customers. Focus Areas reflect citywide issues, requiring the contributions of multiple departments and Programs.

**Line of Business:** A set of department Programs organized under one common purpose or operational function and representing the major functions of a department.

**Performance-based Program Budget:** A budget that is organized by Program to achieve the priorities of the City Council and the community. A “Results Contract” is established between the City Council and city management, which creates the following linkages:

- For \$X of resources
- Y level of service will be provided, and
- Z outcomes/results will be generated

**Performance Measure:** A measure used to track the quantity or quality of a service provided. For example, the *number of potholes filled*, the *violent crime rate*, or the *percent of residents satisfied with street sweeping*. There are four types of measures including outcome, output, demand and efficiency.

**Program:** A set of departmental services grouped together around a common purpose or result for the customer. These may correspond to work units, divisions, or offices and are mapped to Citywide Focus Areas.

**Program Structure:** The City’s functional hierarchy made up of Focus Areas, Lines of Business, Programs, and Services. The Program Structure may map to a department’s traditional organizational structure of bureaus and divisions.

**Service:** A deliverable the customer receives from department efforts.

**Significant Issue:** Formal statement of emerging issues, trends, and conditions impacting internal and external customers of a department over the next two to five years.

**Strategic Business Plan:** Department Plans, aligned to community and City Council priorities and used to guide a department’s operations in the coming year. The Plan is based on stakeholder feedback and organized in the Program Structure.

**Strategic Objectives:** Specific, measurable and time-dependent statements of achievement that respond to departmental Significant Issues and City Council Priorities over the next two to five years.

# 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 accomplished with the adoption of the FY 07 Budget, the Plan has now evolved to an 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. 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 direction for the Fiscal Year 2008 (FY 08) 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 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 much sacrifice would be required) bringing ongoing spending in line with ongoing revenues and restore structural balance to the General Fund budget. 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 maintained the tradition of transparency and inclusiveness by conducting extensive outreach while updating the Plan's assumptions and proposals. Please see **Section V** below for a more detailed discussion of the City's community outreach and participation strategy related to the Plan.

## **III. Plan Accomplishments FY 04 – FY 07**

The City has undergone a sea change in its effort to eliminate the General Fund structural deficit over the past four years through both strategic cost and service reductions and revenue increases. Under City Council leadership, Plan solutions were adopted with the annual budget each fiscal year, implementing \$102 million in structural deficit solutions from FY 04 – FY 07. Hundreds of difficult decisions were made in attacking the structural deficit, including \$73.4 million in cost reductions, e.g., the removal of over 250 vehicles from the City's fleet, elimination of more than 400 City positions, a 35 percent reduction in books, media and electronic materials available to library customers, instituting employee contributions to the cost of health and retirement benefits, reduced service levels throughout the organization, deferred funding for facility maintenance in various departments and optimizing various City operations to save money including Code Enforcement and the Workers' Compensation program.

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 \$28.6 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 07.

**Table 1: Impact on the Structural Deficit, FY 04 - FY 07**

Beginning Projected General Fund Structural Deficit	\$102 million
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 Adopted Solutions	- \$10 million
<b>Total Structural Solutions: FY 04 – FY 07</b>	<b>\$102 million</b>

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

**Table 2: Summary of Financial Strategic Plan Solutions, FY 04 - FY 07**

<i>(in millions)</i>	<b>FY 04</b>	<b>FY 05</b>	<b>FY 06</b>	<b>FY 07</b>
Structural Budget Gap	\$60	\$39	\$3	\$ -
Prior Year Deficit	-	19	29	10.0
Cost Reductions	28	22	16	7.4
Revenue Adjustments	13	7	6	2.6
<b>Remaining Structural Deficit</b>	<b>\$19</b>	<b>\$29</b>	<b>\$10</b>	<b>\$ 0</b>

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 08

In compliance with the City Council's Financial Policy on achieving and maintaining a structurally balanced budget, the FY 08 Adopted General Fund budget is without a structural budget deficit for the second year in a row. This accomplishment, which is dependent on departments operating within their approved spending limits, has been made particularly challenging by the Police Department's budget overages, already negotiated compensation increases for miscellaneous, firefighters and other employees as well as the \$2.1 million in non-discretionary increases in the cost of providing services. In addition, the softening of the local economy has led to less aggressive revenue projections, particularly for property and sales taxes. Coupled with cost increases, it was necessary to take some measured, proactive steps for the City Manager to provide the Mayor and City Council with a structurally balanced General Fund budget for FY 08.

This balance was achieved through the collective effort of all City Manager departments to align resources closely with the City Council's stated priorities. This required identifying areas for cost or service reductions in lower-priority programs, as well as enhancing existing and proposing new revenue streams. Specifically, three strategies were employed:

- 1) **Department Submitted Reduction Options** – Based upon community, City Council and department priorities, City Manager departments provided options for cost and/or service reductions for FY 08. These options were then considered along with other budget requests within the City's \$391 million General Fund to address emerging issues or enhance programs and services in key program areas.
- 2) **Improved Cost Recovery Through Fees** – Departments once again reviewed key fees for services to ensure that fee levels reflect current and anticipated direct and indirect costs to provide the services. Staff brought forward proposed fee increases to ensure, where possible, 100 percent cost recovery, or to mitigate growth in existing subsidies for services, again in accordance with the City Council's Financial Policy on User Fees. For an illustrative list of adopted fee adjustments for FY 08, please see Attachment A to the City Manager's Budget Message at the beginning of the Budget Book.
- 3) **Continued Full Allocation of Costs for Services** – Departments with service contracts with outside agencies or other City departments ensured a high rate of cost recovery by increasing the terms of these agreements to reflect all current and anticipated direct costs to provide the services. It is still difficult to negotiate the inclusion of indirect costs in reimbursements through service agreements (or, in other words, to negotiate full cost recovery for services provided by the City). As a result, the General Fund continues to provide significant subsidies to the Long Beach Unified School District, Carmelitos, Long Beach Transit and the Long Beach Community College, among others, for requested police services.

The structural balance in the General Fund for FY 08 is tenuous at best, and the adopted 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 09 – FY 10

As part of the FY 08 budget development process, staff provided several briefings on the state of the Plan, which provides a continual three-year outlook on the City's recurring revenue sources and ongoing expenditure commitments. The Plan clearly 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 \$34 million annually, including the police officers' compensation increase to the median of comparable agencies in FY 10, possible issues with police overtime reviewed by the City Auditor's Office, potential City Hall seismic repairs, post-retirement health care liabilities and upcoming negotiations with miscellaneous and other employee bargaining units. Beyond these commitments, the Mayor and City Council have voiced their desire for additional police officers and 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 tenuous structural balance in FY 08, we cannot lose sight of the fact that the General Fund is currently staggering from the loss of \$43 million per year in Utility User Tax revenue (each percentage point of the 5 percent now generates \$8.6 million, up from \$6 million in 2000) and \$25 million per year from the State Property Tax takeaways. Combined with the lack of any appreciable discretionary revenue growth, and the \$34 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 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 these large cost increases. Two primary options exist:

- 1) Identify opportunities to significantly downsize the staffing and scope of the organization; or, more preferably,
- 2) Identify new ongoing revenue sources, coupled with continued optimization, so that sufficient dollars are available to make the investments needed to sustain the city's renaissance.

If the City maintains the status quo approach to funding its ongoing investments and future liabilities, the structural deficit will return by FY 09 and will grow significantly in FY 10. The City however does not have readily available one-time resources available to sustain this structural imbalance; therefore further significant service reductions would 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 08 – FY 10, showing the clear impacts of future expenditure commitments without additional revenue streams.

**Table 3: Adopted/Projected Financial Strategic Plan, FY 08 – FY 10**

(In structural increments, in millions)				
<u>Fiscal Year</u>	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	
<b>Adopted/Projected Structural Revenue</b>	<b>\$385.3</b>	<b>\$393.5</b>	<b>\$404.2</b>	
Includes:				
<i>Property Tax</i>		1.6	3.5	
<i>Sales Tax and In-Lieu Sales Tax (Backfill)</i>		1.6	1.6	
<i>Utility Users Tax</i>		.5	.8	
<i>Vehicle License Fees and In-Lieu VLF (Backfill)</i>		2.0	2.1	
<b>Adopted /Projected Structural Expenditures</b>	<b>\$384.6</b>	<b>\$394.1</b>	<b>\$406.5</b>	
Includes:				
<i>Negotiated POA Salary Increases (1)</i>		3.6	10.0	
<i>Loss of COPS UHP Grants</i>		1.0		
<i>10 percent New Discretionary Revenue Set Aside for Capital</i>		1.0	1.0	
<b>Adopted/Estimated Structural Surplus/(Deficit)</b>	<b>\$ .7</b>	<b>\$ (.6)</b>	<b>\$ (2.3)</b>	
<u>Further Projected Potential Cost Increases on the Horizon</u>				
Estimated Annual Debt Service on City Hall Seismic Retrofit			\$6-15	
Estimated Annual Set-aside to Fund GASB 16 and 45 Liabilities			\$3.0	
Contractual and Other Uncontrollable Cost Increases			\$2.0	
Fire and Misc. Employees Negotiations in FY 08/09 (cost per each 1% increase)			\$1.8	
<i>(1) This only includes the negotiated Police salary increases in FY 09; other Bargaining Unit agreements expire in FY 07 and FY 08.</i>				

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 specter 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 physical infrastructure and lack of investments in the quality of life programming. 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**

Community outreach has been a hallmark of the Financial Strategic Plan since its inception, as many of the difficult long-term budget trade-offs it comprises require the informed knowledge of, and participation from, the community. The ultimate solutions required to put Long Beach on sustainable fiscal footing will require a comprehensive community solution, one in which ownership comes directly from the public itself, rather than through technical solutions from City Hall. Therefore, an ongoing dialogue with the community that requires direct outreach from City staff was once again maintained for the development of the FY 08 Adopted Budget.

Starting in January 2007, the City Council and the Budget Oversight Committee held several public meetings to discuss implementation of FY 07 Plan solutions and the development of the FY 08 Proposed Budget in detail. In April, May and June, City Manager and Financial Management staff visited over 50 neighborhood, commission and committee meetings as well, in an effort to disseminate information about the budget and generate community input on possible solutions. The Mayor and City Council held several additional public budget workshops and hearings during August and September to discuss the Plan's impacts, make recommendations and adopt the FY 08 Budget on September 11, 2007.

# 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 2006 to 2008**  
(Includes operating, debt service and capital improvement program)

	Actual FY 06	Adopted* FY 07	Adjusted FY 07	Year End** FY 07	Adopted* FY 08
<b>OPERATIONS</b>					
Mayor and Council	\$ 4,445,155	\$ 5,115,005	\$ 5,070,592	\$ 4,864,211	\$ 5,313,570
City Attorney	8,756,275	9,908,431	9,912,874	8,961,991	10,166,439
City Auditor	2,424,103	2,787,833	2,922,102	2,771,025	2,952,830
City Clerk	4,568,929	3,019,004	5,133,792	5,076,094	4,546,202
City Manager	8,196,590	8,615,671	8,765,841	8,739,491	8,807,600
City Prosecutor	4,294,241	4,703,342	5,050,573	4,653,102	5,440,796
Civil Service	2,810,293	2,847,252	2,900,064	2,899,361	2,227,123
Community Development <sup>(1)</sup>	298,654,075	264,447,005	331,834,724	286,783,535	260,285,964
Financial Management	18,849,776	19,734,118	20,125,421	19,414,331	21,358,586
Interfund and Non-Operating <sup>(2)</sup>	312,381,685	320,236,572	350,603,353	304,533,089	319,969,959
Police and Fire Pension Plan	4,589,443	5,012,000	5,012,000	4,277,125	4,100,000
Fire	89,355,202	83,487,479	84,279,531	91,343,923	87,840,578
Harbor	281,057,737	471,657,606	472,673,714	438,997,279	640,661,936
Health and Human Services	44,288,145	50,343,830	53,560,772	47,027,394	51,058,551
Human Resources	6,668,343	7,370,418	7,724,720	7,261,350	7,936,041
Library Services	11,577,857	14,733,887	15,424,760	14,187,020	15,229,694
Long Beach Gas & Oil	463,737,614	391,624,326	414,190,876	374,751,697	327,688,029
Parks, Recreation and Marine	63,210,715	49,768,396	67,763,800	69,307,206	52,104,605
Planning and Building	12,526,363	13,724,637	15,268,405	14,003,889	13,772,909
Police	181,274,152	183,382,884	198,450,054	198,712,245	197,032,148
Public Works	216,431,790	190,508,161	213,650,677	241,632,854	175,415,294
Technology Services	28,312,613	30,467,787	35,782,639	30,213,216	34,744,882
Water	85,534,579	94,980,283	94,980,283	91,660,648	96,226,129
<b>TOTAL</b>	<b>\$ 2,153,945,675</b>	<b>\$ 2,228,475,927</b>	<b>\$ 2,421,081,568</b>	<b>\$ 2,272,072,077</b>	<b>\$ 2,344,879,862</b>
<hr/>					
Full-Time Equivalent Employees	5,646.57	5,776.57	5,776.57	5,776.57	5,896.25
<hr/>					
		Adopted*	Adjusted	Year End**	Adopted*
		FY 07	FY 07	FY 07	FY 08
<b>All Funds by Character</b>					
Salaries, Wages and Benefits	\$ 735,276,919	\$ 747,833,539	\$ 700,433,207	\$ 773,051,573	\$ 773,051,573
Materials, Supplies and Services	845,110,409	972,695,169	1,103,631,327	777,434,040	777,434,040
Capital Purchases	234,805,007	246,984,425	37,170,186	296,192,840	296,192,840
Debt Service	196,215,055	198,068,616	195,374,996	286,440,962	286,440,962
Transfers From Other Funds	113,419,197	150,393,910	110,707,885	100,082,785	100,082,785
Prior Year Encumbrance	-	(398,236)	-	-	-
Subtotal	\$ 2,124,826,587	\$ 2,315,577,423	\$ 2,147,317,601	\$ 2,233,202,199	\$ 2,233,202,199
Internal Support	103,649,340	105,504,145	124,754,475	111,677,663	111,677,663
<b>TOTAL ALL FUNDS</b>	<b>\$ 2,228,475,927</b>	<b>\$ 2,421,081,568</b>	<b>\$ 2,272,072,077</b>	<b>\$ 2,344,879,862</b>	<b>\$ 2,344,879,862</b>

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

\*\* Unaudited

<sup>(1)</sup> Represents increased appropriations to expend RDA Bond proceeds over multiple years.

<sup>(2)</sup> Interfund and Non-Operating include pass through transactions and debt service payments.

# Summary of Full-Time Equivalents (FTEs) by Department

Fiscal Years 2006 to 2008

DEPARTMENT	FY 06 Adopted	FY 07 Adopted	FY 08 Adopted
Mayor and Council	53.10	54.56	56.00
City Attorney <sup>(1)</sup>	76.75	77.75	79.75
City Auditor	22.00	18.60	20.00
City Clerk	22.97	19.50	23.48
City Manager	25.00	26.00	26.00
City Prosecutor	42.00	42.40	45.40
Civil Service	22.00	23.00	25.00
Community Development	287.87	308.72	327.12
Financial Management	153.46	159.46	165.55
Fire	568.36	569.28	581.28
Harbor	386.30	403.30	436.90
Health and Human Services	428.16	431.54	424.30
Human Resources	25.80	25.62	27.62
Library Services	152.62	182.63	186.48
Long Beach Gas & Oil	240.25	240.25	240.25
Parks, Recreation and Marine	494.53	494.71	497.43
Planning and Building <sup>(2)</sup>	96.30	107.60	107.60
Police	1,472.95	1,488.95	1,517.95
Public Works	712.11	736.12	736.56
Technology Services	142.00	143.00	148.00
Water	222.04	223.58	223.58
<b>TOTAL FTEs</b>	<b>5,646.57</b>	<b>5,776.57</b>	<b>5,896.25</b>

<sup>(1)</sup> The City Attorney has committed to leaving 5.00 positions vacant in FY 08.

# Summary of General Fund Budgets by Department

Fiscal Years 2006 to 2008

(Includes operating, debt service and capital improvement program)

	Actual FY 06	Adopted* FY 07	Adjusted FY 07	Year End ** FY 07	Adopted* FY 08
<b>OPERATIONS</b>					
Mayor and Council	\$ 4,445,155	\$ 5,115,005	\$ 5,070,592	\$ 4,864,211	\$ 5,313,570
City Attorney	3,008,780	3,626,460	3,627,751	3,263,242	3,643,679
City Auditor	2,364,931	2,533,939	2,668,208	2,627,678	2,556,774
City Clerk	4,568,929	3,019,004	5,133,792	5,076,094	4,546,202
City Manager	3,635,533	3,531,282	3,679,138	3,676,853	3,578,916
City Prosecutor	4,207,426	4,600,484	4,939,743	4,556,267	5,341,120
Civil Service	2,779,628	2,813,620	2,861,854	2,867,370	2,191,901
Community Development	6,920,899	7,801,127	8,273,874	7,897,099	8,605,369
Financial Management	8,164,031	8,854,081	9,236,946	8,705,169	9,725,076
Interfund and Non-Operating <sup>(1)</sup>	10,356,357	13,291,433	17,880,564	17,849,296	13,328,481
Police and Fire Pension Plan	4,589,443	5,012,000	5,012,000	4,276,839	4,100,000
Fire	67,365,209	67,003,120	67,772,551	66,671,372	67,700,843
Health and Human Services	4,359,967	4,873,669	4,901,875	4,893,873	5,399,836
Human Resources	304,955	346,884	355,522	352,673	-
Library Services	10,961,326	14,158,076	14,273,949	13,329,195	14,629,600
Parks, Recreation and Marine	25,128,082	27,021,643	27,922,652	27,896,174	27,404,694
Planning and Building <sup>(2)</sup>	12,526,363	550,642	594,410	500,322	434,641
Police	164,314,981	169,529,481	180,641,822	182,353,230	182,079,311
Public Works	28,648,045	33,722,051	31,267,760	30,926,844	31,369,931
<b>TOTAL</b>	<b>\$ 368,650,041</b>	<b>\$ 377,404,000</b>	<b>\$ 396,115,004</b>	<b>\$ 392,583,801</b>	<b>\$ 391,949,944</b>

Full-Time Equivalent Employees	3,183.33	3,130.60	3,130.60	3,130.60	3,168.85
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	Adopted* FY 07	Adjusted FY 07	Year End ** FY 07	Adopted* FY 08
<b>General Fund by Character</b>				
Salaries, Wages and Benefits	\$ 310,336,853	\$ 320,297,561	\$ 312,556,114	\$ 326,702,487
Materials, Supplies and Services	49,942,064	52,520,491	58,276,338	50,950,721
Capital Purchases	2,105,909	4,228,535	4,554,332	2,629,452
Debt Service	11,772,083	13,004,269	14,316,933	11,909,278
Transfers From Other Funds	(13,889,783)	(11,191,069)	(14,991,745)	(21,902,824)
Subtotal	\$ 360,267,125	\$ 378,859,787	\$ 374,711,971	\$ 370,289,114
Internal Support	17,136,875	17,255,216	17,871,830	21,660,830
<b>TOTAL GENERAL FUND</b>	<b>\$ 377,404,000</b>	<b>\$ 396,115,004</b>	<b>\$ 392,583,801</b>	<b>\$ 391,949,944</b>

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

\*\* Unaudited

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

<sup>(2)</sup> Represents the shifting of most Planning and Building programs from the General Fund into the new Development Services Fund.

# Summary of Resources & Expenditures by Fund

## Fiscal Year 2008

	Estimated Fund Balance 10/1/2007	Unreserving/ (Reserving) Restricted Fund Balance*	Total Revenues	Estimated All-years Carryover Revenue	Total Resources
<b>GENERAL FUNDS</b>					
General	\$ 220,060	\$ (105,586)	\$ 392,627,821	\$ -	\$ 392,742,295
<b>Total</b>	<b>\$ 220,060</b>	<b>\$ (105,586)</b>	<b>\$ 392,627,821</b>	<b>\$ -</b>	<b>\$ 392,742,295</b>
<b>SPECIAL FUNDS</b>					
General Grants <sup>(1) (2)</sup>	\$ (0)	\$ (5,792)	\$ 7,614,381	\$ 14,813,996	\$ 22,422,584
Police & Fire Public Safety Oil Prod Act	903,760	-	3,600,000	-	4,503,760
Health <sup>(1)</sup>	93,672	-	44,838,364	41,207,059	86,139,095
Parking And Business Area Improvement	508,106	135,082	6,292,812	-	6,936,000
Special Advertising & Promotion	2,526,934	-	6,361,650	-	8,888,584
Upland Oil	2,323,559	-	20,669,477	-	22,993,036
Housing Development <sup>(1)</sup>	35,685,285	-	21,261,419	38,349,924	95,296,629
Belmont Shore Parking Meter	406,991	-	462,000	-	868,991
Development Services	425,839	-	14,709,378	-	15,135,217
Business Assistance	769,562	-	1,881,900	(921,172)	1,730,290
Community Development Grants <sup>(1)</sup>	920,172	-	24,387,886	35,006,634	60,314,693
Park Development	459,966	-	1,020,000	-	1,479,966
Gasoline Tax Street Improvement <sup>(1) (2)</sup>	5,405,715	-	10,703,870	24,015,103	40,124,688
Transportation <sup>(1)</sup>	25,534,483	-	14,522,930	(2,409,771)	37,647,642
Capital Projects <sup>(1)</sup>	33,332,431	366,158	9,778,000	24,741,622	68,218,211
Assessment District	-	-	-	-	-
<b>Total</b>	<b>\$ 109,296,477</b>	<b>\$ 495,448</b>	<b>\$ 188,104,066</b>	<b>\$ 174,803,396</b>	<b>\$ 472,699,387</b>
<b>INTERNAL SERVICE FUNDS</b>					
Civic Center <sup>(1)</sup>	\$ 27,241,135	\$ 3,009,574	\$ 1,230,321	\$ (12,163)	\$ 31,468,867
General Services	6,522,765	-	35,532,326	1,786	42,056,876
Fleet Services <sup>(1)</sup>	8,660,139	-	31,615,477	1,187,680	41,463,296
Insurance	1,438,751	-	37,049,801	-	38,488,552
Employee Benefits	11,937,472	-	213,636,266	-	225,573,738
<b>Total</b>	<b>\$ 55,800,261</b>	<b>\$ 3,009,574</b>	<b>\$ 319,064,191</b>	<b>\$ 1,177,303</b>	<b>\$ 379,051,330</b>
<b>TIDELANDS FUNDS</b>					
Tidelands Funds <sup>(1)</sup>	\$ 2,434,618	\$ 5,355,889	\$ 115,240,228	\$ 11,954,563	\$ 134,985,298
Tideland Oil Revenue	46,491,812	-	127,331,785	-	173,823,597
Reserve For Subsidence	157,465,954	-	6,300,000	-	163,765,954
<b>Total</b>	<b>\$ 206,392,384</b>	<b>\$ 5,355,889</b>	<b>\$ 248,872,013</b>	<b>\$ 11,954,563</b>	<b>\$ 472,574,849</b>
<b>ENTERPRISE FUNDS</b>					
Gas <sup>(1)</sup>	\$ 3,181,326	\$ -	\$ 134,635,664	\$ 1,552,192	\$ 139,369,182
Water	4,764,601	-	81,551,658	-	86,316,259
Sewer	5,206,670	-	12,443,400	-	17,650,070
Airport <sup>(2)</sup>	9,245,929	7,277,573	25,867,952	33,478,830	75,870,284
Refuse/Recycling	22,979,458	-	35,527,248	(580,506)	57,926,201
SERRF	39,564,052	-	46,981,000	-	86,545,052
SERRF-JPA	9,442	540,558	11,168,071	-	11,718,071
Towing	1,065,167	-	9,311,055	-	10,376,222
<b>Total</b>	<b>\$ 86,016,644</b>	<b>\$ 7,818,131</b>	<b>\$ 357,486,048</b>	<b>\$ 34,450,516</b>	<b>\$ 485,771,340</b>
<b>SUBSIDIARY AGENCIES-FUNDS</b>					
Harbor	\$ 389,954,305	\$ -	\$ 501,105,000	\$ -	\$ 891,059,305
Parking Authority	20,612	-	-	-	20,612
Housing Authority	2,304,127	-	60,910,758	1,055,119	64,270,005
Redevelopment <sup>(1)</sup>	35,432,858	28,049,416	77,983,833	70,601,798	212,067,905
CUPA	53,216	-	1,411,547	-	1,464,763
<b>Total</b>	<b>\$ 427,765,117</b>	<b>\$ 28,049,416</b>	<b>\$ 641,411,138</b>	<b>\$ 71,656,917</b>	<b>\$ 1,168,882,589</b>
<b>TOTAL</b>	<b>\$ 885,490,945</b>	<b>\$ 44,622,872</b>	<b>\$ 2,147,565,278</b>	<b>\$ 294,042,696</b>	<b>\$ 3,371,721,790</b>

\* 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.

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

<sup>(2)</sup> 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 9/30/2008
\$ 372,040,666	\$ 8,000,000 <sup>(1)</sup>	\$ 11,909,278	\$ 391,949,944	\$ -	\$ 792,352 <sup>(2)</sup>
\$ 372,040,666	\$ 8,000,000	\$ 11,909,278	\$ 391,949,944	\$ -	\$ 792,352
\$ 7,608,589	\$ -	\$ -	\$ 7,608,589	\$ 14,813,996	\$ -
4,500,000	-	-	4,500,000	-	3,760
44,413,250	-	348,170	44,761,420	41,207,059	170,616
6,936,000	-	-	6,936,000	-	0
6,325,452	-	-	6,325,452	-	2,563,132
20,931,281	-	-	20,931,281	-	2,061,755
29,981,202	-	686,050	30,667,252	40,289,317	24,340,059
456,000	-	212,275	668,275	-	200,716
-	-	-	14,879,919	-	255,298
1,406,466	-	-	1,406,466	(467,418)	791,242
25,072,582	-	-	25,072,582	34,086,141	1,155,969
1,057,212	-	-	1,057,212	-	422,754
-	4,001,115	-	4,001,115	24,015,103	12,108,470
7,200,062	7,851,812	-	15,051,874	19,688,601	2,907,166
(37,316)	10,800,140	-	10,762,824	43,454,091	14,001,297
-	-	-	-	-	-
\$ 155,850,780	\$ 22,653,067	\$ 1,246,495	\$ 194,630,262	\$ 217,086,890	\$ 60,982,236
\$ (2,384,156)	\$ -	\$ 2,865,705	\$ 481,550	\$ 12,908,624	\$ 18,078,694
33,724,319	-	2,739,693	36,464,012	2,128	5,590,737
27,807,082	-	4,121,992	31,929,074	402,188	9,132,034
37,122,007	-	-	37,122,007	-	1,366,545
201,860,585	-	11,290,383	213,150,968	-	12,422,770
\$ 298,129,837	\$ -	\$ 21,017,773	\$ 319,147,610	\$ 13,312,940	\$ 46,590,780
\$ 94,772,056	\$ 2,290,000	\$ 19,584,883	\$ 116,646,939	\$ 15,448,595	\$ 2,889,764
127,242,413	-	-	127,242,413	-	46,581,184
-	-	-	-	-	163,765,954
\$ 222,014,469	\$ 2,290,000	\$ 19,584,883	\$ 243,889,352	\$ 15,448,595	\$ 213,236,902
\$ 122,180,422	\$ 12,360,449	\$ 1,873,738	\$ 136,414,608	\$ 1,552,192	\$ 1,402,381
63,855,394	16,350,000	3,375,464	83,580,858	-	2,735,401
11,503,847	2,168,000	-	13,671,847	-	3,978,223
26,032,146	1,100,000	1,290,845	28,422,991	42,579,543	4,867,750
40,643,098	-	-	40,643,098	163,016	17,120,087
53,284,002	-	5,500	53,289,502	-	33,255,551
-	-	11,718,071	11,718,071	-	(0)
9,698,607	-	-	9,698,607	-	677,615
\$ 327,197,515	\$ 31,978,449	\$ 18,263,618	\$ 377,439,581	\$ 44,294,751	\$ 64,037,008
\$ 427,540,849	\$ 30,665,000	\$ 184,929,423	\$ 643,135,272	\$ -	\$ 247,924,033
-	-	-	-	-	20,612
62,072,219	-	-	62,072,219	887,843	1,309,943
81,738,113	-	29,489,492	111,227,606	70,601,798	30,238,501
1,388,017	-	-	1,388,017	-	76,746
\$ 572,739,198	\$ 30,665,000	\$ 214,418,915	\$ 817,823,113	\$ 71,489,641	\$ 279,569,834
\$ 1,947,972,465	\$ 87,586,516	\$ 286,440,962	\$ 2,344,879,862	\$ 361,632,818	\$ 665,209,111

<sup>(1)</sup> General Fund CIP total of \$8,000,000 is included in the Capital Projects total of \$87,586,516. 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.

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

# Comparison of Revenues by Fund Fiscal Years 2006 to 2008

	Actual FY 06	Adopted* FY 07	Adjusted FY 07	Year End** FY 07	Adopted* FY 08
<b>GENERAL FUNDS</b>					
General	\$ 367,707,320	\$ 377,406,152	\$ 377,406,152	\$ 381,675,770	\$ 392,553,946
<b>Total</b>	<b>\$ 367,707,320</b>	<b>\$ 377,406,152</b>	<b>\$ 377,406,152</b>	<b>\$ 381,675,770</b>	<b>\$ 392,553,946</b>
<b>SPECIAL FUNDS</b>					
General Grants	\$ 22,786,656	\$ 8,594,063	\$ 13,827,798	\$ 12,202,354	\$ 7,604,106
Police & Fire Pub Sfty Oil Prod Act	-	-	-	900,000	3,600,000
Health	36,938,690	45,710,609	47,966,931	41,544,943	47,929,332
Parking and Business Area Improvement	5,457,219	6,218,312	6,218,312	6,218,312	6,292,812
Special Advertising & Promotion	5,580,398	5,741,000	5,741,000	5,918,598	5,767,650
Upland Oil	21,480,813	20,898,488	20,898,488	22,493,437	20,669,477
Housing Development	20,053,938	38,747,978	39,141,324	55,529,761	21,261,419
Belmont Shore Parking Meter	484,207	456,000	456,000	456,000	462,000
Development Services	-	15,242,401	15,842,401	13,961,494	14,709,378
Business Assistance	995,736	1,881,900	1,881,900	2,981,900	1,881,900
Community Development Grants	26,954,968	23,858,301	25,615,361	38,791,936	24,387,886
Park Development	505,363	1,020,000	1,020,000	1,020,000	1,020,000
Gasoline Tax Street Improvement	11,676,714	16,489,317	15,984,892	9,597,178	10,703,870
Transportation	16,355,835	14,492,930	14,492,930	14,758,242	14,522,930
Capital Projects	26,788,065	13,683,484	20,925,989	33,285,790	2,213,747
<b>Total</b>	<b>\$ 196,058,602</b>	<b>\$ 213,034,784</b>	<b>\$ 230,013,327</b>	<b>\$ 259,659,945</b>	<b>\$ 183,026,507</b>
<b>INTERNAL SERVICE FUNDS</b>					
Civic Center	\$ 1,633,718	\$ 1,232,394	\$ 1,249,115	\$ 1,834,905	\$ 1,230,321
General Services	31,424,815	32,706,890	32,997,538	33,600,621	35,310,804
Fleet Services	28,304,151	28,236,829	28,236,829	29,044,806	31,605,477
Insurance	37,282,764	37,352,301	37,352,301	37,384,984	37,349,801
Employee Benefits	176,839,363	209,434,835	209,434,835	192,596,265	213,414,297
<b>Total</b>	<b>\$ 275,484,812</b>	<b>\$ 308,963,249</b>	<b>\$ 309,270,618</b>	<b>\$ 294,461,582</b>	<b>\$ 318,910,700</b>
<b>TIDELANDS FUNDS</b>					
Tidelands Funds	\$ 130,682,362	\$ 113,033,981	\$ 113,052,378	\$ 123,571,464	\$ 114,223,656
Tideland Oil Revenue	259,967,871	200,284,151	200,284,151	163,615,446	127,331,785
Reserve For Subsidence	5,438,993	5,800,000	5,800,000	5,800,000	5,800,000
<b>Total</b>	<b>\$ 396,089,226</b>	<b>\$ 319,118,132</b>	<b>\$ 319,136,529</b>	<b>\$ 292,986,910</b>	<b>\$ 247,355,441</b>
<b>ENTERPRISE FUNDS</b>					
Gas	\$ 121,724,677	\$ 137,902,498	\$ 137,902,498	\$ 115,877,264	\$ 134,460,053
Water	70,336,403	79,296,282	79,296,282	76,482,560	81,551,658
Sewer	9,860,696	11,506,245	11,506,245	10,431,779	12,443,400
Airport	33,286,206	25,317,952	27,217,952	40,250,355	25,867,952
Refuse/Recycling	36,456,705	34,616,128	34,616,128	38,173,679	35,813,002
SERRF	47,090,232	44,122,000	44,122,000	48,019,000	46,981,000
SERRF-JPA	11,397,568	11,029,475	11,029,475	11,224,715	11,168,071
Towing	7,929,114	9,288,433	9,288,433	8,213,959	9,311,055
<b>Total</b>	<b>\$ 338,081,601</b>	<b>\$ 353,079,013</b>	<b>\$ 354,979,013</b>	<b>\$ 348,673,312</b>	<b>\$ 357,596,191</b>
<b>SUBSIDIARY AGENCIES-FUNDS</b>					
Harbor	\$ 464,701,738	\$ 476,644,438	\$ 476,644,438	\$ 491,363,000	\$ 494,050,000
Parking Authority	452,841	-	-	-	-
Housing Authority	68,368,221	66,395,734	66,395,734	59,947,822	60,910,758
Redevelopment	128,901,840	76,228,054	76,228,054	103,764,916	78,523,833
CUPA	839,438	955,824	955,824	851,517	1,411,547
<b>Total</b>	<b>\$ 663,264,078</b>	<b>\$ 620,224,050</b>	<b>\$ 620,224,050</b>	<b>\$ 655,927,255</b>	<b>\$ 634,896,138</b>
<b>TOTAL</b>	<b>\$ 2,236,685,638</b>	<b>\$ 2,191,825,380</b>	<b>\$ 2,211,029,690</b>	<b>\$ 2,233,384,773</b>	<b>\$ 2,134,338,922</b>

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

\*\* Unaudited

# Comparison of Expenditures by Fund

## Fiscal Years 2006 to 2008

	Actual FY 06	Adopted* FY 07	Adjusted FY 07	Year End** FY 07	Adopted* FY 08
<b>GENERAL FUNDS</b>					
General	\$ 368,650,041	\$ 377,404,000	\$ 396,115,004	\$ 392,583,801	\$ 391,949,944
Total	\$ 368,650,041	\$ 377,404,000	\$ 396,115,004	\$ 392,583,801	\$ 391,949,944
<b>SPECIAL FUNDS</b>					
General Grants	\$ 21,684,048	\$ 8,594,063	\$ 17,629,029	\$ 23,324,927	\$ 7,608,589
Police & Fire Pub Sfty Oil Prod Act	-	-	-	-	4,500,000
Health	38,625,780	45,188,238	47,939,184	41,681,596	44,761,420
Parking and Business Area Improvement	5,370,773	5,951,500	6,932,088	5,839,081	6,936,000
Special Advertising & Promotion	5,335,513	5,849,888	6,292,647	6,289,930	6,325,452
Upland Oil	21,102,879	20,718,698	25,184,922	23,114,592	20,931,281
Housing Development	17,710,276	39,282,888	55,502,954	27,071,942	30,667,252
Belmont Shore Parking Meter	399,506	636,837	643,570	566,283	668,275
Development Services	-	14,696,596	14,696,596	13,526,175	14,879,919
Business Assistance	1,753,313	1,922,158	3,257,479	2,299,617	1,406,466
Community Development Grants	26,103,795	24,972,319	32,419,762	28,206,980	25,072,582
Park Development	1,055,866	1,053,575	1,053,575	1,076,158	1,057,212
Gasoline Tax Street Improvement	12,009,760	16,218,563	16,064,390	14,141,632	4,001,115
Transportation	19,438,332	14,415,576	14,206,878	15,186,752	15,051,874
Capital Projects	35,123,589	10,229,804	46,254,367	33,118,018	10,762,824
Total	\$ 283,592,748	\$ 209,730,704	\$ 288,077,441	\$ 235,443,682	\$ 194,630,262
<b>INTERNAL SERVICE FUNDS</b>					
Civic Center	\$ 3,341,434	\$ 1,412,576	\$ 2,654,000	\$ 7,156,956	\$ 481,550
General Services	32,260,381	34,499,612	39,816,402	34,081,178	36,464,012
Fleet Services	32,601,358	30,847,189	36,664,705	36,608,138	31,929,074
Insurance	56,091,452	36,685,600	37,206,491	30,656,294	37,122,007
Employee Benefits	181,974,392	208,931,346	209,030,032	191,186,305	213,150,968
Total	\$ 306,269,017	\$ 312,376,323	\$ 325,371,630	\$ 299,688,871	\$ 319,147,610
<b>TIDELANDS FUNDS</b>					
Tidelands Funds	\$ 131,764,497	\$ 113,191,473	\$ 119,906,519	\$ 132,061,335	\$ 116,646,939
Tideland Oil Revenue	282,648,093	200,297,964	218,126,991	201,476,363	127,242,413
Reserve For Subsidence	4,060,548	-	-	-	-
Total	\$ 418,473,138	\$ 313,489,437	\$ 338,033,510	\$ 333,537,698	\$ 243,889,352
<b>ENTERPRISE FUNDS</b>					
Gas	\$ 125,361,955	\$ 134,102,008	\$ 134,310,148	\$ 114,639,142	\$ 136,414,608
Water	75,076,739	81,969,042	81,969,042	77,192,090	83,580,858
Sewer	11,360,955	14,119,120	14,119,120	15,576,437	13,671,847
Airport	33,700,055	31,859,545	46,514,978	57,362,116	28,422,991
Refuse/Recycling	33,062,685	40,263,890	41,075,101	37,389,691	40,643,098
SERRF	44,436,505	46,352,085	46,415,243	45,354,436	53,289,502
SERRF-JPA	11,633,871	12,130,340	12,130,340	11,391,669	11,718,071
Towing	8,650,018	9,238,168	10,241,105	8,897,597	9,698,607
Total	\$ 343,282,783	\$ 370,034,198	\$ 386,775,077	\$ 367,803,179	\$ 377,439,581
<b>SUBSIDIARY AGENCIES-FUNDS</b>					
Harbor	\$ 283,281,662	\$ 474,205,822	\$ 475,221,930	\$ 441,545,495	\$ 643,135,272
Parking Authority	851,970	-	-	-	-
Housing Authority	59,753,888	66,972,716	66,972,716	59,903,117	62,072,219
Redevelopment	166,705,320	103,081,127	143,332,660	140,581,300	111,227,606
CUPA	964,426	1,181,600	1,181,600	984,934	1,388,017
Total	\$ 511,557,266	\$ 645,441,266	\$ 686,708,906	\$ 643,014,847	\$ 817,823,113
<b>TOTAL</b>	<b>\$ 2,231,824,992</b>	<b>\$ 2,228,475,927</b>	<b>\$ 2,421,081,568</b>	<b>\$ 2,272,072,077</b>	<b>\$ 2,344,879,862</b>

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

# Comparison of Revenues by Fund Group and Source

## Fiscal Years 2006 to 2008

	Actual FY 06	Adopted* FY 07	Adjusted FY 07	Year End** FY 07	Adopted* FY 08
<b>GENERAL FUNDS</b>					
<b>General Revenues</b>					
Property Taxes	\$ 61,823,080	\$ 72,942,808	\$ 72,942,808	\$ 70,522,336	\$ 74,873,000
<b>Taxes Other Than Property Taxes</b>					
Sales and Use Taxes	38,011,157	40,300,000	40,300,000	39,949,534	39,441,000
Oil Production Taxes	2,245,371	2,323,000	2,323,000	2,219,948	2,230,000
Franchises	18,500,575	22,419,373	22,419,373	22,339,945	24,343,082
Utility Users Taxes	40,637,057	43,158,150	43,158,150	41,694,045	43,055,000
Business License Taxes	10,344,573	11,275,000	11,275,000	10,714,206	11,562,752
Transient Occupancy Taxes	8,273,736	8,598,250	8,598,250	9,154,215	9,500,000
Other Taxes	2,330,140	1,800,000	1,800,000	1,670,668	2,000,000
Fines and Forfeitures	16,387,429	16,650,000	16,650,000	17,644,089	21,058,141
<b>Use of Money and Property</b>					
Interest on Investments	4,660,874	6,289,398	6,320,605	6,871,106	7,336,140
Other Use of Money and Property	13,046,205	13,778,974	13,778,974	15,079,127	13,947,734
<b>Subventions From Other Agencies</b>					
State Prop. Tax Exempt. Replace.	674,085	700,000	700,000	662,902	704,000
In-Lieu Sales and Use Tax	11,087,467	14,740,000	14,740,000	13,355,882	13,000,000
Motor Vehicle In-Lieu	3,551,431	2,860,000	2,860,000	2,558,672	3,300,000
Other	34,265,499	40,756,023	40,756,023	42,073,438	44,934,126
City Utilities In-Lieu	17,001,767	11,401,767	11,401,767	11,401,767	11,101,767
Sundry Revenues	10,524,052	13,622,703	15,971,985	16,434,380	6,627,990
Interfund Transfers	24,526,892	17,572,651	24,446,726	24,527,801	26,024,299
<b>Reimbursements and Charges for Services</b>					
Licenses and Permits	23,142,773	13,154,144	13,154,144	12,716,371	13,687,934
From Other Governmental Agencies	161,460	-	-	(45,453)	-
Charges to Other City Funds	14,079,795	11,554,573	11,554,573	10,909,108	10,423,465
Other Reimbursements and Chgs for Svcs	12,900,070	11,809,338	11,959,338	12,409,508	13,477,391
<b>TOTAL - GENERAL FUNDS</b>	<b>\$ 368,175,489</b>	<b>\$ 377,406,152</b>	<b>\$ 387,110,716</b>	<b>\$ 384,863,595</b>	<b>\$ 392,627,821</b>
<b>SPECIAL FUNDS</b>					
<b>Taxes Other Than Property</b>					
Transient Occupancy Taxes	\$ 4,639,509	\$ 4,770,000	\$ 4,770,000	\$ 5,121,919	\$ 5,320,000
Parking and Business Improvement Taxes	4,072,661	4,422,500	4,708,000	4,535,332	4,495,000
Other Taxes	3,830,149	4,261,647	4,356,735	4,819,811	7,907,494
<b>Use of Money and Property</b>					
Interest on Investments	3,283,551	1,767,840	2,854,639	4,237,529	2,549,589
Other Use of Money and Property	22,022,066	21,399,788	25,238,993	23,204,964	21,177,567
Fines and Forfeitures	-	1	2	3	4
<b>Reimbursements and Charges for Services</b>					
Licenses and Permits	4,461,790	19,863,217	20,492,797	17,505,317	20,053,020
Employment and Training Grants	6,371,787	7,095,000	13,676,421	7,284,031	7,750,153
Capital Improvement Projects	26,882,503	13,683,484	46,194,189	52,257,891	9,778,000
CDBG	15,950,029	14,262,488	15,544,276	17,002,978	14,251,723
Proposition A & C	14,805,888	13,143,680	13,143,680	14,440,874	13,143,680
Other Government Agencies	63,370,990	59,772,563	69,145,773	66,112,089	52,742,593
Charges for Current Services	1,531,287	2,668,075	2,668,075	1,957,459	2,880,706
Interfund Charges	528,134	467,037	467,037	85,798	467,037
Other	25,934,683	45,457,463	58,257,108	45,911,108	25,587,500
<b>TOTAL - SPECIAL FUNDS</b>	<b>\$ 197,685,028</b>	<b>\$ 213,034,784</b>	<b>\$ 281,517,725</b>	<b>\$ 264,477,102</b>	<b>\$ 188,104,066</b>
<b>INTERNAL SERVICE FUNDS</b>					
<b>Use of Money and Property</b>					
Interests on Investments	\$ 2,393,570	\$ 1,383,000	\$ 1,383,000	\$ 2,405,494	\$ 1,483,000
Other Use of Money and Property	2,203,166	2,265,200	2,265,200	2,269,481	2,265,200

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

\*\* Unaudited

	Actual FY 06	Adopted* FY 07	Adjusted FY 07	Year End** FY 07	Adopted* FY 08
<b>INTERNAL SERVICE FUNDS (continued)</b>					
<b>Charges for Current Services</b>					
Civic Center	\$ 761,404	\$ 657,194	\$ 673,915	\$ 821,239	\$ 655,121
General Services	31,318,349	32,116,890	37,070,020	36,723,847	34,957,326
Fleet	25,127,957	25,860,697	25,860,697	26,510,921	29,239,345
Insurance	34,804,706	35,727,301	35,727,301	34,006,857	35,327,301
Employee Leave Time and Other Benefits	172,448,975	208,676,235	208,676,235	190,842,372	212,877,266
Sundry & Other Revenues	18,040,559	1,776,732	1,776,732	(2,111,886)	1,759,632
Interfund Transfers	483,698	500,000	500,000	116,302	500,000
<b>TOTAL - INTERNAL SERVICE FUNDS</b>	<b>\$ 287,582,385</b>	<b>\$ 308,963,249</b>	<b>\$ 313,933,100</b>	<b>\$ 291,584,627</b>	<b>\$ 319,064,191</b>
<b>TIDELANDS FUNDS</b>					
<b>Use of Money and Property</b>					
Interest on Investments	\$ 10,088,368	\$ 7,732,000	\$ 7,751,097	\$ 11,037,512	\$ 9,298,340
Other Use of Money and Property	296,619,516	229,989,491	247,825,445	247,065,914	160,437,094
<b>Other Revenues</b>					
Sundry	743,406	426,090	431,200	(355,169)	929,290
Interfund Charges/Transfers	72,747,084	49,619,699	49,618,999	59,349,079	47,806,787
From Other Agencies	936,443	622,192	623,968	1,972,747	622,192
Licenses and Permits	148,038	83,990	113,990	151,935	129,640
Charges for Services	29,082,130	30,405,670	30,405,670	30,054,684	29,409,670
Fines & Forfeitures	330,134	239,000	239,000	282,780	239,000
<b>TOTAL - TIDELANDS FUNDS</b>	<b>\$ 410,695,119</b>	<b>\$ 319,118,132</b>	<b>\$ 337,009,369</b>	<b>\$ 349,559,481</b>	<b>\$ 248,872,013</b>
<b>ENTERPRISE FUNDS</b>					
<b>Use of Money and Property</b>					
Interest on Investments	\$ 4,817,712	\$ 2,883,361	\$ 2,883,361	\$ 6,634,616	\$ 3,650,266
Other Use of Money and Property	40,202,983	36,372,019	40,272,019	42,331,489	36,953,049
Licenses and Permits	2,362,518	1,621,250	1,621,250	2,658,651	1,634,750
<b>Charges for Services</b>					
Gas	120,863,298	137,360,950	138,446,278	112,877,673	134,012,016
Refuse/Recycling	32,271,799	31,657,689	31,657,689	33,647,590	32,568,809
SERRF	45,204,649	42,401,000	42,401,000	46,651,243	44,785,000
SERRF-JPA	-	-	-	-	-
Towing	7,789,018	8,847,046	8,847,046	8,020,909	8,869,668
Sewer	8,423,936	9,900,400	9,900,400	9,064,833	11,117,400
Water	66,408,270	75,492,975	75,492,975	70,770,816	77,559,287
Airport	4,072,707	92,598	7,565,973	11,969,344	92,598
Interfund Transfers	-	-	-	-	-
Other/Misc Revenues	6,172,593	6,449,725	6,449,725	7,616,886	6,243,205
<b>TOTAL - ENTERPRISE FUNDS</b>	<b>\$ 338,589,483</b>	<b>\$ 353,079,013</b>	<b>\$ 365,537,716</b>	<b>\$ 352,244,048</b>	<b>\$ 357,486,048</b>
<b>SUBSIDIARY AGENCIES - FUNDS</b>					
Property Taxes	\$ 63,380,341	\$ 61,076,750	\$ 61,076,750	\$ 72,994,612	\$ 69,180,400
Taxes Other than Property	4,311,452	4,451,361	4,451,361	3,773,790	1,185,000
<b>Use of Money and Property</b>					
Interest on Investments	43,301,951	34,542,226	34,582,895	49,807,135	42,351,281
Other Use of Money and Property	64,249,824	53,628,792	53,588,123	64,104,987	53,452,792
Charges for Services	353,262,320	375,304,438	375,304,438	370,813,009	376,751,000
From Other Governmental Agencies	67,805,086	85,684,597	85,684,597	67,413,485	96,054,758
Sundry Revenues	61,059,291	1,079,433	31,739,354	38,203,458	3,923,731
Licenses and Permits	1,024,748	935,024	935,024	1,297,766	1,278,283
Interfund Transfers	5,740,910	3,521,430	3,982,882	10,321,540	(2,766,107)
<b>TOTAL - SUBSIDIARY AGENCIES</b>	<b>\$ 664,135,923</b>	<b>\$ 620,224,050</b>	<b>\$ 651,345,424</b>	<b>\$ 678,729,782</b>	<b>\$ 641,411,138</b>
<b>TOTAL - REVENUES</b>	<b>\$ 2,266,863,427</b>	<b>\$ 2,191,825,380</b>	<b>\$ 2,336,454,051</b>	<b>\$ 2,321,458,635</b>	<b>\$ 2,147,565,278</b>

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

\*\* Unaudited