FISCAL YEAR 2018 PROPOSED BUDGET

City Manager’s Proposed Budget Overview

July 31, 2017
Long Beach Is An Exciting Place To Live And Work

- Building a new $525m Civic Center
- Building another world-class library
- Constructing $1.5b Gerald Desmond Bridge
- $2.5b in private investments
- Most walkable city on the West Coast; one of most bicycle friendly cities in the nation
- Top 10 digital city
- Leader in climate change study
- Award-winning Long Beach College Promise
- Lowest unemployment rate in more than 25 years
Many Innovations and Efficiencies Accomplished

- Implemented DataLB, electronic plan check, BizPort, Inspector Gadget, Cityworks (field ipads), and i-team Data Mart (data sharing)
- Nearly complete: automated meter reading implementation, LED street light conversion (2nd phase), and street sweeping optimization
- Using data to drive investment through Pavement Management Plan, Alley Management Plan, Sidewalk Master Plan, and a Facility Condition Assessment
- Other mobility efficiencies include use of eco-totem, EzcommuteLB and EzparkLB
- Opened a CNG fueling station and continue to invest in a sustainable fleet
- LBCOAST project continues to modernize City’s HR, finance and budget systems
Enhances Our Highest Priority—Public Safety

- With Measure A Funds
  - Continues to restore and maintain South Police Division, Police Academy operations, Fire Engine 8, and Paramedic Rescue 12
  - Preserves existing Police and Fire services
  - Neighborhood Safe Streets Initiative in Police - $1m
  - Support 4th back-to-back Police Academy - $4.3m
  - Safety camera network modernization & expansion - $750k

- With Other Funds
  - 28 Police positions added for Metro Blue Line enforcement
  - Structural funding of Fire HEART Team
  - 2 Fire positions to conduct marijuana inspections
Significant Investment in Public Infrastructure

- Measure A funds in FY 18 to address City’s aging infrastructure - $26.3m

- This supplements $69.3m Capital Improvement Program investing in:
  - Mobility
  - Public Facilities
  - Parks and Recreation
  - Beaches and Waterways
  - Utilities
Preserves the Balance of Services City Wide

- Budget maintains the relative priorities previously established by the Mayor and City Council to ensure an efficient, full-service City
- Public Safety is about 70% of General Fund departmental budget
Promotes Street and Mobility Improvements

- New Transportation Mobility Bureau in Public Works
- 2 positions for Long Beach Bike Share program & LA Metro initiatives
- New pothole crew for enhanced response to pothole requests
Focuses on Addressing Homelessness

- $1.4m of Measure MA marijuana tax to fund homeless rapid response activities & existing MSC Operations
- Direct funding from LA County Measure H for homelessness strategies
- FUSE Corps Fellow to focus on innovative solutions for homeless population
Supports Clean Team Operations

• 2 additional Clean-Teams (4 total) for beautification efforts and trash clean up

• Refuse rate restructuring as part of multi-year strategy to address Refuse Fund structural deficit
Focuses on Economic & Neighborhood Development

- **Restructuring of ED Dept.,** including 2 new positions for oversight of Urban Commons lease & maintenance of City-owned properties
- Property **management database** - $50k
- **Permit Center Officer** to minimize wait time
- **Study support:** Noise Element, Open Space Element, Zoning Code Assessment, North Long Beach Uptown Plan, and Short Term Rental Ordinance - $550k in one-times
Invests in Art and Culture

- Wayfinding signage program - $1m one-time
- Beach Streets – two events - $500k one-time
- POW! WOW! Art mural event - $50k one-time
- Convention and Visitors Bureau - $100k on-going
- Arts Council with $50k 1-to-1 match & $50k on-going
- City’s reappraised art collection insurance - $75k
- Media relations & marketing investments
Supports City Council Priorities

- **Language Access Plan** - $80k one-time
- **Be SAFE** current locations - $192k one-time, $80k ongoing
- **Sunday Library Hours** current locations - $268k one-time
- **Municipal Band** full 6-week season - $66k ongoing
- **Animal Care Services** - 2 new positions
- **Office of Aging** position - $110k one-time
- **Office of Equity** - 1 grant funded position
Invests in Technology

- **Fiber Communications** expansion - $400k

- City’s **phone system upgrade**, including 911 Automatic Location Identifier, **single phone number** for City - $800k

- **Website** upgrades and maintenance - $150k

- Maintenance of **GEO HUB open data** sharing platform - $100k one-time

- Other **Urgent Technology Upgrades** - $750k one-time
Invests in Innovation and Efficiencies

• **Restructured i-team** to help departments with high-priority issues

• **FUSE Corps** for homelessness issues, hiring policy efficiencies, and strategic plan for senior services

• **Civil Service investments** to improve speed of filling critical City positions

• **Youth and adult sports tournament** pilot programs

• New online **public records management** system
Significant Unfunded High Priority Needs Remain

Recommend these needs be considered first, if new revenues identified:

- Budget for **watering parks and medians** are underfunded by $1.2m
- **Unrepaired damage to buildings from storms** of almost $5m
- **Stormwater protection requires upgrades** of nearly $10m
- **Park tree and grass median removal and replacement**, starting at $500k annually
- **Backlog of maintenance, capital improvement & technology projects**
Fiscal Outlook

- FY 18 is balanced but there are future shortfalls driven primarily by pension increases.
- Measure A funding has been essential to maintain public safety and substantially improved this outlook.
- Assumes no recession and includes current bargaining agreements.
- Addressing the projected shortfalls will be a priority for FY 18.

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<tr>
<th>General Fund Surplus/ Shortfall (in $ Millions)</th>
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<td>FY 18 Projection</td>
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<td>Current Projection</td>
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Balancing Actions and Risks

• FY 17 revenues are not as strong as hoped, primarily due to property tax appeals in the Port area. Bottom line expected to be close with either a small surplus or shortfall

• FY 18 is balanced through several actions that provide additional funding for operations, with some having a trade-off of less one-times and additional budget risk
  • Revenue budgeting approach that uses expected revenue based on history of prior year surpluses
  • Less funding for insurance based on history of past cost
  • Recognizing savings from natural turnover of positions
  • Use of non-functional CalPERS stabilization fund to fund critical one-time needs
  • Shifting of expenses into other eligible funding sources
  • Uses Measures A and MA projections based on preliminary estimates
Considerations for the Future

- Various factors will impact the City’s future budget situations and will be monitored and taken into account as appropriate, including:
  - Expenditures growing at inflation rate or higher, combined with limited revenue growth and dependence on some business categories for revenues
  - The price of oil, extraordinary pension cost increases, and future employee bargaining agreements
  - Litigation remains a significant challenge—General Fund funds received from gas, water, and sewer operations at risk; not included in current projections
  - Unfunded needs in technology and other infrastructure/asset needs
  - New initiatives
  - Occupancy of the new civic center and associated development
  - Federal and State actions
  - Impact of Measure A and Measure MA (Marijuana)
  - Impact of continued economic development
Strategies for the Future

- Focus on strong economic development aided by $2.5 billion of private investment
- Continue strong financial management by structurally balancing budgets and placing 5% of one-time revenues in unfunded liability reserve
- Develop short-term and long-term plans to address City’s operational, infrastructure and other one-time needs as a priority in FY 18
- Ensure reserves are funded within the City Council-approved policy levels
- Continue focus on innovations, exploring cost reductions, and ways to maximize existing and new revenues
FY 18 Budget Highlights

- FY 18 budget is structurally balanced
- Invests in public safety and infrastructure
- Focuses on mobility, homelessness, clean city services, economic development, arts and culture, technology and innovation
FY 18 Budget Timeline

• Through today:
  • **March 14** – Fiscal Outlook City Council Presentation
  • **March 15** – Instructions to Departments
  • **July 3** – Submittal of Proposed Budget to Mayor
  • **July 25** – Study Session on Capital Improvement Plan and Budget Oversight Committee (BOC) meeting
  • **July 31** – Mayor Submits Proposed Budget to City Council

• Upcoming:
  • **August** - Community Budget Meetings (TBD)
  • **August/September** – BOC Meetings (TBD)
  • **August 8** – Budget Hearing
  • **August 15** – Budget Hearing
  • **August 22** – Budget Hearing
  • **September 5** – Budget Hearing and 1st Adoption Date
  • **September 12** – Budget Hearing and 2nd Adoption Date
Opportunities for Community Engagement

- Attend Budget Hearings
- Attend Community Budget Meetings
- Attend Budget Oversight Committee Meetings
- Participate in the City of Long Beach Survey on funding priorities
- Use openLB to explore the proposed budget visually