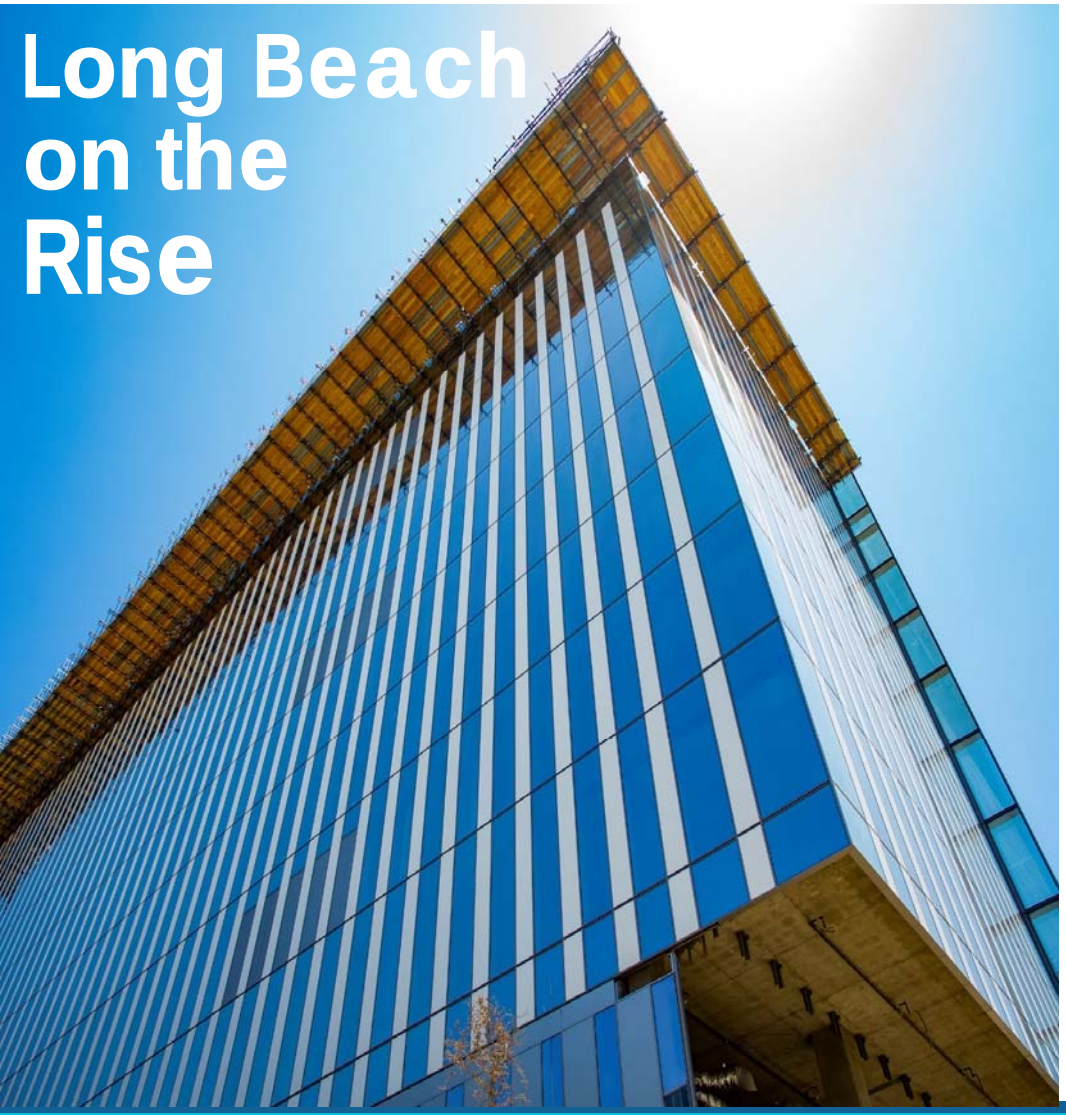
FISCAL YEAR 2019 PROPOSED BUDGET

City Manager Overview

August 7, 2018

CITY OF LONG BEACH

Long Beach on the Rise



- $520 million **Civic Center** and **world-class Main Library** to be complete in 2019
- $4 billion in **port construction** projects
- **4,000 residential units** permitted and on the horizon, including affordable and supportive housing
- **Most walkable city** on the West Coast; one of most bicycle friendly cities in the nation
- **Top 21 parks system** in the nation
- Silver ranking in CityHealth's report on **quality of life**
- **Lowest number of murders** in recorded history
- Award-winning **Long Beach College Promise**
- **Unemployment rate** at all time low
- **2028 Summer Olympics** and Paralympic Games

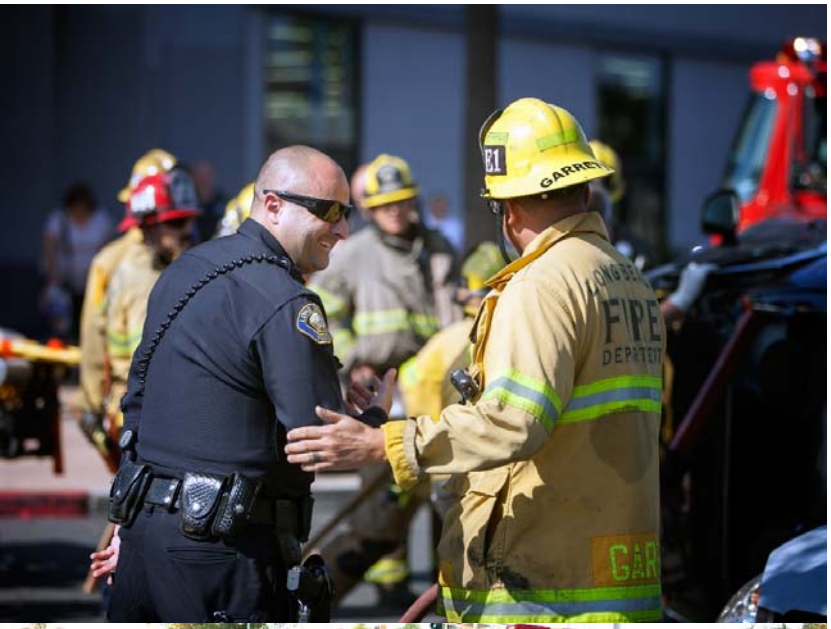
Focus on Addressing Homelessness

- FY 19 continues existing services and implements enhancements for homelessness
- Currently spending approximately **$14 million on Homeless** Services, Outreach and Response utilizing Federal HUD, State, City and County funding including Measure H.
- Four new **Quality of Life** Police Officers and up to one Detective funded through Measure A and LA Metro
- An additional **Fire HEART** team (two Firefighters) funded from Measure A
- A new **Waste Operations Supervisor** to support Clean Team homeless encampment clean-ups
- $255,000 General Fund one-time funding for **proactive homeless initiative**
- Newly launched **Everyone Home Long Beach** initiative

Public Safety is a Top Priority

<u>With Measure A Funds:</u>

- **Preserves 108** Police Officers and Firefighters
- Supports **previous restorations**: South Police Division, Police Academy operations, Fire Engine 8, and Paramedic Rescue 12 (totaling 37 public safety positions)
- **Neighborhood Safe Streets Initiative** in Police - $1.9 million
- **2nd Police and Fire Academies** - $3 million
- Safety **camera network modernization & expansion** - $600,000



Public Safety is a Top Priority

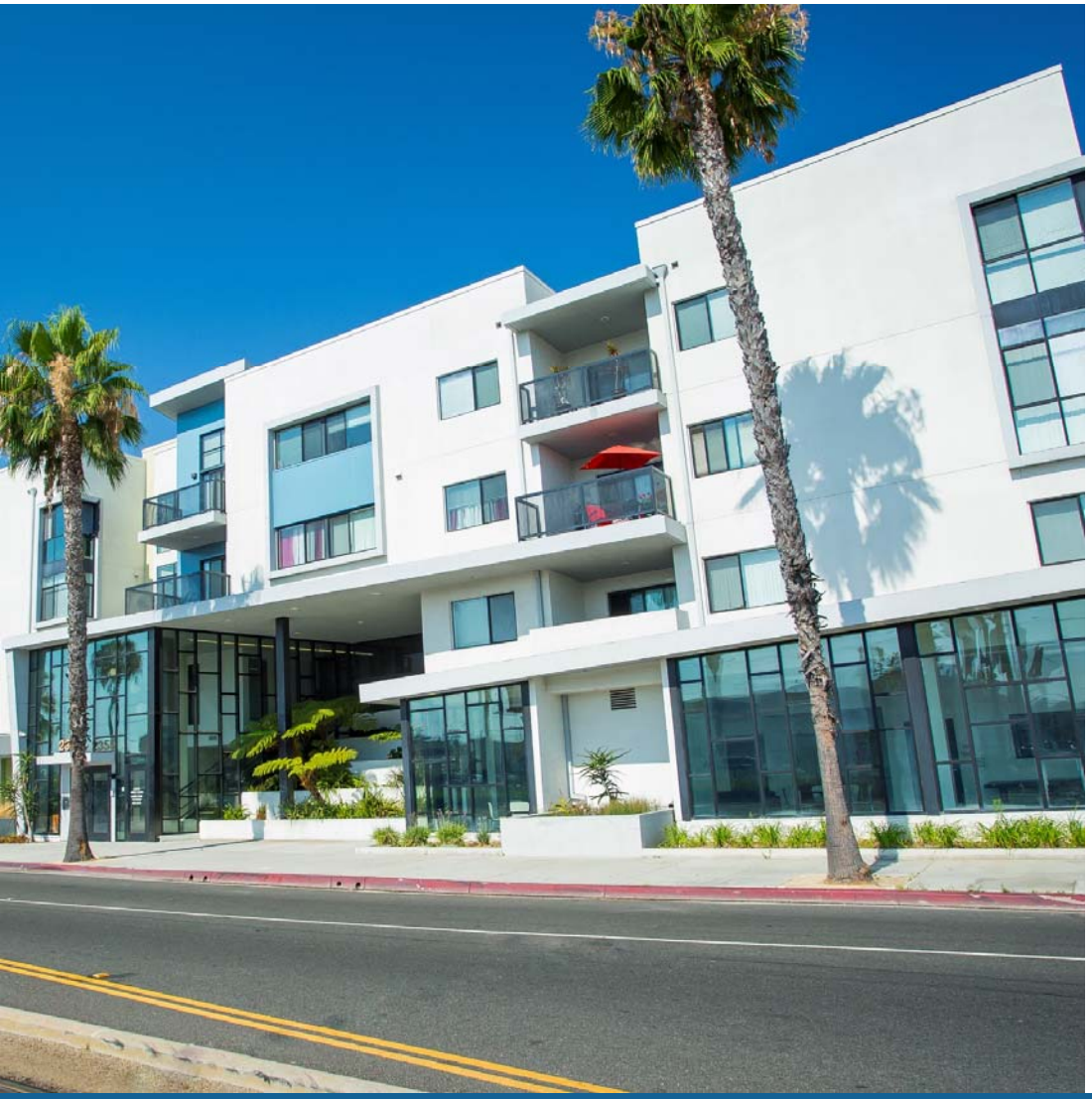
<u>With Other funds and General Fund one-time funding:</u>

- Transfer of 27 Airport Special Services Officers to Police Department for greater oversight
- Fire support positions to manage grants, manage inventory, and provide oversight to residential inspection program
- $2 million for Police **Records Management System upgrade**
- $100,000 for Police **jail clinician services**
- Create the **Community Services Officer classification** in Police to respond to non-emergency (Priority 3) calls

Infrastructure and Critical Needs Addressed

- $120.8 million Capital Improvement Program investing in:
  - Mobility
  - Public Facilities
  - Parks and Recreation
  - Beaches and Waterways
  - Utilities
  - Airport

- Other Critical Needs Investments:
  - Additional positions to support critical **technology needs**
  - Funding to maintain current **Parks landscape** contract
  - $1.2 million General Fund one-times for **Parks water**
  - $1 million Tidelands Fund one-times for LA River **debris collection** system



Economic Development Is the Future

- Senior Structural Engineer and Planner to facilitate **high-rise development applications**
- Plumbing Plan Checker and Permit Technician to improve Permit Counter **turnaround time**
- Two analyst positions to improve **community engagement** on development and land use issues
- Two Combination Building Inspector positions to maintain **inspection response time**
- $295,000 Development Services one-times to support General Plan Land Use Element, Urban Design Element, zoning code amendments

Service Delivery Improved

- **Seven-day Library coverage citywide –** Some libraries will now be open Sunday through Thursday; others Tuesday through Saturday
- **Establish a Projects Management Bureau in Public Works** – for better management and oversight of critical citywide projects
- **Conversion of contracted staff to City positions in Public Works** – will increase production, retain knowledge, and generate cost savings
- **Establish a Community Engagement and Partnership Bureau in Parks, Recreation, and Marine –** to pursue community sponsorships, partnerships, grants, strategic plan for sustainability. Includes one-time funding for pilot volunteer coordinator position
- **Animal Care Services –** $120,000 General Fund one-times for animal adoption coordinator
- **Code Enforcement Prosecution** – $150,000 General Fund one-times for City Prosecutor to prosecute code enforcement violations

Investment in Art and Culture

- Continue **1 percent for Art program** – estimated at $170,000
- **Museum of Art** – increase City's structural contribution by $50,000
- **Art Council** – increase City's structural contribution by $25,000 and provide $50,000 in one-time support
- **POW! WOW!** Art mural artists - $50,000 one-time
- **Convention and Visitors Bureau** – increase City's structural contribution by $250,000
- **Gateway and Wayfinding Signs –** $500,000 one-time from Special Advertising and Promotions Fund. (Also $250,000 one-time from Tidelands Fund and $100,000 one-time from Airport Fund)
- **Beach Street event –** $250,000 one-time

Social Equity and Needs Addressed

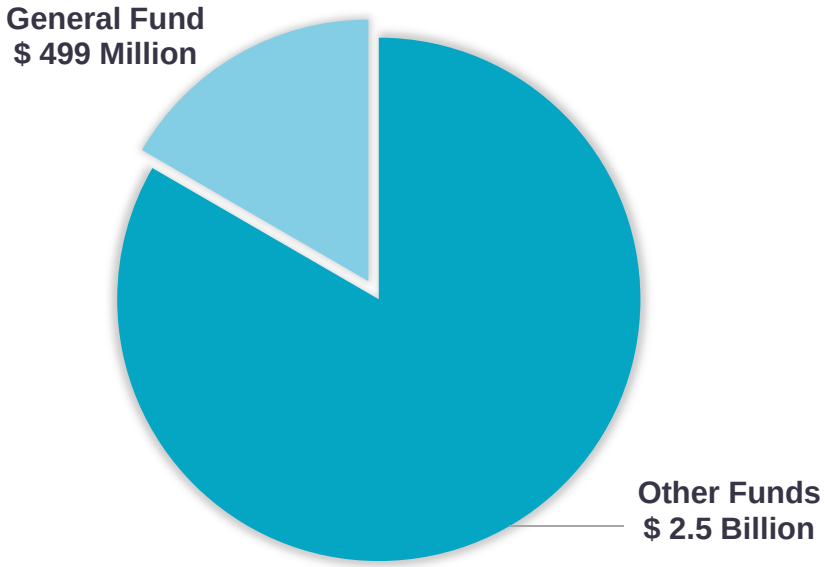
- **Office of Equity** – Structurally fund through permanent position funded from General Fund
- **Be S.A.F.E. –**$192,000 General Fund one-times to continue current locations
- **Youth and Children Support –** $200,000 General Fund one-times to support youth well-being through participatory budgeting
- **Language Access Plan –** $80,000 General Fund one-times

Innovation and Efficiency Distinguishes Long Beach

- **Office of Civic Innovation** to serve as in-house consultants to create effective approaches for pressing issues (i-Team)
- **Partnerships to Enhance Parks, Programs and Services (PEPPS)** to develop partnerships and sponsorships to improve park facilities and recreation programs
- **Digital Inclusion Planning** to increase public access to technology, digital content, and City services
- **Sustainable fleet practices** will increase the percentage of alternative fuel vehicles to 43 percent in FY 19
- **LB-MUST** to collect runoff, stopping pollution from entering the LA River and providing a resource of water for parks

Proposed FY 19 Budget - Overview

- The **7th largest city** in California
- The City has a total budget of **$3 billion** made up from **37 funds**, but a majority of revenue is restricted for specific use
- **Example of restricted funds** – Harbor Fund, Tidelands Oil Revenue Fund, Gas Fund, Water and Sewer Funds
- The General Fund is only **17 percent** of the FY 19 Budget that is completely discretionary ($499 million recurring costs and $39 million of one-time costs)



Strong Fiscal Management

- Mayor and City Council emphasize economic development, redevelopment, neighborhood maintenance and improvement, tourism, and support for businesses – to increase tax base and keep Long Beach a great place to live, work and play

- Structurally balanced budgets, good reserves, and 5 percent of surplus one-time revenues to an unfunded liability reserve

- Focus on innovations, explore cost reductions, and maximize existing and new revenues

- Independent reviews by bond rating agencies have consistently confirmed the strong financial management

Positive Impact from Voter Approved Measures

- Support of voters and confidence in Long Beach has protected City services, especially public safety services and has provided a strong public safety continuum of services
- **Measure A** in June 2016 – maintain, restore, and enhance public safety services and provide for infrastructure improvements
- **Measure MA** in November 2016 – allow cannabis tax to support cannabis enforcement and homeless services
- **Measure M** in June 2018 – maintain services and offset impact of adverse litigation

A Balanced FY 19 Budget through Proactive Actions

- Early in budget development process, Mayor and City Council reviewed and conceptually approved a pathway to address FY 19 budget shortfall through budget balancing actions

- **Budget Balancing actions** include:

  - Expected and additional **Measure A structural revenues** to maintain public safety services
  - Increased revenues from **parking-related fines and citations**
  - Increases in **ambulance fees** to match the county level
  - Revenue from **short-term rentals**
  - Other revenue increases including budgeting **oil at $55 a barrel**

- City staff proactively worked throughout the budget development process to find departmental budget savings and/or additional revenues

Fiscal Outlook

- FY 19 is structurally balanced
- FY 20 has a projected budget shortfall to be addressed
- Shortfall is driven primarily by pension cost increases
- Out-year projections do not include wage increases. Employee contracts for all 11 bargaining groups end in either FY 18 or FY 19 and expected to be open for negotiation in FY 20 and FY 21. A one percent wage increase for all groups costs approximately $6.5 million across all funds and $3.6 million in the General Fund
- Addressing the projected shortfall will be a priority for FY 19

	FY 19 Budget	FY 20 Projection	FY 21 Projection	Cumulative
Surplus/(Shortfall) $ in millions	0.0	(9.3)	0.8	(8.5)

Unfunded Priorities Remain

It is recommended these needs be considered as a priority if new revenues or an additional year-end surplus becomes available.

- Watering costs for parks and medians that are underfunded and impacted by rainfall levels
- Additional maintenance for streets and sidewalks
- Additional maintenance for parks, recreation facilities, and athletic playing fields
- Additional maintenance for buildings
- Unfunded employee benefit liabilities such as the subsidy for retiree health insurance

**These are general examples. A longer list of examples is in the Proposed Budget.*

Summary of FY 19 Budget

- Focus on homelessness, public safety, economic development, infrastructure, arts and culture, technology and innovation, organizational efficiencies, and City Council priorities
- Invests in public safety and infrastructure
- Proactive budget balancing actions by City Council and staff, and voter approved measures have provided a structurally balance budget that invests and preserves services
- Future challenges will be addressed through strong fiscal management

FY 19 Budget Timeline

Through today:

- **February 6** – Fiscal Outlook & Budget Balancing Presentation to City Council
- **March 7** – Fiscal Outlook & Budget Balancing Update memo to City Council
- **July 3** – Submittal of Proposed Budget to Mayor
- **July 31** – Mayor Submits Proposed Budget to City Council

Upcoming (Tentative):

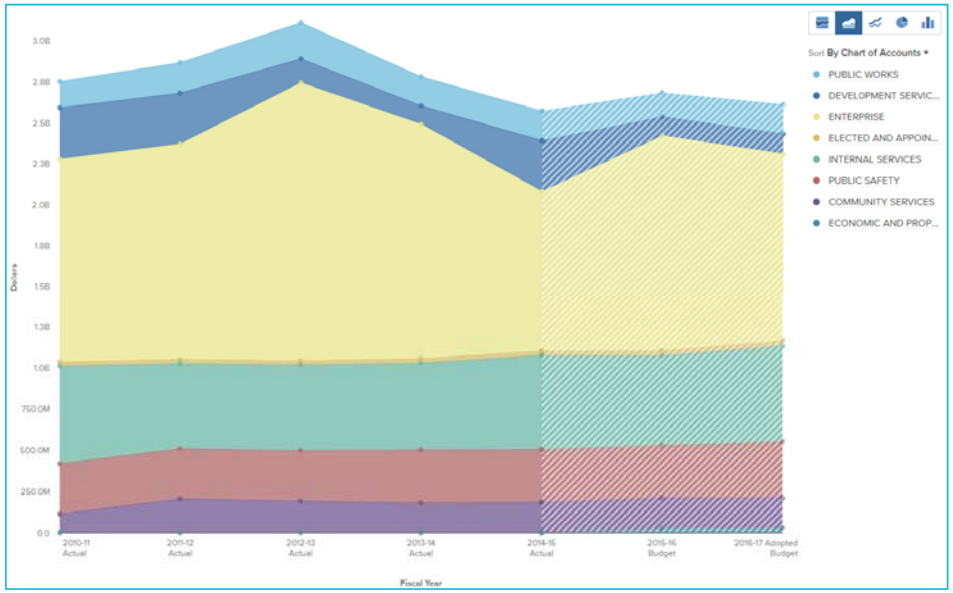
- **August** - Community Budget Meetings (TBD)
- **August/September** – BOC Meetings (TBD)
- **August 7** – Budget Hearing
- **August 14** – Budget Hearing
- **August 21** – Budget Hearing
- **August 28** – Budget Hearing (TBD)
- **September 4** – Budget Hearing and 1st Adoption Date
- **September 11** – 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

Please check one box for each service.

	Very Important	Somewhat Important	Not Very Important	Not at All Important	No Opinion
Providing free or low-cost recreation programs for youth	○	○	○	○	○
Maintaining and repairing public buildings (community and senior centers, fire stations, libraries, etc.)	○	○	○	○	○
Providing special events and programs for families	○	○	○	○	○
Maintaining a low crime rate	○	○	○	○	○
Preparing the community for emergencies or disasters	○	○	○	○	○
Providing programs for seniors	○	○	○	○	○
Maintaining parks	○	○	○	○	○
Providing neighborhood police patrols	○	○	○	○	○



FISCAL YEAR 2019 PROPOSED BUDGET

City Manager's
Proposed Budget Overview

August 7, 2018

CITY OF LONG BEACH