

Date: November 30 2020

To: Thomas B. Modica, City Manager



From: John Gross, Director of Financial Management



For: Mayor and Members of the City Council

Subject: **New Budget Process Addressing the Direction from the Mayor and City Council and Setting Dates for Early Budget Study Sessions**

As part of the Fiscal Year 2021 (FY 21) budget adoption actions, the Mayor and City Council directed the City Manager to evaluate and begin a zero-based budgeting approach, and to incorporate earlier community outreach and participation starting with the FY 22 budget process. A new Service Priority Budgeting (SPB) process incorporating key elements of zero-based budgeting, best practices, improved transparency, and earlier community outreach and participation has been developed and is being implemented beginning with background work this month. A complete briefing on the new SPB process will be presented to the City Council in January 2021.

A key aspect of the new SPB process is providing the Mayor, City Council, and the public, information on key services a department provides, as well as a prioritization of what service levels are the most or least important to provide. All departments, except Harbor and Water, will compile this information into packets that will be made available to the City Council and public. Additionally, there will be a series of Special Meetings of the City Council to conduct Budget Study Sessions (Study Sessions) beginning as early as February 2021, where department heads, as determined by the City Council, will present to the Mayor, the City Council, and the community their recommendations for the relative priorities of the services their departments provide. Attached is a suggested list of 11 key operating departments that will be scheduled to present. Staff will be reaching out to the Mayor and City Council soon to agendaize these Study Sessions, as there is considerable advance planning and preparation required.

The primary purposes of the information packets and department presentations are to provide greater transparency on services and their costs, and to receive comments from the Mayor, City Council, and the community on what they believe are the most important and least important services. This input will help inform the development of the proposed FY 22 budget. Based on the current projections for FY 22, it is anticipated that developing the proposed budget will be more challenging than in prior years with difficult decisions on substantial budget reductions (or additions) that will be needed. Receiving input on service prioritization will be a critical factor in being able to propose a balanced budget during this difficult situation.

While the discussion around the prioritization of services will help inform the development of the proposed budget, the prioritized listing presented in the Study Sessions or provided separately (if the department does not present) will not be a listing of proposed budget cuts for

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the FY 22 budget. This is because the prioritization does not take into account important factors such as offsetting revenues, efficiencies, alternative service delivery options, practical allocation of workload across staff or geographical area, or other elements that need to be considered when developing an actual budget proposal. These other factors, along with consideration of overall priorities (not just a single department), will all be taken into account during the development of the City Manager's Proposed FY 22 Budget that occurs later in the budget process.

The new SPB process will also include early community meetings (in addition to the Study Sessions) and other opportunities for public feedback for greater budget transparency and informed public input early in the budget process. The first community meeting is anticipated to be scheduled in January 2021.

Should you have any questions, please do not hesitate to contact Finance Director John Gross at 562-570-6427 or Budget Manager Grace H. Yoon at 562-570-6408.

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ALL DEPARTMENT HEADS

Suggested List of Departments to Present

If a Councilmember would like to have additional departments present, please let Rebecca Garner by December 18, 2020. Staff will be reaching out to the Mayor and City Council soon to agendize these Special Budget Study Sessions, as there is considerable advance planning and preparation required.

- Departments presenting at Special Budget Study Sessions:
 1. Development Services
 2. Economic Development
 3. Fire
 4. Health and Human Services
 5. Library Services
 6. Long Beach Airport
 7. Parks, Recreation and Marine
 8. Police
 9. Public Works
 10. Refuse (part of Public Works but separate presentation)
 11. SERRF (Part of Energy Resources but separate presentation)

- Departments providing information packets but not presenting:
 12. Legislative
 13. City Attorney
 14. City Auditor
 15. City Clerk
 16. City Manager
 17. City Prosecutor
 18. Civil Service
 19. Disaster Preparedness and Emergency Communications
 20. Energy Resources
 21. Financial Management
 22. Human Resources
 23. Technology and Innovation
 24. Oil (Part of Energy Resources but separate information packet)