CITY OF LONG BEACH
Fiscal Year 2022
Proposed Budget
I am pleased to present to you the Proposed Fiscal Year 2022 (FY 22) Budget. This is a budget that was developed during the worldwide pandemic crisis, which has greatly altered the City’s finances over the past year. As we work together to rebuild and recover from the impacts of the pandemic, the Proposed FY 22 Budget preserves the great services and amenities that support our community and provides major recovery efforts for our residents and businesses.

Over the past year, despite unprecedented challenges due to the initial and ongoing effects of the COVID-19 pandemic, and associated budget shortfalls, the City has made tremendous strides in providing ongoing support to local residents and businesses, as well as achieving many other accomplishments. We have launched the COVID-19 Relief Payment Plan Program, the Long Beach Emergency Rental Assistance Program, as well as the $40.3 million comprehensive, equity-based spending plan, funded by the Coronavirus Aid, Relief, and Economic Security Act, providing $14.4 million towards community support and $6.75 million towards business recovery and resiliency efforts. We have expanded services for people experiencing homelessness through Project RoomKey that provided housing via a 133-room facility, and Project Homekey that provided 102-rooms of interim housing and additional services. We continue to implement our multifaceted Racial Equity and Reconciliation Initiative, with one of the strategic goals leading to the development and adoption of the Youth Strategic Plan.

The City developed, early in 2021, the Long Beach Recovery Act ahead of most other cities in the country. It funds a number of major economic, public health and fiscal initiatives for Long Beach residents, business owners and workers critically impacted by the pandemic. The Long Beach Recovery Act, using federal funds, will also cover the estimated $30 million General Fund shortfall in FY 22 on a one-time basis. This allows the City to maintain our current services in a key recovery year that would otherwise be in jeopardy. This also provides time to develop a permanent strategy and solution for the likely substantial shortfall the following year in FY 23. The Proposed FY 22 Budget highlights the revised plan for these funds based on updated federal funding allocations that were lower than previously expected and affirms the City’s commitment to invest into the recovery and resiliency of our City and community.

In presenting my second proposed budget as City Manager, I continue to be committed to working together with our residents, businesses, community-based organizations, neighborhoods, and our Mayor and City Council as we move forward in the uncharted waters of pandemic recovery. I am confident we will be more resilient than ever and continue to build a city where every Long Beach resident has a safe place to live and the opportunity to thrive.

Thomas B. Modica
City Manager
Since the City Council declared a local health emergency to address the COVID-19 pandemic, the City’s top priority has been to mitigate the risks to residents’ health and well-being, and lessen the negative impacts to the local business community. City staff initiated five economic equity studies and conducted more than 30 listening sessions with over 350 community leaders to learn more and dig deeper into how to address where impacts were being felt.

Focuses resources on residents and businesses most impacted by the pandemic and relaunching business sectors hardest hit by the pandemic to promote inclusive economic recovery.

Focuses resources on addressing the underlying factors impacting health and prioritizes the basic mental and physical health needs of the community members most adversely impacted by the pandemic.

Maintains and provides City services in FY 21 and FY 22 that otherwise would have likely been significantly reduced due to budgetary shortfalls in both years. It also allows for the restoration of depleted emergency and operating reserves that were adversely impacted by the pandemic.

On March 16, 2021, guided by community feedback, the City Council approved the Long Beach Recovery Act to address the public health and economic impacts and disparities of the COVID-19 pandemic by utilizing federal, State, and county funding to provide a variety of relief programs to the community. Long Beach Recovery Act in all aspects, utilizes an equity lens to identify the unique needs for the community and includes funding for specific programs, outreach, language access, and digital access to ensure that Long Beach Recovery Act will assist all of those in need throughout Long Beach. Based on the extensive community input and the use of an equity lens, the Long Beach Recovery Act provides funding of $249.3 million to support three targeted categories - Economic Recovery, Healthy and Safe Community, and Securing Our City’s Future.
The Proposed FY 22 Budget focuses on preserving current services as the City and community work to recover from the pandemic’s impacts. In most cases, there are no significant changes to the budget, except for a few critical and strategic investments. Below are some highlights of these notable changes.

Detailed information is available in the full Proposed FY 22 Budget Book.

**General Fund**
- Diversity Recruitment, Mentorship, and Partnership Program in the Police Department – approximately $220,000 all offset within current budget to foster a workforce that reflects the diverse community
- Fire Diversity Recruitment Program – approximately $250,000 one-time funding to continue fostering diversity in the Fire Department
- Elections and Redistricting funds – $2.8 million one-time funding needed for primary elections in FY 22 and the independent redistricting commission work
- Funding previous commitments like maintenance for the new Wrigley Greenbelt, maintenance and programming for the new Lincoln Park, funding for regular mandates, and budget neutral department reorganizations

**Measure A**
- Continue to support all the past restorations, public safety maintenance, and administrative support
- $2.5 million to keep Engine 17 in service for another year in the Fire Department; previously funded with one-time funds only through FY 21
- $2.2 million for Neighborhood Safe Streets Initiative in the Police Department (part of previous out-year plan)
- $13.6 million for Public Safety communications technology (part of previous out-year plan)
- $1 million for Community Hospital (part of previous out-year plan)
- $20.8 million Infrastructure, which includes past commitments and funding for Police and Fire academies and other infrastructure, as well as a new $4 million for the ADA sidewalk curbcut

**Measure US**
- Measure US funded enhancements – approximately $1.3 million of additional oil barrel tax revenue for the priority areas of climate change, public health, and children and youth service programs

**Other Funds**
- Several funds have organizational and other operational changes and enhancements offset by the revenue or funds available in those particular funds

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### FY 22 Budget Items

The General Fund at about 21 percent of the budget (approximately $625 million) is the only completely discretionary fund and supports most of the work people associate with a City, such as public works, public safety, parks, and libraries. The other thirty-six funds make up the majority of the City’s budget and are restricted by law for specific services. The funds fall into the following categories:

- **Enterprise Funds:** $1.1 billion
  - These funds operate like a business charging for services, such as Airport, Harbor, and Water.
- **Internal Services Funds:** $578 million
  - These funds account for internal services provided to City departments with charges to those departments for the services, including Fleet and the Insurance Fund.
- **Tidelands Funds:** $226 million
  - These funds support operations and projects along the beach areas, funded by proceeds of oil revenues, transfers from Harbor, and Marina fees, among others.
- **Special Revenue Funds:** $267 million
  - These funds account for activities that are paid for by State and Federal grants, taxes, or designated revenue sources that are restricted for special purposes, such as the Health Fund.
- **Capital Projects Fund:** $136 million
  - This fund accounts for the planning, design, and construction of major capital improvements, funded by federal, state, and county grants, impact fees, and transfers including from Measure A.
- **Uplands Oil Fund:** $8 million
  - This fund receives non-Tidelands oil revenue to fund operations and capital.
- **Debt Service Fund:** $6 million
  - This fund accounts for the payment of governmental debt.

### Understanding the General Fund

Each year, the funding available to support City services fluctuates. The majority of the General Fund is comprised of tax revenues, and the most significant costs are the employees who deliver City services. The numbers below reflect the approximate share of each revenue source and expense category per year.

#### Revenue Sources

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales &amp; Use Tax</td>
<td>24.2%</td>
</tr>
<tr>
<td>Property Tax</td>
<td>23.6%</td>
</tr>
<tr>
<td>Charges, Fines, and Forfeitures</td>
<td>12.8%</td>
</tr>
<tr>
<td>Property Tax in Lieu of Vehicle License Fee</td>
<td>10.1%</td>
</tr>
<tr>
<td>Licenses, Permits, &amp; Franchise Fees</td>
<td>9.9%</td>
</tr>
<tr>
<td>Transfers, Interfund Services, &amp; Other Revenues</td>
<td>7.7%</td>
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<tr>
<td>Other Taxes</td>
<td>6.5%</td>
</tr>
<tr>
<td>Utility Users Tax</td>
<td>6.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>80.1%</strong></td>
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</tbody>
</table>

#### Expenditure Breakdown

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>61.3%</td>
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<tr>
<td>Other Employee Costs</td>
<td>27.5%</td>
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<tr>
<td>Equipment &amp; Maintenance</td>
<td>12.2%</td>
</tr>
<tr>
<td>Contracts &amp; Services</td>
<td>4.9%</td>
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<tr>
<td>Utility, Materials &amp; Transfers</td>
<td>3.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0%</strong></td>
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For more information on the budget, community budget meetings, and budget survey, visit: longbeach.gov/finance