I am pleased to present to you the Proposed Fiscal Year 2023 (FY 23) Budget. This budget was developed during a pivotal time of transition. While the City of Long Beach (City) continues to recover from the lasting implications of the COVID-19 pandemic, the City has remained committed to providing critical public services, prioritizing recovery support for residents and businesses, and making strong investments in the City’s infrastructure.

I am incredibly proud of all that the City has accomplished during these trying times, and as we look towards FY 23, I remain wholly committed to developing a City budget that addresses the ever-changing needs of our community. To this end, the Proposed FY 23 Budget makes substantial investments into many areas without adding to the General Fund structural shortfall.

These priority areas include the following:

- Addressing Homelessness
- Community Safety
- Equity, Inclusion, Health, and Quality of Life Support
- Business Attraction, Support, and Economic Development
- Arts, Culture, and Tourism
- Infrastructure, Maintenance, and Critical Needs Investments
- Climate Change and Environmental Sustainability
- Recruitment, Retention, and Strengthening Internal Administrative Services
- Unfunded Operational Needs and Major Liabilities Improvements

These investments took into consideration City Council priorities as well as community feedback that was received from residents early during the budget development process. This Community Budget Book provides some of the highlights with more comprehensive and detailed information that can be found in the full budget book available online. The City’s annual budget is one of the most important policy documents the City produces, so thank you for your interest in the FY 23 Budget and I look forward to hearing from you as we work to finalize the budget. I remain confident and hopeful that together we will continue to build a Long Beach that is safe, dynamic, and thriving.

Thomas B. Modica
City Manager
HIGHLIGHTS OF THE PROPOSED FY 23 BUDGET

FOR A COMPREHENSIVE LIST, PLEASE SEE THE FULL BUDGET BOOK AVAILABLE HERE: LONGBEACH.GOV/FINANCE

Finding local solutions to the homelessness crisis continues to be a top priority for Long Beach, leveraging multiple City, County, State, and Federal funding streams. The Budget supports existing services and recommends enhancements, including:

- Add a 3rd Restorative Engagement to Achieve Collective Health (REACH) team providing more after-hours and weekend service.
- Add two counselor positions that will coordinate with City’s call center to enhance communications with community members and respond to those seeking help.
- One-time Measure A funds of $2.1 million for a 2-year outreach and clean-up initiative along the river beds.

The City is committed to providing a safe community for all Long Beach residents and continues to pursue innovations and collaborative approaches towards this goal. New items proposed in the Budget include:

- One-time funds of $980,000 for the Community Crisis Response Program where an unarmed, first responder team can respond to mental health, substance abuse, and quality of life related 9-1-1 calls.
- Create a new Collaborative Response and Engagement (CRE) Bureau in the Police Department to facilitate innovative approaches focused on building meaningful community relationships, and add 20 new Police Officers (16 Bike Officers and 4 Quality-of-Life Officers) to address root causes of crime through relationship-based community policing models.

Supporting Long Beach businesses and promoting economic development is a key part of the City’s strategy in growing its revenue base and continuing towards the vision of being a city of opportunity. The Budget proposes new investments to support the business community, including:

- Add an Analyst position to serve as a business liaison and support business outreach efforts.
- Add three Permit Technician positions to ensure full staffing at the Permit Center.
- Add two Planner positions to staff the public counter and zoning telephone line to support plan reviews and customer service.
Investing and prioritizing infrastructure and maintenance needs remain a critical part of the City’s efforts to maximize current resources for ongoing future benefits, including:

» The City’s FY 23 Capital Improvement Program is $177 million, excluding Harbor.
» A new $228 million, 5-year Measure A plan for infrastructure, including $850 million from issuance of Measure A bonds.
» One-time Measure A funding of $1.8 million to remove structurally defective trees in parks.
» Conversion of armed 3.5 Park Ranger positions to 12.3 budgeted unarmed positions as part of a new Park Safety Ambassador, Clean Restroom, and Safe Playground Initiative to increase safety, close restrooms at night citywide, and have direct connection to Police Officers when additional assistance is needed.

The City’s FY 23 Capital Improvement Program is $177 million, excluding Harbor. A new $228 million, 5-year Measure A plan for infrastructure, including $850 million from issuance of Measure A bonds. One-time Measure A funding of $1.8 million to remove structurally defective trees in parks. Conversion of armed 3.5 Park Ranger positions to 12.3 budgeted unarmed positions as part of a new Park Safety Ambassador, Clean Restroom, and Safe Playground Initiative to increase safety, close restrooms at night citywide, and have direct connection to Police Officers when additional assistance is needed.

Looking to the future: The FY 23 General Fund shortfall situation of approximately $20.2 million plus $4.9 million of proposed one-time uses will be temporarily resolved with one-time solutions including funds made available through the Long Beach Recovery Act and reserves previously set aside to mitigate the impact of a Measure M litigation loss. This is a one-time solution and the City will need to address the shortfall in FY 24 currently projected at $25.6 million. The City Manager and staff will develop plans to prepare for future budget challenges and work together with the Mayor, City Council, and community to best deliver services with prudent fiscal practices.

Organizations around the country are confronting the Great Resignation, a phenomenon that describes record numbers of people leaving their jobs post the pandemic. The FY 23 Budget includes investments to help Long Beach support strong recruitment and retention efforts, including:

» Add two Personnel Analyst positions and one Personnel Assistant position in the Civil Service Department to help improve the time to hire staff.
» Add one Personnel Analyst position in the Human Resources Department to focus on classification and compensation.
» Add structural funding of $104,317 for a Learning Management System for citywide staff development and training.

HIGHLIGHTS OF THE PROPOSED FY 23 BUDGET (CONTINUED)
UNDERSTANDING THE CITY’S BUDGETARY FUNDS

The City Has 36 Budgetary Funds

The General Fund, at about 21 percent of the budget (approximately $670 million), is the only completely discretionary fund and supports most of the services people associate with a City, such as public works, public safety, parks, and libraries. The other thirty-five 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: $1.2 Billion
These funds operate like a business charging for services, such as Airport, Harbor, and Water

Tidelands Funds: $236 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

Debt Service Funds: $35 Million
These funds account for the payment of governmental debt

Special Revenue Funds: $247 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: $180 Million
These funds account 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

Internal Services Funds: $607 Million
These funds account for internal services provided to City departments with charges to those departments for the services; includes Fleet and Insurance Funds

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 for 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 (including Measure A)</td>
<td>24%</td>
</tr>
<tr>
<td>Property Tax</td>
<td>24%</td>
</tr>
<tr>
<td>Charges, Fines, &amp; Forfeitures</td>
<td>12%</td>
</tr>
<tr>
<td>Property Tax in Lieu of Vehicle License Fee</td>
<td>10%</td>
</tr>
<tr>
<td>Licenses, Permits, &amp; Franchise Fees</td>
<td>9%</td>
</tr>
<tr>
<td>Transfers, Interfund Services, &amp; Other Revenues</td>
<td>8%</td>
</tr>
<tr>
<td>Other Taxes</td>
<td>7%</td>
</tr>
<tr>
<td>Utility Users Tax</td>
<td>6%</td>
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</tbody>
</table>

Expenditure Breakdown

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>50%</td>
</tr>
<tr>
<td>Other Employee Costs</td>
<td>26%</td>
</tr>
<tr>
<td>Equipment &amp; Maintenance</td>
<td>11%</td>
</tr>
<tr>
<td>Contracts &amp; Services</td>
<td>7%</td>
</tr>
<tr>
<td>Utilities, Materials, Transfers</td>
<td>6%</td>
</tr>
</tbody>
</table>
Get engaged with the FY 23 Budget development process:

- Attend Budget Hearings at City Council meetings
- Attend Budget Oversight Committee meetings
- Attend Virtual Budget Community Meetings
- Complete the Digital Budget Comment Card

For more information on the budget visit: longbeach.gov/finance