

# Transmittal Letter

May 1, 1991

HONORABLE ERNIE KELL  
MAYOR  
City of Long Beach

Transmitted for your consideration is the Recommended Resource Allocation Plan for Fiscal Year 1991-92, which includes the fiscal plans of the Legislative, City Clerk, Civil Service, City Attorney, City Prosecutor, City Auditor, Harbor and Water Departments as well as those departments under my supervision.

As you know, the City of Long Beach shares with other cities across the nation and the State of California the problem of maintaining service levels while faced with a revenue stream that, historically, has not increased at the same rate as expenditures. The recession has severely impacted the City's ability to pay for the levels of service which the community has come to expect. The following will briefly discuss the Citywide Resource Allocation Plan and then focus specifically on those funds experiencing the greatest financial difficulty: the General Purpose Fund and the Tidelands Fund (beaches and waterways).

## *Citywide Resource Allocation Plan*

The Recommended Resource Allocation Plan totals \$1.629 billion which reflects a 12% reduction from the \$1.855 billion adjusted Fiscal Year 1990-91 Plan.

This 12% decrease is primarily attributable

to reductions in Tidelands Oil Revenue payments to the State because of projected lower oil revenues; reductions in Harbor capital projects planned for 1991-92; reductions in operating expenses and deferral of capital projects in the Tidelands Beaches and Waterways and Marina Funds required to offset funding shortfalls; and, a reduction in the General Services Fund due to a lower level of Citywide equipment replacement requirements. These decreases are partially offset by increases in Gas Tax funded projects due to increased revenues resulting from the passage of Proposition 111 in June, 1990, and to incremental increases Citywide due to negotiated wage adjustments, which are tied to local inflation; increases in insurance and fringe benefits costs; and, increases in materials and supplies due to general inflation.

While the Recommended Resource Allocation Plan for each fund presents a balanced fiscal plan, several funds are faced with severe funding problems.

## *General Purpose Fund*

The Recommended Resource Allocation Plan for the General Purpose Fund for Fiscal Year 1991-92 totals \$282 million. This represents a 1.7% decrease from the \$287 million 1990-91 adjusted Plan. The decrease is significant as departments were required to absorb a 5% wage adjustment and inflationary increases in materials, supplies and services. Most departments were required to further reduce their budgets by at least 5% of their base allocation. In effect, the absorption of the 5% wage adjustment and the additional 5% budget reductions meant that most departments' General Fund budgets were reduced by 10% in order to provide for a balanced Resource Allocation Plan.

General Purpose Fund revenues are estimated to total only \$285 million in Fiscal Year 1991-92. This revenue projection assumes

that only modest increases to our major revenue sources will occur. We must assume that the recession may continue and a significant rebound in the local economy may not occur by the beginning of the 1991-92 Fiscal Year. In addition, the impact on local government from any budget balancing actions yet to be taken by the State cannot be determined at this time.

As you are aware, the State's projected deficit has now reached almost \$13 billion, and preliminary information indicates that State legislators are considering shifting at least one city revenue source, the motor vehicle in-lieu tax, to county governments. The current proposal being considered would shift half, or approximately \$8 million, of the City's annual subvention to the County. Such a loss is not provided for in the Fiscal Year 1991-92 Resource Allocation Plan and would have grave consequences for the City of Long Beach.

My recommended budget provides for a small reserve of about \$3 million at the end of the 1991-92 Fiscal Year. This is in addition to the \$2.5 million General Purpose Reserve Account required by the City Charter as an emergency reserve. This combined reserve is considered less than prudent for a budget the size of the City of Long Beach.

Before I summarize those actions taken to provide for a balanced General Purpose Fund budget, I believe it is important to review the recent history of the Fund that has brought the City to the fiscal crisis it now faces.

Upon my arrival in March, 1987, I advised you that the City would experience serious difficulty in funding the Fiscal Year 1987-88 budget. This same view was expressed by the former City Manager in his mid-year budget report to the City Council.

Although General Fund reserves had grown to nearly \$40 million from Fiscal Year 1978-79 through Fiscal Year 1984-85, significant losses of Federal Revenue Sharing dollars

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coupled with the effect of reductions in assessed valuation of the City's Uplands Oil properties, which reduced property tax revenue, had created a significant gap between ongoing revenues and expenditures. It is important to note that during that time, programs and services costing in excess of available revenues continued to be added to the General Fund budget. Of the approximate reserve of \$29 million available to begin the 1986-87 fiscal year, a total of \$25 million was required to balance the budget that year, leaving a small reserve of only \$4 million for the following year.

However, in the fall of 1986, it became apparent that revenue projections for that fiscal year would fall short by approximately \$10 million. Further, it was apparent that the maintenance of programs and service levels established by the Fiscal Year 1986-87 budget would produce a Fiscal Year 1987-88 level of expenditures that would exceed revenues by \$40 million. Therefore, I took immediate action to ensure a balanced budget for both Fiscal Year 1986-87 and Fiscal Year 1987-88. I directed departments under my supervision to defer approximately \$5 million in capital and operating expenditures during the 1986-87 Fiscal Year and used the available reserve and one-time revenue recaptures to balance the budget. Further, approximately \$12.7 million in deferred or reduced capital and operating expenditures, minor increases to several user fees, and continued use of one-time revenue sources were required to balance the recommended Fiscal Year 1987-88 budget.

Balancing each budget since Fiscal Year 1986-87 has required a mix of further budget reductions coupled with the use of available reserves and one-time revenues from non-General Fund sources as well as increases to several fees. Budget reductions since Fiscal Year 1986-87 total a cumulative \$26.2 million as follows:

Fiscal Year	Expenditure Reduction or Deferral
1986-87	\$ 5.0 million
1987-88	\$ 12.7 million
1988-89	\$ 2.8 million
1989-90	\$ 1.3 million
1990-91	\$ 4.4 million* (adopted)
Total	\$ 26.2 million

\* Does not include additional \$10 million reduction required during 1990-91 due to revenue shortfalls.

By taking these actions and with the help of a robust economy, I have been able to submit to you a balanced budget proposal each year that also provided for escalations in the levels of some essential services, such as police protection.

It should also be noted that in each of those years, my budget transmittal letter warned that continued reliance upon financing with available reserves and one-time, stop-gap financing measures would leave the City fiscally vulnerable and unable to provide for any unexpected emergency or crisis. In each of the last four years, spending has continued to exceed available revenues.

This year, cities throughout the nation are experiencing severe revenue shortfalls due to the recession. Of further consequence is that locally, the impact of the recession on the State budget has required that the State turn to counties and cities for help. As I indicated to you at the mid-year study session on the General Fund, the State is imposing service increases on county government, but as a means of mitigating the impact on counties, it has passed legislation requiring counties to charge cities for specific services. This year, the City has been charged approximately \$1.5 million by the County of Los Angeles for property tax collection charges. This amount was not budgeted.

You will recall that, in spite of budget reduction actions, the adopted Fiscal Year 1990-91 budget provided for an ending reserve of only \$119,000. Faced with an insufficient

reserve and a \$15 million projected deficit during Fiscal Year 1990-91 due to revenue shortfalls as a result of economic conditions, I directed my departments to reduce budgeted expenditures by 5%, or approximately \$10 million. This directive excluded Police and Fire budgets. In addition, the City Council directed that the \$4.3 million debt owed by the Airport Fund to the General Fund be bonded and repaid during the current year. The balance of the current year deficit will be covered by making further reductions. The result of these actions is a balanced budget for the current year which unfortunately provides for no reserve at year-end to help offset Fiscal Year 1991-92 requirements. Moreover, there are no longer any "one-time" financing measures left to carry the City through another difficult budget year.

As I indicated to you at the February budget study session, allowing General Fund expenditures to grow at the recent historical rate of 4.5% would result in an expenditure plan totaling \$300 million for next fiscal year. This would have exceeded projected 1991-92 revenues by \$15 million. With an uncertain economy and no appreciable new revenues available, it was apparent that 1991-92 expenditures would have to be brought in line with current revenues.

Departments under my supervision were directed to prepare their 1991-92 proposed budgets with an expenditure plan that reflected no increase from the current year budget of \$287 million. Notable exceptions from this initial budget policy were Police and Fire services. In essence, all other departments were required to reduce their budgets by at least 5% in order to absorb wage and benefits increases, as well as inflationary increases to materials, supplies and services. However, with revenues projected at only \$285 million, this required further reductions in order to balance the proposed budget. These additional reductions impacted all departments, including the Police and Fire Departments. In

total, approximately \$24 million in reductions Citywide were required to arrive at a balanced Fiscal Year 1991-92 budget. The impact of those reductions will be severe; the proposed cuts are summarized on the schedules that are part of this transmittal, as follows:

#### **Schedule A - Base Budget Reductions**

As indicated, departments under my supervision were directed to prepare their Fiscal Year 1991-92 budget proposals so that expenditure plans reflected no increase from their Fiscal Year 1990-91 base allocation. Again, Police and Fire services were exempted from this initial policy. Schedule A summarizes budget reductions that were required to comply with that policy in order to offset negotiated wage adjustments for represented employees. Note that wage adjustments totaling \$1.1 million for management employees have been eliminated. These actions will have minimal impact on service levels and were necessary in order to arrive at a base allocation from which the development of my Recommended Resource Allocation Plan evolved.

#### **Schedule B - Additional Budget Reductions**

Reductions summarized on Schedule A were not sufficient to provide for a balanced Resource Allocation Plan. It was necessary to require that all departments reduce their base budgets further by a minimum of 5%. No department that receives General Fund support was exempted from this reduction. While this action is not desirable, it was nonetheless necessary in order to bring expenditures in line with projected revenues. The consequence of these budget reductions is severe, will require some level of employee layoffs, and will impact service to the public. Although the reductions were necessary in order to balance the Fiscal Year 1991-92 budget, I must make it clear that I do not recommend the adoption of these additional reductions. A third schedule is provided which includes proposed revenue

enhancements, some combination of which should be adopted by the City Council to restore those budget reductions summarized in Schedule B.

#### **Schedule C - Revenue Enhancements**

This third schedule lists those revenue enhancements which I am recommending be considered to restore budget reductions listed on Schedule B, and to provide for a reserve at the end of Fiscal Year 1991-92 that can help balance the Fiscal Year 1992-93 budget.

A separate document has been transmitted to you and the City Council which will provide detail on the information contained in Schedules A, B and C.

It should be noted, however, that should the City Council opt to utilize revenue options to restore or add programs on a dollar-for-dollar basis, this action would leave an insufficient reserve at year-end with which to balance the Fiscal Year 1992-93 General Fund budget.

The Recommended Resource Allocation Plan balances the budget and provides for a small reserve. Should expenditure increases again exceed revenue projections for Fiscal Year 1992-93, balancing that budget will require some combination of budget reductions, revenue enhancements, and reserve funding. Further, we must provide for any unforeseen circumstances both next year and beyond by building up the General Fund reserve to an adequate level. A prudent reserve would be 3%-5% of the budget, or about \$8 to \$14 million. This goal cannot be accomplished if we continue to allow expenditures to grow beyond the level of available revenues.

#### ***Tidelands Beaches and Waterways Funds***

In my presentation to the City Council on February 12, 1991, I indicated that funding for the Tidelands beaches and waterways operations (lifeguards, beach cleaning, beach

facility maintenance and beach patrol) is not sufficient to continue operations at the current level. Available reserves in the Tidelands Operating Fund along with the \$1 million annual oil revenue retention are sufficient to provide for only partial funding of beaches and waterways operations during Fiscal Year 1991-92. Although the adoption of AB 227 by the State Legislature could provide part of the required funding, at this time passage of this legislation is not certain. In addition, no other revenue sources are available. Therefore, the Tidelands budget is also balanced by reducing expenditures.

Those reductions include the deferral of capital improvement projects totaling \$3.3 million for Marine Stadium improvements, beach erosion control, shoreline protection and other projects. In addition, operating budgets were also reduced by \$744,000 in various programs including beach patrol, lifeguards, beach cleaning and beach grounds and facility maintenance. Six full-time positions and 8 part-time seasonal positions will be eliminated as a result.

Clearly, these actions have merely deferred the Tidelands fiscal problem to Fiscal Year 1992-93. It cannot be assumed that the beaches and waterways operating budget can continue to be balanced by further deferral of critically needed capital projects and reductions to the operating budget. Without a source of significant new funding, such as AB 227, the City will have to look to other funds to pay for operating costs, or else seriously consider elimination of the program.

#### ***Other Issues***

**Gas Revenue Fund** - The City's aging gas mains require an expanded repair and replacement effort. Due to external factors that are not under the control of the City, gas sales are declining. Part of this decline is due to the increased use of inhouse energy plants

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by commercial enterprises which has impacted sales of electrical energy by Southern California Edison, our largest natural gas customer. Available revenues are not sufficient to aggressively pursue a gas main replacement program to the level needed; therefore, I am proposing an adjustment to the Gas Utility rates to provide for capital and operating requirements.

A proposed increase of approximately 7.5% would result in an increased charge to the average residential customer of only \$1.75 per month. Even so, City gas rates will continue to be 11% below those rates charged by Southern California Gas Company.

**Solid Waste Fund** - Increases in operating costs in the refuse collection program will require that a rate increase of 7.5% be enacted during Fiscal Year 1991-92. Issues which are forcing a rate adjustment include costs associated with the State's AB 939 mandated recycling requirements, which are not reimbursable by the State; the initial startup costs of the automated refuse collection program, which will pay for itself in 4 to 5 years; and, increased requirements due to wage and other operating cost increases.

The 7.5% rate adjustment will result in only a \$.79 per month increase to residential customers and is below the 10% adjustment I indicated at the June, 1990 public hearing would be needed during Fiscal Year 1991-92. It should be further noted that this proposed increase will not be applied to those rates charged to persons certified by the City Treasurer to be exempt from the Utility Users Tax pursuant to Section 3.68.080 of the Municipal Code (i.e., low-income senior and disabled citizens).

## Miscellaneous

Various fees are adjusted annually to reflect inflation and to recoup the cost of providing specialized services. These include the

following:

- o Health, Laboratory and Animal Control Fees will be adjusted by 5%, and a Medical Waste Generator fee schedule is included to provide for costs associated with inspection of medical waste generator facilities;
- o Various Planning & Building Fees, such as zoning and environmental fees, and building, electrical and plumbing permits due to inflationary and operating cost increases (percentage increases vary);
- o Marina slip fees will increase different amounts depending on slip size but at an average of 6%, and beach and marine facility parking fees will be charged year-round; and,
- o Various towing related charges to recoup the cost of providing specific services such as towing vehicles to specific sites at owners request.

## Conclusion

Due to the loss of significant Federal and State funding and escalating costs of existing and new services in the late 1980's, the City drew down on a once plentiful General Fund reserve. That reserve no longer exists, and revenue increases continue to be outpaced by increases in expenditures. The General Fund has been balanced in recent years by the use of budget reductions, "one-time" revenue recaptures, and other stop-gap measures.

It is clear that the City's General Fund is vulnerable to any negative swings in the economy and cannot provide for the level of funding that would be required in an emergency situation. This year, the downturn in the economy has severely impacted the City's revenues. The resultant shortfalls projected for both Fiscal Year 1990-91 and 1991-92 can be offset only by new revenues, increases to existing revenues and/or by

reductions in expenditures.

While my Recommended Resource Allocation Plan provides for a balanced budget, the impact of required budget reductions is severe. I believe that we must do all that is necessary to restore service levels to the public by increasing some taxes and charges.

A separate working document has been transmitted to you that provides detail on both budget reductions and revenue enhancements. That document should be helpful in forming the basis for City Council deliberations leading to adoption of the Fiscal Year 1991-92 Resource Allocation Plan.

Respectfully submitted,



James C. Hankla  
City Manager

cc: Members of City Council

**NOTED DUE TO  
BASE BUDGET REDUCTIONS**

<u>DEPARTMENT AND PROGRAM</u>	<u>AMOUNT OF REDUCTION</u>
<b>All Departments</b>	\$1,093,799
All departments under the City Manager's supervision were required to defer management salary increases. This directive impacted all funds. Total deferred salary increases are \$1,093,799; the General Fund portion is \$765,659.	
<b>City Manager</b>	\$133,189
In addition to reductions in materials and supplies, the following position was eliminated: Deputy City Manager.	
<b>Financial Management</b>	\$460,776
In addition to reductions in materials and supplies the Department eliminated the following positions: Administrative Officer, Accounts Payable Supervisor, Administrative Aide, 3 Clerk Typists, and 3 Customer Service Representatives.	
<b>Fire</b>	\$445,950
In addition to reductions in materials and supplies the Department eliminated the following positions: Deputy Fire Chief, Fire Captain and 2 Clerks.	
<b>General Services</b>	\$313,874
Although most reductions occurred in the non-General Fund portion of the Department's budget, services the Department provides are reimbursed by General Fund departments; therefore, reductions in this Department translate to lower charges to the General Fund. In addition to materials and supplies reductions, the following positions were eliminated: Buyer, Building Maintenance Engineer, 2 Data Communications Technicians, 2 Mechanics, and 1 Systems Operator.	
<b>Health and Human Services</b>	\$282,907
In addition to reductions in materials and supplies, the following positions were eliminated: 2 Clerks, Customer Service Representative, Public Health Nurse, and a reduction in part-time Nurse and Animal License Inspector hours.	
<b>Human Resources</b>	\$422,830
In addition to reductions in materials and supplies, the following positions were eliminated: Assistant Analyst and Administrative Aide.	
<b>Library</b>	\$645,302
"Keys to the City" program costs were eliminated, in addition to reductions in the book materials budget, and the elimination of the following positions: Channel Production Officer and part-time custodial hours.	
<b>Parks and Recreation</b>	\$555,256
In addition to reductions in materials and supplies, the following positions were eliminated: Superintendent of Arts, Superintendent of Contract Operations, and Manager of Recreation Services.	
<b>Planning and Building</b>	\$944,621
In addition to reductions in materials and supplies, the following positions were eliminated: Structural Engineer, Planner, 2 Civil Engineers, 5 Building Inspectors, and all overtime and contract services in the Construction Regulation Program.	
<b>Police</b>	\$997,661
In addition to reductions in materials and supplies, the following positions will be eliminated: Deputy Chief, 5 Lieutenants, and Administrative Operations Manager.	
<b>Public Works</b>	\$1,990,683
In addition to reductions in materials and supplies, the following positions will be eliminated: Civil Engineer, 2 Construction Inspectors, Project Manager, Engineering Aide, Materials Inspector, Engineering Technician, Chemist, Clerk, and reduction of overtime and part-time hours.	
<b>Total Base Budget Reductions</b>	<b>\$8,286,848</b>

The impact of these reductions will be minimal in most cases. Engineering and building inspection workload has been greatly diminished due to the deferral of Capital Improvement Projects and the slowdown in construction activity. Other workload will be absorbed by existing staff. However, maintenance of landscaped medians and traffic signals may be delayed; public health services will be eliminated at the North Community Center and at the Senior Center.

**SCHEDULE B  
ADDITIONAL BUDGET REDUCTIONS**

<u>DEPARTMENT AND PROGRAM</u>	<u>AMOUNT OF REDUCTION</u>
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Elected/Appointed	\$812,709
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The General Fund portions of elected and appointed officials' department budgets were reduced by 5% as follows:

Mayor and City Council	\$158,600
City Attorney	\$176,865
City Auditor	\$ 78,119
City Clerk	\$155,834
City Prosecutor	\$141,527
Civil Service	\$101,764

City Manager	\$494,576
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In addition to further reductions in materials and supplies, the following positions will be eliminated: Education Liaison Officer, Historic Preservation Officer, and 2 Management Assistants. These actions eliminate the Education Liaison and Historic Preservation Programs, greatly downscale the Management Assistant program, which has been a traditional source of new City management, and reduce the Citizen Police Complaint Commission budget.

Financial Management	\$325,791
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In addition to further reductions in materials and supplies, the following positions will be eliminated: Fixed Asset Accountant and part-time Clerk. The elimination of positions and materials budgets will affect the Department's ability to adequately monitor and account for equipment acquisitions Citywide; will reduce the effectiveness with which Citywide budgets are administered; and, would reduce the ability to respond to requests from the Mayor and City Council, as well as other departments.

Fire	\$3,093,707
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In addition to further reductions in materials and supplies, the following positions will be eliminated: 2 Fire Captains, Fire Boat Operator, 3 Firefighters, 2 Paramedics, and Fire Engineer. This action will result in the elimination of Fireboat 21, one engine company and one paramedic unit. The Department may not be able to respond to calls for service at the level/speed currently experienced.

Health and Human Services	\$243,448
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In addition to further reductions in materials and supplies, the following positions will be eliminated: Child Care Coordinator and the Homeless Coordinator contract positions, 3.5 Nurses, Social Worker, Community Worker, Nutritionist, part-time Accounting Clerk and a reduction in part-time Animal License Inspector hours. These cuts will reduce or eliminate the Department's ability to adequately coordinate the affected programs and will require elimination of the Prenatal Outreach Program.

Human Resources	\$88,439
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This reduction in materials and services will affect recruitment efforts for the City's highly successful Management Assistant Program; reduces the scope of the "Structuring For Service" customer service program; and, eliminates the annual management team-building conference.

Library	\$874,921
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In addition to further reductions in materials and supplies, the following positions were eliminated: a reduction of 2.9 full-time equivalent General Librarian hours and 1.25 FTE Library Clerk hours. As a result, the Dana Branch will be closed on Mondays; the Los Altos and El Dorado Branches will be closed two of three nights per week; book and reference materials will not be updated or rebound when required; "Families for Literacy" and "Partnerships for Change" literacy programs will be eliminated; and, there will be no video production or playback of City Council meetings.

Parks and Recreation	\$1,400,315
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In addition to further reductions in materials and supplies, the following positions will be eliminated: Park Naturalist, Equipment Operator, Maintenance Assistant, Groundskeeper, and non-career staff hours, which may total up to 88 part-time seasonal employees. These reductions will result in the elimination of the following programs: Municipal Band; Discover Long Beach Parks; Residential Camping; "Teen Nights" at Bayshore; reduced operating hours at Silverado, King Jordan, and Millikan Pools; Summer Concert series; special events and art exhibits; and, deferral of grounds and facilities maintenance.

**STAFFING & BUDGET**  
**ADDITIONAL REDUCTIONS**

**DEPARTMENT AND PROGRAM**

**AMOUNT OF REDUCTION**

**Planning and Building**

\$57,000

This additional reduction will result in the deletion of Code Enforcement demolition and screening budgets. The City will no longer be able to demolish hazardous buildings; this need will be pursued through the legal system instead. The City will also be unable to take direct action to secure open and accessible buildings.

**Police Department**

\$5,539,486

In addition to further reductions in materials and supplies, the following positions will be eliminated: 2 Analysts, 5 Clerks, Community Relations Assistant, Identification Technician, Corporal, 13 Police Officers, 11 Detectives, 2 Sergeants, 4 Police Services Assistants, Secretary, 10 Security Officers, Records Administrator, and a reduction in overtime and part-time hours.

These reductions will result in closure of the North and East Long Beach Police Facilities; reductions in beat hours; response time to calls-for-service may increase; and, possible negative impacts on case clearances, investigation, patrol and other crime prevention activities.

**Public Works**

\$2,323,443

In addition to further reductions in materials and supplies, the following positions will be eliminated: 2 Survey Technicians, Civil Engineer, Engineering Technician, and 24 Maintenance positions. As a result, drainage and tree-related repair will be limited to only the most critical problems; street restriping will be deferred; street lights will not be replaced on a timely basis; and, a significant reduction in Citywide facilities maintenance efforts will occur.

**Non-Departmental**

\$108,000

Departments 14 and 16 provide for the funding of special City programs not related to specific departmental operations. The Public Corporation for the Arts budget has been reduced to the 1988-89 level of \$392,000 from the current \$500,000 amount.

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**Total Additional Reductions**

**\$15,361,835**

**SCHEDULE C  
REVENUE ENHANCEMENTS**

<u>SOURCE</u>	<u>AMOUNT</u>
<b>Utility Users Tax</b>	<b>\$16,478,143</b>

A 3 percentage point increase in the Electric, Gas, Telephone and Water Utility Users Taxes will generate \$16,478,143 in additional revenue. Incremental increases are as follows:

<u>Increment</u>	<u>Additional Revenue</u>	<u>Additional Monthly Cost-Residential</u>				
		<u>Electric</u>	<u>Gas</u>	<u>Telephone</u>	<u>Water</u>	<u>Total</u>
1%	\$5,492,714	\$ .39	\$ .21	.40	.17	\$1.17
2%	\$10,985,429	.78	.42	.80	.34	\$2.34
3%	\$16,478,143	\$1.17	\$ .63	\$1.20	\$.51	\$3.51

<b>Business License Tax</b>	<b>\$750,000</b>
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The expansion of the Business License Tax to include the rental of single family dwellings, duplexes and triplexes would generate \$750,000 in additional revenue annually. The rental of these dwellings in many cases involves the rental of multiple dwellings by individuals and property management firms, and is currently not taxed.

<b>Assessment Financing</b>	<b>\$5,321,756</b>
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Many cities in the State have utilized various special assessment acts for public improvements, particularly where the improvement will benefit a property owner or a group of property owners.

This type of financing can be used for street, curb, gutter, sidewalk, storm drain, median isle, and street light maintenance and improvement. It is proposed that street light and traffic signal maintenance and improvement be funded through the assessment process. The annual cost is currently estimated to be \$10,643,512 for maintenance; any capital improvements, such as conversion to high pressure sodium, would add to that cost. If approved, a minimum of six months would be required to establish the legal framework for the implementation of a street light assessment district. Therefore, the \$5,321,756 represents six months of revenue for Fiscal Year 1991-92.

<b>Plan Review Fee</b>	<b>\$140,000</b>
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A revision to the existing Plan Review Fee schedule will generate \$140,000 and will recover Fire Department costs associated with new construction plan review services.

<b>Child Health and Disability Prevention Fees</b>	<b>\$85,000</b>
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**SCHED. LB-C**  
**REVENUE ENHANCEMENTS**

**SOURCE**

**AMOUNT**

**Real Property Transfer Tax**

**\$3,200,000**

This tax is imposed on the transfer of real property as authorized by the State Revenue and Taxation Code. Cities are authorized to receive real property transfer taxes at 1/2 the County rate. Therefore, of the Los Angeles County rate of \$.55 per \$500 of sales value, the City's share is \$.275. It is proposed to establish a separate City of Long Beach rate, as allowed by State law, of a \$1.10 per \$500 of sale value. Total revenues accruing to the City will be based on a combined rate of \$1.375 per \$500 of sale value. The total taxpayer cost will then be \$1.65 per \$500 of sale value. Other local cities, such as Redondo Beach and Culver City, have such a rate or higher in place.

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**Total Revenue Enhancements**

**\$26,651,209**