



City of Long Beach
Working Together to Serve

Memorandum

Date: September 17, 2002
To: The Honorable Mayor and Members of the City Council
From: Councilmember Bonnie Lowenthal *BL*
 Councilmember Dan Baker *DB*
 Councilmember Val Lerch *VJL*
Subject: FY 2002-2003 Budget Recommendations

The 2002-2003 Budget provides serious challenges for us to address as a council. We must address the long-term imbalance between revenues and expenditures. We cannot continue to rely on one-time funds to cover ongoing operating expenses.

For the coming year, it is essential that we adopt a budget that identifies ways to conserve available resources while preserving priority programs. At the same time, we must make long-term decisions about how to realign our revenues and expenditures.

It is imperative that we reduce budgeted allocations below those proposed in the 2002-2003 Resource Allocation Plan (RAP). We must take immediate steps to reduce expenditures further than those proposed in the RAP while maintaining vital city services.

The City Council must take the leadership on resolving the ongoing budget crisis. To do so effectively, we must review the budget on a routine basis, preferably quarterly. This will require a quarterly balance sheet, including an accounting of all fund reserves, to show the cash flows into and out of the City's accounts, to ensure that our projected budget is performing as expected. We also propose instituting a quarterly estimate to close (ETC) process to increase Council understanding of the budget as the year progresses.

We look forward to creating and working with a Community Advisory Panel reflective of the entirety of Long Beach to assist us with the difficult work of establishing priorities to realign general fund expenditures and revenues.

Reductions in Budget Allocations

The City Manager has included a "negative salary savings amount in the expenditure budget of \$3.3 million, which equals approximately 2% of the total

general fund (excluding certain fixed costs and sworn employee salaries) in each City Manager department." (RAP, p. xiii)

We propose an additional 3% reduction in total general fund expenditures (excluding certain fixed costs and sworn employee salaries) in each City Manager department. These reductions must be accomplished without any reduction in direct service levels to our community. This will add an additional \$4.95 million in savings.

In addition, we propose a 2.5% reduction of total budgeted expenditures in the Police and Fire Departments. These reductions are to be made without impacting sworn personnel staffing levels, budgeted or actual. This will add an additional \$5,292,085 in savings.

Finally, we propose a 5% reduction in total general fund expenditures in the Civil Service Department. This will add an additional \$120,113 in savings.

One immediate way that affected departments can reach these goals is to take advantage of the opportunity created by the expected short-term increase in retirements from the City to re-deploy our human resources in a strategic manner. We should not only review positions carefully before filling open positions, we must look broadly to find ways to do the work our constituents expect in a more cost efficient manner.

Programs and Initiatives recommended for removal or reduction:

City Attorney budget – the proposed funding for two new staff positions will be removed from the 2002-2003 FY allocations. (\$267,465 reduction)

City Auditor budget – the proposed funding for new staff positions will be not be funded in the 2002-2003 FY allocations. (Not included in RAP)

PCA Funding – leave the Municipal Band Concerts as a direct funded City project and reduce the proposed allocation from \$1.4 to \$1.2 million for direct funding of arts programs and projects. The reductions in funding are to be made in City support for administrative costs and not in direct funding of art projects. (\$200,000 reduction)

Seawall repairs – reallocate the proposed tidelands funds currently allocated for seawall repairs to be reserved for bond payment for the Aquarium of the Pacific.

These cuts total \$10,829,663 in savings from the Proposed Resource Allocation Plan.

Bonding Long Term Capital Improvements (Lease Revenue Bond)

To continue the important gains the City has made in repairing and upgrading infrastructure, we propose that bonds be issued to pay for the neighborhood infrastructure improvements, ADA upgrades and for a portion of needed alley

and local street repairs.

\$6 million are currently budgeted for the neighborhood infrastructure and ADA repairs alone. Paying for these improvements over time will free up resources in the near term. In addition, this work can be expedited and done in the most cost efficient way possible due to the economies of scale.

| Project | Cost |
|-------------------------------------|---------------------|
| ADA Improvements | \$6 million |
| Neighborhood Infrastructure Repairs | \$24 million |
| Unpaved Local Street Repair | \$3 million |
| Alley Repairs (or 50%) | \$17 million |
| TOTAL | \$50 million |

We project that this will save \$2.6 million dollars from the general fund expenditures. (Assuming a \$50 million bond @ 5.5% interest over 30 years. See attached spreadsheet provided by the Auditor's Office with estimates for annual bond repayments for a \$40 or \$50 million bond over different terms.)

Identify New Sources of Revenue

It is essential that we identify sources of new revenues for our City departments. We support the proposed fee increases in the budget with one exception: we oppose increasing the cost of teen dances. Increasing these fees by 200% - 300% produces little income and will preclude too many Long Beach youths from participating in these programs.

We should charge every department with finding new sources of revenue for the City. We should actively look for opportunities to contract in services for other cities as we move forward with the Long Beach Plan.

Programs and Initiatives to include in FY 03

Despite the challenges presented by our current budget, there are a number of programs that we must identify ways to move forward.

Much time was devoted to strengthening neighborhoods and improving public safety in the recently completed Strategic Plan, and the following projects are essential steps to make progress on those recommendations.

Additional Police Officers: We are pleased that the Manager has recently proposed the addition of 11 new officers to the budget above the number of officers that have been reassigned due to newly signed MOU's. Also, the number of sworn personnel can be expanded further through the new COPS grant. However, we remain very concerned about the lag time until these officers will be patrolling our neighborhoods and direct the Manager to expedite the recruitment and training process and increase neighborhood patrol as soon as possible including increasing academy graduates.

We also direct the Manager to include the following additions to the Police Department staffing: increase the number of Mental Evaluation Team officers by two to assist in situations involving the mentally ill and increase the Commercial Enforcement detail by two officers to improve the safety of trucks moving on our streets and the 710 freeway.

Code Enforcement Programs: Code enforcement is a critical tool the City has to preserve the quality of life in our neighborhoods. These programs must be expanded to reach all parts of Long Beach. To that end, an additional \$630,350 will be included in the budget to fund the following programs:

- Additional Code Enforcement Teams (\$480,350 – Planning & Building)
- Community Code Enforcement (\$150,000 - City Prosecutor)

In addition, the following are crucial issues that must be included in the 2003 budget:

Park Ranger expansion – \$436,822

- Increase public safety for all park facilities in the City of Long Beach

Pocket Park expansion – \$400,000

- To continue to add to our open space inventory

Youth Commission – \$246,036

- To provide additional services to our youth as suggested by the Strategic Plan

Alley Sweeping – \$ 244,126

- To clean up our neighborhoods and protect our waterways by preventing litter from entering our storm drains

Homeless service assessment study – \$100,000

- To begin the process of providing ongoing care for the most vulnerable in our city

Facility Center Assessment – \$50,000

- To explore the need for additional health and community service facilities in our City

Summary & Conclusion

The total savings from these recommendations are \$8,872,329 that must be held in reserve to help deal with next year's impending crisis, with an additional \$2.6 million savings possible when we move forward with infrastructure lease revenue bond. We believe that these recommendations will help us move forward in a responsible manner for this year and will help us to start the process of realigning our budget revenues and expenditures.