

City Manager's Budget Messages

The City of Long Beach utilizes two messages from the City Manager to provide a complete record of the Proposed Budget and the final budget adopted by the Mayor and City Council.

The enclosed letter dated August 1, 2004 transmits the City Manager's message and Proposed Budget for Fiscal Year 2005 (FY 05) to the Mayor and City Council. In that message, the City Manager highlighted major changes in the condition of the General and other City funds, the results of the first year of implementation of the Three-Year Financial Strategic Plan (and proposed update to the Plan for years two and three), continued fiscal impacts of the State budget crisis and ongoing efforts to optimize the organization through business process reviews. The message also provides the City Manager's vision for the City beyond 2005.

The enclosed transmittal letter dated December 20, 2004, in accordance with the City Council's financial policies, documents how the FY 05 Budget was balanced, highlights changes made to the City Manager's Proposed Budget by the City Council, as well as other adjustments resulting from changing economic conditions. Furthermore, the Adopted Transmittal Letter incorporates the recommendations of the Mayor and the City Council's Budget Oversight Committee (BOC) and looks to the challenges and opportunities in FY 05 and beyond.

Together the two messages provide the background and environment within which the FY 05 Budget was developed and adopted.

Adopted Budget Transmittal Letter

Fiscal Year 2005

December 20, 2004

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

SUBJECT: Fiscal Year 2005 Adopted Budget

The Mayor and City Council adopted the Fiscal Year 2005 (FY 05) Budget on September 7, 2004, as provided under Section 1704 of the City Charter. Over 60 opportunities to discuss the budget with the City Council and community were provided, demonstrating the City's ongoing commitment to inclusiveness and transparency in the annual budget process. Public events included a citywide budget summit, public workshops and budget hearings; and dozens of interactive staff briefings at neighborhood association, City board, commission and committee meetings. With the active involvement of the City Council's Budget Oversight Committee, the FY 05 Adopted Budget is the most heavily contemplated budget in recent history, reflecting the new spirit of transparency that continues to pervade the City.

The FY 05 Adopted Budget totals \$1.85 billion for all City funds. Of the total amount, a \$375 million General Fund budget was adopted, and provides resources for the majority of core municipal services such as public safety, public works, recreation, library services, legislative and administrative support. While the FY 05 Adopted Budget is balanced, a structural imbalance continues. The FY 05 Budget represents the second year of the City's effort to address its General Fund structural deficit through the Three-Year Financial Strategic Plan (Plan).

RESTORING FISCAL BALANCE

Since 2002, the City's then estimated three-year (FY 03 – FY 06), \$102 million General Fund structural deficit continues to be the subject of exhaustive scrutiny and public discussion. The adoption of the Plan by the City Council in March 2003 marked the beginning of a measured process by which the City could reduce the structural imbalance despite escalating personnel costs and a constricting revenue environment. The Plan called for the organization to downsize over a three-year period, allowing for the optimization of key service delivery mechanisms as well as a refocusing of resources around core municipal functions.

Starting with the adoption of the FY 04 Budget, the City Council implemented the first year of the Plan by approving \$41 million in deficit reduction measures, which were composed primarily of expenditure reductions and modest revenue enhancements. One-time resources of \$20.5 million were also used in conjunction with \$9.5 million of carry-over fund balance to achieve a balanced budget in FY 04.

Due to the efforts of employees in all departments, staff met the City Council's cost reduction goals and generated additional salary and operational savings, contributing to a \$10.9 million ending General Fund balance, which was used to help balance the FY 05 Budget.

Balancing the FY 05 General Fund Budget

The return of pension payments, and increased healthcare and workers' compensation costs added to the structural deficit projections for FY 05. Combined, approximately \$39 million in new costs were added to the General Fund. When added to the \$18.9 million structural deficit that was not solved in FY 04, a \$57.9 million structural deficit was projected for FY 05. In accordance with year two of the Plan, approximately \$32.8 million of this gap was addressed with structural revenue and expenditure solutions in the FY 05 Budget. To close the remaining FY 05 gap, the City is using in one-time revenues, along with FY 04 carry-over savings as mentioned above. Details regarding the adopted measures to address the structural deficit can be found in the **Three-Year Financial Strategic Plan** section of the budget book.

Changes Between the Proposed and Adopted Budgets

During budget deliberations, the Mayor and City Council considered input from neighborhood groups and other community members, business and community groups, as well as employees, in order to provide the best opportunity to adopt a budget that most closely reflects the priorities of the community while addressing the structural deficit. To this end, based on the availability of additional resources not contemplated in the FY 05 Proposed Budget, the City Council adopted several amendments and restored proposed program reductions in the FY 05 Adopted Budget, each offset by another identified funding source. These General Fund amendments, as recommended by the Mayor, the Budget Oversight Committee and individual Councilmembers, were summarized in a memo from the City Manager to the City Council dated September 7, 2004, and were adopted as written. The memo can be found as **Attachment A**.

Key General Fund restorations and amendments included:

- Restore Police Athletic League/DARE Program for one year (\$434,000)
- Restore Youth Day Care and Day Camp Programs (\$231,000)
- Establish an Infrastructure Reserve Account (\$200,000)
- Restore Current Tree Trimming Cycle (\$200,000)
- Restore Library Youth Programs (\$168,000)
- Reallocate Park Resources to ensure equity citywide (\$151,000)
- Restore Mobile Recreation Program (\$122,000)

These revenue- and resource-offset General Fund amendments to the proposed budget, along with several technical expenditure adjustments, added a net of \$2.3 million to the General Fund expenditure budget. The technical changes include overhead adjustments in the departments of Public Works and Community Development and the shift of personnel from the General Fund to the Civic Center Fund. Several adjustments were made in other non-General funds as well, adding a net of \$3.4 million to the overall expenditure appropriations for FY 05. For a general description of changes, by fund, from the Proposed to the Adopted Budget, please see **Attachment B**.

Recommendations of the Budget Oversight Committee

The City Council's Budget Oversight Committee (BOC) held a series of meetings to review all elements of the Plan, the FY 05 Proposed Budget and the Mayor's FY 05 Budget recommendations. During the months of July and August, the BOC conducted seven meetings to review detailed budget materials, received in-depth presentations from staff and discussed community concerns related to the FY 05 Proposed Budget. As a result of these study sessions, the BOC produced a set of recommendations that added policy guidance to those provided by the Mayor in her Budget Recommendations. The BOC's recommendations were adopted in whole by the City Council along with the FY 05 Budget, and can be found as **Attachment C**. The entire report is available at www.longbeach.gov/finance/budget/budget_workshops.asp.

Rolling Three-Year Financial Strategic Plan

One of the key BOC recommendations to facilitate ongoing fiscal discipline was the maintenance of a rolling Plan. Given the challenges the General Fund faces during FY 05 and beyond, including an estimated \$28.3 million structural deficit in FY 06, it is critical that the City maintain its fiscal restraint, implement deficit-reduction measures and develop service delivery strategies that address the remaining structural gap. The Plan must be updated annually to reflect changing economic, cost and service delivery assumptions, and to provide budget balancing measures for the Mayor and City Council's continual consideration. Such a rolling Plan will ensure that the City is reevaluating its structural deficits or surpluses on an ongoing basis, and making funding and service delivery adjustments in anticipation of changing fiscal conditions. Such proactive financial planning will help avoid massive service and cost reductions, and allow for prudent programmatic and capital investments in the future.

OUTLOOK FOR FY 06 AND BEYOND

Through the fiscal discipline imposed by the Mayor and City Council, the City has successfully implemented the second year of the Plan and is well on the way to resolving its current budget challenges. In an environment of continued cost growth, ongoing revenue constriction and resource vulnerability from the State, the City has been able to make over \$74 million in reductions to the structural deficit, including \$54 million in expenditure reductions as well as approximately \$20 million in new revenue over the past two years. The City also has maintained its General Fund Emergency Reserve of \$36 million, established an Operating Reserve of \$400,000 and created an Infrastructure Reserve of \$200,000. These reserves should continue to grow and remain intact for their intended purposes, per the City Council's Financial Policies, as the City overcomes its structural budget deficit. If the City continues to optimize the way it does business, focuses its efforts on core municipal services and continues to make difficult funding decisions, the General Fund structural deficit will be all but eliminated.

While this fiscal recovery process may sound easy, it is critical to recognize that the organization and workforce continue to undergo the stress of unprecedented change, and that the final year of the Plan contains significant challenges. While the City has made significant progress in addressing its General Fund structural deficit, the projected \$28 million shortfall in FY 06 will be the most difficult to solve. With the continued support and leadership of the Mayor and City Council and the Budget Oversight Committee, the City will be able to withstand upcoming challenges, while providing quality services to the community.

Respectfully submitted,



GERALD R. MILLER
CITY MANAGER

GRM:MK



Working Together to Serve

City of Long Beach Memorandum

Attachment A

REVISED VERSION
(Revisions indicated in bold italics)

Date: September 7, 2004
To: Mayor and City Council
From: Gerald R. Miller, City Manager /s/
Subject: Potential Adjustments to Fiscal Year 2005 Proposed Budget - REVISED

With the significant organizational and service level changes contemplated in the Fiscal Year 2005 (FY 05) Proposed Budget, I felt it important that you be provided with the information needed to begin the budget deliberation process as early as possible. Since the July 10, 2004 Budget Summit, there has been a great deal of discussion about the difficult decisions contained in the Proposed Updated Three-Year Financial Strategic Plan (Plan) and the FY 05 Proposed Budget. Some issues discussed amongst the Mayor, City Council and its Budget Oversight Committee, and the community included the possible restoration of critical service reductions.

Based upon the feedback received since the FY 05 Proposed Budget was delivered to the Mayor and City Council, staff has been able to identify additional savings and increased structural revenue that might be used to address some of your highest priority concerns. To further assist in ensuring a balanced budget for FY 05, the Budget Oversight Committee recommended strategies to provide offsets to some of the desired critical service restorations. As a result of the input received, I am recommending that the FY 05 Adopted Budget reflect the following:

Recommended Restorations

Mayor O'Neill's-Recommended Restorations:

Mobile Recreation (General Fund)	\$ 122,000
Library Youth Programming	168,000
Day Camps (fee offset)*	--
<u>PAL/DARE (one-year restoration pending further study) \$434,000</u>	

Budget Oversight Committee-Recommended Restorations:

Library Youth Programming (\$168,000)**	--
Day Camps**	143,000
Extended Day Program	88,000
Restoration of Current Tree Trimming Cycle	<u>200,000</u>

Total Cost of Restored Programs and Services \$ 1,155,000

*A fee increase is not recommended at this time, but rather a rate review should be included as part of the Citywide Fee Study and Youth Services Review.

**Also recommended by the Mayor.

Resources to Support Mayor and City Council Restorations

Gang Prevention and Intervention Optimization***	\$ 231,000
Parking Revenue	190,000
Renegotiated Verizon Local Service Agreement	300,000
Fund Balance	<u>434,000</u>

Total Additional Resources **\$ 1,155,000**

******The optimization of the Gang Prevention and Intervention Program would restructure the program to increase focus on gang prevention through the involvement of youth in positive recreational and community service activities, including: suspending “on the street” gang outreach services; creating an additional “Attitude Crew,” which engages juvenile offenders in community service to assist in the City’s initiatives for graffiti abatement, litter removal, and alley clean-up; and retaining some outreach worker hours.***

Furthermore, based upon input from the Mayor, City Council and its Budget Oversight Committee, the following adjustments may also be considered, with offsets of additional cost savings and new structural revenue:

Proposed Additional Restorations

Park Resource Reallocation (Neighborhood parks supervision and 4 th season of Youth Sports)	\$ 151,000
Establish an Infrastructure Reserve Account	<u>200,000</u>
Total Value of Adjustments	\$ 351,000

Resources to Support Additional Restorations

Further Savings from Gang Prevention Optimization Efforts	\$ 151,000
Unanticipated Statutory Property Tax Pass-through	<u>200,000</u>
Total Additional Resources	\$ 351,000

In addition, the Budget Oversight Committee has recommended a review of Alarm Permit and False Alarm Fees during FY 05, as Long Beach is lower than comparable cities. Any revenue generated from increased fees in this area could be deposited in the Operating Reserve or in a new Infrastructure Reserve Account.

I am pleased that the budget deliberation process, which has included unprecedented opportunities for the exchange of information, as well as for community and City Council input, is leading to a sound Adopted Budget reflective of community priorities. The Mayor and City Council have taken the community’s feedback into careful consideration, as the aforementioned

Attachment A

changes address core services that are at the heart of the community's quality of life.

Also, the Mayor, City Council and its Budget Oversight Committee, throughout the decision-making process, demonstrated a commitment to both the adopted financial policies and the effort to reduce the structural deficit, most notably by insisting cost reductions or new revenues offset any adjustments to the proposed budget. These outcomes are an indication that the Plan, as a flexible, inclusive model, is working.

My staff and I stand ready to discuss these options, and look forward to successfully implementing the second year of the Plan. Please contact me at 86916 or Suzanne Mason at 85092 if you would like to discuss this matter further.

Cc: Robert E. Shannon, City Attorney
Gary L. Burroughs, City Auditor
Larry G. Herrera, City Clerk
Christine F. Shippey, Assistant City Manager
Suzanne R. Mason, Deputy City Manager
Reginald I. Harrison, Deputy City Manager
All Department Directors
Budget Office

Changes by Fund of FY 05 Proposed to FY 05 Adopted Budgets

General Fund, increase of \$2,357,742

- Mayor and City Council-approved revenue/resource-offset restorations and amendments in **Attachment A**.
- Technical correction for department overhead recalculations.
- Savings from shifting appropriate personnel costs to the Civic Center Fund.

General Grants Fund, increase of \$29,097

- Addition of staff for Chavez Gym offset by County Park Bond funds in Parks, Recreation & Marine Department.

Community Development Grants Fund, increase of \$4,009

- Technical correction for department overhead recalculations.

Transportation Fund, decrease of \$172,443

- Technical correction for department overhead recalculations.

Civic Center Fund, increase of \$92,298

- Technical correction for department overhead recalculations.
- Additional costs from transfer of personnel costs from the General Fund.

General Service Fund, decrease of \$226,616

- Additional savings due to closure of City Goods Store.

Fleet Services Fund, increase of \$16,248

- Fleet services in support of the restored PAL/DARE Programs and Mobile Recreation Programs.

Tidelands Oil revenue Funds, decrease of \$2,724

- Technical correction for department overhead recalculations.

Reserve for Subsidence, increase of \$4,000,000

- Loan to General Fund as offset to mandated contribution to State's General Fund (ERAF III) resulting from Proposition 1A support negotiations with the Governor.

Airport Fund, decrease of \$36,542

- Technical correction for department overhead recalculations.

Housing Authority Fund, decrease of \$260,829

- Reductions based on expected Department of Housing and Urban Development (HUD) funding in Community Development.

Redevelopment Fund, decrease of \$1,695

- Technical correction for department overhead recalculations.

Budget Oversight Committee Recommendations

- 1) Recommend the City Council adopt the Proposed Updated Three-Year Plan;
- 2) Recommend the City Council support the creation of a rolling Three-Year Plan that will address FY 05, FY 06 and FY 07;
- 3) Support the City Manager's proposed enhancements, which have been identified as core services, community priorities and/or as Mayor and City Council priorities;
- 4) Support the fee increases and adjustments proposed by the City Manager, Board of Water Commissioners and Budget Oversight Committee;
- 5) Recommend that the CalPERS payment not be deferred;
- 6) Recommend the re-instatements of tree trimming, day camps, extended day care and library educational programming currently proposed for reduction;
- 7) Recommend the creation of an Infrastructure and Maintenance Reserve Account;
- 8) Recommend an enhanced role of the City Council and/or the appropriate Council Committee in the Contracting-Out Evaluation Process;
- 9) Recommend staff focus on areas identified as potential resources to offset budget reinstatements including recommendations on pages eight through 13 in BOC's *FY 05 Proposed Budget Report and Recommendations to the City Council*.
- 10) Concur with the Mayor's recommendation to evaluate areas such as fleet services, technology services, contract contingencies and consulting contracts, and various non-personal services expenses be explored for additional optimization opportunities.
- 11) Concur with the Mayor's recommendation to support the development and/or enhancement of existing partnerships with the private and non-profit sectors to help augment support and/or funding for key services.
- 12) Concur with the City Manager's recommended reviews and optimization efforts for FY 05 including Youth Services, Information and Technology, Health Insurance, Parking Management, Billing and Collections, Ambulance Billing, Towing Operations, Payroll Services, Business License Processing and School Crossing Guards.

City Manager's Budget Message

Fiscal Year 2005

August 1, 2004

HONORABLE MAYOR AND CITY COUNCIL

City of Long Beach
California

SUBJECT: Fiscal Year 2005 Proposed Budget

I. Introduction

Transmitted herewith is the Proposed City Budget for Fiscal Year 2005 (FY 05), which begins on October 1, 2004. Months of intense effort by management and staff, working with the City Council and the community, went into the development of this budget. This inclusive process culminated in a Proposed Updated Three-Year Financial Strategic Plan (Plan), as well as the FY 05 Proposed Budget, which is built upon the recommendations in the Plan. The Proposed Updated Plan was presented to the City Council on June 15, 2004, and was explained in further detail to the community at the July 10, 2004 *Budget Summit II: Community Voices and Budget Choices* workshop. In accordance with the Plan, the FY 05 Proposed Budget continues to focus the organization on needed optimization and efficiency efforts, operational and staffing cost reductions, the deliberative use of increased fees to recover costs, and a reduced reliance on one-time resources.

While the full implementation of the Plan will result in the elimination of the City's structural budget deficit, which is of undeniable value, the Plan also represents a fundamental change in the culture of the organization. As the Plan forces staff to reflect upon the services we provide, how we provide them, and the value of these services to the community, we have been forced to come to terms with the difficult choices that uncertainty brings. As an organization, many of our 5,500 employees have felt unsure about the stability of their careers and livelihoods. Decades of service have been called into question as the community weighs the value of services to determine which are now "nice to have" and which remain "must have" given the current fiscal condition.

Beyond the confines of City Hall, the community has been forced to adapt to reductions in, or adjustments to, services received on a daily basis, whether only slight or severe, in almost all areas of municipal service. Whether in the form of rolling closures at their neighborhood libraries, curtailed recreation programs, or reduced arts and cultural activities, the community has begun to experience the initial indications of transformation. City employees, committed to providing excellent service at affordable rates, are being directed through downsizing to extend response times, increase fees to insure cost recovery, and consider technological changes and contracting of services to lower costs. While the Plan makes every attempt to limit negative impacts on services provided to the community and mitigates avoidable impacts on the City's workforce, all of these cumulative changes make for a very difficult environment in which to stay

*City Manager's Budget Message
Fiscal Year 2005*

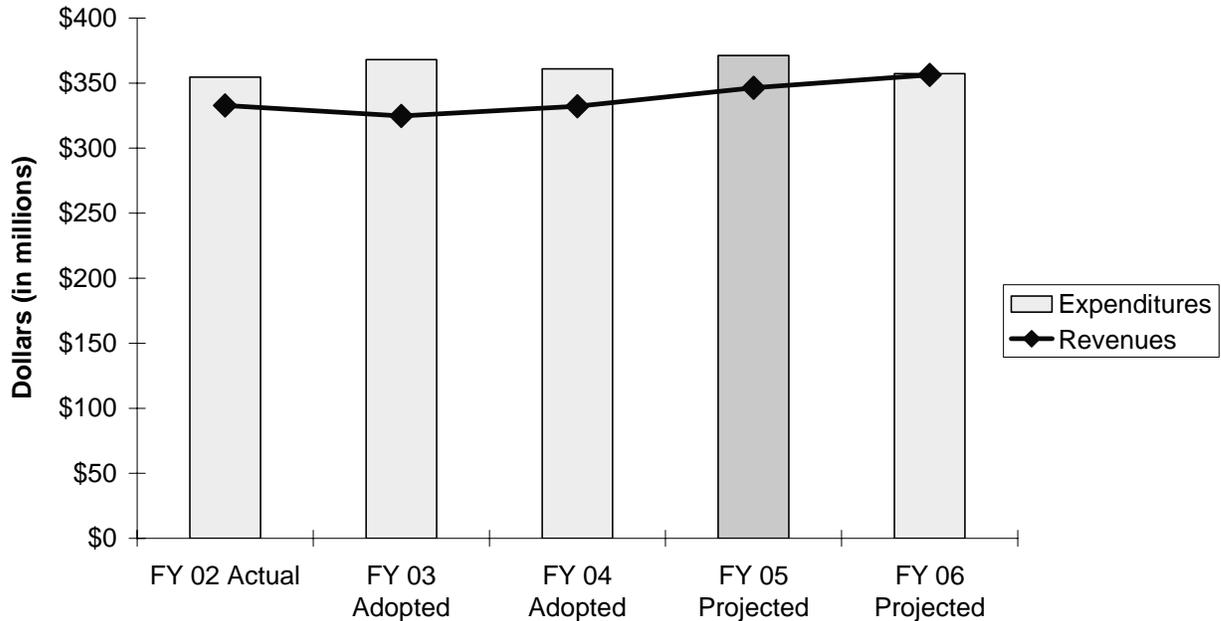
focused on the greater good while maintaining morale. Everyone has been asked to sacrifice for the benefit of the community as a whole to restore the City to fiscal sustainability. Although the initial vestiges of change seem formidable, we must remain resolute in our effort if we are to enjoy the true benefits of this change process.

It is during these times when we are collectively feeling at our most vulnerable, that we must not forget the adage, *there is in the worst of fortune the best of chances for happy change*. It is through our renewed appreciation for our precious resources, the desire to become more transparent, and the need to become a high performance, optimized organization that we will reach our ultimate goals. We envision an organization that delivers more targeted services with greater effectiveness than ever before, rewards its employees for their professionalism and dedication, promotes growth and economic opportunities for all of our neighborhoods and protects the community's assets for generations to come.

Despite significant reductions in the Plan for FY 05, the City continues to support, and in some cases enhances, a full-range of municipal services. Investments in maintenance, repair and upgrades of the City's infrastructure will continue, with sidewalk repair and Americans with Disabilities Act (ADA) improvement projects continuing, and funds set aside for needed natural gas pipeline replacement for Long Beach Energy. If State bond monies become available, as provided for in the State budget, the alley rehabilitation program will continue. Public safety and homeland security efforts will be buttressed by 10 new patrol officers added through the COPS Grant program, the addition of 14 officers redeployed from non-core public safety programs into investigation details, and augmented Disaster Management staffing. To further strengthen our crime prevention and suppression capacity, it is critical that we lend our support to the County of Los Angeles Board of Supervisors and Sheriff Baca's attempt to generate further resources to support public safety services in our community. Efforts to enhance neighborhoods will continue through improved graffiti and litter abatement programs as well as strengthened planning functions in the Department of Planning and Building. The community will continue to receive excellent fire protection, recreation services, planning and building services, municipal health and library services, street maintenance and traffic services, refuse, and many other core services.

Based upon budgetary performance over the past nine months, the Plan is working. As depicted in the following chart (Exhibit 1), over a three-year period, approximately \$101 million in costs will be reduced from, or revenue added to, the City's General Fund to achieve a structurally balanced budget. Through the Mayor and City Council's continued leadership, as demonstrated through the City Council's Adopted Financial Policies and the work of the Budget Oversight Committee, the City has a clear framework by which it can, in a deliberate and rational manner, achieve a balance between ongoing expenses and ongoing revenue by the end of FY 06, while maintaining core City services. The community and its leaders, City staff and the organization as a whole must not lose sight of this reality, and the belief that the organization is improving, with the benefits of this process accruing to both the community at large and the employees that serve so purposefully.

Exhibit 1 – Impacts of the Three-Year Financial Strategic Plan on the Structural Deficit



The FY 05 Proposed Budget is built upon the stated goals of the City Council and those of the community, as reflected in the 2010 Strategic Plan and the multitude of community comments we have received through our community outreach efforts over the past two years. While it is impossible to fully reconcile the diversity of interests represented by these varied stakeholders in a single year, the FY 05 Proposed Budget provides resources for shared priorities and core activities that serve the broadest range of community members in Long Beach.

II. Background

Even in the face of grave financial problems, the City continues to move forward to make Long Beach an even more desirable place to live, work and recreate. This has happened because of the commitment and enthusiasm shared by residents and businesses and the work being carried out by City staff through guidance from our City Council. In spite of the challenges of the past year, our City still maintains a debt rating of Aa-, and several important revenue sources appear to be gaining strength. Transient Occupancy Tax revenue has increased over last year as room rates and occupancy rates begin to climb past pre-9/11 levels. Retail sales in the City have increased over 85 percent since 1994, property values continue to grow and more than 1,000 new businesses were established in Long Beach over the past year. These increases have helped fill the gap between escalating costs and recurring revenue. Furthermore, violent crime and homicide rates have decreased dramatically. The Water Department began construction of the largest federally-authorized desalination research and development project in the nation in December, and city residents again enjoy the lowest residential gas bills in Southern California. The Port of Long Beach continues to

*City Manager's Budget Message
Fiscal Year 2005*

excel and while doing so is expanding its environmental mitigation efforts with diesel abatement programs and the use of technology to improve efficiencies in its ground transportation operations.

In an effort to institutionalize this positive direction and establish a shared vision for the City, the City Council produced a comprehensive set of goals for the City in January 2004:

- Further reduce crime, particularly violent crime
- Enhance neighborhood economic development efforts, particularly on the commercial corridors
- Improve environmental conditions in the City of Long Beach
- Improve the quality of life in the neighborhoods
- Expand the community's involvement in the workings of Long Beach government
- Promote workforce and business development efforts so as to create new jobs; ensure Long Beach becomes more business friendly
- Support programs which encourage the public's health and well being
- Promote quality housing development; improve home ownership opportunities for Long Beach residents
- Improve the transportation system to efficiently and effectively move goods and people through the city without negatively impacting the neighborhoods
- Adopt an annual budget that is structurally balanced

Furthermore, the City Council adopted a set of Financial Policies to govern the City's complex budgetary and fiscal decision-making on a go-forward basis. These policies address such key issues as the use of one-time resources, debt limits, structurally balanced budgets, financial reporting and reserve levels. Such policies provide a sound management and decision-making framework for the City, which will protect our financial assets and ensure a high level of transparency in the City's budgetary and financial processes. Staff has been working with the City Council's outside financial advisor, Len Wood, to develop a sound set of procedures by which to implement the City Council's Adopted Financial Policies. With these policies and procedures in place, we will have sound guidelines for future financial decisions to secure the fiscal health of the City for future generations.

Following the City Council's clear policy direction, staff focused its efforts through the budget process on two key goals: protect and enhance the fiscal strength of the City, and engender a more open, transparent government through ongoing communication with the community and City employees. During FY 04, we made important strides toward these goals.

*City Manager's Budget Message
Fiscal Year 2005*

The City Council-Endorsed Plan provides a solid framework for future City budgets. The Plan is a rational approach to balancing ongoing expenditures and revenues to eliminate the City's structural deficit over three fiscal years. In developing the Proposed Updated Plan and the FY 05 Proposed Budget, we reached out to the community for input at a series of community meetings, including the July 10, 2004 Budget Summit and dozens of neighborhood association, board, committee and commission meetings. Feedback from these meetings will be communicated to the Mayor and City Council to help guide decision-making on the Proposed Updated Plan and FY 05 Proposed Budget. The City expects to achieve significant savings in FY 05 through numerous management and support staffing reductions, operational and organizational changes, and continued optimization of City services. Increasing return on assets will also provide new revenue that is not generated by fees or taxes paid by the community. The City will be adjusting fees to more appropriately recover costs, while allowing the City to continue to provide quality services.

I remain committed to maintaining frequent opportunities for employee involvement and am taking steps to engage employees more effectively. In the beginning of this fiscal year, executive staff members and I attended "question and answer" sessions with each of the 14 City Manager-directed departments. These sessions were open forums to discuss issues related to the organization and the Plan and answer direct questions from employees. Throughout the year, I have sent informational letters to all City employees, designed to provide updates regarding ongoing organizational changes and any potential impacts. In addition, all Department Heads involved employees in the budget preparation process, soliciting ideas and options for savings or revenue enhancement. A 15-member employee Innovation Team, reflecting the City's diverse workforce, was created and empowered to identify and recommend specific operating and organizational changes to positively impact core services to the community, improve employee morale and save money and/or increase revenue. I have also dedicated one position in my office to serve as an exclusive liaison with employees to help facilitate the implementation of Plan activities that have an impact on employees.

Staff has continued to perform their duties exceptionally well in FY 04, without any major disruptions in the delivery of core services despite \$41 million in Plan structural reductions. Departments were directed to save \$12 million in FY 04 to begin addressing the fiscal hurdle facing the City in FY 05, and will be achieving the target through their diligent work to curtail costs. Finally due to additional one-time revenue from our oil operations and waste-to-energy plant, we are expecting to exceed the \$12 million carryover savings target by approximately \$5.8 million.

III. Proposed Updated Three-Year Financial Strategic Plan

The Plan was designed to be a fluid document that reflects the constantly shifting economic conditions, community needs, legal requirements and fiscal challenges of the City. The Proposed Updated Plan, presented to the City Council in June 2004, was a combined reflection of the City Council's stated goals, extensive community and employee input and a multi-departmental effort that was initiated in January 2004. The Proposed Updated Plan was necessary to address an additional \$15 million in workers' compensation, health care and general liability insurance costs that were not known until after the Plan was endorsed by the City Council in March 2003.

The Proposed Updated Plan provides \$33 million in structural deficit solutions for FY 05, including \$26.6 million in ongoing cost reductions, \$2 million in return on assets and \$4.4 million in ongoing increases to existing fees. One-time resources and FY 04 carryover savings were used to fill the remaining structural budget gap, thus allowing the City to maintain a steady, rational approach toward complete structural deficit reduction by FY 06. Please see the **Three-Year Financial Strategic Plan** section of the budget document for further detail regarding recommended cost reductions and ongoing revenue increases for FY 05.

As I have stated on numerous occasions, the Proposed Updated Plan contains difficult solutions, requiring very difficult decisions from the leaders and decision-makers in the City. Some of the most difficult are planned in FY 05, including various optimization or contracting opportunities, service reductions and changes in employee compensation. But with the commitment and dedication demonstrated on the part of the Mayor and City Council, I believe that we will be able to navigate through these challenges, while maintaining our focus on providing core City services.

IV. FY 05 Proposed General Fund Budget

The total City budget for all funds is estimated to be approximately \$1.84 billion in FY 05. With additional employee health and retirement benefit cost increases citywide, as well as increased activity at the Port, the City's overall budget has increased by approximately \$184 million from FY 04. The Proposed General Fund Budget, which has been the focus of our structural deficit reduction efforts, is approximately \$372.6 million. While this is approximately \$12 million larger than the FY 04 Adopted Budget of \$360.6, we must be mindful that the City's costs grew by approximately \$40.3 million in FY 05 as a result of increased California Public Employees Retirement System (PERS) retirement benefits, health benefits and general liability insurance costs. Without implementing the Proposed Updated Plan's solutions, the General Fund expenditure budget would have swelled to over \$400 million.

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Fiscal Year 2005*

The FY 05 Proposed General Fund Budget is balanced. The fund has a projected beginning fund balance of \$17.8 million, generated through the tireless efforts of everyone to save at every possible opportunity, as well as receipt of unexpected one-time oil and SERRF revenue. In addition to the carry-over and \$33 million in structural deficit solutions, the FY 05 Proposed Budget utilizes approximately \$11.4 million in one-time resources. I am very pleased to once again report a further reduction in use of one-time funds (from \$19.6 million in FY 04 down to \$11.4 million in FY 05), which is a significant step toward fulfilling the City Council's Financial Policies.

To reinforce a strong foundation for the future, it is recommended that the General Fund's Operating Reserve continue its gradual growth, placing another \$200,000 in reserve in FY 05. This brings the total funding in the Operating Reserve to \$400,000. As a result of these proposed actions, we anticipate ending FY 05 with a \$2.3 million fund balance to help address the FY 06 gap. While the \$36 million Emergency Reserve will remain intact in FY 05, it will be just short of the City Council's goal of 10 percent of General Fund expenses. This reserve level will be revisited with the FY 06 Proposed Budget, when either the General Fund budget will have decreased with further Plan reductions or a plan will have been devised to achieve the 10 percent reserve goal.

The discussion that follows highlights some of the more significant cost and revenue changes impacting the FY 05 Proposed Budget, including base budget and Proposed Updated Plan cuts and fee increases.

Base Budget Changes

The expenditure budget comprises tens of thousands of line item budgets across all departments citywide. The following briefly describes the more significant changes to the base budget, which includes increases due to previously negotiated or contractually mandated costs. These uncontrollable costs increased the base General Fund budget prior to implementing the Year Two Plan reductions. Cost increases incorporated in the budget are related to such items as PERS retirement benefit costs, employee health benefits, insurance costs, public safety equipment, expiring grants and increased contracts payments, totaling \$40.3 million in increased costs to the General Fund.

These increases are partially offset by various base budget reductions, such as reduced debt service, savings from legislative changes related to workers' compensation, indirect cost allocation adjustments and a modest increase in base revenues of approximately 2.8 percent. While the City has been offered the opportunity to defer its PERS costs for one year, given the expensive terms of the "loan" from PERS (7.75 percent interest), I would strongly recommend against exercising this option.

Below please find examples of some of the more significant uncontrollable costs in the General Fund. Please refer to **Attachment A** for a comprehensive list of Uncontrollable and Negotiated Cost Increases, with associated offsets, for the General and other funds.

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- CalPERS Retirement Benefits (\$33.3 million)
- Health Care benefits (\$5.6 million)
- Debt service for the lease of two Fire Ladder Trucks (\$133,000)
- Police Department building leases (\$45,929)
- Fire Station Alerting System annual maintenance (\$58,000)

Structural Budget Changes

Proposed Expenditures

Once the base budget was determined as a starting point, staff in all departments proposed changes to the City's General Fund and related funds expenditure budgets to reduce the structural budget gap. Implementation of Year Two of the Plan results in a proposed \$26.6 million reduction in the FY 05 operating budgets for City Manager-directed departments, with \$21.5 million of those cuts achieved in the General Fund and the balance of \$5.1 million in the related funds (i.e., Gas Fund, Towing Fund, Employee Benefits Fund, Insurance, Civic Center Fund, Fleet Fund and General Services Fund). Reductions in related funds directly and indirectly benefit the General Fund. In addition to the cuts recommended in the Proposed Updated Plan, the elected and non-City Manager departments also made reductions.

- Details of the \$26.6 million in General Fund and related fund-recommended reductions are included in the **Three-Year Financial Strategic Plan** and the respective **Department Summaries** section of the budget document.

Changes to the General Fund's expenditure budget also include some modest proposed enhancements in critical service areas, most of which are revenue offset. Given the fragile state of the General Fund, a limited number of enhancements are proposed, most of which focused on increased public safety and other critical quality of life services for the community. General Fund enhancements, less offsetting cost reductions or associated revenue, recommended for FY 05 total \$857,000. The following are examples of some of the more significant enhancements. Refer to **Attachment B** for a comprehensive list of enhancements, with associated offsets, for the General Fund and other funds.

- General Fund match for Ten new Police Officers funded through the federal COPS grant program (\$229,000)
- Disaster Preparedness Support Costs (\$109,000)
- Gang Intervention and Prevention administrative staffing (\$15,244)
- Disadvantaged Community Assistance Program in Community Development (\$200,000)
- Additional staff in Planning and Building's Construction Regulation Division (\$340,000)
- A new Planning Aide position in Historic Preservation (\$67,233)
- General Fund support equal to 3 percent of Workforce Development formula grants (\$141,973)

Projected Revenue

The General Fund depends on hundreds of different revenue sources to fund operations. **Attachment C** lists the 40 largest General Fund revenue sources, which currently comprise approximately 87 percent of General Fund revenues. FY 05 projections show growth in Property Tax revenue of \$4.7 million, Pipeline Franchise Fees of \$1.8 million, Motor Vehicle License Fees of \$1.7 million (prior to take-aways from the State), Emergency Ambulance Fees of \$1.2 million and Transient Occupancy Tax of \$371,000, as well as \$6.4 million in new revenue as identified in the Plan for FY 05. While taxable sales in Long Beach continue to grow as well, due to the voter-approved Proposition 57 "Triple Flip" (please see the State Budget Crisis section below for more details), the City will not receive increased revenue from this additional activity in FY 05. Furthermore, the cumulative increases in General Fund revenue are significantly offset by the voter-approved reduction to the Utility Users Tax (UUT) in FY 05. Given the projected UUT reduction from 6 to 5 percent and anticipated State losses from the "Triple Flip" in FY 05, base revenues are projected to grow by approximately 2.8 percent.

The FY 05 Proposed Budget anticipates an increase of approximately \$2 million in the return on City assets and revenue from marketing efforts. Examples of anticipated return on assets in FY 05 include, but are not limited to, the following (see the **Three-Year Financial Strategic Plan** section of the budget document for a more detailed listing):

- Growth in RDA statutory pass-through property tax increment (\$650,000)
- Boeing Parking Lot proceeds (\$200,000)
- Los Angeles County Bond Subsidy for park maintenance (\$94,000)

Increases to new and existing General Fund fees totaling \$4.4 million are also necessary to avoid additional harmful cuts to core services, including increases to general gas rates, parking meter rates, various parking citations and fees, utility late payment fees, and code enforcement charges and fines to better recover costs. Proposed changes to fees are consistent with fees charged in comparable agencies, and are necessary to help the City recover costs for the provision of these services. Please see **Attachment D** for a comprehensive listing of proposed fee increases in the General and other funds. In addition to these fees, the City is also conducting a comprehensive Fee Study (please see the Ongoing Optimization Efforts section below for more information) that will not only provide a rational basis by which the City's fee structure will be managed in the future, but will recommend additional fees for immediate increase. I expect to receive these recommendations during August, and will bring these additional fee adjustments forward for your consideration during the budget adoption process.

V. Other Funds

While the focus of this Budget Message has been on the General Fund, it is important to discuss issues impacting other key City funds, including the Tidelands, Housing Authority, Health Fund and the Insurance Fund. During these times of gradual economic recovery, historic political debate and shifting priorities at the State and Federal levels, the City is susceptible to sharply changing revenue sources, especially in those programs funded heavily, if not exclusively, through grants from the State and Federal governments.

Tidelands Funds

The Tidelands Funds support the operating, maintenance and development of the Tidelands Trust area, including the beaches and waterways, marinas, Convention Center, Pike at Rainbow Harbor area and the Aquarium of the Pacific, in addition to the Queen Mary and Hyatt Hotel leases. Resources to support services provided in the Tidelands area are dependent on continued support from the Tidelands Oil Revenue Fund (TORF) and the Harbor Fund. State law provides for the transfer of certain TORF profits to the Tidelands Funds, and given the continued high price of oil, TORF has provided substantial funding for Tidelands Funds over the past few years. The Tidelands Funds have experienced fiscal problems since the late 1980's, when the State began taking most of the oil profits that once paid for Tidelands operations and maintenance.

Despite strong performance within the oil operations, ongoing revenue sources are not adequate to keep pace with ongoing expenses in the Tidelands areas. The benefit of new retail and housing that usually accrues to the City as property tax, is instead directed to the Downtown Redevelopment Project Area for Pike area improvements, while the cost of providing services to these areas does not. In FY 05 the Tidelands Fund will take on the additional liability of a \$1.2 million Pike Garage payment in FY 05, while ongoing negotiations with the leaseholders of the Queen Mary continue to challenge the Tidelands Fund's revenue streams. These factors have such a significant impact that the Tidelands Fund faced a \$2.2 million deficit going into the FY 05 Proposed Budget process.

Departments operating within the Tidelands areas came together to identify cost reductions and revenue enhancements totaling \$2.2 million, including \$800,000 in increased fees and new/additional parking revenue, and \$1.4 million in cost reductions in Parks, Recreation and Marine, Police, Fire and Financial Management operations. These reductions will likely be made in the areas of maintenance, support staffing, security and recreation. I have asked the impacted departments to provide detailed proposals to my office in 60 days to develop a clear and coherent cost reduction strategy for FY 05. To facilitate this task and to enhance accountability and management of the Tidelands Fund, I have also assigned the Marine Bureau Manager as lead staff for the Tidelands Fund.

Health Fund

FY 05 will be a challenging year for the Department of Health and Human Services regarding services provided through the Health Fund. This grant-reliant fund supports the following core public health services: Children, Adult and Senior Health Services; Disease Prevention and Control; Homeless Services; Environmental Inspection and Testing; and Vector Control. Given this broad range of services, it is important for the City to maintain our own Health department, as it allows us to tailor programs to meet the specific needs of Long Beach residents while minimizing reliance on Los Angeles County's already overtaxed and deteriorating health system.

With reductions in grant funding, coupled with delays in State reimbursements, the Health Fund faces a cash-flow challenge of approximately \$2.8 million in FY 05. To avoid spending beyond their means, the Department implemented a strategy to balance its budget, including:

- Renegotiating Grants to Improve Cost Recovery
- Eliminating Vacant Positions and Reducing Administrative Costs
- Implementing Laboratory Testing Efficiencies
- Optimizing Clinical and Alcohol/Drug Programs
- Increasing Fees to Improve Cost Recovery
- Evaluating Refinancing Facilities Debt

With these key strategies built into their FY 05 Proposed Budget, despite these challenges, the Department will continue to successfully deliver core services that promote the improved health of the community.

Community Development Grants

Similar to the Health Fund, revenue sources for some of the Department of Community Development's (CD) programs are under extreme threat from Federal and State cutbacks. The City's Housing Authority provides rental assistance for decent, affordable housing to approximately 6,500 low-income households that rent privately-owned residences from 2,500 local landlords. The primary service delivered by the Housing Authority is the Section 8 Housing Choice Voucher program. Under the current administration in Washington, D.C., changes made to Department of Housing and Urban Development (HUD) allocation formulae have had a devastating impact on local governments. In Long Beach, HUD no longer provides voucher reimbursements at the local housing market levels (\$690 per month for HUD re-imbursement verses the average local rent of \$735 per month). Exacerbating this problem is the fact that Long Beach currently is over-leased (a practice encouraged in the past to ensure maximum services to the community), or serves more families than are now reimbursed by HUD, widening the gap between revenue and expenses for this activity. The new allocation formula and the over-leasing created a \$6.2 million deficit for the Housing Authority in FY 04.

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In response, the Housing Authority took immediate steps to reverse this trend. The Housing Authority stopped issuing vouchers in February 2004, reduced personnel and operating costs and began to remove from the program those in habitual violation of program rules. Furthermore, at the urging of City staff, HUD reinstated \$2.6 million in program reserves to help make up for current revenue shortfalls. This may increase to \$4.1 million if HUD leadership rules favorably on this issue. Lastly, as a stopgap measure, on July 6, 2004, the City Council approved an interest-free, \$2.9 million loan of City (non-General Fund) Rental Rehabilitation Program funds. Looking ahead toward a sustainable solution, on July 8, 2004, the City sent a letter to HUD requesting that they increase the inflation factor used in calculating reimbursement levels from 5.6 percent to 15 percent. Through continued revisions in HUD policies as well as the elimination of over-leasing in Long Beach, the Housing Authority will restore its financial footing in FY 05.

The City's Workforce Development programs have sustained an overall funding reduction of more than \$14 million between program years 2001 and 2005, including a decrease in allowable administrative expenses from 20 percent to 10 percent. This has significantly impacted operations, including reduced staffing from 118 FTEs in FY 02 down to 40 FTEs in FY 05. In order to maintain basic levels of service, continued refinement of operations is occurring while attempting to maintain core service. To assist in this effort, the proposed Workforce Development budget for FY 05 includes General Fund support of \$141,973, which represents 3 percent of the formula allocation grants of \$4,732,445. General Fund revenues generated in other areas of the Community Development Department offset this support. At this point, it is unknown how many discretionary grants will be funded in FY 05, but the Department diligently continues to apply for the limited competitive grant funding available.

Insurance Fund

The Insurance Fund supports the City's property, general liability and workers' compensation programs. Over the past several years, escalating costs in both general liability and workers' compensation have dwindled the Fund's balance to minimum operating levels. During FY 04, the Fund saw the beginning of a much needed fiscal improvement with substantial savings in workers' compensation costs, mostly from legislative changes at the State and increased attention being paid to how the City manages City workers' compensation operations. During FY 04, a major outside review of workers' compensation and safety practices was undertaken, which resulted in a comprehensive set of recommendations. Once implemented, these process improvements along with legislative changes are expected to save in excess of \$5 million over the next four years. These savings were offset to a large extent by increased cost related to the City's general liability, which include attorney's costs for ongoing court cases, as well as settlements.

The Department of Financial Management has established rates for the Insurance Fund's client departments that keep the Fund at a stable level. A new cost allocation structure is also being designed to strongly encourage staff to effectively manage workers' compensation issues and to provide safe working conditions. Coupled with process improvements, the new allocation methodology will reduce costs and provide a more stable revenue source needed to sustain the Fund's primary operations.

VI. Continued Impacts of the State Budget Crisis

When the Governor unveiled the May Revision of his Proposed FY 05 Budget, the strategy to address the State's structural budget deficit became clearer. As expected, there were no tax increases, and budget reductions to State programs were limited. Like his predecessors, the Governor proposed to once again balance the State budget by shifting money away from local governments. There are three primary mechanisms by which the State will tap local governments in their fiscal year which began July 1, 2004: Vehicle License Fee (VLF) In Lieu payment shift, the Sales Tax "Triple Flip" (Proposition 57), and the first of two years of local government contributions to the State's General Fund through a shift of Property Tax funds. In addition, as a part of the State's budget adoption action, and as a result of hard fought negotiations, the State Legislature placed a proposed Constitutional amendment on the November ballot, which would provide greater protection against future State raids.

Because the State's FY 05 Budget was not signed by the Governor until July 31, 2004, staff did not have sufficient time to incorporate the full range of State impacts into this Proposed Budget. Rather than rush to revise the Proposed Budget and risk missing the City Charter-mandated delivery deadline to the Mayor of August 1, 2004, it was prudent to publish the Proposed Budget as prepared. In the weeks that follow, staff will continue to analyze the impacts of the State's adopted FY 05 budget, and I will recommend potential solutions to the State's impacts on the City.

State Take-aways

The State's actions effecting local finances include: a VLF In Lieu payment shift, which exchanges a reduction in the VLF rate for an equal amount of property tax backfill revenue; a Proposition 57-mandated "Triple Flip", a sales tax for property tax exchange; and, an Education Revenue Augmentation Fund (ERAF) shift that provides one-time contributions to the State's General Fund in FY 05 and FY 06 only. The net impact to the general fund in FY 04 is estimated at \$9.5 million and \$9.7 million in FY 05. After FY 05, backfill payments for the "Triple Flip" and VLF will be routinely equalized, mitigating most ongoing losses. Finally, the loss in FY 06 will be \$5 million, from the second ERAF shift. In accordance with the proposed Constitutional amendment, any further take-aways, should they occur, will be in the form of loans with interest that must be repaid within four years.

Proposed Solutions

In response to these negative impacts of the State budget crisis the City has identified four potential sources of revenue to cover the losses:

- Subsidence Fund: State legislation allows the City to utilize interest earned on the Subsidence Fund investments to support part of the ERAF losses. This would provide approximately \$4 million per year of relief, but will have to be repaid over 20 years, without interest, beginning in FY 07.
- Redevelopment Agency Funds: State legislation also provides the City with flexibility to utilize Redevelopment Agency Funds to support part or all of the ERAF losses.
- FY 03 and FY 04 VLF Repayment: The City should earmark this one-time \$8.6 million repayment by the State to cover the new VLF shift. The repayment is guaranteed as part of the proposed Constitutional amendment.
- Property Sales Proceeds: Sale of surplus City-owned property may provide a one time solution for a portion of the lost revenue in FY 05.

Lastly, the City's Redevelopment Agency will be contributing \$2.9 million each of the next two years. This is already reflected in the FY 05 Proposed Budget.

State Budget – Proposed Constitutional Amendment

To restrict the State's ability to continually raid local government revenues, Mayor O'Neill, City Councilmembers and other local leaders throughout California negotiated a two-year budget compromise with Governor Schwarzenegger, where local governments would help the State one last time in exchange for a proposed Constitutional amendment on the November 2004 ballot. The amendment is designed to protect local governments from future tax revenue shifts. Some of the key measures of the Legislature's proposed Constitutional amendment include: a VLF rate reduction and cap; guaranteed repayment of previous VLF losses in FY 03 and FY 04; guaranteed semi-annual payments of "Triple Flip" and VLF backfill; suspension of unfunded State mandates; and, a limit to twice per decade of future backfill suspensions. To ensure that the electorate approves these Constitutional protections in November, it is critical that we demonstrate our full support for this ballot initiative.

VII. Ongoing Optimization Efforts

The success of the Plan is predicated on the organization's ability to downsize the range and scope of its services while optimizing the services it retains. With the adoption of the FY 04 Budget, the City initiated several efforts to bring outside, objective expertise to review and make recommendations to improve key service areas, while saving critical resources for the General Fund. Optimization studies were undertaken in FY 04 for Code Enforcement/Nuisance Abatement, Workers' Compensation, Occupational Health and Safety, Fire Services and Public Safety Emergency Communication, Compensation

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and Staffing, Fleet Services and a Citywide Fee Study. Several of the studies have been completed and their recommendations are being implemented, while others will be complete by the end of the fiscal year or during FY 05. These studies have been critical for the City achieving its operational and savings goals, as set in the Plan. Their recommendations, to date, are expected to generate over \$7.2 million in annual savings once fully implemented. Below please find summaries of each of the six optimization studies undertaken during FY 04.

Fleet Services – The findings and recommendations of this study were shared with the City Council in April 2004. The study identified hundreds of vehicles for possible elimination or downsizing, and also made operational recommendations regarding Fleet services operations. Through the work of an interdepartmental Fleet Review Board, over 225 vehicles were identified for immediate turn-in from departments in FY 04. During FY 05, the Board will continue to work to identify vehicles scheduled for replacement that should be downsized to decrease the overall cost of Fleet maintenance. They will also work to create a pool of vehicles and equipment for departments to share, reducing the size of the fleet even further. In FY 06, the Board will work with departments to achieve the citywide goal of 230 additional vehicles eliminated from the Fleet. In total, approximately \$2 million could be saved in vehicle maintenance, capital recovery, staff and operational costs as a result of the Fleet review.

Workers' Compensation, Occupational Health and Safety – The findings and recommendations of this study were presented to the City Council on April 20, 2004. Key recommendations include improving claims reporting and management, streamlining medical procedures and increasing the City's focus on workplace safety. The study is currently being implemented through a citywide Business Improvement Strategy, with savings expected to reach \$1.8 million in FY 05 due to legislative changes as well as process improvements. Savings from process improvements and legislative changes are expected to approach \$5 million annually after a four-year implementation period.

Compensation and Staffing – The findings and recommendations of this study were presented to the City Council in May 2004. Key findings showed that Long Beach was slightly below the median in compensation as compared to both surrounding jurisdictions and the private sector in the sample classifications reviewed. While no savings were expected from the study itself, its recommendations provide a well-informed approach for benefit design and future negotiations, which are expected to generate \$20 million in annual savings over the next two fiscal years (FY 05 and FY 06).

Code Enforcement/Nuisance Abatement – The findings and recommendations of this study were presented to the City Council on May 11, 2004. Key recommendations included: consolidating multi-departmental inspection and enforcement teams under the Department of Community Development; building a geographically-based team approach focusing on partnerships with neighborhoods to improve accountability and overall effectiveness of the program; and, realigning staffing to consolidate simple property maintenance and annual inspections to improve efficiency in the delivery of code enforcement services. A multi-departmental implementation team has been assembled comprising all participating departments, with a detailed Implementation Plan

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expected in August or September 2004. According to the study, the City can expect to save over \$1.5 million annually after all recommended measures are implemented.

Fire Services and Emergency Dispatch – The study is still underway, with findings and recommendations to be presented to the City Council in September 2004. This comprehensive study reviewed all aspects of the Fire Department's services and delivery methods, including staffing, infrastructure, revenue, fleet and calls for service. Special attention was also given to the Police and Fire dispatch services (911), co-located at the Emergency Communications and Operations Center (ECOC). Savings anticipated from this study are expected to exceed \$1.5 million annually.

Citywide Fee Study – In addition to fee proposals submitted by departments for the FY 05 Proposed Budget, the City recently began a comprehensive review of all City fees, with the objective of developing a more reliable and consistent cost allocation methodology, to adjust current fees to improve cost recovery in the short-term, and develop policies and procedures for establishing and maintaining fees in the future. The contractors hired to assist with this study are currently performing a comparative analysis of key fees in Long Beach with a history of under-charging. It is expected that the preliminary findings of this analysis will be shared with the City Council during FY 05 Budget deliberations, with additional fee increases included in the FY 05 Adopted Budget. The longer-term cost allocation methodology, comprehensive fee review, and policies and procedures work will be completed in FY 05.

FY 05 Optimization Efforts – We will continue in an effort to keep the organization focused on the goal of constant operational improvement. Employee involvement will be a critical component of these improvement efforts. I am proposing that areas such as Citywide Youth Services (including Gang Prevention and Intervention); Information Technology, Health Insurance, and Parking Management undergo thorough optimization analysis in FY 05. Furthermore, I am proposing that active optimization efforts involving City employee work groups be undertaken to review alternative service delivery methods and develop more streamlined administrative approaches for the following services: Billing and Collections, Ambulance Billing, Towing Operations, Payroll Services, Business License Processing, and School Crossing Guards. The outcomes of these reviews will serve as a basis for continual improvement in the quality of services provided and the mechanisms through which they are delivered, as well as provide critical budget savings to restore the financial footing of the General Fund. While these efforts represent the redefinition of organizational norms, it is through these studies that the path to improvement will be most clearly drawn.

VIII. Beyond 2005

As we improve organizational efficiency and downsize the City through the various Plan strategies, we must be mindful to keep focused on the long-range goals of the community. Despite the current fiscal challenges we are enduring, the health of the City's physical assets must not be compromised. Strategies that produce short-term solutions by forsaking long-term maintenance typically cost exponentially more than the upfront benefit. To this end, Public Works staff is coordinating a citywide effort to develop a comprehensive infrastructure maintenance strategy for the City's various assets. The strategy will aggregate the results of multiple facility assessments into a

combined list of projects. This combined list can then be used to prioritize current improvement projects, as well as to develop an ongoing maintenance schedule citywide. In the end, by taking a consolidated management and planning approach, this strategy will minimize costs while maximizing the life of the City's facilities and physical assets.

To fortify the City's revenue base and ensure maximum appropriate return for services provided, we will continue to refine our cost allocation methodology, policies and procedures. The Citywide Fee Study, as mentioned above, is a key step in this process. It is anticipated that an outcome of the study will be a mechanism by which the City's costs can be accurately established, with policies and procedures by which fees can be set and maintained to keep pace with future costs of service. The ability to identify and allocate the costs of services coupled with a clear set of criteria to define how these costs are to be recovered will reduce the level of overall subsidy of services where appropriate, which will unencumber resources that could better be spent on protecting or restoring quality of life programs and investments in the City's physical and technological infrastructure.

These two goals are achievable should we stay the course of the Plan. Although the decisions and actions that remain in the Plan for FY 05 and FY 06 are unpopular with many constituencies, abandoning the Plan now will only create long-term financial and organizational challenges that may be beyond our own means of solving. Balancing competing interests, while reducing the cost of City services will be a serious challenge over the next two years. Not only will a fully implemented Plan restore a working balance in the General Fund, it will allow the City to fully implement the City Council's Financial Policies, which is a critical institutional means of protecting City assets for future generations. Not only is fulfilling the Plan's objectives the right thing to do, but the community demands responsible decision-making and definitive action to manage their resources to create public value for the entire community.

IX. Conclusion

Despite the dramatic increase in General Fund costs for employee benefits and insurance, the FY 05 Proposed Budget is balanced. With a one-year structural deficit of \$57.9 million in FY 05, which includes new cost growth of \$40.3 million, the FY 05 Proposed Budget recommends cost savings and revenue enhancements of \$33 million, for a total of \$73.3 million of structural deficit solutions in the first two years of the Plan. Through the implementation of the Proposed Updated Plan's various cost reduction and revenue enhancement strategies, coupled with the ongoing optimization of the organization, the City will continue to support, and in some cases enhance, a full range of services to our diverse community with minimal impact to our core mission to provide a safe and healthy environment in which neighborhood residents can thrive. We must not lose sight that critical investments that protect the long-term stability of the community continue to be made in the City's infrastructure and neighborhoods. Public safety services remain the highest priority, and our employees work within an environment of seemingly unlimited possibilities for professional growth. The community will continue to enjoy the benefits of the core programs and services they have come to rely upon.

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With external and internal challenges still to be overcome, it is only through a continued commitment to making the difficult decisions over the next two years that we will be able to see our way through to our immediate goal of financial sustainability. There will doubtless be difficult moments that arise as we bring the organization through such lasting change. I am confident, however, that with a shared vision and allegiance amongst the City's leaders and an unwavering devotion to the community we serve, we will succeed in transforming the City into a high-performance organization better capable of serving the community than ever before.

Respectfully submitted,



GERALD R. MILLER
CITY MANAGER

- Attachment A: Uncontrollable and Negotiated Cost Increases
- Attachment B: Proposed Enhancements
- Attachment C: General Fund Revenues (Top 40)
- Attachment D: Proposed FY 05 Fee Adjustments by Department

Uncontrollable Cost Increases

Description	Fund	One-Time Cost	Cost	Offset	Offset Description
FINANCIAL MANAGEMENT					
▪ City Auditor Cost for Outside Auditing Services	General		\$2,792		
▪ Postage Costs	General		\$33,607	(\$33,607)	Utilities MOU
▪ Reprogramming Costs for the Edison Bi-monthly Meter Reading	General		\$36,600	(\$36,600)	Utilities MOU
▪ Banking Fees for Credit Card Payments	General		\$94,000	(\$88,360)	Utilities MOU
FIRE DEPARTMENT					
▪ Fire Station Alerting System Annual Maintenance	General	\$57,931	\$67,500	(\$9,569)	Cost Reduction
▪ Debt Service for Replacement of Two Fire Ladder Trucks	General		\$170,000	(\$37,375)	Cost Reduction
▪ Debt Service for Replacement of One Fire Rescue Boat	Tidelands		\$30,000	(\$9,448)	Cost Reduction
HUMAN RESOURCES					
▪ California State Workers' Compensation Assessments	Insurance		\$182,000		
LONG BEACH ENERGY					
▪ Natural Gas Purchases	Gas		\$4,177,116	(\$3,953,151)	Revenue
▪ Annual SERRF Tip Fee Reimbursement	Refuse		\$145,256	(\$608,725)	Revenue
POLICE DEPARTMENT					
▪ Police Department Facility Lease Increases	General		\$45,929		
PUBLIC WORKS					
▪ Rent and Income for Boeing Lot D	Airport		\$800,000	(\$800,000)	Fee Revenue
▪ Annual Recycling Contractor CPI Increase	Refuse		\$61,861	(\$127,912)	Revenue
CITYWIDE					
▪ PERS Retirement Costs	All Funds		\$50,800,000	(\$1,959,000)	
▪ Health Insurance Cost Increases	All Funds		\$6,900,000		
TOTAL			\$63,546,661	(5,704,747)	

Proposed Enhancements

Description	Fund	One-Time Cost	Cost	Offset	Offset Description
COMMUNITY DEVELOPMENT					
<ul style="list-style-type: none"> ▪ Disadvantaged Community Assistance 	General		\$200,000	(\$200,000)	Revenue
<ul style="list-style-type: none"> ▪ Redevelopment Project Officer 	Redevelopment		\$122,064	(\$122,064)	Revenue
<ul style="list-style-type: none"> ▪ Administrative Intern 	Housing Authority		\$23,877	(\$24,038)	Cost Reduction
<ul style="list-style-type: none"> ▪ General Fund support equal to 3 percent of Workforce Development formula grants 	General		\$141,973	(\$141,973)	Revenue
FINANCIAL MANAGEMENT					
<ul style="list-style-type: none"> ▪ Convert Payroll Personnel Assistant to Accountant III 	Employee Benefits		\$9,936	(\$9,936)	Cost Reduction
FIRE DEPARTMENT					
<ul style="list-style-type: none"> ▪ Reorganize the Administrative Bureau 	General		\$97,151	(\$77,551)	Cost Reduction
<ul style="list-style-type: none"> ▪ Administrative Analyst for Disaster Preparedness Office 	General	\$17,500	\$177,422	(\$68,081)	Cost Reduction
<ul style="list-style-type: none"> ▪ Reorganize the Fire Records Management System Program 	General		\$75,901	(\$75,901)	Cost Reduction
HEALTH AND HUMAN SERVICES					
<ul style="list-style-type: none"> ▪ Enhanced Clerical Support for Occupational Health 	Insurance		\$50,217		
<ul style="list-style-type: none"> ▪ Reinstatement of Employee Flu Clinic through implementing a fee for service 	Insurance		\$21,300	(\$21,300)	Fee
HUMAN RESOURCES					
<ul style="list-style-type: none"> ▪ Upgrade Administrative Intern-NC to Accident Prevention Coordinator in City Safety Office 	Insurance		\$18,975	(\$18,975)	Cost Reduction
<ul style="list-style-type: none"> ▪ Upgrade Personnel Analyst I to Personnel Analyst II 	Insurance Employee Benefits		\$61,320 \$20,440	(\$61,320) (\$20,440)	Cost Reduction

Proposed Enhancements

Description	Fund	One-Time Cost	Cost	Offset	Offset Description
LIBRARY SERVICES					
▪ General Librarian II (Raising a Reader Program)	General		\$81,072	(\$81,072)	Revenue
▪ Family Learning Centers	General	\$444,273	\$444,273	(\$444,273)	Revenue
▪ Upgrade Library Clerk II to General Librarian II	General Civic Center		\$18,771 \$4,120	(\$18,882) (\$4,145)	Cost Reduction
PARKS, RECREATION AND MARINE					
▪ Reallocated Staff to Support the Commission on Youth and Children	General		\$79,878	(\$79,878)	Cost Reduction
▪ Add Security Guards for Athletic Fields	General		\$43,200	(\$43,200)	Revenue
▪ Enhanced Coordination for Gang Intervention and Prevention Program	General		\$90,244	(\$75,000)	Cost Reduction
▪ Chavez Park Water Park Maintenance	General Grants		\$83,683	(\$83,683)	Revenue
▪ Add One Maintenance Assistant II for Belmont Pier	Tidelands		\$43,278	(\$43,278)	Revenue
▪ Special Events Filming Permit and Monitoring Support	Special Advertising & Promotions		\$101,680	(\$101,680)	Revenue
▪ Traffic Support for Special Events	Special Advertising & Promotions		\$50,000	(\$50,000)	Revenue
PLANNING AND BUILDING					
▪ Additional Staff for the Construction Regulation Program	General		\$340,000		Revenue
▪ Add a Planning Aide Position in the Historical Preservation Office	General	\$5,000	\$67,233		
▪ Convert Part Time Administrative Analyst III to a Full Time Administrative Analyst I	General		\$26,220		

Proposed Enhancements

Description	Fund	One-Time Cost	Cost	Offset	Offset Description
POLICE					
▪ Twenty Personal Computers for Police Department	General		\$50,160	(\$50,160)	Revenue
▪ Ten Officers funded by Federal COPS Universal Hiring Program Grant, Phase II	General Grants General		\$779,248 \$228,768	(\$779,248)	Grant Revenue/ General Fund Match
PUBLIC WORKS					
▪ Accounting Technician Position	Refuse		\$63,797		
▪ Upgrade Capital Projects Coordinator to Transportation Planner III	Transportation		\$8,250	(\$8,250)	Cost Reduction
▪ Upgrade Capital Projects Coordinator I to Capital Projects Coordinator II	Capital Projects Airport		\$5,460 \$5,460	(\$5,460) (\$5,460)	Revenue
▪ Building Maintenance Engineer (Transfer)	Airport	\$17,650	\$94,434	(\$94,434)	Revenue
▪ Two General Maintenance Assistants (Transfer)	Airport	\$25,381	\$151,063	(\$151,063)	Revenue
▪ Plumber (Transfer)	Airport	\$25,881	\$101,033	(\$101,033)	Revenue
▪ Painter (Transfer)	Airport		\$121,647	(\$121,647)	Revenue
▪ Railroad Right of Way Lease	Airport		\$106,848	(106,848)	Revenue
▪ Police Security for Lien Sales	Towing		\$85,000		
▪ Refuse Operator Safety Training Program	Refuse		\$95,000	(\$95,000)	Revenue
▪ Reallocate Funding for Fleet Supervision	Fleet		\$38,775		
TECHNOLOGY SERVICES					
▪ Closed Captioning of City Council Meetings	General Services		\$40,000	(\$40,000)	Revenue
TOTAL		\$535,685	\$4,527,198	(\$3,483,330)	

General Fund Revenues (Based on June 2004 YTD)

TOP 40 GENERAL FUND REVENUES	FY 02 ACTUALS	FY 03 ACTUALS	FY 04 ADJ BUD	FY 04 ETC	FY 05 PROP
SECURED REAL PROPERTY TAXES	\$45,841,330	\$48,642,542	\$52,043,000	\$52,200,000	\$56,700,000
CITY SALES AND USE TAX	38,427,651	42,345,525	41,287,000	40,100,000	32,325,000
MOTOR VEHICLE IN LIEU TAX	27,434,551	22,487,884	28,249,000	26,700,000	29,900,000
TELEPHONE USERS TAX & PENALTIES	19,395,152	18,412,302	18,562,000	18,200,000	16,731,000
ELECTRIC USERS TAX & PENALTIES	27,424,247	23,426,752	18,272,000	18,200,000	16,153,000
PARKING CITATIONS	7,626,582	7,650,522	8,496,487	9,309,300	9,885,790
HARBOR-FIRE	5,958,072	6,906,130	7,483,792	7,483,792	8,217,744
IN-LIEU SALES AND USE TAX	-	-	-	-	8,064,680
BUSINESS LICENSE TAXES AND SURCHARGE	7,800,764	8,158,748	8,899,600	8,980,000	9,350,000
PIPE LINE FRANCHISES	3,586,877	7,091,421	5,500,000	6,100,000	7,325,000
TRANSIENT OCCUPANCY TAX	6,223,373	6,566,720	6,829,000	7,000,000	7,200,000
GAS TAX-MAINTENANCE CHARGES	6,885,310	6,308,973	6,308,973	6,308,973	6,308,973
ELECTRIC COMPANY FRANCHISES	6,389,618	6,271,788	5,997,000	5,500,000	5,600,000
EMERGENCY AMBULANCE FEES	4,287,706	4,027,071	4,350,000	5,200,000	5,546,000
GAS USERS TAX & PENALTIES	4,824,243	5,540,557	4,580,000	5,030,000	4,618,000
AMERICAN GOLF LEASE	3,637,159	3,683,520	3,094,465	3,294,465	4,344,465
PROP 172 FUNDS (SB509)	3,456,482	3,567,270	3,619,000	3,700,000	3,793,000
CIP-ENGINEERING CHARGES	3,627,776	3,689,635	3,047,416	3,075,173	3,689,371
AIRPORT-FIRE	3,333,922	2,640,783	3,331,826	3,331,826	3,609,142
GAS-BILLING & COLLECTION SERVICES	3,855,266	3,891,241	3,945,157	3,945,157	3,603,174
PIPELINE FEE - WATER	-	-	2,499,184	2,499,184	3,345,494
VEHICLE CODE FINES	3,453,978	3,010,748	3,500,000	3,650,000	3,300,000
LAND,BLDG, R/W,EASEMENT,APT RENTALS	4,124,532	3,761,019	3,148,097	3,310,288	3,214,873
INTEREST-POOLED CASH	6,100,662	4,552,127	3,759,316	3,475,874	3,175,000
WATER USERS TAX & PENALTIES	4,252,224	3,583,054	3,197,000	3,390,000	2,993,000
CHARGES FOR SPECIAL SERVICES	1,324,160	1,641,034	4,049,603	2,760,477	2,974,840
UNSECURED PERSONAL PROPERTY TAXES	2,234,790	2,540,349	2,809,000	2,700,000	2,900,000
OTHER DEPT SVCS TO PROPRIETARY FUNDS	2,176,815	2,482,701	2,655,893	2,093,081	2,488,127
OIL PRODUCTION TAX	2,253,947	2,243,394	2,077,000	2,367,000	2,240,000
WATER-BILLING & COLLECTION	2,209,669	2,389,795	2,423,128	2,423,128	2,215,610
OTHER DEPT CHGS TO GOVT'L FUNDS	2,322,250	2,339,459	2,202,737	1,953,830	2,136,201
REAL PROPERTY TRANSFER TAX	1,463,541	1,686,109	1,200,000	2,052,000	2,000,000
PIPELINE SAFETY FEES	1,624,451	1,883,572	1,703,000	1,961,994	1,880,000
LOAN REPAYMENT	1,605,343	50,000	-	1,000,000	1,832,891
MISC REFUNDS & REIMB	1,775,295	1,564,797	1,659,302	1,768,895	1,820,017
HARBOR-POLICE	411,779	1,284,914	1,447,264	1,557,000	1,729,256
REFUSE-BILLING & COLLECTION SERVICES	1,518,566	1,616,925	1,648,534	1,648,534	1,702,161
BUILDING PLAN CHECK FEES	1,892,863	1,818,191	1,600,000	1,950,000	1,600,000
OFF-STREET PARKING	133,755	566,077	1,000,000	1,128,307	1,600,000
MISC REVENUE FROM OTHER AGENCIES	697,782	2,154,456	2,444,422	1,375,311	1,564,701
TRANSFERS FROM OTHER FUNDS	23,202,789	44,653,291	39,069,031	47,184,238	34,569,491
SUBTOTAL TOP 40 GENERAL FUND REVENUES	\$294,795,274	\$317,131,392	\$317,988,227	\$325,907,827	\$324,246,001
SUBTOTAL ALL OTHER REVENUES	\$73,259,089	\$49,718,856	\$48,541,319	\$49,096,815	\$30,871,608
TOTAL	\$368,054,363	\$366,850,248	\$366,529,547	\$375,004,643	\$355,117,609

**Summary of Key
Proposed FY 05 Fee Adjustments By Department**

FEE DESCRIPTION	FUND	ANNUAL REVENUE
<i>FINANCIAL MANAGEMENT</i>		
<ul style="list-style-type: none"> ▪ Increase Utility Late Payment Fee from 1.5 to 4 percent to encourage timely payment 	General	\$407,500
<ul style="list-style-type: none"> ▪ Parking Citation Increases <ul style="list-style-type: none"> ▪ Fee increase of \$7 (\$30 to \$37) includes: Parking in Intersection; Parking on Crosswalk; Parking Across Driveway; Parking on Sidewalk; Double Parking ▪ Fee increase of \$5 (\$25 to \$30) includes: Unattended Vehicle; Parking on Empty Lot; Vehicle for Sale; Street Repair on Vehicle ▪ Other fee increases include: Street Sweeping (\$35 to \$37); Parking 18 Inches of Curb (\$27 to \$30); Unattended Vehicle (\$25 to \$30); Parking on Railroad Tracks (\$25 to \$37); Parking in an Alley (\$32 to \$37); Parking Within Lines (\$17 to \$30) ▪ Late Penalty on Parking Citations <ul style="list-style-type: none"> ▪ Up to \$50 maximum penalty 	General	\$170,000
	General	\$250,000
<i>FIRE</i>		
<ul style="list-style-type: none"> ▪ Ambulance Transport and Mileage Rate Changes <ul style="list-style-type: none"> ▪ Advance Life Support Transport from \$658 to \$672 ▪ Basic Life Support Transport from \$389 to \$438 ▪ Mileage from \$14 to \$16 	General	\$146,000
<i>HEALTH AND HUMAN SERVICES DEPARTMENT</i>		
<ul style="list-style-type: none"> ▪ Clinic Lease at West Facilities Center <ul style="list-style-type: none"> ▪ Lease agreement with Catholic Healthcare West ▪ Animal Control Fees and Revised Animal Control Fees <ul style="list-style-type: none"> ▪ Commercial trapping relinquishment fee (wildlife) of \$25 per animal ▪ Investigative Services - Court Restitution of \$30 per hour ▪ Other increased fees include: Non-resident owner relinquished, disposal of animals, cat trap deposits, inspection of circus animals and site inspection of guard dog companies. ▪ Existing Environmental Health Fee Changes <ul style="list-style-type: none"> ▪ 10 percent increase to health permit fees in the Food, Housing, Water, Medical Waste and CUPA Programs ▪ New Environmental Health Fees <ul style="list-style-type: none"> ▪ Vector Control, Food Facility Inspection, and Water Programs ▪ Miller Family Health Education Center Facility Fees <ul style="list-style-type: none"> ▪ Non-for-Profit Groups \$25 per room per hour ▪ For-Profit Groups \$37 per room per hour ▪ Maintenance Fees \$30 for 10-50 people; \$40 for 51-100 people ▪ Saturdays and Evening Premium (\$65 additional cost for up to four hours and \$20 per hour thereafter) ▪ Language Interpretation Services, Equipment Usage, and other Specialized Room Features will be charged at the Department's cost. 	General	\$51,965
	General	\$4,165
	General Health CUPA	\$5,538 \$232,607 \$38,768
	Health	\$60,541
	Health	\$5,000

**Summary of Key
Proposed FY 05 Fee Adjustments By Department**

FEE DESCRIPTION	FUND	ANNUAL REVENUE
<ul style="list-style-type: none"> ▪ Employee Flu Clinic Fees <ul style="list-style-type: none"> ▪ \$15 fee to each employee who voluntarily participates in the clinic 	Insurance	\$21,300
<p><i>LIBRARY SERVICES</i></p> <ul style="list-style-type: none"> ▪ Color Printing Fee <ul style="list-style-type: none"> ▪ \$0.30 per page color printing fee on Library computers ▪ Fax or Mail Articles and Music Fee <ul style="list-style-type: none"> ▪ \$5.00 per article or piece of music ▪ Obituary Search Fee <ul style="list-style-type: none"> ▪ \$10.00 fee for obituary search 	General General General	\$200 \$200 \$200
<p><i>LONG BEACH ENERGY</i></p> <ul style="list-style-type: none"> ▪ General Gas Rate Increase <ul style="list-style-type: none"> ▪ 2.3 percent gas rate increase ▪ \$0.83 average increase per residential household per bill 	Gas	\$2,000,000
<p><i>PARKS, RECREATION AND MARINE</i></p> <ul style="list-style-type: none"> ▪ Athletic Field Permit Fee (Recreation Commission Approved) <ul style="list-style-type: none"> ▪ Softball Field fee from \$14 to \$17 per hour ▪ Soccer Field fee from \$18 to \$21 per hour ▪ Facility Reservation Fee (Recreation Commission Approved) <ul style="list-style-type: none"> ▪ Multiple fee increases for all community center and gym facility rentals ▪ El Dorado Regional Park Vehicle Entry Fee (Recreation Commission Approved) <ul style="list-style-type: none"> ▪ Weekday/weekend bus from \$10 to \$25 ▪ Annual passes - regular from \$35 to \$45; regular with additional vehicle from \$20 to \$25; Senior/disable from \$20 to \$25; Senior/disable with additional vehicle from \$10 to \$15. ▪ Golf Revenue Adjustments <ul style="list-style-type: none"> ▪ Various fee adjustments/increases for City golf courses ▪ Moving Film Application and Permit Fee <ul style="list-style-type: none"> ▪ Film Application fee from \$300 to \$350 ▪ Moving Film Permit fee from \$450 to \$475 ▪ Block Party Application and Permit Fee <ul style="list-style-type: none"> ▪ Block Party Application Fee from \$70 to \$85 ▪ Block Party Monitoring Fee \$40 (new) ▪ Event Permit Application, Permit Fee and Event Location Fee <ul style="list-style-type: none"> ▪ Permit Application Fee Tidelands-Open to the Public from \$140 to \$175 ▪ Permit Application Fee Tidelands-Private or Ticketed Event from \$280 to \$350 ▪ Permit Fee – Private or Ticketed Event from \$150 to \$1,500 or 10 percent of gross or 15 percent of gate receipts, whichever is greater 	General General General General Special Advertising & Promotions Special Advertising & Promotions Special Advertising & Promotions	\$43,200 \$97,000 \$29,610 \$400,000 \$65,000 \$11,610 \$25,070

**Summary of Key
Proposed FY 05 Fee Adjustments By Department**

FEE DESCRIPTION	FUND	ANNUAL REVENUE
<ul style="list-style-type: none"> ▪ Street Banner Installation Fee (\$15 for banner installation) 	Special Advertising & Promotions	\$50,000
<ul style="list-style-type: none"> ▪ Special Events Sponsorship Fee <ul style="list-style-type: none"> ▪ Sponsorship program to partner with event producers and provide official sponsors with display opportunities at special events 	Special Advertising & Promotions	\$50,000
<ul style="list-style-type: none"> ▪ Outsourcing Traffic Control Fee <ul style="list-style-type: none"> ▪ Costs related to traffic control plus an administrative fee would be charged to the special event promoters and film producers. ▪ Public Safety Support for Special Events Fees <ul style="list-style-type: none"> ▪ Increase the rate of Public Service and Safety charges to special event promoters and producers to recover costs. ▪ Model Boat Shop Registration Fee <ul style="list-style-type: none"> ▪ \$30 Registration Fee for Model Boat Shop participants ▪ Marina Pitchfork Slip Fee <ul style="list-style-type: none"> ▪ \$18.45 per foot month for 50 foot slips ▪ \$20.50 per foot month for 60 foot slips 	Special Advertising & Promotions Special Advertising & Promotions Tidelands Tidelands	\$50,000 \$400,000 \$1,000 \$129,150
PUBLIC WORKS		
<ul style="list-style-type: none"> ▪ Annual CPI Increase In Refuse Collection Charges <ul style="list-style-type: none"> ▪ The City's refuse rate resolution includes an annual October 1 CPI adjustment based on the State of California Department of Finance June to June CPI index. ▪ Annual CPI Increase in Recycling Collection Charges <ul style="list-style-type: none"> ▪ The City's recycling rate resolution also includes an annual October 1 CPI adjustment based on the State of California Department of Finance CPI index. ▪ Increase Airport Rates and Fees <ul style="list-style-type: none"> ▪ The Department is preparing a request to increase various fees (landing, gate use, etc.) beginning October 2004. 	Refuse Refuse Airport	\$463,469 \$66,051 \$1,153,484
WATER		
<ul style="list-style-type: none"> ▪ Increase in the general water rate <ul style="list-style-type: none"> ▪ 4.5 percent general water rate increase ▪ \$1.32 average increase per residential household per bill 	Water	\$2,578,954
TOTAL		\$9,007,582

All fee adjustments will be presented to the City Council for approval as part of the Budget Adoption process.

**Appropriation Ordinance
and Resolutions**

Appropriations

Appropriations Limit

Harbor Department Resolution

Water Department Resolution

ORDINANCE NO. C-7943

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LONG BEACH APPROVING AND ADOPTING THE OFFICIAL BUDGET OF THE CITY OF LONG BEACH FOR THE FISCAL YEAR 2004-05, CREATING AND ESTABLISHING THE FUNDS OF THE MUNICIPAL GOVERNMENT OF THE CITY OF LONG BEACH AND APPROPRIATING MONEY TO AND AUTHORIZING EXPENDITURES FROM SAID FUNDS FOR SAID FISCAL YEAR; DECLARING THE URGENCY THEREOF, AND PROVIDING THAT THIS ORDINANCE SHALL TAKE EFFECT AT 12:01 A.M. ON OCTOBER 1, 2004

The City Council of the City of Long Beach ordains as follows:

Section 1. The City Manager's Recommended Budget which was submitted to the City Council on August 12, 2004 by the Mayor, and which constitutes the preliminary budget for the fiscal year beginning October 1, 2004, as amended, is hereby adopted as the official budget of the City of Long Beach for fiscal year 2004-05.

Sec. 2. The amounts appropriated in Sections 3 and 4 shall govern and control the expenditures for fiscal year 2004-05 of the several fund types, funds, departments, offices and agencies stated therein. Said amounts conform to the adopted budget of the City of Long Beach as set forth in Section 1. All detailed schedules and other data set forth in the City Manager's Recommended Budget other than those mentioned in this ordinance are provided for information purposes only and are not intended to limit expenditures.

Sec. 3. The Funds specified in Exhibit "A" are hereby established, those of such funds not otherwise created are hereby created, and the specified sums

Robert E. Shannon
City Attorney of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802-4664
Telephone (562) 570-2280

Robert E. Shannon
City Attorney of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802-4664
Telephone (562) 570-2200

1 of money set forth opposite the names of said funds are hereby appropriated and
2 authorized to be spent in 2004-05, all of which sums are based on the approved and
3 adopted budget.

4 Sec. 4. The specified sums of money set forth opposite the names
5 of the following departments, offices and agencies in Exhibit "B" are hereby
6 appropriated and authorized to be spent in fiscal year 2004-05, all of which sums are
7 based upon the approved and adopted budget.

8 Sec. 5. This is an emergency measure and is urgently required for
9 the reason that in order to carry on the affairs, functions and business of the City of
10 Long Beach during the fiscal year which begins on October 1, 2004, it is necessary to
11 authorize the expenditure of monies required for such purposes. Currently, no authority
12 exists to pay the salaries and wages of the officers and employees of said City or to
13 make the necessary purchases of supplies, equipment and services to carry on the
14 affairs, functions and business of said City in the forthcoming fiscal year. Commencing
15 on October 1, 2004 it will be necessary for the City of Long Beach to make certain
16 payments on the principal and interest of the bonded indebtedness of said City and to
17 meet the payrolls of the various departments of said City, including the Police, Fire and
18 Health Departments.

19 In order that said obligations may be met when due and payable and said
20 expenditures may be made, it is necessary that this ordinance be passed as an
21 emergency measure, to take effect at 12:01 a.m. on October 1, 2004.

22 Sec. 6. If any section, subsection, subdivision, sentence, sum,
23 percentage, clause or phrase of this ordinance is for any reason held to be
24 unconstitutional, invalid or void, such decision shall not affect the validity of the
25 remaining portions of this ordinance. The City Council hereby declares that it would
26 have passed this ordinance, and every section, subsection, subdivision, sentence, sum,
27 percentage, clause and phrase thereof, irrespective of the fact that any one or more
28 sections, subsections, subdivisions, sentences, sums, percentages, clauses or phrases

Robert E. Shannon
City Attorney of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802-4664
Telephone (562) 570-2280

1 Long Beach by the following vote:

2 Ayes: Councilmembers: Baker, O'Donnell, Kell,
3 Richardson, Reyes, Branga, Larchi.

6 Noes: Councilmembers: None.

8 Absent: Councilmembers: Lowenthal, Colonna, Gabelich.

11 I further certify that the foregoing ordinance was thereafter adopted on
12 final reading of the City Council of the City of Long Beach at its meeting of
13 _____, 2004, by the following vote:

14 Ayes: Councilmembers: _____

18 Noes: Councilmembers: _____

20 Absent: Councilmembers: _____

City Clerk

24 Approved: _____
25 (Date) (Mayor)

26 HAMR
27 D/B/04
28 L:\APPS\CtyLaw\32\WPDOCS\VD003\PD04\00064538.WPD
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Exhibit A

Fiscal Year 2005 Appropriations Ordinance by Fund

FUND	FY 05 NEW ALLOCATION	FY 04 ESTIMATED CARRYOVER*	FY 05 APPROPRIATION
GENERAL FUND	\$ 375,009,055	\$ -	\$ 375,009,055
GENERAL GRANTS FUND	3,951,985	5,809,427	9,761,412
HEALTH FUND	37,105,595	22,674,475	59,780,071
PARKING & BUSINESS AREA IMPROVEMENT FUND	2,480,000	-	2,480,000
SPECIAL ADVERTISING & PROMOTION FUND	5,066,720	-	5,066,720
UPLAND OIL FUND	11,001,246	-	11,001,246
HOUSING DEVELOPMENT FUND	15,173,715	10,939,532	26,113,247
BELMONT SHORE PARKING METER FUND	576,662	-	576,662
BUSINESS ASSISTANCE FUND	3,645,966	-	3,645,966
COMMUNITY DEVELOPMENT GRANTS FUND	26,238,190	31,289,885	57,528,186
PARK DEVELOPMENT FUND	1,748,600	-	1,748,600
GASOLINE TAX STREET IMPROVEMENT FUND	10,849,973	13,929,578	24,779,551
TRANSPORTATION FUND	13,261,366	17,692,479	30,953,845
CAPITAL PROJECTS FUND	13,935,125	74,418,907	88,354,031
CIVIC CENTER FUND	1,373,158	13,633,828	15,006,986
GENERAL SERVICES FUND	36,197,718	-	36,197,718
FLEET SERVICES FUND	25,228,211	1,695,460	26,923,672
INSURANCE FUND	36,191,300	-	36,191,300
EMPLOYEE BENEFITS FUND	179,025,326	-	179,025,326
TIDELANDS FUNDS	82,032,794	36,962,828	118,995,622
TIDELAND OIL REVENUE FUND	83,108,551	-	83,108,551
RESERVE FOR SUBSIDENCE	4,000,000	-	4,000,000
GAS FUND	94,471,671	3,837,097	98,308,769
AIRPORT FUND	28,091,581	24,248,800	52,340,381
REFUSE/RECYCLING FUND	30,767,841	-	30,767,841
SERRF FUND	47,299,140	-	47,299,140
SERRF JPA FUND	14,433,882	-	14,433,882
TOWING FUND	6,381,892	-	6,381,892
PARKING AUTHORITY FUND	505,368	-	505,368
HOUSING AUTHORITY FUND	62,396,214	887,748	63,283,960
REDEVELOPMENT FUND	60,513,004	8,380,393	68,893,398
CUPA FUND	875,433	-	875,433
TOTAL	\$ 1,312,937,383	\$ 266,400,547	\$ 1,579,337,930

* Carryover of multi-year grants and CIP funds.

fund ordinance sep xx

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Exhibit B

FISCAL YEAR 2005 APPROPRIATIONS ORDINANCE BY DEPARTMENT

<u>DEPARTMENT</u>	<u>FY 05 NEW ALLOCATION</u>	<u>FY 04 ESTIMATED CARRYOVER*</u>	<u>FY 05 APPROPRIATION</u>
MAYOR AND COUNCIL	\$ 4,312,710	\$ -	\$ 4,312,710
CITY ATTORNEY	9,201,901	-	9,201,901
CITY AUDITOR	2,571,990	-	2,571,990
CITY CLERK	2,677,630	-	2,677,630
CITY MANAGER	8,133,923	-	8,133,923
CITY PROSECUTOR	4,131,504	-	4,131,504
CIVIL SERVICE	2,503,837	-	2,503,837
COMMUNITY DEVELOPMENT	180,940,088	51,560,675	232,500,763
FINANCIAL MANAGEMENT**	306,363,908	-	306,363,908
FIRE	76,805,240	4,788,953	81,594,193
HEALTH AND HUMAN SERVICES	42,718,227	23,063,383	65,781,610
HUMAN RESOURCES	7,531,839	-	7,531,839
LIBRARY SERVICES	12,840,154	-	12,840,154
LONG BEACH ENERGY	140,994,331	4,937,097	145,931,428
OIL PROPERTIES	93,723,460	-	93,723,460
PARKS, RECREATION AND MARINE	44,379,362	11,689,610	56,068,971
PLANNING AND BUILDING	12,590,717	-	12,590,717
POLICE	168,047,499	506,831	168,554,330
PUBLIC WORKS	160,734,008	189,853,998	330,588,007
TECHNOLOGY SERVICES	34,285,686	-	34,285,686
TOTAL	\$ 1,315,488,013	\$ 266,400,547	\$ 1,581,888,560

* Carryover of multi-year grants and CIP funds.

** Department of Financial Management Includes Water, Sewer and Harbor Fund internal service charges that are contained in the resolutions of those funds.

1 RESOLUTION NO. C-28445

2
3 A RESOLUTION OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH ADOPTING AN APPROPRIATIONS
5 LIMIT FOR THE CITY OF LONG BEACH FOR THE 2004-
6 2005 FISCAL YEAR PURSUANT TO ARTICLE XIII(B) OF
7 THE CALIFORNIA CONSTITUTION

8
9 WHEREAS, Article XIII(B) of the California Constitution provides for an
10 annual appropriations limit for state and local governments beginning with the 1980-81
11 fiscal year, based on 1978-79 appropriations, as adjusted for specified annual changes
12 in population and inflation; and

13 WHEREAS, Section 7910 of the Government Code also provides that 15
14 days prior to such meeting, documentation used in the determination of the
15 appropriations limit shall be available to the public; and that each year the City Council
16 shall, by resolution, establish the appropriations limit for the City of Long Beach for the
17 following fiscal year; and

18 WHEREAS, Proposition 111 subsequently amended Article III(B) of the
19 California Constitution to provide for certain revisions in the population and inflation
20 factors used in the calculation of the appropriations limit and to provide for a
21 recalculation of the appropriation limit date for the years 1987-88 through 1990-91; and

22 WHEREAS, Proposition 111 provided that one factor that may be used in
23 the calculation of the appropriations limit is the increase in local non-residential
24 assessed value due to new construction for the years 1987-88 through 1992-93; and

25 WHEREAS, the documentation which is attached hereto and made a part
26 hereof as Exhibit "A" was used in the determination of the appropriations limit for the
27 2004-2005 fiscal year, and has been available for public inspection in the office of the
28 City Clerk since August 18, 2004;

Shannon
Robel
City Attorney of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802-4664
Telephone (562) 570-2200

Robert Jannon
City Attorney of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802-4664
Telephone (562) 570-2200

1 NOW, THEREFORE, the City Council of the City of Long Beach resolves
2 as follows:

3 Section 1. The appropriations limit for the City of Long Beach for fiscal
4 year 2004-2005 shall be \$468,738,590.00

5 Sec. 2. This resolution shall take effect immediately upon its
6 adoption by the City Council, and the City Clerk shall certify the vote adopting this
7 resolution.

8 I hereby certify that the foregoing resolution was adopted by the City
9 Council of the City of Long Beach at its meeting of September 7, 2004; by the
10 following vote:

11 Ayes: Councilmembers: Baker, Colonna, O'Donnell, Kell,
12 Richardson, Reyes Uranga,
13 Gabelich, Lerch.

14
15 Noes: Councilmembers: None.

16
17 Absent: Councilmembers: Lowenthal.

18
19
20 Larry G. Henner
City Clerk

21
22
23
24
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26
27 HAM:fl
8/19/04
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"EXHIBIT A"

CITY OF LONG BEACH

I. DETERMINATION OF FISCAL YEAR 2004-2005
APPROPRIATIONS LIMIT
Based On Budgeted Revenues

2003-2004 Appropriations Limit:		\$447,586,032
Adjustment Factor (See Below):	x	1.047259
2004-05 Appropriations Limit:		\$468,738,590

II. DETERMINATION OF APPROPRIATIONS FACTOR

Price Factor:		1.032800
Change in Per Capita Income		
Department of Finance estimate pursuant to Revenue Tax Code, Sec. 2227 and 2228, California =	3.28%	
Ratio = $(3.28 + 100)/100 =$	1.0328	
Population Change:		1.014000
Department of Finance estimate pursuant to Revenue Tax Code, Sec. 2227 and 2228, California =	1.40%	
Ratio = $(1.40 + 100)/100 =$	1.0140	
Adjustment Factor:		1.047259
1.032800×1.014000		
Factors were converted to ratios per State guidelines.		

Robert Hannon
City Attorney of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802-4664
Telephone (562) 570-2200

RESOLUTION NO. C-28432

A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF LONG BEACH APPROVING THE 2004-2005 BUDGET OF
THE LONG BEACH HARBOR DEPARTMENT

WHEREAS, Ordinance No. C-7300 of the City Council establishes the fiscal
year of the City as beginning on October 1 and ending on September 30 of the following
year; and

WHEREAS, the annual budget of the Long Beach Harbor Department for the
2004-2005 fiscal year was adopted by the Board of Harbor Commissioners in its meeting
of July 12, 2004 by Resolution HD-2202; and

WHEREAS, said annual budget has been filed with the City Clerk for
presentation to the City Council and with the City Auditor pursuant to the provisions of
Section 1210 of the Charter of the City of Long Beach;

NOW, THEREFORE, the City Council of the City of Long Beach resolves as
follows:

Section 1. The annual budget of the Long Beach Harbor Department for the
2004-2005 fiscal year, adopted by the Board of Harbor Commissioners in its meeting of
July 12, 2004 by Resolution HD-2202, a copy of which is attached hereto and made a part
hereof by reference, is hereby approved pursuant to the provisions of Section 1210 of the
Charter of the City of Long Beach.

Sec. 2. The City Clerk shall file a certified copy of said budget, as approved,
with the Board of Harbor Commissioners and the City Auditor.

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Sec. 3. The City Clerk shall certify to the passage of this Resolution by the City Council of the City of Long Beach, and it shall thereupon take effect.

I hereby certify that the foregoing Resolution was adopted by the City Council of the City of Long Beach at its meeting of September 7, 2004 by the following vote:

Ayes: Councilmembers: Baker, Colonna, O'Donnell,
Kell, Richardson, Reyes Uranga.

Noes: Councilmembers: Gabelich, Lerch.

Absent: Councilmembers: Lowenthal.

Janey G. Henner
City Clerk

Rebel Shannon
City Attorney of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802-4664
Telephone (562) 570-2200

DH:dmp
08/03/04
B-61BUDGET.RES.2

1 RESOLUTION NO. HD-2202

2
3 A RESOLUTION OF THE BOARD OF HARBOR
4 COMMISSIONERS ADOPTING THE ANNUAL BUDGET FOR
5 THE LONG BEACH HARBOR DEPARTMENT FOR THE
6 FISCAL YEAR 2004-2005

RECEIVED
CITY CLERK
LONG BEACH, CALIF.
04 JUL 18 AM 10:57

The Board of Harbor Commissioners of the City of Long Beach resolves
as follows:

7
8
9
10 Section 1. That the annual department budget of the Long Beach Harbor
11 Department for the fiscal year 2004-2005 is hereby adopted as follows:

12 Harbor Revenue Fund (in thousands of dollars)

13	Estimated Fund Balance 10-1-2004	\$ 297,600
14	Estimated Revenues	<u>336,621</u>
15	Total Estimated Resources	634,221
16	Estimated Expenditures	<u>450,785</u>
17	Estimated Fund Balance 9-30-2005	183,436

18 Detailed schedules and other data which accompany the budget are
19 provided for information purposes only and are not intended to limit expenditures.

20 Sec. 2. This resolution shall take effect immediately upon its adoption by
21 the Board of Harbor Commissioners, and the Secretary of the Board shall certify to the
22 vote adopting this resolution and shall cause a certified copy of this resolution to be

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Robe Shannon
City Atty. of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802-4664
Telephone (562) 570-2200

1 filed forthwith with the City Clerk. The City Clerk shall post the resolution in three
2 conspicuous places in the City of Long Beach.

3
4 I hereby certify that the foregoing resolution was adopted by the Board of
5 Harbor Commissioners of the City of Long Beach at its meeting of July 12, 2004
6 by the following vote:

7
8 Ayes: Commissioners Hancock, Cordero, Hankla,
9 Calhoun

10 Noes: Commissioners _____

11 Absent: Commissioners Topsy-Elvord

12 Not Voting: Commissioners _____

13
14 
15 Secretary

16
17
18
19
20 Certified as a True and
21 Correct Copy
22 Gustav T. Hair
23 Executive Secretary
24 Board of Harbor Commissioners
25 of the City of Long Beach, CA
26 Dated July 13, 2004

Robe Shannon
City Attorney of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802-4664
Telephone (562) 570-2200

27 DH:CMG:dmp:imb
28 B-67-07-04(BUDGET.1.RES)04-02853
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1 RESOLUTION NO. C-28431

2
3 A RESOLUTION OF THE CITY COUNCIL OF
4 THE CITY OF LONG BEACH APPROVING THE 2004-2005
5 BUDGET OF THE LONG BEACH WATER DEPARTMENT
6 AS ADOPTED

7
8 WHEREAS, the annual budget of the Long Beach Water Department for the
9 2004-2005 fiscal year was adopted by the Board of Water Commissioners in its meeting
10 on July 15, 2004, by Resolution No. WD-1196; and

11 WHEREAS, it appears advisable to approve said budget, pursuant to the
12 provisions of Section 1405 of the Charter of the City of Long Beach;

13 NOW, THEREFORE, the City Council of the City of Long Beach resolves, as
14 follows:

15 Section 1. That the annual budget of the Long Beach Water Department for
16 the 2004-2005 fiscal year adopted by the Board of Water Commissioners at its meeting
17 on July 15, 2004 by Resolution No. WD-1196, is hereby approved pursuant to the
18 provisions of Section 1405 of the Charter of the City of Long Beach.

19 Sec. 2. The City Clerk shall file a certified copy of said budget, as hereby
20 approved, with the Board of Water Commissioners and the City Auditor.

21 Sec. 3. This resolution shall take effect immediately upon its adoption by the
22 City Council, and the City Clerk shall certify the vote adopting this resolution.

23 I hereby certify that the foregoing resolution was adopted by the City Council

24 ///

25 ///

26 ///

27 ///

28 ///

Robert J. Hannon
City Attorney of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802-4664
Telephone (562) 570-2200

1 RESOLUTION NO. WD-1196

2
3 A RESOLUTION OF THE BOARD OF WATER
4 COMMISSIONERS ADOPTING THE ANNUAL BUDGET FOR
5 THE LONG BEACH WATER DEPARTMENT FOR THE
6 FISCAL YEAR 2004-2005

7
8 The Board of Water Commissioners of the City of Long Beach resolves as
9 follows:

10 Section 1. That the annual department budget of the Long Beach Water
11 Department for the fiscal year 2004-2005, as follows, be and the same is hereby adopted:

12 WATER

13 Estimated Contingency Fund Balance 10-1-2004 \$ 5,018,660
14 Estimated Revenues 75,206,800
15 Total Estimated Resources 80,225,460
16 Estimated Expenditures 75,437,962
17 Estimated Contingency Fund Balance 9-30-2004 4,787,498

18 SEWER

19 Estimated Contingency Fund Balance 10-1-2004 4,831,758
20 Estimated Revenues 9,468,900
21 Total Estimated Resources 14,300,658
22 Estimated Expenditures 10,630,995
23 Estimated Contingency Fund Balance 9-30-2005 3,669,663

24 Detailed schedules and other data which accompany the budget are provided
25 for information purposes only and are not intended to limit expenditures.

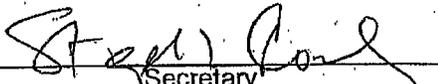
26 Sec. 2. The Secretary of the Board of Water Commissioners shall certify to
27 the passage of this resolution, and cause copies of the same to be filed with the City
28 Council, the City Auditor and the City Manager.

Robert E. Cannon
City Attorney of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802-4664
Telephone (562) 570-2200

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I hereby certify that the foregoing resolution was adopted by the Board of Water Commissioners of the City of Long Beach, at its meeting of July 15, 2004, by the following vote:

Ayes:	Commissioners:	<u>BENNETT LONG, HELEN HANSEN,</u>
		<u>STEPHEN CONLEY, FRANK CLARKE,</u>
		<u>C.J. MIKE WALTER</u>
Noes:	Commissioners:	<u>NONE</u>
Absent:	Commissioners:	<u>NONE</u>



 Secretary
 BOARD OF WATER COMMISSIONERS

Robert E. Shannon
 City Attorney of Long Beach
 333 West Ocean Boulevard
 Long Beach, California 90802-4664
 Telephone (562) 570-2200

CERTIFIED AS A TRUE AND CORRECT COPY

 SECRETARY TO THE BOARD OF WATER COMMISSIONERS
 CITY OF LONG BEACH, CALIFORNIA
 BY Lynnette Lee Hansen
 DATE July 15, 2004

DFG:7-7-04;rev07/13/04(RES Budget#Wd1196)02-03047
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1 RESOLUTION NO. WD-1196

2
3 A RESOLUTION OF THE BOARD OF WATER
4 COMMISSIONERS ADOPTING THE ANNUAL BUDGET FOR
5 THE LONG BEACH WATER DEPARTMENT FOR THE
6 FISCAL YEAR 2004-2005

7
8 The Board of Water Commissioners of the City of Long Beach resolves as
9 follows:

10 Section 1. That the annual department budget of the Long Beach Water
11 Department for the fiscal year 2004-2005, as follows, be and the same is hereby adopted:

12 WATER

13	Estimated Contingency Fund Balance 10-1-2004	\$ 5,018,660
14	Estimated Revenues	<u>75,206,800</u>
15	Total Estimated Resources	80,225,460
16	Estimated Expenditures	75,437,962
17	Estimated Contingency Fund Balance 9-30-2004	4,787,498

18 SEWER

19	Estimated Contingency Fund Balance 10-1-2004	4,831,758
20	Estimated Revenues	<u>9,468,900</u>
21	Total Estimated Resources	14,300,658
22	Estimated Expenditures	10,630,995
23	Estimated Contingency Fund Balance 9-30-2005	3,669,663

24 Detailed schedules and other data which accompany the budget are provided
25 for information purposes only and are not intended to limit expenditures.

26 Sec. 2. The Secretary of the Board of Water Commissioners shall certify to
27 the passage of this resolution, and cause copies of the same to be filed with the City
28 Council, the City Auditor and the City Manager.

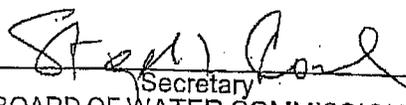
City Attorney of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802-4664
Telephone (562) 570-2200

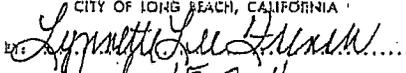
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I hereby certify that the foregoing resolution was adopted by the Board of Water Commissioners of the City of Long Beach, at its meeting of July 15, 2004, by the following vote:

Ayes:	Commissioners:	<u>BENNETT LONG, HELEN HANSEN,</u>
		<u>STEPHEN CONLEY, FRANK CLARKE,</u>
		<u>G.J. MIKE WALTER</u>
Noes:	Commissioners:	<u>NONE</u>
Absent:	Commissioners:	<u>NONE</u>


Secretary
BOARD OF WATER COMMISSIONERS

CERTIFIED AS A TRUE AND CORRECT COPY
.....
SECRETARY TO THE BOARD OF WATER COMMISSIONERS
CITY OF LONG BEACH, CALIFORNIA

DATE: July 15, 2004

DFG:7-7-04;rev07/13/04(RES Budget#Wd1196)02-03047
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