

November 21, 2014

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach, California

SUBJECT: Fiscal Year 2015 Adopted Budget

This transmittal letter and the attachments that follow describe the changes to the Proposed FY 15 budget made by the City Council and that are reflected in this Adopted Budget.

The FY 15 General Fund budget accomplishes key service goals and continues the discipline shown by City Council to steer Long Beach through the Great Recession. As a key example, the City Council, with the adoption of this budget, carries over \$3.1 million in estimated temporary surplus to offset the projected structural deficit in FY 16 and partially offset the FY 17 deficit.

The City Council adopted the City Manager's Proposed FY 15 budget of \$3.0 billion with changes related to Mayor Garcia's recommendations (Attachment 1), the Budget Oversight Committee recommendations (Attachment 2), and a few changes made on adoption night by the City Council. A description of the changes follows:

1. The first \$2 million of any additional General Fund FY 14 year-end surplus, not already used or designated, is placed into the CalPERS Stabilization Fund.
2. The Asset Management Bureau in Public Works Department is aligned under a newly created Department called the Economic & Property Development Department, which is housed in the City Manager's Office.
3. The Technology Services Department is renamed to the Technology and Innovation Department and \$100,000 in non-recurring funds available in the General Services Fund is used to fund the start-up costs for and to staff a new Technology and Innovation Commission. There will be structural costs for this in FY 16.
4. A Planner III position is repurposed to serve as a Historic Preservation Planner to support the preservation of historic districts and landmarks.

5. \$250,000 of the City Manager's proposed non-recurring upgrade to citywide Heating, Ventilation and Air Conditioning (HVAC) systems is reallocated to the Library in the amount of \$200,000 for conventional and digital books and media, and to the Arts Council for a one-time challenge grant, which will provide an incentive for future donors to contribute funds by matching donations on a one-to-one basis, capped at \$50,000, to be used for marketing of the arts and cultural community of Long Beach.
6. \$100,000 of the City Manager's proposed non-recurring budget for Artificial Turf Conversion is reallocated to the Language Access Program (LAP). Also, funds planned for voicemail conversion will be directed toward phone line translation that moves toward reducing the number of phone lines.
7. Efficiencies in the street sweeping operations will be implemented (includes reducing the street sweeping time window wherever possible).
8. The expected \$24.7 million in housing funds that are owed to the City from the former Redevelopment Agency are placed into the existing Housing Trust Fund to be used for affordable housing in accordance with existing restrictions for those funds and to support the City's Housing Element.
9. \$3.85 million for infrastructure projects is allocated equally to City Council Districts (Divide by Nine). This is funded by reprogramming the following:
 - a. \$1.0 million in the Infrastructure, Systems Replacement, and Technology reserve.
 - b. \$1.0 million Supplemental Funds for Streets from the City Manager's proposed non-recurring projects.
 - c. \$1.0 million Supplemental Funds for Sidewalks from the City Manager's proposed non-recurring projects.
 - d. \$800,000 of funds set aside for Storm Water Compliance for future years' compliance costs. Replacement funds will be addressed in future budget cycles (beyond FY 15).
 - e. \$50,000 remaining funds from HVAC upgrades from the City Manager's proposed non-recurring projects after implementing the Mayor's recommendations.

These "Divide by Nine" funds will be allocated equally to each of the Council Districts, solely for infrastructure purposes or for existing parks and recreation programs, up to \$50,000 per Council District. Any exceptions must be approved by the City Council on a case-by-case basis.

10. The City Prosecutor Department's FY 14 General Fund year-end surplus will be used for the Truancy Intervention Program estimated at \$37,500, and for high-speed copying and scanning equipment estimated at \$20,780.

11. Any additional Uplands Oil Fund FY 14 year-end surplus, not already used or designated, is allocated for overtime in the Police Department directed towards residential burglary efforts, up to a maximum appropriation of \$350,000.
12. The Park Ranger Program is transferred from the Parks, Recreation and Marine Department to the Police Department, contingent upon the completion of the Meet and Confer process.

While the above lists all of the changes, Attachment 3 provides a summary of the adopted General Fund non-recurring appropriations along with the changes in non-recurring appropriations between the proposed and adopted budgets.

Overall, the FY 15 budget continues the progress made towards fiscal sustainability in FY 14, while maintaining current service levels with a focus on public safety, as well as all of the other services that make Long Beach a great city. It also sets aside the temporary surplus to help address the challenging times we know are right around the corner, maintaining the discipline to achieve long-term financial health.

I want to express my appreciation to the Mayor and City Council and the Budget Oversight Committee, for their work to review, modify and adopt this budget with a surplus, and to all of the staff who worked diligently to support the Mayor and City Council in this effort.

Respectively submitted,



PATRICK H. WEST
CITY MANAGER

Attachments





Mayor's Budget Recommendations Fiscal Year 2015

Presented July 22, 2014



Mayor's Budget Message & Recommendations Fiscal year 2015

Mayor Robert Garcia

As prescribed by the Long Beach City Charter, I hereby transmit to the Long Beach City Council my recommendations for the 2015 Budget prepared by the City Manager.

Preparing for the Future – Learning from the Past

This Budget Message is one of my first official acts as Mayor. I take my responsibility to protect the fiscal health of the City very seriously. The City Manager has prepared a sound budget that protects core city services and sets aside surpluses this year to address looming shortfalls in coming years which are anticipated from significant increases in employee retirement costs.

I am proud of the work that Mayor Foster and the previous City Council achieved during very difficult budget years to better align the cost and revenue side of our budget. On-going expenses and revenues were better aligned through reductions of positions and pension costs while one-time funds were invested in new infrastructure, parks and other projects. I will not forget the lessons learned during this experience. It is essential to keep on-going expenditures in line with on-going revenues and to prepare now for the increase in pension costs that will begin to hit us as soon as next year.

In his out-going budget message, Mayor Foster provided recommendations to address these issues that I want to highlight and include in this message to reinforce their importance moving forward.

Continuing Partnership with Employee Groups

With 75% of every City dollar currently allocated to salary and benefits, and with pension costs projected to nearly double over the next 6 years, payroll savings will have to continue to be part of the solution to our budget challenges. Exploring ways to decrease and stabilize costs in coming years through reviewing skill pays, changes in benefit programs and contributions, retirement contribution, sick leave calculations and others must be explored in negotiations with our employee groups. We will have to count on their continued partnership as we address the real fiscal challenges we are facing in coming years.

A Responsible Policy on Uplands Oil

The City of Long Beach currently benchmarks the price of oil at \$70 per barrel. Revenue greater than \$70 is considered “one-time” and has been mostly used for capital improvements. It is important that the City Council continue this policy. Oil is still a volatile commodity and we witnessed great movement in 2009 that put the city in a difficult financial position. In addition, bond rating agencies use the city’s pricing of oil as a measure in our bond rating.

Putting Existing Resources to Work

Overall, I agree with the recommendations in the City Manager’s Budget for the coming year. I have, however, several recommendations for reallocations to address key issues and concerns.

Building our Reserves for the Future

The Manager’s budget allocates the \$3.1 million projected surplus from the FY15 budget to the CalPERS stabilization fund. I recommend the first \$2 million of any FY 14 surplus also be put into the CalPERS stabilization fund to provide stronger protections from future market rate changes. By building our reserves we are ensuring a stronger financial position in future budgets.

A New Economic & Property Development Department

Economic Development continues to be one of the City’s top priorities. Long Beach has adopted a holistic approach to economic development – one I fully support. Central to this approach is the belief that every department and employee has a role in promoting economic development in the City, whether it is facilitating permits and inspections, enhancing customer service, solving problems, or making our neighborhoods and business corridors look better.

The City’s economic development efforts should be rooted in nearly every department of the City, and include partners such as the Business Improvement Districts, Gateway Cities COG, the Convention and Visitors Bureau, and our strong partnership with Long Beach City College, California State University, Long Beach, and our Workforce Development Bureau.

The strategy to rejuvenate the City through this holistic approach to economic development is showing results. The City’s General Fund revenue is estimated at \$400 million. This is the first time we are projecting on-going revenue at the \$400 million level since 2008. Earlier this year, the unemployment rate in Long Beach hit a six year low, dropping to 8.4% as of April 2014. Also, thousands of jobs are being created due to projects like the \$1.2 billion replacement of the Gerald Desmond Bridge and the \$1.3 billion Middle Harbor project. We have recently celebrated successes like the expansion

of Douglas Park and the Mercedes Benz facility, new high-end residential development in Downtown and the growth of Molina Healthcare, a Fortune 500 company, bringing high quality jobs to our City.

In order to continue and build upon this momentum in FY 15, I am proposing restructuring our business and property development efforts into the new Economic & Property Development Department.

This new department, located within the City Manager's Office, will need resources to assist with economic development, creation of jobs, and coordination of the City's various economic development functions and partnerships. I am recommending that this new department assume direct functional oversight of the Asset Management Bureau in Public Works, bringing seven additional staff under the direction of the Director of Economic and Property Development (formerly Business and Economic Development Director). This will provide the resources for the City to strategically dispose of 259 parcels of the former Redevelopment Agency, to provide a cohesive vision for how the City's economic development efforts are implemented and real estate assets are managed, and provide additional staff for the Director to work with the Mayor, City Council, and City staff to achieve our economic development goals.

The new department will also work with City Council offices and Business Improvement Districts on business recruitment and business advocacy. The department brings together staff from the office of business and property development and asset management, and therefore does not require any additional funds.

The Technology and Innovation Department

A 21st century City deserves a 21st century government. I am a firm believer that the use of innovative technology can make our City more efficient, effective, and improve communication with our community all at the same time.

Our current Technology Services Department has worked to adapt to the rapid changes in technology. They have worked on major software upgrades, integrated new operating systems citywide, and installed wifi in our public libraries and many of our parks. As we prepare to meet the needs of the 21st century, we need to also ensure that government is innovating.

The new Technology and Innovation Department will lead the way to making government more open, accessible, and innovative. The department should also partner with California State University, Long Beach and Long Beach City College on open data and technology projects. The Go Long Beach Smart Phone App is a great success story of how innovation made government more efficient and accessible to the public.

Renaming the department and implementing reforms will not cost the general fund any additional financial resources.

Earlier this year, I also proposed a Technology and Innovation Commission to address important areas of public policy as they emerge. The Commission would be comprised of Long Beach residents with special skills, knowledge, expertise and interest in technological innovation, and would be able to advise the Council on new technology and serve as a clearinghouse for new ideas that can enhance the City's use of technology and its place in our economy. To provide support for this Commission, I recommend using \$100,000 of funds already available in the technology general services fund.

Supporting our Historic Neighborhoods

Long Beach currently has 17 designated historic districts, including Belmont Heights, Drake Park/Wilmore City, and the Wrigley Area. Additionally, 130 landmarks have been designated around the City, including the Long Beach Museum of Art, Broadlind Hotel, Fire Station No. 10, and The Wilmore building.

Long Beach's is a leader in historic preservation and recently was awarded an "A" grade by the Los Angeles Conservancy in a new study that measures historic preservation in the 88 cities within Los Angeles County. Long Beach received a score of 230 out of a possible 245, and was one of 17 cities to receive an "A" grade.

We can, however, and should continue to do more. During the past few years of budget reductions, the City was forced to eliminate the Historic Preservation Officer position. As part of the FY 15 Budget, I am recommending that the City restore this function without increasing ongoing costs. As such, I recommend reclassifying a Planner III position already included in the City Manager's Proposed Budget to assume the role of Historical Preservation Planner and serve as the City's dedicated staff over this highly important function.

Investing in Libraries and the Arts

Libraries are such an important facet of a healthy city, providing opportunities for learning and development for residents of all ages. It is important that we invest in reading materials, both conventional and electronic, so our community has access to as diverse a supply of material resources as possible. The City's annual allocation for book and digital materials purchases is \$677,000, and has been reduced over the years. While private donations have increased that budget to nearly \$1.5 million a year, including generous donations from Jet Blue and the Library Foundation, in FY 15 I recommend a one-time enhancement of \$200,000 to the Library material and supplies budget with a focus on both conventional and digital books and media.

The Arts Council plays a pivotal role in Long Beach in encouraging artistic development, as well as the production of public art. This year, they have requested \$50,000 in one-time funds to produce a marketing plan for the Arts Council. In the past, the City has built strong partnerships with outside agencies by matching City dollars to their private fund raising efforts, and I am proposing to do the same with the Arts Council this year with the additional \$50,000.

I recommend dedicating \$250,000 of the City Manager's proposed upgrades to citywide Heating, Ventilation and Air Conditioning (HVAC) systems for the Library and Arts Council enhancements. City Management has indicated that some of the HVAC systems are not ready to be replaced, creating an opportunity to spend the funds on these important library and art needs.

Identifying Internal Street Sweeping Efficiencies

Over the past year, the City has engaged in an evaluation of the City's street sweeping operation to determine if the private sector can provide the service more cost-effectively. While the study identified some possible savings, the current operation may also be reconfigured by City staff to achieve better results and possibly achieve savings as well.

I recommend that the city begin immediate implementation of efficiencies in the street sweeping operation and not pursue a contracting out proposal in the coming year. I believe there are efficiencies that can be implemented immediately that can improve service, reduce effects to residents and reduce costs. I am recommending the reduction of the four hour window to two hours in parking impacted areas and in other areas where feasible, purchase of more cost-effective vehicles, and other efficiencies that can save money.

Funding for Affordable Housing

Healthy and strong cities ensure that opportunities are available for all our residents to live in safe and clean housing. The City must play a leading role in rehabilitating and creating new affordable housing units for our more disadvantaged residents, including workforce housing, housing for those of moderate income, and housing for those with low, very low, or extremely low incomes. While the dissolution of the Redevelopment Agency resulted in the loss of a dedicated funding source for affordable housing initiatives, over the next few years we expect significant resources to be available to continue our work in rehabilitating existing housing stock and creating new affordable housing opportunities. From FY 14 to FY 16, the City expects to receive \$24.7 million in funds that were owed to the City from the former Redevelopment Agency.

Recently, the State of California dedicated 20% of its ongoing Cap and Trade dollars to sustainable communities and affordable housing, creating a statewide grant program of \$130 million in FY 15 for affordable housing and sustainable communities. Long Beach will be well suited to compete for these funds, as 25% of all Cap and Trade funds will benefit disadvantaged communities, and Long Beach has a strong reputation as a leader in sustainable transit-oriented development and the creation of affordable housing.

For FY 15, I am recommending that the City place the \$24.7 million identified above into the existing Housing Trust Fund to continue the City's great work in the affordable housing arena and support our certified Housing Element. I am also recommending our Development Services Department explore methods to reconstitute the Housing Trust

Fund so that more of our housing resources can be incorporated into the fund. This fund has been underutilized due to its current structure, and by exploring a different structure, we can potentially maximize the funding sources the City has, provide greater flexibility in funding projects and put additional resources into the fund. Additionally, we must seek additional grant resources, such as State dollars, and advocate at the State level for those dollars to be available to assist with our entire spectrum of housing needs, from workforce housing to the lowest of income levels. I am asking that the City also work with housing advocates to develop ways of strengthening the Housing Trust Fund.



BOC Recommendations 09/02/2014

The BOC recommends the Mayor's Proposed Budget Recommendations dated July 22, 2014 and also recommends the following:

Source	Amount	Use	Amount
Infrastructure, Systems Replacement, and Technology Reserve	\$1,000,000	Reprogram for Infrastructure Divide by Nine. Any exceptions to infrastructure can be proposed by individual Councilmembers to City Council for approval on a case by case basis.	\$3,850,000
Supplemental Funds for Streets	\$1,000,000		
Supplemental Funds for Sidewalks	\$1,000,000		
Funds set aside for Stormwater Compliance	\$800,000		
Remaining funds from HVAC Upgrade	\$50,000		
Total	\$3,850,000	Total	\$3,850,000
FY 14 City Prosecutor Budget Savings (to be made available as soon as possible)	\$37,500	Truancy Intervention Program	\$37,500
	\$20,780	High Speed Copying and Scanning Equipment	\$20,780
Total	\$58,280	Total	\$58,280



Adopted FY15 Efficiency Improvements, Critical Infrastructure and Strategic Investments		
	Proposed Budget	Adopted Budget
Efficiency Improvements		
<u>Irrigation System and Water Needs</u> Replaces the outdated irrigation system at Heartwell Park to reduce ongoing water consumption and improve landscape maintenance and turf grass quality.	\$ 2,450,000	\$ 2,450,000
<u>Artificial Turf Conversion</u> Continuation of the artificial turf conversion started in FY 14 and would complete Admiral Kidd Park.	\$ 1,369,000	\$ 1,269,000
<u>Smart Parking Meters</u> Replaces approximately 1,000 outdated parking meters in the Downtown area with a standardized single-space smart meter system capable of accepting credit card payments. This also includes parking sensors.	\$ 800,000	\$ 800,000
Critical Infrastructure		
<u>Council District Infrastructure</u> These funds will be allocated equally to each of the Council Districts, solely for infrastructure purposes or for existing parks and recreation programs, up to \$50,000 per Council District.		\$ 3,850,000
<u>Sidewalk Repair</u> Repairs sidewalks based on need (supplements the \$3 million Sidewalk Repair program).	\$ 1,000,000	\$ -
<u>Street Repair</u> Repairs streets based on need and the new pavement management system (supplements the \$4.9 million Street Repair program).	\$ 1,000,000	\$ -
<u>North Library Construction and Technology Set Up</u> Helps bridge the funding gap between the construction estimates and project resources.	\$ 2,100,000	\$ 2,100,000
<u>Upgrade Branch Libraries to Working Phones</u> Upgrades ten branches with outdated phones to VoIP to increase reliability of the phone system. Each location will receive five VoIP phones, a fax line and network equipment.	\$ 48,650	\$ 48,650
<u>Back-up EOC Set Up</u> Re-establishes computer and telephone infrastructure, including the purchase and wiring of 33 phones and 17 PCs. The previous back-up EOC was dismantled during the renovation of the Fire Training Center.	\$ 48,000	\$ 48,000
<u>ECOC HVAC Upgrade</u> HVAC upgrade for the technology equipment room at the ECOC that houses the CAD/RMS system, video surveillance, phone system and email server. The room also serves as a disaster recovery site that is a backup for the main data center at City Hall.	\$ 300,000	\$ -
Strategic Investments		
<u>Police Overtime</u> Overtime to respond to, investigate and prosecute violent crimes including gangs, human trafficking, and homicide. This funding provides the equivalent of a Sergeant and (10) FTE or approximately 30,000 hours.	\$ 2,200,000	\$ 2,200,000
<u>Police Technology</u> Invests in technology to allow the Police Department to provide more transparent, responsible policing.	\$ 210,000	\$ 210,000
<u>Language Access Program</u> Partial implementation of the City Council's Language Access Policy including translation of highly used City documents and voicemail systems.	\$ 150,000	\$ 250,000
<u>Library Books and Digital Materials</u> One-time enhancement to the Library material and supplies budget with a focus on both conventional and digital books and media.	\$ -	\$ 200,000
<u>Arts Council</u> One-time funds to produce a marketing plan for the Arts Council subject to matching funds.	\$ -	\$ 50,000
Prior Year Funds		
<u>Stormwater Compliance</u> Funds set aside for Stormwater Compliance and required monitoring.	\$ 800,000	\$ -
<u>Infrastructure, Systems Replacement, and Technology Reserve</u> Funds set aside for these purposes.	\$ 1,000,000	\$ -
TOTAL	\$ 13,475,650	\$ 13,475,650



July 3, 2014

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

SUBJECT: Fiscal Year 2015 Proposed Budget

The FY 15 proposed budget accomplishes key service goals and continues the discipline shown by City Council to steer Long Beach through the great recession. The budget continues investment in City infrastructure and maintains strong city services for a diverse and vibrant community. At the same time, this budget maintains the fiscal discipline that the Mayor and City Council have shown to get the City safely to this point. The adopted budget for the current fiscal year (FY 14) was the first in more than a decade that projected a General Fund surplus. That surplus was set aside by the City Council to invest in the future by using it to help control future CalPERS pension cost increases and help prevent service cut-backs. That discipline has paid dividends with an improved three-year financial forecast. That forecast includes another modest, but temporary, surplus of \$3.1 million in FY 15.

In addition, the City and its employee groups have made major strides in addressing the City's long-term financial health with the agreements to implement pension reform, saving almost \$250 million over the next 10 years. Coupled with the recent actions by the CalPERS Pension Board to improve the funding of its pension plans, Long Beach's single largest unfunded liability has been addressed. Despite this improved outlook, challenges remain, including the City's increased pension costs that are on the horizon and will result in significant deficits in FY 17-21.

These forthcoming budgetary shortfalls are even more significant given the fact that the City has already made significant cuts over the last eight years. The City has cumulatively cut \$134 million and 714 FTEs from the General Fund.

However, there are ways to address the challenges at hand. If we hold spending to the programs and services we currently provide, Long Beach will be in a much better position to confront the challenges of the next few years, especially beginning in FY 17 when CalPERS begins a series of major rate increases. These rate increases are currently expected to result in significant annual budgetary shortfalls. Unless significant new structural revenue occurs or we find ways to significantly reduce the costs of current services, the City may have to implement service reductions beginning in FY 17, or before. At present, minimizing or avoiding service enhancements and increased costs is the best way to avoid the pain and disruption of cutting services. Setting aside what is expected to be a temporary surplus to help control CalPERS cost increases in the future

is another way to minimize service impacts. This budget proposes using the FY 15 temporary surplus for that purpose.

The FY 15 budget preserves the ideals and principles the Mayor and City Council have set for Long Beach. It funds services in a proportionate manner across a wide range of services, giving top priority to public safety. It also sets aside the temporary surplus to help address the challenging times we know are right around the corner. Setting aside the surplus will help protect against unpredictable investment returns that will increase CalPERS rates. This investment will yield dividends in the future.

A BUDGET THAT PRESERVES SERVICES AND PREPARES FOR THE FUTURE

The FY 15 budget continues the progress made in FY 14 and maintains services, focuses on public safety, but also pays attention to all of the other services that make Long Beach a great city. The key elements are described below:

Preservation of Services. Police, Fire, Public Works, Parks, Libraries and other major services are preserved.

Focus on Public Safety. Public Safety is still Long Beach's highest priority. It remains at approximately 70 percent of the General Fund budget. This budget, as in FY 14, includes both a Police recruit academy and a Fire recruit academy for new police and fire sworn personnel. The budget also expands the Public Safety forces by adding two new police officers for LB Transit, and nine new firefighters in the Port. These positions expand the overall public safety resources in the community, while providing for targeted services where needed.

The proposed budget also includes a strategic investment of \$2.2 million for overtime that the Police Chief may allocate for gang prevention efforts, combating human trafficking, or other high priorities. This funding is on top of the nearly \$7.5 million in funding for Police overtime included in the base budget. There is also a strategic investment of \$210,000 to improve Police technology, and a new East Police Station will be constructed and open in FY 15.

For Fire, Ground Emergency Medical Transportation (GEMT) State revenues of \$2.8 million will be used to purchase five new Fire Engines/Pumpers.

Investments in Efficiency Improvements. FY 14 saw an unprecedented influx of non-recurring funds that allowed the City to make many investments in infrastructure, efficiency and other improvements. While this unprecedented level of non-recurring revenue will not reoccur, the funding level for FY 15 of these type of non-recurring funds is more in line with normal levels of revenue. However, in FY 15, we will be able to continue to invest in projects that will reduce future ongoing costs to the General Fund,

saving the City money down the road, when we will need it most. To that end, this budget provides \$2.45 million for park irrigation upgrades and water needs, and \$1.37 million for artificial turf conversion. These investments will reduce ongoing water consumption and improve landscape maintenance and turf grass quality, which will help to balance future year operating budgets. The artificial turf will also eliminate field down-time for restorative maintenance.

Additionally, this budget includes \$800,000 in funding to purchase and install smart parking meters and sensors that accept credit cards, decrease meters out-of-service time, and provide vehicle detection parking space availability reported to potential parkers via web-based means. In July and August, City staff will conduct public outreach and make a specific recommendation to the City Council. Should the City Council wish to proceed with the project, the FY 15 budget has funding available for the purchase and installation of the new meters.

In the City's continued efforts to leverage available external funding, State Air Quality funds (AB 2677) will be used to pay for the incremental cost related to the purchase of approximately 60 fuel efficient vehicles. These vehicles will collectively reduce gas costs by approximately \$200,000 a year. There will also be investments in anti-idling technology in order to further reduce fuel use and emissions. These initiatives will use approximately \$1.3 million of the AB 2677 funds.

Enhanced Focus on Critical Infrastructure. To continue the inroads the City Council made in FY 14 to address improvements to the City's infrastructure, supplemental funding of \$1 million for streets and \$1 million for sidewalks will be allocated in FY 15 based on need as defined by the new pavement management system. These amounts are in addition to the \$4.9 million in funding for streets provided in the Capital Budget, and \$3 million in funding for sidewalks provided in the FY 15 Capital Budget. The budget also includes \$2.1 million to help bridge the funding gap for the North Library development, and \$400,000 for other critical technology and infrastructure items. The FY 14 investments in critical operating systems; public safety; parks, playgrounds and library infrastructure; public works infrastructure; critical public facilities; and other organizational investments totaling \$48.5 million are also in progress of being spent to benefit Long Beach.

Funding Our Prior Year Commitments. Over the past few years, the City Council has made capital investments in our parks, and programmatic changes such as the Language Access Plan, the Violence Prevention Plan and Homeless prevention. The FY 15 budget recognizes those prior commitments and provides structural solutions to continue funding these commitments:

- \$287,000 in maintenance and operational costs for new and expanded parks, medians and parkways (e.g., Chittick Field) along with other property management increases (e.g., Uptown Property and Business Improvement District assessment

and contracts with Rancho Los Alamitos and Rancho Los Cerritos). This is consistent with the City Council policy to address both the initial investment and ongoing operating costs associated with capital projects.

- \$109,000 and 0.74 FTE (in the General Fund) Neighborhood Services Officer to manage and coordinate the Language Access Plan; the Violence Prevention Program; the Long Beach Gang Reduction, Intervention and Prevention Program (LBGRIP); and the Human Dignity program. This is supplemented by a \$150,000 strategic investment to fund translation of key City documents and voicemail systems.
- \$49,000 and 0.5 FTE (in the General Fund) Public Health Professional II to serve as the Chronic Homeless Initiatives Coordinator, which will be responsible for coordinating the efforts of the multidisciplinary street outreach network with local and regional entities, including two additional street outreach positions funded by the County. These additional street outreach resources equate to over 2,000 hours of direct contact with encampments and other homeless persons, with better tracking of linkages to resources and monitoring for improved outcomes.

Funding Our Future Commitments. This budget adheres to the City Council policy of setting aside 5 percent of non-recurring revenue to fund unfunded liabilities that will be calculated and reserved when FY 14 is closed out. It will then be incorporated as a budget adjustment for FY 15.

Also, this budget proposes the FY 15 projected temporary surplus of \$3.1 million be deposited into the CalPERS Stabilization Fund to help protect against service reductions due to CalPERS rate increases when poorer than expected CalPERS investment earnings occur.

Efficiencies. The City is always looking for ways to improve its service delivery. This budget makes several changes throughout the organization to improve service delivery and become more efficient. Examples include:

- The Police Department is reorganizing staff to put the equivalent of 18 sworn police officers into the most critical front line law enforcement assignments. This reorganization will also reduce overtime for civilian activities and more efficiently staff administrative functions such as fleet coordination, facility maintenance, business desk and juvenile detention. This results in a budget neutral add of net 12.0 FTEs. By utilizing civilian positions in a more effective way, we are recommending a more holistic approach to solving crime that emphasizes the collaborative efforts of Patrol, Investigations, Homicide, Narcotics, Vice, Human Trafficking and Gang Enforcement, and minimizing silos of work that can reduce productivity and effectiveness.
- The Department of Development Services, based on an extensive review and recommendations by Management Partners, is proposing a number of operational changes such as restructuring the Permit Counter to improve customer service

and permitting processes, as well as a department-wide reorganization. There is a net addition of 2.0 FTEs, but they are not funded by the General Fund.

- The Department of Public Works, in collaboration with Management Partners, is conducting an extensive review of its project management and organizational structure to improve project output, workflow, and address issues related to staffing and the current management structure. The recommendations will hopefully be implemented in FY 15. In addition, there is a budget neutral addition of 3.0 FTEs related to facility maintenance, which is offset by additional revenue.
- The Department of Health and Human Services includes a net 4.75 FTEs increase in grant-funded positions in order to fully maximize the Federal and State grants received. The needs in our Long Beach community are great and these positions will ensure that the City is not leaving available grant money on the table that can be an effective help to our residents. The Department is also pursuing accreditation, that when approved by the Public Health Accreditation Board, should result in the City being eligible for additional funding from government agencies.
- The Department of Parks, Recreation and Marine includes a budget neutral reorganization of the Animal Care Bureau that will improve policies, procedures, training, oversight and efficiency.
- In other departments, there is a net decrease of 2.89 FTEs in this budget due to a variety of staffing changes.

CHALLENGES ARE COMING AND WILL BE ADDRESSED

As described, the FY 15 budget has much for which our Long Beach community can be pleased and proud; Long Beach's improved economy, the quality of services, historically low crime rates, continued excellent and responsive fire and emergency ambulance services, the ongoing investment in parks, and substantial improvements in street and sidewalk infrastructure. At the same time, this budget works to preserve and continue these services with a level of fiscal responsibility consistent with previous City Council actions. Specifically, the budget is structurally balanced and a temporary surplus is used to strengthen the future so that services are more likely to be able to be maintained. It also includes strategic investments to increase efficiencies and maintain critical infrastructure.

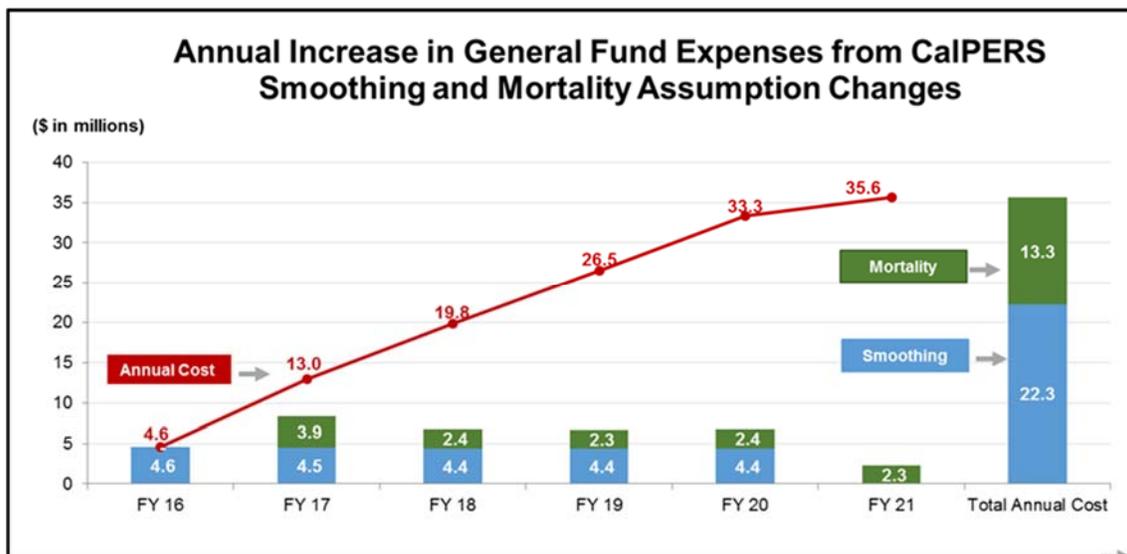
However, as described at the Budget Kick-Off in March, City revenues are not sufficient to sustain service increases; an increase in services would not be structurally balanced unless offset by some other decrease. FY 15 and FY 16 are transition years to the ongoing difficult budget years beginning in FY 17 (beginning 10/1/16). As the next chart indicates, for the foreseeable future, expenses appear as if they will continue to outpace revenues, even though the revenue situation has improved between the March update and now. To help ensure that Long Beach continues along the road of maintaining services and financial strength, the proposed budget uses the temporary surplus to fund

a CalPERS stabilization fund, but more importantly preserves the ongoing portion to prevent and minimize future shortfalls in FY 16 and FY 17. The chart below shows the projected status if the proposed budget is adopted and what is projected to occur if the temporary structural surplus is spent in FY 15 to add or enhance services. If the temporary surplus in FY 15 was used to increase services, the City would experience a deficit in FY 16 of \$2.5 million and an additional \$8.5 million deficit in FY 17, for a total deficit of \$11.0 million, instead of a more manageable one of \$7.9 million.

General Fund Surplus / Deficit Projection (in Millions)				
	FY 15 Budget	FY 16 Projected	FY 17 Projected	Cumulative
Proposed Budget	\$0.00*	\$0.00*	(\$7.90)	(\$7.90)
Spend Temp Surplus	\$0.00*	(\$2.50)	(\$8.50)	(\$11.00)

* FY 15 and FY 16 include a non-recurring transfer of \$3.1 million and \$0.6 million, respectively, to the CalPERS Stabilization Fund

CalPERS Rate Increases. The CalPERS Pension Board took the fiscally responsible step of ensuring its plans were properly funded and that the unfunded liabilities for these plans would be ended in a projected 30 years. Long Beach belongs to CalPERS, so CalPERS Pension Board actions, combined with the steps the City and its employee groups took, have addressed the City’s unfunded pension liability and saved over \$250 million. However, the CalPERS Pension Board solution also necessarily substantially increased pension costs for the City beginning in 2016. The key reason for budgetary issues in FY 17 and for four years beyond that is the large CalPERS pension cost increases. A smaller increase occurs in FY 16. The changes adopted by CalPERS will cost the General Fund an estimated additional \$35.6 million per year in structural increases when fully phased in at the end of FY 21 as shown in the chart below.



Other Budget Challenges. Long Beach has several other budget challenges facing us, including:

- Expiring employee agreements, whose renewals are not reflected in projections for FY 15 and beyond;
- Employee benefit costs that continue to outpace inflation;
- Operating budgets that have not been adjusted in years for non-personnel cost increases; and,
- Although City Council has addressed the unfunded liability for pensions and has taken beginning steps for other unfunded liabilities, there remains underfunding of the current cost to provide the retiree health subsidy and also underfunding for sick leave costs. These costs are likely to continue to grow until they are more fully addressed.

A Plan For Success

We have already taken past steps that have helped us to tackle the budget challenges. These approaches, which we are continuing in this budget, are described below:

Proportionate Share. As in the past, this budget maintains proportionate share. Made easier because organization-wide reductions were not necessary this year, proportionate share ensures that Police and Fire receive most of the General Fund resources (approximately 70 percent), while preserving base level support for other core functions. Continued use of this tool will be vital as we face tight budgets, as well as projected deficits well into the future.

Surplus Carryover. I am proposing that the estimated \$3.1 million structural surplus in FY 15 be carried over to FY 16 and FY 17 to help address the structural deficits projected for those years. Without this carryover, we will be facing a total deficit of \$11.0 million by FY 17 that will be compounded in future years by increasing CalPERS contributions.

CalPERS Stabilization Fund. The temporary FY 15 surplus is proposed to be used to increase the funding of the CalPERS Stabilization Fund created in FY 14 to address the potential fluctuations of the new CalPERS formula for calculating the annual City pension cost. The new formula is much more volatile and sensitive to CalPERS investment earning rates than in the past. As a result of lower than expected investment earnings, the City could face service decreases in police, fire or other areas in the future. The innovative CalPERS Stabilization Fund will help mitigate potential service reductions. It may serve as a model for other cities in California and CalPERS has agreed to help assist in designing the formulas for the use of this innovative fund.

MOU Agreements. The City is a service provider and employees provide the services to the citizens, so naturally labor costs are the biggest cost driver for the City. Work has already begun on preparing for negotiations with employee groups over wages and

benefits, which represent over 73 percent of General Fund costs. The MOUs with the three largest groups, IAM, and Police and Fire, expire at the end of FY 14, and FY 16, respectively. We must build upon the cooperation and collaboration that developed during pension reform discussions as we work together on upcoming agreements to minimize future deficits and begin to address our significant unfunded liabilities. Each 1 percent change in compensation, up or down, represents \$2.6 million for the General Fund.

Reserve for Unfunded Liabilities. Past City Council actions have deposited \$2.8 million in the reserve for unfunded liabilities. This budget would again follow the City Council policy and deposit 5 percent of one-time revenues into this reserve, which will be calculated and reserved at the end of FY 14. Also, 5 percent of any additional one-time revenues coming in during FY 15 will similarly be allocated to this reserve.

Pension Reform. The City is saving \$13.8 million per year in the General Fund (\$24.7 million in All Funds) due to pension reform, which was agreed to by all bargaining units.

Health Care Efficiencies. While Health Care costs continue to grow, the rate of growth is lower than it would have been due to the costs savings implemented by the City over the last couple of years, such as changing vendors for health insurance and drug benefits, and by implementing plan design changes. Also, there are cost savings to the City's plan due to emphasizing preventative measures such as health assessments, offering flu shots, and a wellness program.

Reserves Funded. Both the emergency and operating reserves are funded within the City Council approved policy levels.

Operational and Efficiency Improvements. Numerous operational and efficiency improvements have been made in the past and continue to be made, including for the future:

- Reduced General Fund management in City Manager departments by 28 percent
- Eliminated hundreds of vehicles from the City's fleet
- Combined clerical staffing, with workgroups sharing clerical support
- Streamlined permit fees and consolidated inspection services
- Expanded the type of projects that can be submitted for immediate plan review, resulting in faster plan checks and often in same day service
- Eliminated two departments (Community Development, Oil Properties)
- Developed a more efficient and effective ambulance service
- Implemented LBCOPs to leverage the power of technology to help reduce crime
- Reduced skill and standby pays
- Implemented a new parking citation system that will improve collection rates
- Initiated a replacement process for the antiquated financial and HR systems
- Implementing a new business license system

- Improving the Development Services permit counter staffing
- Reviewing Public Works staffing
- Reorganizing of Police services to increase effective street strength

Conclusion

During FY 15 and FY 16, we will continue to develop efficiencies, explore cost reductions on the expense side, find ways to maximize existing revenues, and find new revenues through a continued focus on economic development. We are already making progress, since the City's FY 15 General Fund revenue is estimated at \$401 million. This is the first time we have been able to project ongoing revenue at the \$400 million level since FY 08 when we received \$401 million.

This budget continues the discipline shown by the City Council in the past. That discipline allows Long Beach to maintain long-term services and its financial health. A key foundation of the City's financial health is the adherence to sound financial policies, most notably the requirement for a structurally balanced budget, where recurring revenue must meet or exceed recurring expenditures. This budget continues to uphold this key City Council policy. It is one of the best ways to preserve long-term services and the City's long-term health.

The Executive Summary, immediately following this transmittal letter, provides summaries of the budget. The balance of the proposed budget document provides details and additional explanations for the General Fund, as well as all other funds of the City.

My appreciation to the management team for their creativity and prudent management during the more difficult years that have helped get us to this point, to all City employees who have continued to provide the best service possible with limited resources, and to all departments for all of their good work in developing this budget. I would also like to thank the City Attorney, City Prosecutor, City Auditor, City Clerk, Civil Service Executive Director, Harbor Department Executive Director and Water Department General Manager for their continued cooperation and assistance.

We look forward to working with you as you consider this proposed budget and as we move forward to address the challenges facing us in the future.

Respectively submitted,

A handwritten signature in black ink, appearing to read "Patrick H. West", with a long horizontal line extending to the right.

Patrick H. West
City Manager



EXECUTIVE SUMMARY

The Fiscal Year 2015 (October 1, 2014 through September 30, 2015) All Funds budget for the City of Long Beach totals \$3.0 billion, including \$688.4 million for the Capital Improvement Plan. The table below shows the total proposed budget for the City's General Fund, including non-recurring expenditures, enterprise funds (Gas, Refuse, Water, Airport, Development Services, etc.) and all other (Harbor, Successor Agency (Redevelopment fund), Debt Service, Internal Service, etc.) funds. Of the total budget, Harbor constitutes 29 percent, or approximately \$857.3 million, of all proposed spending. The 66 percent decrease in the non-structural budget from the FY 14 General Fund Adopted Budget to the FY 15 Proposed Budget is due to the decrease in non-recurring revenues from the dissolution of the Redevelopment Agency.

Total Budget (in millions)					
	FY 14 Adopted	FY 15 Proposed	% of Total	% Change	
General Fund - Structural	\$ 391.0	\$ 400.9	13%	3%	
General Fund - Non-Structural	\$ 50.5	\$ 16.9	1%	-66%	
Enterprise Funds	438.7	\$ 445.9	15%	2%	
All Others	2,280.0	\$ 2,142.9	71%	-6%	
Total	\$ 3,160.2	\$ 3,006.6	100%	-5%	

General Fund

The General Fund, which accounts for approximately 14 percent of the total budget, provides much of the resources for critical City services. This includes police patrol, fire response, parks, streets and sidewalks repair, and library services. Most other funds and resources are dedicated by law for other purposes and cannot be used to support these basic functions.

Following nearly a decade of reductions and deficits, the General Fund is again expected to experience a surplus of \$3.1 million in FY 15. The total three-year deficit is a manageable \$7.9 million if the FY 15 surplus is not spent, rather than a combined \$11 million deficit in FY 16 and FY 17. Current projections indicate that, if the FY 15 surplus is not structurally spent, there will be a \$0.6 million surplus in FY 16 and a \$7.9 million deficit in FY 17. However, if the surplus is structurally spent in the upcoming year, the General Fund would experience a deficit in FY 16 of \$2.5 million and an additional \$8.5 million deficit in FY 17, for a total deficit of \$11.0 million, as represented in the chart below.

General Fund Surplus / Deficit Projection (in Millions)				
	FY 15 Budget	FY 16 Projected	FY 17 Projected	Cumulative
Proposed Budget	\$0.00*	\$0.00*	(\$7.90)	(\$7.90)
Spend Temp Surplus	\$0.00*	(\$2.50)	(\$8.50)	(\$11.00)

* FY 15 and FY 16 include a non-recurring transfer of \$3.1 million and \$0.6 million, respectively, to the CalPERS Stabilization Fund

There are a multitude of drivers that impact the three-year forecast. The following chart reflects the City Manager's proposal that any annual surpluses are not spent structurally, but used as a non-recurring transfer to the CalPERS Stabilization Fund. The surpluses then carry over to help mitigate the large deficit projected for FY 17.

General Fund Surplus / (Deficit) Drivers				
(\$ In Millions)				
Changes	FY 15 Proposed	FY 16 Projected	FY 17 Projected	3-Year Total
Uplands Oil Transfer	\$ 0.2	\$ -	\$ -	\$ 0.2
Property Tax	2.6	2.0	1.2	5.8
Post RDA Property Tax	0.4	0.4	0.9	1.7
In Lieu - Vehicle License Fees	1.5	1.1	0.7	3.3
Other Revenue Change	1.2	1.6	0.9	3.7
Total Revenue Impact	5.9	5.2	3.7	14.8
Negotiated Compensation Increases	\$ (3.4)	\$ -	\$ -	\$ (3.4)
PERS Change	(1.7)	(4.6)	(8.4)	(14.7)
Other Health Benefit Related Increases	(2.1)	(2.1)	(2.1)	(6.2)
Other Misc. Increases	1.4	(1.0)	(1.8)	(1.3)
One-time Transfer to CalPERS Stabilization	(3.1)	(0.6)	-	(3.6)
Total Expense Impact	(8.9)	(8.2)	(12.2)	(29.3)
City Manager Budget Proposals - Net	(0.5)			(0.5)
Saved Surplus from Previous Year	3.5	3.1	0.6	7.1
PROJECTED ANNUAL STRUCTURAL SURPLUS / (DEFICIT)	\$ 0.0	\$ 0.0	\$ (7.9)	\$ (7.9)

As the chart above indicates, for the foreseeable future, expenses appear as if they will continue to outpace revenues, even though the revenue situation has improved between the March update and now. The CalPERS changes are driving the growth in expenses, which, while painful, puts the City on the path towards fully funding the pension unfunded liability and ultimately reducing costs in the future.

Proposed FY 15 Changes By Department

The next table summarizes the FY 15 proposed changes to departmental budgets along with the net impact of those changes on budgeted positions. As shown in the table, the FY 15 Proposed Budget maintains the relative priorities established by the Mayor and Council during previous budget cycles by funding departments at a level that matches their overall share of General Fund resources compared to prior years. Public Safety will continue to receive approximately 70 percent of the overall General Fund budget, with other Departments receiving the remaining share.

Significant changes in FY 15 include the increase of civilian staffing in the Police Department, which puts the equivalent of 18 sworn Police Officers back on the front lines. The budget also expands the Public Safety forces by adding two new police officers for LB Transit, and nine new

firefighters in the Port. There is also the addition of \$287,000 in maintenance and operation costs for new and expanded parks, medians and parkways (e.g., Chittick Field), along with other property management increases. Lastly, there is the addition of \$158,230 to fund City Council approved programmatic changes such as the Language Access Plan, the Violence Prevention Plan and Homeless prevention efforts.

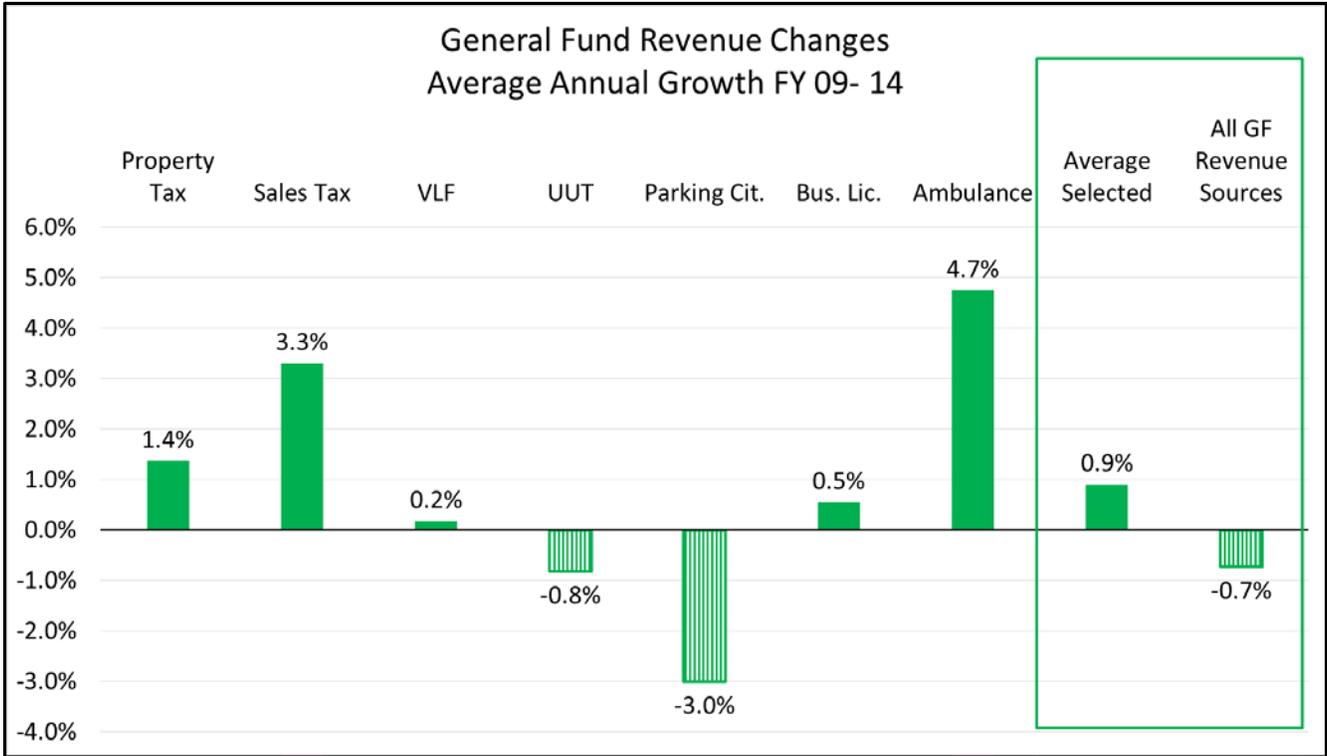
FY 15 General Fund Impacts by Department				
Departments	FY 15 Proposed Changes	Positions Impacted	FY 14 Proportion of General Fund	FY 15
Police	-	13.00	50.8%	50.1%
Fire	-	9.90	19.1%	18.9%
Disaster Preparedness and Emergency Communications	-	-	0.3%	0.4%
Public Works	-	3.00	8.0%	8.6%
Parks, Recreation and Marine ⁽¹⁾	287,083	(11.94)	8.0%	8.1%
Library Services	-	-	3.3%	3.3%
Elected & Appointeds	12,000	(0.87)	4.9%	4.9%
All Others ⁽²⁾	158,230	1.14	5.8%	5.7%
TOTAL	457,313	14.23	100.0%	100.0%

(1) The decrease in FTE represents a movement of grant funded positions to a Grants Fund.

(2) Includes City Manager, Citywide Activities, Development Services, Financial Management, Health & Human Services, and Human Resources.

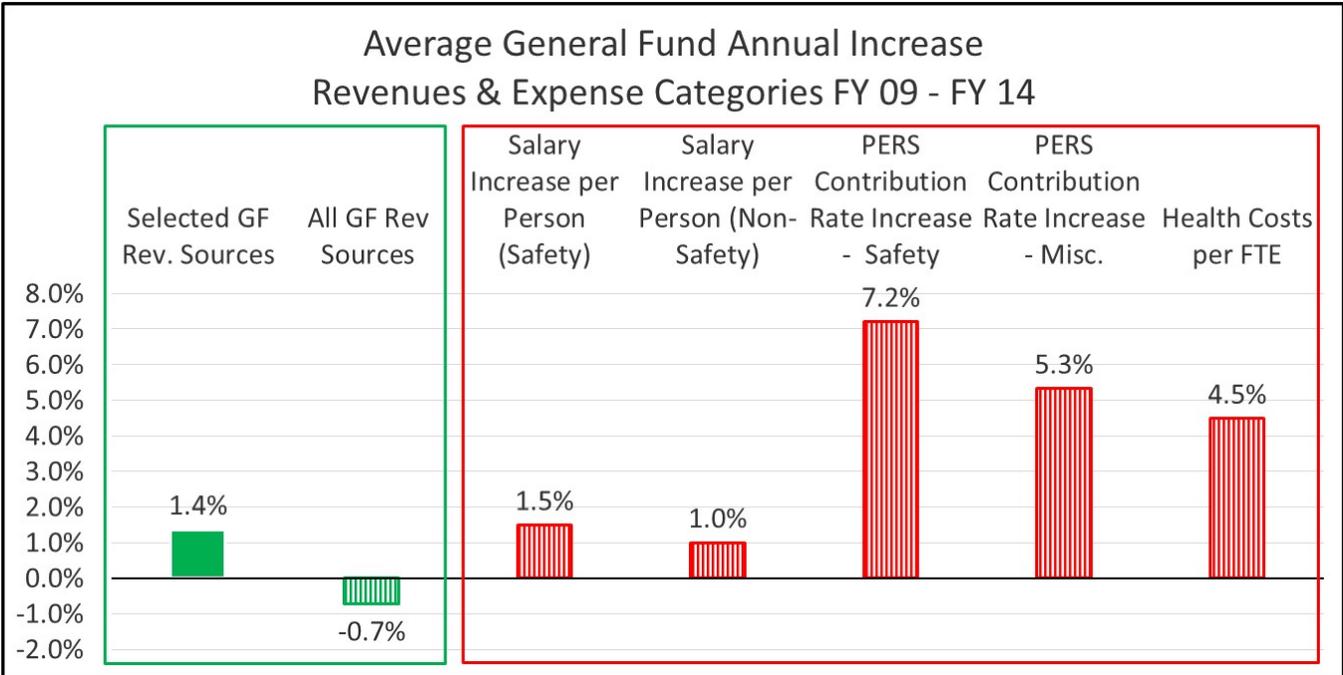
Major General Fund Revenue Trends

The General Fund primarily relies on general tax revenue for funding of the most basic services of local government. These dollars are unrestricted in their use. As the next table illustrates, the major General Fund revenues have seen very moderate to negative growth in the five-year period FY 09 – FY 14. The Sales and Use Tax, at 14 percent of the General Fund revenue, reflect the largest growth over this period, in large part due to the City’s efforts to attract and retain business sales operations as a way to generate local sales tax. The increase in retail sales is much lower. Property Taxes, at 23 percent of the General Fund revenue, have also grown slightly after netting out the one-time impacts of the State dissolution of the Redevelopment Agency (RDA). These modest gains in revenue are more than offset by losses in the Utility Users Tax and Parking Citations, at 9 percent and 3 percent of the General Fund revenue, respectively, and all other revenues sources, which have also declined. The overall trend in General Fund revenue was essentially flat over the last five years. For FY 15, modest increases in Property Tax, Vehicle License Fees, and Other Revenues are projected.



Major General Fund Expense Trends

Increases in the City’s largest expenses, which include retirement contributions, employee healthcare, and wages, have grown faster than revenues for the five year period FY 09-14. The chart below highlights how various structural cost escalators have outpaced increases in revenue collection.



This difference between annual increases in revenues and costs is what drives the City's "structural deficit." Because the General Fund budget must be balanced, expenses were cut to bring spending in line with ongoing revenues, resulting in significant service and position reductions over the last eight years. Over this time period, \$134 million in structural cuts were made, along with a reduction in the budgeted workforce by 714 positions – a 22 percent reduction.

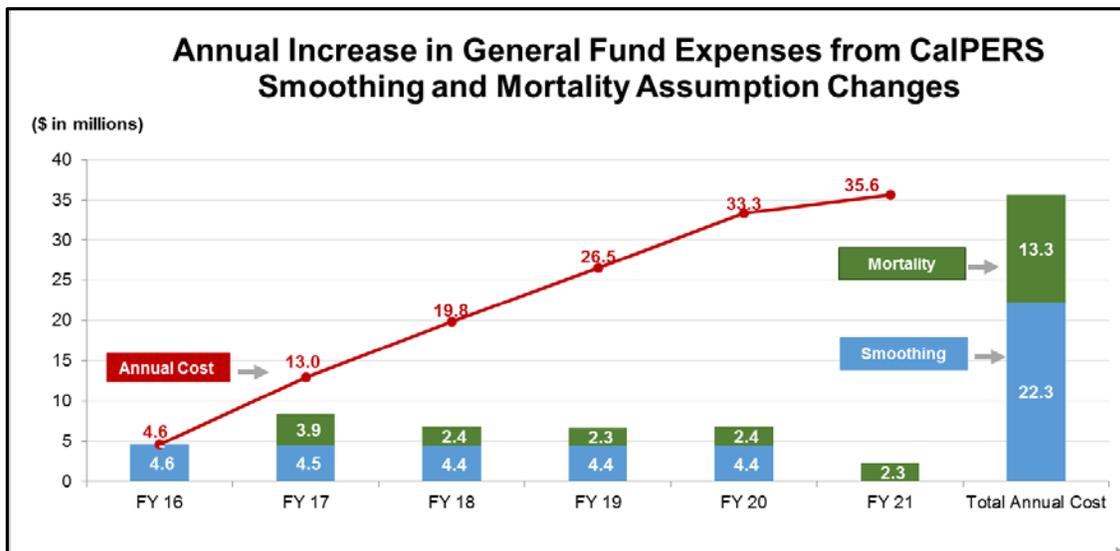
In FY 15, expenses are continuing to grow faster than revenues. However, due to the City Council's decision to structurally carry over the FY 14 surplus, a deficit in FY 15 has been avoided. In light of the significant cost increases anticipated for FY 17, the City Manager is once again proposing that the City Council continue the practice of using the structural surplus in FY 15 to help mitigate the deficits projected for FY 16 and FY 17. As the next section on CalPERS rate changes will highlight, the employer contribution rates for pensions are expected to rise significantly beginning in FY 16, underscoring the importance of saving any short-term surpluses.

Pension Costs Increases

A key reason for budgetary issues in FY 17 is that large CalPERS pension costs increases are scheduled to begin in FY 17, with a smaller, but still significant, increase in FY 16. These increases are a result of changes to the rate smoothing policy and mortality assumptions recently adopted by CalPERS. Previous amortization and smoothing policies spread investment gains or losses and paid for them over a 15-year smoothing and a rolling 30-year amortization period. This methodology helped local governments avoid large rate volatility in normal years and better plan ahead for changes in pension costs. However, it also contributed to the underfunding of the City's pension plans. The new amortization and smoothing policy pays for all gains and losses over a fixed 30-year period with increases or decreases in the rate smoothed over only a five-year period. This new methodology will eliminate the City's unfunded liability in about 30 years, but also increases costs and exposes the City to a higher volatility in the annual costs. The higher volatility of the City's pension costs will be offset by the City's CalPERS Stabilization Fund.

The mortality rate and other demographic assumptions were also changed based on recent studies that reflected a population that is living longer and, thus, collecting pension benefits over longer time periods. This will also increase costs to more accurately reflect pensions paid to retirees for a longer period of time.

These rate smoothing and mortality assumption changes are scheduled to take effect in FY 16 and FY 17, respectively, and will be phased in over the subsequent five years. While these fiscally sound changes put the City on a path towards paying down its current unfunded liabilities over 30 years, it also means that pension contribution rates are expected to increase substantially and cost the General Fund an estimated additional \$35.6 million per year in structural increases when fully phased in at the end of FY 21, as shown in the next chart.



It is worth noting that the smoothing methodology change is much more volatile and sensitive to CalPERS investment earning rates than in the past. Depending on whether market returns are higher or lower than the CalPERS assumed rate of return of 7.5 percent, the estimated increase to the General Fund could be much higher or, conversely, have no negative impact at all. The temporary FY 15 surplus is proposed to be used one-time to increase the funding of the CalPERS Stabilization Fund created in FY 14 to address these potential fluctuations due to varying rates of return. As a result of lower than expected investment earnings, the City could face service decreases in police, fire or other areas in the future. The innovative CalPERS Stabilization Fund will help mitigate these potential service reductions that result due to fluctuations in market returns, and may even serve as a model for other cities in California facing the same types of challenges. The City will be continuing to work with CalPERS who has agreed to help assist in designing the formulas necessary to implement the use of this innovative fund.

Unfunded Liabilities

There are four major employee-related unfunded liabilities – pensions, retiree sick leave (to pay retiree health insurance premiums), retiree health insurance subsidies, and workers’ compensation. The City currently has \$1.4 billion in these unfunded liabilities, summarized by the following table.

Current Unfunded Liabilities	
\$ in Millions	
Pension	\$ 943
Sick Leave	119
Retiree Health Subsidy	220
Workers Compensation	111
TOTAL	\$ 1,393

Unfunded liabilities are costs for services already delivered, but not paid for in full. When applied to employee benefits, which are the major components of service costs, the unfunded liability represents the unfunded portion of the costs of benefits that employees will accrue over their

working careers with an employer. The principal causes of unfunded liabilities for employee benefits generally are lower than expected investment earnings on system assets, benefit enhancements that are made retroactive, and under funding. The amounts of the unfunded liabilities will vary from year to year based on these factors.

With the recent changes to the CalPERS amortization, smoothing and demographic assumption policies, the City will be on track to pay off the unfunded pension liability in approximately 30 years through increased contributions that will result in an additional ongoing cost of \$35.6 million to the General Fund by FY 21. For the other unfunded liabilities, however, the current annual funding for the associated employee benefits is not large enough to reduce the unfunded liabilities.

The City will need to explore a variety of alternatives in addition to increased funding and reducing costs, including the possibility of exploring the reduction of employee benefits. This budget takes an additional step towards the reduction in unfunded liabilities by setting aside 5 percent of non-recurring revenue that will be calculated and reserved as part of FY 14 Year-End close and then incorporated as a budget adjustment in FY 15.

Status of Other Funds

In addition to the General Fund, the City maintains 36 other funds. Many are narrowly focused and restricted to specific business activities. This section discusses issues impacting other key City funds and highlights funds that have Citywide impact.

Insurance Fund

The Insurance Fund was created to finance and account for the City's General Liability and Workers' Compensation activities. The Fund is primarily supported through charges to City departments and funds, with approximately 61.4 percent of its revenue derived from the General Fund. Although the number of workers' compensation claims has been reduced, the cost of claims has risen and is expected to increase in future years. This is due to the erosion in the SB 899 reforms that will result in further cost increases and future medical care for life for accepted body parts (which is awarded on most claims). The City's long-term workers' compensation liability is currently valued at \$111 million. The City will be challenged to keep workers' compensation costs from increasing without reforms from the State. The Department of Financial Management works with the City Attorney's Office and the Department of Human Resources to identify cost-saving opportunities in the Insurance Fund and to ensure the City meets its legal and workforce obligations. To this end, a Citywide increase of \$1.4 million has been included in the FY 15 budget with smaller increases projected in the foreseeable future.

Employee Benefits Fund

The Employee Benefits Fund (EBF) is used to support employee benefits such as paid time off, CalPERS benefits, employee healthcare and pension obligation bond payments, among other costs. The EBF is primarily supported through charges to departments for their employees' estimated benefit costs. The City's outstanding unfunded liability for benefits, not including pensions, could be as high as \$340 million. The City is expected to develop an approach to address these unfunded liabilities in the next few years.

SERRF Fund

The SERRF Fund is used to maintain the Waste to Energy Program and provide regional disposal services for residential and commercial refuse delivered by the City and various private haulers. For FY 14, SERRF has been incurring costs for ash disposal and hauling to the El Sobrante Landfill at approximately \$6.8 million annually, since the Puente Hills Landfill closed in November 2013. SERRF will continue to incur these costs into FY 15, with a CPI increase of approximately \$317,000, for a new total of \$7.1 million. As has been long anticipated, SERRF will begin to draw from its fund balance to cover the ash disposal costs, as well as to partially cover other operating expenses. As provided for in its JPA (Joint Powers Authority) agreement, the SERRF Fund had purposely built up a fund balance over the years to cover its anticipated negative cash flow over the next few years as it nears the point in 2018 when its bonds are completely paid off and it potentially reaches the end of its useful life. Based on certain funding criteria in the JPA agreement, there is a 50-50 revenue sharing of Net Facility Revenue between the City's JPA partner, the Los Angeles County Sanitation Districts, and the City's General Fund. SERRF will start to draw down its funds available in FY 15. As a result, the General Fund is not expected to receive any future transfer of Net Facility Revenue from SERRF.

Gas Fund

The Gas Fund finances the provision of reliable and cost-competitive natural gas service to customers in Long Beach and Signal Hill, while ensuring continued pipeline infrastructure integrity. Ninety percent of the Gas Fund's revenues are received directly from gas ratepayers through metered gas sales. These sales are primarily affected by national gas commodity market prices and winter weather conditions. Improved extraction technologies have recently resulted in an abundance of additional gas supplies nationwide, causing continued downward pressure on natural gas commodity prices. These price benefits are passed directly through to gas customers.

To ensure the safe operation of the nation's natural gas pipeline system, federal regulators in the Office of Pipeline Safety have significantly increased on-site audits and regulatory reporting requirements of natural gas utilities. The City is now required to prepare a Distribution Integrity Management Plan (DIMP) that delineates potential threats to the safe operation of the Long Beach pipeline gas system and describes the City's high priority focus on replacing its gas pipelines that were installed between the years 1920 and 1950.

At the June 10, 2014 City Council meeting, the City Council authorized the Department of Gas and Oil to enter into contracts with various entities to implement the Advanced Metering Infrastructure (AMI) system for customers of Long Beach and Signal Hill. AMI is an integrated network of smart meters, communication collectors and data management systems that enable seamless communication between utilities and their customers. It will no longer be necessary to make a vehicle trip to a customer's location to visually read a meter to determine consumption data. AMI is now a best practice in the utility industry and, in California, every natural gas utility meter has already been completed or is in the process of converting to AMI. There are many benefits of AMI, including, but not limited to, elimination of the existing meter reading contract for \$1.4 million, reduced vehicle trips to manually read meters, meter reading accuracy, and customer privacy and security. The total project cost is \$22.1 million, of which the majority will be paid for by issuing bonds and Gas Fund reserves designated for this project.

Continued monitoring of the Gas Fund's financial health is needed to ensure that customers are appropriately served, pipeline integrity is being maintained with an adequate level of repair and replacement, and a reasonable transfer to the General Fund is sustained.

Successor Agency Fund

In FY 12, the Successor Agency Fund was created in response to California statute AB1X26, which mandated the dissolution of the City's Redevelopment Agency (RDA). Effective February 1, 2012, the City Council adopted a resolution designating the City of Long Beach as the Successor Agency to the RDA and transferred all former RDA functions and assets to the City. The purpose of the Successor Agency is to dispose of the assets and discharge the obligations of the former Redevelopment Agency. Pursuant to AB1X26, the revenue source for the Successor Agency funds consists of bi-annual distributions from the Redevelopment Property Tax Trust Fund (RPTTF). These revenues are then used to make payments against the Successor Agency's Recognized Obligation Payment Schedules (ROPS). The ROPS are the obligations and commitments created by the City's former Redevelopment Agency for a given six-month period. Additionally, the Successor Agency Fund receives a bi-annual administrative allocation equal to 3 percent of its RPTTF distributions. Over time, as the obligations of the former RDA are met and activity slows, funds remitted to the Successor Agency Fund will decrease. Funds available at the end of FY 14 will be approximately \$19 million, including remaining bond proceeds and RPTTF distributions, which are needed to cover future costs for existing committed projects.

Tidelands Operating Funds

Tidelands Operating Funds are comprised of the Tidelands Operations, Marina, Queen Mary and the Rainbow Harbor Area funds. Tidelands operations along the beaches and waterways remain heavily dependent on base oil revenue and an annual transfer from the Harbor Revenue Fund to support Aquarium debt payments, lifeguards, waterfront maintenance, and the Convention Center. Any surplus generated by marina operations is used to support the Alamitos Bay Marina and its related debt service.

Towing Fund

The Towing and Lien Sales operation continues its optimization efforts to avoid escalating costs for services while maintaining a timely response to towing requests. Economic challenges have impacted towing revenue and have challenged the operation's ability to sustain an annual budgeted transfer to the General Fund of \$1.7 million.

Fleet Services Fund

The Fleet Services Fund is used to account for the City's purchase, maintenance, fueling and replacement of vehicles and equipment, except those owned by the Water and Harbor Departments. The major sources of revenue for this fund are charges to user departments, including lease payments, capital replacement, preventative maintenance, ad hoc repair and fueling charges. In furtherance of its efforts to go green, Fleet has planned increases to its alternative vehicle fleet as aging vehicles are replaced, resulting in fuel savings and reductions

in greenhouse gas emissions. The total Fleet Replacement budget for FY 15 is \$11 million, which represents an increase of \$4.1 million from the current year.

Refuse Fund

The primary source of revenue for the Refuse Fund is refuse and recycling charges, which account for approximately 90 percent of total revenues. This fund is also supported by grant money from the State for various public outreach efforts (recycling, litter reduction, used motor oil collection, etc.), revenues from the sale of recyclables collected through the City's residential recycling program and fees paid by the City's licensed private refuse haulers for AB939 compliance. The Fund is committed to ongoing Citywide support, which includes \$400,000 to the Capital Projects Fund for street repair and approximately \$6 million for City programs that offset refuse-related impacts on street and alley maintenance, tree trimming, storm water environmental compliance and litter abatement during Municipal Band concerts.

Development Services Fund

The Development Services Fund was created in FY 07 to finance the planning, permitting, design and development services offered by the Department of Development Services, and to continually improve services to homeowners and the development community. The Fund is supported by revenue received from planning and building fees, multi-family inspections, annual interest earned on the fund's balance, and reimbursements for project costs and services provided to other departments. Development Services is proposing to restructure the Permit Counter to improve customer service and permitting processes.

Summary of Changes

The lists that follow constitute summaries of significant budget changes and a list of Efficiency Improvements, Critical Infrastructure Improvements and Strategic Investments in General Fund departments and other funds. Presented in these lists are the fiscal impacts, as well as the position impacts, for related activities within Departments or Funds.

GENERAL FUND

A summary of the significant changes to the General Fund follows. For ease of review, all reallocations of resources within departments, offsets, adjustments, and minor changes have not been included.

CITY CLERK

	Impact	Positions
Fund ongoing maintenance costs related to the replacement of the old City Council voting system.	\$12,000	—

CITY PROSECUTOR

	Impact	Positions
Implement various staffing budget changes to align with current operations.	—	(0.87)

DEVELOPMENT SERVICES

	Impact	Positions
Add an Officer position to Neighborhood Services to oversee grant programs related to the Violence Prevention Program, Long Beach Gang Reduction, Intervention and Prevention Program (LBGRIP), the Human Dignity Program and the Language Access Policy. (General Fund portion)	\$108,792	0.74

FIRE

	Impact	Positions
Increase staffing on new fireboats serving the Port of Long Beach, which is reimbursed through revenue from the Port.	—	9.00 Sworn
Extend the Fire Academy from 16 to 18 weeks due to additional Emergency Medical Technician (EMT) training hours mandated by the State. Costs are offset with increased Prop H support for the Fire Department.	—	0.90

FINANCIAL MANAGEMENT

	Impact	Positions
Move analytical support related to Commercial Services from Technology Services to Financial Management. (No net staff increase)	—	1.00
Implement various organizational, staffing, and materials budget changes to assist with operational and budget management.	—	(1.10)

HEALTH & HUMAN SERVICES

	Impact	Positions
Add a Public Health Professional II to serve as the Chronic Homeless Initiative Coordinator that will be responsible for coordinating efforts of the multidisciplinary street outreach network. (General Fund portion.)	\$49,290	0.50

POLICE

	Impact	Positions
Add a Building Services Supervisor to serve as a facilities coordinator for maintenance and custodial activities, which is offset by a reduction in the custodial services contract budget.	—	1.00
Optimize Business Desk Staffing by utilizing Customer Services Representatives instead of Special Service Officers and Police Officers. This will result in significant reduction of overtime costs and improved operations.	—	2.00
To improve Civic Center Security staffing, permanent Special Service Officer positions were added to stabilize staffing and significantly reduce overtime costs and improve operations.	—	4.00

Reduce a Clerk Typist III from the Long Beach City College Contract with the Police Department.		(1.00)
Increase Prop H support for a larger FY 2014 Police Academy. This reduces the General Fund portion of the costs.	(\$189,484)	—
Increase budget for helicopter fuel and the undercover operations vehicle capital replacement.	\$181,590	—
Increase two Sworn Police Officers for the Long Beach Transit contract, which is offset through revenue from Long Beach Transit.	—	2.00 Sworn
Reallocate one Police Officer from the Airport Security Contract to the Port Security Contract. This position increase is reflected in the Tidelands Fund.	—	(1.00) Sworn
Reassign 11 Detectives from Juvenile Investigations to work on Homicide, Narcotics, Gangs and other high profile cases, with the remaining 4 to work on juvenile-specific cases. Transfer Juvenile booking and detention services to Support Bureau and utilize Special Service Officers with expertise in this area.	—	6.00

PARKS, RECREATION & MARINE

	Impact	Positions
Increase budget to pay assessment for Uptown Property and Business Improvement District.	\$23,693	—
Increase budget for Rancho Los Cerritos and Rancho Los Alamitos Management contracts.	\$56,183	—
Increase budget for ongoing maintenance and operating costs for new medians and parkways, Chittick Field, and other new parks.	\$207,207	—
Implement various organizational, staffing, and materials budget changes to assist with operational and budget management, including reallocation of CDBG funded staff from the General Fund into the Special Grants Fund.	—	(11.94)

PUBLIC WORKS

	Impact	Positions
Add General Maintenance Assistants. Painting, locksmith, and carpentry work is currently performed by unbudgeted positions, which are offset by revenue.	—	3.00

NON-STRUCTURAL CHANGES USING PLANNED FY 14 RESOURCES

	Impact	Positions
Increase budget for Watershed Management Program regulated by the NPDES Permit. This is the annual portion of a four-year commitment. (Public Works)	\$199,739	—
One-time funding for additional recruitment costs associated with the Police and Fire Academies. (Civil Service)	\$150,000	—
Carry forward anticipated Police Department savings from FY 14 to FY 15 for the FY 15 portion of the current Police Academy. (Police)	\$2,100,000	—
Transfer one-time GEMT funds to Fleet for replacement of five fire engines/pumpers. (Fire)	\$2,817,135	—

OTHER FUNDS

A summary of the significant changes to the other funds follows. For ease of review, all reallocations of resources within departments, offsets, adjustments, and minor changes have not been included.

AIRPORT FUND

	Impact	Positions
Increase various revenues, including airline fees revenue, indirect airline revenues and non-airline revenues to align budget with actual revenue which reflects reduced flights. (Airport)	\$2,708	—
Upgrade Airport Non-Career positions (Airport Operations Assistant I and Maintenance Assistants) to Permanent Full-Time positions. (Airport)	\$69,576	—
Adjust various materials budget to align budget with actuals. (Airport)	(\$125,000)	—
One-time funding for improvements to Lot A Parking Garage. (Airport)	\$1,000,000	—
One-time funding for vehicle and pedestrian safety enhancements through the creation of a new Ground Transportation Center. (Airport)	\$500,000	—
One-time funding of FAA Tabletop Drill and NAACI annual conference. (Airport)	\$99,500	—
First year transfer to General Services Fund for the FY 15 portion of Financial/Human Resources System costs.	\$389,777	—

BELMONT SHORE PARKING METER FUND

	Impact	Positions
Adjust budget for to reflect actual Belmont Shore Parking Management Debt payments. (Public Works)	\$200,000	—

COMMUNITY DEVELOPMENT GRANTS

	Impact	Positions
Add an Officer position to Neighborhood Services to oversee grant programs related to the Violence Prevention Program, Long Beach Gang Reduction, Intervention and Prevention Program (LBGRIP), the Human Dignity program and the Language Access Policy. (Non-General Fund Portion) (Development Services)	\$38,224	0.26
Eliminate 3 vacant FTEs to offset the staffing reorganization of the Permit Counter, which will improve customer service and increase efficiency in completing reviews. (Development Services)	(\$234,117)	(3.00)

CUPA FUND

	Impact	Positions
One-time transfer to General Services Fund for the FY 15 portion of Financial/Human Resources System costs.	\$67,758	—

DEVELOPMENT SERVICES FUND

	Impact	Positions
Increase revenue for construction inspection services to reflect actual activity. (Development Services)	(\$768,000)	—
Restructure the Permit Counter to improve customer service by replacing Customer Service Reps and Combination Building Inspector with Permit Technicians I and II. The restructuring will improve customer service and increase efficiency in completing reviews. This is FTE neutral across all funds. (Development Services)	\$465,676	4.00
Add new Civil Engineering Associate to assist with increased workload customer volume at the Plan Check Counter thereby reducing customer review/wait time. (Development Services)	\$112,948	1.00
Implement various organizational, staffing, and materials budget changes to assist with operational and budget management, including adjusting budget for actual rent at 100 W. Broadway. (Development Services)	\$214,044	1.05

Convert Deputy Director of Development Services to a Manager of Planning in the Planning Bureau, which results in savings across all funds. (Development Services)	\$115,831	0.66
One-time funding for Computer Monitor Upgrades for use with the Electronic Plan Review System. (Development Services)	\$56,308	—
One-time funding for the Long Beach Boulevard Plan for the City's required match towards the completion of this project. (Development Services)	\$95,000	—
One-time funding for Land Use and Urban Design elements and the Environmental Impact Reviews related to the General Plan. (Development Services)	\$350,000	—
One-time transfer to General Services Fund for the FY 15 portion of Financial/Human Resources System costs.	\$792,321	—

EMPLOYEE BENEFITS FUND

	Impact	Positions
Reallocate FTEs and budget to more properly align funding sources with the work. (Human Resources)	\$164,213	1.40
One-time funding for training human resources and labor policy for Human Resources staff and Citywide departmental managers. (Human Resources)	\$24,852	—
One-time transfer to General Services Fund for the FY 15 portion of Financial/Human Resources System costs.	\$1,441,895	—

FLEET FUND

	Impact	Positions
Increase budget for telemetric (GPS) Vehicle Tracking and automotive and equipment parts cost increases to reflect actual costs. (Financial Management)	\$417,000	—
One-time adjustment for the Fleet Acquisition Replacement Fund, bringing the total FY 15 appropriation to \$11 million. There will be a fleet replacement review process scheduled to take place early FY 15 to determine actual replacement vehicles. (Financial Management)	\$4,091,880	—
One-time increase for Fleet maintenance shop heating system, roof repair, and painting/maintenance of exterior surfaces of Fleet, Environmental Services, and Towing buildings. (Financial Management)	\$606,000	—
One-time transfer to General Services Fund for the FY 15 portion of Financial/Human Resources System costs.	\$195,741	—

GAS FUND

	Impact	Positions
Increase budget to reflect actual revenues for facilities maintenance reimbursement from Oil Operations and from Water, Sewer, Refuse and Recycling Funds for their share of Call Center expenses. (Gas and Oil)	(\$1,419,021)	—
Reinstate the Superintendent of Engineering to provide direct oversight of all system operational/engineering requirements. Funded by elimination of two vacant positions. (Gas and Oil)	—	(1.00)
Increase Commercial Services Bureau MOU expense to cover the increased cost of business related to postage rate increases, additional mailings and software and hardware charges. (Financial Management)	\$80,678	—
First year transfer to General Services Fund for the FY 15 portion of Financial/Human Resources System costs.	\$1,061,130	—

GENERAL GRANTS FUND

	Impact	Positions
Implement various organizational, staffing, and materials budget changes to assist with operational management and oversight, including reallocation of CDBG funded staffing from the General Fund into the Special Grants Fund. (Parks, Recreation and Marine)	—	9.77
One-time increase for new North Library collection and furnishings. Amount previously budgeted in FY 14 in General Fund has been moved to this fund so that funding will be available when expenditures occur. (Library)	\$1,600,000	—

GENERAL SERVICES FUND

	Impact	Positions
Move analytical support related to Commercial Services from Technology Services to Financial Management. (No net staff increase) (Technology Services)	—	(1.00)
One-time funding for the FY 15 portion of Financial/Human Resources System costs. (Citywide)	\$244,878	—

HARBOR FUND

	Impact	Positions
First year transfer to General Services Fund for the FY 15 portion of Financial/Human Resources System costs.	\$2,232,921	—

HEALTH FUND

	Impact	Positions
Add a Public Health Professional II (0.50) to serve as the Chronic Homeless Initiative Coordinator; an Unclassified Public Health Associate II (0.24) for Homeless Management Information System project; and a Public Health Associate III (1.0) for HIV/AIDS Program. All positions are offset by grant revenue. (Health)	—	1.74
Upgrade various grant-funded positions to enhance case management, education and outreach efforts for select programs, which collectively net to a 1.0 FTE increase and are offset by grant revenue. (Health)	—	1.00
Add Clerk Typist II-NC for Vector Control and Water Program, which is offset by revenue. (Health)	—	1.00

HOUSING AUTHORITY FUND

	Impact	Positions
Add Housing Specialist III to assist the unit supervisor with administration of the Housing Opportunities for Persons with AIDS (HOPWA) Tenant Based Rental Assistance Program. (Health)	—	1.00
Increase budget for scanning files in the Special Housing Programs Unit to eliminate backlog. (Health)	\$168,627	—

HOUSING DEVELOPMENT FUND

	Impact	Positions
Convert Redevelopment Administrator position to a Manager of Housing and Community Improvement, which results in a small increase across all funds. (Development Services)	\$107,315	0.50
Convert Deputy Director of Development Services to a Manager of Planning in the Planning Bureau, which results in savings across all funds and no FTE impact. (Development Services)	(\$84,489)	(0.33)
Eliminate 1 vacant FTE to offset the staffing reorganization of the Permit Counter, which will improve customer service and increase efficiency in completing reviews. (Development Services)	(\$120,453)	(1.00)

INSURANCE FUND

	Impact	Positions
Reallocate FTEs and budget to better align funding source with organizational function. (Human Resources)	(\$164,213)	(1.40)
Add a Safety Specialist III dedicated to safety compliance issues in the Fire and Police Departments. (Human Resources)	\$114,075	1.00

One-time transfer to General Services Fund for the FY 15 portion of Financial/Human Resources System costs.	\$481,204	—
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PROP H FUND

	Impact	Positions
Increase Prop H support for Fire Department operations. (Fire)	\$175,000	—
Increase Prop H support for a larger Police Academy. (Police)	\$189,484	—
One-time increase in Prop H funding for equipment replacement. (Fire)	\$400,000	—
One-time increase in Prop H funding for Schroeder Hall (East Police Substation) costs. (Police)	\$400,000	—

REFUSE AND RECYCLING FUND

	Impact	Positions
One-time transfer to General Services Fund for the FY 15 portion of Financial/Human Resources System costs.	\$539,360	—

SPECIAL ADVERTISING AND PROMOTIONS FUND

	Impact	Positions
Adjust revenue for actual program activities. (Parks, Recreation and Marine)	\$17,000	—
Increase funding for the LBCVB's contract to broaden promotional activities. (City Manager)	\$200,000	—
One-time transfer to General Services Fund for the FY 15 portion of Financial/Human Resources System costs.	\$117,504	—

SERRF FUND

	Impact	Positions
Increase budget for contractually obligated CPI adjustment for the SERRF Facility. (Gas and Oil)	\$324,000	—
Increase budget for increased ash hauling and disposal costs. (Gas and Oil)	\$317,000	—
Increase budget for rental payments to the SERRF JPA and increases in insurance costs. (Gas and Oil)	\$416,610	—

SEWER FUND

	Impact	Positions
First year transfer to General Services Fund for the FY 15 Sewer portion of Financial/Human Resources System costs. (Citywide)	\$221,963	—

SUCCESSOR AGENCY FUND

	Impact	Positions
Convert Redevelopment Administrator position to a Manager of Housing and Community Improvement, which results in a small increase across all funds. (Development Services)	(\$78,699)	(0.50)
Convert Deputy Director of Development Services to a Manager of Planning in the Planning Bureau, which results in savings across all funds and no FTE impact. (Development Services)	(\$84,489)	(0.33)

TIDELANDS OPERATION FUND

	Impact	Positions
Reallocate one Police Officer from the Airport Security Contract to the Port Security Contract. (Police)	\$132,852	1.00 Sworn
Increase accounting oversight to reflect actual activity. (Financial Management)	\$52,208	0.37
Increase budget for Watershed Management Program regulated by the NPDES Permit. This is the annual portion of a four-year commitment. (Public Works)	\$451,070	—
One-time funding for Watershed Management Plan and Reasonable Assurance Analysis. (Public Works)	\$395,000	—

First year transfer to General Services Fund for the FY 15 portion of Financial/Human Resources System costs.	\$1,472,272	—
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TIDELANDS MARINA FUND

	Impact	Positions
Increase accounting oversight to reflect actual activity. (Financial Management)	\$10,449	0.12

RAINBOW HARBOR AREA FUND

	Impact	Positions
Increase accounting oversight to reflect actual activity. (Financial Management)	\$2,405	0.11

TOWING FUND

	Impact	Positions
Implement various organizational, staffing, and materials budget changes to assist with operational and budget management. (Financial Management)	—	(0.62)
One-time transfer to General Services Fund for the FY 15 portion of Financial/Human Resources System costs.	\$133,713	—

UPLANDS OIL FUND

	Impact	Positions
One-time transfer to General Services Fund for the FY 15 portion of Financial/Human Resources System costs.	\$239,129	—

WATER FUND

	Impact	Positions
First year transfer to General Services Fund for the FY 15 portion of Financial / Human Resources System costs.	\$1,154,452	—

INVESTMENTS

The City has approximately \$11.7 million in non-recurring general-purpose funds available to invest in FY 15 from Oil Revenue above \$70 a barrel. The following is a summary of the City Manager's recommendations for the use of these funds:

Title	Est. Cost	Description
Efficiency Improvements		
Irrigation System and Water Needs	\$2,450,000	Replaces the outdated irrigation system at Heartwell Park to reduce ongoing water consumption and improve landscape maintenance and turf grass quality.
Artificial Turf Conversion	\$1,369,000	Continuation of the artificial turf conversion in FY 14 and would complete Admiral Kidd Park.
Smart Parking Meters	\$800,000	Replaces approximately 1,000 outdated parking meters in the Downtown area with a standardized single-space smart meter system capable of accepting credit card payments. This also includes parking sensors.
Critical Infrastructure		
Sidewalk Repair	\$1,000,000	Repairs sidewalks based on need (supplements the \$3 million Sidewalk Repair program).
Street Repair	\$1,000,000	Repairs streets based on need and the new pavement management system (supplements the \$4.9 million Street Repair program).
North Library Construction and Technology Set Up	\$2,100,000	Helps bridge the funding gap between the construction estimates and project resources.
Upgrade Branch Library Phones	\$48,650	Upgrades 10 branches with outdated phones to VoIP to increase reliability of the phone system. Each location will receive five VoIP phones, a fax line and network equipment.
Back-up EOC Set Up	\$48,000	Re-establishes computer and telephone infrastructure, including the purchase and wiring of 33 phones and 17 PCs. The previous back-up EOC was dismantled during the renovation of the Fire Training Center.
ECOC HVAC Upgrade	\$300,000	HVAC upgrade for the technology equipment room at the ECOC that houses the CAD/RMS system, video surveillance, phone system and email server. The room also serves as a disaster recovery site that is a backup for the main data center at City Hall.
Strategic Investments		
Police Overtime	\$2,200,000	Overtime to respond to, investigate and prosecute violent crimes including gangs, human trafficking, and homicide. This funding provides the equivalent of a Sergeant and (10) FTE or approximately 30,000 hours.
Police Technology	\$210,000	Invests in technology to allow the Police Department to provide more transparent, responsible policing.
Language Access Program	\$150,000	Partial implementation of the City Council's Language Access Policy including translation of highly used City documents and voicemail systems.