

Executive Summary

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The Fiscal Year 2019 (October 1, 2018 through September 30, 2019) all funds budget for the City of Long Beach totals \$3.0 billion, including \$818.3 million for the Capital Improvement Plan. The table below shows the total Proposed Budget for the City's General Fund, including one-time expenditures, enterprise funds (Gas, Refuse, Water, Airport, Development Services, Harbor etc.) and all other (Successor Agency (Redevelopment fund), Debt Service, Internal Service, etc.) funds. Of the total budget, Harbor constitutes 32 percent, or approximately \$982 million, of all proposed spending. The overall 15 percent increase in the total budget from the FY 18 Adopted Budget to the FY 19 Proposed Budget is due primarily to increases in capital budget, pension costs, and negotiated wages throughout all funds.

Total Budget (\$ in millions)				
	<u>FY 18 Adopted</u>	<u>FY 19 Proposed</u>	<u>% of Total</u>	<u>% Change</u>
General Fund - Recurring	\$ 461.1	\$ 498.8	16%	8%
General Fund - One-Time	39.9	38.8	1%	-3%
Enterprise Funds	1,174.4	1,446.8	48%	23%
All Others	<u>973.4</u>	<u>1,053.8</u>	<u>35%</u>	<u>8%</u>
Total	\$ 2,648.8	\$ 3,038.2	100%	15%

GENERAL FUND

The General Fund, which accounts for approximately 17 percent of the total budget, provides much of the resources for critical core City services. This includes policing, fire response, parks, streets and sidewalks repair, and library services. Most other funds and resources are restricted by law for other purposes and cannot be used to support these basic functions.

As part of its financial planning, the City annually projects the General Fund financial status three years into the future, assuming no change in service levels. A preliminary projection is provided at the beginning of the budget process and an updated projection is provided when the proposed budget is released.

Two different projections are provided in the table below based on different assumptions regarding employee wages. Employee wages are the major part of any City's budget. Therefore, in projecting a future surplus or shortfall, the assumption for wage costs is critical. Current employee contracts end at the end of either FY 18 or FY 19 and are expected to be open for negotiation for FY 20 and FY 21. Historically on average, over a long time-period, Long Beach employees have typically received wage increases close to the cost of living, although for specific years raises might have been higher or lower than the cost of living. To account for both the impact and uncertainty of negotiated raises, two different projections are provided for the out years – one that assumes wage increases based on projected cost of living and one that assumes no wage increases.

The first projection shows a potential \$9.3 million shortfall for FY 20 and \$0.8 million surplus for FY 21, assuming the FY 20 shortfall is structurally resolved first and employees receive no wage increases. The second projection shows the impact of employees receiving a cost of living increase of 2.7 percent each year (based on the CPI-U Los Angeles projection), that will add approximately \$8.3 to \$8.6 million annually and result in a shortfall of \$17.6 million in FY

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20 and \$7.8 million in FY 21. This is only an example and does not necessarily have any relationship to what may actually occur; other wage increases will result in different shortfalls.

General Fund Surplus / (Shortfall) in \$ Millions				
	FY 19 Budget	FY 20 Projection	FY 21 Projection	Cumulative
No Wage Increase Assumed	0.0	(9.3)	0.8	(8.5)
Cost of Living Wage Increases Included	0.0	(17.6)	(7.8)	(25.4)

* This chart assumes that the shortfalls are structurally solved each year and any structural surplus is assumed to carry over to help address any structural issues in the following year.

There are a multitude of drivers that impact the three-year forecast on both the revenue and expenditure side. Details of the deficit drivers are shown in the table on the next page, which reflects the scenario where cost of living wage increases are included. The table also show that while the City is projected to experience revenue growth, expenses are increasing at a faster pace. Pension costs are driving the growth in expenses throughout the outlook, which, while costly, puts the City on the path towards fully funding the pension unfunded liability and ultimately reducing costs in the future.

The FY 19 Budget is balanced after initially projecting a significant shortfall. With the support of the Mayor and City Council early in the FY 19 budget development process, staff proposed a pathway to achieve a balanced budget through budget balancing actions that were reviewed and approved in concept by the City Council. The table on the next page includes all the FY 19 budget balancing strategies reviewed and conceptually approved by the City Council, as well as additional adjustments, such as increasing the budgeted price of oil to \$55 a barrel. Some of these balancing items include the following:

- \$844,000 increase in revenue from the budgeted increase of oil prices to \$55 a barrel.
- \$3.3 million increase in revenue due to increasing parking citation fines by \$10 across all types of citations.
- \$700,000 increase in revenue from Transient Occupancy Tax applied to Short Term Rentals (An assumption of \$1.4 million total in All Funds).
- \$311,000 increase in revenue from bringing ambulance fees up to the County level.
- \$6.3 million use of additional Measure A funds to maintain the status of Public Safety operations for a total of \$11 million of additional Measure A funds for maintenance in FY 19. This has prevented public safety reductions and is currently funding 108 police officers and firefighters that would not have otherwise been supported by the City's current revenues. It is important to note that Measure A is not being used to pay for any salary increases. Details on Measure A sources and uses can be found in Attachment A and also in the City Ballot Measures Chapter of the Budget Book.

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General Fund Surplus / (Shortfall) Drivers*				
(\$ in Millions)				
Incremental Changes in Revenue and Expense	FY 19 Proposed	FY 20 Projected	FY 21 Projected	3-Year Total
Uplands Oil Transfer	.2	(.7)	(.4)	(.9)
Property Tax	7.3	3.5	4.4	15.2
Transient Occupancy Tax	1.4	1.6	1.7	4.8
Sales Tax & Measure A	4.7	3.2	3.2	11.2
Utility Users Tax	(2.6)	.0	.0	(2.5)
Other Revenue Change (e.g. VLF, Electric/Pipeline Franchise)	10.1	2.8	2.7	15.7
Total Revenue Impact	21.2	10.5	11.7	43.4
Percent Change	4.5%	2.1%	2.3%	
Natural Salary Growth & Negotiated Raises	(7.9)	(1.3)	(1.3)	(10.6)
Cost of Living Increase Assumption		(8.3)	(8.6)	(16.9)
CalPERS Pension Changes	(10.5)	(9.7)	(7.9)	(28.1)
Health Benefit Related Increases	2.0	(1.0)	(1.1)	(.1)
Council Approved Initiatives (e.g. Critical Technology, Maintenance, Civic Center)	(6.4)	(6.6)	(.4)	(13.4)
Other Miscellaneous Changes (e.g. Debt Service, MOUs, Liabilities)	(9.1)	.2	1.1	(7.8)
Total Expense Impact	(32.0)	(26.8)	(18.2)	(77.0)
Percent Change	6.9%	5.2%	3.3%	
Additional Impacts To Projected Surplus/(Shortfall)				
City Manager Budget Proposals	3.1	-	-	3.1
Backing out Measure A related revenue increases**	(3.4)	(1.3)	(1.3)	(6.0)
Backing out Measure A funded expenses (maintenance)**	11.0	-	-	11.0
Saved Surplus from Previous Year - Non-Measure A***	.1	.1	-	.2
Measure B (Rainy Day Fund) for MA	(.1)	(.1)	(.1)	(.2)
Projected Surplus / (Shortfall)****	.0	(17.6)	(7.8)	(25.4)

* Negative numbers represent costs/hits to the fund and positive numbers represent savings/benefits to the fund. The amounts in the chart represent incremental changes from year to year, with the 3-year total column reflecting the total revenue or expense change from the FY 18 Adopted Budget.

** Measure A related revenue and expense increments need to be backed in order to calculate the surplus/(shortfall) unrelated to Measure A as Measure A sources and uses are accounted for and tracked separately.

*** The small surplus in FY 19 is used to reserve Cannabis related Measure B costs in FY 19, but is structurally available to carry over and help the FY 20 shortfall.

**** This assumes that the shortfalls are structurally solved each year, and any structural surplus is assumed to carry over to help address any structural issues in the following year.

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Other key assumptions included in the projections are as follows:

- FY 19 service levels are maintained with no new or expanded services
- No change in the limited capital spending from the General Fund. (not including Measure A)
- Includes current revenue growth rates and assumes no recession and no factoring of future accelerated economic growth.
- Civic Center costs are as originally anticipated with occupancy in July 2019.
- No major change in cannabis revenue and cost balances.
- Oil prices remain stable.

Proposed FY 19 Changes By Department

The next table summarizes the FY 19 General Fund proposed changes to departmental budgets excluding one-times, along with the budgeted position changes. Many of the budgeted position increases are also not actual new position enhancements but reallocation of positions from other funds. As shown in the table, the FY 19 Proposed Budget for the General Fund generally maintains the relative priorities established by the Mayor and Council during previous budget cycles. Public safety is approximately 71 percent of the overall General Fund budget, which is an increase compared to the previous years largely due to Measure A related maintenance and enhancements that are funded with Measure A revenues.

Significant changes by department are detailed in Attachment C and D to this Executive Summary and in the Department Budget Chapters.

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FY 19 General Fund Impacts by Department				
Departments	FY 19 Proposed Changes	Position Changes ⁽²⁾	FY 18 Proportion of General Fund	FY 19
Police	(1,676,080)	37.57	47.9%	48.2%
Fire	(186,600)	13.00	19.2%	19.8%
Disaster Preparedness and Emergency Communications	(85,326)	-	2.8%	2.6%
Public Works	(4,207,113)	3.13	8.1%	8.0%
Parks, Recreation and Marine	1,179,196	(1.27)	7.4%	7.4%
Library Services	(63,651)	(0.52)	3.0%	2.9%
Elected & Appointed	286,061	2.00	4.9%	4.8%
All Others ⁽¹⁾	(7,264,024)	5.10	6.7%	6.2%
TOTAL	(12,017,538)	59.01	100.0%	100.0%

(1) Includes City Manager, Citywide Activities, Development Services, Financial Management, Health & Human Services and the Economic Development Departments.

(2) Many of the position changes reflect reallocations from other funds.

Major General Fund Revenue Trends

Typical day-to-day local government functions such as police, fire, library and parks and recreation services are largely funded by the General Fund. Revenues in the General Fund are typically unrestricted in their use and predominantly derived from local taxes. In FY 17 and FY 18, taxes accounted for 69 percent of General Fund revenues. In FY 19, Property Taxes, Sales Tax (including Measure A), Property Tax in Lieu of Vehicle License Fees (VLF) and Utility Users Taxes (UUT), alone account for 61 percent of General Fund revenue.

Due to the nature of the retail base in Long Beach, sales tax revenue (not including Measure A) is projected to experience moderate growth in FY 19. Overall UUT is expected to decrease between FY 18 and FY 19, largely due to a 14 percent decrease in Telephone Users Tax related to the continued erosion in wired revenues due to limited numbers of new subscribers and a highly competitive price environment.

Property Taxes continue to rebound from the recession. In FY 19, positive growth in assessed valuations is anticipated and is also seen in Property Tax in Lieu of VLF, which is tied to changes in citywide assessed valuation. Additionally, growth in property tax is being driven by the growth in assessed valuation of properties in the former Redevelopment Agency (RDA) project areas. Starting FY 18, revenue from the Redevelopment Property Tax Trust Fund will be reduced by an estimated \$1 million each year until FY 22. This is due to a Los Angeles County settlement with local school districts which found that the Education Revenue Augmentation Fund (ERAF) should have been included when calculating tax increment pass-through payments to taxing agencies. Current outstanding property tax assessment appeals may also limit near-future property tax revenue. Although the City is not anticipating large successful appeals in FY 18 and FY 19, the City will continue to monitor appeals closely due to the uncertainty related to the timing and impacts. The pace of property tax revenue growth in Long Beach is also tied to oil-related property taxes. Unless there is significant change in

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the price of oil, it is anticipated that oil prices will experience a moderate year-over-year increase, which will be positive for related property tax revenue. The FY 19 General Fund budget also includes growth in Transient Occupancy Tax (TOT), which is charged on hotel room stays. The FY 19 budget is based on the City's continued year-over-year increases in average daily rates, occupancy and average revenue per available room. In addition to growth in current TOT revenues, the FY 19 budget includes \$1.4 million in anticipated new revenues from short-term rentals (\$700,000 in the General Fund and the Special Advertising and Promotions Fund). This assumes collections start in January 2019.

On June 7, 2016, the electorate added a Transactions and Use (sales) Tax, known as Measure A, on the sale and/or use for a ten-year period. The first six years of the tax will be at a rate of one cent for every dollar spent (or 1 percent), and then decline to one-half cent for every dollar spent (or one-half percent) for the remaining four years. The tax will automatically terminate after the tenth year. The new sales tax went into effect on January 1, 2017 and is projected to generate approximately \$54.5 million in FY 19, which will be deposited in the General Fund. This is an increase from original estimates based on actual activity and current trends. The growth in Measure A revenue will be used to maintain and enhance public safety and provide significant critical investments in the City infrastructure. Since this is a relatively new tax, it will be continued to be watched carefully, as the revenue estimate is currently based on short-term historical data.

On November 8, 2016, the electorate added a business license tax on cannabis businesses through the passage of Measure MA. Measure MA set a gross receipts tax for sales of both medical and recreational cannabis and established a tax on cannabis cultivation, processing, testing and distribution in the City. Measure MM authorized medical cannabis businesses to operate in Long Beach. FY 18 projected revenues from medical cannabis revenues are projected to end the fiscal year significantly below the budget of \$5.2 million due to the current pace for cannabis businesses to begin operating. The FY 19 General Fund budget anticipates approximately \$5 million in revenues, which is slightly less than the FY 18 Budget of \$5.2 million. FY 19 revenue assumes an uptick from FY 18 in business openings and some new revenues generated from commercial adult-use cannabis. Similar to Measure A, this is a relatively new tax dependent on the rate at which new businesses apply, and revenues will be watched carefully.

Oil Revenue

Both price and production efforts impact the City's oil revenues. The price drop of oil has led to a dramatic reduction in both Uplands revenue, which partially funds General Fund operations and one-time investments, and in Tidelands revenue, which is a major funding source for both operations and capital investment in the Tidelands area. In addition, the oil property-based property taxes in the General Fund have been impacted, and oil production-based taxes for both the City's General Fund and Police and Fire Public Safety Oil Production Act Fund (Prop H) have also been impacted. FY 18 is on track to exceed the projection of \$45 per barrel assumed in the FY 18 budget, which is budgeted at \$5.8 million as a transfer to the General Fund. The price of oil is currently trending higher at around \$70 per barrel which will help mitigate the impacts of other General Fund revenues that may potentially come in under budget in FY 18. For FY 19, forecasted revenues use the assumption that oil production will be budgeted at the \$55 per barrel level, which will generate an estimated \$9.1 million to the General Fund. By increasing the price of oil, there is increased risk that projected revenues

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will not be achieved and there is less likelihood of surplus revenues that can be used for one-time purposes. For budget purposes, we are projecting that out-year oil prices will remain flat from FY 19. Net oil revenues are also impacted by increased cost, primarily the cost of oil well abandonment and annual increases to oil-related expenditures.

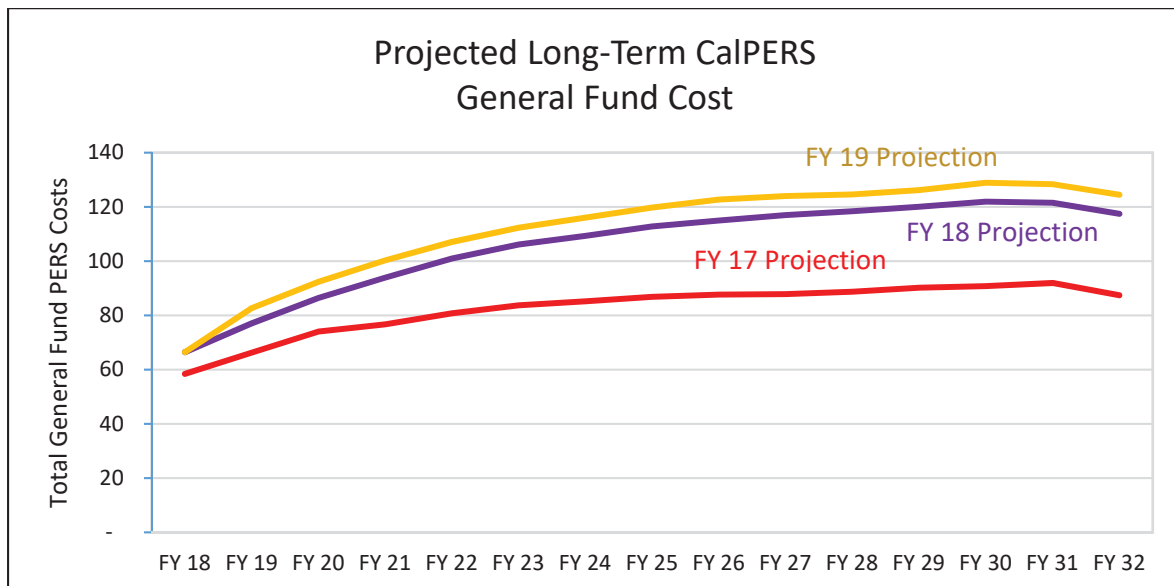
In millions of \$	FY 16 Actual	FY 17 Actual	FY 18 Est.	FY 19 Budget	FY 20 Proj.	FY 21 Proj.
Barrel Price Estimate	\$ 36.9	\$ 46.6	\$ 70.0	\$ 55.0	\$ 55.0	\$ 55.0
Uplands	\$ 8.2	\$ 9.6	\$ 11.0	\$ 9.1	\$ 8.5	\$ 8.1
Tidelands	\$ 9.7	\$ 15.3	\$ 13.7	\$ 11.4	\$ 9.9	\$ 8.3

Major General Fund Expense Trends

The City's FY 19 incremental expense increase is mostly due to higher pension costs and negotiated salary increases for City employees.

Pension Costs Increases

The single largest expense driver is in the area of pension costs and is due to the City paying off its unfunded liabilities. Over the past few years, the CalPERS board approved changes to its investment strategy and expected returns, in order to minimize the risk of potentially huge employer costs in the future if there are large investment losses. To fund the plan in the future, the result of this change has been increasing the City's pension costs each year, which continues into FY 19. In FY 19 General Fund pension costs is anticipated to increase by approximately \$10.5 million from the prior year. This rate of growth is expected to slow and to peak in FY 31 and then decrease slowly thereafter. These increased costs will ultimately save money in the long-term as the City pays down its unfunded liability. The following chart shows the previous FY 17 and FY 18 projections compared to the current FY 19 projection.



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This situation would have been much worse if not for the pension reform that was agreed to by all employee groups in the past. This is saving the City \$13.8 million per year in the General Fund (\$24.7 million in All Funds). In addition, the City will once again make an early payment of the unfunded liability portion for FY 19. This action will save approximately \$1.4 million to the General Fund, which has been incorporated into the budget.

Unfunded Priority Needs and Unfunded Liabilities

Demonstrated fiscal prudence by the City over recent years has made it possible to deliver balanced annual budgets that have kept services intact to the greatest extent possible. However, many critical and liabilities remain unfunded and are not included in the FY 19 Proposed Budget due to lack of funds. The City's Financial Policy 13 requires that "unfunded lifecycle replacement costs and deferred maintenance costs be explicitly identified in the budget and the budget shall include a discussion of them, including general information on the funding of those costs." To begin this discussion, during the FY 19 budget process, City departments provided preliminary information on their unfunded lifecycle replacement, deferred maintenance, and critical one-time needs. This section discusses examples of these unfunded needs, as well as provide a review of unfunded liabilities and how they relate to long-term fiscal challenges.

Full funding of these needs is not feasible, but recognizing them and prioritizing what can be done is important to help improve decision making and the future well-being of the City, its residents, and its businesses. Continuing this discussion will provide a foundation for better integrating the annual budgeting process, the City's CIP, and other long range planning activities such as the City's General Plan Update and Climate Action and Adaptation Plan (CAAP). Understanding unfunded needs and deferred maintenance costs will help the City better address issues in a more cohesive and strategic way. There is no short-term or easy answer for how to address all of the City's unfunded needs. In the long run, it will require strategic and creative approaches to creating win-win opportunities for sustainable development of and investment in the City's public assets.

These needs should continue to be assessed, evaluated, and refined and if any additional funding becomes available, it is strongly recommended that these unfunded high priority needs and/or unfunded liabilities be reviewed and prioritized for any additional funding that arises through the budget process.

Immediate Critical Needs

The City has a number of immediate critical needs, which are defined as needs required within the next year or two for potential legal reasons, safety reasons, or to maintain operations at current or expected service levels. For example, the historically low levels of rainfall over the past several years has necessitated more resources to fund additional water to irrigate the City's parks and open space. Moreover, the lack of rainfall and adequate resources to fund irrigation of the parks has also exacerbated the number of dead and seriously injured trees and created an immediate critical need for tree removal. Although funds are not currently available to sufficiently care for trees in the City's parks, the longer such needs are not able to be met, the more likely trees will be damaged or die.

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Another example of immediate needs are the care of systems critical for day-to-day and emergency communications at the City's Emergency Communications and Operations Center (ECOC). There have been electrical system issues over the past few years and updated equipment is needed.

Lifecycle Replacement

Equipment needed for City's operations need to be replaced at the end of their useful life. This is known as lifecycle replacement. The costs to replace all equipment and technology should be built in to the City's operations at the end of their normal useful life. In some cases this is done (such as for most vehicles and for desktop computers), but for other equipment (e.g. first responder chemical suits, radiological monitors, air monitoring devices, Self-Contained Breathing Apparatus (SCBA) for fire incidents, etc.) there is not regular funding to do so.

Deferred Maintenance

Ongoing maintenance needed to keep assets, equipment or materials, and even trees in good condition is often deferred because of limited funding. This is true in cities across the country and in many businesses also. The City has worked to fund as many maintenance needs as possible and the voter approval of Measure A has provided new funds and voter approved Measure M has helped avoid cuts to maintenance. Deferred maintenance is often necessary in the short run but often leads to higher costs and eventually critical needs. Deferred maintenance includes street improvements, and stormwater protection system, citywide facility repairs, and tree trimming. In total, these needs are estimated at well over \$1.0 billion.

Unfunded Personnel Related 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 \$1.5 billion in these unfunded liabilities, summarized by the following table:

Current Unfunded Liabilities	
\$ in millions	
Pension	\$ 1,186
Sick Leave	135
Retiree Health Subsidy	50
Workers Compensation & General Liability	156
Total	\$ 1,528

Unfunded liabilities are costs for services already delivered, but the cost has not yet been paid for in full and are not yet funded. When applied to employee benefits, which are the major components of service costs, the unfunded liability represents the unfunded portion of the cost 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 especially when made retroactive, and under-funding. The amounts of the unfunded liabilities will vary from year to year based on these factors.

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With the recent changes to the CalPERS investment policies, the City will be on track to pay off the unfunded pension liability in approximately 30 years through increased contributions. For the other unfunded liabilities, however, the current annual funding for the associated employee benefits is not large enough to reduce the unfunded liabilities. There remains some underfunding of the current costs to provide for the retiree health subsidy.

This budget takes an additional step towards the reduction in unfunded liabilities by setting aside 5 percent of one-time revenue that will be calculated and reserved as part of FY 18 Year-End close.

STATUS OF OTHER FUNDS

In addition to the General Fund, the City maintains 37 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.

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 capital replacement, preventive maintenance, repair, and fueling charges. Fleet's replacement budget is \$18.6 million for FY 19, which represents a \$14.3 decrease from FY 18 Adopted Budget and reflects Fleet's estimates on replacements that will be purchased and placed into service during FY 19 only, which include vehicles from prior year Replacement Plans. The FY 19 replacement plan includes \$3.3 million for the purchase of up to 68 public safety vehicles, which are replacing an aging patrol and public safety fleet. Fleet continues to evaluate and review its acquisition charges to user departments and there may be updates in future years. Alternative fuel vehicles are estimated at 52 percent of the total replacements purchased in FY 19, continuing our goals to reduce greenhouse gas emissions and provide cleaner burning, more fuel-efficient vehicles to City departments.

General Services Fund

The primary revenue source for the General Services Fund are internal charges to City Departments, which account for over 87 percent of total revenues. This cost recovery model is intended to allocate 100 percent of eligible costs to provide services to City departments. The fund is used to account for the operation, maintenance and replacement of the City's information and communications systems. This includes the cost for systems' hardware and software, as well as support services provided by the Technology and Innovation Department. FY 19 includes budget enhancements to implement critical technology needs, progress on other important departmental projects and maintain operations, such as increased support in administration, cyber security, help desk, asset management, ServiceNow, public safety systems, database administration, utility billing and other infrastructure improvements. Recent studies have identified both short-term critical needs and longer-term technology issues facing the City. The needs are both one-time and ongoing. The issues include, but are not limited to, basic data center processing equipment, communications equipment and infrastructure for public safety and other communications, security cameras around the City,

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handheld radios (public safety and others), and fiber communications capabilities. Although a number of important needs have been addressed in this budget, there are still unfunded needs. Staff are exploring options to fund these needs and prioritizing what are essential and what may be funded in future 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. Since FY 14, SERRF has been incurring costs for ash disposal and hauling to the El Sobrante Landfill due to the closure of the Puente Hills Landfill in November 2013. As a result, SERRF began to draw from its funds available to cover the ash disposal costs, as well as to partially cover other operating expenses. As provided for in its Joint Powers Authority (JPA) agreement, the SERRF Fund had built up a fund balance over the years to cover its anticipated negative cash flows as it nears December 2018 when its bonds are completely paid off, and the electrical generation contract between the City and Southern California Edison expires.

In FY 18, staff concluded negotiating agreements with California Independent System Operator (CALISO) and Southern California Edison to sell power after the expiration of the current electrical generation contract in December, 2018. Although the proposed agreements will result in a substantial revenue decrease to the fund, it will provide flexibility and less risk should operations end. An estimated level of reduced revenue was included in the FY 19 budget. The revenue decrease is partially offset by an increase in revenues from reserve proceeds, continued year-to-year exemption from the costs associated with AB32, the State's greenhouse gas initiative, as well as aggressively increasing its private hauler tip and disposal fees to align with market rates. In addition to these efforts, staff will continue to explore solutions to address the SERRF facility's potential long-term viability and extend operations beyond 2024.

Gas Fund

The Gas Fund finances the provision of reliable and cost-competitive natural gas service to customers in Long Beach, Signal Hill, and portions of neighboring jurisdictions while ensuring continued pipeline infrastructure integrity. Ninety percent of the Gas Fund's revenues are received directly from gas ratepayers through metered gas sales. Gas Commodity prices are primarily affected by national natural gas market fluctuations and variations in weather conditions. Improved extraction technologies have recently resulted in an abundance of additional gas supplies nationwide, causing continued downward pressure on 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 gas pipelines installed between the years 1920 and 1950.

In FY 14, the City Council authorized the Energy Resources Department (ER) to enter into contracts with various entities to implement an Advanced Metering Infrastructure (AMI) system

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for the benefit of its natural gas customers. In early FY 18, ER completed deployment the AMI system for more than 154,000 gas meters. The AMI system's full capabilities enable gas utility customers to utilize an array of interactive tools to monitor and optimize gas consumption. The AMI "smart meter" system greatly enhances privacy and security as monthly visits from contract meter readers are no longer necessary. Furthermore, AMI eliminates 160,000 annual vehicle trips with a corresponding reduction in CO₂ emissions by 400,000 pounds annually. The total project cost was \$22.1 million, with the majority financed under an equipment lease-purchase agreement and Gas Fund reserves designated for this project.

Under California law, ER has been accruing Cap and Trade (AB 32) revenue through the mandated auction of state issued energy credits. This revenue must be expended on City projects consistent with the greenhouse gas reduction goals of AB 32. Funding guidelines stipulate that 35 percent of the funds must be used to benefit disadvantaged and low-income communities. The City is proposing to use \$3.0 million of AB32 revenue in FY 19 to fund energy efficient enhancements to City facilities.

On June 3, 2018, a 25-year pipeline lease agreement between the City and Southern California Gas (SCG) expired and SCG has indicated it will not renew the lease. FY 18 revenue is anticipated to be \$3.4 million which is a \$1.35 million reduction from the previous year. It is anticipated that the remaining lease revenue will be eliminated in FY 19 for a total reduction of \$3.4 million. However, this reduction is offset by the continued increase in revenues from gas transmission charges and the reduction of expenditures for meter reading by Corix, which is no longer needed upon completion of the AMI project. Higher transmission revenue experienced in FY 18 and the City's intentional reductions to historical Gas Fund transfers have led to a strong and healthy Gas Fund fund balance. Staff will continue to monitor the Gas Fund's financial health to ensure that customers are appropriately served and pipeline integrity is being maintained with an adequate level of repair and replacement.

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 one-year period. Additionally, the Successor Agency Fund receives an 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. Effective in FY 18 and after an analysis of the City's fund categories, the Successor Agency funds is split into two fund categories: Capital Funds and Debt Service. Funds available at the end of FY 18 in both fund categories will be approximately \$31.7 million, including remaining bond proceeds and RPTTF distributions, which are needed to cover future costs for existing committed projects and debt service payments.

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Property tax that was formerly remitted to the RDA is now paid to all the taxing entities, including the City of Long Beach General Fund, where the City receives approximately 21 percent as residual property tax. In FY 17, there was substantially less residual property tax revenue that flowed to the City due to the approval of assessment appeals in the Port area on possessory interest for values spanning from 2012 to 2015. The impact of the successful appeals was much higher than experienced in prior years and its impact is considered one-time. This is in addition to a significant decrease in combined unsecured values within the West Long Beach Project area starting in FY 17. The revenue projections in FY 18 and FY 19 do not anticipate large assessment appeals and reflect a rebound due to increase values on other properties.

Towing Fund

Optimization efforts continue in FY 19 through the planning and implementation of a new Towing Operations software system to better manage operations. Tow volumes have stabilized over the past several years, though continue to trend lower than volumes in years past, due primarily to changes in State towing and impound laws. Vehicle storage revenues continue to decline year over year. Despite annual storage fee increases, revenues decreased 4 to 7 percent in the past two years. This is indicative of overall decline in the number of paid storage days. To support ongoing operations and to fund one-time costs for the upgrade and replacement of perimeter fencing and the security camera system, fees are recommended to be increased by 6 to 13 percent in FY19.

Refuse Fund

The primary source of revenue for the Refuse Fund is from refuse and recycling charges, which account for approximately 94 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, fees paid by the City's licensed private refuse haulers for AB 939 compliance, and interest income. The fund previously had a substantial funds available balance, which has been declining over the last few years due to annual operating shortfalls. After multiple years of identifying and implementing various efficiency measures, the fund continues to operate with a structural imbalance. To address the structural imbalance, the City retained an outside consultant to complete a comprehensive cost of service review and develop a rate model. The study will recommend a rate increase sometime in FY 19 to better reflect the cost of service to the ratepayer. The proposed rate will be the first of a multi-year effort to achieve structural balance to cover all costs related to providing solid waste services to the City. With the rate increase, it is intended that Long Beach's average refuse and recycling rate for single family homes will still remain lower in comparison to the average rates in Los Angeles County, as well as other similar full-service cities such as Los Angeles, Pasadena, Burbank and Santa Monica. While the City has adjusted the rates in the past for general CPI increases, there has not been a general refuse rate increase since 2003.

Airport Fund

The Airport Fund is exclusively used to finance the Long Beach Airport's operations, including the safety and security of the Airport, the exceptional customer service to passengers, the improvement of quality of life in the surrounding community, and providing a fair and

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reasonable operating cost to our business partners. Airport revenues generated from Airline fees, parking operations, concession sales, long-term ground leases of Airport property, and other business operations support the Airport Fund. The Federal Aviation Administration (FAA) also provides revenue to the Airport Fund through its Airport Improvement Program (AIP). The Fund also receives Passenger Facility Charges (PFC) and Customer Facility Charges (CFC) from air carriers and car rental agencies, respectively. The Fund does not receive any General Fund dollars.

In FY 19, the Airport Fund expects to receive over \$45.8 million in operating revenues in addition to over \$7.7 million in PFC revenues and \$1.9 million in CFC revenues. This is attributed to the stability of passenger activity level at over 3.9 million passengers annually. With revenue and passenger stability at levels above historic norms, the Airport is able to reduce its rates and charges to airlines by 5 percent to maintain a Cost per Enplanement (CPE) metric below \$10 – a key metric used by Airlines in determining which airports to serve.

In addition to operating revenues, the Airport fund receives grant funding from the FAA and the Transportation Security Administration (TSA). These sources of revenues place the Airport Fund in a strong financial position to meet financial obligations of operating and maintaining the Airport while providing sufficient funding for Airport capital improvement projects. Phase II for the Airport's Terminal Area Improvement Project is one of the largest undertaking in the Airport's history. The \$69 million project is fully funded by the Airport Fund and involves major improvements and new constructions on the pre-security side of the Airport, including a new airline ticketing facility, consolidation of the baggage claim areas, a new baggage screening facility, improvements to the terminal building, a concessions area, and a rental car quick turnaround area and storage lot.

Uplands Oil Fund

The Uplands Oil Fund accounts for oil revenue outside the Tidelands area and accounts for all costs and revenues for the City's proprietary oil interests, including accumulating reserves for the City's portion of oil well abandonment and site clearance liabilities. Revenues are derived from participation in oil operations and overhead fees received by the City as Unit Operator for the Tidelands Oil operations. The price of oil has shown frequent oscillations and occasional sharp drops. The price of oil has recovered from the lows of early 2016 where the price reached a low of \$20 per barrel and is projected to end FY 18 averaging approximately \$70 per barrel. As stated in an earlier section on Oil Revenue, the FY 19 Proposed Budget includes a projected price of oil of \$55 per barrel, or \$9.1 million structurally to the General Fund. Staff continually monitors and reports on oil markets and production for any changes that might impact the City's finances.

Tidelands Operations Fund

Tidelands funds are customarily combined under the umbrella of Tidelands Operating Funds. To facilitate understanding and transparency of the status of the funds, the FY 18 Budget separated out the Tidelands Operations Fund from the other Tidelands Area Funds (Marina, Queen Mary and the Rainbow Harbor Area funds). The Tidelands Operations Fund, which primarily funds operations along the beaches and waterways is heavily dependent on base oil revenue and an annual transfer from the Harbor Revenue Fund to support Tidelands Operations, which includes lifeguards, waterfront maintenance, the Convention Center, and

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Aquarium debt payments. The FY 19 Proposed Budget includes a projected price of oil of \$55 per barrel, which equates to \$11.4 million to the Tidelands Operations Fund. Any surplus oil revenue is historically made available to support capital improvement projects in the Tidelands area. In FY 18, \$3.05 million in oil revenue above the budgeted amount is projected. Overall for the whole fund, \$4.1 million of surplus funds is projected by the end of FY 18. A list of projects being proposed that utilize this surplus is included in the FY 19 Proposed Capital Improvement Program budget. An additional \$1.07 million for the purchase of in water debris collection system to allow for three-times the amount of debris clean up on our beaches and waterways has also been identified through project savings in existing capital projects in the Tidelands Operations Fund. Funds for this endeavor are included in the Parks, Recreation and Marine operating budget.

Tidelands Area Funds

Tidelands Area funds are comprised of the Marina, Queen Mary and Rainbow Harbor Area funds. Sources of revenue for these funds are generated from various activities, specific to each fund. The Marina Fund revenue include slip fee rentals for recreational boats, commercial enterprises and ground leases for certain marina adjacent properties. Surplus revenue generated by marina boat slip rental is pledged to repay the 2015 Marina Revenue Bonds issued for waterside improvements to the Alamitos Bay Marina. Queen Mary Fund revenue is generated by base rents from the lease of the site and Catalina Express operations and passenger fee revenue from Carnival. In FY 18, \$17.3 million in bond funds were received and appropriated to provide for critical repair work to the Queen Mary being overseen by the Queen Mary operator, Urban Commons. Passenger fee revenue and base rent payments were pledged by Urban Commons to pay the debt service on the bonds.

Health Fund

The Health Fund was established to account for funds restricted for public health purposes only. The Health Fund accounts for revenues and expenditures associated with Federal, State and local grants, health permits, and other fees. In FY 19, the City will benefit from a County Measure H grant award of \$2.6 million to implement Homeless Initiative strategies to combat homelessness in Los Angeles County. On June 14, 2018, the California State Legislature approved the State's Homeless Emergency Aid Program budget for FY 19. It includes unprecedented investments in funding infrastructure and services to reduce homelessness in California, including approximately \$12 million to the City of Long Beach. The primary focus of these one-time funds will be to establish a year-round shelter for those experiencing homelessness in Long Beach; none of these funds will be used for planning or on-going operations. Staff will continue to monitor the challenges facing the fund that include: growing capital and infrastructure needs; rising technology cost; rising benefit costs; and increased restrictions placed on grants, all of which are funded with either the same or a declining level of resources. Staff is closely monitoring the fund, reviewing cash flow and identifying strategies to address these ongoing needs to ensure levels of services are maintained.

Police and Fire Public Safety Oil Production Act Fund

On May 1, 2007, the voters approved the Police and Fire Public Safety Oil Production Tax (Proposition H), a special tax of 25 cents, with an annual CPI increase on every barrel of oil produced, and restricted to fund police and fire services. The tax assessed through June 30,

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2017 was \$0.30/barrel oil produced, and effective July 1, 2018 the tax will remain at \$0.30/barrel oil produced. In FY 19, a technical adjustment was made to better manage the level of support Proposition H gives to public safety services by budgeting staff and materials (supported by the Proposition H Fund) directly in the General Fund and recognizing Proposition H support through a transfer of costs between the funds. This technical adjustment will streamline the budgeting for Proposition H and does not change the timing or type of expenses that Proposition H supports as set in the City's Municipal Code. Additionally, due to increases in costs, the level of support Proposition H can provide to the General Fund is projected to decrease in FY 19. This Fund will continue to be closely monitored in FY 19, since oil production is impacted by the price of oil and will impact Proposition H revenue.

Gas Tax Street Improvement Fund

The Gasoline Tax Street Improvement Fund is used to account for the receipt and expenditure of gasoline tax funds apportioned under the State Streets and Highways code, as well as other sources dedicated to street improvements such as grant revenue. Expenditures in this fund may be made for any street-related purpose on the City's system of streets, including reimbursement to the General Fund for eligible street maintenance costs. For FY 19, the Proposed Budget includes \$19.9 million in expenditures; \$11.8 million in capital street improvements and \$8.1 million for street maintenance.

With the passage of Road Repair & Accountability Act (SB-1) by the State legislature, FY 19 gasoline tax revenues are anticipated to increase. The additional funds through SB-1 will provide additional funding for capital street improvements. A total of \$8.5 million in SB-1 revenue is estimated for FY 19, an increase of \$5.2 million as compared to FY 18. It is anticipated that non-SB-1 related Gas Tax will remain flat.

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 64 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 \$156 million. The City will be challenged to keep workers' compensation costs from increasing without reforms from the State.

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, is currently valued at \$185 million. For the FY 19 Budget for healthcare, the City is recognizing some savings generated from realigning budget to be closer to estimated actuals.

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Community Development Grants Fund

The Community Development Grants Fund is used to account for funds received from the U. S. Departments of Housing and Urban Development (HUD), Labor, Education, and others for economic and community development programs. The Fund also includes county, state and other support for programs. Programs include neighborhood improvement efforts that target low and moderate-income areas of the city, homeless services, affordable housing, workforce development strategies, business assistance efforts, and support for youth development.

Each year, the City actively pursues new funding opportunities to support various programs and services. State and federal grants comprise the majority of revenue in this fund. The balance of revenue is primarily from residential rehabilitation loan repayments, programmable funds carried over from previous years, and from leveraged co-investment between the Workforce Investment Board (WIB) and other partners. The two major resources in the Fund are HUD's Community Planning and Development formula programs (Community Development Block Grant, HOME Investment Partnerships, and Emergency Solutions Grants) for \$ 9.6 million in FY 19, and Workforce Innovation and Opportunity Act (Labor) formulaic allocations, estimated to be \$4.6 million in FY 19, both of which are seeing year-over-year declines in federal appropriations. This has resulted in a need to reduce expenses to match the reduced grants, which includes reducing vacant positions.

SUMMARY OF ATTACHMENTS

The attachments that follow include: a summary of the revenue and uses for Measure A and a list of infrastructure projects (Attachment A), a list of strategic General Fund one-time investments (Attachment B), FY 19 Summary of Significant Changes (Attachments C and D), Impact of Critical Technology Needs on Budget Summary (Attachment E), and Unfunded High-Priority Needs and Liabilities (Attachment F). Presented in these significant budget changes (Attachment C and D) are the fiscal impacts, as well as the position changes, for related activities within departments. For ease of review, all reallocations of resources within departments, offset adjustments, and minor changes have not been included. As figures reflect the net impact to a fund, an increase in expense is shown as a positive number (cost/hit to fund) and a decrease in expense is shown as a negative number (savings/benefit to fund). Accordingly, a decrease in revenue is shown as a positive number (cost/hit to fund), and an increase in revenue is shown as a negative number (savings/benefit to fund).



Measure A

Summary of FY 19 Revenue and Expenditures

	Total	Structural Portion ¹	One-time Portion			
Measure A Revenue in FY 19 <i>Estimate Net of State Board of Equalization Fees</i>	\$ 54,500,897	\$ 27,250,449	\$ 27,250,449			
Prior Year Estimated Surplus Revenue	\$ 2,379,551	\$ -	\$ 2,379,551			
	Total	Structural Uses	One-time Uses	Sworn FTEs Maintained ²	Sworn FTE Added	Non-Sworn FTE Added
Total Uses of Measure A	\$ 56,880,448	\$ 27,250,449	\$ 29,630,000	108.00	39.00	3.00
Invest in Infrastructure (Attachment) <i>(See next page for details)</i>	24,000,000	-	24,000,000	-	-	-
Enhance and Maintain Public Safety						
Police Academy	2,100,000	-	2,100,000	-	-	-
Fire Academy	900,000	-	900,000	-	-	-
Neighborhood Safe Streets	1,900,000	-	1,900,000	-	-	-
Upgrade and New Camera Technology	600,000	-	600,000	-	-	-
Reestablish Police's South Division	1,538,272	1,538,272	-	-	8.00	2.00
Quality of Life Officers - Enhancement	371,917	371,917	-	-	2.00	-
HEART Team - Enhancement	565,232	435,232	130,000	-	2.00	-
Restore Fire Engine 8	2,296,881	2,296,881	-	-	12.00	-
Restore Policy Academy Staffing	1,408,805	1,408,805	-	-	9.00	-
Restore Paramedic Rescue 12	1,110,176	1,110,176	-	-	6.00	-
Maintain Police Services	13,776,059	13,776,059	-	77.00	-	-
Maintain Fire Services	5,559,640	5,559,640	-	31.00	-	-
Contribution to Rainy Day Fund <i>(Required by Measure B)</i>	545,010	545,010	-	-	-	-
Administration of Measure A	208,458	208,458	-	-	-	1.00

¹ Structural portion is available for either ongoing operations or one-time purposes. Structural means continuing from year-to-year.

² The FY 19 budget prioritizes the use of Measure A to maintain existing levels of Police and Fire services. "Sworn FTEs Maintained" represents the equivalent number of sworn FTEs retained through FY 19 that may have otherwise been reduced.

Measure A**Year Three Infrastructure Project List**

Mobility	\$ 8,450,000
Residential Street Repair	2,500,000
Curbs & Sidewalks	4,000,000
Alley Improvements	1,800,000
Naples Bridges Improvements	150,000

Public Facilities	\$ 8,215,000
Citywide Facility Condition Assessment	1,750,000
Fire Station 1 Improvements	495,000
Fire Station 14 Improvements	295,000
Fire Training Center Improvements	200,000
Public Safety Building Improvements	650,000
West Police Station Building Improvements	500,000
Emergency Operations Center	540,000
Alamitos Branch Improvements	1,261,000
El Dorado Branch Improvements	1,374,000
Library Roof Improvements	250,000
Animal Care Facility Improvements	300,000
Health Department Building Improvements	600,000

Parks & Recreation	\$ 5,396,500
Citywide Park Irrigation Improvements	357,500
Rehabilitate El Dorado Duck Pond	1,754,000
Davenport Park Phase II	1,500,000
Drake Park - Restroom Replacement	630,000
El Dorado Park - Restroom #41 Rehabilitation	180,000
El Dorado Park - Restroom #40 Rehabilitation	180,000
El Dorado Tennis Courts Improvement	100,000
Los Cerritos Park Sports Courts Improvement	100,000
Silverado Park Sports Courts Improvement	100,000
Urban Forest Investment (trimming/planting/irrigation)	495,000

Utilities	\$ 1,938,500
Stormwater Protection	1,938,500

Total \$ 24,000,000

Measure A

Recommended Allocation of Measure A Unallocated Funds (FY 19 - 23)

This list only reflects unallocated one-time funds and does not include the funds already allocated as part of the original infrastructure plan that invests \$23.7m in FY 19, \$15.2m in FY 20, and \$12.9m in FY 21.

Projects	Cost (\$ in million)
Infrastructure	
Complete Streets, Sidewalks, Parks Upgrades, Playground Upgrades, Animal Care Upgrades and Facility Improvements	\$ 10.3
Critical Infrastructure Reserve & Cost and Revenue Variances	3.1
Police	
Communication Technology Infrastructure Upgrades	\$ 10.5
Police Academy Facility Rebuild*	15.0
2nd Police Academy	1.8
Body-Worn Cameras	2.0
Total Police	\$ 29.3
Fire	
Communications Technology Infrastructure Upgrades	\$ 5.0
Fire Academy Facility Rebuild	6.5
HEART Team Vehicle	0.1
2nd Academy	0.9
Total Fire	\$ 12.5
Total Infrastructure, Police, and Fire	
	\$ 55.3
Remaining Measure A Funds	
	\$ 0.0

*The Police Academy Facility Rebuild is counted as part of the infrastructure category in the CIP book.

Cash Flow Timing of Recommended Measure A Allocation

The table below shows a projection of when Measure A funds will be available for the recommended uses listed above.

Proposed Public Safety One-Time Additions and Associated Cash Flow						
	FY 19	FY 20	FY 21	FY 22	FY 23	Total
Complete Streets, Sidewalks, Parks Upgrades, Playground Upgrades, Animal Care Upgrades and Facility Improvements	\$ 0.3	\$ 3.3	\$ 3.3	\$ 3.4	\$ -	\$ 10.3
Critical Infrastructure Reserve & Cost/Revenue Variances	-		-	-	-	3.1
Total Infrastructure	\$ 0.3	\$ 3.3	\$ 3.3	\$ 3.4	\$ -	\$ 13.4
Police Communication Technology Upgrades	-	-	1.0	9.5	-	10.5
Police Academy Facility Rebuild*	-	0.5	0.5	7.0	7.0	15.0
2nd Police Academy	0.4	1.4	-	-	-	1.8
Body-Worn Cameras	-	2.0	-	-	-	2.0
Total Police	\$ 0.4	\$ 3.9	\$ 1.5	\$ 16.5	\$ 7.0	\$ 29.3
Fire Communication Technology Upgrades	-	-	-	5.0	-	5.0
Fire Academy Facility Rebuild	-	-	-	0.8	5.7	6.5
HEART Team Vehicle	0.1	-	-	-	-	0.1
2nd Fire Academy	0.9	-	-	-	-	0.9
Total Fire	\$ 1.0	\$ -	\$ -	\$ 5.8	\$ 5.7	\$ 12.5
Total Infrastructure, Police, and Fire	\$ 1.7	\$ 7.2	\$ 4.8	\$ 25.7	\$ 12.7	\$ 55.3

*The Police Academy Facility Rebuild is counted as part of the infrastructure category in the CIP book.



General Fund Strategic One-time Investments - Non Measure A

ATTACHMENT B

Title and Description	Amount
PUBLIC SAFETY	
<u>Police Department Records Management System Critical Upgrade</u> Critical upgrades to the Police Department Records Management System to comply with the Department of Justice's mandate to implement the new national incident-based crime reporting systems.	\$ 2,000,000
<u>Be S.A.F.E. Program</u> Provides structured activities for the young people in our parks during the summer. Funding to continue existing Be S.A.F.E. program sites.	\$ 192,000
<u>Code Enforcement Prosecution</u> Provides funding for the City Prosecutors Office to prosecute Code Enforcement violations in order to improve living conditions and building safety.	\$ 150,000
<u>Body Worn Camera Redaction Services</u> Contracted services for body-worn camera redaction services.	\$ 100,000
<u>Mental Health Clinician</u> Extend jail clinician services with the Office of Civic Innovation (i-Team) and Police Department in a partnership called the Justice Lab, in an effort to minimize recidivism, re-arrest rates, and strain on Police and City services.	\$ 100,000
LIVABILITY	
<u>Parks Critical Water Needs</u> Critical water needs in the City parks to be more in line with plant watering requirements and combat safety issues such as urban tree failures.	\$ 1,200,000
<u>Proactive Homeless Initiative</u> Support citywide efforts to address homelessness, including rapid response, clean-ups, and outreach.	\$ 255,000
<u>Language Access Plan</u> Continue the Language Access Program (LAP) implementation to promote equal access to City services for all residents.	\$ 80,000
OTHER	
<u>Election Expense</u> Expenses related to potential Charter Amendments on the November 2018 ballot.	\$ 663,000
<u>Youth and Children Support</u> Programs or activities supporting youth well-being through a Participatory Budgeting process.	\$ 200,000
<u>Animal Adoption Pilot</u> Animal Adoption pilot program to increase adoptions through Animal Care Services.	\$ 120,000
<u>Volunteer Coordinator Program Pilot</u> Parks volunteer coordinator program position to recruit, coordinate, assign, and monitor volunteers.	\$ 37,710
Total Strategic Investments - General Fund	\$ 5,097,710



Summary of Significant Changes: General Fund

For ease of review, all reallocations of resources within funds, offset adjustments, and minor changes have not been included. As figures reflect the net impact to a fund, an increase in expense is shown as a positive number (cost/hit to fund) and a decrease in expense is shown as a negative number (savings/benefit to fund). Accordingly, a decrease in revenue is shown as a positive number (cost/hit to fund), and an increase in revenue is shown as a negative number (savings/benefit to fund).

Department and Item	Impact	Positions
City Auditor		
Reduce the City Auditor's budget for efficiencies in audit services and contracting.	(11,551)	-
City Clerk		
Reduce the City Clerk's budget for efficiencies in clerk services.	(12,406)	-
City Manager		
Consolidate the Office of Sustainability into the City Manager's Office, including positions, materials, and funding from the Economic Development Department and the Development Services Department for greater oversight and efficiency of the program.	-	3.31
Eliminate a Clerk Typist IV position and reduce materials budget associated with the Cannabis program as part of a citywide right-sizing of program expenses to adjust to the current pace of cannabis business openings.	(100,215)	(1.00)
Increase budget for the Percent for the Arts program payment to the Arts Council, offset by funds from capital projects.	-	-
Reallocate partial funding of a Program Specialist and a Public Information Officer in Public Affairs between the General Fund and the Special Advertising and Promotions Fund.	(54,280)	(0.43)
Reallocate partial funding of a Program Specialist and the Manager of Intergovernmental Affairs between the General Fund and the Special Advertising and Promotions Fund.	(31,684)	(0.53)
Reallocate partial funding of the Assistant City Manager between the General Fund and Tidelands Fund to reflect current responsibilities.	(29,342)	-
Reallocate the i-Team's budget from the General Grants Fund to the General Fund to reflect current responsibilities and improve budgetary management. The i-Team will be renamed the Office of Civic Innovation, acting as in-house innovation consultants, and will be funded by various partner departments.	-	5.00
City Prosecutor		
Add a part-time Legal Assistant position to assist with unlicensed prosecution related to the City's Cannabis program.	55,023	0.50
Add one part-time Prosecutor position to assist with unlicensed prosecution related to the City's Cannabis program.	90,685	0.50
Reduce City Prosecutor's budget for efficiencies in services.	(24,859)	-

Department and Item	Impact	Positions
Civil Service		
Reduce the Civil Service Department's budget for efficiencies in services.	(12,202)	-
Disaster Preparedness & Emergency Communications		
Downgrade the Administrative Bureau Manager position to Special Projects Officer to better align with the actual responsibilities of the position.	(44,917)	-
Downgrade and change the title of the budgeted Disaster Preparedness Manager position to Disaster Preparedness Officer to better align with the actual responsibilities of the positions.	(56,721)	-
Increase budget for the Emergency Communications Officer to reflect the expanded duties and responsibilities of the position.	17,487	-
Development Services		
Increase the budgeted revenue for code enforcement to reflect actual historical revenue collection.	(16,752)	-
Increase the budgeted revenue to reflect the City's new Vacant Lot Registry program and reassign a Standard Code Enforcement Combination Building Inspector to the program.	(139,719)	-
Reduce budget for inspections and materials associated with the Cannabis program as part of a citywide right-sizing of program expenses to adjust to the current pace of cannabis business openings.	(294,223)	-
Economic Development		
Create a new Administrative & Financial Services Division to consolidate financial services, human resources, communications, and research work, to better support the department in accomplishing its mission.	-	-
Implement various organizational, staffing and materials budget changes to reflect actual operations within Economic Development department.	(55,929)	(1.20)
Fire		
Increase budgeted revenue for Ground Emergency Medical Transportation to more closely align with expected projections.	(660,000)	-
Increase budgeted revenue to reflect adjustment to Emergency Ambulance Fees to bring rates up to the L.A. County rates.	(311,096)	-
Add one Firefighter/Inspector to assist with plan check services, offset with revenue from the Development Services Department.	(38,356)	1.00
One-time funding to purchase a vehicle for new Firefighter/Inspector position in Fire Prevention.	19,328	-
Add one Storekeeper I to maintain warehouse operations experiencing high volume inventory transaction; offset by increased revenue from the Instructional Services Agreement with East LA College.	-	1.00
Upgrade a Combination Building Inspector Aide II to Combination Building Inspector to reflect increased duties and skills required.	10,903	-

Department and Item	Impact	Positions
Upgrade an Assistant Administrative Analyst I to Administrative Analyst II to reflect the increased responsibility and duties required to manage Homeland Security and other grants. Position upgrade will be funded by increased revenue from the Instructional Services Agreement with East LA College.	-	-
Implement a technical adjustment that reallocates staff and material budget from the Prop H Fund to the General Fund for better financial management; and increase General Fund budget to account for a lower capacity of Prop H Fund support for Fire Services. Prop H will continue to support the appropriate Fire services through a transfer.	376,717	9.00
Financial Management		
Reallocate the funding for staff assigned to the implementation of LB COAST to the LB COAST project budget in the General Services Fund, including half of the Financial Controls Bureau Manager, a Financial Management Analyst II, and the addition of a new Business Process Improvement Officer in the Financial Controls Bureau.	(379,915)	(1.00)
Add an Administrative Analyst III in the Labor Compliance Division and increase budget for consulting services to support a comprehensive labor compliance program that is in alignment with all regulations; off-set by direct charges to qualified capital projects.	-	1.00
Eliminate a Customer Service Representative, reduce the budget for contract auditors and armored car service costs associated with the Cannabis program as part of a citywide right-sizing of program expenses to adjust to the current pace of cannabis business openings.	(258,068)	(1.00)
Increase budget for staff resources to maintain the level of services and oversight of the Executive Office and to provide policy and management support.	85,696	-
Increase budget for Transient Occupancy Tax collection review, and oversight by \$20,000, offset by materials reduction in the Financial Controls Bureau.	-	-
Health and Human Services		
Create a permanent position for the Office of Equity by upgrading the Public Health Associate III in the Office of Equity into a Special Projects Officer funded out of the General Fund to continue the work after the expiration of the original grant funds for this Office.	134,035	1.00
Legislative		
Reduce the Mayor and City Council's budget for efficiencies in service delivery.	(25,189)	-
Library Services		
Adjust City's operation branch hours to provide seven-day library coverage citywide. This new approach would create a permanent staffing model for	-	-

Department and Item	Impact	Positions
Sundays and Mondays, where currently Sundays are only funded for a half-day at 4 locations on a one-time basis and Mondays currently are closed system wide.		
Reclassify various positions to provide appropriate staffing and recognize efficiencies around vacant positions, including downgrading a Library Clerk III to a Library Clerk II, downgrading a Library Clerk II to a part-time Library Clerk I, reducing page hours, and upgrading Library Clerk II to a new classification Library Assistant in the Main Library.	(63,651)	(0.52)
City Attorney		
Reduce the City Attorney's budget for efficiencies in service delivery.	(13,394)	-
Upgrade Legal Assistant to Deputy City Attorney to be funded out of the General Fund (previously the Employee Benefits Fund) and increase budget for materials and supplies associated with the citywide cannabis program.	239,953	1.00
Police		
Add two Quality of Life (QoL) Police Officers and up to one Detective to the Metro Blue Line, pending approval by LA Metro.	(134,975)	3.00
Enhance the Civic Center Security detail by upgrading the Special Service Officers from II's to III's, fully offset by revenue.	-	-
Implement various revenue budget changes to reflect the increased police activities in the City, including a new fine for DUI collision incidents and jail booking services with Signal Hill.	(206,239)	-
Move 27 Special Services Officers (SSOs) from the Airport to the Police Department to integrate all security operations at the Airport under the command of the Police Department. This transfer also includes the transfer of a Lieutenant from Homeland Security Grants to oversee a total of 27 SSOs, 12 police officers, and 2 sergeants.	(458,953)	28.00
Reallocate funding for a Police Officer assigned to Event Planning from the General Fund to the Special Advertising and Promotions Fund.	(206,009)	-
Reduce budget for lobby security associated with the Cannabis program as part of a citywide right-sizing of program expenses to adjust to the current pace of cannabis business openings.	(180,708)	-
Reduce various vacant non-sworn positions to achieve departmental efficiencies, including the elimination of an Administrative Aide II position in the Chief of Police's office; 0.96 Administrative Intern positions in the Financial Bureau; a Special Services Officer II position from the Records Division; and 1.47 Maintenance Assistant I positions in the Administration Bureau.	(327,326)	(4.43)
Downgrade a Sergeant and Lieutenant position to the Police Officer classification to achieve departmental efficiencies.	(104,730)	-

Department and Item	Impact	Positions
Add one Accounting Clerk III and one Assistant Administrative Analyst II to help with the administrative tasks of collecting new revenues and personnel support for increased contract services of the Airport and Metro.	203,082	2.00
Implement a technical adjustment that reallocates staff and material budget from the Prop H Fund to the General Fund for better financial management, and reduce General Fund costs to account for a lower capacity of Prop H Fund support. Prop H will continue to support the appropriate police services through a transfer.	-	8.00
One-time funding for background investigations associated with the citywide cannabis program.	125,000	-
Implement a pilot program creating Community Services Officer Classification that will utilize a civilian classification to respond to non-emergency (Priority 3) calls to allow Police Officers to focus on immediate crime intervention and enforcement.	-	-
Parks, Recreation and Marine		
Add 5.45 general maintenance positions to support the significant work required to address deferred maintenance at Parks' facilities and to secure freestanding restrooms and mini parks.	320,258	5.45
Increase budget to support new Landscape Contract funding required to maintain the landscape services across the City's 170 parks.	900,000	-
Establish a Community Engagement & Partnership Bureau that will consolidate some existing divisions to allow Parks to pursue more community sponsorships, partnerships and grants, and develop a strategic plan for the on-going funding and sustainability of Park programs.	161,660	0.92
Implement efficiencies for Animal Care control services including 1) initiating the Request for Proposal process to identify efficiencies in the provision of Animal Care licensing services, and 2) reclassifying one Senior Animal Control Officer position to a part-time Veterinarian to assist in the increased medical treatments needed at the shelter.	-	(0.33)
One-time funding for various Parks safety and facility needs, including funding for fire safety systems at Park's public facilities, grounds utility cart and a storage unit, and repairs to various Park facilities.	140,000	-
Increase budgeted revenue to reflect fee increases including day camp fees, Nature Center school tours, summer camp and workshop, and a new youth sports uniform fee.	(123,410)	-
Implement various organizational, staffing and material budget changes to achieve efficiencies, including reduction of Reservations and Registration Office part-time staff, restructuring funding of the WRAP afterschool program, and reducing budget for dog waste bags.	(257,818)	(4.36)

Department and Item	Impact	Positions
Reallocate funding for a Community Information Specialist in Animal Care Services supporting communications efforts to the Special Advertising and Promotions Fund in the City Manager's Office.	(28,422)	-
Reclassify various positions to align to actual duties and achieve efficiencies, including converting a Clerk III to Clerk Typist IV, converting an Accounting Clerk III to Assistant Administrative Analyst II, and converting Maintenance Assistants-NC to Maintenance Assistants I (temporary to permanent).	(4,642)	(2.95)
Reduce maintenance costs related to Sims Pond to provide basic trash and non-native plant management; and eliminate perimeter and game court fencing.	(90,000)	-
Increase budget for contract and interdepartmental obligations including the Graffiti Contract renewal and Animal Care Services contractual cost share obligation with spcaLA.	50,935	-
Increase budget for enhanced lake management of City's park lakes, as mandated by the Regional Water Quality Control Board.	200,000	-
Increase budget for HVAC systems maintenance and repair in Park Facilities.	45,907	-
Public Works		
Increase various budgeted revenues to reflect current projections, including revenues from private development fees, excavation permits, curb & walk permits, Public Service Bureau work order, pipeline safety fees, hauler fees, and other revenues throughout the department.	(1,295,744)	-
Reallocate funding for a Civil Engineering Associate to align the position's budget with current duties.	(116,393)	(0.80)
Reallocate funding for a pothole truck with a four-person crew in the Street Maintenance Division to the Gas Tax Street Improvement Fund.	(441,357)	-
Reclassify a Mechanical Supervisor to an Electrical Supervisor to align the position with the current duties.	(12,444)	-
Add one Environmental Health Specialist III in the Stormwater Division to perform National Pollutant Discharge Elimination System (NPDES) inspections, replacing consultant costs for greater efficiencies	105,692	1.00
Add one Capital Projects Coordinator II to replace consultant costs for greater efficiencies, offset by a Development Project Manager II and fee revenue.	103,950	0.80
Add one Civil Engineering Associate and one Civil Engineering Assistant to replace consultant costs for greater efficiencies, cost savings that can be invested back into projects, and contribute to succession planning. Positions are funded both by Capital Projects Fund and General Fund.	55,679	0.40
Add one Civil Engineering Associate to provide oversight of the Stormwater program, offset by an Engineering Technician II.	6,635	-

Department and Item	Impact	Positions
Add one Construction Inspector I to work on right-of-way improvement inspections.	107,624	1.00
Add one Permit Technician II to replace consultant costs for greater efficiencies in the Engineering Bureau's Project Management Division.	90,029	1.00
Increase budget for the annual operating costs for 12 new vehicles purchased for the new Construction Inspectors and the Capital Projects Coordinator positions.	112,764	-
Increase budget to hire a consultant to collect NPDES Inspection fees.	18,000	-
Reallocate funding for an Administrative Analyst III to align the position's budget with current duties.	121,538	1.00
Reclassify one Clerk Typist IV to a Bureau Secretary to provide administrative support in the Transportation Mobility Bureau. Position is funded out of both Capital Projects Fund and General Fund.	-	-
Upgrade a Clerk Typist III from the Transportation Mobility Bureau to an Administrative Aide II to provide analytical support to the Director.	84,100	1.00
Upgrade an Administrative Analyst III to a Project Budget Analyst III to provide project budgetary, financial, and analytical services for the PW Capital Improvement Program. Upgrade costs will be funded out of the Capital Projects Fund.	-	(0.07)
Upgrade an Engineering Technician II to a Senior Engineering Technician II to provide supervision of the preparation and dissemination of official City maps, records and documents. Position is funded from both the General Fund and Capital Projects Fund.	5,175	-
Upgrade an Accounting Clerk III to an Accounting Technician to handle increased level of billing and reconciliation from parking operations and asset management.	7,673	-
Upgrade an Accounting Clerk III to an Accounting Technician to handle the complex accounting tasks related to vendor management in the Public Service Bureau.	3,510	-



Summary of Significant Changes: Other Funds

For ease of review, all reallocations of resources within funds, offset adjustments, and minor changes have not been included. As figures reflect the net impact to a fund, an increase in expense is shown as a positive number (cost/hit to fund) and a decrease in expense is shown as a negative number (savings/benefit to fund). Accordingly, a decrease in revenue is shown as a positive number (cost/hit to fund), and an increase in revenue is shown as a negative number (savings/benefit to fund).

Department and Item	Impact	Positions
AIRPORT FUND		
Increase revenues to reflect higher projections based on an enplanement forecast and to reflect FY 18 mid-year fee changes. (Airport)	(8,443,695)	-
Reduce airline rates and charges by five percent due to a projected increase in enplanements. (Airport)	935,000	-
Add five Maintenance Assistant I positions in the Building Services Division to support increased passenger activity and maintain facilities, restrooms, walkways, sidewalks, parking lots, and other areas used by travelers. (Airport)	301,319	5.00
Add Airport Operations positions to improve coverage and support new requirements for the Airport's multi-year capital improvement program of the airfield. (Airport)	424,064	4.00
Increase budget for Airport leases to reflect costs of staff office space. (Airport)	219,679	-
Increase budget for art and aesthetic improvements at the Airport and the installation of a designated entertainment space. (Airport)	50,000	-
Increase budget for as-needed airfield improvements for emergency and major maintenance work. (Airport)	2,000,000	-
Increase budget for as-needed Terminal area Improvements for emergency and major maintenance work. (Airport)	2,000,000	-
Increase budget for maintenance of the Airport's baggage handling system to keep up with increased passenger traffic. (Airport)	792,000	-
Increase budget to better align with actual costs for materials and supplies, work orders, and overtime. (Airport)	668,142	-
Move 27 Special Services Officers from the Airport to the Police Department to integrate all armed security operations at the Airport under the command of the Police Department. The Airport budget will realign to reflect the revised MOU between the Airport and the Police Department. (Airport)	593,060	(27.00)
One-time funding for new Gateway signage at the Airport. (Airport)	100,000	-

Department and Item	Impact	Positions
CAPITAL PROJECTS FUND		
Establish a Community Engagement & Partnership Bureau that will consolidate some existing divisions to allow Parks to pursue more community sponsorships, partnerships and grants, and develop a strategic plan for the on-going funding and sustainability of Park programs. (Parks, Recreation and Marine)	(179,659)	(1.30)
Add one Civil Engineering Associate and one Civil Engineering Assistant to replace consultant costs for greater efficiencies, cost savings that can be invested back into projects, and contribute to succession planning. Positions are funded both by Capital Projects Fund and General Fund. (Public Works)	-	1.60
Reallocate funding for a Civil Engineering Associate to align the position's budget with current duties. (Public Works)	-	0.80
Reallocate funding for an Administrative Analyst III to align the position's budget with current duties. (Public Works)	-	(1.00)
Reclassify one Clerk Typist IV to a Bureau Secretary to provide administrative support in the Transportation Mobility Bureau. Position is funded out of both Capital Projects Fund and General Fund. (Public Works)	-	-
Upgrade a Clerk Typist III from the Transportation Mobility Bureau to an Administrative Aide II to provide analytical support to the Director. (Public Works)	-	(1.00)
Upgrade an Engineering Technician II to a Senior Engineering Technician II to provide supervision of the preparation and dissemination of official City maps, records and documents. Position is funded from both the General Fund and Capital Projects Fund. (Public Works)	-	-
Upgrade an Administrative Analyst III to a Project Budget Analyst III to provide project budgetary, financial, and analytical services for the PW Capital Improvement Program. Upgrade costs will be funded out of the Capital Projects Fund. (Public Works)	-	0.07
Reclassify two Transportation Program Planners to a Transportation Planner II and a Transportation Planner III to align actual staffing and budget to actual operations. (Public Works)	-	-
Add four Construction Inspector I's, six Construction Inspector II's, and one Capital Project Coordinator III to replace consultant costs for greater efficiencies, cost savings that can be invested back into projects, and contribute to succession planning. (Public Works)	-	11.00
CIVIC CENTER FUND		
Add one Capital Projects Coordinator II to replace consultant costs for greater efficiencies, offset by an elimination of a Development Project Manager II and fee revenue. (Public Works)	(14,293)	(0.11)

Department and Item	Impact	Positions
Reclassify a Mechanical Supervisor to an Electrical Supervisor to align the position with the current duties. (Public Works)	(4,148)	-
Increase budget to reflect actual allocation of staff costs and time. (Economic Development)	22,345	0.10
COMMUNITY DEVELOPMENT GRANTS FUND		
Transfer 2.31 Administrative Intern positions from the Economic Development Department to City Manager's Office as part of the consolidation of the Office of Sustainability positions and budget under the City Manager's Office. (Economic Development)	(123,769)	(2.31)
Upgrade a Clerk Typist II to a Clerk Typist III and increase budget to reflect actual allocation of staff costs and time. (Economic Development)	41,727	0.20
DEVELOPMENT SERVICES FUND		
Increase budgeted revenues to reflect the increased development activity in the City. (Development Services)	(1,976,843)	-
Increase budgeted revenue from fee increases - one related to the technology surcharge to Infor and Electronic Plan Check upgrades, and the other for a State-mandated fee to incorporate disabled access into development. (Development Services)	(409,056)	-
Add a Combination Building and Safety Inspector in the Building Bureau to maintain inspection response times. (Development Services)	107,605	1.00
Add a Permit Technician II in the Building Bureau to decrease customer wait times at the Permit Counter. (Development Services)	90,014	1.00
Add a Planner V in the Planning Bureau to provide specialized services for new high-rise development applications. (Development Services)	143,522	1.00
Add a Plumbing Plan Checker II in the Building Bureau to improve plan check turnaround times (Development Services)	143,153	1.00
Add a Senior Combination Building Inspector to address increased demand and maintain 24-hour inspection response times. (Development Services)	116,626	1.00
Add a Senior Structural Engineer in the Building Bureau to facilitate interdepartmental approvals for new high-rise development applications. (Development Services)	171,276	1.00
Add an Assistant Administrative Analyst II and an Administrative Analyst II position in the Planning Bureau to improve community engagement and public messaging around development and land use issues throughout the City. (Development Services)	211,006	2.00
Increase budget for additional building inspections from Fire Department staff to address the increasing demand for fire-related inspections. (Development Services)	241,652	-

Department and Item	Impact	Positions
Increase budget for additional security services at Planning Commission and City Council meetings to ensure public safety at these meetings. (Development Services)	20,000	-
Increase budget for maintenance of new City vehicles for staff. (Development Services)	30,058	-
Transfer a Planner IV, materials and revenue budget from the Development Services Department to City Manager's Office as part of the consolidation of the Office of Sustainability positions and budget under the City Manager's Office; increase budget for Development Services' support for the Office of Sustainability. (Development Services)	128,693	(1.00)
One-time funding for Certified Access Specialist (CASp) training and programs to educate the public about disability access improvements. (Development Services)	45,000	-
One-time funding to assess emergency preparedness readiness and implement recommendations. (Development Services)	50,000	-
One-time funding to cover additional costs related to the new Civic Center, including storage needs and document scanning. (Development Services)	105,000	-
One-time funding to cover costs of special projects implemented through the Office of Civic Innovation (previously the i-Team). (Development Services)	75,000	-
One-time funding to cover costs of the General Plan Land Use Element and Urban Design Element update implementation, including consulting services to prepare zoning code amendments. (Development Services)	295,000	-
One-time funding to enhance consulting budget for Environmental Impact Reports due to the increasing number of projects requiring environmental review, offset by revenue. (Development Services)	(86,250)	-
One-time funding to cover costs of vehicle purchases for new inspection staff. (Development Services)	81,640	-
EMPLOYEE BENEFITS FUND		
Add a Personnel Analyst III to support employee training and Equal Employment Opportunity offset with reduction of contract budget for this service in Citywide Activities Department. (Human Resources)	123,055	1.00
Add new classification of Payroll Officer to the Accounting Bureau, partially offset by reallocating funding for a Payroll Specialist II to the LB COAST project. (Financial Management)	56,889	1.00
Add one Personnel Analyst IV and reallocate one Personnel Analyst III to the support implementation of LB COAST project offset by project funding. (Human Resources)	-	1.00

Department and Item	Impact	Positions
Increase budget for staff resources to support the high workload and services of the Executive Office. The department will analyze and assess best implementation plan in FY 19. (Financial Management)	64,272	-
Reallocate funding for a Legal Assistant from the Employee Benefits Fund to the General Fund and add a Legal Assistant to support the citywide Cannabis program. (City Attorney)	-	-
Upgrade one Personnel Assistant II- to an Assistant Administrative Analyst II and one Clerk Typist II to a Clerk Typist III for the Employee Benefits program and the Equal Employment Opportunity program offset by reduction in materials and supplies. (Human Resources)	-	-
One-time funding to add additional employee benefits of \$93,305 through WageWorks from the reimbursement of the original set-up payment used to initiate an account with the firm. (Human Resources)	-	-
One-time funding to expand the City's Employee Wellness Program specifically geared towards first-responders who address critical incidents involving trauma. (Human Resources)	150,000	-
FLEET SERVICES FUND		
Increase budget for consulting costs to ensure oversight of underground fuel storage tank sites. (Financial Management)	135,600	-
Increase budget for guard shack attendant and camera system upgrades for Fleet and Towing facilities. (Financial Management)	35,000	-
Increase budget for third party equipment rental services of heavy equipment for City departments. (Financial Management)	400,000	-
Increase budget to align more closely with actual costs for equipment upfitting parts and supplies and other operational alignments. (Financial Management)	789,440	-
Increase budget to align more closely with actual costs for Fleet operations, including maintenance costs, staff training, supplies and parts, and facility operating costs. (Financial Management)	119,711	-
Increase budget to align more closely with actual costs for parts and equipment purchases, including helicopter and beach equipment, body shop repair equipment, and general stockroom alignments. (Financial Management)	523,606	-
Upgrade two Equipment Mechanic Positions to Maintenance Planners and add an Administrative Aide support fleet maintenance functions; offset by reductions in general materials budget. (Financial Management)	-	-
One-time funding to upgrade security camera system for Fleet and Towing facilities, and ESB Yard. (Financial Management)	110,000	-

Department and Item	Impact	Positions
GAS FUND		
Adjust budgeted revenues for Gas transmission charges to be more aligned with actual projected revenue. (Energy Resources)	(900,000)	-
Reduce budgeted revenues for pipeline lease funds as a 25-year pipeline lease agreement between the City and Southern California Gas will expire. (Energy Resources)	3,359,186	-
Reduce budget for the meter reading services of Corix, which is no longer needed upon the completion of the AMI Project. (Energy Resources)	(2,500,000)	-
Add a Construction Inspector II to provide oversight and inspection to the most complex gas pipeline construction projects and minimize department overtime. (Energy Resources)	125,270	1.00
Upgrade an Administrative Analyst II to an Administrative Analyst III in the Energy Services Division to align with the increasing complexity of the position due to changes in federal and State regulations. (Energy Resources)	9,808	-
Change the title of the Gas Supply and Business Officer to the Energy Services Officer. (Energy Resources)	-	-
GAS TAX STREET IMPROVEMENT FUND		
Reallocate funding for a pothole truck with a four-person crew in the Street Maintenance Division to the Gas Tax Street Improvement Fund. (Public Works)	441,357	-
GENERAL GRANTS FUND		
One-time funding of \$100,000 for on-call historic services including historic surveys called for in the Land Use Element, Mills Act implementation, update of the City's Historic Context Statement to meet legal requirements, and preparation of brochures and information to assist historic property owners. The cost will be offset by funds previously reserved for this purpose. (Development Services)	-	-
Reallocation of the Office of Civic Innovation's (previously the i-Team) budget to the General Fund to reflect current responsibilities and improve budgetary management. (City Manager)	(943,409)	(4.00)
Reorganization of the WRAP afterschool program to increase efficiencies and maximize matching grant funds (Parks, Recreation and Marine)	(10,187)	(0.48)
GENERAL SERVICES FUND		
Add one Business Systems Specialist III to assist with Cyber Security projects and compliance, to be funded by funds set aside for the Cyber Security program. (Technology and Innovation)	-	1.00
Add one Business Systems Specialist IV to support key public safety projects and systems. (Technology and Innovation)	127,057	1.00

Department and Item	Impact	Positions
Add one Business Systems Specialist V to assist with project management tracking, reporting and prioritizing of key technology projects and department specific projects. (Technology and Innovation)	139,079	1.00
Add one Business Systems Specialist VI to lead the Data Management team and support database administration and interfaces. (Technology and Innovation)	152,613	1.00
Add one Systems Support Specialist I to centrally manage the City's technology facilities. (Technology and Innovation)	101,766	1.00
Add two Systems Support Specialist II to support the Help Desk function and Asset Management function. (Technology and Innovation)	212,597	2.00
Add one Administrative Analyst III to support special projects and HR-related duties, including recruiting, performance management, discipline, safety, and administrative requests. (Technology and Innovation)	121,538	1.00
Add an Assistant Administrative Analyst II to support purchasing and contracts administration. (Technology and Innovation)	101,766	1.00
Create a new Business Operations Bureau and reclassify an Administrative Officer to a Business Operations Manager to oversee the new bureau. (Technology and Innovation)	-	-
Increase budget for enterprise Oracle licenses ongoing costs to improve reliability, security and speed of the Customer Care and Billing system. (Technology and Innovation)	120,400	-
Increase budget for Managed Service contract, which provides maintenance and integration support related to the City's Utility System. (Technology and Innovation)	1,111,100	-
Increase budget to fund maintenance of the City's 100 data closets and server rooms. (Technology and Innovation)	50,000	-
One-time funding to upgrade the ServiceNow platform to improve inventory control processes and the user experience. (Technology and Innovation)	100,000	-
One-time funding to support general storage needs from organic growth in applications and user files. (Technology and Innovation)	200,000	-
One-time savings to account for the timing of the hiring of new positions. (Technology and Innovation)	(331,356)	-
Recognize savings from natural turnover of positions and use some of that savings to increase budget for training on leading technology subscriptions while still achieving efficiencies. (Technology and Innovation)	(100,000)	-

Department and Item	Impact	Positions
Reduce budget for printing and mailing of parking citations to reflect costs being absorbed by vendor, Data Ticket. (Technology and Innovation)	(88,500)	-
Upgrade a Systems Technician III to a Systems Support Specialist II to assist with project management for critical technology infrastructure projects. (Technology and Innovation)	15,903	-
Reclassify various positions to align with actual duties, including upgrading a Business Systems Specialist V to VI, upgrading Communication Specialist II to V, and converting System Support Specialist II to Assistant Administrative Analyst II. (Technology and Innovation)	14,176	-
Reallocate the funding for staff assigned to the implementation of LB COAST to the LB COAST project budget in the General Services Fund, including half of the Financial Controls Bureau Manager, a Business Systems Specialist IV, and the additional of a new Business Systems Specialist VI and a Business Process Improvement Officer. (Financial Management)	(15,979)	3.00
HEALTH FUND		
Implement Homeless Initiative strategies adopted by the Los Angeles County Board of Supervisors, offset by \$2.6 million in Measure H grant funding from the Los Angeles Homeless Services Authority (LAHSA) (Health and Human Services)	2,627,135	-
Upgrade the Public Health Associate III in the Office of Equity into a Special Projects Officer funded out of the General Fund to continue the work of the Office of Equity after the expiration of the original grant funds for this Office. (Health and Human Services)	(119,464)	(1.00)
Add various positions approved to be offset by grants mid-year. (Health and Human Services)	-	8.81
Establish a City Health Officer Bureau by reassigning the City Health Officer and Public Health Emergency Management Division, which will allow the City Health Officer to provide greater the medical expertise and leadership. (Health and Human Services)	-	-
HOUSING DEVELOPMENT FUND		
Adjust budgeted revenues and expenses to reflect actual available funding and costs in the Housing Development Fund. (Development Services)	(5,260,434)	-
MARINA FUND		
Establish a Community Engagement & Partnership Bureau that will consolidate some existing divisions to allow Parks to pursue more community sponsorships, partnerships and grants, and develop a strategic plan for the on-going funding and sustainability of Park programs. (Parks, Recreation and Marine)	41,412	0.30

Department and Item	Impact	Positions
Increase budget to support charges from Public Works for refuse services at various sites. (Parks, Recreation and Marine)	32,024	-
Increase budget to support new Landscape Contract funding required to maintain the landscape services across the City's 170 parks. (Parks, Recreation and Marine)	80,000	-
Increase budget to support the Tree Nesting Survey requirement for Tidelands area tree trimming. (Parks, Recreation and Marine)	10,000	-
Reclassify an Accounting Clerk III to an Assistant Administrative Analyst II to support departmental revenue tracking. (Parks, Recreation and Marine)	-	0.25
Reduce budget to reflect actual allocation of staff costs and time. (Economic Development)	(17,807)	(0.15)
POLICE & FIRE PUBLIC SAFETY OIL PROD ACT FUND (PROP H)		
Implement a technical adjustment that reallocates Police staff and material budget from the Prop H Fund to the General Fund for better financial management. Prop H will continue to support the appropriate police services through a transfer. (Police)	(328,351)	(10.00)
Implement a technical adjustment that reallocates Fire staff and material budget from the Prop H Fund to the General Fund for better financial management. Prop H will continue to support the appropriate fire services through a transfer. (Fire)	(376,717)	(9.00)
RAINBOW HARBOR AREA FUND		
Add one Capital Projects Coordinator II to replace consultant costs for greater efficiencies, offset by a Development Project Manager II and fee revenue. (Public Works)	(89,657)	(0.69)
Increase budget for operations and maintenance cost for the upgraded Rainbow Harbor Sewage Evacuation System. (Parks, Recreation and Marine)	13,000	-
Increase budget to reflect staff time spent on specific projects. (Economic Development)	45,430	0.25
Increase budget to support maintenance and repair costs of the Marina Green Park following special events. (Parks, Recreation and Marine)	20,000	-
Increase budget to support the Tree Nesting Survey requirement for Tidelands area tree trimming. (Parks, Recreation and Marine)	20,000	-
One-time funding for paver repairs at Esplanade Walkway. (Parks, Recreation and Marine)	138,042	-
One-time funding replacement for Marina Green Fences. (Parks, Recreation and Marine)	98,000	-

Department and Item	Impact	Positions
REFUSE/RECYCLING FUND		
Add a Waste Operations Supervisor in the Street Sweeping and Clean Long Beach Division to oversee the Clean Team program. (Public Works)	107,041	1.00
Add an Administrative Analyst III in the Recycling and Waste Diversion Division to oversee the City's Zero Waste Plan, offset by Refuse Rate Increase. (Public Works)	121,538	1.00
Increase budget for an updated user department charge with the Energy Resource Department for Refuse Disposal Costs at SERRF, offset by Refuse Rate Increase. (Public Works)	1,729,024	-
SERRF FUND		
Increase budgeted revenues to recognize the final payment of a 30-year bond financing agreement for the SERRF facility. (Energy Resources)	(11,900,000)	-
Increase budgeted revenues to reflect projected increases in Private Hauler/Burn and Disposal revenues. (Energy Resources)	(2,376,150)	-
Reduce budgeted revenues to reflect changes in anticipated sources of revenue, including lower electricity sales when the current SERRF power purchase agreement with Southern California Edison is renewed, and the end of litigation settlement payment between facility building Dravo Corporation. (Energy Resources)	15,374,036	-
Increase budget to reflect projected costs for SERRF operations and maintenance and general insurance charges. (Energy Resources)	634,600	-
SPECIAL ADVERTISING & PROMOTION FUND		
Increase budget to fund Police staffing at special events in the City. (City Manager)	207,236	-
Increase ongoing support for the Long Beach Convention and Visitors Bureau to support promotion of the City for conventions and tourism. (City Manager).	250,000	-
Increase ongoing support to promote the Arts Council for Long Beach. (City Manager)	25,000	-
Increase ongoing support to promote the Long Beach Museum of Art. (City Manager)	50,000	-
Add a Special Projects Officer to the Public Affairs Office to manage the increased demand for communications activities and projects. (City Manager)	145,045	1.00
Increase the budgeted revenue for Short Term Rentals (STR) to reflect the potential new STR program in the City. (City Manager)	(700,000)	-
Increase budget to support reallocation of funding for a Community Information Specialist in Animal Care Services supporting communications efforts. (City Manager)	28,422	-

Department and Item	Impact	Positions
Reallocate partial funding of a Program Specialist and the Manager of Intergovernmental Affairs between the General Fund and the Special Advertising and Promotions Fund; and reclassify the Manager of Intergovernmental Affairs to Manager of Communications and Government Affairs. (City Manager)	67,451	0.53
Reduce the communications budget for advertising, marketing, and training to reflect efficiencies in the Public Affairs office. (City Manager)	(37,908)	-
Reallocate partial funding of a Program Specialist and a Public Information Officer in Public Affairs between the General Fund and the Special Advertising and Promotions Fund. (City Manager)	54,280	0.43
One-time funding subject to one-for-one matching funds for Arts Council for Long Beach support. (City Manager)	50,000	-
One-time funding to support one Beach Streets event. (City Manager)	250,000	-
One-time funding to support POW! WOW! for art murals. (City Manager)	50,000	-
One-time support for advertising and media consulting services to promote the City. (City Manager)	100,000	-
One-time support for wayfinding signage and art on public buildings throughout the City. (City Manager)	750,000	-
One-Time funding to produce high quality videos by LBTV for City departments as a communication tool for better service delivery. (Technology and Innovation)	120,000	-
TIDELAND OIL REVENUE FUND		
Adjust budgeted revenues and expenses to align with actual projections for Tidelands crude oil sales and oil field unit expenses. (Energy Resources)	(3,108,462)	-
TIDELANDS OPERATIONS FUND		
Create a new Project Management Bureau for better management and oversight of critical citywide projects. The current Project Management division in the Engineering Bureau will be converted to the Project Management Bureau. (Public Works)	1,736	-
Establish a Community Engagement & Partnership Bureau that will consolidate some existing divisions to allow Parks to pursue more community sponsorships, partnerships and grants, and develop a strategic plan for the on-going funding and sustainability of Park programs. (Parks, Recreation and Marine)	36,364	0.30
Increase budget for staff resources to support the high workload and services of the Executive Office. The department will analyze and assess best implementation plan in FY 19. (Financial Management)	64,272	-
Increase budget for the Los Cerritos Wetlands Contract to include Bixby Annex and Appian Way Planter maintenance. (Parks, Recreation and Marine)	77,000	-

Department and Item	Impact	Positions
Increase budget for Tidelands water/irrigation needs to be in line with plant requirements. (Parks, Recreation and Marine)	39,000	-
Increase budget to support new Landscape Contract funding required to maintain the landscape services across the City's 170 parks. (Parks, Recreation and Marine)	20,000	-
Increase budget to support the Tree Nesting Survey requirement for Tidelands area tree trimming. (Parks, Recreation and Marine)	10,000	-
Reclassify an Accounting Clerk III to an Assistant Administrative Analyst II to support departmental revenue tracking. (Parks, Recreation and Marine)	-	0.10
Implement various organizational, staffing and materials budget reallocations to assist with operational and budget management. (Economic Development)	65,880	0.80
Implement various organizational, staffing and materials budget changes to assist with operational and budget management. (Public Works)	29,342	-
One-time funding to purchase an In-Water Storm Debris Collection System that will allow staff to collect three times more trash and debris and prevent the debris from landing in the City beaches and waterways. (Parks, Recreation and Marine)	998,453	-
One-time funding for a crane to transport the hydraulic pump for the Sand Renourishment Program. (Parks, Recreation and Marine)	73,735	-
TOWING FUND		
Increase revenue budget to reflect a new fee and increases in current fee rates in the Towing division. (Financial Management)	(386,471)	-
Increase budget for facility safety and security upgrade in the Towing Operations, including camera system and fencing upgrades. (Financial Management)	253,846	-
Increase budget to adequately fund third-party tow operators. (Financial Management)	173,873	-
Increase budget to align more closely with actual costs for Towing operations, including costs for utilities, land lease payments, and supplies and equipment. (Financial Management)	174,638	-
Increase budget to fund non-operational repairs to maintain the towing operations facility. (Financial Management)	25,000	-
UPLANDS OIL FUND		
Adjust budgeted revenues and expenses to align with actual projections for Uplands crude oil sales and oil field unit expenses. (Energy Resources)	(67,371)	-

Critical Technology Needs Budget

ATTACHMENT E

Item (\$ in millions)	Description	Implementation Total	Operating Impact on FY 19 Budget	Operating Impact on FY 20 Budget *	Operating Impact on FY 19 GF Budget	Operating Impact on FY 20 GF Budget *	FTE Impact
Outdated Equipment							
Data Center	This category builds a redundant and scalable data center to support all of the City's technology operations, including hosting of finance, human resources, utility billing, billing and collections, GIS and internal/external websites. Equipment in this category includes battery backup systems, power distribution systems, heating/air conditioning, cabling, racks, servers, storage, networking, monitoring, and backup systems.	9.90	1.99	2.27	1.09	1.24	-
Network Communications	This category delivers data and voice networking, and modernizes Citywide end-of-life networking equipment that supports all technology system communications. Outdated equipment in this category create availability risks to City operations, and limit the performance of data throughput. Also included are fees to cover a temporary uplift of telecommunication service contracts to support increased bandwidth needs at City facilities until the Citywide fiber system is operational, and fees to cover a one-time migration of services from the existing City Hall and Main Library to their new buildings.	10.40	0.74	1.05	0.50	0.71	-
PC Replacements	One-time PC hardware costs to bring funding in line to a five-year replacement schedule.	1.80	0.21	0.21	0.16	0.16	-
Fiber	This category allocates \$4.8 million towards "dig once" opportunities, which will be combined with the \$11.9 million Fiber Network Project, if the city proceeds with the citywide fiber network infrastructure recommendation. This category also installs fiber between Civic Center buildings, and installs temporary cabling to facilitate the one-time migration of servers and applications.	5.80	0.29	0.71	0.16	0.39	-
Wireless	This category allocates \$1 million towards public citywide WiFi enhancement and expansion that can support the digital inclusion programs, in coordination with city construction, innovation and fiber projects. This category also provides enhanced WiFi access enabling new innovative and effective ways to engage and work throughout the campus. Additionally, this category will enable the City to implement needed technologies to ensure cellular services are available and reliable within the new campus buildings.	3.60	0.25	0.80	0.16	0.51	-
Equipment	This category supports the purchase of technology racks and power in IT/AV/telephone closets, radio broadcasting antennas, and microwave antennas. Additionally, it supports the new Civic Center Council Chamber audio/visual systems, lobby display systems, public and staff conference rooms, badge access throughout the building.	9.50	0.47	1.75	0.33	1.22	2.0
Security Cameras	This category delivers video surveillance and investigative capabilities throughout the Civic Center's public areas, stairwells, lobbies, parking garages, and youth areas of the main library. This will also support integration of Civic Center cameras with the Citywide Network Camera System.	2.10	0.49	0.62	0.39	0.50	2.0

Critical Technology Needs Budget

ATTACHMENT E

Item (\$ in millions)	Description	Implementation Total	Operating Impact on FY 19 Budget	Operating Impact on FY 20 Budget *	Operating Impact on FY 19 GF Budget	Operating Impact on FY 20 GF Budget *	FTE Impact
Fiber Network							
Fiber Network Project	This category is combined with the Fiber "dig once" investments listed in "Outdated Equipment" to connect City buildings (aka Scenario #1).	11.90	0.08	1.19	0.04	0.65	2.0
Technology Systems							
Customer Relationship Management (CRM) System	This is for implementation and hardware of a new CRM system.	1.00	0.46	0.46	0.27	0.27	1.0
Cyber Security Systems	This category includes PCI Data Security Standard assessment/remediation, pen testing, cyber tool installations, data loss protection, endpoint security tools, network intrusion detection, and event monitoring/ correlation.	4.00	0.66	1.00	0.36	0.55	-
Electronic Document Management Systems (EDMS)	This is for conversion, implementation, and software license of an EDMS system.	7.00	0.40	0.53	0.26	0.34	-
Grand Total		67.00	6.03	10.58	3.71	6.54	7.0

* FY 20 is the total cumulative budget (i.e.: Includes the FY 19 budget figure).

** FTEs are included in FY 19 and funded by critical technology needs budget previously set aside.

Unfunded High-Priority Needs and Unfunded Liabilities Examples of Citywide and Department Needs

ATTACHMENT F

While the FY 19 budget funds many exciting and important initiatives, there still remain high priority needs that have been left unfunded, as well as long-term unfunded liabilities. A few examples are listed below. This list contains general examples - it is not in priority order and is not a comprehensive survey of needs citywide. Dollar amounts are estimates and are subject to material change. If any additional one-time funds become available for FY 19, or during FY 19, it is strongly recommended that any unfunded high priority needs and/or unfunded liabilities be reviewed and prioritized for additional funding. Table 1 lists items under the category of underfunded high-priority needs and Table 2, on the following page, contains examples of long-term unfunded liabilities.

TABLE 1. UNDER-FUNDED HIGH PRIORITY NEEDS (EXAMPLES, NOT A COMPLETE LIST)

Item	Description	Estimated Cost (if known)
Immediate Critical Needs		
Parks Water Needs	As a result of the historically low levels of rainfall, an increase in funding to purchase potable and reclaimed water to irrigate the City's open spaces and parks is necessary. To adequately irrigate all 996 acres of parks and open space, the City will need an minimum of \$2 million a year above structurally budgeted levels.	\$2 million/year
Park Tree Removals	The tree inventory lists approximately 14,000 trees in fair, poor, or dead conditions, as of 2014. By removing the compromised trees, applied water will not be used toward substandard tree growth.	\$1.8 million - \$7.2 million
Irrigation Pumps	Many of the City's 35 irrigation pumps used to pressurize the irrigation system or to move lake water are decades old, marginally functional, or not functional at all. One-time funds to complete the repairs and/or replacements are needed.	~\$1.4 million
Redundant Power Distribution Units (PDUs)	PDUs needed to ensure continued power for the Emergency Communications and Operations Center (ECOC) at all times, including disasters. The ECOC houses multiple systems that are critical for day-to-day and emergency communications and response multiple electrical system issues over the past few years have led to power outages and failures of many citywide systems.	\$230,000+
Lifecycle Replacement		
First responder chemical suits, radiological monitors, air monitoring devices, and nerve agent antidote kits.	Grant-Purchased Items for Chemical, Biological, Radiological, Nuclear, and Explosive (CBRNE) events are nearing the end of their useful life, with additional funds needed to replace them when the time comes.	\$400,000
150 Self-Contained Breathing Apparatus (SCBA) for fire incidents	The SCBA is a critical component of the firefighter's personal protective equipment ensemble, offering respiratory protection in fire incidents and other environments that are immediately dangerous to life or health. No current funds are identified for the replacement of these SCBAs.	\$100,000

Unfunded High-Priority Needs and Unfunded Liabilities
Examples of Citywide and Department Needs

TABLE 2. LONG TERM UNFUNDED LIABILITIES (EXAMPLES NOT A COMPLETE LIST)

Item	Description	Estimated Cost (if known)
Unfunded Employee Liabilities		
Sick Leave and Retiree Health Subsidy	This liability represents the unfunded portion of the cost of benefits that employees will accrue over their working careers. Current annual funding for the associated employee benefits is not large enough to reduce the unfunded liability.	\$185 million
Pension Liability	This unfunded liability is the result of changes in the rate smoothing policy and mortality assumptions to make up for past market losses. 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 \$46 million to the General Fund by FY 31.	\$1.2 billion
Workers Compensation Liability	This unfunded liability is the unfunded portion of expected future costs of workers compensation claims.	\$156 million
Deferred Maintenance		
Citywide Street Improvements	The City's roadways are in fair condition with an average Pavement Condition Index (PCI) score of 62 out of a possible 100. The City has 22 percent backlog for street reconstruction. As of 2017, it was estimated the cost to increase our average PCI to 80 is \$510 million over 10 years. Current street funding including Measure A and SB1 is approximately \$30 million/ annually.	\$21 million/ year
Alley Paving	Long Beach has 44 miles of asphalt and dirt/gravel alleys. Forty-five percent of the City's asphalt alleys and 100 percent of the City's 11 miles of dirt/gravel alleys are in poor or very poor condition. In 2017 the City committed \$5 million in Measure A funds to address the worse of the dirt/asphalt alleys. An additional \$16 million is needed.	\$16 million
Stormwater Protection System	The City is working to identify funding to address its aging stormwater management system. LA County is contemplating a parcel tax, there are also considerations tied to utility fees. This funding is estimated to meet the \$292 million to address both pump stations and other stormwater facilities that provide flood protection for the City.	\$292 million
Citywide Facility Repairs	The City is in the process of completing a Citywide Facility Condition Assessment. The FCI will help priority funding for repairs that will address leaking roofs, HVAC, energy efficiencies, structural repairs, maintenance and other deficiencies. Initial estimates of needs are \$867 million (based on FY 16 estimates).	~\$867 million +
Parks Tree Trimming Cycle	The City's tree management program for parks consists of emergency trimming for safety purposes only, mainly around buildings and playgrounds. The standard of arbor care indicates that regular grid trimming will enhance the longevity and safety of the urban forest. An annual funding increase \$560,000 is needed to support a five-year tree trimming cycle to maintain healthy trees in City parks.	\$560,000/ year