



City of Long Beach
Working Together to Serve

Memorandum

Date: October 20, 2017

To: Elected and Appointed Department Heads

From: Patrick H. West, City Manager *PW*

Subject: **FY 18 Budget Savings Targets**

For the past two fiscal years, the City Manager has instituted mid-year savings targets of 0.5 percent of Departments' General Fund budgets in order to assist with funding one-times and to ensure that the year ends in balance. On September 5, 2017, City Council approved the FY 18 Budget, which included a savings factor from the natural turnover in filling of positions citywide – calculated at 1.25 percent of non-sworn personnel costs for each fund and budgeted in the Citywide Activities Department. These savings were required to balance the FY 18 Budget. In addition, City Council approved a motion directing the City Manager to implement mandatory General Fund budget saving targets for FY 18 for all departments at the maximum level possible without eliminating jobs or programs.

To achieve the intent of the City Council motion, all City Manager departments, including the elected and appointed departments, will receive targets. The General Fund targets will be 1.3 percent of non-sworn personnel costs or 0.5 percent of a department's total structural budget, whichever is greater. For other funds, the targets will be a simple 1.25 percent of non-sworn personnel costs.

The Budget Office will be sending departments their targets in a separate communication and will be formally reducing department budgets at a later date. Please factor these reductions into your spending plans and in upcoming estimates-to-close analysis. As the year progresses, we will need to provide updates to City Council on the implementation of these targets. Also, we will be closely monitoring our projected financial status and could later implement additional budget actions.

As always, thank you for your continued cooperation. If you have any questions regarding this matter, please contact Lea Eriksen, Assistant Director of Financial Management, at 570-6533.

JG:LE:RAG
K:\BUDGET\FY 18\SAVINGS TARGETS\PD FY 18 SAVINGS TARGETS.DOCX

CC: TOM MODICA, ASSISTANT CITY MANAGER
KEVIN JACKSON, DEPUTY CITY MANAGER
REBECCA GARNER, ASSISTANT TO THE CITY MANAGER