

17.11

September 10, 2024

Honorable Mayor and City Council
City of Long Beach
California

RECOMMENDATION:

Recommendation to receive supporting documentation into the record, conclude the public hearing, and take the actions necessary to adopt the Fiscal Year 2025 budget as listed in Attachment A. (Citywide)

DISCUSSION

On August 1, 2024, the City Manager's Proposed Budget for Fiscal Year 2025 (FY 25) was delivered by Mayor Richardson to the City Council and the community for consideration. The City Council budget hearings were held on January 16, March 19, August 6, August 13, August 27, September 3, and September 10, 2024. Additionally, Budget Oversight Committee (BOC) meetings were held on August 6, August 13, August 20, August 27, September 3, and September 10, and citywide community meetings were also held in the months of January and August 2024, at which the Proposed FY 25 Budget was discussed. As a result of these meetings, there were 23 scheduled opportunities for public feedback, deliberation, and input. Additionally, input was solicited through the Long Beach Budget Priority Survey in January and the Digital Budget Comment Card in August to obtain feedback on desired City priorities and input on the FY 25 Proposed Budget. Both the Budget Priority Survey and the Digital Comment Card were promoted on the City's website, Go Long Beach Newsletter, X, Instagram and Threads, Facebook, Reddit, Nextdoor, and at community meetings. In addition, physical copies of the Digital Comment Card were available in multiple languages at City Parks and in the City Council Chambers during Budget Oversight Committee meetings, Budget Hearings, and City Council meetings until Friday, August 23, 2024, and were available at any local library branch.

At the conclusion of the hearing on September 10, 2024, the City Council will amend the Proposed FY 25 Budget as deemed appropriate and adopt the proposed budget as amended.

As part of the FY 25 Budget Adoption, there are two Ordinances to be considered for approval in Attachment A. The first Ordinance amends the Departmental Organization of the City (A-6). The second is the Appropriations Ordinance (A-15), which officially appropriates the funding for the Adopted Budget (approved in A-3) and authorizes expenditures in conformance with the Adopted Budget. For the second Ordinance to become effective on October 1, 2024, the City Council must first declare an emergency to exist before adopting the Ordinance (A-14).

There are also six Resolutions to approve the Master Fees and Charges Schedule (A-4); amend the Salary Resolution (A-7); approve the budget for the Long Beach Harbor Department (A-8); fixing rates and charges for Water, Sewer, and Gas Services to all customers (A-9); approve the

budget for the Public Utilities Department (A-10); and establish the Gann Appropriations Limit (A-13). There are also the following motions: approve the Mayor's Recommendations (A-1); approve the BOC Proposed Funding Recommendations (A-2); amend the Proposed FY 25 Budget (A-3); approve the FY 25 One-Year Capital Improvement Program (A-5); approve the FY 25 Budget for the Long Beach Community Investment Company (A-11); and approve the Harbor Fund Group transfer (A-12).

This matter was reviewed by Deputy City Attorney Ashleigh Stone on August 22, 2024, and by Budget Manager Rebecca Bernstorff on August 13, 2024.

TIMING CONSIDERATIONS

In accordance with the City Charter, the Proposed FY 25 Budget must be adopted by September 15, 2024. Should the City Council fail to adopt the budget by that date, the City Manager's Proposed FY 25 Budget will be deemed the budget for the 2025 Fiscal Year. The Mayor has five calendar days from the City Council adoption of the budget to use his veto authority. The City Council would then have until September 30, 2024, to override the veto action by the Mayor with a two-thirds supermajority vote (six Councilmembers).

FISCAL IMPACT

The City Charter requires that the Appropriations Ordinance govern and control the expenditure and commitment amounts stated therein relating to City departments, offices, and agencies during each fiscal year. The total Proposed FY 25 Budget for all departments and fund groups is \$4,746,872,363, which comprises of \$3,624,525,401 in new appropriation and \$1,122,346,962 in estimated carryover from FY 24 for multi-year grants and projects. Attachments B, C, and D provide the financial overview by Fund Group and Department, and Citywide revenue by Fund Group, respectively.

The Appropriations Ordinance, included as Attachment A-15, totals \$3,608,877,692 for all Fund Groups except Harbor, Sewer, Water, and Gas Fund Groups, and \$3,614,685,724 for all departments except Harbor and Public Utilities Departments. The \$5,808,032 difference between Fund Groups and Departments is due to general City indirect costs budgeted in the Financial Management Department but charged to the Harbor, Water, Sewer, and Gas Fund Groups, which are not included in the Appropriations Ordinance by Fund Group.

The proposed Harbor, Water, Sewer, and Gas Fund Group budgets are in separate City Council Resolutions included as Attachment A-8 and A-10, respectively, and total \$1,137,994,671. This total figure reflects what is in the budget system, which may vary from the figures included in the resolutions, which allow for adjustments to be made to the adopted budget in an amount not exceeding 5 percent. The final budgets are \$761,058,651 for the Harbor Fund Group, \$180,028,243 for the Water Fund Group, \$32,947,356 for the Sewer Fund Group, and \$163,960,422 for the Gas Fund Group. The Board of Harbor Commissioners adopted the budget for the Harbor Department by minute order on June 10, 2024. The Board of Public Utilities Commissioners adopted the budget for the Public Utilities Department by Resolution on June 6, 2024.

User fees and charges in the Master Fees and Charges Schedule, included as Attachment A-4, have been adjusted due to changes in service and other factors. For details regarding these proposed new fees and adjustments, please see the List of Proposed Fees Adjustments for FY 25 that has been incorporated as Exhibits B and C to the Master Fees and Charges Resolution.

Other requested City Council actions include:

- Approving the FY 25 One-Year Capital Improvement Program (CIP) budget, included as Attachment A-5, which is contained in the Appropriations Ordinance.
- Amending the Departmental Organization Ordinance included as Attachment A-6. This amendment incorporates changes to departments, bureaus, and divisions for FY 25. These organizational changes are necessary to implement changes reflected in the Proposed FY 25 Budget. A redline version of the changes is also provided.
- Adopting the amended Salary Resolution for FY 25, which creates and establishes positions of employment while fixing and prescribing the compensation for officers and employees, is included as Attachment A-7. Historically, the Salary Schedule has been included alongside the Salary Resolution, for review by Council. Starting in FY 23, the Department of Human Resources will return to City Council at a later date for approval of the Salary Schedule to ensure accuracy and inclusion of new/updated classifications.
- Adopting the FY 25 Long Beach Community Investment Company (LBCIC) budget, included as Attachment A-11. The LBCIC budget is prepared annually for City Council approval and is a subset of the Housing Development Fund. The LBCIC oversees the delivery of housing and neighborhood revitalization services. The LBCIC approved its FY 25 Budget on May 15, 2024.
- Adopting a Resolution, included as Attachment A-13, establishing the Gann Appropriations Limit (Limit) for general purpose expenditures. In November 1979, the voters of the State of California (State) approved Proposition 4, also known as the Gann Initiative (Initiative). The Initiative places certain limits on the amount of tax revenue that can be appropriated each fiscal year. The Limit is based on actual appropriations during FY 79 and prevents overspending proceeds of taxes. Only those revenues that are considered as "proceeds of taxes" are subject to the Limit. The Limit is recalculated each fiscal year based on certain inflation and population factors provided by the State. The Proposed Budget includes tax revenue estimates that are at 49.71 percent of the 2024-2025 Appropriations Limit and, therefore, do not exceed the Limit. The City Auditor reviews this calculation for conformance to the law.

After the City Manager delivered the Proposed FY 25 Budget to the Mayor, minor technical adjustments were made to various funds and departments resulting in no bottom line changes at the fund level.

A new classification, Police Recruit Non-Career (PR-NC), is being requested to be created for use as needed with no budgetary impacts. The position will bolster Police Department's

Honorable Mayor and City Council

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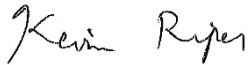
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recruitment and retention strategies by hiring and compensating police recruit applicants in advance of the next Police Academy session. This initiative addresses competition from local law enforcement agencies and aims to secure top candidates early, minimizing the risk of losing them to other agencies. PR-NC recruits will undergo pre-academy training and gain familiarity with department operations through administrative duties at the front desk, records management, and investigative support. This exposure, coupled with pre-academy training, will enhance the preparedness of police recruits for success in the Police Academy.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



Kevin Riper
Director
Financial Management

APPROVED:



THOMAS B. MODICA
CITY MANAGER

ATTACHMENTS

List of Requested Fiscal Year 2025 Budget Adoption Actions

1. Adopt the Mayor's proposed budget recommendations, as amended, to the Proposed FY 25 Budget. (A-1)
2. Adopt the Budget Oversight Committee's proposed funding recommendations, as amended, to the Proposed FY 25 Budget. (A-2)
3. Adopt the expenditures and revenues as identified in the Proposed FY 25 Budget, as amended. (A-3)
4. Adopt the Resolution amending the Master Fees and Charges Schedule for specified City services for Citywide fees and charges for the City of Long Beach. (A-4)
5. Approve the FY 25 One-Year Capital Improvement Program. (A-5)
6. Declare the Ordinance amending the Departmental Organization Ordinance read the first time and laid over to the next regular meeting of the City Council for final reading. (A-6)
7. Adopt the amended Salary Resolution for FY 25. (A-7)
8. Adopt the Resolution approving the FY 25 budget for the Long Beach Harbor Department as adopted by the Board of Harbor Commissioners on June 10, 2024. (A-8)
9. Adopt resolution approving Resolution UT-1518, a resolution of the City of Long Beach Public Utilities Commissioners Amending Resolution No. UT-1482 fixing rates and charges for water, sewer, and gas services to all customers. (A-9)
10. Adopt the Resolution approving the FY 25 budget of the Long Beach Public Utilities Department as adopted by the Board of Public Utilities Commissioners on June 6, 2024. (A-10)
11. Adopt a motion approving the FY 25 budget for the Long Beach Community Investment Company in the amount of \$5,725,142. (A-11)
12. Adopt a motion approving the estimated transfer of \$25,758,181 from the Harbor Fund Group to the Tidelands Operations Fund Group. (A-12)
13. Adopt the Resolution establishing the Gann Appropriations Limit for FY 25 pursuant to Article XIII (B) of the California Constitution. (A-13)
14. Declare an emergency to exist pursuant to City Charter Section 211 for the Appropriations Ordinance for FY 25, creating and establishing the fund groups of the Municipal Government and appropriating money to and authorizing expenditures from said funds and for said fiscal year. (A-14)
15. Declare the Appropriations Ordinance for FY 25, creating and establishing the fund groups of the Municipal Government and appropriating money to and authorizing expenditures from said funds and for said fiscal year as an Emergency Ordinance, read, and adopted as read and laid over to the next regular meeting of the City Council for final reading. (A-15)

FISCAL YEAR 2025 APPROPRIATIONS ORDINANCE BY FUND GROUP
(Does not include Harbor, Water, Sewer, and Gas Fund Groups)

<u>FUND GROUP</u>	<u>FY 25 PROPOSED EXPENDITURES</u>	<u>CHANGES</u>	<u>FY 24 ESTIMATED CARRYOVER*</u>	<u>FY 25 APPROPRIATIONS**</u>
GENERAL FUND	752,915,603	-	-	752,915,603
UPLAND OIL FUND	5,636,609	-	-	5,636,609
GENERAL GRANTS FUND	11,218,746	-	28,537,290	39,756,036
POLICE & FIRE PUBLIC SAFETY OIL PROD ACT FUND	2,238,619	-	-	2,238,619
HEALTH FUND	67,147,153	-	61,821,372	128,968,525
CUPA FUND	3,239,286	-	6,051	3,245,338
SPECIAL ADVERTISING & PROMOTION FUND	13,715,173	-	-	13,715,173
HOUSING DEVELOPMENT FUND	7,722,951	-	20,459,901	28,182,852
BELMONT SHORE PARKING METER FUND	849,990	-	-	849,990
BUSINESS ASSISTANCE FUND	773,229	-	5,011,075	5,784,304
COMMUNITY DEVELOPMENT GRANTS FUND	16,551,271	-	26,269,475	42,820,746
HOUSING AUTHORITY FUND	120,067,600	-	4,609,887	124,677,487
GASOLINE TAX STREET IMPROVEMENT FUND	12,939,365	-	16,482,234	29,421,600
CAPITAL PROJECTS FUND	207,482,326	-	723,384,908	930,867,234
SUCCESSOR AGENCY OPERATIONS	4,278,680	-	31,183,976	35,462,656
CIVIC CENTER FUND	24,652,920	-	2,091,446	26,744,366
GENERAL SERVICES FUND	93,655,943	-	18,243,984	111,899,926
FLEET SERVICES FUND	59,391,472	-	6,585,880	65,977,352
INSURANCE FUND	77,520,817	-	(630,841)	76,889,976
EMPLOYEE BENEFITS FUND	477,615,490	-	-	477,615,490
TIDELANDS OPERATIONS FUND	108,718,331	-	108,523,221	217,241,552
TIDELANDS AREA FUNDS	36,256,464	-	18,819,063	55,075,527
TIDELANDS OIL REVENUE FUND	87,748,865	-	-	87,748,865
RESERVE FOR SUBSIDENCE	-	-	-	-
DEVELOPMENT SERVICES FUND	40,349,217	-	(890,099)	39,459,119
GAS PREPAY	46,131,723	-	-	46,131,723
AIRPORT FUND	64,119,728	-	50,425,274	114,545,002
REFUSE/RECYCLING FUND	101,537,256	-	1,412,864	102,950,121
SERRF FUND	8,347,731	-	-	8,347,731
SERRF JPA FUND	-	-	-	-
TOWING FUND	8,093,427	-	-	8,093,427
DEBT SERVICE FUND	12,568,546	-	-	12,568,546
SUCCESSOR AGENCY - DEBT SERVICE	13,046,198	-	-	13,046,198
TOTAL	2,486,530,730	-	1,122,346,962	3,608,877,692

*Reflects estimated carryover for accounts with projects and grants as of 5/31/24.

**The total appropriations for all fund groups is \$4,746,872,363. This is derived from the total FY 25 Appropriations amount above, plus \$1,137,994,671 for the Harbor, Water, Sewer, and Gas Fund Groups not listed above. Note: figure may not account for rounding.

FISCAL YEAR 2025 APPROPRIATIONS ORDINANCE BY DEPARTMENT
(Does not include Harbor and Utilities Departments)

<u>DEPARTMENT</u>	<u>FY 25 PROPOSED EXPENDITURES</u>	<u>CHANGES</u>	<u>FY 24 ESTIMATED CARRYOVER*</u>	<u>FY 25 APPROPRIATIONS***</u>
MAYOR AND COUNCIL	8,934,809	-	(468)	8,934,341
CITY ATTORNEY	11,022,356	-	(3,900)	11,018,456
CITY AUDITOR	3,842,386	-	-	3,842,386
CITY CLERK	5,070,251	-	-	5,070,251
CITY MANAGER	24,974,397	-	6,769,132	31,743,529
CITY PROSECUTOR	8,006,936	-	953,593	8,960,530
CIVIL SERVICE	4,352,226	-	-	4,352,226
AIRPORT	63,186,317	-	50,078,690	113,265,007
DISASTER PREPAREDNESS & EMERGENCY COMMUNICATIONS	16,617,089	-	1,843,633	18,460,722
COMMUNITY DEVELOPMENT	77,170,619	-	74,126,239	151,296,857
ECONOMIC DEVELOPMENT	29,016,680	-	5,715,436	34,732,116
FINANCIAL MANAGEMENT**	786,483,029	-	156,852,199	943,335,228
FIRE	189,714,013	-	5,184,490	194,898,502
HEALTH AND HUMAN SERVICES	201,166,285	-	66,950,753	268,117,038
HUMAN RESOURCES	44,521,277	-	(680,530)	43,840,747
LIBRARY, ARTS, AND CULTURE	21,612,015	-	5,375,615	26,987,631
ENERGY RESOURCES	101,242,956	-	(7,785)	101,235,171
PARKS, RECREATION AND MARINE	85,334,857	-	36,598,787	121,933,644
POLICE	338,075,131	-	11,981,388	350,056,518
POLICE OVERSIGHT	1,798,512	-	-	1,798,512
PUBLIC WORKS	382,408,015	-	681,039,021	1,063,447,035
TECHNOLOGY & INNOVATION	87,788,608	-	19,570,669	107,359,278
TOTAL	2,492,338,763	-	1,122,346,962	3,614,685,724

*Reflects estimated carryover for accounts with projects and grants as of 5/31/24.

**Department of Financial Management includes internal service charges that are contained in the resolutions of the Harbor, Water, Sewer, and Gas Fund Groups for accounting, budgeting and treasury functions, and other citywide activities such as debt service.

***The total appropriations for all fund groups is \$4,746,872,363. This is derived from the total FY 25 Appropriations amount above, plus \$1,132,186,639 for the Harbor and Utilities Departments not listed above. Note: figure may not account for rounding.

FISCAL YEAR 2025 REVENUES BY FUND GROUP
(Does not include Harbor, Water, Sewer, and Gas Fund Groups)

<u>FUND GROUP</u>	<u>FY 25 PROPOSED REVENUES</u>	<u>CHANGES</u>	<u>FY 25 PROPOSED BUDGETED REVENUES</u>
GENERAL FUND	723,223,326	-	723,223,326
UPLAND OIL FUND	9,898,351	-	9,898,351
GENERAL GRANTS FUND	10,757,006	-	10,757,006
POLICE & FIRE PUBLIC SAFETY OIL PROD ACT FUND	2,265,348	-	2,265,348
HEALTH FUND	62,764,763	-	62,764,763
SPECIAL ADVERTISING & PROMOTION FUND	13,717,197	-	13,717,197
HOUSING DEVELOPMENT FUND	4,486,609	-	4,486,609
BELMONT SHORE PARKING METER FUND	893,794	-	893,794
BUSINESS ASSISTANCE FUND	728,199	-	728,199
COMMUNITY DEVELOPMENT GRANTS FUND	9,071,230	-	9,071,230
GASOLINE TAX STREET IMPROVEMENT FUND	12,628,624	-	12,628,624
CAPITAL PROJECTS FUND	209,008,929	-	209,008,929
CIVIC CENTER FUND	25,671,529	-	25,671,529
GENERAL SERVICES FUND	94,283,784	-	94,283,784
FLEET SERVICES FUND	78,268,670	-	78,268,670
INSURANCE FUND	85,388,496	-	85,388,496
EMPLOYEE BENEFITS FUND	478,273,017	-	478,273,017
TIDELANDS OPERATIONS FUND	105,398,036	-	105,398,036
TIDELANDS AREA FUNDS	32,764,952	-	32,764,952
TIDELANDS OIL REVENUE FUND	96,873,865	-	96,873,865
RESERVE FOR SUBSIDENCE	5,286,979	-	5,286,979
DEVELOPMENT SERVICES FUND	38,970,203	-	38,970,203
GAS PREPAY FUND	-	-	-
AIRPORT FUND	73,660,268	-	73,660,268
REFUSE/RECYCLING FUND	74,516,115	-	74,516,115
SERRF FUND	150,000	-	150,000
SERRF JPA FUND	-	-	-
TOWING FUND	7,323,379	-	7,323,379
HOUSING AUTHORITY FUND	125,902,164	-	125,902,164
SUCCESSOR AGENCY OPERATIONS	4,219,567	-	4,219,567
CUPA FUND	1,864,161	-	1,864,161
DEBT SERVICE FUND	10,974,916	-	10,974,916
SUCCESSOR AGENCY DEBT SERVICE	30,162,041	-	30,162,041
TOTAL	2,429,395,519	-	2,429,395,519

Long Beach Community Investment Company (LBCIC)

Established by the City Council, the Long Beach Community Investment Company (LBCIC) oversees the delivery of housing and neighborhood revitalization services. The Housing Services Division in the Community Development Department staffs the LBCIC. Annually, the LBCIC prepares its housing budget for approval by the City Council. The LBCIC's budget is a subset of the entire Housing Development Fund Group. Revenue sources in this fund include rental income, loan repayments and interest from mortgage assistance programs, and land sale proceeds. This revenue supports the FY 25 LBCIC budget of \$5,725,142. The development of housing is a multi-year endeavor and staff continues to work on projects budgeted in prior years.

LBCIC Expenditures	Budget
Operation of LBCIC-owned properties (321 W. 7th Street and 1044 Maine Avenue)	278,000
Development Projects Rental - Notice of Funding Available	5,000,000
Administration	447,142
Total	\$ 5,725,142

The Long Beach Community Investment Company

LBCIC Expenditures	FY 25 PROPOSED BUDGET
LBCIC-Owned Rental Projects	
321 West 7th (Lois Apartments -- 24 units)	200,000
1044 Maine Apartments (11 units)	78,000
<i>Subtotal LBCIC-Owned Rentals</i>	\$ 278,000
Development Projects	
<i>Rental</i>	
Notice of Funding Availability	5,000,000
<i>Subtotal Rental</i>	\$ 5,000,000
LBCIC Administration	
Administrative Expenditures	110,142
HOME Revenue Transfer	
Project Administration (Property Mgmt/Project Dev)	200,000
Project Staff Costs	137,000
<i>Subtotal LBCIC Admin</i>	\$ 447,142
Total LBCIC Expenditures	\$ 5,725,142