

A sunset over the ocean with a large flock of birds flying in the sky. The sun is low on the horizon, casting a golden glow across the water and sky. The sky is filled with dark, dramatic clouds, and the birds are silhouetted against the bright light of the setting sun.

CITY OF LONG BEACH

BUDGET PRESENTATION

Responsible. Dependable. Sustainable.

*by Michael Tangney
Acting City Manager*

AGENDA

PROCESS OVERVIEW

YOUR TAX DOLLARS

CURRENT FINANCIAL STATUS

PROPOSED BUDGET HIGHLIGHTS

POTENTIAL SERVICE REDUCTIONS

INCREASING REVENUE



PART ONE

**PROCESS
OVERVIEW**

CITY OF LONG BEACH

BUDGET CYCLE

JANUARY

- ★ Departmental budget worksheets prepared

FEBRUARY

- ★ Departments submit budget requests to management

MARCH

- ★ Management and departments negotiate budgets

APRIL

- ★ Proposed budget submitted to City Council

MAY

- ★ Public hearings and final budget adopted

JULY

- ★ City fiscal year begins



PART TWO

YOUR TAXES

CITY OF LONG BEACH

RESIDENTIAL TAXES

For every tax dollar collected:

**SCHOOL & COUNTY
TAXES**



65%

**CITY
TAXES**



35%



CITY TAXES

How your tax dollars are spent:

Employee Benefits
25.70%



Public Safety
20.66%



General Gov't Support
16.43%



Home & Community Services
9.8%



Other
7.15%



Debit Service
11.37%

Recreation
8.68%

***Other: Interfund Risk Retention, Transportation, Economic Opportunity/Development and Education**

PART THREE

FINANCIAL STATUS

CITY OF LONG BEACH

CREDIBILITY IN THE MARKETS

Moody's investor services affirmed the City's Baa1 credit rating and revised the outlook to negative.

"The negative outlook reflects the liquidity challenges the city will have in the near-term following years of operating deficits and City Council's failure to approve budgeted borrowing to pay for operating expenses."

Factors for an Upgrade

- Return to structurally balanced operations
- Improvement in reserves and liquidity
- Ability to effectively manage through management turnover

Factors for a Downgrade

- Fiscal 2018 audited results are worse than currently anticipated
- Liquidity deteriorates more than expected through the end of fiscal 2018 or through fiscal 2019
- Failure to implement a structurally balanced budget for fiscal 2019 that does not rely on reserves to balance budget

NYS COMPTROLLER STRESS SCORE

Score: Significant

City of Long Beach's fiscal stress score is now 80.8% which is in the "significant" category. The comptroller cited short-term borrowing, fund balance and operating deficits

Financial Indicators:

- Year-end fund balance;
- Operating deficits/surpluses;
- Cash position;
- Use of short-term debt for cash flow;
- Fixed Costs.

Environmental Indicators:

- Population, Age and Poverty;
- Property Values and Employment;
- Dependence on revenue from other government units;
- Constitutional tax limit;
- Sales tax revenue.

CHALLENGES

The City faces many structural realities that cause budgetary obstacles



PENSION/ RETIREMENT COSTS



CONTRACTUAL LABOR COSTS



EMPLOYEE HEALTH CARE COSTS



DEBT SERVICE

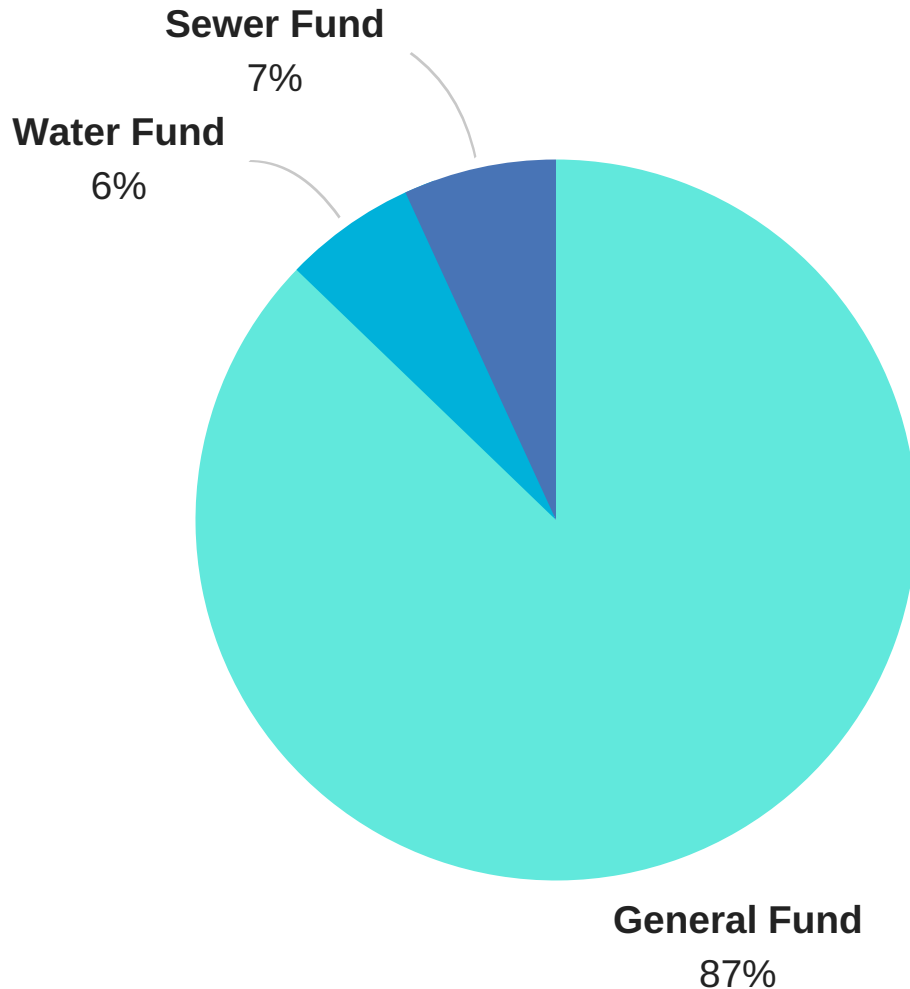
PART FOUR

**BUDGET
HIGHLIGHTS**

CITY OF LONG BEACH

PROPOSED OPERATING BUDGET

The proposed operating budget for fiscal year 2018-19 totals \$95,080,894



General Fund: \$82.9 Million

Resources traditionally associated with general government. For example: general administration, public safety, recreation, employee benefits, property tax, licenses and permits, departmental revenues, and fund balance.

Sewer Fund: \$6.5 Million

Sewer operations of the City. Revenues are generated from sewer rents, which are adjusted annually to meet the costs of administration, operation, maintenance, and capital improvements to the system

Water Fund: \$5.6 Million

Accounts for revenues and expenditures of the water utility operations of the City. Revenues are generated from user fees, which are adjusted annually to meet the costs of administration, operation, maintenance, and capital improvements to the system.

PROPOSED BUDGET IMPACTS



Property Taxes

This Proposed Budget includes a 12.36% increase in the residential tax rate, about \$33 per household each month.



Healthcare Costs

There is a \$400,000 increase in healthcare costs, which is equivalent to a 1.09% tax increase. Since 2015, the City's healthcare expenses have risen an astonishing 24.2%, costing an additional \$2.4 million.



Contractual Salary Raises

There is an \$830,000 increase in contractual salary amounts equivalent to a 2.27% property tax increase.



Retirement/Pension Costs

For the first time in many years, we expect a decrease in these costs as employer contribution rates have stabilized. Given this, the proposed budget reflects a \$190,000 decrease in these lines over the prior year.



Debt Service

There is a \$696,032 increase in debt service. This increase is primarily attributed to recent capital improvements, including road reconstruction, recreation upgrades, public safety and transportation equipment.



Revenues

Certain revenues related to non-recurring grants and fees and the Sandy recovery are reduced in this proposed budget, resulting in a decrease in revenue of \$2.6 million from the 2017-2018 Adopted Budget.

PROPOSED BUDGET ANALYSIS

The proposed budget maintains the same level of services that the public has grown accustomed to by raising property taxes by 12.36%.

NYS COMPTROLLER REVIEW

"Based on the results of our review, we found that the significant revenue and expenditure projections in the proposed budget are reasonable."

- Office of Tom DiNapoli

PART FIVE

**POTENTIAL
SERVICE
REDUCTIONS**

CITY OF LONG BEACH

SERVICE REDUCTIONS OVERVIEW

Long Beach provides a unique combination of services that other municipalities do not. These services represent a great expense to the City and a significant tax burden to residents.

Daycare
Health Care Costs
Paid Fire Department
Police Department
Special Events

DAYCARE

Magnolia Child Care Center is a licensed early child care center. It serves infants, toddlers and preschoolers, ages 6 weeks to 4 years old. The program is run by the City's Department of Youth And Family Services.

Potential Reduction

Municipalities generally do not administer daycare services due to the costs and liability associated with taking care of children, especially infants. The daycare program at the Magnolia Center does not earn sufficient revenue to cover its operations costing taxpayers over \$80,000 amount annually

HEALTHCARE COSTS

Currently, exempts, paramedics and new union members are the only full time employees that contribute to cover the costs associated with their healthcare.

The proposed budget includes a \$400,000 increase in healthcare costs, which is equivalent to a 1.09% tax increase. Since 2015, the City's healthcare expenses have risen an astonishing 24.2%, costing an additional \$2.4 million.

Potential Reduction

- If active union members contributed 5% towards their healthcare that would amount to \$350k annually or .95% in taxes
- 10% would amount to \$700k annually or 1.9% in taxes
- 15% would amount to \$1.1 million or in 3% in taxes

FIRE DEPARTMENT

The Fire Department is committed to protecting property owner's investments and promoting public health, safety, and welfare to enhance the quality of life in our City.

Potential Reduction

The department responded to 5,011 alarms in 2016. Thankfully, only 10 of those calls were for working fires, equaling 0.2% of all calls received. The City began exploring potential methods to improve the delivery of services from the LBFD, one of only two paid fire departments on Long Island. The Department has not submitted a restructuring plan that would generate savings for the City.

POLICE DEPARTMENT

The Police Department provides all facets of law enforcement – from patrol functions to full investigative services. The scope of duties also includes a fully functioning traffic division, warrants, identification and training bureau, detectives, and patrol.

Potential Reduction

The Department responds to about 18,000 calls annually. In 2017, department had 580 arrests, 145 DWI arrests, and responded to 958 motor vehicle accidents. Cost efficiency has been enhanced in many ways, including grants with NYS Dept of Justice, NCPD, and NCDA. The department has reduced its force size to the lowest level in history, and is down 9 officers and 2 full-time staff. The department is aggressively pursuing technological advances to cut costs.

SPECIAL EVENTS

There are many events that result in a net loss for the City. Associated event costs include public works, recreation, police and overtime. Given the current financial climate, rethinking the negotiations of private events and reducing some of the City-run events should be considered. Legislation has been drafted to address this issue.

Potential Reduction

Each of these events cost the City over \$20,000 each annually:

- Summer Concert Series
- Irish Day
- Fall Festival
- Independence Day Fireworks
- Polar Bear Super Bowl Splash
- Pride Weekend
- Michelle O'Neil Volleyball Tournament
- Family Fun in the Park

PART SIX

INCREASING REVENUE

CITY OF LONG BEACH

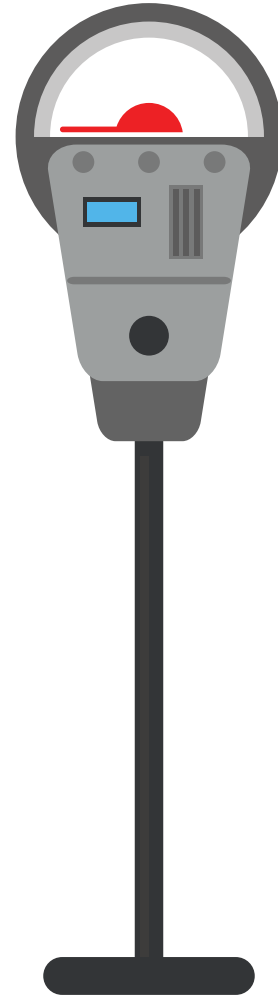
INCREASING REVENUE OVERVIEW

In order to ensure a sustainable fiscal recovery without overburdening taxpayers, the City needs to aggressively increase revenues by improving efficiencies and pursuing new opportunities. This section contains many options that are recommended to the City Council and the next City Manager.

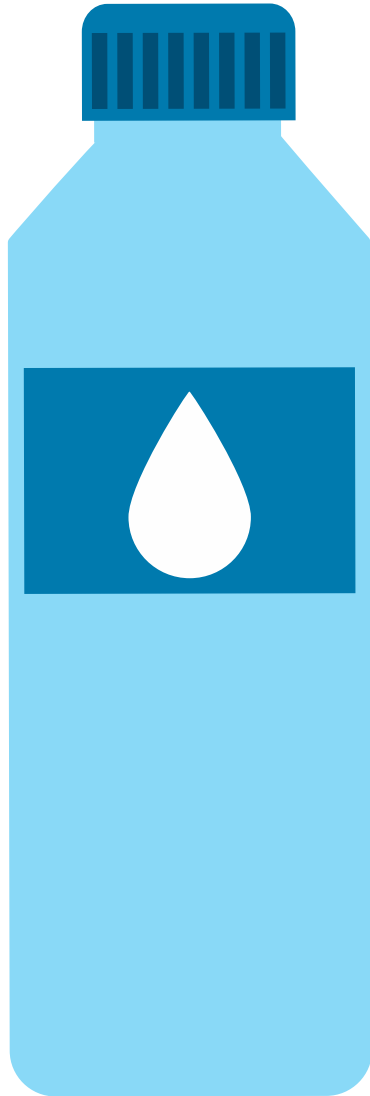
Parking Meters
Pouring/ Naming Rights
Energy Efficiency
Smart Development

PARKING METERS

The installation of parking meters in the central business district presents a great opportunity for increased revenue for the City. Based on projections, if charged \$.50 per hour the City will see \$661,860 in annual revenue. If charged \$.75 the City will see over \$1 million for the same time period. Please note that these figures do not include the costs associated with installation.



POURING/NAMING RIGHTS

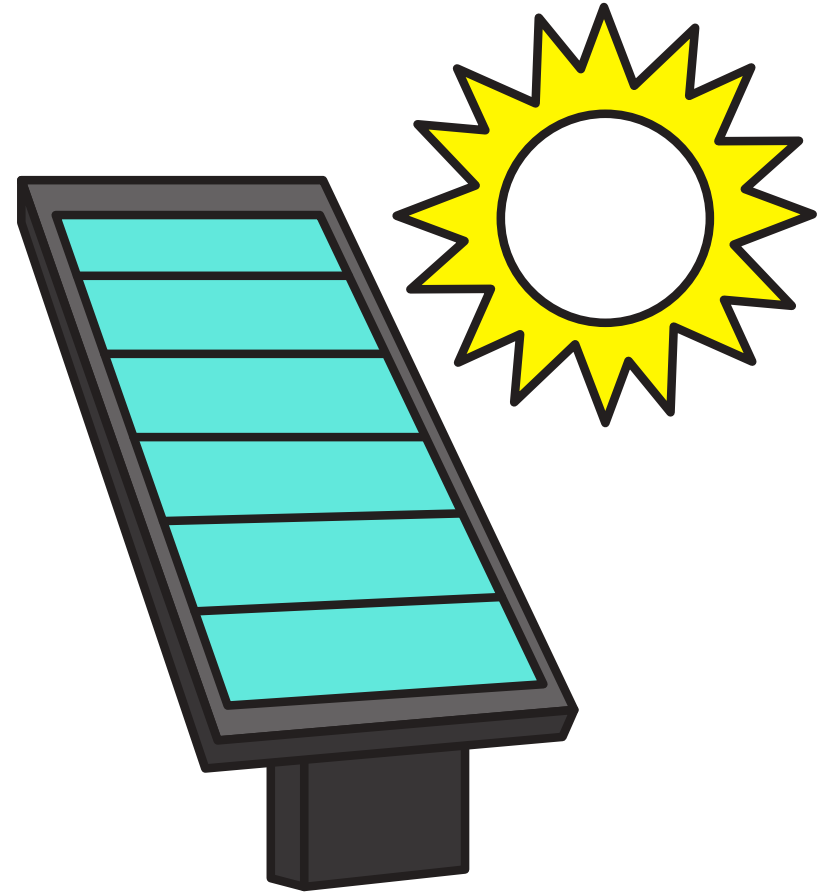


Consider selling exclusive rights to a distributor to have their products sold at events and city property (i.e: shoregasboard).

Consider selling naming rights to public property to generate revenue (i.e: Ice Arena).

ENERGY EFFICIENCY

Every city-owned roof should be seen as a potential asset for revenue generating solar panels.



SMART DEVELOPMENT



The City's tax base must be expanded through smart, resilient development. Accordingly, the City must adopt a comprehensive plan and update zoning in a way that will enable growth, preserve neighborhood characteristics, and empower current residents.

THANK YOU