

IV. Use of One-Time Resources

A. Policy

Once the General Fund Budget is brought into structural balance, one-time resources such as proceeds from asset sales, debt refinancing, one-time grants, revenue spikes, budget savings and similar non-recurring revenue shall not be used for current or new ongoing operating expenses. Appropriate uses of one-time resources include establishing and rebuilding the Emergency Reserve and the Operating Reserve, early retirement of debt, capital expenditures and other non-recurring expenditures.

B. Purpose

To insure that the City maintains a structurally balanced budget and does not use one-time resources to increase the base budget that cannot be sustained by ongoing resources.

C. Definitions and Details

1. One-time resources are resources that the City cannot reasonably expect to receive on an ongoing basis. The source is most likely one-time if any of the following apply:
 - a. Will not be available the next fiscal year.
 - b. Has a set ending date such as 12-18 months from today.
 - c. Results from a one-time spike.
 - d. Results from a revenue spike as defined in Policy Number II.
 - e. Results from temporary expenditure savings.
2. One-time resources include bond or debt proceeds, bond-refinancing proceeds, money from the sale of assets, one-time grant funds, budget surpluses, and fund balance

V. Use of New Discretionary Revenues

A. Policy

Once the General Fund budget is brought into structural balance, a minimum of 10 percent of all new (ongoing) discretionary revenue will be devoted to capital projects including deferred maintenance and infrastructure needs.

B. Purpose

To insure the designation of a proportionate and ongoing share of the annual budget for the needed care and construction of physical plant and infrastructure.

C. Definitions and Details

1. This policy applies to the net increase of all discretionary General Fund recurring revenues (e.g., tax revenue, non fee-based revenue [necessary for providing services]).
2. The designation of these funds in no way displaces or substitutes for the funds already being budgeted for capital projects.
3. Examples of projects qualifying for funding under this provision include such projects as facility repairs, roof repairs, street repairs, air conditioning repair or replacement, replacement of flooring, elimination of mold,

VII. User Fees and Charges

A. Policy

The City of Long Beach is empowered to recapture, through fees, up to the full cost of providing specific services. Regular and consistent review of all fees is necessary to ensure that the costs associated with delivery of individual services have been appropriately identified, and that the City is fully recovering those costs. It is the City's policy to set user fees at full cost recovery levels, except where a greater public benefit is demonstrated to the satisfaction of the City Council, or when it is not cost effective to do so.

B. Purpose

To determine the full costs of providing specific services so that the City Council can make informed decisions as to the appropriate levels of fees for services that may be imposed to avoid providing unwanted subsidies. The City Council may decide against full cost recovery in cases where greater public benefit is demonstrated.

C. Definitions and Details

1. Every service supported by user fees or charges will be analyzed on a regular basis to determine the net cost of providing the service.
2. Net cost will be determined by identifying all revenues generated or attributed to the service and subtracting all cost elements (direct and indirect expenses, capital outlays and other one-time expenses). The resulting figure will be level of subsidy, which the City Council will use as a basis for determining user fee increases or decreases.
3. If it is determined that there is a net cost to providing the service, the City Council will raise user fees to achieve full cost recovery, unless it is decided that the subsidy should be maintained.
4. Additional information may be necessary to aid in the decision as to whether or not a service should be subsidized (public benefit, cost-effectiveness, etc.)

VIII. Grants

A. Policy

City staff will seek out, apply for and effectively administer federal, state and other grants that address the City's priorities and policy objectives and provide a positive benefit to the City. Before any grant above \$50,000 is pursued, staff shall provide a detailed pro-forma to the City Manager that addresses the immediate and long-term costs and benefits to the City. A proforma must be submitted to the City Manager for all grants prior to accepting the grant award.

B. Purpose

To provide guidance to staff to seek out federal, state and other grants that address the City's priorities and policy objectives while ensuring positive benefit to the City.

C. Definitions and Details

1. Any grant request must be consistent with the City's Strategic Plan 2010 and the department's mission.
2. City departments are encouraged to submit applications for cost effective grants that help the City achieve its mission and goals.
3. Staff shall develop a proforma for the City Manager that includes the following elements:
 - a. How the grant relates to the City's Strategic Plan 2010 goals, City Council goals and Three-Year Financial Strategic Plan goals.
 - b. Anticipated benefits
 - c. A cost estimate (by character of expense) showing anticipated start-up costs and projected ongoing costs. Costs must include both direct costs (personnel, benefits, current expenses, capital, training) and overhead costs (insurance, legal, administrative)
 - d. Detailed revenue budget showing estimated revenues and sources, matching funds (cash or in-kind) required and their source
 - e. Other departments impacted by grant requirements and results
 - f. Project status after grant funding expires
 - g. Other requirements
 - h. If grant is reimbursable or advance funds
4. The proforma to the City Manager must also include a risk analysis including assumptions and a contingency plan if, for example:
 - a. Funds are not received or are received later than planned
 - b. Actual funding falls short of the budget commitment

- c. Expenses are ruled ineligible or overdrafts are incurred
- 5. If funding has not been identified for continuing an ongoing program after grant funds have been exhausted, an automatic sunset provision will be included in the City Council authorization for the program.
 - a. The program will automatically terminate at the end of the fiscal year when grant funds cease if additional funding has not been secured
 - b. The program will continue if ongoing funding is identified or the City Council determines that the program should be funded
- 6. Proforma must be routed for review with any City Council letter requesting grant approval.