



District 5 Community Meeting

Tom Modica, City Manager
April 23rd, 2026

Agenda

- **FY 27 Budget Study Session**
- **Street Light Program Update**
- **Carson Street Project Overview**
- **Clark Ave Project Overview**

Long Beach Budget Overview



Revenue Impacts

Like many cities, Long Beach is experiencing significant revenue impacts due to the economy.



Reduction History

We have gone 5 years without any reductions, the longest in our recent history.



Rising Costs

Costs are rising, particularly in areas like public safety and health.



Current Deficit

Our deficit has recently improved somewhat, originally estimated at \$60-\$80 million - now at \$61.3 million for FY 27.



Federal Funding Loss

Impacts from federal policy are very real with \$302 million in loss or delay of funding in many different areas.



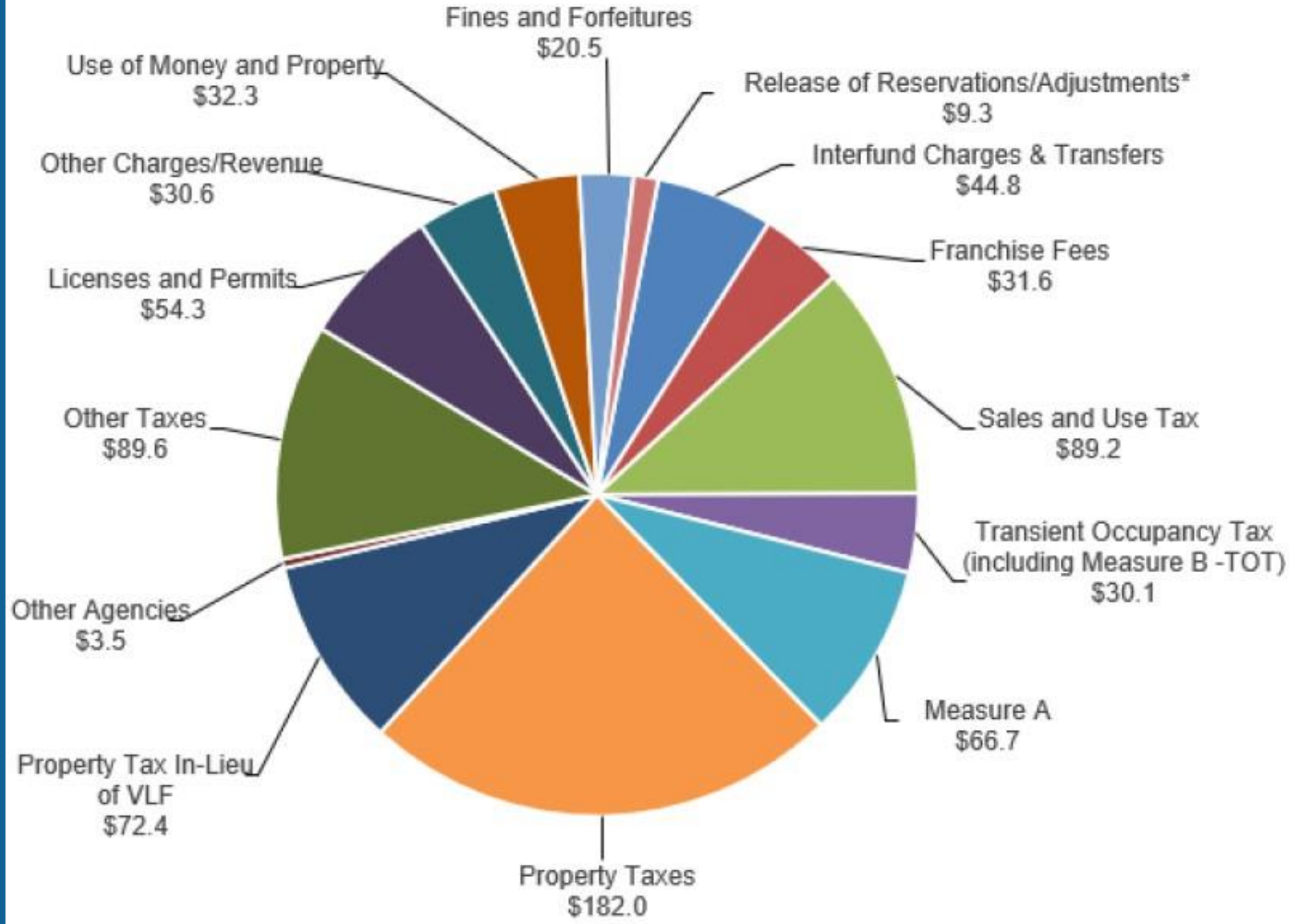
Budget Balancing

Just like residents, cities have to balance our budget which will mean reductions and difficult choices.

Where Do Revenues Come From?



**Adopted FY 26 Sources
General Fund (in millions)
(Total = \$756.9 million)**



TOP GENERAL FUND REVENUES

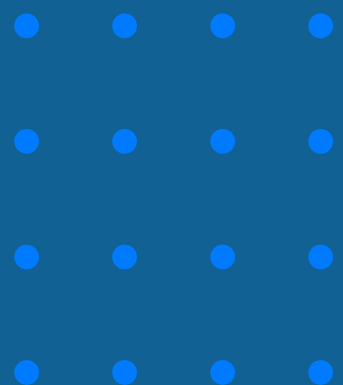
1. Property Taxes - 34%
2. Sales and Use Taxes - 21%
3. Utility Users Tax & Franchise Fees - 13%

Taxes make up the largest source of GF revenue at 72%.

What Are The Biggest Expenses?



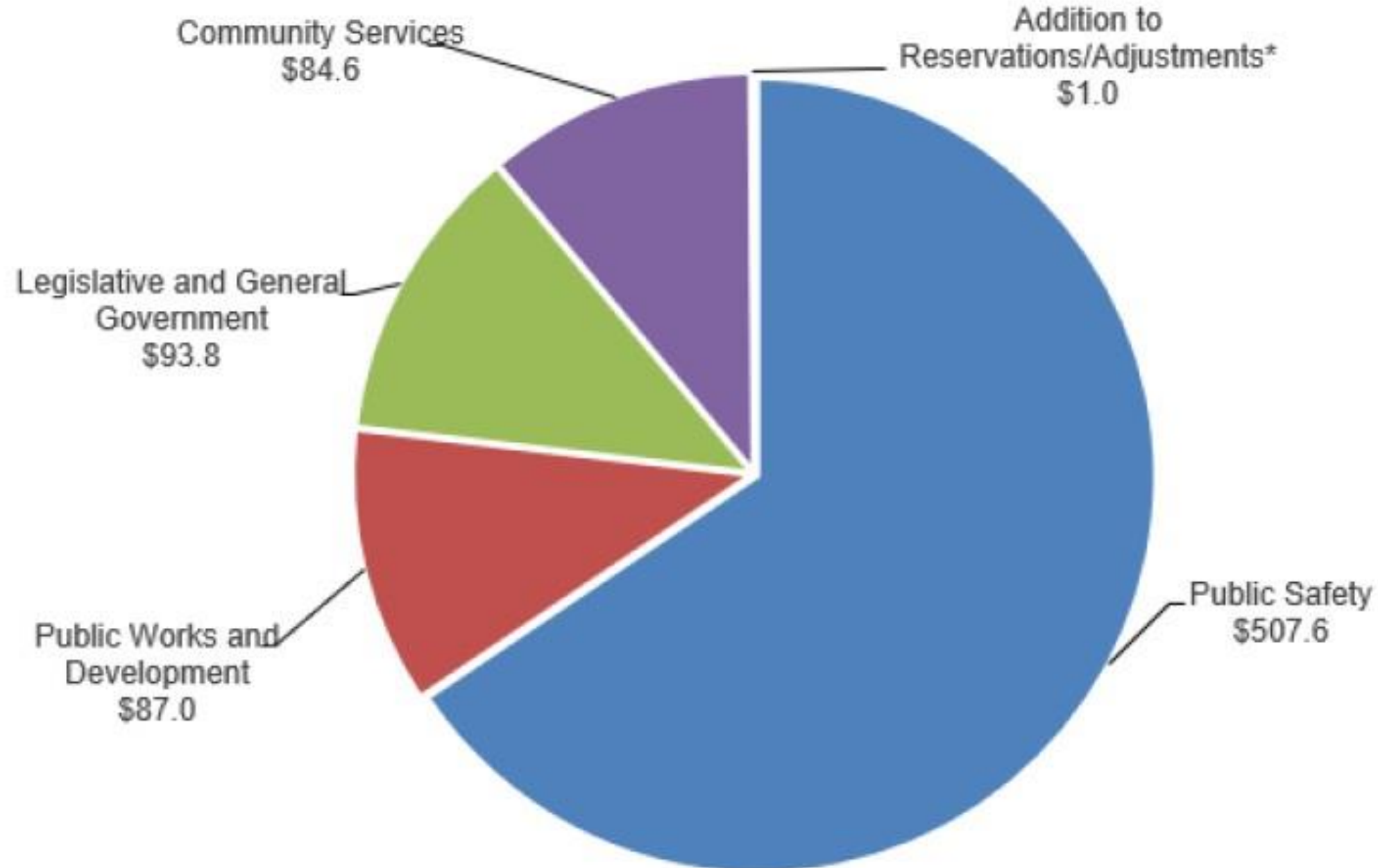
Employee related costs make up the majority of the expenditures in the General Fund at approximately 77%.



What Are The Biggest Expenses?



**Adopted FY 26 Uses
General Fund (in millions)
by Category of Service
(Total = \$773.9 million)**



PUBLIC SAFETY

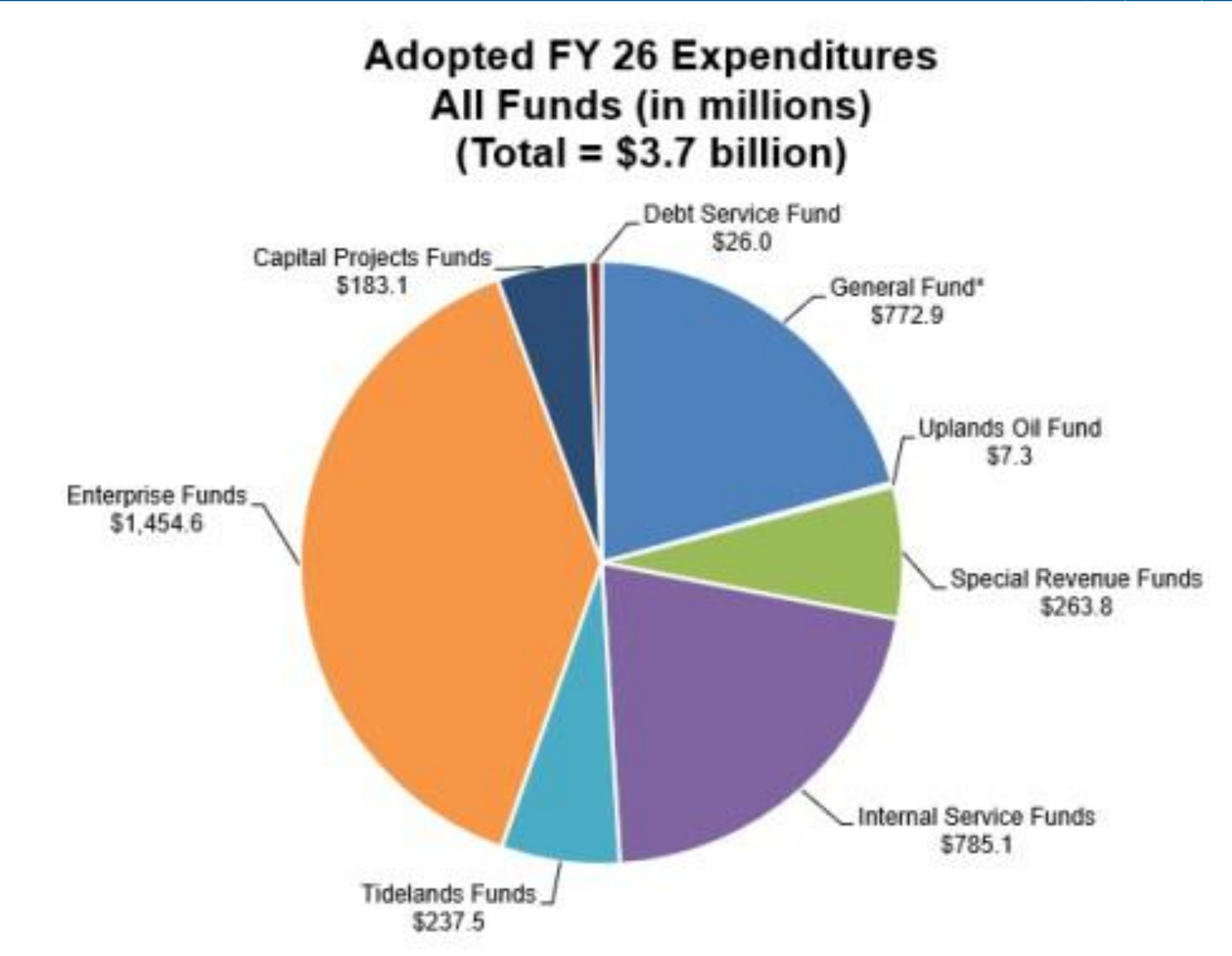
65.5%



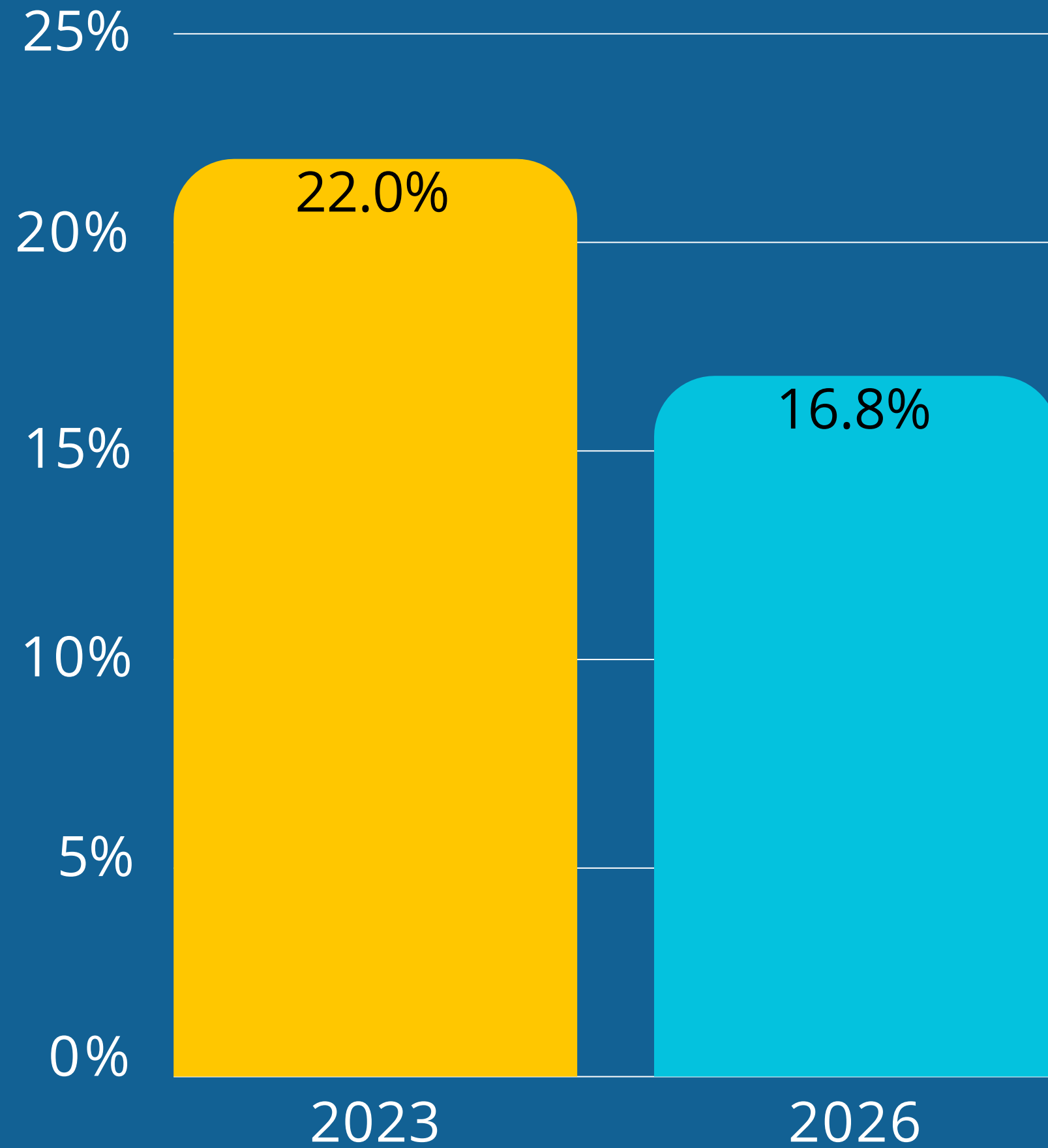
General Fund v. Other Funds



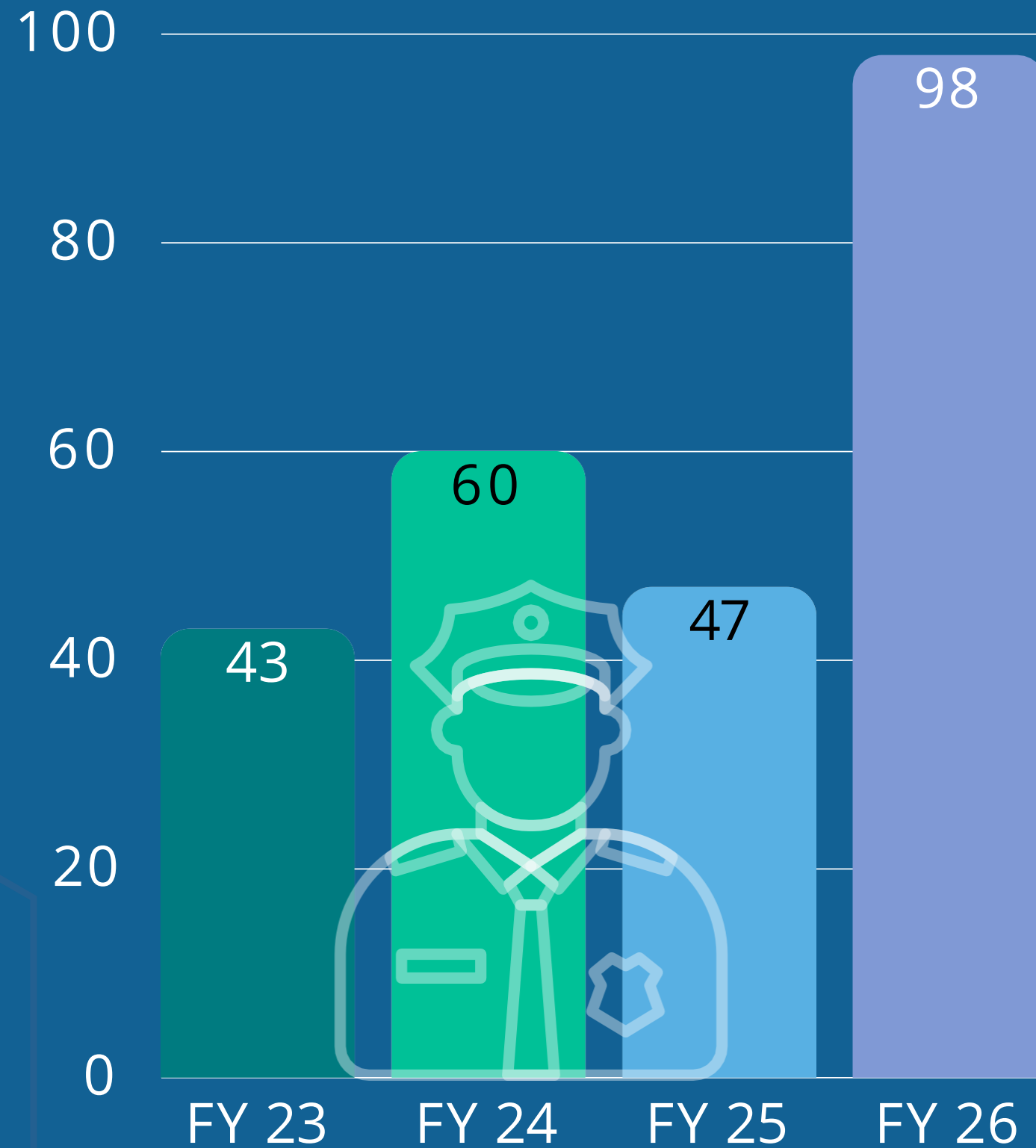
The General Fund is about 21% of the total FY 26 Budget.



Citywide Vacancy Rate

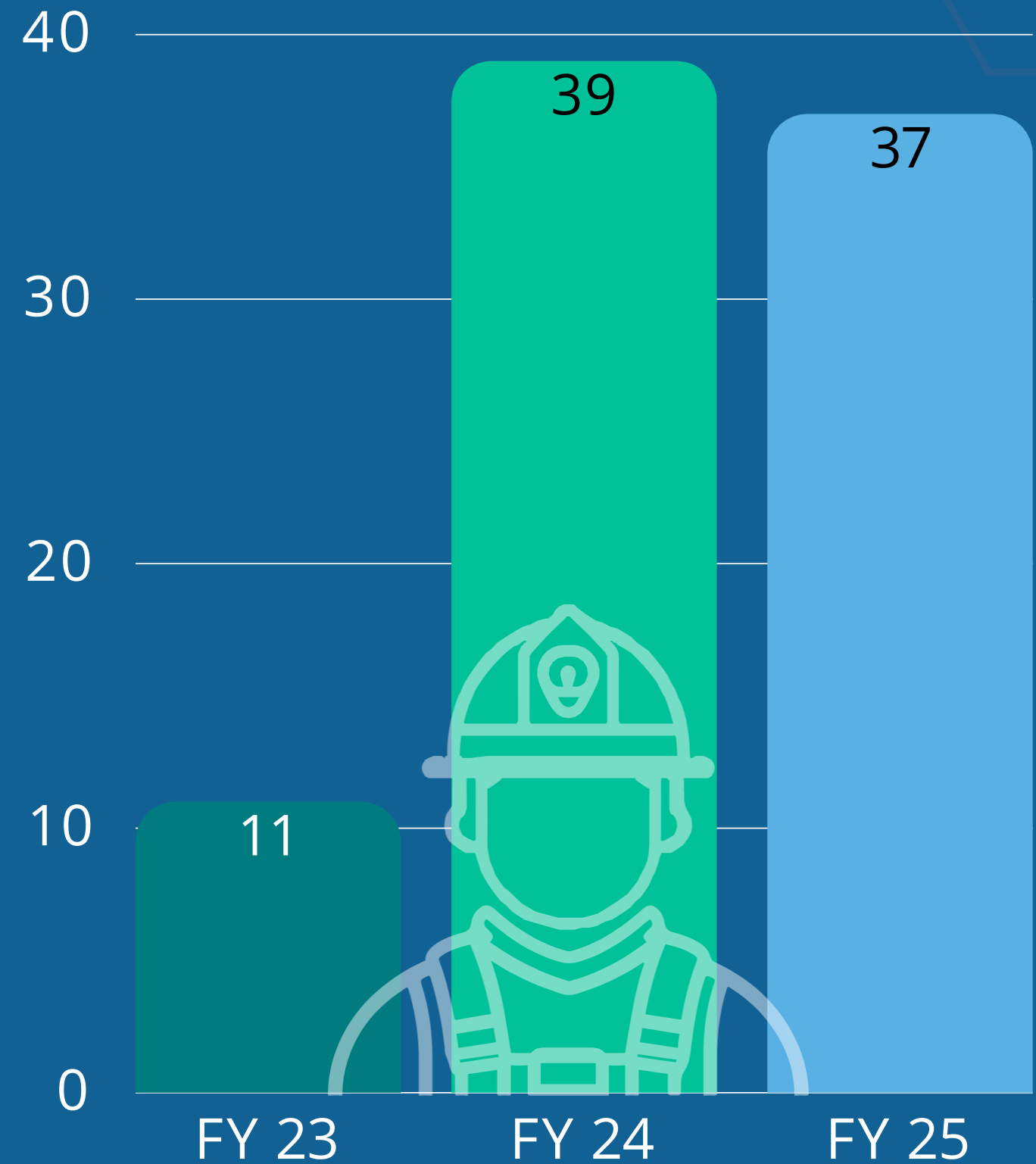


Public Safety Academy Graduates / Recruits



Police*

**FY 23-25 include laterals;
FY 26 includes recruits.*



Fire

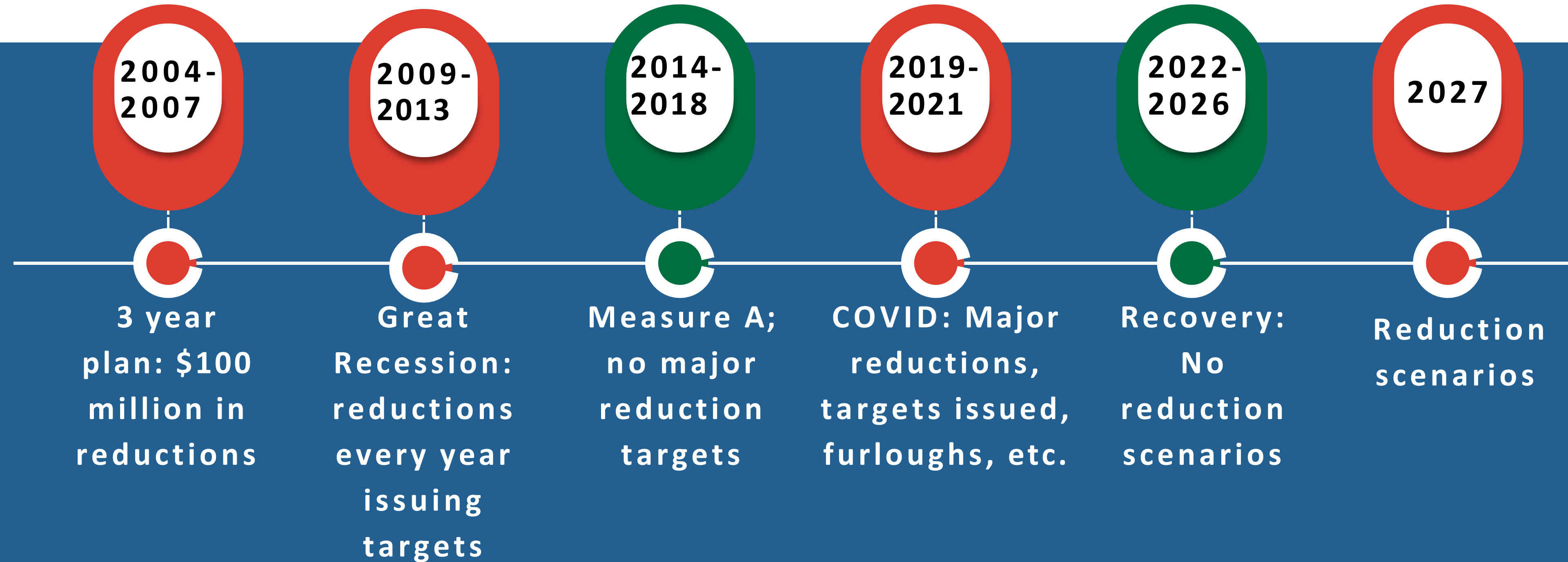
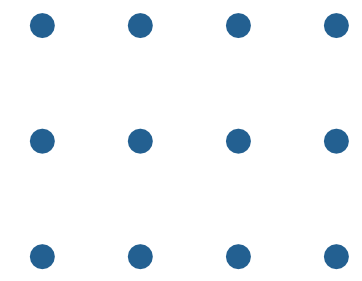


What is a structural deficit?

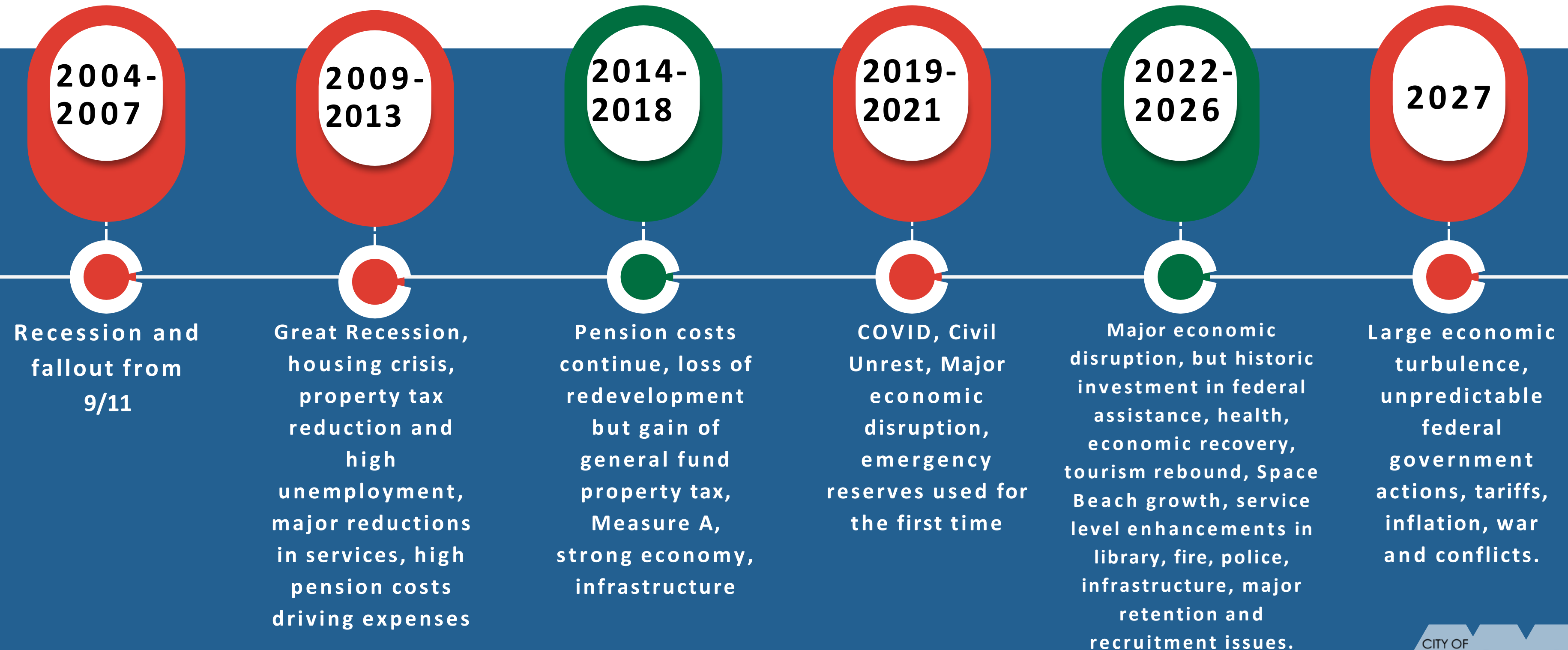
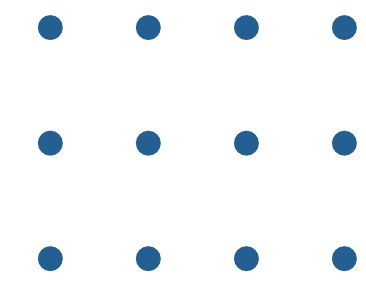
An imbalance between ongoing revenues and ongoing costs.



What has our history been?



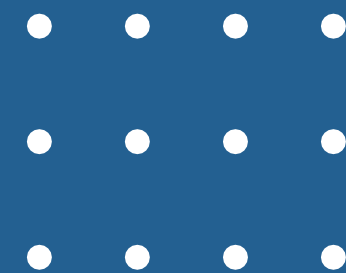
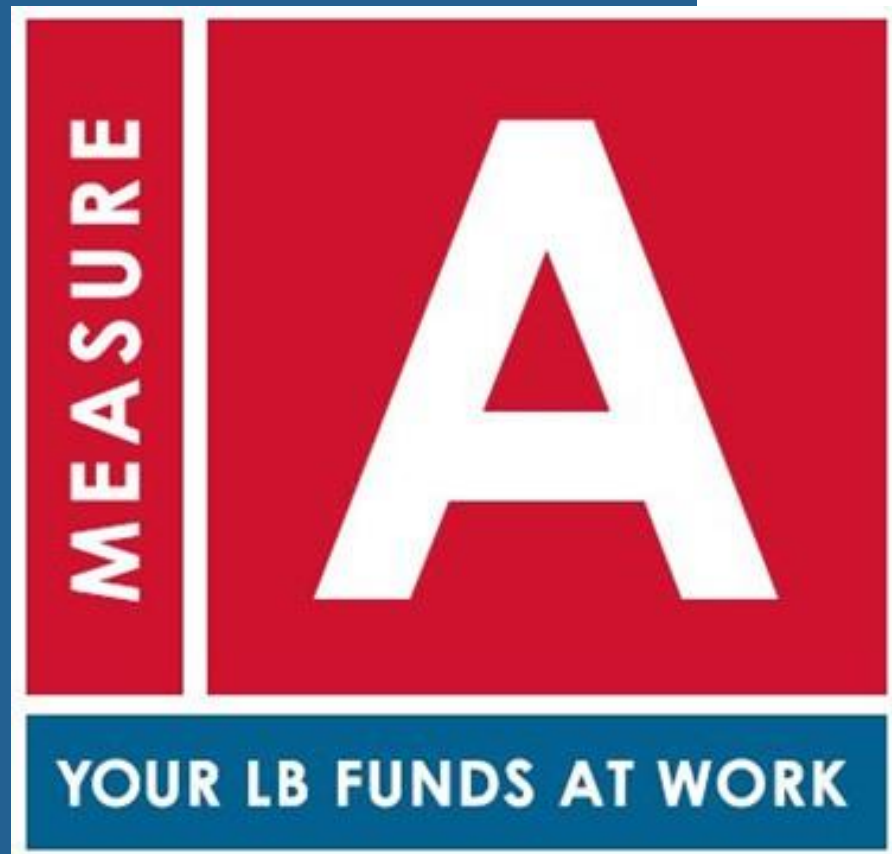
What were the primary drivers in each of those major areas?



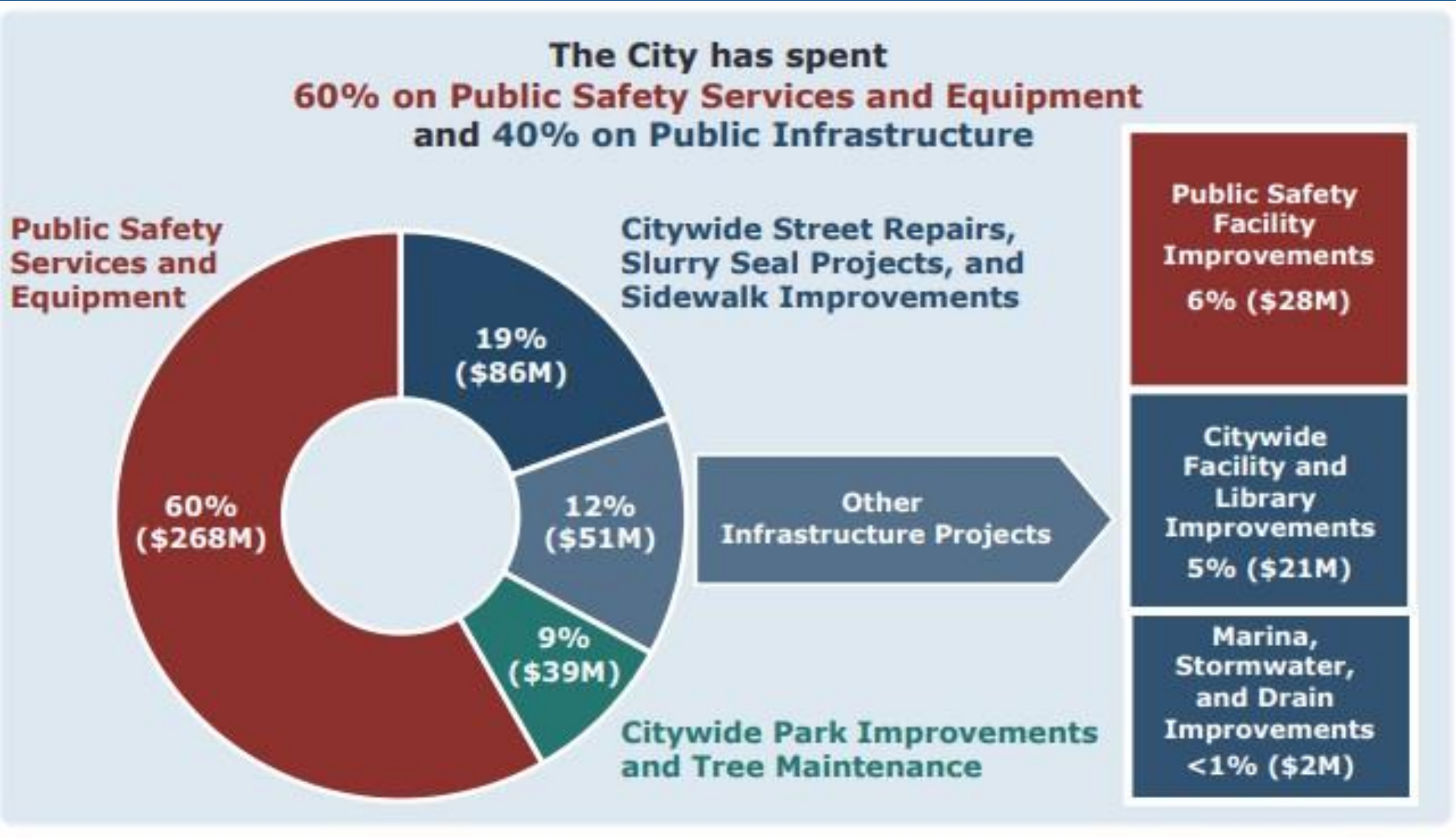


What did Measure A do?

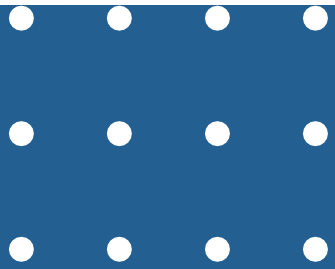
- 1. Stop public safety cuts*
- 2. Invest in public safety enhancements*
- 3. Create a dedicated infrastructure funding source*



What did Measure A do?



Source: [City Auditor's Measure A Impact Summary Report \(2025\)](#)



What have the last five years looked like?



Unprecedented investment in Recovery Act



Tourism recovery outpacing others



No cut scenarios



No room for growth to accommodate increasing expenses



Highest infrastructure investment in a generation

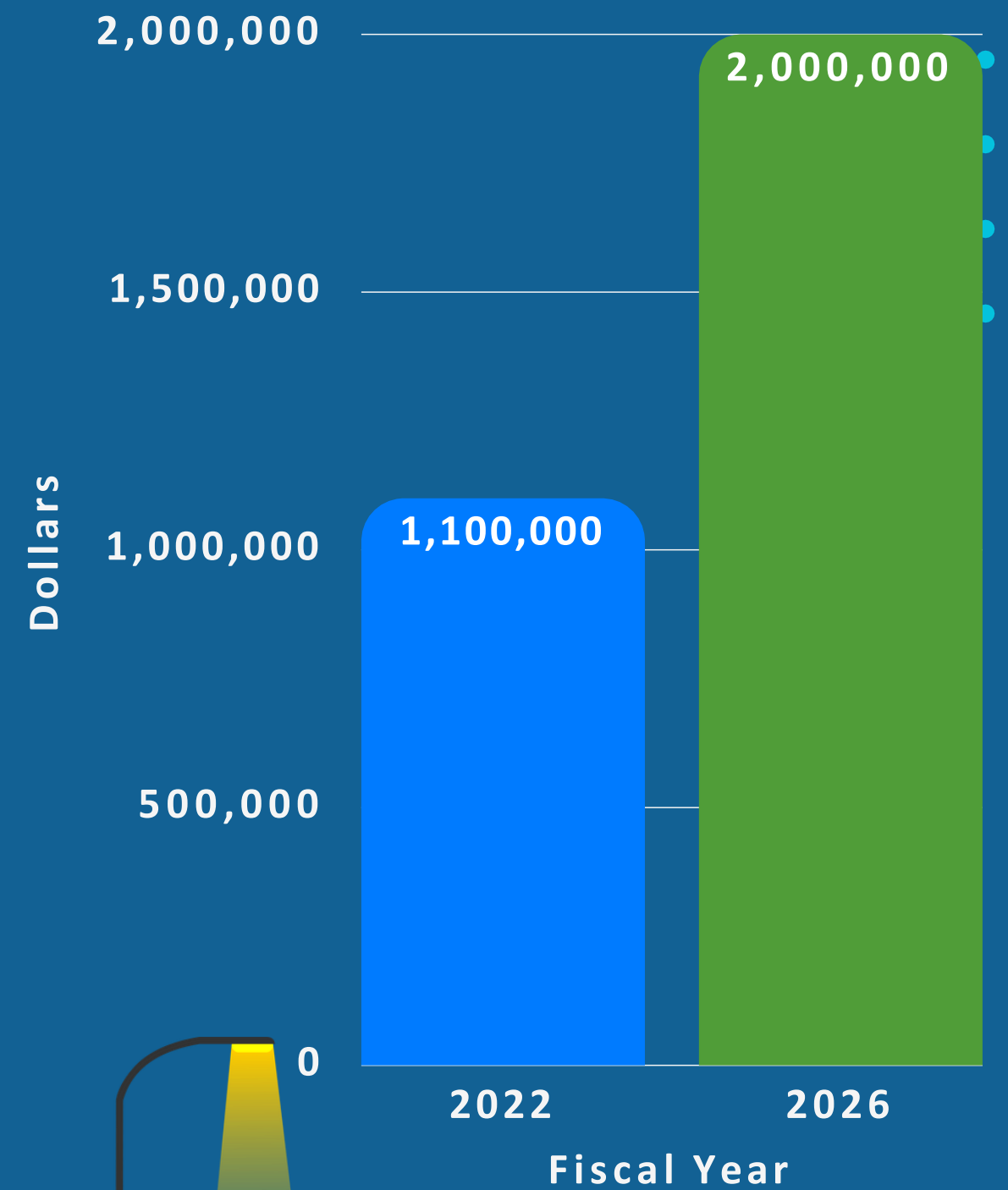
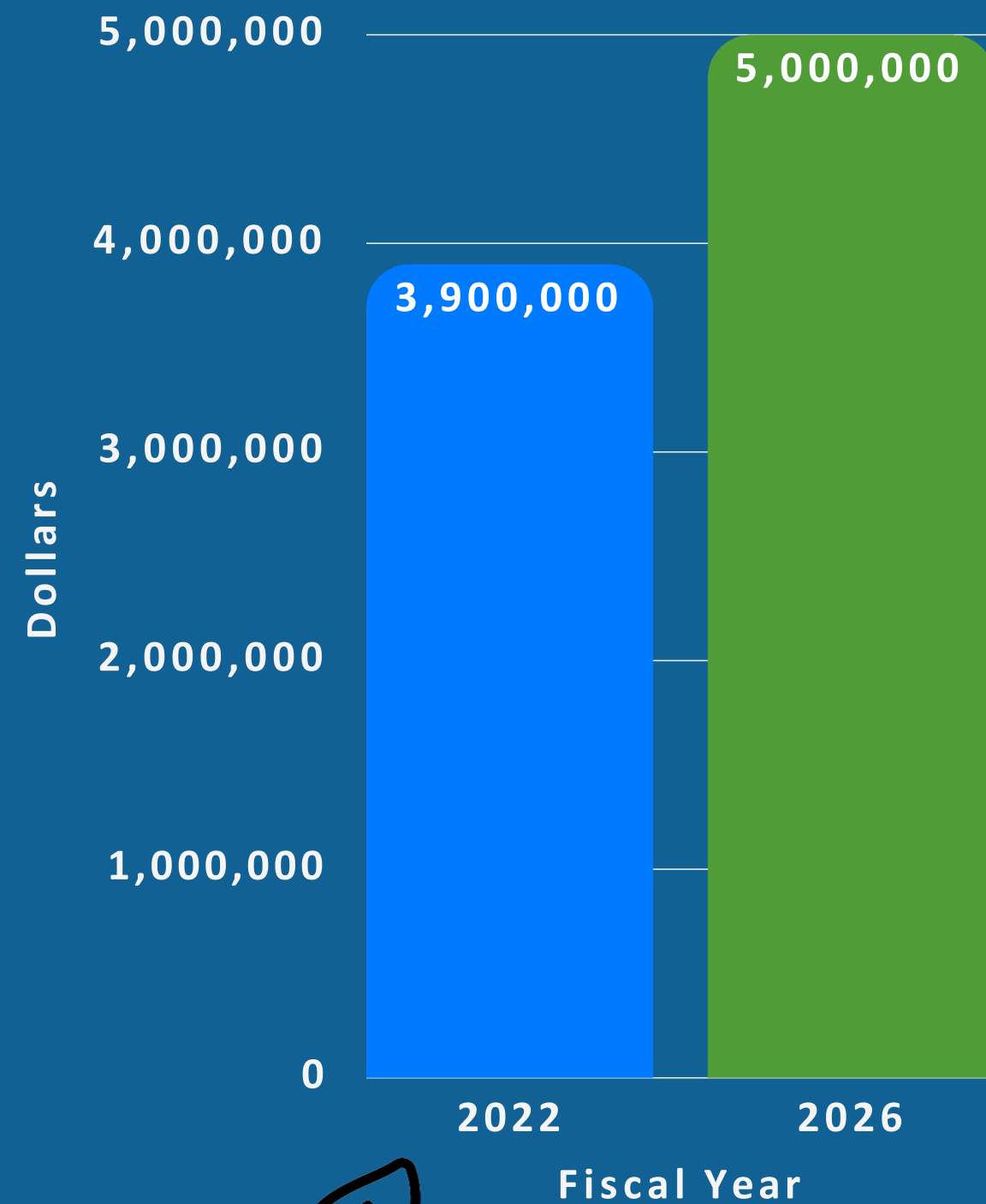
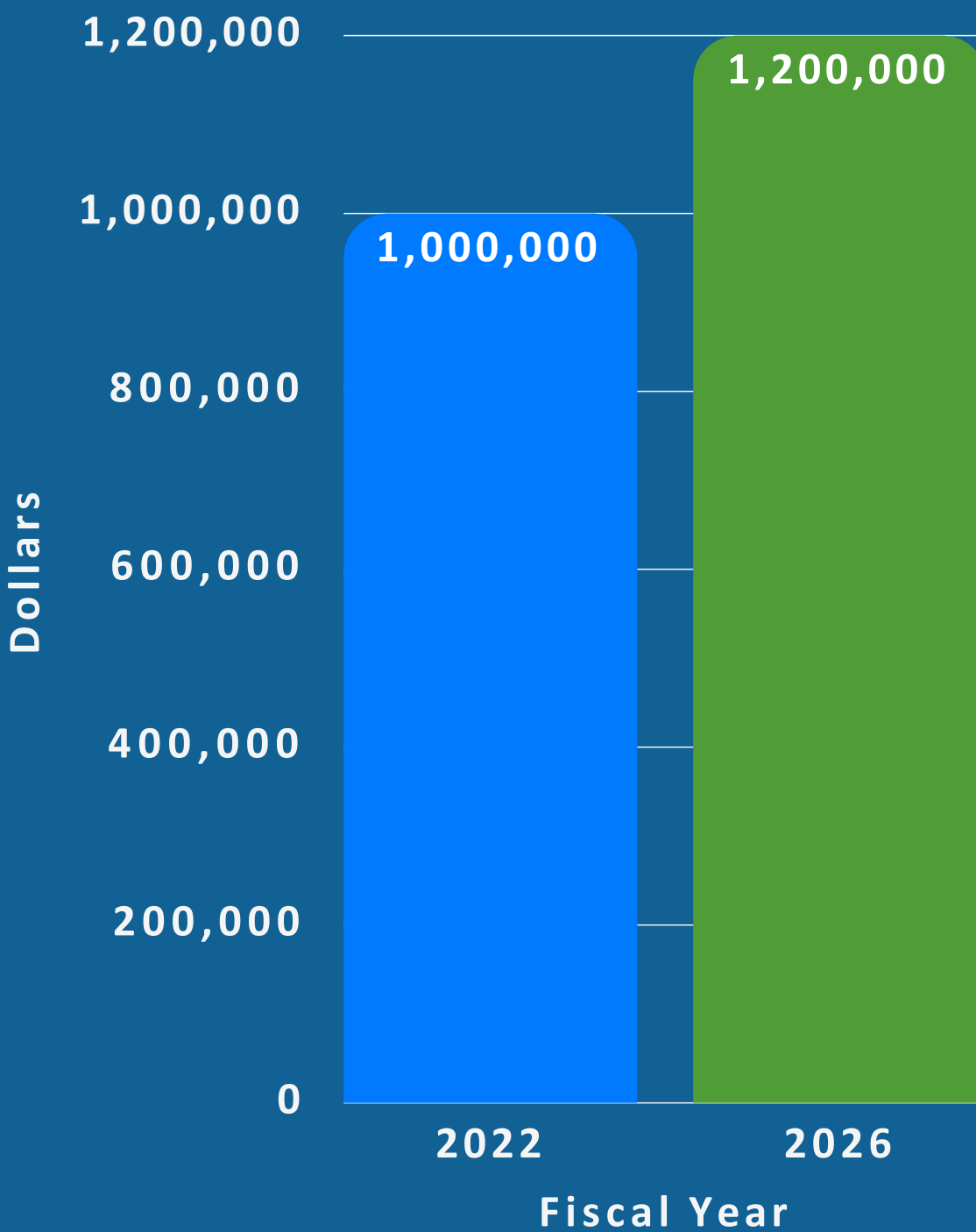
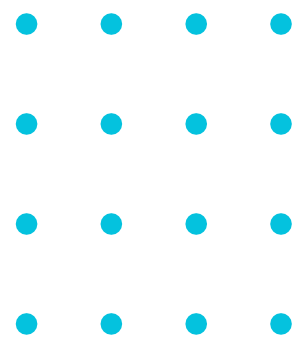


Difficulty in hiring, recruitment and retention

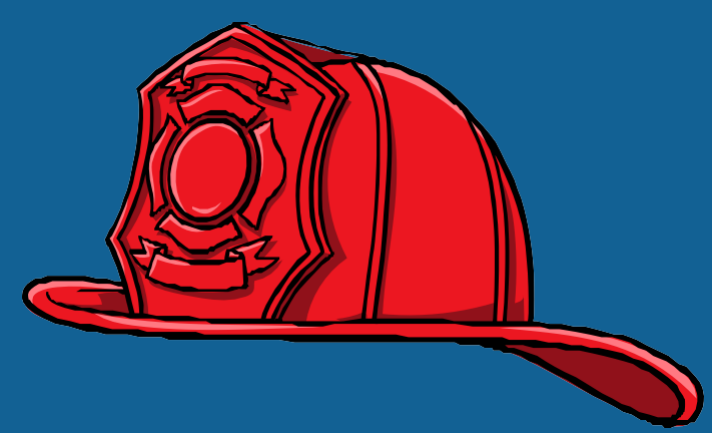
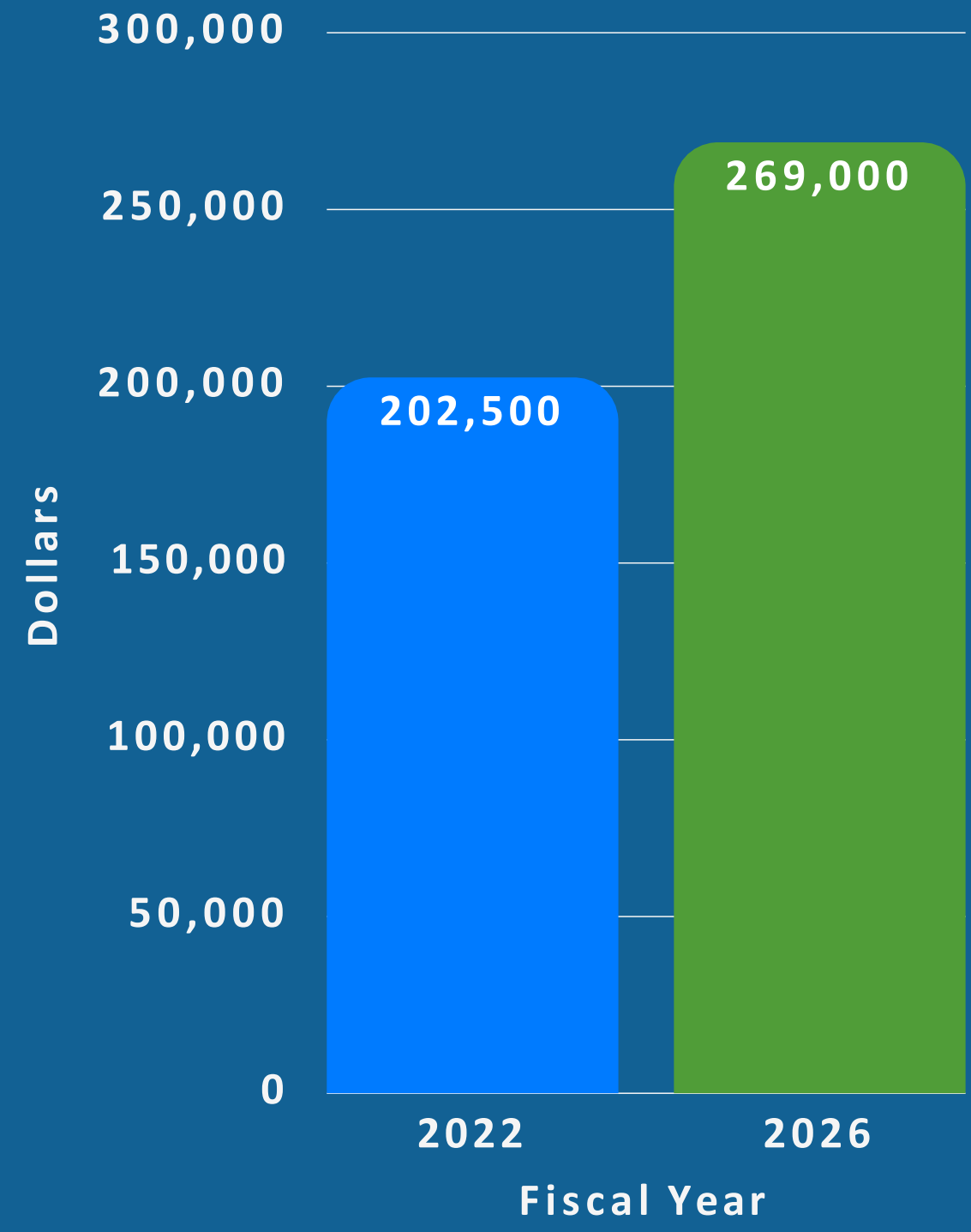
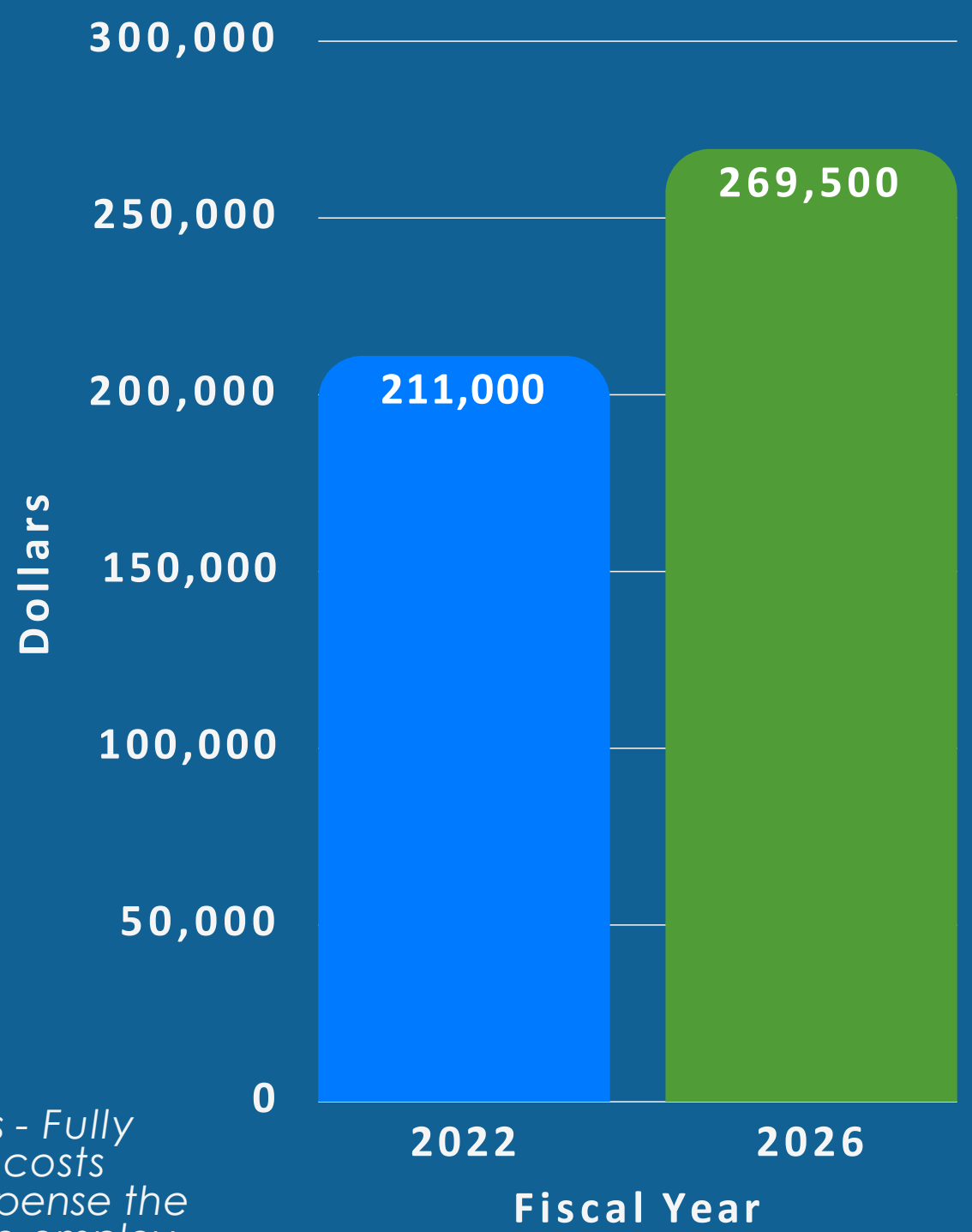
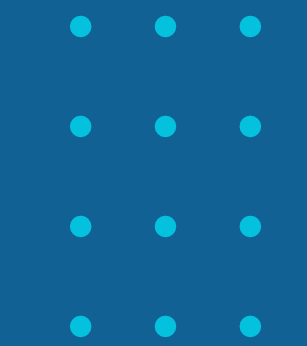
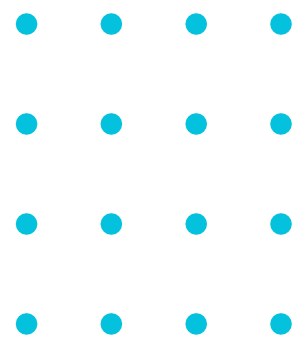


Very high inflation

Services: Rising Costs



Public Safety Personnel: Rising Costs



**Fully Loaded Costs - Fully loaded personnel costs represent the total expense the organization incurs to employ an individual, including salary, skill pays, benefits, taxes, workers compensation and fringe benefits.*

Police Officer*

Fire Fighter*

**Increased cost
of existing
services
(not new
spending)**

**Economic turmoil/
inflation/ tariffs/
uncertainty**

**What are
the deficit
drivers
now?**

**Large revenue drop in
multiple sources,
including top 3
General Fund sources
of property, sales and
utility users tax**

Key FY 27 Revenue Projection Drivers



\$18.4 Million Revenue Impact*

Utility Users Tax

This is a five percent tax on usage of water, telephone, electric and natural gas utilities and dependent on utility prices and customer usage.

Interest Pooled Cash

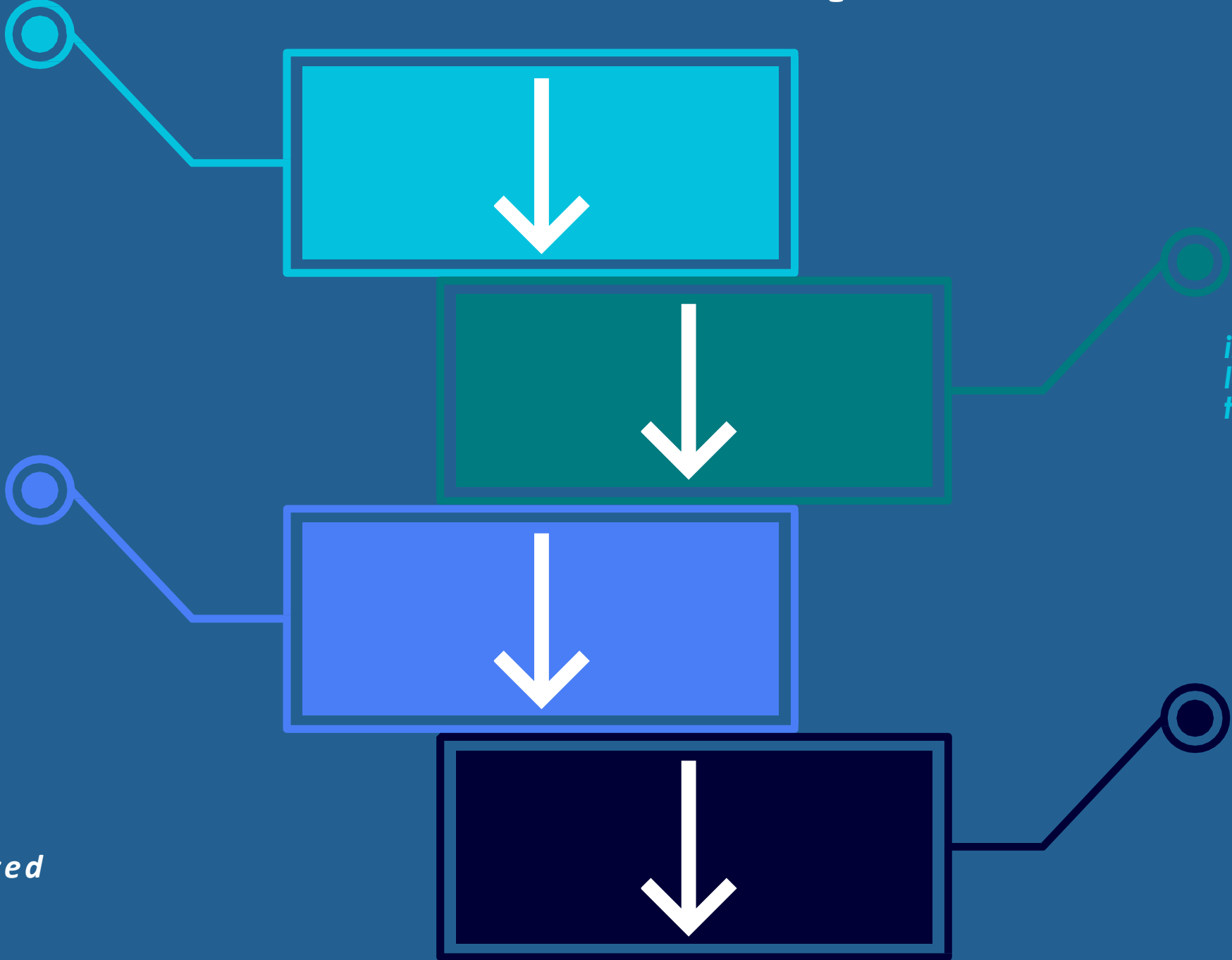
Annual revenue is determined by interest rates and cash balances.

Sales Tax

A consumption tax imposed by state and local governments on the sale of goods and services.

Property Tax

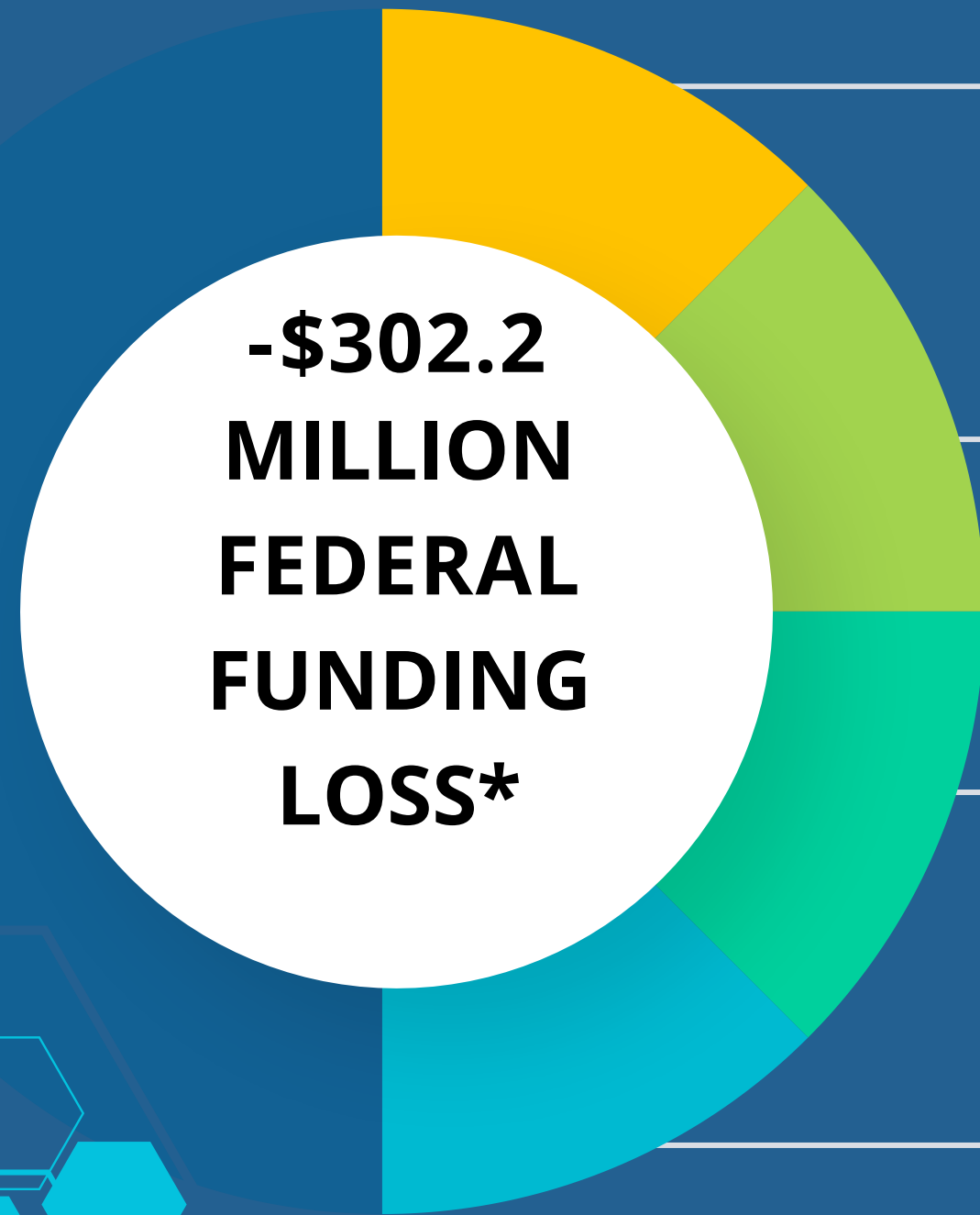
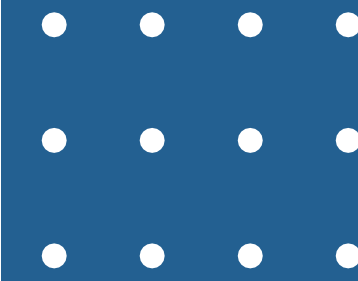
A local tax imposed on real estate, including land and buildings to fund public services.



**\$18.4M was last projected in August 2025 and is subject to change.*

Federal Funding Policy Shifts

Shifts in fiscal policy at the federal level have resulted in loss, or potential loss, of federal funding for Long Beach, which the City cannot replace with local funding.



**Public Works:
-\$221 Million**

**Airport:
-\$49 Million**

**Health & Human
Services: -\$17.9 Million**

**Disaster Preparedness &
Emergency Communication:
-\$8.6 Million**

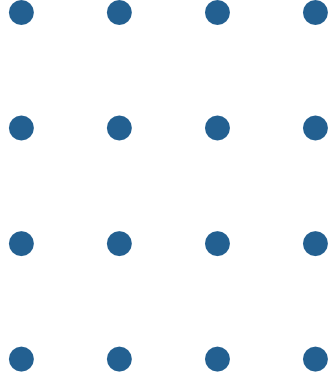
**Departments funding impacts include potential impacts, as well as actual impacts and figures were last updated in early 2026 and subject to change.*


These impacts reflect changes in federal funding and are not the result of City of Long Beach budget decisions.

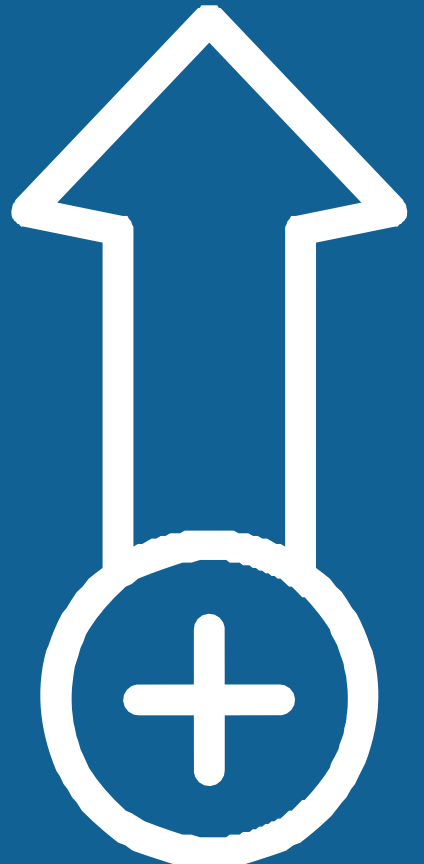
This chart does not include all affected departments, but demonstrates top sources.



Other External Influences



CUTS	LA COUNTY HEALTH SALES TAX*	BLOCK THE CUTS ACT**
 <p>Homelessness Cuts at the State, Federal and County levels</p>	<p>Proposed tax measure that funds local health services:</p> <p>Supports the Health Department</p> <p><i>*June 2026 Ballot Measure</i></p>	<p>Proposed property tax to prevent funding reductions and maintain critical services:</p> <p>Supports Fire, Affordable Housing, Homelessness, and Infrastructure</p>



****November 2026 Ballot Measure**

8 of California's Top 10 Largest Cities Are Projecting a Deficit

● **Los Angeles**

● **San Diego**

● **San Jose**

● **San Francisco**

● **Fresno**

● **Sacramento**

● **Long Beach**

● **Oakland**

Revenue Per Person Comparison

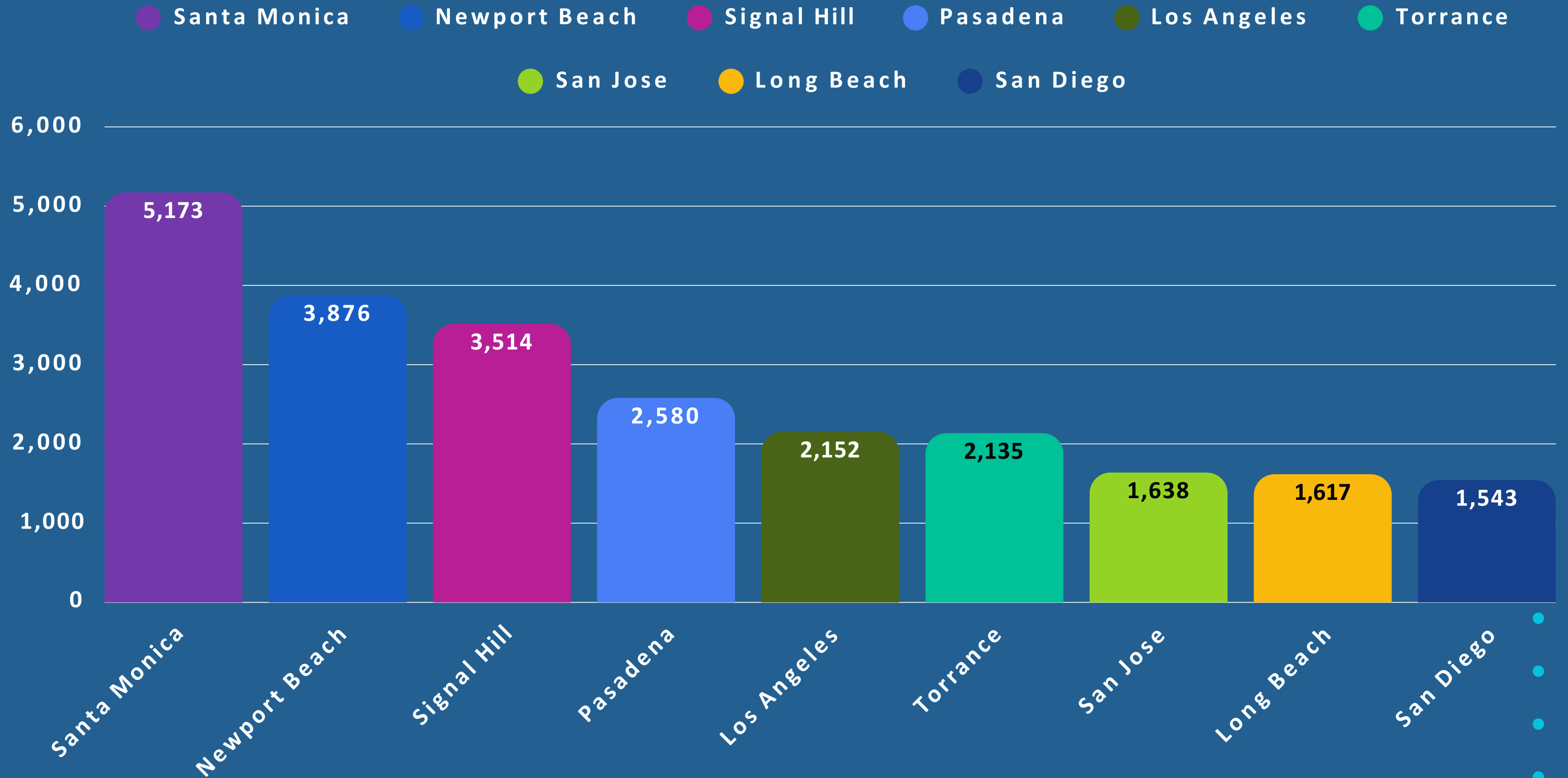


Chart shown in dollars

Sales Tax Rate Comparisons

Only 34 of the 88 cities in the County have a lower sales tax rate than Long Beach

Higher Than LBC:

Lancaster
Palmdale
Azusa
Glendora
Irwindale
South El Monte



Higher than LBC:

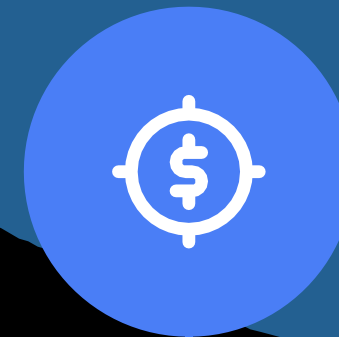
Compton
El Monte
Lynwood
Pico Rivera
Santa Fe Springs
Santa Monica
South Gate



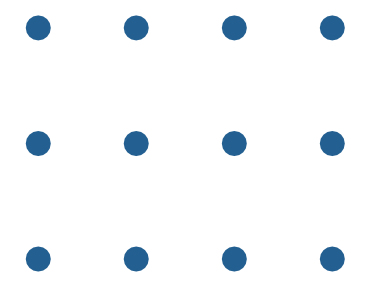
FY 27 Projected Deficit

In Mid-February, the
FY 27 deficit was
projected to be
\$60-80M

Now, the deficit for
FY 27 is
\$61.3M



Effect to FY 28 of City Measure A back to 1%



General Fund Surplus/ (Shortfall) in \$ Millions					
	FY 27	FY 28	FY 29	FY 30	FY 31
Updated Projection for FY 27 Proposed Budget*	(61.3)	(25.8)	1.6	0.4	7.1
Effect to FY 28, if Measure A was applied to existing General Fund expenditures**		(2.4)	1.6	0.4	7.1

*Starting in FY 28, outyears assume shortfall is structurally solved in FY 27 and not carried over.

**City Measure A returns to 1% in FY 28, this projection does include use of additional City Measure A funds towards General Fund expenses to relieve the General Fund's deficit to maintain current public safety costs. This assumption assumes \$23.4 million of City Measure A in FY 28.

FY 27 Budget Balancing Strategy for General Fund

Magnitude of shortfall requires General Fund Service Reductions – will impact services



Related Funds that have an impact on the General Fund Group will also receive reduction targets



All departments will need to participate in the budget-balancing strategy



Focus on Priority-Based Approach to protect core services residents value most



Identify Alternative Service Models - use of technology, consolidation of functions, change in business practices, contracting out or contracting in



Evaluate Subsidy Models* for City services while maintaining an equitable lens



Protect City Reserves – After FY25 drawdowns, make tough fiscal decisions to maintain stability and reduce reliance on reserves.



**For example, assessing whether service fees cover the full cost of delivery. When they don't, the City subsidizes the service by covering the remaining cost.*



MythBusters Often Heard in the Community



Why can't we use Port money?

Port funds are legally restricted
and must be used for Port-
related purposes, not general
City services.



**MythBusters
Often Heard
in the
Community**



**Why can't we use
Airport money?**

**Airport funds are legally
restricted to aviation uses and
cannot support general City
services.**



MythBusters Often Heard in the Community



**Why do we continue
to build infrastructure
projects?**

**Even in a deficit, many
infrastructure projects move
forward because they're
funded by dedicated sources,
not just the General Fund.**



**MythBusters
Often Heard
in the
Community**



Why did we add a new green cart and switch out the purple carts?

Because state law requires us to reduce food waste and standardize recycling: green carts capture organics, and blue carts align with a consistent statewide system.



MythBusters Often Heard in the Community



Why do we continue other programs like supporting business grants, or arts, or other things?

Because these programs are often paid for with outside funding or restricted dollars that can't be used to solve a budget deficit or are one-time investments.



MythBusters Often Heard in the Community



With the recent utility rate increases, why can't that revenue go towards the deficit?

As Enterprise Funds, utility rate increases fund only utility services. They cannot be used to cover the city's general fund deficit.



**MythBusters
Often Heard
in the
Community**



**Is the deficit due to
overspending?**

The deficit isn't caused by overspending; it reflects a sharp turndown in revenue growth and the ongoing increase in the costs of providing core city services.



**MythBusters
Often Heard
in the
Community**



Wasn't there a surplus? Where did that money go?

No ongoing surplus existed, only temporary, one-time funds. Ongoing costs require ongoing revenue.



MythBusters Often Heard in the Community



Is the current deficit
the worst it has ever
been?

No, during the Great
Recession the City had year
after year of major reductions.
This is 1-2 years of projected
deficits.



**MythBusters
Often Heard
in the
Community**



Are there potential new revenues that can help?

There are two potential revenue solutions that may be in front of voters in November 2026: a County measure to support the Health Department and the Block the Cuts Act. These may be decided by voters.



**MythBusters
Often Heard
in the
Community**



**Why aren't there
efforts to grow
revenue?**

**Efforts to grow revenue are
underway: programs like
Space Beach and Grow Long
Beach are designed to attract
new development,
investment, and economic
activity.**

What's next?



FY 26 - FY 27 Strategy



FY 26
Issued a 3% savings target in December 2025 (as a result of continued projected revenue decline and loss of one-time LBRA funding to solve FY 25 deficit).

FY 26
Budget management in FY 26, budget reductions planned for FY 27. Some service slow downs will be experienced in FY 26 to achieve the 3% savings target.

FY 26 & 27
Rising personnel costs, expanding technology needs, and greater overhead expenses have led to a growing structural deficit in the Health Fund Group.

FY 26 & 27
The General Fund is now covering the shortfall, placing additional pressure City's ability to invest in other community priorities. Reviewing the Health Fund study and evaluation of operations to reduce costs is the immediate priority.

Community Engagement Opportunities

SUMMER - UPCOMING

WINTER 2026



January/February



Outreach Materials



Survey
(530 respondents)



6 Meetings: 1
Virtual, 1 Weekend
(118 participants)

August



Community Budget
Book / Outreach
Materials



Survey



6 Meetings: 1
Virtual, 1 Weekend



Budget Oversight
Committee Meetings



Budget Hearings at
City Council
Meetings

All materials translated in
English, Spanish, Khmer,
Tagalog.

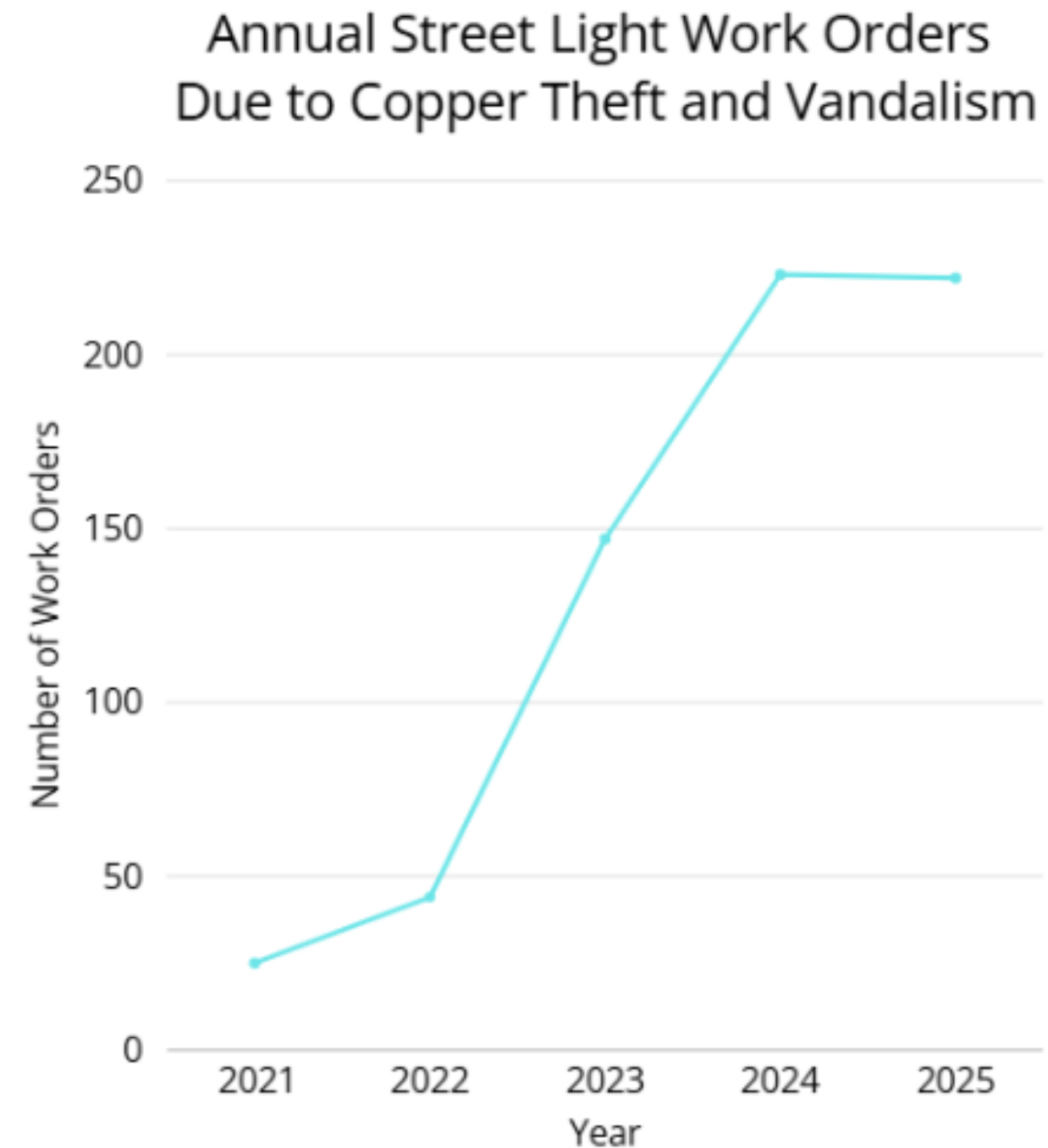
Street Light Program Updates

- City maintains **36,000** streetlights
- October-December 2025: Public Works received 427 street light work orders, **90%** have been completed or closed out.
- Of the 427 work orders 18% were related to copper theft and vandalism, and **82%** of those work orders have been completed.
- Theft/vandalism have about a 90-day turnaround for repair while routine outages have about a 14-day turnaround.



Street Light Program Challenges

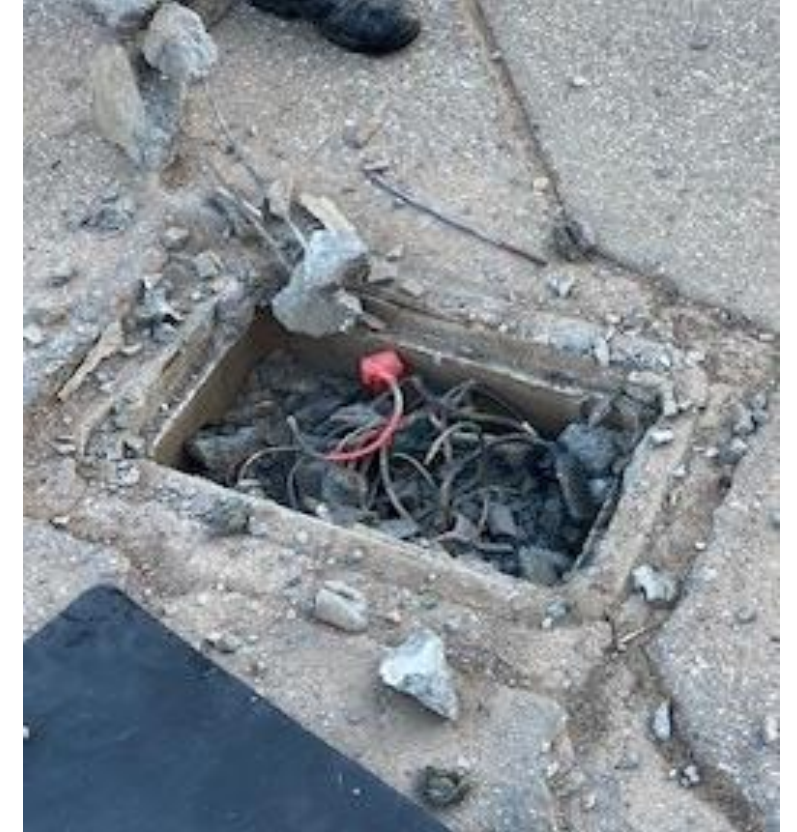
- **Widespread outages:** A single access point can disable lighting across multiple blocks.
- **Infrastructure damage:** Theft often destroys pull boxes, pole doors, and wiring, requiring full circuit rewiring and reconstruction rather than simple component replacement.
- **Operational strain:** Crews are repeatedly dispatched to the same locations that were previously vandalized and repaired, creating backlogs and delaying response to new requests.



Street Light Program Strategy

Strategies to Reduce Theft and Improve Reliability

- **Secure handhole covers** – tamper resistant locking mechanisms
- **Hardened poles** – concrete collars
- **Hardened pull boxes** – epoxy seal
- **Material modifications** – thinner core wire where feasible, half the cost and less attractive for theft
- **Solar-powered streetlights** – eliminate copper entirely and reduce vulnerability in hotspot areas
- **Advocate** for State legislation to make it harder to buy illegally sourced copper.



Carson Complete Street Project

Learn more at
lbcity.info/CarsonStreetProject



\$2.95M
Project
Cost



Winter to
Summer 2026



Orange Avenue
to City's Eastern
Boundary

Improvements Include:

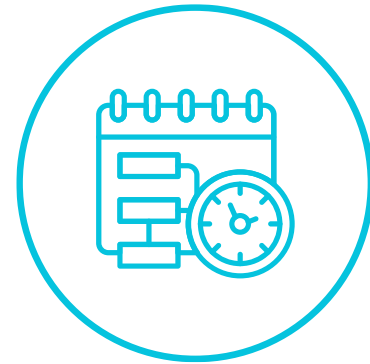
- Grinding old pavement started this week!
- Pavement and Infrastructure Improvements
 - Curb ramp and sidewalk work
 - Gutter repair
 - Pavement resurfacing
- Multimodal Safety Enhancements
 - New, striped bikeways
 - Safer crossings
 - Left-turn safety improvements
 - Gundry and Walnut Avenues
 - Transit upgrades



Clark Avenue Phase I Improvements



**\$8.5M
Budget**



**Fall 2025 to
Spring 2026**



**Spring Street to Conant
Street (Phase 1)**

Learn more at
lbcity.info/clarkaveproject1

Improvements Include:

- In final pavement phase!
- Pavement and Infrastructure Improvements
 - Curb ramp and sidewalk improvements
 - Curb and Gutter repair
 - Pavement resurfacing
- Multimodal Safety Enhancements
 - New, physically-separated bikeways
 - Safer crossings
 - Transit upgrades



Bus Stop at Northbound Clark Ave. at Mezzanine Way

Clark Avenue Phase II Improvements

Learn more at
lbcity.info/clarkaveproject2



Spring 2026 to
Fall 2026



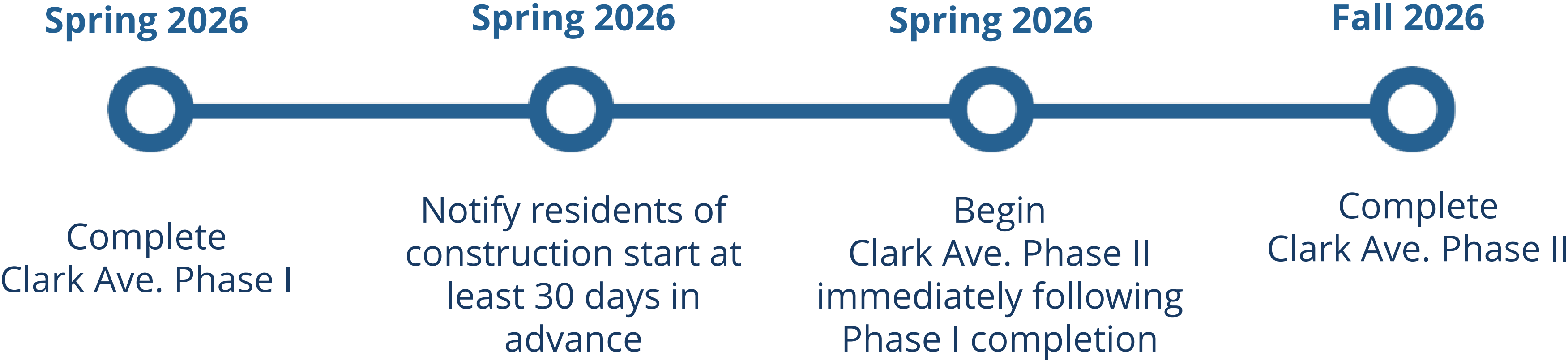
Anaheim St to Spring St
(Phase 2)

Improvements Include:

- Reconstruct the pavement between Anaheim and Spring Streets
- Introducing protected bikeways and striped bike lanes
- Repairing sidewalks and new curb ramps
- Curb and gutter repair that reduces localized flooding and addresses drainage issues
- Enhance transit operations with safer boarding zones.



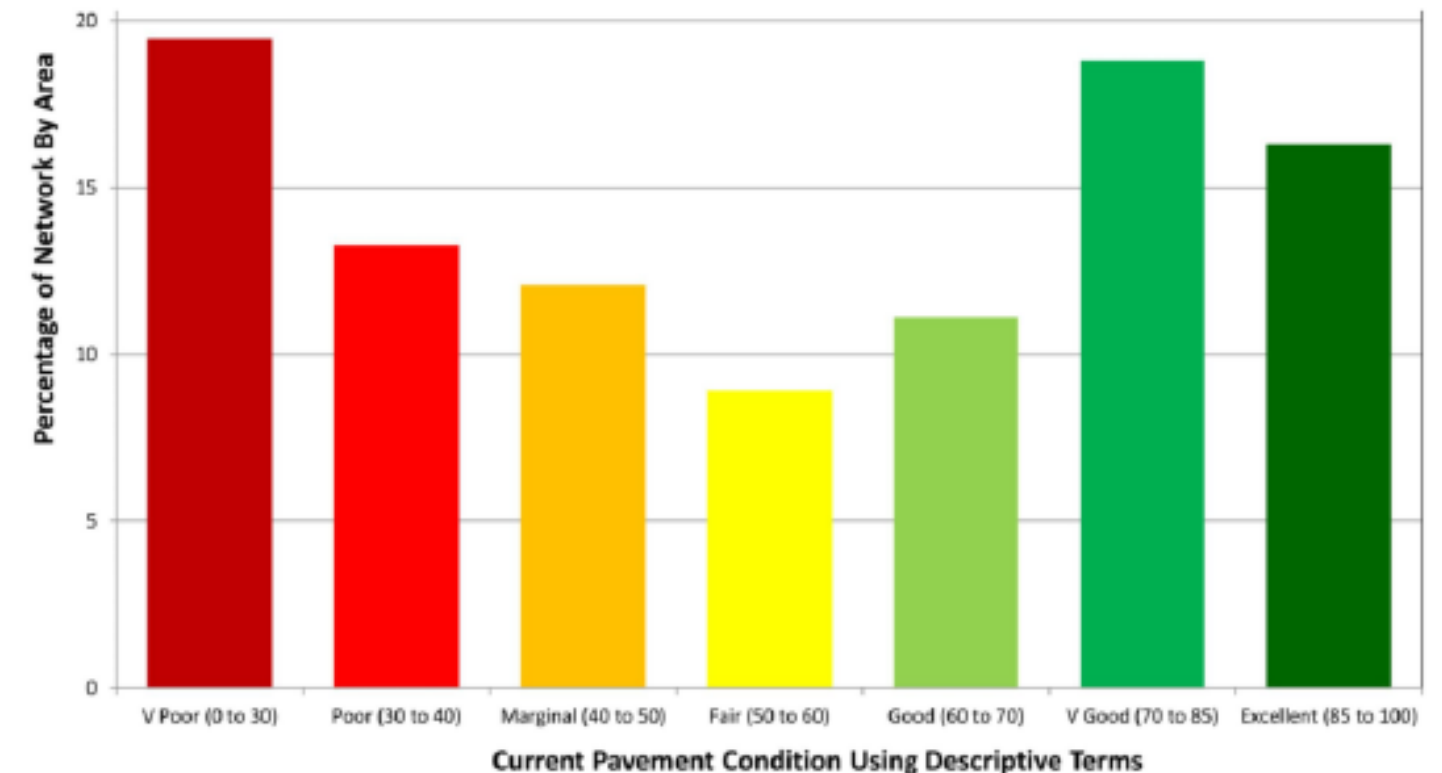
Clark Avenue Projects Timeline



The third and final project on Clark Avenue from Conant to City's northern limit has funding for design only. Construction will be scheduled when funding is available.

Core Infrastructure Needs

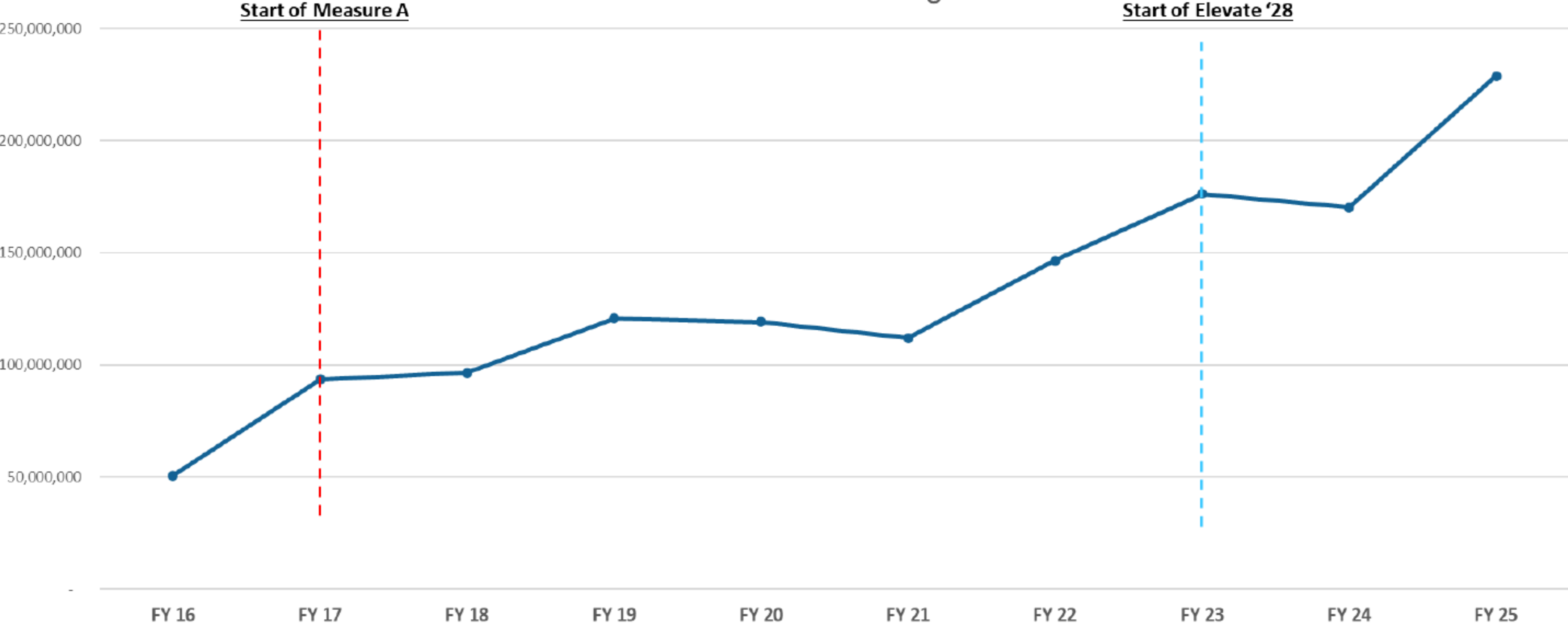
- With Measure A, we have made historic investments in infrastructure.
- The Elevate '28 Infrastructure Investment Plan includes nearly \$1 billion in planned infrastructure projects over a 5-year period.
- However, more work needs to be done, and funding many high-priority needs remain a significant challenge.
- The total unfunded need in the City's CIP is **\$3.5 billion**, including facility repairs, street improvements, alley paving, stormwater protection, and sidewalk management.
- An investment of **\$1.4 billion** is needed over 5 years to fix all the City's major and minor street deficiencies, while the CIP invests an average of \$68 million annually to street programs.



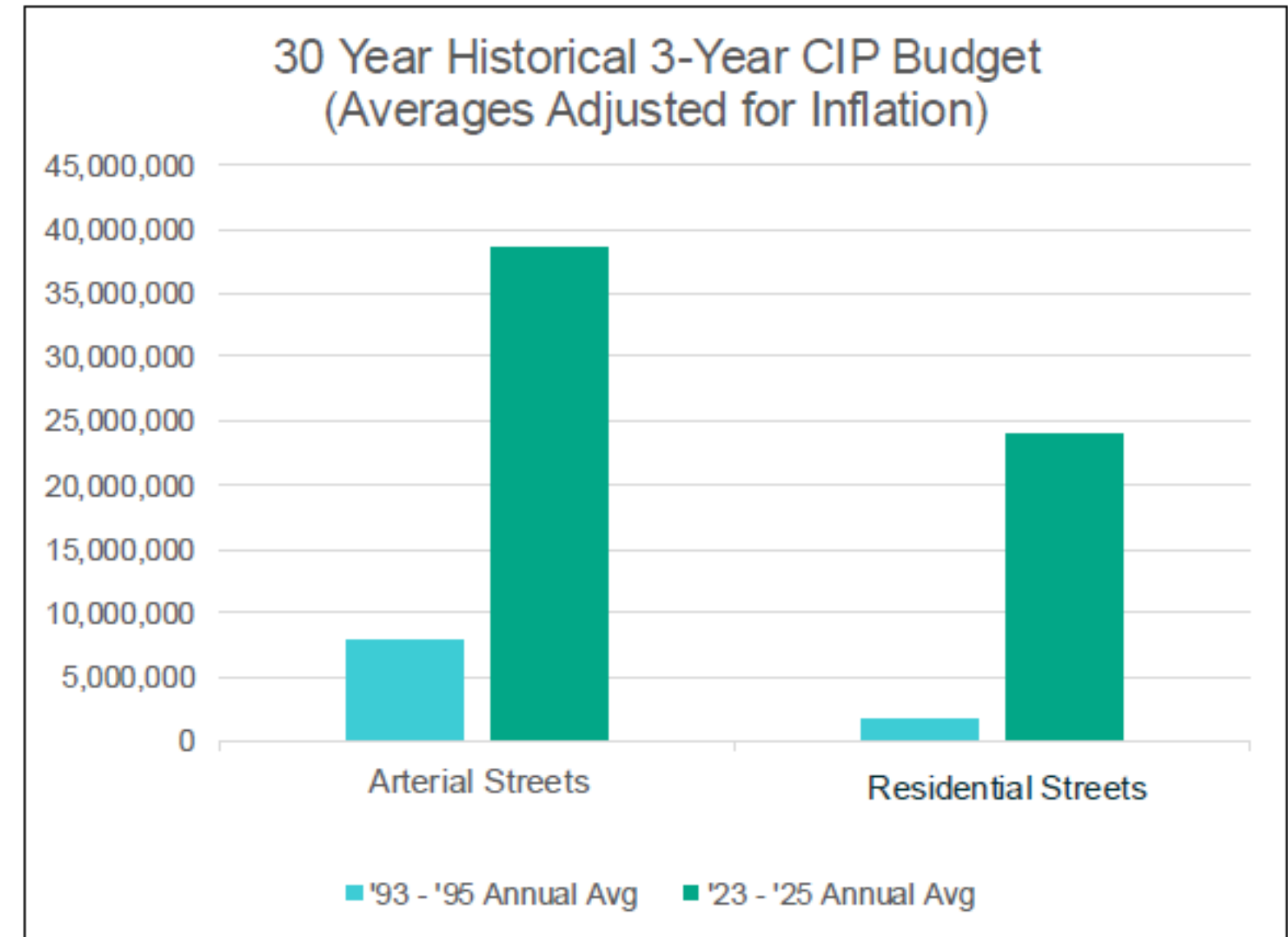
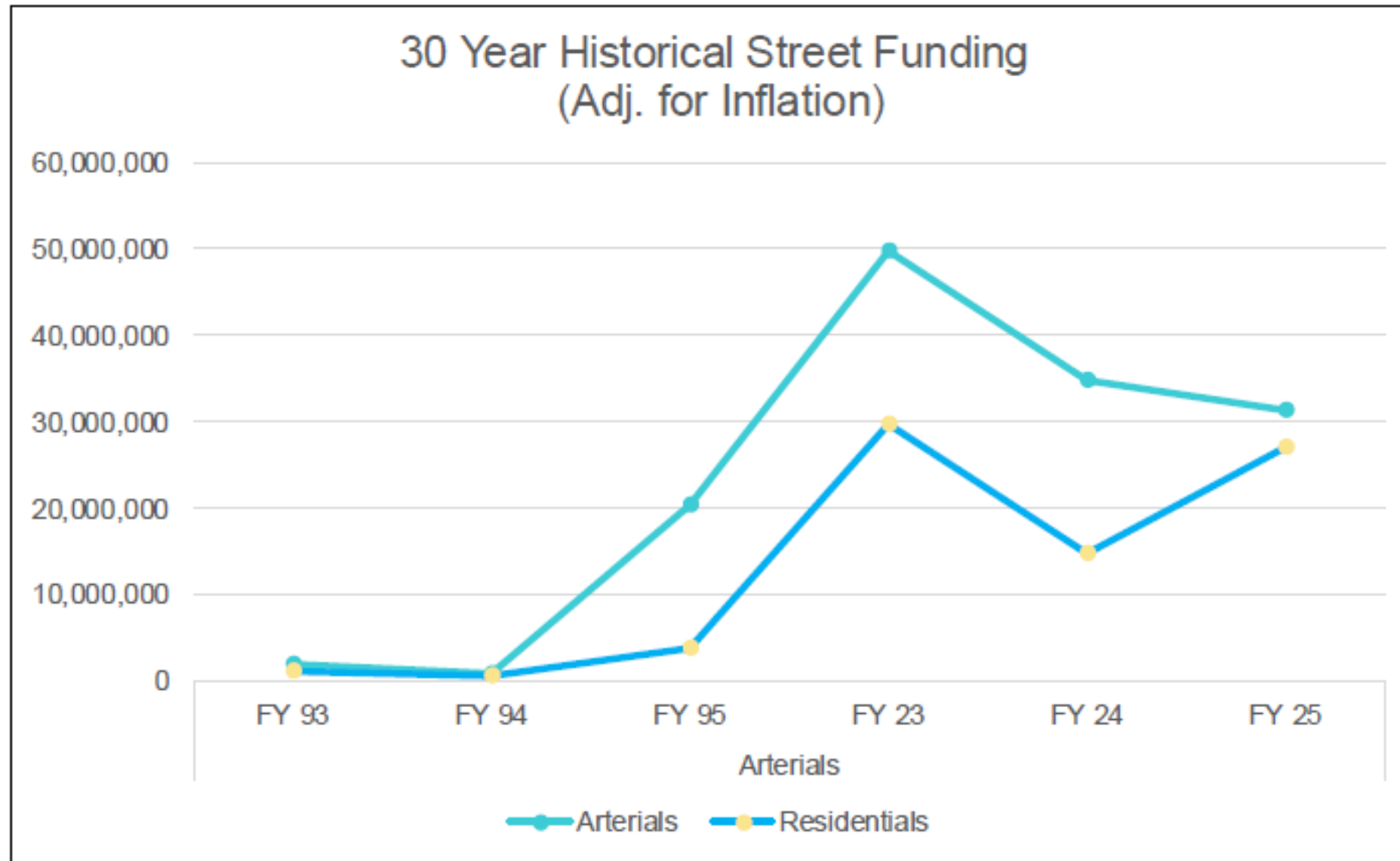
10-Year CIP Investment Historical Overview



10 Year Historical CIP Budgets



Historical Investments in Streets



- '23-'25 CIP allocations in Arterial Streets were 501% higher than '93-'95 allocations when adjusted for inflation.
 - '93-'95 avg. annual allocation: \$7.7 million
 - '23-'25 avg. annual allocation: \$38.5 million
- '23-'25 CIP allocations in Residential Streets were 1396% higher than '93-'95 allocations when adjusted for inflation.
 - '93-'95 avg. annual allocation: \$1.7 million
 - '23-'25 avg. annual allocation: \$23.8 million

Thank You!

