



# City of Long Beach Comprehensive Review Report

**Financial Restructuring Board  
for Local Governments**

June 2019

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## Overview

The City of Long Beach is one of two cities in Nassau County and was established in 1922. With a population of 33,275 at the 2010 Census, it is the 15th most populous city in New York State.\* 2016 expenditures of \$107.7 million were the 11th highest of all cities.

The City is governed by a five-member Common Council, including a President elected by the members of the Council. Each Councilor is elected city-wide for a two year term. The Council is required to appoint a City Manager to hold office during and at the pleasure of the Council and serve as the chief executive officer and chief administrative officer of the City.

The Common Council adopted and the City Manager concurred with a resolution requesting a Comprehensive Review by the Financial Restructuring Board (see Appendix A). On June 13, 2018, the Financial Restructuring Board approved this request for a Comprehensive Review with Resolution No. 2018-12 (see Appendix B).

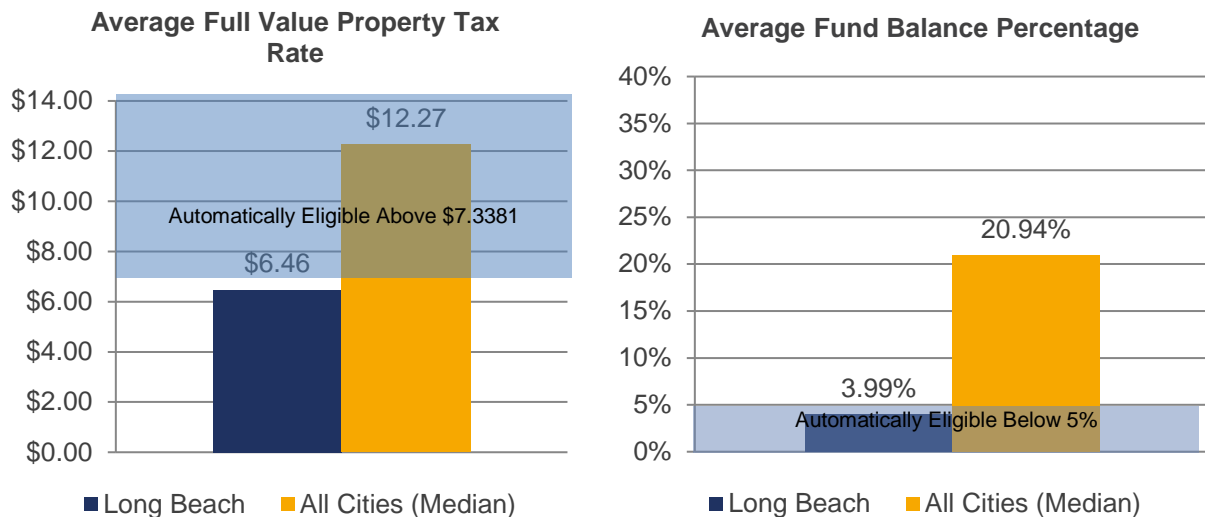
This Comprehensive Review first gives some background on the City's fiscal eligibility and demographic profile. It then provides information on the organization and finances of the City. Finally, it presents the Comprehensive Review's findings and recommendations.

## Background

### Fiscal Eligibility and Stress

The City of Long Beach is automatically considered a Fiscally Eligible Municipality because it has an Average Fund Balance of 3.99 percent, less than the 5 percent threshold which grants eligibility under New York State Local Finance Law Section 160.05(3). This is the 4th lowest for all cities.

The City has an Average Full Value Property Tax Rate (2012-2016) of \$6.46 per \$1,000 of assessed value. This is the 6th lowest for all cities.



\* All city rankings in this report exclude New York City

The Office of the State Comptroller's (OSC) Fiscal Stress Monitoring System gives the City of Long Beach a Fiscal Rating of "Significant" with a score of 80.8 percent for 2017, a large increase from 58.3 percent in 2016. This is the highest score statewide for that year. A local government would receive a designation of "Significant Fiscal Stress" at 65 percent. The factors contributing to this score include a low combined fund balance of 2.63 percent compared to gross expenditures, an operating deficit in the last three fiscal years, and personal service and benefits costs averaging 70.31 percent of revenues over a three-year period.

OSC's Fiscal Stress Monitoring System gives the City of Long Beach an Environmental Rating of "No Designation" with a score of 26.7 percent for 2017. Negative environmental factors contributing to this score include: a decline in median value of owner-occupied housing units from 2011 to 2016 (-11.84 percent) and a moderate reliance on State aid as an overall percentage of revenue (three year average of 17.27 percent).

## Demographic and Socioeconomic Profile

The City's population decreased by 6.6 percent to 33,275 from 2000 to 2010. In contrast, the typical city's population grew 0.5 percent over that same period.

The City of Long Beach's median household income in 2016 was \$84,256, which is more than double the typical city's median household income of \$41,607.

The City's median home value of \$463,200 is over four times greater than the median home value of the typical city of \$109,600. Its property value per capita in 2017 was \$149,045, the fourth-highest in the State, and its four-year average change in property value was -6.31 percent. The City's unemployment rate is 5.9 percent, and the percentage of households on public assistance was 6.23 in 2017.

### Population Change

2000: 35,462



2010: 33,275

## Organization and Finances

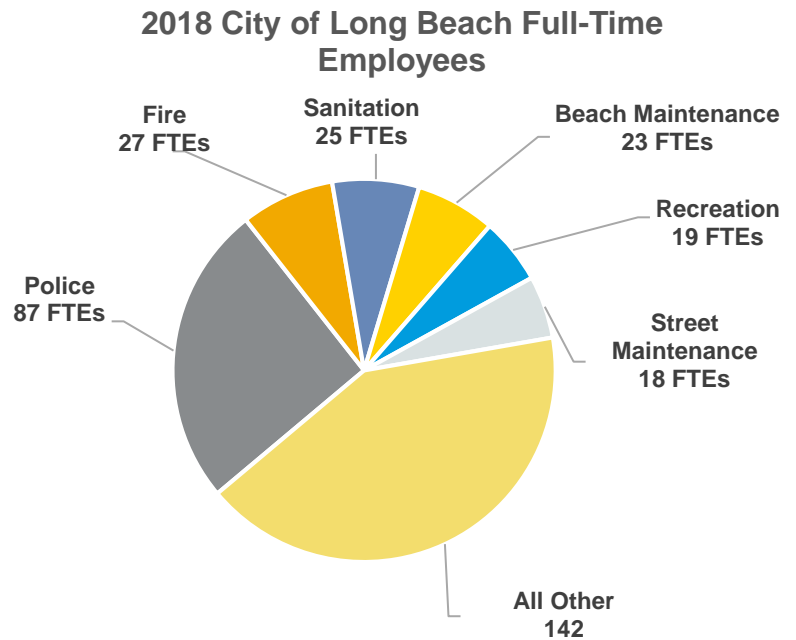
### Organizational Profile

The City of Long Beach is governed by a five-member Common Council, including a President elected by the members of the Council. Each Councilor is elected city-wide for a two-year term. The Council is required to appoint a City Manager to hold office during and at the pleasure of the Council and serve as the chief executive officer and chief administrative officer of the City.

The City has several primary departments: Office of the City Manager, Comptroller, Tax Receiver, Purchasing, Tax Assessor, City Clerk, Corporation Counsel, Municipal Buildings, Public Works, Central Garage, Transportation, Recreation, Sanitation, Street Maintenance, Beach Maintenance, Police, and Fire. In the City of Long Beach Full-Time Employees pie chart, 27 departments comprise the All Other FTE count of 142. Examples include Sewer & Water, Transportation, Building, Youth & Family, City Council, Civil Service, Tax Assessor, and Economic Development.

As of the 2018 adopted budget, the City had approximately 341 FTEs. This is 17 more than the 324 FTEs the City had in 2010. The City Police Department has the most FTEs at 87, followed by the Fire Department at 27, and the Sanitation Department at 25.

Several unions represent the City's unionized workforce, with various contract terms and salary increases, as provided below.



City of Long Beach Labor Contracts							
Union	Department	FTEs	Contract Status	Contract Expiration	Minimum Staffing Clause	No-Layoff Clause	Other Provisions
IAFF Local 287	Fire	27	Expired	06/30/2010	Yes	N/A	No healthcare contribution
PBA of Long Beach	Police	66	Expired	01/01/2015	Yes	N/A	No healthcare contribution
CSEA Local 1000	Various	217	Current	06/30/2025	No	Yes	New employees contribute 10% of health premiums
COA of Long Beach	Police	4	N/A	N/A	N/A	N/A	No healthcare contribution

The City has one current and two expired contracts with its bargaining units (the Commanding Officers' Association, or COA, has never been party to a contract as explained below). 314 out of 341 total City positions are represented by a collective bargaining unit, or approximately 92 percent of the City's workforce.

Commanding Officers' Association (COA) of Long Beach (Police): In 2011, employees of the Long Beach Police Department at the level of lieutenant and above decertified from the Patrolmen's Benevolent Association and established the COA. The COA subsequently filed an improper practice charge against the City in an attempt to obtain the benefits of an interest arbitration award granted to the PBA. This award covered the years 2008-2015. The charge was dismissed and the two parties entered negotiations with the goal of obtaining a new collective bargaining agreement. In 2017, the City Council approved an agreement that would compensate members of the COA at a rate of 13 percent above the rate earned by the Department's sergeants as of June 30, 2015. The stated purpose was to remove the issue of salary compression, wherein the sergeants began earning more than their supervising lieutenants, from contract negotiations. Due to this unique situation, the COA exists as a separate bargaining unit but has never had a ratified contract with the City.

CSEA Local 1000 (DPW/Clerical): In July 2018, the City agreed to a contract with its largest collective bargaining unit, which represents employees in a variety of departments including Sanitation, Beach Maintenance, and Public Works. In addition to the annual salary increases shown above, the City pays for the full cost of premiums of the New York State Health Insurance Empire Plan coverage for all employees hired before July 2018, a significant cost to the City of \$5.1 million annually. However, the new contract included a provision requiring new members to contribute 10 percent of the total premium in years one through four of employment, and 15 percent in year five and beyond. The City projects the value of employee contributions in FY 2019 will be \$40,695, or 0.8 percent of the total health insurance cost for CSEA-represented employees. It will take time for this clause to produce significant savings, but the value will be significant.

CSEA's contract, in addition to prohibiting layoffs, also contains a clause that requires the City to pay employees that elect to opt out of their health insurance coverage \$1,000 annually for an individual plan and \$2,000 annually for a family plan.

PBA (Police): The Patrolmen Benevolent Association's contract with the City expired in June 2008.

However, a binding interest arbitration award in 2013 granted members general salary increases for the years 2008-2015, higher longevity pay, and a \$1,200 equipment allowance. Every member of this bargaining unit receives longevity pay on a sliding scale, which maxes out at \$14,500 per year.

As the chart on this page displays, the arbitration award deferred portions of the increases due in 2010, 2011, 2012, and 2013 until 2014, when an adjustment of 7.25 percent was paid in one year. Over the five-year term, cost of living adjustments (COLAs) average just under 2.5%.

Members can accrue a significant amount of sick, vacation, and personal leave, much of which is payable upon separation. Officers hired prior to May 29, 2013 can accrue 400 days in sick time, half of which is paid out upon separation, 400 hours of vacation leave, six days of termination pay per year of service, and an unlimited number of personal leave hours. Officers hired after this date can accrue 1,200 personal leave hours.

PBA members do not contribute to their health insurance costs, and as a result, they are fully borne by the City. If a member does not take City insurance, he or she is entitled to a \$2,000 annual buyout.

In addition, a minimum staffing clause requiring five officers to be on patrol at all times, with an additional sixth officer assigned to the Department's headquarters, remains a term of the contract.

Local 287 (Fire): The City's contract with the Long Beach Professional Firefighter's Association (LBPFA) expired in June 2010.

<b>PBA Salary Increases, 2008-2015</b>
2008: 3.75%
2009: 3.75%
2010: 1.00%
2011: 1.00%
2012: 1.00%
2013: 1.00%
2014: 7.25%
2015: 1.00%

The fire department is led by an unpaid, volunteer Fire Commissioner appointed by the City Manager. The department consists of a paid, uniformed force charged with primary responsibility for fire suppression, supplemented by a volunteer force of over 100 members.

The fire department has 18 paid firefighters on staff, 12 of whom are firefighters and six of whom are officers. Nine paramedics are also employed by the department. Historically, the fill level has been higher, and as recently as 2011 the department employed 33 firefighters (there were no paramedics on staff at this time). The reductions are due in large measure to the 2015 departmental reorganization, described in this Comprehensive Review, and the expiration of federal funding.

Under the contract, tours consist of 24 hours on duty and 72 hours off duty. A minimum staffing clause requires four paid firefighters to be on shift at all times.

As is the case for PBA members, members of the fire union do not contribute to their health insurance costs. If a member does not take City insurance, he or she receives a \$2,000 annual buyout.

Employees hired after July 1, 1985 receive 180 sick hours per year from the first through the fourth years of employment. At the start of the fifth year, this increases to 240 hours, and carries over from year to year with a cap of 3,000 hours. 60 hours of personal leave are granted each year.

While the contract has not been extended since 2010, it was amended in 2017 to recognize the departmental restructuring undertaken by the City in which paramedics were hired to provide emergency medical services. The LBPFA filed an improper practice charge and an Article 78 petition challenging the layoff of four firefighters in 2015 due to the expiration of a federal grant, along with allegations that the City acted with an anti-union bias when it restructured the fire department. The amendment continued a minimum staffing agreement of four paid firefighters per shift through April 6, 2022, established straight time rather than overtime rates when members are called in to work due to vacation, personal, or line-of-duty injury leave usage by another member, suspended the minimum staffing arrangement if the fire department exceeds an overtime cap, and allowed straight time rates of pay on holidays with the balance of compensation (at time-and-a-half) to be credited to members' leave accruals.

Several of these measures will help to control costs. However, it should be noted that the contract amendment also increased the maximum unused vacation time eligible to be paid out at separation from 400 to 600 hours. As discussed in this Comprehensive Review, separation payouts are a major contributing factor to Long Beach's fiscal stress.

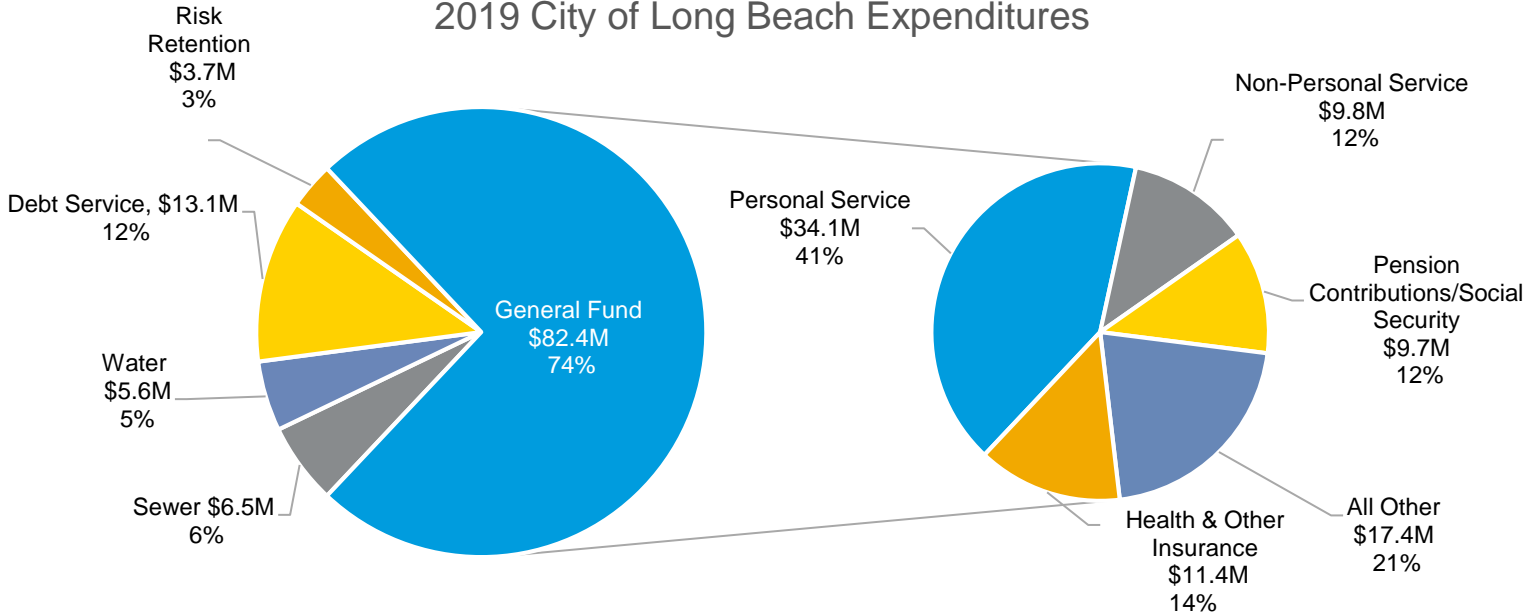
## **Budget Profile**

The City's 2019 All Funds adopted operating budget totals \$111.3 million (the City's fiscal year is July 1, 2018 through June 30, 2019). This is a 1.5 percent increase from the All Funds operating 2018 budget. General Fund budgeted expenses total \$82.4 million and the largest expenditure category is personal service, at \$34.1 million (41 percent of General Fund expenditures), followed by non-personal service at \$9.8 million (12 percent of General Fund expenditures). Approximately \$13 million of the General Fund total consists of interfund transfers. The departments with the



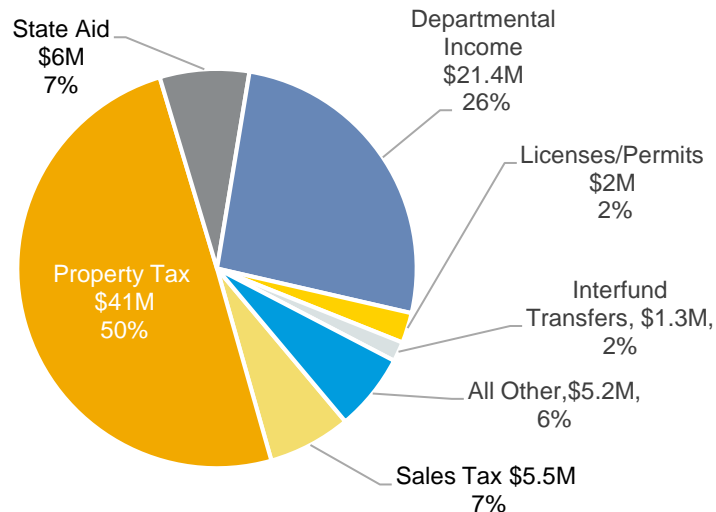
highest level of expenditures are Police (\$13.7 million), Sanitation (\$4.2 million), and Fire (\$3.5 million).

## 2019 City of Long Beach Expenditures



The 2019 General Fund revenue sources total \$82.4 million and include: 50 percent from the property tax levy; 26 percent from departmental income; and 7 percent from sales tax. For 2019, the tax levy increased 10.26 percent over 2018, exceeding the property tax cap. The FY 2020 budget, adopted shortly before publication of this Review, included a levy increase of 10.7 percent.

## 2019 City of Long Beach General Fund Revenues



According to its 2018 Annual Financial Report, the City had \$90.2 million in general obligation bonds and long-term bond anticipation notes outstanding, a decrease of 8% from the prior year.

## Fiscal Performance

Between 2015 and 2019, General Fund expenditures increased by 19 percent over that time, or approximately 4 percent per year on average, while revenues increased by 17 percent. Water Fund actual expenditures remained generally flat over the five-year period between 2015 and 2019, while the Sewer Fund increased 18.3 percent.

The City has grappled with major budgetary challenges for the better part of a decade. Four consecutive budgets were adopted in which revenues were overestimated and expenditures underestimated. In CFY 2012 alone, actual revenues were \$5 million under budget and expenditures \$3 million over budget, leading to an \$8 million operating deficit during that single year.

By the close of CFY 2012, Long Beach faced an accumulated deficit of \$14.2 million across the three major funds (General, Water, and Sewer). Moody's downgraded the City's credit rating by five levels in December, 2011. While the rating has improved since, the outlook remains negative. The City Council passed a resolution declaring a fiscal crisis in February 2012 (CFY 2013), empowering the City Manager to take extraordinary measures to provide budgetary relief.

Several actions were taken, including reducing personnel costs by 20 percent; the creation of an early retirement incentive; 10 percent health premium sharing for all management employees; and tighter controls on departmental purchasing. The City also implemented a deficit reduction surcharge which was added to residents' property tax bills. This raised \$1.9 million in each of CFYs 2013 and 2014.

To fully clear the \$14.2 million accumulated deficit, the City requested deficit financing authority from the State. This was granted via Chapter Three of the Laws of 2014, which authorized Long Beach to borrow up to \$12 million to liquidate the deficits across all of its funds. Local Finance Law Section 10.10 requires local governments authorized to issue debt for the purpose of funding deficits to submit proposed budgets to the Office of the State Comptroller (OSC) for review and comment. Long Beach issued \$8.2 million of 10-year debt obligations which will be fully repaid in November 2024. Until that time, OSC will continue to review the City's proposed budgets.

In the first half of CFY 2013, the City was devastated by Hurricane Sandy. As a barrier island on the South Shore of Long Island, Long Beach is particularly vulnerable to major weather events. The City incurred \$150 million in damage, the well-known boardwalk was destroyed, and numerous residents were displaced from their homes due to storm surge damage. While the federal government covered the cost of many restoration projects, including a \$230 million shoreline protection effort undertaken by the U.S. Army Corps of Engineers, the City continues to pay for Sandy-related costs, and incurred \$2.9 million in expenditures in CFY 2017 for this purpose.

In September 2013, the City Council removed the fiscal crisis declaration and Long Beach's finances began to recover. At the end of CFY 2015, the All Funds fund balance had grown to a positive \$9.16 million, a drastic turnaround from negative \$14.2 million at the close of CFY 2012. Moody's upgraded the City's bond rating to Baa1 with a positive outlook in January, 2016. Further,

the Office of the State Comptroller announced that Long Beach's score in the Fiscal Stress Monitoring System had dropped to 33.8 percent, which earned it a "No Designation" rating.

### *Recent Budgets*

Long Beach produced significant General Fund operating surpluses of \$6.6 million and \$9.1 million in CFYs 2013 and 2014, respectively. The \$6.6 million surplus in CFY 2013, however, was due primarily to the receipt of \$5 million in debt issuance proceeds to cover separation payouts, and lower than anticipated sanitation and employee retirement costs. Likewise, the \$9.1 million surplus in CFY 2014 can also be attributed to a significant influx of bond proceeds: \$5.8 million to clear the accumulated deficit and \$6.5 million to pay salary increases and related costs pursuant to an arbitration award (other offsets in the budget led to the final \$9.1 million total). While surpluses of this magnitude may indicate, at first glance, that the City had restored fiscal sustainability, it is clear upon further examination that the surpluses were generated by one-time actions and only temporarily masked Long Beach's structural budget imbalance.

The City resumed operating in deficit in CFY 2015, incurring a loss of \$794,100 due mostly to overestimation of revenues and a large \$1.5 million police retirement contribution pursuant to a binding arbitration award. In CFY 2016, the City began appropriating fund balance to pay debt service on deficit financing bond. The use of fund balance, along with annual revenue shortfalls, led to deficits of \$1.6 million in CFY 2016 and \$922,000 in CFY 2017.

In the spring of 2018, the City again faced fiscal uncertainty. The City Council rejected a \$2.1 million bond issuance authorization to cover separation payouts to departing employees, including the former City Manager. This action prompted immediate concerns about cash flow and overall fiscal solvency. Long Beach reduced services immediately, including the cancelation of bus service for almost one month. City management told the public that all part-time employees faced layoffs and that changes to collective bargaining agreements were on the table. \$550,000 of the \$2.1 million rejected bond was covered by a prior-year bond authorization. An additional \$1.8 million bond for new retirements and separations was authorized in July 2018, but this funded only the CFY 2019 payments, and did not offset the CFY 2018 costs. This left a \$1.55 million CFY 2018 shortfall, which added to the operating deficit for that year.

Further, the Office of the State Comptroller announced in March 2018 that Long Beach received the worst score in the State in the Fiscal Stress Monitoring System for 2017 at 80.8 percent, a drastic increase from 58.3 percent in 2016. The usage and depletion of fund balance in prior years, a tendency to over-estimate revenues, and several years of General Fund operating deficits had taken their toll.

The City's bond ratings have suffered as a result. In February 2019, Moody's downgraded Long Beach to Baa2 (two levels above junk bond status) with a negative outlook, citing a higher than anticipated CFY 2018 deficit, a weak financial position and an above average debt burden as reasons for the downgrade. Moody's also noted several factors that could lead to another downgrade: failure to implement a balanced budget in CFY 2020 that does not rely on reserves; a further deterioration of liquidity; and CFY 2019 results that are worse than anticipated (note: Moody's last reviewed Long Beach's financials in February 2019, which was before the end of CFY 2019).

As shown in the chart below, the City has a troubling trend of General Fund operating deficits. The drivers of these deficits include:

- Recurring overestimation of revenues. The most significant overestimate was \$6 million in CFY 2018, attributable partly to lower beach, permit, and police fees, along with bond proceeds that were expected, but not available due to a lack of bond issuance authorization. Overestimates occurred in other fiscal years, including \$1.8 million in CFY 2017 and \$1.9 million in CFY 2016.
- Significant one-time costs. In CFY 2015, the City appropriated \$1.5 million in fund balance to pay for an increase in retirement system contributions for police officers pursuant to an arbitration award.

<b>City of Long Beach General Fund Operating Surplus/(Deficit), 2012-2018</b>							
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>General Fund</b>	<b>(\$5,213,363)</b>	<b>(\$921,765)</b>	<b>(\$1,586,518)</b>	<b>(\$794,100)</b>	\$9,077,801	\$6,589,559	<b>(\$8,137,513)</b>

<b>City of Long Beach Revenue and Expenditure Trends, 2015-2019</b>					
<b>General Fund</b>	<b>2019 Adopted</b>	<b>2018 Actual</b>	<b>2017 Actual</b>	<b>2016 Actual</b>	<b>2015 Actual</b>
Expenditures	\$82,397,745	\$79,100,612	\$78,496,830	\$76,927,053	\$69,463,793
Revenues	\$82,397,745	\$73,886,857	\$77,499,926	\$75,340,535	\$70,572,463
Fund Balance	\$3,203,023	\$3,151,044	\$8,364,799	\$9,286,564	\$9,134,866
Property Tax Levy	\$40,453,237	\$36,567,744	\$35,670,101	\$33,644,491	\$32,604,023
Full Value Tax Rate	\$7.24	\$7.07	\$7.19	\$7.04	\$6.42
Full Valuation	\$5,584,453,733	\$5,168,789,950	\$4,959,474,000	\$4,781,440,282	\$5,080,411,250
Personal Service	\$31,468,425	\$32,010,990	\$32,012,001	\$31,625,940	\$30,536,811
Overtime	\$2,564,750	\$3,206,189	\$3,330,180	\$2,837,220	\$2,778,750
Employee Benefits	\$21,237,584	\$22,768,187	\$22,025,213	\$20,232,476	\$19,877,082
<b>Water Fund</b>	<b>2019 Adopted</b>	<b>2018 Actual</b>	<b>2017 Actual</b>	<b>2016 Actual</b>	<b>2015 Actual</b>
Expenditures	\$5,638,826	\$5,260,621	\$5,316,711	\$5,364,051	\$5,027,234
<b>Sewer Fund</b>	<b>2019 Adopted</b>	<b>2018 Actual</b>	<b>2017 Actual</b>	<b>2016 Actual</b>	<b>2015 Actual</b>
Expenditures	\$6,518,321	\$5,964,569	\$5,701,620	\$5,383,185	\$5,065,184
<b>Debt Service Fund</b>	<b>2019 Adopted</b>	<b>2018 Actual</b>	<b>2017 Actual</b>	<b>2016 Actual</b>	<b>2015 Actual</b>
Expenditures	\$13,050,884	\$11,205,801	\$10,744,356	\$9,570,036	\$7,818,152
<b>Risk Retention Fund</b>	<b>2019 Adopted</b>	<b>2018 Actual</b>	<b>2017 Actual</b>	<b>2016 Actual</b>	<b>2015 Actual</b>
Expenditures	\$3,665,000	\$3,322,561	\$4,003,185	\$4,021,158	\$2,258,287

The City has also used fund balance on a recurring basis. In CFY 2016, the City appropriated \$635,000 to fund debt service related to the deficit refinancing borrowing undertaken by the City in CFY 2014. In CFY 2017, \$637,000 of fund balance was used for this purpose, and \$837,000 in CFY 2018.

In May 2018, shortly before the CFY 2019 budget was adopted, the State Comptroller announced a full audit of the City. The audit was partially prompted by the City's separation payout policies, including payments made for accrued leave to staff who were still employed by the City. In its review of the City's CFY 2019 proposed budget, the Comptroller noted that "(Separation payouts) will saddle future taxpayers with the repayment of past service costs, with interest, for which they received no benefit. Based on our review of the proposed budget, city officials continue to take actions that are detrimental to the city's financial position."

Long Beach continues to face budgetary challenges, including expired labor contracts, ongoing infrastructure upgrades, large separation payouts, and the potential for a summary judgment of up to \$50 million for damages related to longstanding zoning litigation. Long Beach has also struggled to fill key management roles such as the City Manager (vacant since December 2017, and currently filled by an acting manager) and City Comptroller (vacant from August 2017 to June 2019).

Despite this, there are notable positives for the City. Given the City's high property values, only 27 percent of the constitutional tax limit had been exhausted at the end of CFY 2018. Its 2019 full value property tax rate of \$7.23 per \$1,000 of assessed value is one of the lowest among cities in the State.

The largest revenue source, the property tax levy, did not grow steadily to keep pace with increased costs for personnel and services. To that end, based on the spending pressures from personnel and health benefits, the entire revenue pool has struggled to keep up with the increasing expenditures. Over the four fiscal years from 2013 to 2016, the levy grew 8 percent. This level of increase, in conjunction with rising costs including deficit financing debt service, forced Long Beach to make more drastic increases in recent years, with the levy growing over 6 percent from 2016 to 2017, 4 percent from 2017 to 2018, and over 10 percent for each of the 2019 and 2020 budgets.

The adopted CFY 2019 budget included a 10.26 percent real property tax levy increase, which significantly exceeded the City's levy limit pursuant to the State's property tax cap.

<b>City of Long Beach Tax Levy History, 2013-2020</b>		
<b>Year</b>	<b>City Levy</b>	<b>YTY Levy Increase</b>
2013	\$32,574,456	N/A
2014	\$33,053,752	1.47%
2015	\$32,604,023	-1.36%
2016	\$33,644,491	3.19%
2017	\$35,670,101	6.02%
2018	\$36,567,744	2.52%
2019	\$40,453,237	10.63%
2020	\$45,388,541	12.20%

Shortly before the publication of this Comprehensive Review, the City adopted a CFY 2020 All Funds budget of \$110 million. The City Council rejected the proposed budget on May 31<sup>st</sup>, which will result in that budget taking effect by default on July 1<sup>st</sup> pursuant to the City Charter.

To close a \$3.5 million gap, the City Council voted to override the property tax cap and increased the levy by 12.2% percent, which is even higher than the CFY 2019 increase of 10.26 percent. The City's FY 2020 budget called for a 7.9 percent residential tax rate increase.

The City Manager's proposed FY 2020 budget appropriately recognized that certain non-tax revenues were historically overestimated and reduced these to more closely align with reality. For example, departmental income was reduced by \$209,000 and license fees were reduced by \$216,000 to reflect a reduction in permit fees that were previously generated by rebuilding efforts post-Superstorm Sandy.

It must be noted that the City's ability to cut expenditures is significantly hampered by its cost profile. According to the State Comptroller, 90 percent of Long Beach's FY 2018 expenditures consisted of personal service, employee benefits, and debt service. When mandatory costs consume the vast majority of a municipal budget, the options for expenditure reductions are severely limited.

This Comprehensive Review contains recommendations to assist Long Beach in building a more sustainable fiscal environment.

## Findings and Recommendations

After a thorough review of the City's operations, the Board identifies findings and recommendations in the following areas: shared services, efficiencies, workforce, economic development, and fiscal performance and accountability.

### Shared Services

#### Regional Government Context

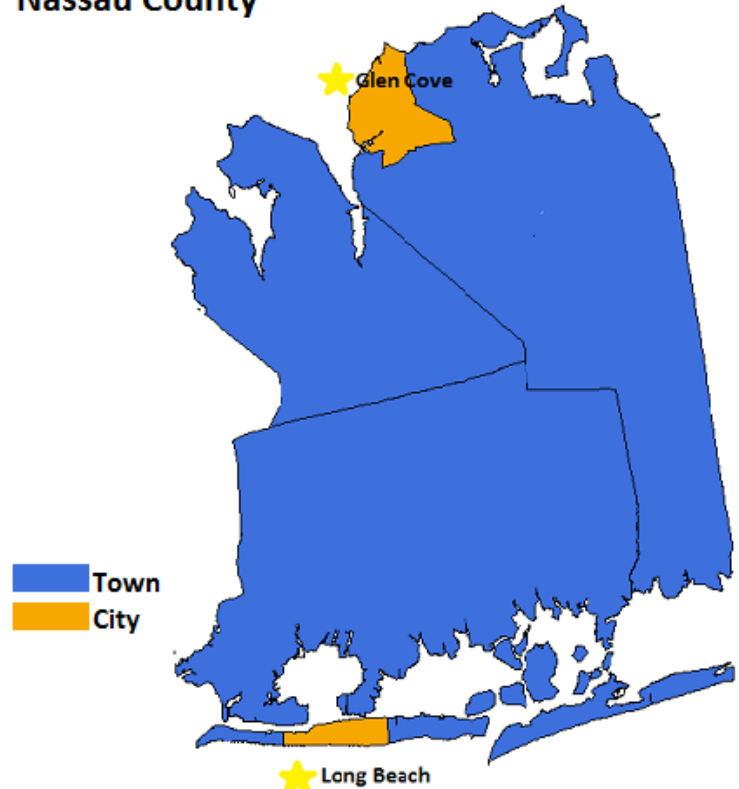
As of the 2010 Census, Nassau County had a population of 1.34 million and was the 2nd most populous county out of the 57 counties outside of New York City. With a land area of 284.7 square miles, it is the 54th largest county. With a population density of 4,705 residents per square mile, it is the most densely populated county.

The County is governed by a County Executive and a 19-member County Legislature. Other elected County officials include the Sheriff, the District Attorney, and the Clerk. As of 2017, the County had total expenditures of \$3.68 billion, which is the highest for counties, and total expenditures per capita of \$2,750, which is the 7th highest for counties.

Within the County, there are 2 cities, 3 towns, 64 villages, 56 school districts, 39 fire districts, and more than 200 town special districts and other entities.

The City of Long Beach is on the southern edge of the County, and it is bordered on the east by the hamlet of Lido Beach, on the west by the Village of Atlantic Beach, on the north by the Village of Island Park, and on the south by the Atlantic Ocean.

**Nassau County**



## Survey of Shared Services

Board staff, in conjunction with the City, conducted a survey on the general functions of the City and neighboring municipalities to ascertain duplication of services and potential areas for further consolidation. The City and its surrounding governments were asked to briefly describe current shared service arrangements in each service/function area and to identify any obstacles or opportunities for additional shared services.

Below is a summary of the results identifying which services are provided by each municipal entity:

<b>Index of Municipal Services Provided</b>			
<b>Service/Function</b>	<b>City of Long Beach</b>	<b>County of Nassau</b>	<b>Town of Hempstead</b>
Police	X	X	
Dispatch/E-911	X	X	
Fire	X		
Ambulance/EMS	X	X	
Tax Collection/Treasurer	X	X	X
Tax Bill Printing	X		X
Tax Foreclosure		X	
Assessing	X	X	
Personnel/HR/Civil Service	X	X	X
Payroll/Time & Attendance	X	X	X
Purchasing	X	X	X
Budget/Finance	X	X	X
Code Enforcement	X		X
Building/Zoning/Planning	X	X	X
Park Maintenance	X	X	X
Animal Control	X		X
Plowing	X	X	X
Paving/Street Maintenance	X	X	X
Lighting/Traffic Controls	X	X	X
Sanitation/Garbage	X		X
Water	X	X	X
Wastewater/Sewer	X	X	X



## Shared Services Actions and Opportunities

A local government's primary responsibility is to deliver services for the benefit and well-being of its residents. As the preceding chart aptly displays, there is significant duplication of services among the City of Long Beach and its neighboring municipalities.

If the City of Long Beach is to address any future budget challenge, it must maximize available savings from pursuing and implementing a shared services plan with its governmental partners. An effective plan will not only enable the City to reduce its cost structure going forward, but should also help partnering governments to reduce their costs.

In addition to the current shared service efforts between the City and its governmental neighbors and partners, other opportunities exist that may allow Long Beach to lower its current cost structure for existing services, enable future job attrition (presenting savings opportunities to both the City and the governmental partner it engages with to share the service), and allow the City and its neighboring governments the opportunity to receive grants and assistance from the State.

One of the top priorities of a Board engagement with a municipality is to help identify and fund, when appropriate, shared service endeavors in order for the local government being reviewed as well as other local governments, to save money while maintaining or improving service to their constituents.

## Critical Infrastructure Flood Protection Project

Due to its unique geography, much of the City of Long Beach's infrastructure installations are located near water. Several critical pieces of infrastructure are sited on the north shoreline, including the wastewater treatment plant; a water purification plant; natural gas facilities owned by National Grid; an electrical substation owned by PSEG; the Long Beach Bridge; and an MTA railroad terminal. Residents within both the City and the Town of Hempstead rely on these installations for various services.

During Superstorm Sandy, much of this infrastructure was significantly damaged. To prevent damage from future storms, the City applied for and received a \$20 million Federal Emergency Management Agency (FEMA) Hazard Mitigation Grant, with the intent to use this to fund a project to install bulkheads on land located in Reynolds Channel.

The land on which the bulkheads will be built is owned by the Town of Hempstead. The City began negotiating with the Town on a solution to this land ownership issue and, through these negotiations, an agreement to transfer the property from Hempstead to Long Beach was reached. The City agreed to pay a purchase price of \$55,250 to the Town, and the sale was executed in May 2019. The City anticipates it will take two years to complete construction.

This agreement will enable the City to protect its vulnerable infrastructure. Both the City and the Town should be commended for their efforts.

## Nassau County Wastewater Project

Like many municipalities across the State, Long Beach operates an aging wastewater treatment plant that requires significant upgrades to comply with regulatory standards. The City's plant is 70 years old and was damaged during Superstorm Sandy. Currently, sewage is treated at the plant

and discharged into Reynold's Channel, a narrow body of water between the northern shore of Long Beach and the south shore of Long Island. This has resulted in poor water quality and has drawn significant attention from the New York State Department of Environmental Conservation (DEC).

Due to its location on the water, the plant is vulnerable to future storms and requires infrastructure upgrades to withstand such weather. The cost of upgrading the plant is extraordinary. According to Nassau County's 2017 County-Wide Shared Services Plan, \$48 million is required for storm-hardening projects and \$130 million is needed for capital upgrades to make the plant compliant with nitrogen and ammonia discharge standards.

A cost-effective solution has been posed in recent years. In an effort to mitigate the discharge of harmful pollutants, the City entered into a Consent Order with DEC in 2017 in which it agreed to convert its plant into a pumping station (in the event it opted to forego the required upgrades), which would allow the City to divert wastewater to Nassau County's Bay Park Water Reclamation Facility in East Rockaway. Once treated, the sewage will be sent to the County's Cedar Creek Water Pollution Control Plant and then discharged three miles out into the Atlantic Ocean where it will disperse with less of an environmental impact.

The first phase of the plan calls for construction of a 3.5 mile pipeline from Long Beach to the Bay Park facility, which carries a cost of \$18 million. To date, Long Beach has received \$7 million in State grants for this phase of the overall project. The City also needs to construct the new pumping station. An intermunicipal agreement is currently under negotiation.

The City continues to work with Nassau County on this shared services endeavor, and is in the process of drafting an Intermunicipal Agreement. The Board acknowledges and encourages the work and effort of both the City and the County toward this end.

### **County-Wide Shared Services Initiative**

Through Part BBB of Chapter 59 of the Laws of 2017, the FY 2018 State Budget empowered citizens and local leaders to control the cost of local government through the creation of the County-Wide Shared Services Property Tax Savings Plans Initiative. The initiative consists of two rounds, one beginning September 2017 and the other beginning in September 2018, and requires each county to convene a shared services panel consisting of local government leaders within the county, the goal of which is to create property tax savings plans that benefit taxpayers.

Per the law, plans should include actions such as the elimination of duplicative services; shared services, such as joint purchasing, shared highway equipment, shared storage facilities, shared plowing services, and energy and insurance purchasing cooperatives; reduction in back office administrative overhead, and/or better coordination of services. The State will match the first year of savings from new shared services actions in approved plans.

The FY 2019 State Budget continues the County-Wide Shared Services Initiative by authorizing the panels to continue to convene until 2020 and continues to match the first year of net savings from new shared services actions. Furthermore, the law was expanded to allow counties to invite fire districts and fire protection districts to participate in addition to their current authorization to invite school districts and BOCES to participate. The FY 2019 State Budget includes a \$225 million appropriation to match the first year of qualified net savings from new shared services actions within approved local plans from 2017-2021.

In total, over the past two years, fifty-three counties — or approximately 93 percent of the counties subject to the requirements of the state County-Wide Shared Services Initiative law — have filed their shared services plans with the state. These fifty-three counties, containing 98.5 percent of the state’s population outside of New York City, have identified a total of 560 projects with \$135.8 million in total recurring local property tax savings.

Nassau County submitted a plan in 2017, and its qualified first year net savings from implemented projects will be matched by the State. The City should remain an active participant in the county’s shared services panel for the 2019 to 2021 years to identify additional shared services which would be eligible for State matching funds and would reduce the City’s property tax burden. In addition, the Board would give priority consideration to shared service projects adopted and implemented through the County’s shared services panel.

### **Local Government Efficiency Grant Program**

The State also offers competitive grants through the Local Government Efficiency Grant program (LGEG) to local governments for planning or implementing a local government efficiency project, including sharing services, functional consolidation, and regional service delivery. The maximum grant for an implementation project is \$200,000 per municipality/\$1 million per grant. The maximum grant for a planning project is \$12,500 per municipality/ \$100,000 per grant. Planning projects require a 50 percent local match and implementation projects require a 10 percent local match. If a planning project is later implemented, the local match for implementation is offset by the amount of the local match for the planning project.

LGEG is administered by the Department of State. More information on grant requirements and how to apply is available at <https://www.dos.ny.gov/lq/lge/grant.html>

Recommendation: The Board recommends that the City, in conjunction with its governmental neighbors, develop and implement a shared services plan that will lower the annual cost of providing specific services and address the inherent duplication of services via multi-governmental jurisdictions. If the City agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award a grant to assist the City and its neighboring governments with implementing such shared services plan. The specific structure and conditions of such grant, which would be developed in consultation with the City, and any other aspects of such grant would be subject to an affirmative vote of a majority of the total members of the Board.

## Efficiencies

### Strategic Financial Consultant

As noted in the Fiscal Performance section of this Comprehensive Review, Long Beach has faced significant fiscal challenges for close to a decade. By the close of CFY 2012, the City had an accumulated deficit of \$14.2 million and began implementing cost savings measures. Taxpayers were asked to shoulder this burden when the City implemented a deficit reduction surcharge on property tax bills. This raised a total of nearly \$4 million over two fiscal years, on top of normal property tax revenue. The State also authorized deficit financing bonds to enable the City clear the deficit. To this end, Long Beach taxpayers are in the midst of paying off \$8.2 million in deficit financing obligations, and will retire these bonds in November 2024. Until that time, OSC will continue to review and comment on Long Beach's proposed budgets as required by Local Finance Law Section 10.10.

In 2019, the City again finds itself grappling with large deficits. Several drivers are costly separation payouts, highly-paid police and fire employees, and the potential for a summary judgment of up to \$50 million for damages related to longstanding zoning litigation.

Further complicating the matter is a lack of permanent management staff. The City Manager position has been vacant since December 2017, and has been filled by two acting managers since, the latest of whom had previously served as the City's Corporation Counsel. The City Comptroller position was vacant from August 2017 to June 2019, leaving the City without a key administrator to oversee daily operations and engage in long-term planning.

In conversations with the City, the Board has learned that a consulting firm has been retained on a temporary basis to create a strategic multiyear fiscal improvement plan and a fiscal conditions analysis. Further, this firm has assisted the City with all aspects of municipal finance, including the CFY 2020 budget process; daily management of transactions; evaluation of transactions to determine their value, based on the necessity of providing essential municipal services within the City's cash flow; meetings with department heads to evaluate transaction processes; and develop plans for large scale transactions, including the most advantageous financing options (borrowing, cash, a mix, etc.). The Board believes that the City can maximize the utility of this consultant by engaging the firm on a longer-term basis.

Recommendation: The Board recommends that the City contract with a strategic financial consulting firm for assistance with all aspects of municipal finance. If the City abides by and implements this recommendation, the Board may, in its sole discretion, award a grant of up to \$125,000 to assist the City with implementing such action. The specific structure and conditions of such grant, which would be developed in consultation with the City, and any other aspects of such grant would be subject to an affirmative vote of a majority of the Board.

### Solid Waste Collection

Currently, the City budgets over \$4.2 million to handle solid waste collection. Collection by the City is mandatory for all residential units at a cost of \$605 per year (\$50.41 per month), while commercial units pay varying rates or opt out and contract with a private hauler. The City utilizes a three-person truck operation, which appears to be an efficient method of collection due to a portion of the streets being narrow and congested. In total, the City operates fifteen waste

collection trucks and collects refuse four days per week for residential customers and seven days per week for commercial customers. Much of the City waste collection fleet is significantly aged with looming structural issues.

The City's fleet of fifteen trucks are all rear loaders. Currently, Department of Public Works employees physically pick up all refuse and deposit it into waste collection trucks. Under this model, the employees face the risk of work-related injury which, aside from impacting the health of the employees, also drive increases in the City's workers' compensation premiums.

To mitigate workplace injuries, which result in hardships for employees and additional costs for the City, trucks could be retrofitted with semi-automated platform lifts, also known as a tipper tote system. This could also reduce the number of employees needed to operate a truck from three to two. The City reports that each truck can be retrofitted at a cost of \$6,000 - \$7,000, or up to \$105,000 in total.

The City hauls solid waste a distance of approximately 11 miles to the Town of Hempstead's landfill at a cost of \$93.36 per ton, with a total annual cost of \$1.75 million. However, the City has determined that it would likely be more cost efficient to haul waste to the Sanitary District 1 facility in Inwood, Town of Hempstead. This facility is approximately 6 miles from Long Beach and is already utilized by the City for recycling. The City believes it would realize savings over the long term from less wear and tear on the truck fleet due to Inwood's proximity to Long Beach, along with the ability to combine solid waste and recycling disposal at a single facility. To maximize cost savings, the City should explore hauling waste to the Inwood landfill.

The City could explore options to reduce workplace injuries and the resulting costs by retrofitting trucks with a tipper tote system. The Board encourages the City to formulate a plan to expand its sanitation and solid waste services, transfer disposal to Sanitary District 1, and consider safer, more cost-efficient alternatives to the current three-person-per-truck waste collection model.

Further, to take advantage of positive economies of scale in this area and to expand net positive revenue for the City, the City could consider transferring waste disposal from the Town of Hempstead to Sanitary District 1 in Inwood, Town of Hempstead. Collection could also be offered to other customers such as the Long Beach City School District, the Village of Atlantic Beach, and/or large commercial customers.

### **Parking Meters**

The City of Long Beach collects parking meter revenue in the Long Island Railroad station on West Chester Street. The current rate for parking is 50 cents per hour and parking violations result in a \$35 ticket. Four full-time and four part-time parking attendants handle parking enforcement duties. Long Beach has budgeted \$60,000 in parking meter revenue in the FY 2019 adopted budget. There are currently no street-facing parking meters in Long Beach.

In many ways, the City has a traditional central business district, which is anchored by City Hall, the Long Island Rail Road station, restaurants and retail establishments, and apartments. Parking is currently unmetered and, in most cases, limited to two hours. There are many disadvantages associated with unmetered parking in business districts, including long term parkers monopolizing spaces, challenges with enforcement, and congestion. Additionally, City employees monitor the

time limits by chalking tires, which is a labor-intensive process that does not take advantage of modern technologies.

In 2012, a consultant hired by the City recommended implementation of a new parking plan, consisting of a combination of metered parking along Park Avenue and parking malls at other locations. The initial suggested rate would be 50 cents per hour with enforcement occurring between 10AM and 10PM, Monday through Saturday, across 895 parking spaces.

Implementation of parking meters in the central business district presents a significant revenue opportunity for the City. According to its consultant, if the City chose to charge 50 cents per hour, annual revenues could total \$626,500. An increase to 75 cents per hour could result in annual revenues of \$939,750, which is a near 15-fold increase over current parking fee revenues of \$60,000.

Any additional revenues would be offset by the one-time cost of purchasing the meters and any annual maintenance or service expenses.

The City could consider installing automated kiosks, which have distinct advantages over traditional coin-operated parking meters. There are several advantages including payment by credit card or mobile application, printed receipts with timestamps, and a significant reduction in the number of meters which could lower the overall cost of maintenance. Some municipalities have installed "smart meters" which can be used to gather and analyze parking data. A locality could adjust parking rates or temporarily suspend fees remotely if wireless-enabled meters are installed.

The City has informed Board staff that it is currently working with a consultant to analyze and formulate a parking plan, and that it will further evaluate options and costs of expanding expand parking meters to Park Avenue and other streets in the central business district.

## LED Lights

Long Beach has made significant progress on upgrading its City-wide lighting infrastructure with light-emitting diode (LED) lights. Out of approximately 1,800 fixtures, 1,164 have been fitted with LED bulbs. The City owns all aluminum street light poles, whereas Verizon and PSEG Long Island own wooden utility poles. Currently, the City pays \$180,000 annually for streetlight electric costs.

The City reports that it received a grant from the New York State Energy Research & Development Authority (NYSERDA) to upgrade an additional 100 fixtures to LED in calendar year 2019, which leaves 536 fixtures to be converted. The total estimated cost for this upgrade is \$250,000 and it would generate \$42,000 in savings in the first year.

The City owns the arms and lights on all wooden poles, which allows it to perform LED lighting upgrades without involving the utilities that supply electricity to the fixtures. This is an operational advantage over many other municipalities that are required to engage with their utility to conduct upgrades.

Converting streetlights and indoor lights from existing metal halide or high-pressure sodium lighting technology to LED would reduce energy draw and thus energy costs. LEDs have been shown to produce energy savings of 60 to 70 percent. On average, they last longer, up to 100,000 hours or over 20 years, require less maintenance and attention compared to their older

counterparts, and offer improved lighting quality. Therefore, conversion to LED lights would benefit the City through reduced wattage draw as well as lowered average annual maintenance costs.

In October 2015, Governor Cuomo signed Chapter 495 of the Laws of 2015 (“the Streetlight Replacement and Savings Act”), which established the procedures for the transfer of street light systems ownership from a utility to a municipality. The procedure requires all utilities to establish a process to facilitate the transfer of ownership. The price of the transfer is negotiated between the municipality and the utility, and the municipality files an application with the Public Service Commission, which includes an inventory of street lights including numbers, location, and lighting type and a statement including anticipated financial impacts and any plans to retrofit the fixtures with energy efficient lighting.

Additionally, in the 2018 State of the State address, Governor Cuomo announced a State-wide Smart Street Lighting Program to convert 500,000 streetlights to LED technology by 2025. The New York Power Authority (NYPA) will lead this interdisciplinary and interagency initiative with the New York State Energy Research and Development Authority, the Department of Public Service, the Department of Environmental Conservation, and the Department of State and other State agencies. The State will offer a one-stop-shop solution for municipalities to replace inefficient streetlights with LEDs and provide technical expertise on design, procurement and construction, along with financing and guidance on Internet of Things devices that allow streetlights to function as part of a Smart City. NYPA will also explore modifications to existing street lighting utility tariffs to allow for greater cost savings from lighting conversions. This program has the potential to reduce energy consumption annually across the State by 482 gigawatt hours, the equivalent of 44,770 households, save taxpayers \$87 million annually, reduce greenhouse gas emissions and improve the quality of light and safety of communities across the State.

Recommendation: The Board recommends that the City pursue advancements in energy efficiency by upgrading its existing lighting infrastructure to high-efficiency LEDs. If the City agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award a grant of up to \$250,000 to help the City with the conversion of its lighting infrastructure to light emitting diode (LED) technology. The specific structure and conditions of such grants, which would be developed in consultation with the City, and any other aspects of such grants would be subject to an affirmative vote of a majority of the total members of the Board.

### **Magnolia Daycare Center**

The City of Long Beach's Department of Youth and Family Services operates a licensed child care center on Magnolia Boulevard. Services are offered for children from ages six weeks through four years in both morning and afternoon sessions. Competitive rates are offered for all levels of care, ranging from \$53 per day for pre-kindergarten children whose parents qualify for social services to \$75 per day for infants.

In CFY 2019, the Magnolia Center is projected to generate approximately \$500,000 in revenue, 52 percent of which is derived from daily rates charged for toddler and pre-kindergarten care, with the remainder coming from infant and morning care charges and federal Child and Adult Care Food Program aid. On the expenditure side, salaries and benefits comprise \$313,727, or 89 percent, of the total.

According to expenditure data provided by the City, the Magnolia Center will cost approximately \$556,000 to run during CFY 2019, resulting in a projected net loss of \$56,000. In CFY 2017, the Center finished the year with a \$175,000 operating loss.

The Board has found that municipally-owned and operated daycare centers are largely uncommon across the State.

Due to the high cost of operating the Magnolia Center, the City could consider alternatives that would balance the needs of the community, employees, and the taxpayers. If the City were to lease the Center to a nonprofit organization, the community would continue to benefit from this service while the City would earn revenue from the lease arrangement. If a lease of the facility were considered, there are several issues to explore, such as the status of outstanding City debt on any improvements (which could become taxable if the property is leased), which party would have responsibility for compliance with Office of Children and Family Services rules and regulations, and the impacts on civil service employees if the facility is run by a private employer.

The City could further study cost savings strategies for the Center.

### **Employee Timekeeping**

The City's time and attendance procedures are carried out solely on paper. When an employee arrives for work, he or she signs in and out on paper forms. Then, each payroll period, department staff compile their own agency's payroll and submit it to the department head for review and signature (if a department head is absent, the city manager's office must take over this labor-intensive task). The time sheets are then sent to the City's central payroll office (with the exception of the police department, which employs one FTE to handle payroll), where two full-time clerks enter the data into the electronic payroll system. Finally, the city manager's office signs off on the full payroll.

It appears that there is a significant efficiency opportunity in this area, particularly for the numerous part-time staff who work in the several departments devoted to tourism and recreation on the beach.

The City's most valuable natural resource is its 4-mile beachfront, much of which is designated as Ocean Beach Park. In the summer, the beachfront is a highly popular tourist destination and is anchored by a 2.2 mile boardwalk. To maintain its vital beachfront enterprise and provide necessary public services, the City employs approximately 520 temporary staff annually and appropriated \$2.7 million in CFY 2019 for beach maintenance costs. Many of the temporary staff serve as lifeguards, work at beach concession stands, or serve as ambassadors for residents and visitors. These staff are also responsible for daily operations of Ocean Beach Park, including revenue collection, scheduling employees, and tracking beach pass usage. Other staff provide essential services such as boardwalk upkeep, tree and garden plantings, storm preparation and clean-up.

Beach staff arrive at the beginning of a shift and, as is the process in other departments, sign in on a paper timesheet. With a large number of line staff and limited shift supervisors, ensuring staff are complying with time and attendance rules is challenging and susceptible to mistakes.



The City could consider several alternatives to the current system that take advantage of modern technology, including a digital punch system where employees input an ID number, or a badge system, where employees swipe or scan a badge at the worksite.

Collective bargaining agreements may prevent the City from implementing new timekeeping processes for many of the full-time employees. However, adopting a new system for the large number of part-time staff could reduce administrative burdens and improve internal controls.

Recommendation: The Board recommends that the City continue to implement efficiency actions that will lower the annual cost of providing specific services. If the City agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award a grant to assist the City with implementing such efficiency actions. The specific structure and conditions of such grant, which would be developed in consultation with the City, and any other aspects of such grant would be subject to an affirmative vote of a majority of the total members of the Board.

## Workforce

### Separation Payouts and Employee Accruals

In recent years, employee separation pay has created significant issues for the City's fiscal stability. The City has not adequately planned for, and has not properly or consistently funded, these multi-year separation payouts. In April 2018, the City Council rejected a \$2.1 million bond issuance authorization to cover payouts to several employees and a temporary fiscal crisis ensued, including concerns about the ability to make payroll. This was eventually solved by using a prior bond issuance to cover approximately \$550,000 of the cost and absorbing the remaining \$1.55 million in the CFY 2019 budget, which ultimately averted layoffs and drastic service reductions. In July 2018, only months later, the City Manager requested a \$2.5 million bond authorization to, in part, fund \$1.34 million in previously approved and pending separation payouts to employees. In a compromise, the City Council approved only \$1.8 million for this purpose.

As shown below, average payouts for employees in fire and police titles are well into the six figures. The lowest average payout is nearly \$300,000 (firefighter), and the highest exceeds \$600,000 (police sergeant).

The payouts are made possible by significant vacation, sick, and other time accruals permitted in collective bargaining agreements.

Fire department employees who are separating with at least ten years of service receive forty hours of termination pay for each year of service completed, and a pro-rated number of days for each additional fraction of a year. Police department employees who are separating receive five days of termination pay for each year of service completed.

Further, employees can elect to receive a lump sum payment for unused sick leave, personal days, vacation days, compensatory time, and termination pay immediately upon separation or via

City of Long Beach Average Separation Pay by Title	
Position	Average Payout
Firefighter	\$296,197
Fire Lieutenant	\$409,560
Police Officer	\$316,034
Police Lieutenant	\$421,750
Police Sergeant	\$619,183

an installment schedule within a five year window. All leave is paid out hour for hour with the exception of sick leave, which is paid at 50 percent.

As mandated by the federal Fair Labor Standards Act, members of the police and fire unions are permitted to accrue up to 480 hours of compensatory time, and CSEA members can accrue up to 240 hours. However, the City permits employees to receive a "paydown" of this compensatory time during service or upon separation. The firefighters' contract stipulates that any single paydown can total \$10,000, with amounts above requiring written permission from the City Manager. Police officers can request a payout up to the 480 hour cap at any time, but this must also be approved by the City Manager. While paying a current (non-separated) employee a portion of his or her accruals reduces future liabilities, the sheer volume of accruals most employees are able to build encourages taking periodic paydowns prior to separation or retirement. It should be noted that the high separation pay amounts shown in the chart below are net of any payments an employee would have received during service with the City.

The following shows an example breakdown of a police department employee's separation pay agreement and highlights the components of an employee payout.

<b>City of Long Beach Separation Pay - Police Department Employee 30 Years of Service, Final Salary: Above \$175,000</b>		
<b>Leave Category</b>	<b>Hours</b>	<b>Payment</b>
Vacation	865 hours	\$82,803
Sick	1,600 hours	\$153,144
Terminal Pay	1,457 hours	\$136,377
Compensatory	635 hours	\$60,755
Personal	1,216 hours	\$116,418
Other	95 hours	\$3,816
<b>Total</b>	<b>5,868 hours</b>	<b>\$553,313</b>

In the course of its engagements with other municipalities, the Board has yet to encounter separation pay policies elsewhere in the State that allow payments of this magnitude. The single payment highlighted above represents 4 percent of the Long Beach Police Department's FY 2019 budget.

In comparison, State public safety employees (State Police, State University of New York Police, Environmental Conservation Police, Park Police, and Forest Rangers) receive much smaller payouts and accrue fewer hours. Below is a summary of payout provisions for police and fire employees as compared to State public safety employees. In each category, payout policies for the City's employees are more generous than those of the State.

## City of Long Beach Payout Provisions - Police & Fire

Leave Category	LB Fire Dept.	LB Police Dept. - Hired Before 5/29/13	LB Police Dept. - Hired After 5/29/13	State Police	SUNY, EnCon, Park Police, Forest Rangers
Vacation	400 hours	400 hours	300 hours	225 hours	225 hours
Sick	50% of up to 3,000 hours (maximum 1,500 hours)	50% of up to 400 days (maximum 1,600 hours)	50% of up to 200 days (maximum 800 hours)	Up to 165 days can be used to pay premiums in retirement; any days over 165 and below 300 converted to cash benefit	Up to 200 days can be used to pay premiums in retirement
Terminal Pay	40 hours per year of service	Six days per year of service	Five days per year of service	No benefit exists	No benefit exists
Compensatory	480 hours	480 hours	480 hours	No benefit exists	No benefit exists
Personal	No cap	No cap	1,200	No cash value upon separation	No cash value upon separation

To its credit, the City has made some progress in reducing the costs of these payouts. In a 2013 binding arbitration award, separation pay was restructured for police officers hired after the date of the decision. For these employees, it is limited to five days of terminal leave for each year of service; one-half of 200 days of sick leave; 300 hours of vacation leave; and 1,200 hours of personal leave.

As noted previously in this Comprehensive Review, the State Comptroller announced a full audit of the City in May 2018. The audit was partially prompted by the City's separation payout policies, including payments made for accrued leave to staff who were still employed by the City. In its review of the City's CFY 2019 proposed budget, the Comptroller noted that "(Separation payouts) will saddle future taxpayers with the repayment of past service costs, with interest, for which they received no benefit. Based on our review of the proposed budget, City officials continue to take actions that are detrimental to the City's financial position."

These payouts represent a fiscal threat to the City and have prompted the borrowing of millions of dollars in recent years to cover unexpected retirements and other separations. As a generation of employees "age out" of the current workforce, there will be an opportunity to negotiate contractual cost drivers, particularly the time accruals that allow large separation payouts. The City and its unions should carefully review and negotiate payout provisions in the next round of collective bargaining negotiations.

### Fire Department

The Long Beach Fire Department (LBFD) was first organized in 1910. The Department consists of one paid, uniformed company and seven volunteer companies. The duties of the LBFD include

both fire and emergency medical response. As discussed elsewhere in this Comprehensive Review, the City civilianized emergency medical services in 2015. Certified paramedics are now hired into civil service positions and are members of the firefighters' union.

The Fire Department has been working with an unsettled contract since 2010. Neither the City nor the Long Beach Professional Firefighters' Association (LBPFA) have declared an impasse and thus have not entered the binding interest arbitration process.

The City has a 24/72 hour shift structure established through collective bargaining. In this shift structure, firefighters work one 24 hour shift followed by three days off. In this model, when the Fire Department needs to fill a position due to a schedule or unscheduled absence, the amount of potential overtime incurred is limited to the shift length of 24 hours (not including recall or incidents which span shifts). This shift structure repeats every fourth week.

The City has a minimum staffing requirement of four firefighters per shift. In the event that a firefighter is out, the City needs to call in a paid full-time firefighter to work a 24 hour overtime shift.

Due to the on-demand nature of fire protection services, Long Beach incurs significant overtime costs for Fire Department employees. In 2017, the total overtime cost to the City was \$859,577, a substantial increase from \$695,190 in 2016 and \$515,435 in 2015. However, Long Beach secured a provision in a 2017 amendment to the LBPFA contract which established payment of straight time rather than overtime (time-and-a-half) rates when members are called in to work due to vacation, personal, or line-of-duty injury leave usage by another member. As a cost containment measure, this appears to be working; overtime paid to fire department employees in CFY 2018 totaled \$511,529, a decrease of 40 percent.

Pursuant to the provisions of the expired contract, the firefighters are protected by a no-layoff clause.

### *Fire Department - Pay and Benefits Structure*

As discussed in the Separation Pay section of this Comprehensive Review, Fire Department employees receive significant vacation, personal, sick, compensatory, and terminal accruals. These policies have enabled the average firefighter to leave City service with nearly \$300,000 in separation payments. Firefighters also receive other significant benefits and protections, including membership in the New York State Police & Fire Retirement System (PFRS), which requires 20 years of service for full pension eligibility, a distinct advantage over the non-uniformed Employee Retirement System's (ERS) requirement of 30 years of service and a minimum age of 55 (Tier 4). Firefighters also are eligible for the binding interest arbitration process and 207-a disability benefits.

According to Office of the State Comptroller data from 2018, firefighters employed by Long Beach are paid \$143,997 on average, which is the second-highest average pay among all cities in the State of New York. The City of Yonkers has the highest average annual pay at \$148,379.

Board staff conducted an analysis comparing the average pay of Long Beach firefighters to the average pay of firefighters in twelve other similarly-sized cities. According to this data, Long Beach has only 0.5 paid firefighters per 1,000 citizens at a significant average cost of \$143,997 per firefighter. This number is low relative to peer municipalities because the City has a large volunteer

force that supplements the paid firefighters. Moreover, the cost of living in Long Beach is significantly higher than in other upstate cities shown in the Staffing and Salary Analysis chart below.

Long Beach Firefighters - Staffing and Salary Analysis						
City	County	Population	City Levy	Fire Employees	Fire Average Salary	Firefighters Per 1,000 Pop.
Utica	Oneida	62,235	\$27,332,869	114	\$77,664	1.8
White Plains	Westchester	56,853	\$55,648,820	150	\$109,089	2.6
Niagara Falls	Niagara	50,193	\$29,104,014	135	\$84,348	2.7
Troy	Rensselaer	50,129	\$24,395,503	118	\$76,361	2.4
Binghamton	Broome	47,376	\$36,670,786	117	\$79,056	2.5
Rome	Oneida	33,725	\$15,189,239	71	\$71,326	2.1
<b>Long Beach</b>	<b>Nassau</b>	<b>33,275</b>	<b>\$35,794,272</b>	<b>18</b>	<b>\$143,997</b>	<b>0.5</b>
Poughkeepsie	Dutchess	32,736	Not filed	62	\$79,731	1.9
North Tonawanda	Niagara	31,568	\$16,162,108	39	\$81,866	1.2
Jamestown	Chautauqua	31,146	\$15,844,270	54	\$75,154	1.7
Ithaca	Tompkins	30,014	\$22,196,661	63	\$82,009	2.1
Elmira	Chemung	29,200	\$13,069,742	55	\$73,471	1.9
Newburgh	Orange	28,866	\$19,462,564	68	\$85,707	2.4

Under the existing contract, LBPFA members do not contribute to the cost of their health care. In its work, the Board has found that this can have a significant fiscal impact for most municipalities. According to projections provided by the City, health benefit costs for LBPFA members in FY 2019 will total \$500,000. An employee contribution rate of 20 percent could generate savings of \$100,000, or one fifth of the total cost of health insurance for all LBPFA members. State employees in grades 9 and below contribute 12 percent for an individual plan and 27 percent for a family plan. Those State employees in grades 10 and above contribute 16 percent for an individual plan and 31 percent for a family plan.

The City and its collective bargaining units should consider premium cost sharing during the next round of collective bargaining.

#### *Paid vs. Volunteer Department*

Long Beach staffs the only paid municipal fire department in Nassau and Suffolk counties. Of all municipal fire departments or companies covering and serving the 2.8 million residents of Long Island, only Long Beach's is paid.

At the beginning of 2018, Long Beach and the Village of Garden City were the last two municipalities with a paid uniformed force. However, in July 2018, the Garden City Village Board voted 6-1 to eliminate the paid firefighters' positions, which results in an annual savings of approximately \$2 million. Village management argued that other densely-populated municipalities on Long Island receive adequate fire suppression services from fully volunteer fire departments. With only three active fires in 2017, Mayor Brian Daughney said that Garden City was "carrying a workforce that does not benefit the people carrying the bill - the taxpayers."

After the initiation of litigation by the firefighters' union, a settlement was negotiated in which most Garden City firefighters were granted significant cash settlements. Six of these firefighters were eligible for retirement and will receive fully-paid retiree health insurance per the contract, along with any accrued separation payouts. Several other firefighters are to remain on paid administrative leave until they reach the years of service required to fully retire.

There are several benefits from a professional, paid fire department in the City. According to 2010 U.S. Census data, the City's population density is 15,023 per square mile. With this level of density and numerous low-rise and high-rise buildings, Long Beach may indeed benefit from a full-time paid firefighting force versed in the challenges of the City's geography.

However, much of Nassau County is densely populated and these municipalities function with a volunteer-only fire department. For example, the villages listed below are serviced by volunteer departments and have population densities similar to that of Long Beach.

Municipality	Population (2010 Census)	Population per Sq. Mile	Paid or Volunteer Fire Dept.
City of Long Beach	33,275	15,023	Paid
Village of Hempstead	53,891	14,636	Volunteer
Village of Manorhaven	6,556	14,099	Volunteer
Village of Port Chester	28,967	12,427	Volunteer
Village of New Hyde Park	9,712	11,293	Volunteer
Village of Floral Park	15,863	11,195	Volunteer

## Fire/Paramedic Departmental Reorganization

In 2014, in the wake of Superstorm Sandy, the City was grappling with the closure of Long Beach Medical Center, the only hospital on the island. Superstorm Sandy produced a storm surge that flooded the hospital's basement and destroyed all vital systems. Further, Long Beach was in the midst of a fiscal crisis which culminated in a \$14.2 million accumulated budget deficit only two years earlier. In light of these challenges, the City commissioned a report on fire and emergency medical services from the International City/County Management Association (ICMA) to determine if efficiencies in service delivery were feasible.

The report focused primarily on the Long Beach Fire Department and its dual role in both fire and emergency medical services (EMS). The Department consists of a uniformed paid contingent and an unpaid volunteer contingent.

ICMA found that the Fire Department provided "quality fire and emergency medical services" to the residents of Long Beach. However, ICMA raised several issues with the Department. First, Long Beach was mired in a fiscal crisis and needed to examine every expenditure for efficiencies. In FY 2014, the Fire Department's budget totaled \$5.4 million, equivalent to 7 percent of all General Fund expenditures. Due to its size, the department's budget merited further review.

Second, ICMA opined that the Department was organizationally challenged, with a volunteer commissioner and three chiefs attempting to oversee the Department while fulfilling their roles as full-time employees in other city agencies. This left day-to-day management to a career lieutenant who lacked the authority to be a change agent within the department. Further, the analysis

indicated that the existing organizational structure would not even be capable of instituting changes suggested elsewhere in the report.

The most significant recommendation issued in the report was the restructuring of fire and emergency medical service delivery. At the time of the report's issuance in January 2015, the Fire Department maintained minimum staffing levels of three firefighters on an engine and two firefighters on an ambulance. This staffing model provided 24/7 coverage, meaning that the paid firefighters responded to over 90 percent of dispatch requests regardless of whether the volunteer firefighters also responded.

ICMA argued that this traditional staffing model consisting of the fire and EMS dual role was inefficient because the vast majority of Long Beach's calls for service were for EMS. 75 percent of all calls were medical-related and only 23 percent were fire-related. Of that 23 percent, 4 percent (or 8 calls per year) were for structural fires, and 46 percent of calls were false alarms. Operatively, this means that a firefighter working a 24-hour shift was out on a fire call for 1.5 hours per day, an average of less than 10 minutes per hour. EMS calls, however, consumed 5.5 hours per day.

To that end, the report urged the City to consider reassigning EMS responsibilities to a civilian paramedic corps while reducing the number of career firefighters. Under this model, there would be little to no change in the level of firefighting services provided to Long Beach taxpayers (again, only 23 percent of all service calls were fire-related), but a significant improvement in emergency medical services. Residents would be treated by fully certified paramedics rather than emergency medical technicians (EMTs) and ambulances would be pre-deployed throughout the City rather than centrally located at firehouses.

Long Beach, which was in the midst of a budget crisis, needed the potential General Fund savings of up to \$2 million annually. A substantial amount of the savings were attributed to cost avoidance due to the reduced salary, retirement, and disability costs incurred by paramedics compared to uniformed firefighters. For example, firefighters are members of the NYS Police & Fire Retirement System, which makes them eligible for full retirement benefits after 20 years of service. Paramedics, however, are enrolled in the NYS Employees' Retirement System, which requires 30 years of service for full retirement eligibility. A comparison of firefighter vs. paramedic benefits can be found in the following table.

City of Long Beach - Paid Firefighter vs. Paramedic Benefits		
Compensation/Benefit	Long Beach Paid Fire	Long Beach Paramedic/EMS
Salary Schedule	Hiring Rate: \$38,393 Year 5: \$96,506	Hiring Rate: \$41,600 Year 5: \$59,618
Retirement	NYS Police & Fire Retirement System; full pension at 20 years of service, no minimum age	NYS Employees' Retirement System; full pension at 30 years of service, minimum age of 63 (Tier 6)
207-a Disability	Eligible; City pays approx. \$610,000 annually to active and retired firefighters on 207-a(1), 207-a(2) disability	Not eligible
Binding Arbitration	Eligible	Not eligible
Healthcare Contribution	No contribution by employee	10% contribution

In early 2015, the City decided to adopt this alternative staffing model. The LBPFA then filed an improper practice charge and an Article 78 petition challenging the layoff of four firefighters in 2015 due to the expiration of a federal grant (three of whom became paramedics), along with allegations that the City acted with an anti-union bias when it restructured the fire department. In 2017, the City and the union agreed to a contract amendment which officially recognized the departmental restructuring undertaken by the City and continued a minimum staffing agreement of four paid firefighters through April 6, 2022.

After approximately three years, it is clear that the decision to "separate" fire and EMS duties has been a net positive for the City's finances. From FY 2014 to FY 2019, total Fire Department costs (salaries, equipment, health care, and retirement contributions) decreased by 11 percent. This is contrary to the trend in nearly every other municipality with a fire department, statewide. To its credit, the City has reversed the dominant trend of ever-increasing costs while maintaining quality, essential services for its taxpayers.

City of Long Beach Fire Department Costs, FY 2014 - FY 2018						
Year	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
	(Adopted Budget)	(Actual)				
PS Reg	\$2,573,726	\$2,500,456	\$2,466,000	\$2,801,081	\$2,955,045	\$3,167,512
PS Temp	\$170,000	\$169,942	\$169,358	\$168,060	\$158,001	\$160,095
PS OT	\$503,500	\$511,529	\$859,577	\$695,190	\$515,435	\$373,664
NPS	\$262,100	\$266,130	\$257,680	\$275,187	\$298,914	\$307,909
Fire Dept. Health Costs	\$497,744	\$435,869	\$419,728	\$445,267	\$476,711	\$481,829
Fire Dept. Retirement Contributions	\$764,868	\$833,846	\$902,912	\$948,799	\$903,540	\$869,820
<b>Total</b>	<b>\$4,771,938</b>	<b>\$4,717,772</b>	<b>\$5,075,255</b>	<b>\$5,333,584</b>	<b>\$5,307,646</b>	<b>\$5,360,829</b>



Further, emergency medical service call response times have improved since the bifurcation of duties. In 2014, prior to the split, the average response time for all calls was 5.53 minutes. By 2018, the response time for paramedics had been reduced to 4.95 minutes, with the paid firefighters responding in an average 6.77 minutes. The advantages of pre-deploying paramedics throughout the City, rather than relying on firefighters in several firehouses, are made clear by the previously mentioned response time statistics.

The Board recognizes the City's leadership on this initiative and urges other municipalities to consider alternate staffing models for fire and emergency medical service delivery that improve service and reduce costs.

## **Police Department**

The City of Long Beach Police Department is staffed by approximately 87 FTEs, 70 of whom are uniformed police officers. The collective bargaining agreement between the Long Beach Patrolmen's Benevolent Association (PBA) and the City expired on June 30, 2008, and the two parties filed a declaration of impasse with the New York State Public Employment Relations Board (PERB). In 2013, an interest arbitration award was made.

The New York State Department of Criminal Justice has historically provided local governments with an analysis of police staffing levels using the International Association of Chiefs of Police (IACP) staffing model upon request. The Board's analysis using this model considers a number of influencing factors in determining an appropriate force size in a community, including the total number of hours needed for one patrol position, average time needed to handle complaints, a buffer for preventative patrol and activities not captured in call data, and time off (see Appendix C). Further analysis was completed using Department of Justice (DOJ) data on local police departments which indicates that, on the average, police departments operate with an average of one full-time police officer per 1,000 residents.

According to Census data, the City of Long Beach had 33,275 people in 2010 and, in 2018, handled 15,722 total complaints. Based on this ratio and the IACP model, the City should have roughly 35 full-time patrol officers. However, 48 patrol officers are currently employed by Long Beach. According to Office of the State Comptroller data from 2018, the City's police officers are paid \$165,374 on average, which is the highest average pay among all cities in the State of New York.

If Long Beach were to consider re-sizing its police department to more closely align to the IACP model's recommendations, the approximate savings of 13 officers' salaries alone totals upwards of \$2.2 million annually. However, before taking such action or prior to commencing negotiations with the union, the City and residents should thoroughly consider all options as well as the pros and cons of any specific approach.

## **Employee Health Insurance Costs**

For many municipalities across the State, including Long Beach, employee benefits have risen substantially each year, thus straining municipal budgets. With local governments facing significant budget deficits and needing to identify ways to reduce spending, more attention has been focused on healthcare costs for public sector employees.

The City has made efforts to increase employee health insurance contributions in recent years. Overall, employee contributions made by CSEA employees, paramedics, and non-union staff cover 1.2 percent of the City's total health insurance costs. The most recent contract with CSEA requires new employees to contribute 10 percent of their premium. The City projects the value of employee contributions in FY 2019 will be \$40,695, or 0.8 percent of the total health insurance cost for CSEA-represented employees. It will take time for this clause to produce significant savings, but the Board recognizes the significant fiscal benefit to the City for implementing premium cost-sharing with employees.

All management and paramedic employees also contribute 10 percent. All police and fire employees (with the exception of paramedics), however, are exempt from contribution requirements. These two departments alone constitute 30 percent of the City's gross health insurance cost. As such, the Board believes the City and its police and fire collective bargaining units should work together to negotiate a fair contribution rate to offset the high cost of health insurance.

The Board commends the City for taking steps to control costs. If the City could employ health insurance practices that the State achieved with its unions in the most recent round of bargaining, there is the potential for significant annual savings.

The Board acknowledges Long Beach's efforts to stabilize the rising cost of health care, and encourages the City and its union partners to negotiate and implement further actions that would produce cost savings.

Recommendation: The Board recommends that the City seek labor and healthcare efficiencies. If the City agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award a grant to help the City in the next round of collective bargaining. The specific structure and conditions of such grant, which would be developed in consultation with the City, and any other aspects of such grant would be subject to an affirmative vote of a majority of the total members of the Board.

## Enacted State Budget

### FY 2020 State Budget Actions Will Assist the City

The FY 2020 State Budget included a number of initiatives that will provide assistance to and grow the economy within the City of Long Beach and the surrounding Long Island region. This includes supporting locally-driven priorities for economic development and bolstering some of the State's most vital forms of infrastructure.

### Permanent Property Tax Cap

The FY 2020 Budget makes permanent the 2 percent property tax cap, building upon the approximately \$25 billion in taxpayer savings since the cap was implemented in 2012.

### Eliminate the Internet Tax Advantage

The Enacted Budget will provide a consistent framework for the collection of required sales taxes by internet marketplace providers, which is expected to annually generate \$160 million in new revenue for local governments. New York's brick and mortar retailers have been at a disadvantage because many on-line retail competitors are not collecting sales tax. This unequal treatment is unfair to the retailers who do collect sales tax, the customers who pay sales tax, the public at large which is forsaking State and local revenues, and the people who depend on the public services supported by those revenues. This proposal ensures that out-of-state merchants do not have a price advantage over our State's retail community.

### Transportation Capital Program

The FY 2020 State Budget continues to fund \$29.3 billion for capital improvement of highways, bridges, rail, aviation infrastructure, non-Metropolitan Transportation Authority transit, and Department of Transportation facilities throughout the State. This includes the continuation of two programs: BRIDGE NY and PAVE NY.

- The FY 2020 Enacted Budget commits an additional \$100 million for the BRIDGE NY program to replace, rehabilitate and maintain State and local bridges.
- The FY 2020 Enacted Budget commits an additional \$100 million for the PAVE NY program to be distributed per the Consolidated Local Street and Highway Improvement Program (CHIPs) formula.

### Clean Water Infrastructure

The FY 2020 State Budget continues the effort to improve water infrastructure in the State through the Clean Water Infrastructure Act. The Act provides an addition \$500 million, building on the State's historic \$2.5 billion investment, for local governments to help address water emergencies, pay for local infrastructure, construction projects, underwrite land acquisition for some water protection and investigate and mitigate emerging contaminants of drinking water. This investment will provide protect public health, safeguard the environment, and preserve the State's water resources. These projects will improve the quality of and safety of municipal drinking water distribution, filtration systems, and wastewater treatment infrastructure.

## Regional Economic Development Councils & Upstate Revitalization Initiative

The FY 2020 Budget provides over \$850 million in Economic Development grant moneys across a number of valuable programs, including a \$750 million Regional Economic Development Council (REDC) Round IX and Consolidated Funding Application (CFA) process, and a fourth round of the \$100 million Downtown Revitalization Initiative and support for a wide array of investments in high technology, infrastructure and manufacturing. These grant programs incentivize local private sector investments that stimulate and strengthen local economies and create jobs across the State.

## Fiscal Performance and Accountability

### Multi-Year Financial Planning Grants for Local Governments

Multi-year financial plans can be an important tool for local government leaders. These plans project a local government's revenues and expenditures for a number of years into the future based on reasonable assumptions. This allows local officials to not only see the current fiscal situation but also see the fiscal situation over the next few years. This empowers local officials in two ways.

First, it enables local officials to avoid creating future problems with a current action. For example, using a one-time revenue source to fund an ongoing program would not show an impact in the current year, but could have a significant impact in future years, when the one-time revenue source is no longer available.

It also empowers local officials to address future problems today. As projected revenues seldom exceed projected expenditures, local officials can start to make decisions today to address out-year gaps. By proactively addressing future issues, the impact to the local government, its residents, its taxpayers, and its workforce can be lessened.

OSC has developed an extensive set of resources for local governments on multi-year financial planning. This includes a tutorial, a guide, and a template, which are all available on OSC's website <http://www.osc.state.ny.us/localgov/planbudget/index.htm>. These are designed to make it as easy as possible for local governments to develop multi-year financial plans.

The Board has available funding to assist fiscally-stressed local governments with multi-year financial planning on a reimbursement basis. Eligible local governments that meet the requirements may be eligible for a reimbursement equal to the lesser of (1) 50 percent of the cost of engaging in multi-year financial planning with the assistance of an external advisor, which may be increased to up to 100 percent of such cost upon approval by the Chair of the Board, or (2) \$12,500.

The City of Long Beach has not created multi-year financial plans in the recent past. The City could especially benefit from the multi-year financial planning process due to recurring unplanned separation payouts and potential court judgments of up to \$50 million. Additionally, the growing long-term capital needs prompted by aging municipal office space and buildings, outdated heating and cooling systems, and a decaying garbage truck fleet will necessitate long-term strategic planning. For the reasons outlined above, the Board finds that the City should develop and maintain a multi-year financial plan.

## **Budget and Fund Balance Stabilization**

The City of Long Beach faces short-term and long-term fiscal threats to its fund balance and fiscal stability. One threat is the separation payments made to City employees, particularly those represented by the police and fire unions. The City has struggled to fund these multi-year separation payouts. In July 2018, the City Manager requested a \$2.5 million bond authorization to, in part, fund \$1.34 million in previously approved or known pending separation payouts to employees. In a compromise, the City Council approved only \$1.8 million for this purpose. In recent discussions with the City, it appears additional authorization will be needed due to the fact that several new employees have indicated their intent to separate from service during the current fiscal year.

Please see the Findings and Recommendations section of this Comprehensive Review for further detail.

## Conclusion and Next Steps

The Board may, in its sole discretion, award any of the following grants:

- The Board recommends that the City contract with a strategic financial consulting firm for assistance with all aspects of municipal finance. If the City abides by and implements this recommendation, the Board may, in its sole discretion, award a grant of up to \$125,000 to assist the City with implementing such action.
- The Board recommends that the City pursue advancements in energy efficiency. If the City agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award a grant of up to \$250,000 to help the City with the conversion of its lighting infrastructure to light emitting diode (LED) technology.
- The Board recommends that the City, in conjunction with its governmental neighbors, develop and implement a shared services plan that will lower the annual cost of providing specific services and address the inherent duplication of services via multi-governmental jurisdictions. If the City agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award a grant to assist the City and its neighboring governments with implementing such shared services plan.
- The Board recommends that the City continue to implement additional efficiency actions that will lower the annual cost of providing specific services. If the City agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award a grant to assist the City with implementing such efficiency actions.
- The Board recommends that the City seek labor and healthcare efficiencies. If the City agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award a grant to help the City alter its long-term cost structure.

The specific structure and conditions of any such grants, which would be developed in consultation with the City, and any other aspects of such grants would be subject to an affirmative vote of a majority of the total members of the Board.

## Appendix A – Resolution from City of Long Beach

May 15, 2018

Item No. 1  
Resolution No. 50/18

The following Resolution was moved by Pres. Eramo  
and seconded by Ms. Diamond :

Resolution Authorizing the City Manager to Submit an Application  
on Behalf of the City of Long Beach to the New York State Financial  
Restructuring Board (FRB) to Perform a Comprehensive Review of  
the City's Finances, Financial Practices and Operations.

WHEREAS, Senator Todd Kaminsky has advised the City of the existence of the  
FRB, and its mission to help municipalities evaluate and rearrange their financial/operational  
practices, along with the potential financial assistance and incentives made available to  
participating municipalities; and

WHEREAS, Senator Kaminsky has advocated aggressively on behalf of the City,  
and functioned as a liaison between governmental agencies; and

WHEREAS, the FRB is a body consisting of multiple elected and appointed state  
officials that issue findings and recommendations designed to improve the financial practices and  
overall finances of municipalities; and

WHEREAS, the findings and recommendations of the FRB are not final and  
binding, unless the City formally agrees to abide by and implement such recommendations; and

WHEREAS, if the City agrees to adopt such findings and recommendations, the  
FRB may, in its discretion, award to the City up to five million dollars in loans and/or grants; and

WHEREAS, to help the City address its near and long term financial challenges,  
it is the desire of the City to submit an application to the FRB, forthwith;

NOW, THEREFORE, be it

RESOLVED, by the City Council of the City of Long Beach, New York that the  
City Council is in favor of filing an application on behalf of the City of Long Beach with the  
New York State Financial Restructuring Board, requesting that the FRB conduct a  
comprehensive review; and be it further

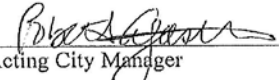
RESOLVED, that the City Manager is authorized and directed to submit said  
application and accompanying letter of concurrence upon adoption of this resolution.

## Appendix A – Resolution from City of Long Beach

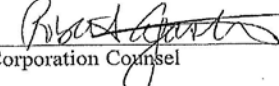
May 15, 2018

Page 2  
Item No. 1  
Resolution No. 50/18

APPROVED:

  
\_\_\_\_\_  
Acting City Manager

APPROVED AS TO FORM & LEGALITY:

  
\_\_\_\_\_  
Corporation Counsel

VOTING:

Council Member Bendo	- AYE
Council Member Mandel	- ABSENT
Council Member Moore	- AYE
Vice President Diamond	- AYE
President Eramo	- AYE



## Appendix B – Resolution Approving the City of Long Beach

Financial Restructuring Board for Local Governments

RESOLUTION No. 2018-12

APPROVING THE REQUEST FOR A COMPREHENSIVE REVIEW FROM THE CITY  
OF LONG BEACH

WHEREAS, pursuant to New York State Local Finance Law section 160.05(2)(b), the Financial Restructuring Board for Local Governments (the "Board") must find that the City of Long Beach (the "City") is a Fiscally Eligible Municipality because it has an average fund balance percentage of 3.99 percent, which is less than 5 percent; and

WHEREAS, pursuant to New York State Local Finance Law section 160.05(3), upon the request of a fiscally eligible municipality, by resolution of the governing body of such municipality with the concurrence of the chief executive of such municipality, the Board may undertake a comprehensive review of the operations, finances, management practices, economic base and any other factors that in its sole discretion it deems relevant to be able to make findings and recommendations on reforming and restructuring the operations of the fiscally eligible municipality (the "Comprehensive Review"); and

WHEREAS, the governing body of the City with the concurrence of the City's chief executive has requested that the Board undertake a Comprehensive Review of the City;

NOW THEREFORE BE IT RESOLVED that the Board agrees to undertake a Comprehensive Review of the City in accordance with New York State Local Finance Law section 160.05(3).

This resolution shall take effect immediately and remain in effect until modified, replaced or repealed by resolution of the Board.

No. 2018-12

Dated: 6-13-18

