



# **Long Beach Streets Review** *Phase I*

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## **Executive Summary**

Public infrastructure is one of the key responsibilities of most city governments, and street and road systems are one of the more visible elements of that infrastructure. Nationally, the lack of maintenance of public infrastructure is considered critical. The American Society of Civil Engineers (ASCE), in its “2005 Report Card for America’s Infrastructure,” graded overall infrastructure a collective “D”; roads as a separate category also were rated “D”, or poor. Poorly functioning and aging infrastructure impacts safety, economic development, productivity, and fuel usage. The estimated cost of upgrading and improving the infrastructure is measured in the billions of dollars. For the City of Long Beach, the maintenance, rehabilitation and upgrading of the streets infrastructure is the responsibility of the Department of Public Works (PW).

In this context, the City of Long Beach, California's Auditor’s Office engaged Public Financial Management (PFM) to undertake an assessment of the Long Beach Streets Capital Improvement Program (CIP). This report builds on the recommendations of an audit conducted in July of 2000. However, it is not intended to be an audit of the streets capital program. Rather, it provides recommendations on how to improve budget accountability, reduction of street backlog, and strategies for meeting staffing needs.

Generally, the report is organized into three parts:

- An analysis of Public Works’ capital project tracking system.
- A financial analysis of the streets capital program.
- A review of labor and resources for the Department of Public Works, with specific focus on office of project development.

The following are key issues and recommendations from this review:

- Given the overall need for improvement of streets infrastructure and the limited resources available to fund improvements, it is critical that the City fully utilize all available funds to make improvements.
- Improve quality control and make adjustments to data elements of the project tracking system. The system has valuable information not otherwise captured. It should be used for more purposes within PW, and can also be used to provide quarterly progress reports to other constituencies of the City.

- Implement a multi-year capital plan. The importance of capital needs can be much better communicated to the council, executive management and citizens with such a document. It is difficult to make the case for funding without a plan. While an inventory of street condition is an important planning tool, and an estimate of total needs is also useful, the City needs a realistic plan for at least five years to show what it can do with resources that are likely to be made available.
- Maintain priorities. If the delivery of streets capital improvement projects, either at current funding levels or a more substantial program is going to be a key priority for the City, it needs to be treated as such in terms of the allocation of resources, including staff commitments. The Department and the City decision-makers need to be in agreement on what it will take to deliver the capital program, and communicate about any changes in circumstances, priorities, or resources that impact its delivery.
- Address the available fund balances in the Transportation Fund, SR 182. While certain levels of balances are expected in capital funds, the balance in this fund is high by most measures. While this fund is not used entirely for streets, most of the other needs that can be met by these funds are likely to have similar issues.
- Review salary levels; add or adjust job titles and shorten the hiring process as needed to be competitive with the market. For skills that are in demand, the City will need to be competitive in order to find and keep these employees.
- Consider using more contractors. While the City may have a preference for managing capital projects with a certain mix of staff and contractors, it needs to reconsider this premise if, for whatever reason, it is unable to attract, retain, and replace in a timely manner, employees needed to manage its capital program.



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## Introduction

In May of 2007, the City of Long Beach, California's auditor's office engaged Public Financial Management (PFM) to undertake an Assessment of the Long Beach Streets Capital Improvement Program (CIP) to help inform policy officials of the City of Long Beach of the effectiveness and efficiency of the program in achieving goals and objectives. This report builds on the recommendations of an audit conducted in July of 2000. However, it is not intended to be an audit of the streets capital program. Rather, it provides recommendations on how to improve budget accountability, reduction of street backlog, and strategies for meeting staffing needs.

This report is comprised of three sections:

- An analysis of Public Works' capital project tracking system.
- A financial analysis of the streets capital program.
- A review of labor and resources for the Department of Public Works (PW), with specific focus on office of Project Development.

Information for this review was obtained from a number of sources, though primarily from the Financial Management Department and Project Development Office in Public Works. We would like to thank the staff from both departments for their cooperation and assistance.

This review is intended to provide a specific list of improvements by showing the problems within each component of the program and how they are interrelated. If the recommendations are followed, the City of Long Beach will be able to much better respond to the transportation needs of its citizens in a cost effective manner.

## **Part I: Project Management and Tracking**

### **Background**

In order to have a complete picture of a Capital Program, it is important to consider how long it takes for projects to move from initial phase to completion, and whether projects are completed on schedule. As a part of this review of the streets capital projects, we requested available information on the activities and time spent on streets capital projects. Certain information on this issue was available in PW's Project Tracking System.

This system, commonly referred to as "The Works," is a program used for recording the dates of various phases for all capital projects the managed by the Engineering Bureau of PW. The program was developed by a vendor who also provides ongoing technical support. The oldest data in the system refer to projects in 1999 and such early data are very limited.

The data used in this analysis were recorded by individual project managers. This data are representative of only one of three separate universes or "modules" of data that comprises The Works. The other two are composed by construction analysts and contract administrators. This redundancy is meant to create a system of checks and balances and may be used to produce "exception reports," which identify discrepancies across the data sets.

The system resides on the PW server and is not currently accessible by other departments of the City. It has been used by PW primarily to assess the status of ongoing projects. While certain financial data are downloaded from the City's accounting system, the system is not generally used for a comparative review of the capital program as a whole, and does not balance to the accounting or budgeting systems.

The following tables show some of the key data fields for the system:

#### **Phase Dates (both planned and actual dates)**

- Planning
- Design Notice to Proceed (NTP)
- Design Complete
- City Attorney Signature
- Bid Complete
- Construction NTP
- Construction Complete
- Advertisement



- Bids Opened
- Council Award
- NTP Issued

### Financial Information

- Approximate Total Cost
- Estimated Total Cost
- Estimated Cost for Engineering Construction

### Project Identifiers

- Project Number/ ID
- Group
- Project Manager
- Title
- Legal Title
- District
- Client
- Contractor Rank

The system offers a number of options in terms of standard reports. However, conversion of data into Excel or Access format is not a standard feature, and requires the vendor’s assistance.

### Analysis

As a means of reviewing project activity, PFM requested system data on projects that were active between 1999 and July of 2007. The following table shows the total number of projects in this universe.

**Table PM-1: Counts of Reported Phases**

| Project type  | Total | Projects | Programs |
|---|-------|----------|----------|
| Total reported  | 452   |          |          |
| Total street related  | 78    | 72       | 6        |
| Total street related with construction completed date             | 48    | 44       | 4        |
| Total street related with construction completed date in the past | 45    | 41       | 4        |

As can be seen from the table, street projects comprise less than 20% of the total projects in this time period. Other projects that are the responsibility of PW



include airport improvements, general City facilities, recreation facilities, libraries, and others. This does not necessarily translate into 20% of the workload, but it is important to recognize that this review only addresses a certain component of the activities in PW.

We further refined our sample to separate completed projects from those that were still in some phase of construction. For the purpose of this analysis, completed projects were defined as those that had a date in the actual “construction complete” phase, which was not a future date (there were only a couple of instances of these, and they were culled out in the analysis of completed projects.) Additionally, we noted that some of the streets projects were really ongoing programs, as opposed to activity at a specific location; for example, “local street repairs, area X.” We defined these types of projects as “programs” and separately analyzed them. We also eliminated a few projects that were canceled for various reasons such as lack of funding and projects that have yet to be closed out for whatever reason.

We also reviewed activity by project phases that were maintained in the system. Only key phases in this review that are relevant to PW were included. For example, we excluded “City Attorney Approval” phase, since it generally runs concurrently with other phases. It is important to note that the universe of completed projects did not have actual dates for all phases. We did not expect them to; not all phases may be required for all projects, depending on the complexity and other factors. This is not to say that some real phase dates may simply not have been entered.

**Table PM-2: Number of Entries for Phase Dates**

|  | Counts                       |          |          |                        |          |          |
|--|------------------------------|----------|----------|------------------------|----------|----------|
|  | All Streets Related Projects |          |          | Construction Completed |          |          |
|  | Total                        | Projects | Programs | Total                  | Projects | Programs |
| <b>Total Projects and Programs</b>                             | 78                           | 72       | 6        | 45                     | 41       | 4        |
| <b>Project Phases</b>  |                              |          |          |                        |          |          |
| Planning   | 33                           | 27       | 6        | 22                     | 18       | 4        |
| Design NTP <sup>1</sup>  | 45                           | 42       | 3        | 25                     | 24       | 1        |
| DesignComplete   | 49                           | 45       | 4        | 40                     | 37       | 3        |
| BidComplete  | 46                           | 41       | 5        | 42                     | 38       | 4        |
| Construction NTP <sup>1</sup>                                  | 47                           | 42       | 5        | 43                     | 39       | 4        |
| ConstructionComplete   | 45                           | 41       | 4        | 45                     | 41       | 4        |
| <b>Total Time Estimate - Planning to Construction Complete</b> | 22                           | 18       | 4        | 22                     | 18       | 4        |

For completed projects (excluding programs), the planning phase was used by less than half of the projects. Most of these 42 projects did have design, bid and construction data. The overall universe of completed streets projects became relatively small, and the number of projects with all phases reported was less





than half of the total. Because of the limited sample of data, conclusions may not be entirely applicable across the entire streets CIP. However, it is the most complete information that was available as a resource for this part of the review.

Initially, we planned to review delays from planned activities by project phases. However, in reviewing the data, we found a high number of dates for planned and actual activities that were identical or just one day apart. While this would be good news if it were entirely accurate, it appears that the high frequency of these occurrences is more likely due to errors in the recording of phase dates in the system. For example, it seems highly improbable that a design phase could stretch over the course of two years and end precisely on the planned date. It should be noted that such compliance appears to have improved over time, though there is clearly more room for improvement. Given the concerns about this part of the data, we did not include any information about variation in planned versus actual timelines in this report.<sup>1</sup>

**Table PM-3: Instances of Planned-Actual Timelines**

| Project Phase        | Instances of Planned = Actual <sup>1</sup> |            |                        |            |
|----------------------|--|------------|------------------------|------------|
|                      | All Streets Related Projects               |            | Construction Completed |            |
|                      | Count                                      | % of Total | Count                  | % of Total |
| Planning             | 23   | 82%        | 16                     | 89%        |
| DesignNTP            | 35   | 81%        | 21                     | 91%        |
| DesignComplete       | 26   | 57%        | 24                     | 63%        |
| BidComplete          | 31   | 72%        | 29                     | 74%        |
| ConstructionNTP      | 29   | 63%        | 26                     | 62%        |
| ConstructionComplete | 22   | 49%        | 20                     | 44%        |

<sup>1</sup> Dates the same or within one day.

Gauging the precise lengths of phases proved difficult for the following reasons:

- The project tracking system has planned and actual completion dates, but it does not record start dates.
- For the purposes of this analysis, therefore, phase lengths were calculated by subtracting a phase date from its subsequent phase. For example, determining the length of “DesignNTP” would be done by subtracting the “Planning” completion date from “DesignNTP” completion date.
- This calculation can only be used if the project has both of the two consecutive phases, thus, limiting the universe even more.

<sup>1</sup> Data for non-0 phase planned-actual variation are available in Project Management Analysis spreadsheet.



The data available prevented us from assessing the average length of the “Planning” phase, and hence the entire project length, as there was no preceding phase. We were able to approximate total project length by measuring the distance from the complete date from “Planning” and that of “Construction Complete.” This has a number of limitations, including the lack of a start date for the Planning phase, and the small universe of projects that had both the planning phase and the construction complete phase.

The table below shows the results of this analysis. We calculated information separately for those projects which we classified as “programs.” While the results do appear to have different characteristics, the sample is too small to be meaningful.

**Table PM-4: Project Phase Lengths**

|   |                    | Actual Days Between Project Phases <sup>1</sup> |     |      |      |        |      |       |
|---|--------------------|---|-----|------|------|--------|------|-------|
| Completed Street Related Projects (excluding Programs)  | Count <sup>2</sup> | Mean  | Min | Max  | > 1  | > 6    | >1   | >3    |
|   |                    |   |     |      | Mnth | months | Year | Years |
| DesignNTP   | 15                 | 82  | 9   | 396  | 11   | 1      | 1    | 0     |
| DesignComplete  | 23                 | 686   | 15  | 1487 | 22   | 21     | 14   | 7     |
| BidComplete   | 34                 | 104   | 21  | 831  | 32   | 2      | 1    | 0     |
| ConstructionNTP   | 37                 | 141   | 36  | 496  | 37   | 7      | 1    | 0     |
| ConstructionComplete                                    | 39                 | 112   | 24  | 797  | 33   | 5      | 2    | 0     |
| Total Time Estimate - Planning to Construction Complete | 18                 | 1024  | 516 | 1776 | 18   | 18     | 18   | 7     |
| <b>Completed Street Related Programs</b>                |                    |   |     |      |      |        |      |       |
| DesignNTP   | 1                  | 0   | 0   | 0    | 0    | 0      | 0    | 0     |
| DesignComplete  | 1                  | 214   | 214 | 214  | 1    | 1      | 0    | 0     |
| BidComplete   | 3                  | 80  | 29  | 109  | 2    | 0      | 0    | 0     |
| ConstructionNTP   | 4                  | 120   | 76  | 160  | 4    | 0      | 0    | 0     |
| ConstructionComplete                                    | 4                  | 76  | 60  | 98   | 4    | 0      | 0    | 0     |
| Total Time Estimate - Planning to Construction Complete | 4                  | 717   | 451 | 1044 | 4    | 4      | 4    | 0     |

The table begins with “Design Notice to Proceed” instead of Planning, which is the first phase. The amounts shown here represent the actual date differences between Planning phase and the Design NTP phase. The other phases are calculated in a similar manner. The table provides averages, minimums and maximums, and the number of projects where the phase length was greater than several periods of time.

There is a substantial amount of variation in the timelines for some of the phases. On average, the timeline from the completion of design to project completion is



about 2.8 years. The biggest time period, on average, is found in the design phase, where the average actual “design complete” length is 686 days. The difference can be due to a number of reasons, including, but not limited to, actually getting the project designed. Suspension of a project, funding limitations, pending authorization from Caltrans, and other bottlenecks can account for such long phase timelines.

## Recommendations

While much of this discussion seems centered around the shortcomings of this system, we were pleased that PW recognized the need for such a system and implemented one, even if it needs improvement. We have also noted interest in promoting a more comprehensive usage of this system on the part of PW management. We also believe that the current system has the capacity to implement our recommendations with assistance from the vendor with minimal investment.

- 1. Record phase start date.** This will allow for a much more precise analysis and allows management to get a better sense of phase overlays.
- 2. Record suspension dates and causes for suspension in a uniform fashion.** Such data permit management to diagnose causes for bottlenecks and comprehensively address the issue. There may be appropriate and necessary reasons for suspension of a project phase, but, as the system currently stands, there is no easy way of determining a suspension from just a delay.
- 3. Enforce consistent recording of information on the part of project managers.** This system can be an important tool, but only if data are consistently and accurately put into the system. We recognize that PW may not have focused on some of these data issues because they have not used the system for the same purposes that we have used it. However, the system is the most logical means of reviewing project status and variation from planned activities, if the data are consistent and accurate. If a phase is not appropriate for a particular project it would be helpful for some notation of this fact. PW management should develop some edit checks to identify continuing issues with system use among project managers. Project managers will be more willing to comply with the data entry requirements once the full capability of The Works is realized.
- 4. Produce regular exception reports.** As aforementioned, an exception report identifies inconsistencies in the reporting of dates among the three data fields (Project Managers, Contract Administrators, and Construction Analysts). This is a useful way of promoting accountability.



5. **Accurately document planned phase dates.** Experience from previous projects should provide for more accurate planning over time, improving the capital budgeting process.
6. **Record estimated schedules at the beginning of a year when funds are made available.** Currently, according to PW, not all projects that may be funded are included in the project management system when funds are available. While there may be plans for projects, there are also “unprogrammed” funds available. We understand that this may be due, in part, to concerns about when PW will be able to get to those projects, due to staffing issues and workload. While we recognize this as a legitimate issue, if project schedules are developed only when PW is ready to take on projects, the system cannot measure the delays in starting projects. For example, the system may show that all projects in the system are on schedule, but fail to capture the fact that there are funds that are still unprogrammed at the end of a year. The system should be used to capture both issues.
7. **Utilize “estimated total cost” to estimate future programmed needs.** The system includes a “total project cost estimate” that may not match the amount of the project budgeted expenditures in the accounting system. The difference is likely due to projects that have been funded only through the design phase or other early development activities. Assuming the “estimated project cost” is maintained accurately, the difference, on a project by project basis, is one means of showing future project needs, which may not be encumbered or otherwise reflected in the budget.
8. **Use the system as a management tool.** The information from this system can be a valuable management tool, as well as a means of tracking progress on individual projects. After addressing data issues, PW can use the information to review how long components of projects take, to look for ways to streamline processes, and as a means to communicate with management the issues in completing projects. This can be used to look for ways to streamline processes, and as a means to communicate the issues in completing projects with management.
9. **Present quarterly reports to the City Manager, Mayor, and Council on progress in Capital Improvement Program.** Progress is not just about dollars. The information in these reports should compare actual completions to planned completions, reasons for phase delay, actual expenditures as a percent of estimated total cost, and any qualitative factors that are important.



Toward the end of this review, PFM was informed that the City Manager's Office has begun implementation of a web-based CIP reporting tool. This system will build on information from "The Works," and will provide current information on all CIP projects being implemented by the Departments of Public Works, Gas & Oil, Community Development and Parks, Recreation and Marine. At the time this report was submitted to management, it was anticipated that the system would be available in the fall of 2007. The system will provide direct view access to the CIP tracking database, and will also be used to generate monthly project status reports. Though we have not reviewed this system, PFM's recommendations for improved data fields and consistent recording of information should be applied to this as well. This is a welcomed development in the CIP process.



## Part II: Financial Review

### Funding Source Restrictions and Context

As a part of PFM's review of the streets capital program, we reviewed two of the key funds from which streets capital is provided: The Gas Tax Fund and The Transportation Fund.

The funds that are available for streets capital projects have a number of restrictions as to the use of the funds. Below is a summary of the key sources of funding for streets capital, restrictions or purposes for the revenue, which fund the revenue channels into, and whether the revenue may be used for operating expenditures.

**Table F-1: Funding Source Summary**

| Funding Source            | Gov't Level  | Restriction                          | Long Beach Purpose                    | Fund       | Operations Expenditure |
|---------------------------|--------------|--------------------------------------|---------------------------------------|------------|------------------------|
| Prop C Grants             | County/MTA   | Major Arterials                      | Bus Routes, Administration            | SR 182     | Yes                    |
| Prop A Grants             | County/MTA   | Transit Only                         | Transit                               | SR 182     | Yes                    |
| Highway Admin Grant       | Federal      | Major Arterials                      | Non Bus Routes                        | SR 181     | Capital                |
| TMP                       | City         | Major Arterials                      | Major Arterials                       | CP 201-006 | Capital                |
| TDA                       | State        | Major Arterials                      | Major Arterials                       | CP 201-002 | Capital                |
| Caltrans                  | State        | Major Arterials, Bike Paths, Signals | Major Arterials, Bike Paths, Signals  | SR 181     | Capital                |
| City Bonds                | City (Bonds) | Specific Projects                    | Specific Projects                     | CP Funds   | Capital                |
| General Fund              | City         | None                                 | Local Streets, Major Arterials, Admin | GP         | Yes                    |
| Gas Tax                   | State        | Local Streets, Major Arterials       | Surfacing, Lighting                   | SR181      | Yes                    |
| Traffic Congestion Relief | State        | Traffic/pollution reduction          | Local Streets, Resurfacing            | SR181      | Yes                    |

### The Role of the Redevelopment Authority in Streets Capital Improvement

It should also be noted that certain streets projects are also funded from the Long Beach Redevelopment Agency (RDA). The source of capital funding for this agency is, generally, bond issues supported by tax increment revenues. The last bond issue was in 2005. Funds from the RDA are used for a variety of capital projects, including streets, parks and libraries. The level of future funding from this source is limited by the amount of future bond issues that can be supported by tax increment revenues, and the allocation of these funds to streets needs. While PW has generally managed the development of these projects, the funds



are not City funds, and are not included in the City’s capital plan<sup>2</sup>. The use of these funds is limited to areas that are included in the prescribed redevelopment areas.

The RDA primarily focuses on improving the aesthetic and safety aspects of streets, such as creating medians, bike lanes, and pedestrian walkways. However, it is also engaged in several projects involving the design, construction, and repaving of streets. The actual and projected funding levels for these projects are listed in the table below:

**Table F-2: Redevelopment Authority Streets Projects (1000 \$s)**

|                                | Fiscal<br>Year<br>2003 | Fiscal<br>Year<br>2004 | Fiscal<br>Year<br>2005 | Fiscal<br>Year<br>2006 | Fiscal<br>Year<br>2007 | Fiscal<br>Year<br>2008 | Fiscal<br>Year<br>2009 | Fiscal<br>Year<br>2010 | Total  |
|--------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|--------|
| <b>Existing Projects</b>       |                        |                        |                        |                        |                        |                        |                        |                        |        |
| Street Construction            | 0                      | 1,786                  | 2,483                  | 208                    | 4,750                  | 2,000                  | 2,500                  | 2,500                  | 16,228 |
| Street Design                  | 0                      | 377                    | 355                    | 202                    | 0                      | 0                      | 0                      | 0                      | 934    |
| Alley Designs                  | 128                    | 201                    | 0                      | 0                      | 0                      | 0                      | 0                      | 0                      | 329    |
| Alley Paving Improvements      | 2,030                  | 1,618                  | 83                     | 383                    | 0                      | 0                      | 0                      | 0                      | 4,116  |
| <b>Anticipated Projects</b>    |                        |                        |                        |                        |                        |                        |                        |                        |        |
| Alley Improvements             | -                      | -                      | -                      | 0                      | 0                      | 100                    | 0                      | 0                      | 100    |
| Long Beach Blvd. Repaving      | -                      | -                      | -                      | 279                    | 3,250                  | 500                    | 0                      | 0                      | 4,029  |
| Street Design and Construction | -                      | -                      | -                      | 0                      | 350                    | 2,000                  | 975                    | 0                      | 3,325  |
| <b>Total</b>                   | <b>2,159</b>           | <b>3,982</b>           | <b>2,921</b>           | <b>1,073</b>           | <b>8,350</b>           | <b>4,600</b>           | <b>3,475</b>           | <b>2,500</b>           |        |

While RDA makes a significant contribution to streets capital, most of the funding, other than available bond proceeds, comes from the next two funds discussed.

## Fund Analysis

### Special Revenue Fund 181: The “Gasoline Tax Fund”

A primary revenue source for this fund is the California State Gas Tax. However, the annual Federal Highway Administrative Grant (referred to as ISTE<sup>3</sup>) and the State Gas Tax for traffic congestion relief<sup>4</sup> (AB2928) revenues are also expended in this fund. These sources are significant revenue sources and vary substantially on a year-to-year basis, as can be seen by the activity statement below. It is also important to note that capital project funding is only one use of this fund. Most of the funds are used to support qualified operating costs for various PW functions,

<sup>2</sup> These are part of RDA’s separate budget.

<sup>3</sup> ISTE: Intermodal Surface Transportation Efficiency Act, this name changes often, depending on the sponsor of the annual bill in DC.

<sup>4</sup> In the past, this initiative has also been used to fund pollution reduction programs.



including traffic, and transit projects.

The following two tables show the history of activity in this fund, both revenues and expenditures and the balance sheet.

**Table F-3: SR181 Activity Statement (1000 \$)**

| Category                                   | Fiscal Year 2000 | Fiscal Year 2001 | Fiscal Year 2002 | Fiscal Year 2003 | Fiscal Year 2004 | Fiscal Year 2005 | Fiscal Year 2006 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Revenues</b>                            |                  |                  |                  |                  |                  |                  |                  |
| Gas Tax Allocation                         | \$ 7,480         | \$ 9,017         | \$ 8,702         | \$ 8,555         | \$ 8,749         | \$ 8,692         | \$ 8,903         |
| Gas Sales Tax (AB2928)                     | -                | 246              | 3,972            | 540              | 746              | -                | 1,143            |
| ISTEA                                      | 952              | 3,878            | 5,254            | 2,893            | 2,417            | 743              | 883              |
| State, County, and Fed Grants              | 60               | 4,201            | 115              | 1,042            | 1                | 799              | 525              |
| Other Revenues and Transfers               | 324              | 416              | 1,206            | 226              | 122              | 135              | 278              |
| <b>Total Revenues</b>                      | <b>8,817</b>     | <b>17,758</b>    | <b>19,249</b>    | <b>13,256</b>    | <b>12,036</b>    | <b>10,368</b>    | <b>11,732</b>    |
| <b>Expenditures and Transfers</b>          |                  |                  |                  |                  |                  |                  |                  |
| Operating expenditures                     | 5,447            | 4,835            | 6,913            | 6,255            | 6,351            | 6,311            | 6,584            |
| Capital costs                              |                  |                  |                  |                  |                  |                  |                  |
| Construction/Building Contracts            | 5,274            | 10,877           | 9,142            | 5,032            | 3,631            | 4,150            | 4,141            |
| Engineering Interfund Services             | 356              | 542              | 876              | 766              | 514              | 410              | 656              |
| Engineering Contract Services              | 211              | 96               | 248              | 130              | 639              | 179              | 233              |
| Other                                      | 145              | 575              | 1,127            | 881              | 286              | 142              | 168              |
| Total Capital Costs                        | 5,985            | 12,090           | 11,393           | 6,809            | 5,069            | 4,881            | 5,198            |
| <b>Total Expenditures and Transfers</b>    | <b>11,431</b>    | <b>16,925</b>    | <b>18,306</b>    | <b>13,064</b>    | <b>11,420</b>    | <b>11,192</b>    | <b>11,781</b>    |
| <b>Net</b>                                 | <b>(2,615)</b>   | <b>833</b>       | <b>943</b>       | <b>192</b>       | <b>617</b>       | <b>(824)</b>     | <b>(49)</b>      |
| Operating as % of total                    | 48%              | 29%              | 38%              | 48%              | 56%              | 56%              | 56%              |
| Operating as % of total gas tax allocation | 73%              | 54%              | 79%              | 73%              | 73%              | 73%              | 74%              |
| Gas Tax Revenues as a % of Total Revenues  | 85%              | 51%              | 45%              | 65%              | 73%              | 84%              | 76%              |

Since, generally, the gas tax revenues are the component that can also be used for qualified operating purposes, the ratio of operating expenditures as a percent of total gas tax revenues is a reasonable measure of the commitment of these funds for operating expenditures; that level has typically been around 73%. Operating expenditures as a percent of total revenues showed volatility between FY 2000 and FY 2003, but has since stabilized. This volatility was the result of the unpredictable nature of federal and state monies, which are based on the volatile price of fuel and the changing priorities of the legislature. Fund balance and cash positions are shown in the balance sheet summary below.





**Table F-4: SR181 Balance Sheet (1000 \$)**

| Category                                  | Fiscal Year 2000 | Fiscal Year 2001 | Fiscal Year 2002 | Fiscal Year 2003 | Fiscal Year 2004 | Fiscal Year 2005 | Fiscal Year 2006 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Assets</b>                             |                  |                  |                  |                  |                  |                  |                  |
| Equity in Pooled Cash                     | 5,090            | 6,153            | 6,194            | 6,336            | 5,677            | 5,181            | 10,989           |
| Receivables from Other Govts.             | 1,215            | 5,880            | 2,112            | 3,496            | 2,618            | 3,447            | 1,898            |
| <b>Total Assets</b>                       | <b>6,304</b>     | <b>12,033</b>    | <b>8,306</b>     | <b>9,833</b>     | <b>8,295</b>     | <b>8,629</b>     | <b>12,887</b>    |
| <b>Liabilities</b>                        |                  |                  |                  |                  |                  |                  |                  |
| Accounts Payable                          | \$ 208           | \$ 2,081         | \$ 872           | \$ 2,008         | \$ 677           | \$ 993           | \$ 1,235         |
| Deferred Revenues                         | 1,259            | 4,416            | 805              | 1,305            | 414              | 1,019            | 5,127            |
| Other Liabilities                         | 345              | 211              | 361              | 59               | 126              | 363              | 320              |
| <b>Total Liabilities</b>                  | <b>1,812</b>     | <b>6,708</b>     | <b>2,038</b>     | <b>3,372</b>     | <b>1,217</b>     | <b>2,375</b>     | <b>6,682</b>     |
| <b>Fund Balance</b>                       |                  |                  |                  |                  |                  |                  |                  |
| Reserved for Encumbrances                 | 1,320            | 5,265            | 520              | 3,292            | 1,199            | 2,484            | 1,229            |
| Reserved for Future Capital Projects      | 3,173            | 61               | 5,749            | 3,169            | 5,878            | 3,770            | 4,976            |
| <b>Fund Balance</b>                       | <b>4,493</b>     | <b>5,326</b>     | <b>6,269</b>     | <b>6,461</b>     | <b>7,077</b>     | <b>6,254</b>     | <b>6,205</b>     |
| <b>Total Liabilities and Fund Balance</b> | <b>6,304</b>     | <b>12,033</b>    | <b>8,306</b>     | <b>9,833</b>     | <b>8,295</b>     | <b>8,629</b>     | <b>12,887</b>    |

The balance sheet shows the fund balance reserved for future capital projects over time. As seen, the amount has varied each year, but has averaged around \$3.8 million. Note that the increase in pooled cash in FY 2005 is largely a result of an increase in deferred revenue liability. The balance has both increased and decreased over the period. Certain levels of variation are expected due to the nature of the projects; additional discussion about future commitments is found in the “Future Commitments” discussion below.

### **Special Revenue Fund SR182: Transportation Fund**

The other fund that significantly contributes to streets capital improvement is the Transportation Fund, which is funded primarily by Proposition A and Proposition C grants from Los Angeles County and is also used for both traffic and transit projects. These two propositions have specific formulae for expenditure purposes that are listed in the table below:

**Table F-5: County Grant Guidelines**

| <b>Spending Guidelines for Prop C</b>                     |     |
|---|-----|
| Rail/Transit Security                                     | 5%  |
| Commuter Rail Centers                                     | 10% |
| Local Return (Congestion, Pavement Management)            | 20% |
| Transit Related Highway Improvement                       | 25% |
| Discretionary- expand rail and bus transit                | 40% |
| <b>Spending Guidelines for Prop A</b>                     |     |
| Local Return  | 25% |
| (engineering, design, fare subsidy, exclusive to transit) |     |
| Rail Development  | 35% |
| Discretionary (Buses, other transit)                      | 40% |

It is important to note that Prop A is used exclusively on transit related projects. Within Prop C restrictions, up to 85% can be spent on streets-related capital projects, though it is restricted to bus routes.<sup>5</sup>

**Table F-6: SR182 Activity Statement (1000 \$)**

| Category                                   | Fiscal Year 2000 | Fiscal Year 2001 | Fiscal Year 2002 | Fiscal Year 2003 | Fiscal Year 2004 | Fiscal Year 2005 | Fiscal Year 2006 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Revenues</b>                            |                  |                  |                  |                  |                  |                  |                  |
| Infrastructure Revenue (Prop A and Prop C) | 10,701           | 11,288           | 11,582           | 12,294           | 12,749           | 13,685           | 15,419           |
| Interest                                   | 1,268            | 1,404            | 1,089            | 866              | 678              | 690              | 1,033            |
| Refunds and Reimbursements                 | 9                | 1                | 1                | 3                | 0                | 1                | 54               |
| <b>Total Revenue Categories</b>            | <b>11,978</b>    | <b>12,693</b>    | <b>12,673</b>    | <b>13,163</b>    | <b>13,427</b>    | <b>14,375</b>    | <b>16,506</b>    |
| <b>Expenditures and Transfers</b>          |                  |                  |                  |                  |                  |                  |                  |
| Contract Srvs - Construction & Building    | 8,940            | 8,394            | 8,670            | 7,530            | 8,482            | 7,801            | 11,735           |
| Internal Support                           | 1,356            | 1,762            | 1,682            | 2,320            | 2,192            | 1,919            | 2,314            |
| Contractual Services                       | 471              | 293              | 522              | 570              | 1,593            | 1,121            | 967              |
| Personnel Payments                         | 646              | 735              | 728              | 868              | 850              | 653              | 686              |
| Materials, Supplies and Maintenance        | 110              | 186              | 177              | 727              | 293              | 83               | 110              |
| Other Expenditures                         | 121              | 8                | 0                | 27               | 1                | 81               | 485              |
| <b>Total Expenditures and Transfers</b>    | <b>11,644</b>    | <b>11,379</b>    | <b>11,779</b>    | <b>12,041</b>    | <b>13,411</b>    | <b>11,658</b>    | <b>16,297</b>    |
| <b>Net</b>                                 | <b>334</b>       | <b>1,314</b>     | <b>893</b>       | <b>1,122</b>     | <b>16</b>        | <b>2,717</b>     | <b>209</b>       |

<sup>5</sup> Generally, ISTEA money is used for non-bus route projects.



Revenue from Prop A and Prop C has shown a steady growth rate. The primary reasons for the jump in total revenue from FY 2005 to FY 2006 are because of an increase in interest, miscellaneous smaller revenue included in the infrastructure category, and refunds and reimbursements. The large concurrent increase in expenditures is mainly due to \$1.6 million in new expenditures associated with a reconstruction project on Anaheim Street.

As a part of our review, we isolated streets related projects for key expenditure categories within this fund based upon the project code. These projects were charged to the major and secondary highway program.

**Table F-7: Streets as a Percent of SR182 Expenditures**

| Category                                | Fiscal Year 2000 | Fiscal Year 2001 | Fiscal Year 2002 | Fiscal Year 2003 | Fiscal Year 2004 | Fiscal Year 2005 | Fiscal Year 2006 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Major Highway and Secondary</b>      |                  |                  |                  |                  |                  |                  |                  |
| Construction and Building Contracts     | 3,959            | 2,540            | 2,975            | 2,323            | 2,750            | 1,764            | 5,637            |
| Professional Contracts                  | 227              | 149              | 100              | 160              | 634              | 184              | 278              |
| Other Interfund Services                | 546              | 375              | 471              | 574              | 477              | 443              | 575              |
| Overhead                                | 437              | 394              | 493              | 596              | 185              | 126              | 260              |
| <b>Total SR182 Streets Expenditures</b> | <b>5,173</b>     | <b>3,473</b>     | <b>4,041</b>     | <b>3,664</b>     | <b>4,062</b>     | <b>2,524</b>     | <b>6,759</b>     |
| <b>SR 182 Fundwide</b>                  |                  |                  |                  |                  |                  |                  |                  |
| Construction and Building Contracts     | 8,940            | 8,394            | 8,670            | 7,530            | 8,482            | 7,801            | 11,735           |
| Professional Contracts                  | 471              | 293              | 522              | 566              | 1,576            | 1,112            | 962              |
| Other Interfund Services                | 624              | 743              | 521              | 1,232            | 1,371            | 1,492            | 1,938            |
| Overhead                                | 640              | 913              | 1,030            | 966              | 717              | 384              | 298              |
| Other Expenditures                      | 969              | 1,035            | 1,036            | 1,747            | 1,265            | 869              | 1,365            |
| <b>Total SR182 Expenditures</b>         | <b>11,644</b>    | <b>11,379</b>    | <b>11,779</b>    | <b>12,041</b>    | <b>13,411</b>    | <b>11,658</b>    | <b>16,297</b>    |
| <b>Streets as % of SR 182</b>           |                  |                  |                  |                  |                  |                  |                  |
| Construction and Building Contracts     | 44%              | 30%              | 34%              | 31%              | 32%              | 23%              | 48%              |
| Professional Contracts                  | 48%              | 51%              | 19%              | 28%              | 40%              | 17%              | 29%              |
| Other Interfund Services                | 87%              | 50%              | 90%              | 47%              | 35%              | 30%              | 30%              |
| Overhead                                | 68%              | 43%              | 48%              | 62%              | 26%              | 33%              | 87%              |
| <b>Total SR182 Streets Expenditures</b> | <b>44%</b>       | <b>31%</b>       | <b>34%</b>       | <b>30%</b>       | <b>30%</b>       | <b>22%</b>       | <b>41%</b>       |

By any measure, street-related expenditures are not the dominant component of expenditures in this fund. This table indicates a decline in streets expenditures in both absolute and relative terms from FY 2000 to FY 2005. However, the low percentage of expenditures in FY 2005 followed by the high percentage in FY 2006 is most likely due to a delay in capital expenditures from one year to the next, not a change in overall plan. Absent this 2-year variance, these expenditures have remained around 30% of overall expenditures in the fund.



**Table F-8: SR 182 Transportation Fund Sheet**

| Category  | Fiscal Year 2000 | Fiscal Year 2001 | Fiscal Year 2002 | Fiscal Year 2003 | Fiscal Year 2004 | Fiscal Year 2005 | Fiscal Year 2006 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Assets</b>   |                  |                  |                  |                  |                  |                  |                  |
| Equity in Pooled Cash                                   | 22,796           | 24,625           | 28,746           | 29,761           | 26,606           | 27,703           | 30,181           |
| Receivables from Other Govts.                           | 115              | 115              | 158              | 1,299            | 145              | 1,646            | 150              |
| Accounts Receivable                                     | 0                | 0                | -1               | 2                | 2                | 2                | 1                |
| <b>Total Assets</b>                                     | <b>22,911</b>    | <b>24,740</b>    | <b>28,903</b>    | <b>31,061</b>    | <b>26,752</b>    | <b>29,351</b>    | <b>30,332</b>    |
| <b>Liabilities</b>                                      |                  |                  |                  |                  |                  |                  |                  |
| Accounts Payable  | 4,787            | 5,301            | 8,538            | 9,603            | 5,270            | 5,151            | 5,928            |
| Accrued wages payable                                   | 12               | 13               | 18               | 18               | 25               | 25               | 21               |
| <b>Total Liabilities</b>                                | <b>4,799</b>     | <b>5,314</b>     | <b>8,556</b>     | <b>9,620</b>     | <b>5,295</b>     | <b>5,177</b>     | <b>5,948</b>     |
| <b>Fund Balance</b>                                     |                  |                  |                  |                  |                  |                  |                  |
| Reserve for Future Capital Projects (FCP)               |                  |                  |                  |                  |                  |                  |                  |
| Prop A Fund Balance for FCP                             | 3,700            | 4,690            | 5,627            | 6,614            | 6,164            | 6,746            | 7,106            |
| Prop C Fund Balance for FCP                             | 12,753           | 13,057           | 12,983           | 11,989           | 12,182           | 14,965           | 12,764           |
| Air Quality Fund Balance for FCP                        | 532              | 414              | 583              | 821              | 1,133            | 1,068            | 918              |
| Total Reserved for Future Capital FCP                   | 16,985           | 18,161           | 19,193           | 19,424           | 19,479           | 22,779           | 20,789           |
| Reserved for Encumbrances                               | 1,127            | 1,265            | 1,154            | 2,017            | 1,978            | 1,396            | 3,595            |
| <b>Fund Balance</b>                                     | <b>18,112</b>    | <b>19,426</b>    | <b>20,347</b>    | <b>21,441</b>    | <b>21,457</b>    | <b>24,175</b>    | <b>24,383</b>    |
| <b>Total Liabilities and Fund Balance</b>               | <b>22,911</b>    | <b>24,740</b>    | <b>28,903</b>    | <b>31,061</b>    | <b>26,752</b>    | <b>29,351</b>    | <b>30,332</b>    |
| Capital Project Reserves as % of Infrastructure Revenue | 159%             | 161%             | 166%             | 158%             | 153%             | 166%             | 135%             |

The balance sheet for this fund indicates that fund balance reserved for capital projects, which is for both streets projects *and* other projects funded from Prop A and Prop C, has grown by about 6% percent annually over the period. However, revenues have also grown annually for this fund. Overall fund balance reserved for future capital projects (FCP) as a percent of revenues was relatively consistent for a number of years, albeit at a high level, at around 160%. It decreased in 2006 to 135%.

- We also reviewed available information on the component of fund balance for this fund since funds are allocated to a number of uses, with streets being only one of them. Generally, the City does not maintain fund balance information at detailed levels below the proposition level, so there is not a specified component easily identifiable to streets. However, using available information, we can make certain comments:
- Prop A shows the largest growth in fund balance over the period; Prop A fund this subfund has grown by \$3.8 million (105%) over the past 6 years. Generally, Prop A does not fund streets capital projects due to eligibility requirements.



- While the overall level of fund balance related to Prop C is high, it has remained virtually flat over the period. Prop C is the component of Fund 182 that can be used for streets projects, as well as other eligible capital projects. One estimate we have made of the streets component for this fund balance is to look at the “all years” budget vs. actual variance for Prop C through FY 2006, which was \$9.9 million overall (as compared to the overall fund balance available for future capital projects of \$12.7 million). Of the \$9.9 million, approximately \$5.7 million is shown as a variance of major and secondary highway program.
- Air Quality fund balance reserved for FCP, while small overall, also increased significantly during this period, up nearly \$400 thousand (73%).
- Remaining fund balances appear to be attributable to projects in a number of areas, including some transit-related capital projects. However, the formula-driven transfer to the transit system is *not* a contributor fund balance; it is regularly transferred or recorded as a liability when owed to the system.

## Future commitments

The fund balances for the funds show amounts in two categories: Fund balance reserved for encumbrances and fund balance reserved for future capital projects. Generally, the latter amount represents budgeted funds that are planned, but not yet spent or under contract. That *does not* necessarily represent the total amount of programmed funds for the projects, however:

- The City does not make budgetary commitments for capital projects beyond resources either from approved commitments (i.e., bonds already sold), funds in the approved budget, or existing balances.
- Some projects are only budgeted for early phases of the projects, such as planning or design. The larger cost components will come during the construction phase, which is at the end of the project timeline. The budget will *not* reflect estimated total costs of such projects until the construction phase is budgeted.
- Even if all phases of a project are already budgeted, the construction costs are typically expended in the later phases of the project.
- With the overall timeframe currently seen for capital projects, there is likely to always be some amount of funds to be spent in future years, based on the process for commitments.



- The City does not currently have a multi-year capital plan that could be used to estimate those plans, so it is difficult to show these plans.
- For certain grants, budgeted revenues are recorded at their maximum authorized value. However, the City is only reimbursed revenue equal to that of qualifying expenditures, which may be less than the budgeted amount. If a project is complete and comes in under budget, this additional revenue may be carried forward, which will overstate available revenue for budget comparison purposes. This would not have an impact on fund balance as grant revenues are recognized only when earned.

As one means of quantifying this issue, we developed the following table from comparing estimated total costs of selected street projects that were in early stages (taken from PW's project tracking system) and comparing them to the current budgets.

**Table F-9: Approximate Cost versus Carryover Expenditure**

| Project ID   | Fund   | Planned Design Complete | Planned Construction Complete | Approximate Total Cost | Budgeted Expenditure | Actual Expenditure | Carryover Expenditure |
|--------------|--------|-------------------------|-------------------------------|------------------------|----------------------|--------------------|-----------------------|
| PW5060-96    | SR 182 |                         | 8/30/2007                     | \$276,000              | \$55,000             | \$32,663           | \$22,337              |
| PW5061-14    | SR 182 |                         | 10/19/2008                    | \$912,000              | \$75,000             | \$90,685           | -\$15,685             |
| PW5061-23    | SR 182 |                         | 6/10/2009                     | \$219,000              | \$20,000             | \$4,581            | \$15,419              |
| PW5061-50    | SR 182 | 1/1/2008                |                               | \$700,000              | \$27,750             | \$24,090           | \$3,660               |
| PW5061-57    | SR 182 |                         | 11/13/2007                    | \$1,801,000            | \$206,795            | \$198,221          | \$8,574               |
| PW5061-58    | SR 181 |                         | 3/1/2008                      | \$350,000              | \$24,000             | \$3,120            | \$20,880              |
| PW5061-62    | SR 182 |                         | 8/8/2009                      | \$1,501,500            | \$173,250            | \$33,011           | \$140,239             |
| PW5061-71    | SR 181 |                         | 11/10/2007                    | \$3,531,377            | \$142,957            | \$123,818          | \$19,139              |
| PW5061-74    | SR 182 |                         | 2/29/2008                     | \$464,750              | \$53,625             | \$1,017            | \$52,608              |
| PW5061-75    | SR 182 |                         | 2/1/2008                      | \$858,000              | \$99,000             | \$5,399            | \$93,601              |
| PW5150-31    | SR 181 |                         | 9/21/2007                     | \$1,380,000            | \$96,462             | \$79,700           | \$16,762              |
| <b>Total</b> |        |                         |                               | <b>\$11,993,627</b>    | <b>\$973,839</b>     | <b>\$596,305</b>   | <b>\$377,534</b>      |

On average, about 8% of the estimated cost of these estimated project costs is reflected in the budgeted expenditures. This small percentage underscores the need for a comprehensive capital plan to better facilitate strategic budgeting and avoid funding deficiency bottlenecks.



## Recommendations

We have a number of recommendations as a result of this analysis:

1. **Implement a multi-year capital plan.** The importance of capital needs can be much better communicated to the council, executive management and citizens with such a document. It is difficult to make the case for funding without a plan. While an inventory of street condition is an important planning tool, and an estimate of total needs is also useful, the City needs a realistic plan for at least five years to show what it can do with resources that are likely to be made available. The decision makers are then in a much better position to assess what they can get for their money and to see a more complete picture of the program. For the purpose of a total picture, this plan should also reflect RDA activity, which has a significant impact on streets capital.

On August 21, 2007, the City Manager's Office, with the assistance of the Departments of Public Works and Financial Management, presented a comprehensive Infrastructure Master Plan to the City Council, which consolidated several specialized plans developed by staff over several years. The Plan identified \$595 million in needs for streets, sidewalks, storm drains, alleys and City facilities, along with available funding and additional requirements over the next 10 years. This Plan can serve as the basis of formal multi-year capital plan for the City, as recommended in this report.

As a part of development of the capital plan, It is also important for the department to use their expertise to inform the decision makers about the economies and trade-offs associated with regimented maintenance as prescribed by the pavement management system.

2. **Maintain priorities.** If the delivery of streets capital improvement projects, either at current funding levels or a more substantial program (if that is the outcome of the future capital plan) is going to be a key priority for the City, it needs to be treated as such in terms of the allocation of resources, including staff commitments. Shifting resources and interruptions from this focus need to be managed, or the City is likely to experience delays in project delivery. The Department and the City decision-makers need to be in agreement on what it will take to deliver the capital program, and communicate about any changes in circumstances, priorities, or resources that impact the delivery.



3. **Continue to produce regular reports.** These can be used to monitor activity in the funds over time. This will allow management to quickly implement proactive solutions and understand what is going on in these key funds (and why).
4. **Address the available fund balances in SR 182.** While certain levels of balances are expected in capital funds, the balance in this fund is high by most measures. While this fund cannot be used entirely for streets, we expect most of the needs that can be met by these funds may have similar issues.
5. **Revise accounting/ reporting procedures** to more specifically allow the City to readily identify the components of fund balances. If it is important for the City to be able to understand what's causing to build-up of fund balance by area, then it needs to change its processes so that this information is available. The City should also address the carry-forward of grant budgets for completed projects so related grant funds are not viewed as available and the City has a more accurate picture of resources.
6. **Develop a reporting method** to show programmed funds that may not be in the current year capital appropriations. This can be addressed, in large part, by the implementation (and discussion of what it means) of a multi-year plan. With current information, it is difficult to piece together a complete picture of the capital activity for streets.
7. **Review capital project delivery processes.** While discussed in other sections of this report, it is important for the City to seek ways to eliminate bottlenecks in the project delivery process.





## **Part III: Labor and Resources**

### **Background**

As a part of PFM's review of streets capital projects, we examined the issues impacting the resources needed for the City to manage capital projects. One concern that has been consistently raised is PW's inability to efficiently commence projects and move them through to completion due to a staffing deficiency of Civil Engineers and support positions for the design phase of projects. While this issue was addressed in the 2000 Auditor's Report,<sup>6</sup> it still remains problematic.

The City uses a combination of in-house and contracted services for engineering and design for its capital program. PW has indicated that it believes that the division is "fully leveraged" for monitoring consultants and overseeing contract provisions. It is PW's general opinion that:

- PW should not resort to contracting out work at a premium that should be done in-house.
- Consultants should be brought into larger scale projects from the beginning of the project.
- If the workload for projects suddenly expands, it is difficult to acclimate a new consultant to the process. Experience with this has, in the past, resulted in sub-standard consultant contributions.

The significance of project delays during the design phase is demonstrated by data from the project management system, which indicate that for the 45 completed streets projects in the system, the design phase, on average, accounted for over 69% of the total project time<sup>7</sup> (666 days out of estimated project time of 968). To put this in perspective, the average actual time to complete the construction phase is 109 days. As noted in the review of project tracking system data, there are concerns that some of the facts are inconsistent with data reporting and compliance from the project managers. Additionally, the system cannot identify suspended or held projects from those that take may be more time consuming. As discussed in the project management section, there are a number of valid reasons for delays, but tracking them is essential for addressing the root of such delays.

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<sup>6</sup> Burroughs, Gary L., CPA City Auditor, Streets Capital Improvement Program, July, 13, 2000 pg. 8.

<sup>7</sup> Total project time does not include planning phase as data was unavailable.

## Vacancies

Vacancies increase the time it takes to complete a project as well as create other inefficiencies. Information provided by the City's Human Resource Department indicates that, as of July 2, 2007, of the 31 budgeted positions for PW, only 22 are filled. These vacancies are listed below:

**Table L-1: Vacancies for Selected Titles in Engineering Bureau by Division**

|                                 | Budgeted  | Vacant   | Vacancy    |
|---------------------------------|-----------|----------|------------|
| <b>Construction Management</b>  |           |          |            |
| Engineering Tech II             | 1         | 1        | 100%       |
| Senior Engineering Tech I       | 2         | 0        | 0%         |
| Engineering Tech I              | 2         | 2        | 100%       |
| <b>Project Development</b>      |           |          |            |
| Civil Engineer                  | 8         | 2        | 25%        |
| Engineering Tech II             | 6         | 3        | 50%        |
| Senior Engineering Tech I       | 2         | 1        | 50%        |
| Senior Engineering Tech II      | 1         | (1)      | -100%      |
| Engineering Tech I              | 1         | 1        | 100%       |
| Capital Projects Coordinator I  | 1         | 0        | 0%         |
| <b>PW Admin</b>                 |           |          |            |
| Capital Projects Coordinator II | 1         | 1        | 100%       |
| Capital Projects Coordinator I  | 6         | (1)      | -17%       |
| <b>Total</b>                    | <b>31</b> | <b>9</b> | <b>29%</b> |

**Table L-2: Vacancies for Selected Titles in Public Works Summary**

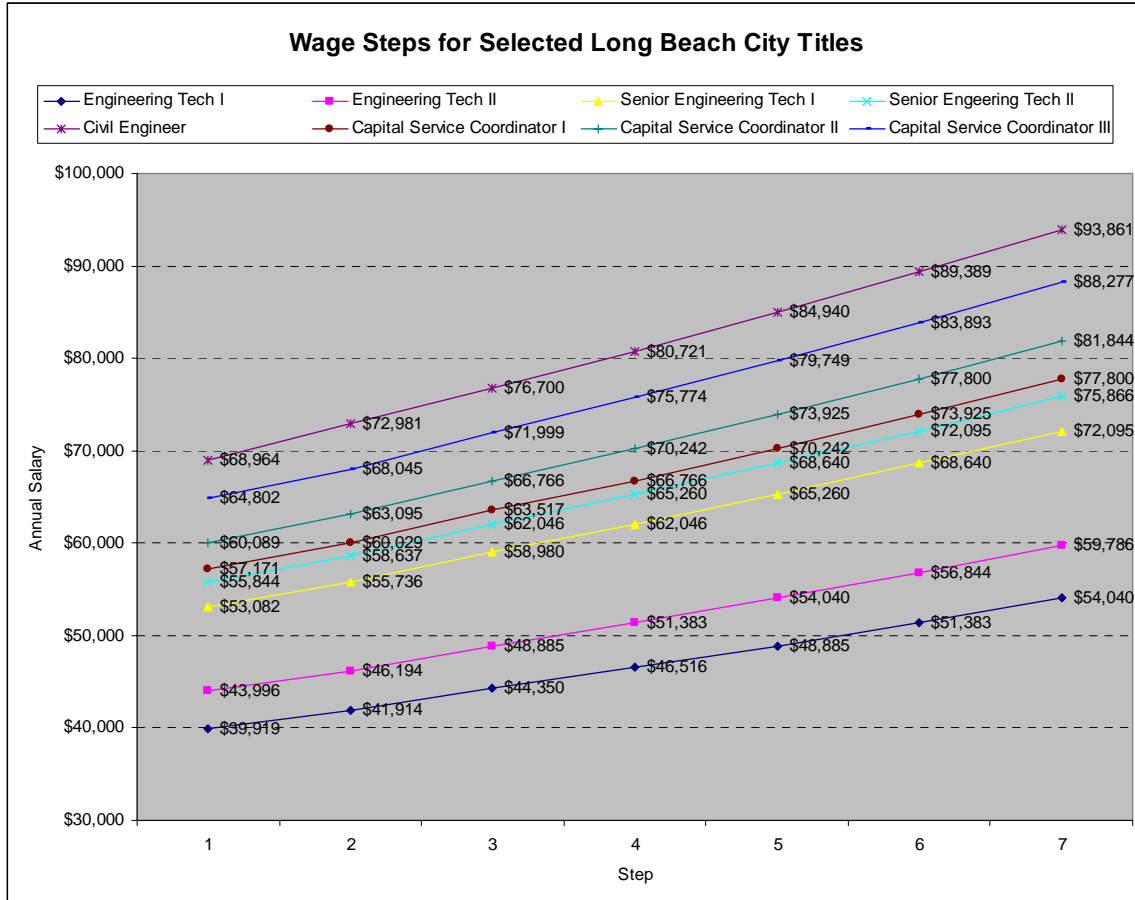
|                                | Budgeted  | Vacant   | Vacancy    |
|--------------------------------|-----------|----------|------------|
| Engineering Tech I             | 3         | 3        | 100%       |
| Engineering Tech II            | 7         | 4        | 57%        |
| Senior Engineering Tech I      | 4         | 1        | 25%        |
| Senior Engineering Tech II     | 1         | (1)      | -100%      |
| Civil Engineer                 | 8         | 2        | 25%        |
| Capital Project Coordinator I  | 7         | (1)      | -          |
| Capital Project Coordinator II | 1         | 1        | 100%       |
| <b>Total</b>                   | <b>31</b> | <b>9</b> | <b>29%</b> |

Additionally, the recent passing away of a seasoned Senior Civil Engineer has further eroded the Division's capacity to proceed with new and existing projects.

## Salaries

The graph below shows a comparison of annual salaries across the bureau:

**Table L-3: Wages for Selected Titles in Engineering Bureau**



## Analysis

Unfilled positions can exist for a number of reasons, including:

- Uncompetitive wages.** In a competitive market for professional employees, the inability to pay market wages will hamper the ability of the City to attract and retain qualified workers.
- Length and complexity of process for filling positions.** Senior level staff of PW report that it usually takes six months for an applicant to become a full employee, which frequently results in losing a candidate to competitors, including private sector engineering firms, which are



likely to have faster hiring processes. Some have suggested that applicants feel put off by the requirements of the civil service testing procedures.

- **Positions being frozen/ left unfilled for budgetary reasons.** When financial pressures are felt by cities, positions may be frozen or delayed in the hiring. This can result in positions that technically exist, but are not actually available for use.

The following data were provided by the California Department of Labor Statistics (CDLS) for Los Angeles County in June 2007:

**Table L-4: Los Angeles Countywide Wage Data**

| Wage Percentile               | 25th     | 50th     | 75th     |
|-------------------------------|----------|----------|----------|
| Civil Engineers               | \$65,478 | \$81,557 | \$99,486 |
| Civil Engineering Technicians | \$47,611 | \$59,134 | \$70,242 |

Source: California Dept. of Labor Statistics, June 2007

The table below presents the annual wages for similar titles in the Bureau of Engineering, following a Memorandum of Understanding mandated pay raise as of July 1, 2007:

**Table L-5: Long Beach City Wage Data**

| Typical Progression Time        | < 6mnth  | 6m- 1yr  | 1yr-1.5yr | 1.5yr-2yr | 2yr-3yr  | 3yr-4yr  | >5yr     |
|---------------------------------|----------|----------|-----------|-----------|----------|----------|----------|
| Steps:                          | 1        | 2        | 3         | 4         | 5        | 6        | 7        |
| Engineering Tech I              | \$39,919 | \$41,914 | \$44,350  | \$46,516  | \$48,885 | \$51,383 | \$54,040 |
| Engineering Tech II             | \$43,996 | \$46,194 | \$48,885  | \$51,383  | \$54,040 | \$56,844 | \$59,786 |
| Senior Engineering Tech I       | \$53,082 | \$55,736 | \$58,980  | \$62,046  | \$65,260 | \$68,640 | \$72,095 |
| Senior Engineering Tech II      | \$55,844 | \$58,637 | \$62,046  | \$65,260  | \$68,640 | \$72,095 | \$75,866 |
| Civil Engineer                  | \$68,964 | \$72,981 | \$76,700  | \$80,721  | \$84,940 | \$89,389 | \$93,861 |
| Capital Service Coordinator I   | \$57,171 | \$60,029 | \$63,517  | \$66,766  | \$70,242 | \$73,925 | \$77,800 |
| Capital Service Coordinator II  | \$60,089 | \$63,095 | \$66,766  | \$70,242  | \$73,925 | \$77,800 | \$81,844 |
| Capital Service Coordinator III | \$64,802 | \$68,045 | \$71,999  | \$75,774  | \$79,749 | \$83,893 | \$88,277 |

The typical progression time is outlined in the memorandum of understanding between the City of Long Beach and the Long Beach Association of Engineering Employees and is subject to satisfactory performance evaluations.<sup>8</sup>

The City's data and the countywide data are not readily comparable. The countywide data express wages in terms of percentiles, which are determined by

<sup>8</sup> Memorandum of Understanding between The City of Long Beach and The Long Beach Association of Engineering Employees October 2, 2004 to September 30, 2008  
<http://www.longbeach.gov/civica/filebank/blobload.asp?BlobID=12172> .



myriad factors, such as academic background, professional qualifications, experience, location, industry, and others. The City’s salaries are primarily determined by years of service to the City. Additionally, the countywide data do not distinguish between title levels, e.g. Civil Engineer Tech I versus Civil Engineer Tech II.

While not a perfect comparison, the following table shows variance between City salaries for selected job titles and pay grades to countywide medians.

**Table L-6: Comparison of City Pay Scales and County Medians**

| Position and Percentile Variance | City Pay Progressions |               |               |
|----------------------------------|-----------------------|---------------|---------------|
|                                  | <6 mnths              | 2y to 3y      | >5y           |
| <b>Civil Engineer</b>            | <b>68,964</b>         | <b>84,940</b> | <b>93,861</b> |
| % Variance to 25th Percentile    | 5.1%                  |               |               |
| % Variance to 50th Percentile    | -18.3%                | 4.0%          | 13.1%         |
| % Variance to 75th Percentile    |                       |               | -6.0%         |
| <b>Engineering Tech I</b>        | <b>39,919</b>         | <b>48,885</b> | <b>54,040</b> |
| % Variance to 25th Percentile    | -19.3%                |               |               |
| % Variance to 50th Percentile    |                       | -21.0%        | -9.4%         |
| % Variance to 75th Percentile    |                       |               | -30.0%        |
| <b>Engineering Tech II</b>       | <b>43,996</b>         | <b>54,040</b> | <b>59,786</b> |
| % Variance to 25th Percentile    | -8.2%                 |               |               |
| % Variance to 50th Percentile    | -34.4%                | -9.4%         | 1.1%          |
| % Variance to 75th Percentile    |                       |               | -17.5%        |

According to this information, Civil Engineer Techs are in a relatively less competitive salary positions; however, Civil Engineers also show variances. The issue is impacted, in part, by the level of experience that the City is seeking for the position, and how far up in the pay scales they are able and willing to set initial compensation. Additionally, the salary cap may detract applicants with long term career interest in a potential employer, unless there are sufficient “steps” to compensate. However, this is not simply addressed, for example, by hiring a more experienced candidate as a “Tech II” position, rather than a “Tech I.” Generally, the entry level positions for the “Tech II” positions are roughly equivalent to Step 2 or 3 salaries of a Tech I.

Another issue relates to turnover rates. According to the City’s turnover rate data since FY 2000, there have been 13 resignations from the Project Development Division in the Engineering Bureau. All but one of the Engineering Bureau’s turnovers occurred in this Division, in the past 7 fiscal years. Reasons for the terminations are outlined below:



**Table L-7: Terminations of Titles in Project Management Division of Engineering Bureau**

| Reason for Termination    | Occurrences |
|---------------------------|-------------|
| Resigned-other employment | 3           |
| Resigned- personal        | 1           |
| Resigned- Pay             | 1           |
| Retirement or death       | 8           |

As can be seen, most of the resignations were due to retirement or death, both usually seen for longer tenured employees. To resolve the relatively low turnover and high vacancy rates with the difficulty in attracting qualified replacement employees, it is important to acknowledge the difference between retaining employees and recruiting new employees. The reason is often referred to as “job lock”, which means that an employee has many non-salary incentives to remain in a job, such as potentially losing some of their pension or health benefits, institutional familiarity, comfort, and social network advantage. The City’s employees participate in the CALPERS pension system, a defined benefit plan. Defined benefit plans typically have structures that encourage longer tenured employees to remain in their positions due to accruing retirement benefits. Newer employees, or job candidates, do not necessarily view such plans in the same way and may be focused more on base salaries.

Finally, members of PW have noted that other departments have been allowed to fill specialty engineering positions which have higher pay grades than general civil engineers such as “petroleum engineer”, whose starting salary is over \$91,000 (28% higher than “civil engineer”), and “structural engineer”, whose annual salary is over \$72,000 (about \$4,000 higher), a smaller but still significant difference. Clearly, these positions have different qualification requirements, but points to the issue of needing to be competitive for the appropriate professional titles.

**Use of Contractors for Professional Services**

Nationally, almost all governments outsource such services to some degree. While the mix of services performed in-house versus under contract will vary based on the size of a government and the extent of its capital program, some measure of outsourcing is nearly universal, and is recognized as good practice by the American Society of Civil Engineers.

Reasons frequently cited for governments choosing to use contracted engineering and design services include the following:

- Specialized technical expertise and capacity;
- Managing irregular and peak workload demand;



- Difficulty with recruitment and retention of qualified in-house personnel;
- Risk management.

Reasons that governments cite for performing a portion of work in-house include:

- More direct project oversight;
- Familiarity with systems and institutional knowledge;
- Project ownership;
- Reduced direct costs for routine engineering and design.

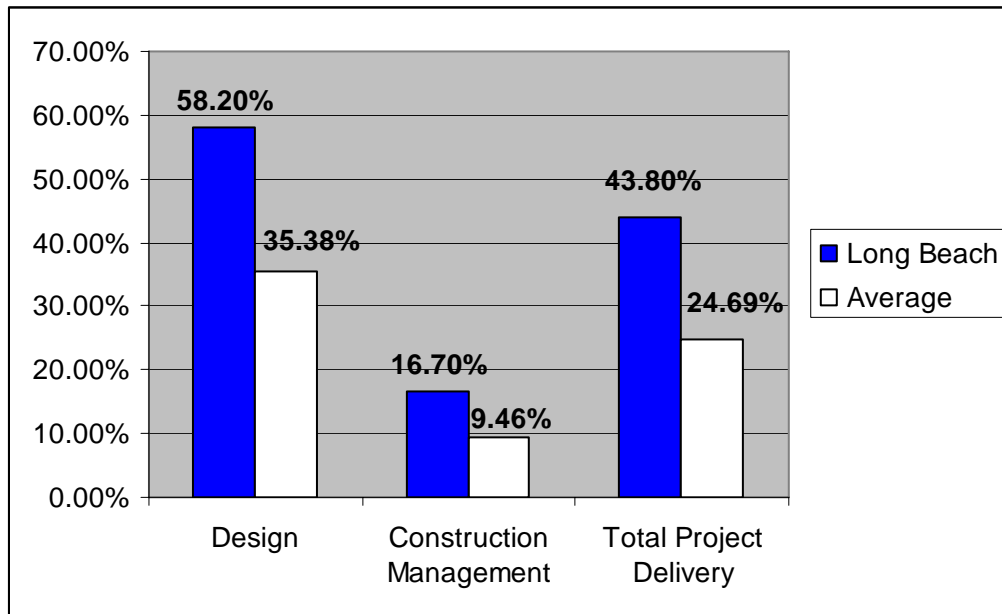
While PW, and most public works departments, have a preference for managing certain functions with in-house staff and contracting out for others, there are other factors that need to be considered in the approach to managing its projects. If, for whatever reason, the City is unable to manage all projects in a timely manner, then it needs to revise its approach to contracting for professional services. The following is a list of conditions that would warrant increased use of contracted services:

- If the City cannot/ will not pay market wages, revise job grade levels or make other changes to its compensation practices to attract qualified candidates.
- If the City's hiring process timeline leaves long gaps of time with project timeline-sensitive positions, whereby projects are delayed.
- If the workload is inconsistent in needs and increases or decreases by substantial amounts of staffing needs.
- If the City continues to lose long term employees to retirement and is unable to replace them in the current labor market.

The following table shows Long Beach's relative standing to other major California cities in the use of consultants in the delivery of capital projects. All tasks that are not performed by consultants are performed by in-house staff.



**Table L-8: 2005 Relative Usage of Consultants**



Source: 2005 CIP California Benchmarking Study.

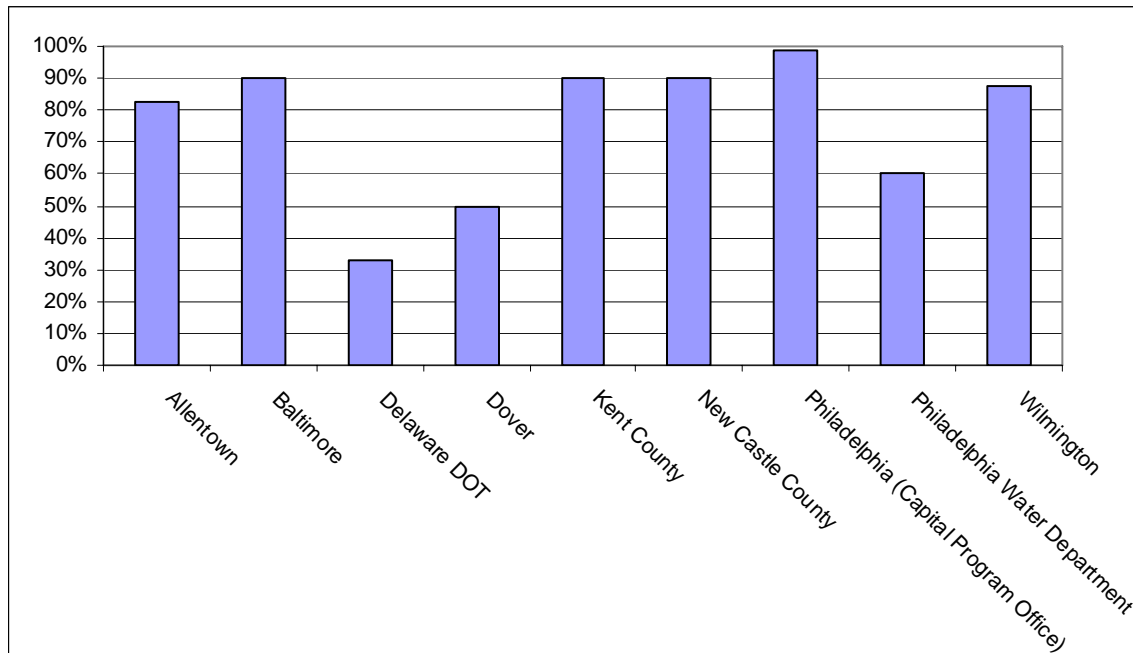
The information in the table above does not distinguish among types of capital projects, and “streets” is one of several components. It does, however, point to PW having a higher overall percent of projects that are designed by consultants than most survey participants, and being willing to deploy contracted services in the delivery of capital projects.

There is no single business model that is successful in the management of any given construction program. Governments and government agencies usually employ a combination of resources, as is the practice for Long Beach. The extent of contracting varies with the circumstances. This discussion about the use of contractors is not intended to suggest that the City should simply outsource these functions. Outsourcing in the City is governed by City Proposition L, which places certain restrictions on the contracting of services. Prop L requires that City agencies obtain approval from the City Council, by a two thirds vote, for any contracting out for a service usually performed by City employees.

Governments and government agencies use different approaches, each of which must take into account the unique circumstances for that entity. As noted in the aforementioned survey, California cities have different philosophies about the use of contractors. The same can be said for capital projects delivery in other parts of the country. The following chart provides a comparison for governments in the Pennsylvania/ Delaware/ Maryland area. As is the case with the California cities survey, the results relate to all capital projects.



**Table L-9: Percent of design and engineering work outsourced for selected jurisdictions.**



The City of Baltimore’s capital spending includes schools, water, wastewater, roads, and buildings projects, with a majority in water and wastewater. Of the \$373.3 million budgeted for capital expenditures in FY2004, over \$200 million was dedicated to water and wastewater. Baltimore uses a combination of in-house and outsourced engineering design, although a majority is performed under contract. Currently, Baltimore designs very few projects in-house (roughly 10 percent) due to lack of staff. It faces recruitment and retention challenges reportedly associated with higher turnover rates among entry-level staff recruited directly from college, in conjunction with difficulty competing with private sector compensation and/or opportunity once engineers gain experience.

Baltimore typically turns to private firms because of workload and the need for expertise. The DPW Director indicated that the remaining “skeleton crew” cannot meet the demands of the capital program. Additionally, the in-house design staff is made up of generalists who do not have specific areas of concentration.

The City of Allentown, PA currently has roughly \$100 million in currently active capital projects, with over \$60 million is dedicated toward large highway and bridge projects. The City of Allentown uses a combination of in-house and outsourced design with between 80 and 85 percent of all engineering design contracted.

One important consideration when making a decision on whether to outsource is that “time is money,” as construction costs have risen in recent years. The following information details the recent history of asphalt prices in California, as available from Caltrans, the State Agency charged with highway and road improvements. Road construction prices may rise for a number of reasons, including the demand for labor and price of materials, such as asphalt. We cannot predict what will happen to these costs in the future, though, generally, it seems appropriate to expect increases.

The price of asphalt has a major effect on paving contracts. To illustrate the impact of ever-rising prices of asphalt, the Institute of Transportation Studies at the University of California Berkeley cites the following hypothetical example:

**If we assume that the average hot mix asphalt in use on a City or County overlay is 5.5% liquid asphalt, then a \$143 increase realized from July to September correlates to a \$7.87 per ton increase in raw materials. This cost would be passed through the hot mix asphalt supplier to the general contractor that bid and won the contract for your project. This means that a contractor placing 1500 tons per day on a project has just been hit with an additional charge of \$11,805 per day. Taking that one step further, a 2" overlay just increased in price by approximately \$0.90 per square yard.<sup>9</sup>**

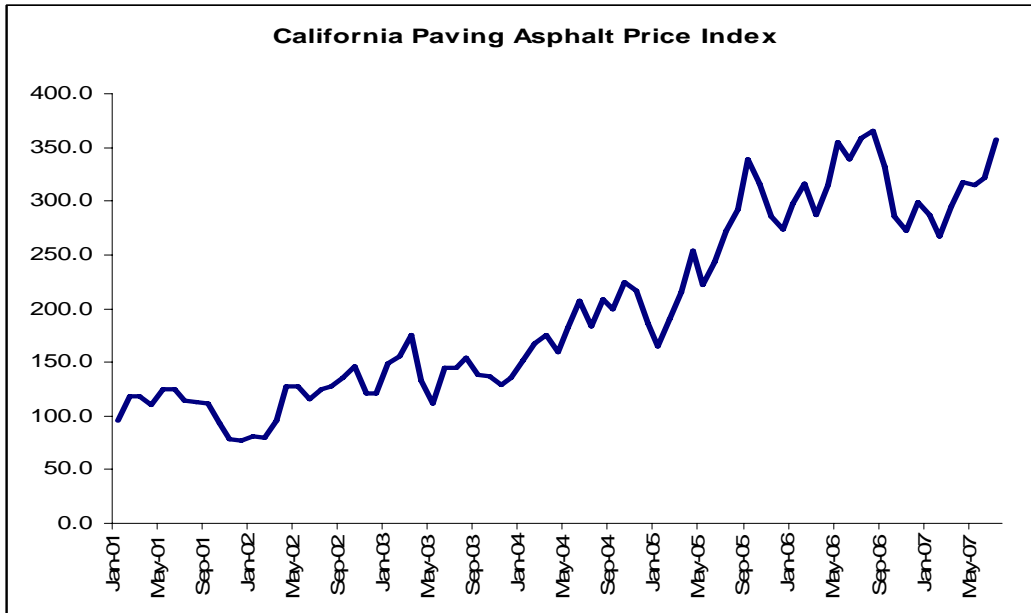
As a result, Caltrans is now including Standard Special Provisions (SSPs) for price escalation/de-escalation in contracts that use asphalt. Because of fluctuating prices, contractors that work with asphalt also have a very high risk for accepting a contract. This market environment has caused the average number of bidders to drop significantly and bid prices to be higher than the actual cost increases, as the contractors include a risk premium in their bid price. The California Department of Transportation publishes a Paving Asphalt Price Index to show the adjustments used for the compensation for paving asphalt.

The trends of the Price Index can be seen in the table and graph below.

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<sup>9</sup> Dmytrow, Scott. “Record High Asphalt Pricing: What Does it Mean for Your Project?” <http://www.techtransfer.berkeley.edu/newsletter/05-4/highprice.php> Accessed July 31, 2007.





| Date         | Index Value |
|--------------|-------------|
| 2001 Average | 106.8       |
| 2002 Average | 116.8       |
| 2003 Average | 142.2       |
| 2004 Average | 188.5       |
| 2005 Average | 255.7       |
| 2006 Average | 318.8       |
| 2007 Average | 308.8       |

As is made clear by this graph, delaying the construction phase of a project has economic consequences. This must be taken into consideration when deciding how to deploy capital projects.

## Recommendations

The Engineering Bureau offers job applicants a wealth of experience from dedicated professionals. It also allows employees to have an important impact on their community through improving a vital public service. However, vacancies remain a consistent problem. Accordingly, these recommendations will help better identify the problem, restructure the titles more appropriately, and better market the employment opportunities.

1. **Consider realigning position titles to most appropriately match the delivery system for capital projects.** If the City does depend more on contracted services, it might find it beneficial to replace vacant Engineering Technicians and Associates with Capital Service Coordinators. This may allow a greater expansion of streets projects by leveraging contractors.

2. **Regularly review salary levels with the market, and add or adjust job titles as needed to be competitive with the market.** For skills that are in demand, the City will need to be competitive in order to find and keep these employees.
3. **Shorten job application hiring process.** There appears to be a long lead time in the overall process for filling these positions. For positions and skills where applicants likely have multiple options, long and complicated hiring processes are likely to lead to few qualified applicants remaining by the time the City makes job offers.
4. **Implement a post interview/application survey.** While the current speculation regarding the applicants may have merit, the best way to comprehensively address the labor deficiency would be through a direct survey of applicants. Responses to the following questions would provide greater insight:
  - What is the primary reason you have applied for this position?
  - Relative to other positions that you have applied for, are the testing and educational requirements for this position more or less rigorous? Please elaborate.
  - (To those who declined offers) Why have you chosen not to work for the Department of Public Works?
  - Please offer suggestions on how we may improve our hiring process:
5. **Consider using contractors.** While the City may have a preference for managing capital projects with a certain mix of staff and contractors, it needs to reconsider this premise if, for whatever reason, it is unable to attract, retain, and replace in a timely manner, employees needed to manage its capital program.





**Date:** September 20, 2007

**To:** Laura L. Doud, City Auditor

**From:** Christine F. Andersen, *CFA* Director of Public Works

**Subject:** Department of Public Works' response to the audit entitled "Long Beach Streets Review" dated August 31, 2007 prepared by Public Financial Management

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Thank you for the opportunity to comment on the audit report entitled "Long Beach Street Review" dated August 21, 2007, prepared by Public Financial Management (PFM)

As stated in this report the purpose of this audit was to (1) improve budget accountability, (2) reduce the street backlog, and (3) recommend strategies for meeting the staffing needs.

(1) Improve Budget Accountability

With regards to budget accountability, the report made a detailed review of the funding related to the street programs, primarily gasoline tax revenues, and Proposition A and C funds. Conclusions were drawn that certain fund expenditures were not keeping up with revenues indicating a growing fund balance, particularly in the Proposition A and C funds.

The Public Works Department feels that addressing these Transportation funds also known as SR 182, in their entirety, as opposed to looking solely at the budget amounts allocated directly to street repair does not provide an accurate picture of timely use of funds for street repair. Attached to this memorandum is a chart showing the three street related programs in the CIP budget and the Department's history of fund expenditure within these programs. Since the first street audit done back in 2000, the department has spent over 95% of the funding allocated to these street programs. Once the non-realized grant funding has been eliminated from these programs, staff is confident this figure will go to 100%. Clearly the issue is not the timely expenditure of funding allocations, but rather the need to allocate additional funding to address the outstanding street repair needs.

It should be noted that the audit firm spent a considerable amount of time reviewing project data contained in the Department project tracking system known as the "Works". In particular much analysis was done with respect to project delivery timelines. It should be noted that the "Works" program was not developed as an analytical tool for this purpose, but rather it was, and is, being utilized as a program to track project activities, contracts, issues, and costs. As such the data analyzed in the report creates an inaccurate picture, especially with respect to the average length of time it takes to design a project when used in this manner. Many projects are initiated, but placed on hold due to lack of funding. Others are started and then set aside as higher priority projects are

September 21, 2007

Page 2

emphasized. Still others are initiated but put on hold for anticipated development, utility work, or other issues that would necessitate the construction to be delayed. None of these factors are accounted for in the raw data used by the auditing firm preparing the report. As indicated above, the real issue is not the timely delivery of street projects, since over 95% of the funding allocated has historically been expended, but rather, insufficient funds to construct all of the projects currently in design.

It should be noted that while the data analysis included in the report is problematic, the recommendations by the auditor in the report related to software modifications have merit and are currently being reviewed by our software vendor and will be addressed within the upcoming fiscal year. The majority of the concerns raised were due to the need to have the data provided into a prescribed format. This previously was not an issue to the department since the software had never been intended to be used in this manner.

### (2) Reduce the Street Backlog

Initially the Department thought that the audit would concentrate on the funding that could be used to address the current backlog of street repairs and then make recommendations relative to their current allocation. The report does identify that large portions of the gasoline tax revenues received by the City are diverted into the general fund to pay for ongoing operations and only a small portion is actually placed into the street programs within the CIP budget. No recommendations are provided relative to this current practice.

### (3) Recommend Strategies for Meeting the Staffing Needs

In July of 2000, the City Auditor's office prepared a report on the Public Works Department ability to deliver street related capital projects. The recommendations in the report included the need for the Department to increase the staffing resources related to the delivery of street repair projects. This was based on findings that, compared to other agencies, the Department was severely understaffed. The manpower (staffing) recommendations in the 2002 audit report have still not been addressed. Staffing levels to deliver street projects have been stagnate from 7 Full Time Equivalent (FTE) at the time of the audit to the current 7 FTE even though the street CIP allocation increased from \$8.1 million to \$12.3 million. Major cities in California typically have between 4 to 5 FTE for every million dollars in the CIP. Long Beach has less than 1 FTE for every million dollars.\* In addition, filling vacancies in a competitive market has been challenging. Since the 2002 audit the Engineering Bureau has averaged about a 15% vacancy rate with the majority of these being Civil Engineers, Engineering Technicians, and Construction Inspectors. This was verified by the findings of the current audit.

To add to this challenge the Department has also experienced a steady increase in requests for the engineering staff to investigate complaints regarding street drainage issues related to deteriorated gutters and pavement, as well as

requests/complaints regarding ADA curb ramps, sidewalks, sinkholes, bridges and other miscellaneous issues. The Department staff averages about 20 of these a month, each one requiring up to 6 hours to investigate and provide a written response. All of these are added to the workload of the 7 FTE who are available to deliver the street CIP.

The current report accurately describes the problems related to the ability of the Department to hire and retain the resources necessary to deliver street projects. Contracting out is described as an option to obtaining the necessary resources to deliver street repair projects. The report acknowledges that the Department currently practices this method of project delivery and at a level that is significantly higher than comparable Cities in California.\* Contracting this work out may speed up project delivery, but does come with cost and staffing implications that are not clearly identified in the report. The recommendation that the Department should contract out more of this work needs to acknowledge that doing so will require additional contract administrators to oversee the contracting out as well as engineers to plan check the consultants work and that the resulting cost of project delivery will increase.

#### Summary

Overall the Public Works Department felt with the exceptions noted above, that the current audit represents a fair and unbiased review of the delivery of street repair projects by the Public Works Department. Recommendations such as the preparation of a multi-year CIP plan with identified funding sources to address the City's street repair needs is something the Department fully supports. The Department looks forward to working with the City Manager's office on implementing this and the other recommendations contained within the report.

\* California Multi-Agency CIP Benchmarking Study

attachments

P:\CE\Mark\Memos\Response to Street Audit

cc: Anthony Batts, City Manager  
Christine F. Shippey, Assistant City Manager

# Street Repairs

|                 | Budget              | Expenditures        | Encumbered        | Balance           | % Expended    |
|-----------------|---------------------|---------------------|-------------------|-------------------|---------------|
| 2000            | \$ 6,248,690        | \$ 8,793,896        | \$ 506,868        | \$ (3,052,074)    | 140.73%       |
| 2001            | \$ 9,953,946        | \$ 4,611,148        | \$ (449,372)      | \$ 5,792,170      | 46.32%        |
| 2002            | \$ 5,460,503        | \$ 8,437,233        | \$ 280,602        | \$ (3,257,332)    | 154.51%       |
| 2003            | \$ 7,790,188        | \$ 6,897,352        | \$ 2,509,611      | \$ (1,616,776)    | 88.54%        |
| 2004            | \$ 8,536,919        | \$ 7,613,865        | \$ (1,962,520)    | \$ 2,885,573      | 89.19%        |
| 2005            | \$ 8,937,956        | \$ 5,017,514        | \$ 555,031        | \$ 3,365,412      | 56.14%        |
| 2006            | \$10,442,115        | \$ 10,025,799       | \$ 1,652,583      | \$ (1,236,266)    | 96.01%        |
| <b>Averages</b> | <b>\$ 8,195,760</b> | <b>\$ 7,342,401</b> | <b>\$ 441,829</b> | <b>\$ 411,530</b> | <b>95.78%</b> |

\* Utilizing data from PW5060, PW5061 & PW5150



Street Repairs.

FAML6200 V5.1 \* \* \* CITY OF LONG BEACH FAMIS - PRODUCTION \* \* \* 09/19/2007  
 LINK TO: PROJECT SUMMARY INQUIRY 3:41 PM

BALANCE (Y,M,Q,A) : Y FD PERIOD-> N/A : CURRENCY CODE :  
 FISCAL MO/YEAR : 14 2000 YREND2000 PROJECT END DATE :  
 PROJECT : PW5060 MAJOR AND SECONDARY HIGHWAY PROGRAM

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| S CHAR | DESCRIPTION        | BUDGET    | ACTUAL    | ENCUMBERED | BALANCE    |
|--------|--------------------|-----------|-----------|------------|------------|
| 670    | REVENUES FROM OTHE | 4,078,178 | 861,803   |            | -3,216,375 |
|        | REVENUE TOTAL      | 4,078,178 | 861,803   |            | -3,216,375 |
| 010    | SALARIES, WAGES AN |           | 563,652   |            | -563,652   |
| 020    | MATERIALS, SUPPLIE | 279,497   | 5,069,706 | 130,663    | -4,920,872 |
| 030    | INTERNAL SUPPORT   | -66,715   | 442,152   |            | -508,867   |
|        | EXPENDITURE TOTAL  | 212,782   | 6,075,510 | 130,663    | -5,993,392 |

FAML6200 V5.1 \* \* \* CITY OF LONG BEACH FAMIS - PRODUCTION \* \* \* 09/19/2007  
 LINK TO: PROJECT SUMMARY INQUIRY 3:43 PM

BALANCE (Y,M,Q,A) : Y FD PERIOD-> N/A : CURRENCY CODE :  
 FISCAL MO/YEAR : 14 2000 YREND2000 PROJECT END DATE :  
 PROJECT : PW5061 MAJOR/SECONDARY HIGHWAY PROGRAM, CONT'D

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| S CHAR | DESCRIPTION        | BUDGET    | ACTUAL  | ENCUMBERED | BALANCE   |
|--------|--------------------|-----------|---------|------------|-----------|
| 670    | REVENUES FROM OTHE | 841,258   | 43,815  |            | -797,443  |
|        | REVENUE TOTAL      | 841,258   | 43,815  |            | -797,443  |
| 010    | SALARIES, WAGES AN |           | 174,589 |            | -174,589  |
| 020    | MATERIALS, SUPPLIE | 5,812,218 | 98,823  | 98,235     | 5,615,161 |
| 030    | INTERNAL SUPPORT   |           | 143,189 |            | -143,189  |
|        | EXPENDITURE TOTAL  | 5,812,218 | 416,601 | 98,235     | 5,297,382 |

FAML6200 V5.1 \* \* \* CITY OF LONG BEACH FAMIS - PRODUCTION \* \* \* 09/19/2007  
 LINK TO: PROJECT SUMMARY INQUIRY 3:43 PM

BALANCE (Y,M,Q,A) : Y FD PERIOD-> N/A : CURRENCY CODE :  
 FISCAL MO/YEAR : 14 2000 YREND2000 PROJECT END DATE :  
 PROJECT : PW5150 CITYWIDE RESIDENTIAL STREET REPAIR

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| S CHAR | DESCRIPTION        | BUDGET  | ACTUAL    | ENCUMBERED | BALANCE    |
|--------|--------------------|---------|-----------|------------|------------|
| 860    | OPERATING TRANSFER |         | 7,497     |            | 7,497      |
|        | REVENUE TOTAL      |         | 7,497     |            | 7,497      |
| 010    | SALARIES, WAGES AN |         | 151,157   |            | -151,157   |
| 020    | MATERIALS, SUPPLIE | 223,034 | 2,022,118 | 277,970    | -2,077,054 |
| 030    | INTERNAL SUPPORT   | 657     | 126,191   |            | -125,535   |
| 045    | TRANSFERS BETWEEN  |         | 2,318     |            | -2,318     |
|        | EXPENDITURE TOTAL  | 223,690 | 2,301,785 | 277,970    | -2,356,064 |

FAML6200 V5.1 \* \* \* CITY OF LONG BEACH FAMIS - PRODUCTION \* \* \* 09/19/2007  
 LINK TO: PROJECT SUMMARY INQUIRY 3:44 PM

BALANCE (Y,M,Q,A) : Y FD PERIOD-> N/A : CURRENCY CODE :  
 FISCAL MO/YEAR : 14 2001 YREND2001 PROJECT END DATE :  
 PROJECT : PW5060 MAJOR AND SECONDARY HIGHWAY PROGRAM

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| S CHAR | DESCRIPTION        | BUDGET    | ACTUAL    | ENCUMBERED | BALANCE  |
|--------|--------------------|-----------|-----------|------------|----------|
| 600    | USE OF MONEY & PRO |           | 660       |            | 660      |
| 670    | REVENUES FROM OTHE | 329,604   | 190,361   |            | -139,242 |
|        | REVENUE TOTAL      | 329,604   | 191,021   |            | -138,583 |
| 010    | SALARIES, WAGES AN |           | 174,136   |            | -174,136 |
| 020    | MATERIALS, SUPPLIE | 1,355,532 | 1,639,371 | -957,533   | 673,694  |
| 030    | INTERNAL SUPPORT   | -36,886   | 134,297   |            | -171,184 |
|        | EXPENDITURE TOTAL  | 1,318,646 | 1,947,804 | -957,533   | 328,375  |

FAML6200 V5.1 \* \* \* CITY OF LONG BEACH FAMIS - PRODUCTION \* \* \* 09/19/2007  
 LINK TO: PROJECT SUMMARY INQUIRY 3:44 PM

BALANCE (Y,M,Q,A) : Y FD PERIOD-> N/A : CURRENCY CODE :  
 FISCAL MO/YEAR : 14 2001 YREND2001 PROJECT END DATE:  
 PROJECT : PW5061 MAJOR/SECONDARY HIGHWAY PROGRAM, CONT'D

| S CHAR | DESCRIPTION        | BUDGET    | ACTUAL    | ENCUMBERED | BALANCE    |
|--------|--------------------|-----------|-----------|------------|------------|
| 670    | REVENUES FROM OTHE | 1,820,396 | 482,830   |            | -1,337,567 |
|        | REVENUE TOTAL      | 1,820,396 | 482,830   |            | -1,337,567 |
| 010    | SALARIES, WAGES AN |           | 368,588   |            | -368,588   |
| 020    | MATERIALS, SUPPLIE | 6,756,354 | 1,615,735 | 696,503    | 4,444,117  |
| 030    | INTERNAL SUPPORT   |           | 435,306   |            | -435,306   |
|        | EXPENDITURE TOTAL  | 6,756,354 | 2,419,628 | 696,503    | 3,640,223  |

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 LINK TO: PROJECT SUMMARY INQUIRY 3:44 PM

BALANCE (Y,M,Q,A) : Y FD PERIOD-> N/A : CURRENCY CODE :  
 FISCAL MO/YEAR : 14 2001 YREND2001 PROJECT END DATE:  
 PROJECT : PW5150 CITYWIDE RESIDENTIAL STREET REPAIR

| S CHAR | DESCRIPTION        | BUDGET    | ACTUAL  | ENCUMBERED | BALANCE    |
|--------|--------------------|-----------|---------|------------|------------|
| 670    | REVENUES FROM OTHE | 1,710,000 | 133,936 |            | -1,576,064 |
|        | REVENUE TOTAL      | 1,710,000 | 133,936 |            | -1,576,064 |
| 010    | SALARIES, WAGES AN |           | 81,843  |            | -81,843    |
| 020    | MATERIALS, SUPPLIE | 1,879,374 | 75,937  | -188,342   | 1,991,779  |
| 030    | INTERNAL SUPPORT   | -428      | 85,936  |            | -86,363    |
|        | EXPENDITURE TOTAL  | 1,878,946 | 243,716 | -188,342   | 1,823,572  |

FAML6200 V5.1 \* \* \* CITY OF LONG BEACH FAMIS - PRODUCTION \* \* \* 09/19/2007  
 LINK TO: PROJECT SUMMARY INQUIRY 3:49 PM

BALANCE (Y,M,Q,A) : Y FD PERIOD-> N/A : CURRENCY CODE :  
 FISCAL MO/YEAR : 14 2002 YREND2002 PROJECT END DATE:  
 PROJECT : PW5060 MAJOR AND SECONDARY HIGHWAY PROGRAM

| S CHAR | DESCRIPTION       | BUDGET  | ACTUAL    | ENCUMBERED | BALANCE  |
|--------|-------------------|---------|-----------|------------|----------|
| 045    | TRANSFERS BETWEEN | 1,353   |           |            | 1,353    |
|        | EXPENDITURE TOTAL | -10,938 | 1,098,879 | -195,322   | -914,495 |

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 LINK TO: PROJECT SUMMARY INQUIRY 3:46 PM

BALANCE (Y,M,Q,A) : Y FD PERIOD-> N/A : CURRENCY CODE :  
 FISCAL MO/YEAR : 14 2002 YREND2002 PROJECT END DATE:  
 PROJECT : PW5061 MAJOR/SECONDARY HIGHWAY PROGRAM, CONT'D

| S CHAR | DESCRIPTION        | BUDGET    | ACTUAL    | ENCUMBERED | BALANCE    |
|--------|--------------------|-----------|-----------|------------|------------|
| 670    | REVENUES FROM OTHE | 2,679,760 | 1,381,237 |            | -1,298,523 |
|        | REVENUE TOTAL      | 2,679,760 | 1,381,237 |            | -1,298,523 |
| 010    | SALARIES, WAGES AN |           | 603,227   |            | -603,227   |
| 020    | MATERIALS, SUPPLIE | 5,550,489 | 4,313,861 | 500,837    | 735,791    |
| 030    | INTERNAL SUPPORT   |           | 620,415   |            | -620,415   |
|        | EXPENDITURE TOTAL  | 5,550,489 | 5,537,502 | 500,837    | -487,851   |

FAML6200 V5.1 \* \* \* CITY OF LONG BEACH FAMIS - PRODUCTION \* \* \* 09/19/2007  
 LINK TO: PROJECT SUMMARY INQUIRY 3:50 PM

BALANCE (Y,M,Q,A) : Y FD PERIOD-> N/A : CURRENCY CODE :  
 FISCAL MO/YEAR : 14 2002 YREND2002 PROJECT END DATE:  
 PROJECT : PW5150 CITYWIDE RESIDENTIAL STREET REPAIR

| S CHAR | DESCRIPTION       | BUDGET  | ACTUAL    | ENCUMBERED | BALANCE    |
|--------|-------------------|---------|-----------|------------|------------|
|        | EXPENDITURE TOTAL | -79,048 | 1,800,852 | -24,913    | -1,854,986 |

FAML6200 V5.1 \* \* \* CITY OF LONG BEACH FAMIS - PRODUCTION \* \* \* 09/19/2007  
 LINK TO: PROJECT SUMMARY INQUIRY 3:47 PM

BALANCE (Y,M,Q,A) : Y FD PERIOD-> N/A : CURRENCY CODE :  
 FISCAL MO/YEAR : 14 2003 YREND2003 PROJECT END DATE:  
 PROJECT : PW5060 MAJOR AND SECONDARY HIGHWAY PROGRAM

| S CHAR | DESCRIPTION        | BUDGET    | ACTUAL    | ENCUMBERED | BALANCE    |
|--------|--------------------|-----------|-----------|------------|------------|
| 670    | REVENUES FROM OTHE | 1,348,487 | 340,248   |            | -1,008,239 |
|        | REVENUE TOTAL      | 1,348,487 | 340,248   |            | -1,008,239 |
| 010    | SALARIES, WAGES AN |           | 94,828    |            | -94,828    |
| 020    | MATERIALS, SUPPLIE | 2,595,031 | 825,661   | 780,542    | 988,828    |
| 030    | INTERNAL SUPPORT   | -56,169   | 98,720    |            | -154,889   |
| 499    | PRIOR YR ENCUMBRAN | -10,928   |           |            | -10,928    |
|        | EXPENDITURE TOTAL  | 2,527,934 | 1,019,209 | 780,542    | 728,183    |

FAML6200 V5.1 \* \* \* CITY OF LONG BEACH FAMIS - PRODUCTION \* \* \* 09/19/2007  
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BALANCE (Y,M,Q,A) : Y FD PERIOD-> N/A : CURRENCY CODE :  
 FISCAL MO/YEAR : 14 2003 YREND2003 PROJECT END DATE:  
 PROJECT : PW5061 MAJOR/SECONDARY HIGHWAY PROGRAM, CONT'D

| S CHAR | DESCRIPTION        | BUDGET    | ACTUAL    | ENCUMBERED | BALANCE    |
|--------|--------------------|-----------|-----------|------------|------------|
| 670    | REVENUES FROM OTHE | 200,000   | 2,066,432 |            | 1,866,432  |
|        | REVENUE TOTAL      | 200,000   | 2,066,432 |            | 1,866,432  |
| 010    | SALARIES, WAGES AN |           | 709,711   |            | -709,711   |
| 020    | MATERIALS, SUPPLIE | 5,175,513 | 4,179,882 | 1,793,783  | -798,153   |
| 030    | INTERNAL SUPPORT   | 20,000    | 779,909   |            | -759,909   |
|        | EXPENDITURE TOTAL  | 5,195,513 | 5,669,503 | 1,793,783  | -2,267,774 |

FAML6200 V5.1 \* \* \* CITY OF LONG BEACH FAMIS - PRODUCTION \* \* \* 09/19/2007  
 LINK TO: PROJECT SUMMARY INQUIRY 3:47 PM

BALANCE (Y,M,Q,A) : Y FD PERIOD-> N/A : CURRENCY CODE :  
 FISCAL MO/YEAR : 14 2003 YREND2003 PROJECT END DATE:  
 PROJECT : PW5150 CITYWIDE RESIDENTIAL STREET REPAIR

| S CHAR | DESCRIPTION       | BUDGET | ACTUAL  | ENCUMBERED | BALANCE |
|--------|-------------------|--------|---------|------------|---------|
|        | EXPENDITURE TOTAL | 66,741 | 208,640 | -64,714    | -77,185 |

FAML6200 V5.1 \* \* \* CITY OF LONG BEACH FAMIS - PRODUCTION \* \* \* 09/19/2007  
 LINK TO: PROJECT SUMMARY INQUIRY 3:48 PM

BALANCE (Y,M,Q,A) : Y FD PERIOD-> N/A : CURRENCY CODE :  
 FISCAL MO/YEAR : 14 2004 YREND2004 PROJECT END DATE:  
 PROJECT : PW5060 MAJOR AND SECONDARY HIGHWAY PROGRAM

| S CHAR | DESCRIPTION        | BUDGET    | ACTUAL    | ENCUMBERED | BALANCE  |
|--------|--------------------|-----------|-----------|------------|----------|
| 600    | USE OF MONEY & PRO | 58,399    |           |            | -58,399  |
| 670    | REVENUES FROM OTHE | 1,061,395 | 991,600   |            | -69,794  |
|        | REVENUE TOTAL      | 1,119,794 | 991,600   |            | -128,194 |
| 010    | SALARIES, WAGES AN |           | 46,006    |            | -46,006  |
| 020    | MATERIALS, SUPPLIE | 1,297,212 | 1,120,976 | -564,395   | 740,631  |
| 030    | INTERNAL SUPPORT   | -83,826   | 47,665    |            | -131,490 |
|        | EXPENDITURE TOTAL  | 1,213,386 | 1,214,647 | -564,395   | 563,134  |

FAML6200 V5.1 \* \* \* CITY OF LONG BEACH FAMIS - PRODUCTION \* \* \* 09/19/2007  
 LINK TO: PROJECT SUMMARY INQUIRY 3:48 PM

BALANCE (Y,M,Q,A) : Y FD PERIOD-> N/A : CURRENCY CODE :  
 FISCAL MO/YEAR : 14 2004 YREND2004 PROJECT END DATE:  
 PROJECT : PW5061 MAJOR/SECONDARY HIGHWAY PROGRAM, CONT'D

| S CHAR | DESCRIPTION        | BUDGET    | ACTUAL    | ENCUMBERED | BALANCE   |
|--------|--------------------|-----------|-----------|------------|-----------|
| 600    | USE OF MONEY & PRO |           | 1,159     |            | 1,159     |
| 670    | REVENUES FROM OTHE | 683,189   | 1,573,212 |            | 890,023   |
|        | REVENUE TOTAL      | 683,189   | 1,574,372 |            | 891,182   |
| 010    | SALARIES, WAGES AN |           | 705,441   |            | -705,441  |
| 020    | MATERIALS, SUPPLIE | 5,108,808 | 5,135,234 | -1,540,999 | 1,514,572 |
| 030    | INTERNAL SUPPORT   |           | 299,376   |            | -299,376  |
|        | EXPENDITURE TOTAL  | 5,108,808 | 6,140,050 | -1,540,999 | 509,756   |

FAML6200 V5.1 \* \* \* CITY OF LONG BEACH FAMIS - PRODUCTION \* \* \* 09/19/2007  
 LINK TO: PROJECT SUMMARY INQUIRY 3:55 PM

BALANCE (Y,M,Q,A) : Y FD PERIOD-> N/A : CURRENCY CODE :  
 FISCAL MO/YEAR : 14 2004 YREND2004 PROJECT END DATE:  
 PROJECT : PW5150 CITYWIDE RESIDENTIAL STREET REPAIR

| S CHAR | DESCRIPTION        | BUDGET    | ACTUAL  | ENCUMBERED | BALANCE   |
|--------|--------------------|-----------|---------|------------|-----------|
| 600    | USE OF MONEY & PRO |           | 270     |            | -270      |
| 670    | REVENUES FROM OTHE | 2,308     | 2,578   |            | 270       |
|        | REVENUE TOTAL      | 2,578     | 2,578   |            |           |
| 010    | SALARIES, WAGES AN |           | 55,745  |            | -55,745   |
| 020    | MATERIALS, SUPPLIE | 2,187,385 | 190,818 | 142,874    | 1,853,694 |
| 030    | INTERNAL SUPPORT   | 27,340    | 12,605  |            | 14,734    |
|        | EXPENDITURE TOTAL  | 2,214,725 | 259,168 | 142,874    | 1,812,683 |

FAML6200 V5.1 \* \* \* CITY OF LONG BEACH FAMIS - PRODUCTION \* \* \* 09/19/2007  
 LINK TO: PROJECT SUMMARY INQUIRY 3:55 PM

BALANCE (Y,M,Q,A) : Y FD PERIOD-> N/A : CURRENCY CODE :  
 FISCAL MO/YEAR : 14 2005 YREND2005 PROJECT END DATE:  
 PROJECT : PW5060 MAJOR AND SECONDARY HIGHWAY PROGRAM

| S CHAR | DESCRIPTION        | BUDGET    | ACTUAL | ENCUMBERED | BALANCE    |
|--------|--------------------|-----------|--------|------------|------------|
| 600    | USE OF MONEY & PRO |           | -1,536 |            | -1,536     |
| 670    | REVENUES FROM OTHE | 1,307,043 | 62,337 |            | -1,244,706 |
|        | REVENUE TOTAL      | 1,307,043 | 60,800 |            | -1,246,243 |
| 010    | SALARIES, WAGES AN |           | 8,889  |            | -8,889     |
| 020    | MATERIALS, SUPPLIE | -416,528  | 47,515 | -21,427    | -442,615   |
| 030    | INTERNAL SUPPORT   | -40,594   | 2,265  |            | -42,859    |
|        | EXPENDITURE TOTAL  | -457,122  | 58,670 | -21,427    | -494,364   |

FAML6200 V5.1 \* \* \* CITY OF LONG BEACH FAMIS - PRODUCTION \* \* \* 09/19/2007  
 LINK TO: PROJECT SUMMARY INQUIRY 3:56 PM

BALANCE (Y,M,Q,A) : Y FD PERIOD-> N/A : CURRENCY CODE :  
 FISCAL MO/YEAR : 14 2005 YREND2005 PROJECT END DATE:  
 PROJECT : PW5061 MAJOR/SECONDARY HIGHWAY PROGRAM, CONT'D

| S CHAR | DESCRIPTION        | BUDGET    | ACTUAL    | ENCUMBERED | BALANCE   |
|--------|--------------------|-----------|-----------|------------|-----------|
| 670    | REVENUES FROM OTHE | 842,957   | 814,237   |            | -28,720   |
| 860    | OPERATING TRANSFER |           | 54,534    |            | 54,534    |
|        | REVENUE TOTAL      | 842,957   | 868,772   |            | 25,815    |
| 010    | SALARIES, WAGES AN |           | 492,355   |            | -492,355  |
| 020    | MATERIALS, SUPPLIE | 8,261,378 | 3,257,378 | -305,832   | 5,309,832 |
| 030    | INTERNAL SUPPORT   | 16,700    | 150,703   |            | -134,003  |
|        | EXPENDITURE TOTAL  | 8,278,078 | 3,900,436 | -305,832   | 4,683,474 |

FAML6200 V5.1 \* \* \* CITY OF LONG BEACH FAMIS - PRODUCTION \* \* \* 09/19/2007  
 LINK TO: PROJECT SUMMARY INQUIRY 3:55 PM

BALANCE (Y,M,Q,A) : Y FD PERIOD-> N/A : CURRENCY CODE :  
 FISCAL MO/YEAR : 14 2005 YREND2005 PROJECT END DATE:  
 PROJECT : PW5150 CITYWIDE RESIDENTIAL STREET REPAIR

| S CHAR | DESCRIPTION        | BUDGET    | ACTUAL    | ENCUMBERED | BALANCE  |
|--------|--------------------|-----------|-----------|------------|----------|
| 010    | SALARIES, WAGES AN |           | 156,955   |            | -156,955 |
| 020    | MATERIALS, SUPPLIE | 1,117,000 | 858,891   | 882,290    | -624,180 |
| 030    | INTERNAL SUPPORT   |           | 41,298    |            | -41,298  |
| 045    | TRANSFERS BETWEEN  |           | 1,265     |            | -1,265   |
|        | EXPENDITURE TOTAL  | 1,117,000 | 1,058,408 | 882,290    | -823,698 |

FAML6200 V5.1 \* \* \* CITY OF LONG BEACH FAMIS - PRODUCTION \* \* \* 09/19/2007  
 LINK TO: PROJECT SUMMARY INQUIRY 3:56 PM

BALANCE (Y,M,Q,A) : Y FD PERIOD-> N/A : CURRENCY CODE :  
 FISCAL MO/YEAR : 14 2006 YREND2006 PROJECT END DATE:  
 PROJECT : PW5060 MAJOR AND SECONDARY HIGHWAY PROGRAM

| S CHAR | DESCRIPTION        | BUDGET    | ACTUAL  | ENCUMBERED | BALANCE    |
|--------|--------------------|-----------|---------|------------|------------|
| 600    | USE OF MONEY & PRO |           | -35,437 |            | -35,437    |
| 670    | REVENUES FROM OTHE | 1,366,551 | 131,395 |            | -1,235,156 |
|        | REVENUE TOTAL      | 1,366,551 | 95,958  |            | -1,270,593 |
| 010    | SALARIES, WAGES AN |           | 1,545   |            | -1,545     |
| 020    | MATERIALS, SUPPLIE | 2,073,483 | 190,268 | -243,963   | 2,127,179  |
| 030    | INTERNAL SUPPORT   | -4,692    | 5,358   |            | -10,050    |
|        | EXPENDITURE TOTAL  | 2,068,791 | 197,171 | -243,963   | 2,115,584  |

FAML6200 V5.1 \* \* \* CITY OF LONG BEACH FAMIS - PRODUCTION \* \* \* 09/19/2007  
 LINK TO: PROJECT SUMMARY INQUIRY 3:56 PM

BALANCE (Y,M,Q,A) : Y FD PERIOD-> N/A : CURRENCY CODE :  
 FISCAL MO/YEAR : 14 2006 YREND2006 PROJECT END DATE:  
 PROJECT : PW5061 MAJOR/SECONDARY HIGHWAY PROGRAM, CONT'D

| S CHAR | DESCRIPTION        | BUDGET    | ACTUAL    | ENCUMBERED | BALANCE    |
|--------|--------------------|-----------|-----------|------------|------------|
| 670    | REVENUES FROM OTHE | 1,721     | 3,773     |            | 2,052      |
|        | REVENUE TOTAL      | 1,721     | 3,773     |            | 2,052      |
| 010    | SALARIES, WAGES AN |           | 700,923   |            | -700,923   |
| 020    | MATERIALS, SUPPLIE | 2,973,324 | 6,270,988 | 1,358,041  | -4,655,704 |
| 030    | INTERNAL SUPPORT   |           | 276,624   |            | -276,624   |
|        | EXPENDITURE TOTAL  | 2,973,324 | 7,248,534 | 1,358,041  | -5,633,251 |

FAML6200 V5.1 \* \* \* CITY OF LONG BEACH FAMIS - PRODUCTION \* \* \* 09/19/2007  
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BALANCE (Y,M,Q,A) : Y FD PERIOD-> N/A : CURRENCY CODE :  
 FISCAL MO/YEAR : 14 2006 YREND2006 PROJECT END DATE:  
 PROJECT : PW5150 CITYWIDE RESIDENTIAL STREET REPAIR

| S CHAR | DESCRIPTION        | BUDGET    | ACTUAL    | ENCUMBERED | BALANCE   |
|--------|--------------------|-----------|-----------|------------|-----------|
| 670    | REVENUES FROM OTHE | 2,100,000 | 1,142,585 |            | -957,415  |
| 860    | OPERATING TRANSFER |           | 132,967   |            | 132,967   |
|        | REVENUE TOTAL      | 2,100,000 | 1,275,552 |            | -824,448  |
| 010    | SALARIES, WAGES AN |           | 361,494   |            | -361,494  |
| 020    | MATERIALS, SUPPLIE | 5,398,732 | 2,134,107 | 538,505    | 2,726,119 |
| 030    | INTERNAL SUPPORT   | 1,268     | 84,493    |            | -83,225   |
|        | EXPENDITURE TOTAL  | 5,400,000 | 2,580,094 | 538,505    | 2,281,401 |

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October 11, 2007

## Memorandum

**To:** City of Long Beach  
**From:** Public Financial Management (PFM)  
**Subject:** Response to Department of Public Works' response to "Long Beach Streets Review" dated August 31, 2007 prepared by PFM

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This memo is intended to respond to the comments made by DPW related to the PFM report "Long Beach Streets Review" which was completed in August 2007. The items below refer to items list in the DPW memo.

(1) Improve Budget Accountability

One of the issues raised was the fact that the review looked at fund 182 in its entirety. PFM looked at both the streets component of the fund as well as the fund in total. We felt both issues were important. When any fund consistently maintains a fund balance that exceeds 100% of revenues, it is a matter that bears further review. Additionally, the fact the any component of a fund (i.e., streets) spends most of its budget does not necessarily address the issue of whether there may be more funds that could be appropriated for that, or another purpose. We commented that the large fund balance needs to be reviewed. Most or all of it may not be eligible for streets, but it is eligible for some purposes, and those purposes may be for other DPW needs.

We noted in our report that Streets was not a major component of the increase in Fund 182 balances. That is consistent with DPW's comments. However, we took a different approach to coming to that result; the reasons for this were discussed at length in the report. In summary, we were uncomfortable with the high level numbers on a year-to-year basis as shown on P4 of PW memo. First, while the numbers shown reflect those from the City's system, you may note that there are substantial variances, both positive and negative, for any year. We did not feel that this addressed the whole issue. Generally, the budgets shown are annual budgets, and do not include carry-forwards. Expenditures are total expenditures for the year, but include expenditure for projects that were previously approved. We felt these numbers did not capture the whole picture, and that is why we took a different approach. If, in fact, those large negative numbers did completely reflect what occurred, we expect there would have been audit comments.



With regard to non-realized grant revenue, it should be noted that this issue does not detract from data used in our report, as it is based on financial statements from the accounting system (as opposed to budget documents). The accounting system only records revenue when it is actually reimbursed from the granter, as opposed to the maximum amount awarded in a grant.

Generally, the accounting system and budget system were not set up to readily address some of the issues and we noted it should be modified to do so.

We are pleased to hear that efforts are being made to expand and improve the functionality of the project management system as a management tool. Recording phase suspension dates will help this data better depict the length of time for work done on capital projects. Matching cash expenditures to phase completion dates would also improve accountability.

(2) Reduce Street Backlog

Whether the City chooses to use more of the gas tax revenues for capital projects as opposed to other eligible expenses is a policy issue for the City. We noted the practice, because we had not expected that result. However, we also recognize that a reduction in the funds transferred to the General Fund will create a deficit that will need to be addressed by some other means. We agree that there is a large unmet need, but that issue is not simply solved by causing a problem for another fund. The City likely will need to identify a new source of funding to address the unmet needs.

(3) Recommended Strategies for Improving Staff Levels

As noted in the report, there are staffing issues and the City needs to address providing the resources necessary to move the projects forward. The City's practices as to the use of consultants are consistent with other entities in the area. We recognize the DPW's preference to improve the hiring practices as a means of addressing the resource issue. DWP is not necessarily in a position to cause all the necessary changes to occur that we address this. What we have tried to make clear is that, if the city, for whatever reason, cannot work through those issues and hire more staff, then it should consider contracting out more. We cannot say whether it will cost more with the available data. However, the very pragmatic point is that it may not matter if the city cannot address the issues necessary to



hire the staff; it may be the only option available. Additionally, the issue of costing more always needs to be weighed against increasing construction costs.

PFM remains available for additional questions or discussions on our report. We applaud the City for the serious consideration you are giving to these important issues.

Sincerely,

PUBLIC FINANCIAL MANAGEMENT

A handwritten signature in black ink, appearing to read "C. Cates Barnett", is written over the printed name.

Camille Cates Barnett  
Strategic Consulting director