



James Johnson
City of Long Beach
Councilmember, Seventh District

Date: November 16, 2010

To: Honorable Mayor and Members of the City Council

From: Councilmember James Johnson, Seventh District JJ
Councilmember Gary DeLong, Third District GD
Councilmember Steve Neal, Ninth District SN

Subject: Long-Term Financial Plan

RECOMMENDATION:

Request that City Management schedule a study session for the Council to consider a long-term financial plan within 60 days.

DISCUSSION:

Long-term financial planning is vital for the success of any organization. As a City, we must be concerned with the success of Long Beach not only for today's families, but for tomorrow's as well.

Long Beach should develop a long-term financial plan that identifies the challenges as well as the opportunities for the City over a multiyear period, from three to ten years. Consideration of this plan should be done before the annual budget process, in which we are consumed with the challenge of balancing the budget for the upcoming fiscal year. A study session should be held to discuss potential elements of such a financial plan; further sessions could be held as needed to develop the plan or to discuss individual elements of the plan.

Topics to be discussed as part of a potential financial plan should include, but not be limited to, an overview of current financial policies, the nature and status of our reserves, an examination of key funds such as the Insurance Fund, labor costs including health care and pension expenditures, revenue projections, liabilities including post-employment health benefits, outstanding indebtedness, significant receivables such as monies to be repaid from the Redevelopment Agency to the City, and ongoing infrastructure spending including maintenance and one-time needs.

FISCAL IMPACT:

To the extent that a long-term financial plan encourages more prudent financial decisions, there could be an unknown amount of cost savings.