



City of Long Beach
Working Together to Serve

R-7

Memorandum

Date: March 14, 2017

To: Honorable Mayor Garcia and Members of the City Council

From: Stacy Mungo, Councilwoman, Fifth District *SM*
Suzie Price, Councilwoman, Third District *SP*
Daryl Supernaw, Councilmember, Fourth District *DS*
Al Austin, Councilmember, Eighth District *AA*

Subject: **AGENDA ITEM: BUDGET OUTLOOK IN ACCORDANCE WITH CITY OF LONG BEACH FINANCIAL POLICIES**

RECOMMENDATION:

Recommendation to request City Manager to direct the Department of Financial Management to report on how the City of Long Beach puts its financial policies into practice, review any such policies that may require updates or revisions, and advise on how the Fiscal Year 2018 Budget outlook may impact the City's long-term general financial plan.

BACKGROUND:

On March 14, 2017, the Department of Financial Management is scheduled to provide a budget outlook for Fiscal Year 2018 and Fiscal Year 2019. Although Long Beach residents voted for Measure A in June 2016, infrastructure deficits and rising pension costs, particularly in light of the California Public Employees' Retirement System lowering its expected rate of return, continue to be of concern.

More specifically, Financial Policy No. 5 - One-Time Resources Will Be Used Only for One-Time Purposes, Financial Policy No. 6 - Capital Projects Will Be Budgeted and Funded for Both Capital and Operating Costs, and Financial Policy No. 19 - Long-Term General Financial Plan Will Be Maintained pertain to considerations for no new spending without identified revenue sources and/or offsets that protect the long-term financial health of the City.

The ability of the City to provide services and a quality of life for our residents depends on prudent financial decisions where both the capital (one-time) and operating (ongoing) components of costs, including the full capital cost of any project, are weighed alongside the amount, longevity and sustainability of funding sources.

FISCAL IMPACT:

There is no significant fiscal impact to this requested report.