





Date: February 7, 2019

To: Patrick H. West, City Manager 

From: John Gross, Director of Financial Management 

For: Mayor and Members of the City Council
All Department Directors

Subject: **Interim Implementation of the Updated Financial Policy #12 on Fiscal Impact Statements**

On September 4, 2018, the City Council updated two of the City's Financial Policies after discussion in the Budget Oversight Committee (BOC), and included in the BOC adopted recommendation for the City Council: Financial Policy #12 on Fiscal Impact Statements and Financial Policy #17 on Grants. Due to the significant staff time and investment required to conduct major citywide projects (including the City's new Enterprise Resource System project, LB COAST, and the Civic Center move), a phased-in implementation approach for these policies updates is recommended. A complete implementation plan and guidelines for procedures is anticipated to be released later in 2019.

The first phased-in implementation will focus on a couple components of Financial Policy #12. The short version of Financial Policy #12 is:

Fiscal impact statements will be included with all City Council Letters which involve decisions for spending, revenues, debt, investments, or other potential economic impact.

This interim implementation incorporates new requirements for fiscal impact statements on reporting of staff time and impact on existing City Council priorities. The attached interim implementation procedure details what should be covered in fiscal impact statements related to this, as well as information on procedural changes.

This interim policy implementation is effective for City Council Letters dated on or after Tuesday, March 12, 2019. It will also be presented to the Budget Oversight Committee on February 12, 2019, per the Committee's request. If there are any questions with regards to this policy implementation, please contact John Gross at (562) 570-6427.

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ATTACHMENT

CC: CHARLES PARKIN, CITY ATTORNEY
LAURA L. DOUD, CITY AUDITOR
DOUGLAS HAUBERT, CITY PROSECUTOR
TOM MODICA, ASSISTANT CITY MANAGER
KEVIN JACKSON, DEPUTY CITY MANAGER
REBECCA G. GARNER, ADMINISTRATIVE DEPUTY TO THE CITY MANAGER
GRACE YOON, BUDGET MANAGER

**Interim Implementation
of the
Updated City Council Financial Policy #12 on Fiscal Impact Statements**

This is an interim implementation of the financial policy changes made by the City Council on September 4, 2018. A complete implementation plan and guidelines for procedures is anticipated to be released later in 2019.

For fiscal impact statements, the following clarification is added for all City Council Letters.

Content Added as Required by the Policy

Staff Time: Identify any significant use of staff time that is beyond the normal budgeted scope of duties and normal workload. Staff time reported should be based on a rough estimate of hours determined by the relevant operating department(s) and reported at one of three levels: “minimal,” “moderate,” or “significant.”

Example wording: *“Compiling this report is anticipated to require a moderate level of staff hours beyond normal budgeted scope of duties.”*

Impact on existing City Council priorities: Identify any adverse impact from diversion of staff time (or other resources) on existing City Council priorities (i.e., any program or operation that has been budgeted or approved by the City Council). Any adverse impact should be reported as either “minimal,” “moderate,” or “significant,” and any implications of the impact should also be noted. Departments should take into consideration the impact of the timeframe requested for the work to be completed. If there is no requested timeframe in the City Council Letter Recommendation, the assumed timeframe should be noted when determining the impact on existing City Council priorities.

Example wording: *“This report is expected to have minimal impact on existing City Council priorities as the requested 90-day timeframe allows sufficient time to complete the report and balance against other priorities.”*

Specific Procedural Changes

To determine if the City Council Letter’s Recommendation requires staff time from an operating department and whether it has an impact on City Council priorities, the City Council Letter author(s) are responsible for contacting the respective Department Directors (or Becky Garner if the department is not known). All communications with departments should only be done at the Department Director level. The City Council Letter author should ask the Department Director to identify the impacts in writing, via email or memorandum. If the comments from the operating Department(s) indicate a major concern(s), the concern(s) should be clearly noted in the Fiscal Impact statement of the City Council Letter.

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City Council Letters that request the use of “Council District Priority Funds” (i.e., Divide by Nine Funds) should also follow this new policy implementation, and should now be emailed to: cclbudget@longbeach.gov with “Council District Priority Funds” noted at the beginning of the subject line.

All City Manager Departments should follow normal submission procedures requiring the City Council Letter to be submitted to the Budget Office ten (10) business days before due to the City Clerk.

Elected departments are required to submit the City Council Letter to the Budget Office a minimum of three (3) business days before due to the City Clerk. The Discussion section of the City Council Letter should include the name of the Budget Office staff who reviewed the letter and the date (“This matter was reviewed by Name, Title, on Date.”). If there is insufficient time for Budget Office review, the City Council Letter may need to be postponed to a later date. The elected departments may also move the letter forward without Budget Office review with the following statement in the body of the City Council Letter in lieu of the name of the Budget Office reviewer: “No Financial Management review was able to be conducted due to the urgency and time sensitivity of this item.” This process and timeline may be updated with the full policy implementation later in 2019.

City Council Letters for appointments, reports on City Official travel, or ceremonial items with no fiscal or workload impact do not need to go to the Budget Office. Early communication with the Budget Office is encouraged.

All City Council Letters should be emailed to cclbudget@longbeach.gov.

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