



**Date:** December 2, 2014  
**To:** Honorable Mayor and City Council  
**From:** Vice Mayor Suja Lowenthal, Chair, Budget Oversight Committee  
**Subject:** **REVISED POLICY ON FISCAL IMPACT STATEMENTS**

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The Budget Oversight Committee, at its meeting held Tuesday, October 21, 2014, considered communications relative to the above subject.

It is the recommendation of the Budget Oversight Committee to the City Council to approve the revised financial policy on fiscal impact statements.

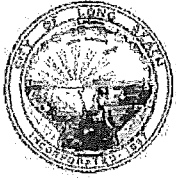
Respectfully submitted,

BUDGET OVERSIGHT COMMITTEE

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Vice Mayor Suja Lowenthal, Chair

Prepared by:  
Carolyn Hill



Date: October 17, 2014

To: Patrick H. West, City Manager *PH West*

From: John Gross, Director of Financial Management *JG*

For: Members of the Budget Oversight Committee

Subject: **REVISED POLICY ON FISCAL IMPACT STATEMENTS**

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At the Budget Oversight Committee on August 12, 2014, staff was requested to develop a draft revised financial policy on fiscal impact statements (Policy 11). It was requested by the Committee that the new policy would require review of all City Council letter fiscal impact statements by the Financial Management Department. It would also require that fiscal impact statements include an analysis of all resource utilization, inclusive of staff time. An updated policy that makes those changes is shown below.

Financial Policies are disseminated in both a short version and a full description of the policy. Both are shown below. The original policy is attached. A redline version is not provided as it was too difficult to read.

**11. Fiscal Impact Statements Are Required**

For proposed City Council actions, a disclosure, reviewed by the Financial Management Department, shall be made of the fiscal impact on current and future revenues, the impact on the City's financial position, and of any significant use of or diversion of resources. There should also be a discussion of overall economic impacts, if relevant.

**11. Fiscal Impact Statements Will Be Included With All City Council Letters**

Background - To aid in making decisions, the City Council is required to receive information on the projected or potential fiscal and resource impact of proposed City Council actions.

Policy - For any proposed City Council action, an analysis shall be included with the description of that proposed action that describes the projected or potential impact on revenues and expenditures, and on the City's financial position, and, if significant, on the potential use of or diversion of City resources such as staff, materials, or equipment. For any expenditure, the funding source must be identified as well as whether the expenditure has been budgeted and what the prior year expenditure was, where applicable. There should also be a discussion of any economic impacts to the City, if relevant.

The fiscal impact may be prepared by the originating department or elected or appointed office, but must be reviewed by the Financial Management Department and is to be modified by Financial Management if needed to better describe the fiscal impact. The proposed City Council Letter should be submitted in accordance with normal administrative timeframes to allow for Financial Management Department review and comment. If time is not sufficient for the required Fiscal Impact analysis, Financial Management may hold the item, provide a preliminary fiscal impact analysis, or may indicate on the Council Letter fiscal impact statement that additional analysis and information is recommended.

An elected official is not required to have a review by the Financial Management Department if in their opinion the proposed City Council item does not have any financial cost or other fiscal impact and its approval will not result in the use of significant staff time or require any significant diversion of resources. In such a case, the Fiscal Impact statement must be as follows: *"No financial cost or other fiscal impact and no significant staff work or other diversion of resources is intended with City Council's approval of this item. Action on this item is not to result in any significant financial cost or fiscal impact, use of staff time or other resource diversion. As a result, the Financial Management Department has not been requested to perform a fiscal impact review."*

JG:LE  
C:\Data\Long Beach\Financial Policies\TFF - Revised policy on fiscal impact statements final.doc

ATTACHMENT

CC: MAYOR AND MEMBERS OF THE CITY COUNCIL  
JYL MARDEN, INTERIM ASSISTANT CITY MANAGER  
REGINALD I. HARRISON, DEPUTY CITY MANAGER  
TOM MODICA, DEPUTY CITY MANAGER

## **Current Financial Policy on Fiscal Impact Statements**

The current policy on fiscal impact statements is shown below. It was adopted on October 8, 2013.

### **11. Fiscal Impact Statements Required**

For proposed City Council actions, projected or potential fiscal impact on current and future revenues and expenditures and impact on the City financial position shall be analyzed along with a discussion of overall economic impacts.

### **11. Fiscal Impact Statements Will Be Included With All City Council Letters Which Involve Decisions For Spending, Revenues, Debt, Investments, Or Other Potential Economic Impact**

Background – The City Council should receive information on the actual or potential fiscal impact of its potential actions to aid in making decisions.

Policy – For any expenditure, the funding source must be identified as well as whether the expenditure has been budgeted. In addition, for any proposed City Council action impacting City finances or its economic situation, the projected or potential fiscal impact on current and future revenues and expenditures, and the projected or potential impact on the City's financial position shall be analyzed. A discussion on any overall economic impacts to the City, if relevant, will also be included.