



City of Long Beach

MOODY'S DECLARES OUTLOOK STABLE, NO LONGER NEGATIVE
CITY COUNCIL TO REMOVE FISCAL CRISIS DESIGNATION



Moody's Investors Service has improved the outlook on the City of Long Beach's general obligation bonds from negative to stable. This is in stark contrast to the previous administration that elicited an unprecedented five-level downgrade with fiscal mismanagement of epic proportions. In fact, in the December 2011 Moody's report, they stated that they were "reviewing the city's rating for withdrawal due to insufficient information given sever negative discrepancies between the city's projections in August 2011 of reserve and cash positions and unaudited reporting of its fiscal 2011 results earlier (that) month."

The August 2013 Moody's report cites the current administration's "improved financial controls and policies leading to balanced budgets" as reasons for the positive report and the shift from "negative" to "stable."

"We are extremely pleased that Moody's is applauding this administration for restoring fiscal responsibility in Long Beach after years of mismanagement by the previous administration," said City Council President Scott J. Mandel.

According to the Moody's report: "Since the declaration was announced, city management has reduced expenditures by \$1.7 million, lowered headcount by 12% and labor and personnel costs from 83% of budget to 63% of budget. The city reduced overtime costs, which had been a significant driver of the city's fiscal stress, despite the significant effect of Hurricane Sandy in October 2012. In addition, new management has brought budgeted revenues more in line with historical revenues resulting in balanced budgets."

On February 7, 2012, the City Council declared a fiscal crisis and directed and empowered the City Manager to implement enhanced budget discipline and budgetary relief to assist the City in returning to fiscal stability. As directed by that resolution, the City Manager has implemented and achieved:

- ✓ Spending Control Policies and Procedures
- ✓ Fiscal Accountability Policies and Procedures
- ✓ Personnel Savings Policies and Procedures

As a result, the City Council passed balanced budgets for the 2012-13 and 2013-14 fiscal years. As such, it is now appropriate to remove the "fiscal crisis" designation, enter the long-term recovery phase and put forth a long term financial recovery plan. Our long-term recovery plan's core tenets include:

1. Structurally Sound, Balanced Budgeting
2. Diversify & Increase Revenues
3. Rightsizing the Workforce
4. Management Accountability & Efficiency
5. Institutionalizing Enhanced Internal Fiscal Controls;
6. Stabilization of Taxes