City of Culver City, California

City Council Agenda Item Report

Meeting Date: 6/22/09		Item Number: C-9
AGENDA ITEM: Adoption of a Resolution Revising City Council Policy Statement No. 5002 Financial Policies and Rescinding Resolution 2007-R043.		
Contact Person/Dept.: Nick Kimball, Finance Department	Phone Number: 310-253-6013	
Fiscal Impact: Yes [] No [x]	General Fund: Yes [x] No []	
Public Hearing: []	Action Item: []	Attachments: [x]
Public Notification: Master E-Mail Notification List (06/17/09)		
Department Approval: Jeff Muir (06/15/09)	City Attorney Approval: Carol Schwab (by H. Baker) (06/17/09)	
Chief Financial Officer Approval: Jeff Muir (by M. Noller) (06/17/09)	City Manager Approval: Mark Scott (06/18/09)	

RECOMMENDATION:

Staff recommends the City Council adopt a Resolution revising City Council Policy Statement No. 5002 – Financial Policies, to include an additional provision in the Fees and Charges section of the Policy, and rescinding Resolution No. 2007-R043.

BACKGROUND:

Over the past 18 months, the City Council has received information at various times on Government Accounting Standards Board Statement No. 45 (GASB 45) which requires governmental agencies to report the actuarially determined value of the liability for paying existing retirement benefits to current and future retirees (also referred to as Other Post Employment Benefits or "OPEB"). At this time, this is only a reporting requirement; there is no legal requirement to fund this liability. However, it is reasonable to assume that at some point in the future, a funding requirement may be implemented.

As a matter of prudent financial management, the City has started to identify different ways to begin funding this obligation. One potential funding source that has been suggested is to recover the OPEB cost for those positions that participate in fee based activities.

On May 11, 2009, the City Council approved the updated fees and charges for fiscal year 2009-10, which included a provision to earmark 1.5% of the actual fee receipts from the Building & Safety Division, Engineering Division, Fire Department, Planning Division, and Police Department toward the City's OPEB liability. In that agenda report, staff stated that the City Council Financial Policy would be updated to include language requiring a portion of the actual fee receipts be earmarked each year and set aside to pre-fund the City's OPEB obligation if directed by City Council.

On May 11, 2009, the City Council unanimously adopted the following motion:

> "Adopt a resolution establishing and amending various fees and charges for services provided by the City, INCLUDING Section 12 which directs the Finance Department to earmark 1.5% of actual user fee receipts for certain departments/divisions toward Other Post Employment Benefits, and rescinding prior fee Resolution(s)…"

DISCUSSION:

Pursuant to directive received on May 11, 2009 staff proposes the following statement be added to the "User Fees and Charges and Development Impact Fees" section of City Council Policy No. 5002 – Financial Policies (Attachment #1):

> "…A percentage of certain fee revenues, as determined by City Council Resolution, shall be earmarked and set aside in an irrevocable trust for post employment benefits. After the fiscal year has ended, the earmark percentage will be applied to the actual fee revenues received during the respective fiscal year…"

It is staff's intention to present the City Council with the percentage to earmark and which department/divisions to apply the earmark to during the annual update of the fee resolution. Therefore, as the specific percentage and applicable fee revenues change over time, the City Council Financial Policy does not also need to be changed. However, an action by City Council Resolution is required to change the percentage and applicable fee revenues.

FISCAL ANALYSIS:

The City Council has already established the earmark percentage (1.5%) and applicable fee revenues (Building Safety, Engineering excluding Preferential Parking, Fire, Planning, and Police) for FY 2009-10. The associated fiscal impact was considered and approved during the update of the user fees and charges on May 11, 2009.

There is no fiscal impact associated with amending the current City Council Policy No. 5002 – Financial Policies.

ATTACHMENTS:

1. Proposed Resolution (including proposed City Council Policy No. 5002 – Financial Policies)

MOTION:

That the City Council:

Adopt a Resolution revising City Council Policy Statement No. 5002 – Financial Policies, and rescinding Resolution No. 2007-R043.