City of Culver City, California

Agenda Item Report

Meeting Date: 10/08/2012	Item Number: A-2
CITY COUNCIL AGENDA ITEM: (1) Consideration of the Formation of a Finance Advisory Committee and (2) Adoption of a Resolution Establishing Such Committee and Approving Its Bylaws.	
Contact Person/Dept.: Jeff S. Muir/Finance	Phone Number: 310/253-5865
Fiscal Impact: Yes [] No [X]	General Fund: Yes [] No [X]
Public Hearing: [] Action Item: []	Attachments: [X]
Commission Action Required: Yes [] No [X]	Date: ________________
Public Notification: (E-Mail) Meetings and Agendas – City Council (10/04/12)	
Department Approval: Jeff Muir (10/01/12)	City Attorney Approval: Carol Schwab (by H. Baker) (10/02/12)
Chief Financial Officer Approval: Jeff Muir (10/01/12)	City Manager Approval: John M. Nachbar (10/04/12)

RECOMMENDATION:

Staff recommends that the City Council:

1. Consider the formation and proposed structure and duties of a Finance Advisory Committee (FAC); and
2. If the City Council determines to form an FAC, adopt a Resolution approving the FAC's Bylaws; or
3. Provide alternate direction to staff.

BACKGROUND:

At the City Council meeting of July 16, 2012, the necessary actions to place a temporary half-cent local sales tax increase (Measure Y) on the November ballot were approved. During the discussion, there was consensus for the formation of a FAC.

Staff has researched several cities throughout California that have a Finance Advisory Committee or a similar body. Examples include the cities of El Cerrito, Eureka, Piedmont, Oakland and Emeryville. Staff is recommending a structure similar to the City of Emeryville, which recently converted its City Council Finance Committee (two Council Members) to an Advisory Committee that includes two Council Members, two residents, two members of the business community and one labor representative.

There are currently three City Council Subcommittees related to financial matters:

(1) Joint Finance and Judiciary Subcommittee;
(2) Treasurer's Investment Subcommittee; and
(3) Audit, Financial Planning, and Budget Subcommittee.

The Judiciary and Finance Subcommittee has two functions as stated in the Culver City Municipal Code (Section 3.01.020):

1) A Subcommittee member signs the City Treasurer's demand sheet to acknowledge that the demand sheet has been received and filed by the City Council; and,

2) The Subcommittee reviews demands for payment that the City Treasurer has denied and makes a recommendation to the City Council on their disposition.

The Audit, Financial Planning and Budget Subcommittee works with the City Manager to forge long-range financial policies to present to the City Council for consideration. The Subcommittee also meets with the City's Auditors to discuss the annual audit.

The Treasurer's Investment Subcommittee currently consists of the Chief Financial Officer/City Treasurer, the City Manager, and one public member and one City Council Member. The Subcommittee reviews City investment policies and practices. The current City Council appointees to these Subcommittees are Vice Mayor Cooper and Council Member O'Leary (with Vice Mayor Cooper as the representative on the City Treasurer's Investment Subcommittee).

The Joint Finance and Judiciary Subcommittee is created through the Culver City Municipal Code, and staff recommends no changes at this time. However the Investment Subcommittee rarely meets. Also, one of the proposed duties of the FAC is to review the Audit. Therefore, if the City Council determines to establish a FAC, it is recommended that it dissolve the Treasurer's Investment Subcommittee and rename the Audit, Financial Planning and Budget Subcommittee to the Financial Planning and Budget Subcommittee.

DISCUSSION:

Should the City Council determine to form the FAC, staff proposes the following specific items as matters where the Committee may provide advice:

- In the event of its approval by the voters, review of the expenditures of Measure Y funds consistent with the City Council Adopted Budget.
- The Mid-Year Budget Report.
- The City Council Policies Related to Finance
- The City's investment policy and portfolio.
- The Results of the Annual Independent Audit.

- Selection of the City's independent auditors.

The FAC would be advisory only.

It is recommended the FAC would consist of two Council Members (who should be the same members appointed to the Joint Finance and Judiciary Subcommittee to ensure compliance with the Brown Act), two Culver City residents, two members of the Culver City business community, and a one labor representative. Applicants must have education or experience in business, accounting, finance or a related field. In recognition that government finance is a specialized area of knowledge, it is highly desirable that each of the members possess knowledge of governmental accounting or governmental financial operations.

All members would be appointed by the City Council. The recommended term of each member would be four years, however three of the seats would have an initial term of approximately two years (to June 30, 2012). Meetings are proposed on an as-needed basis on the 2nd Wednesday of the month. Because the composition of the FAC would not be solely less than a quorum of the City Council (due to the appointment of additional members) and because the FAC would address a continuing subject matter, the FAC would be subject to the Brown Act.

Following the direction to establish the FAC, the City Clerk's Office will post the vacancies and notify the public of the opportunity to submit applications. It is expected this process will allow the City Council to consider appointments to the FAC in January, 2013.

FISCAL ANALYSIS:

There is no direct fiscal impact associated with the establishment of the Finance Advisory Committee and the adoption of the proposed Resolution. However, staff support to this Committee will have to be provided by the Chief Financial Officer and Finance Department staff. This is outside of the current work plan and will have to be absorbed within existing workloads.

ATTACHMENTS:

1. Proposed City Council Resolution
2. Exhibit 'A' – Proposed Bylaws

MOTION:

That the City Council:

1. Consider the formation and proposed structure and duties of a Finance Advisory Committee; and

2. If the City Council determines to establish a Finance Advisory Committee, adopt a Resolution establishing the Committee and approving its bylaws; or

3. Provide alternate direction to staff.