



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 02/21/2017

ITEM NO: 10

DATE: FEBRUARY 13, 2017
TO: MAYOR AND TOWN COUNCIL
FROM: LAUREL PREVETTI, TOWN MANAGER
SUBJECT: OPTIONS TO INCREASE PUBLIC PARTICIPATION ON THE COUNCIL FINANCE COMMITTEE

RECOMMENDATION:

Staff recommends that the Council review the options and select one to increase public participation on the Council Finance Committee.

BACKGROUND:

At the January 31, 2017 meeting of the Town Council Priority Setting Session, staff was directed to explore options for increasing public participation on the two-member Town Council Finance Committee. The direction from Council was the result of requests from the public to provide input and to share expertise on a variety of financial issues facing the Town. The issues include CalPERS pension liability, Other Post Retirement Benefits (OPEB), and the annual financial audit/Comprehensive Annual Financial Report (CAFR).

Historically, the Council Finance Committee met annually to discuss the Comprehensive Annual Financial Report (CAFR). Last year, the Committee also met to discuss the CalPERS unfunded liability. The Committee typically gives a member of the public three minutes to provide input.

Given that the unfunded liability with CalPERS pensions and Other Post-Employment Benefits (OPEB) is a Council Strategic Priority, staff intends to bring options and strategies to the Council Finance Committee in March for discussion and possible recommendation prior to a full Town Council discussion in April. Consequently, staff anticipates additional Council Finance Committee meetings in 2017.

The public's input, perspectives, and ideas are an important part of the Town's deliberation of financial concerns, particularly unfunded liabilities. Staff requests Council's direction regarding a preferred approach to increase public participation on the Council Finance Committee.

PREPARED BY: KAY WINER
Interim Assistant Town Manager

Reviewed by: Town Manager, Town Attorney, and Finance Director

DISCUSSION:

Options:

There are three primary models for meaningful public participation.

1. The first is creation of a separate Finance Commission, comprised of public members appointed by the Council. The Commission would advise and make recommendations to the Town Council. Staff's research shows that this model is often structured to focus on specific financial issues, such as the budget or monitoring a tax measure. The Commission is advisory to the Council. This model was proposed by staff, but rejected by Council.
2. The second is to add members of the public to the existing two-member Council Finance Committee after a formal application and interview process. To implement this approach, the Council would need to adopt a resolution which would: define the purpose and scope of the Finance Committee; determine if the public members can vote; identify the qualifications, if any, to serve on the Committee; specify the number of public members; and align the process and term for appointments to be consistent with other Town Commissions.
3. The third model is to welcome the public to participate in all Council Finance Committee meetings without formal appointment. The public would be invited to join the Council Committee members at the table and participate in the discussion of all agenda items without strict time limits. The Committee Chair would lead the agenda and facilitate the discussion. This approach is similar to the way the Council Policy Committee currently functions.

If the Council wishes to pursue approach #2 (adding public members to the Council Finance Committee), staff recommends that the following parameters be drafted in a resolution for adoption at the next Council meeting.

- **Council Finance Committee Purpose and Scope**
Presently, the Council Finance Committee deals with a full range of finance-related issues facing the Town. The public members of the Finance Committee would participate in all meetings. The Council may wish to define the purpose and scope of the Committee. For example, the major issues that the public has already expressed interest in and a keen desire for participation, include CalPERS unfunded pension liability, OPEB, and the annual audit/Comprehensive Annual Financial Report (CAFR).

- **Voting**

Another issue to consider is whether the public members of the Finance Committee would have voting rights or if their function is to provide input to the Council Committee members during deliberations.

- **Potential Qualifications to Serve as a Public Member of Finance Committee**
 1. Resident of Los Gatos and a registered voter;
 2. Five years of experience in at least one of the following:
 - a. Financial experience in a corporate, business, or government setting;
 - b. Principal or officer at a financial auditing firm;
 - c. Investment banking;
 - d. Finance or budget management;
 - e. Certified public accountant (CPA)

- **Options for Number of Public Members**

The Town Council would need to determine the number of public members to join the two Council members on the Committee.

- **Selection Process**

Staff recommends that the appointment process follow the same procedures as described in the Town Council Policy entitled Commission Appointment Policy.

- **Term of Appointment**

The Town Commissioners typically serve for three (3) years. Terms of appointment should be for at least three years to allow sufficient time for the public members to develop an in depth understanding of the financial policies and issues facing the Town to provide meaningful input. Appointees to the Finance Committee should have the opportunity to serve additional terms, consistent with other Commission appointments.

CONCLUSION:

The Town Council has made the decision to increase public participation on the Finance Committee. This report provides alternatives on the role and functions of the public members, appointment process, and length of service on the Finance Committee. Since this is a new process for the Council, it can be viewed as a “pilot,” and evaluated after the first year of implementation, with any appropriate changes made at that time.

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COMMITTEE

DATE: FEBRUARY 13, 2017

COORDINATION:

This report was coordinated with the Finance Department and Town Attorney's Office.

FISCAL IMPACT:

The existing staff would continue to support the Council Finance Committee. Staff has also met with members of the community to answer their questions and review Town financial documents. At this time, the Finance Department is able to absorb additional fiscal impacts related to increased public participation.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.