



**TOWN OF LOS GATOS  
COUNCIL FINANCE COMMITTEE  
REPORT**

MEETING DATE: 06/08/2020

ITEM NO: 3

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DATE: June 2, 2020  
TO: Council Finance Committee  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Review the Finance Committee's Enabling Resolution 2019-042 and Provide Input as it Relates to Composition, Voting, and Purpose and Scope of the Committee

**RECOMMENDATION:**

Review the Finance Committee's Enabling Resolution 2019-042 and provide input as it relates to composition, voting, and purpose and scope of the Committee.

**BACKGROUND:**

For many years, the Council Finance Committee consisted of two Council Members who met annually with the Town's independent auditor to discuss the Comprehensive Annual Financial Report (CAFR) prior to its consideration by the full Town Council. During the January 2017 Strategic Priorities session, the Town Council directed staff to return with options for increased public participation in the Finance Committee.

On February 21, 2017, the Town Council considered several options for increasing public involvement on the Finance Committee (Attachment 1) and directed staff to prepare an enabling resolution for the Finance Committee that would add three non-voting members of the public and clarify the scope of the Committee. On March 7, 2017, the Town Council adopted this enabling resolution for the Finance Committee (Attachment 2).

On December 18, 2018, the Town Council discussed the Internal Service Funds and Reserves and made several motions, including a request to re-evaluate the purpose and composition of the Council Finance Committee to determine if any changes are needed. On January 15, 2019, the Town Council heard proposed recommendations (Attachment 3) and chose to unanimously reaffirm the existing Resolution 2017-008. Subsequently on August 6, 2019, the Town Council

**PREPARED BY:** Arn Andrews  
Assistant Town Manager

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

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BACKGROUND (continued):

rescinded Resolution 2017-008 in order to facilitate the timely convening of the initial Sales Tax Oversight Committee meeting. Attachment 4 is the current adopted Enabling Resolution for the Finance Committee (2019-042).

DISCUSSION:

Similar to the initial discussion with Council in 2017, the current incumbents on the Finance Committee could provide relevant input regarding the evolution of the Finance Committee and potential changes to the current Resolution. Committee member input on the following core elements of the existing Resolution would be particularly helpful: Committee composition, voting, and purpose and scope. The current Resolution includes:

*Committee composition* – The Town Finance Committee consists of five (5) members. Two (2) Town Council Members, appointed annually by the Mayor, and three (3) adult residents, appointed by the Town Council.

*Voting* – The two Town Council Members are voting members and the three (3) adult resident members are non-voting members.

*Purpose and scope* - The function of the Committee shall be to serve in an advisory capacity to the Town Council regarding the following:

1. Annual review of the Town's investment policy;
2. Annual review of the independent financial audit (Comprehensive Annual Financial Report);
3. Annual review of and potential recommendations to address the Town's CalPERS unfunded pension and Other Post-Employment Benefits (OPEB) liabilities;
4. Annual review of proposals and make recommendations regarding new and increased revenue sources;
5. In the event the Town's Sales Tax Oversight Committee does not have the required five (5) members, the Council Finance Committee resident members will serve as members of the Sales Tax Oversight Committee.
6. Special projects as directed by the Town Council, Town Manager, or Finance Director.

It is not the purpose of the Committee to advise on regular or routine financial administration, nor to become involved in other than the financial impact of the projects/programs they are asked to review.

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DISCUSSION (continued):

Additional reference materials include: the proposed ballot initiative (Attachment 5), review of the ballot initiative by the Town Attorney (Attachment 6), and materials provided by Committee Member Duryea (Attachment 7).

CONCLUSION:

Staff looks forward to the discussion and receiving substantive input from the Committee regarding the Committee Enabling Resolution. The Committee's ideas/recommendations will be provided to the Town Council for consideration of potential modifications to the Resolution.

COORDINATION:

This staff report was coordinated with the Town Manager, Town Attorney, and Director of Finance.

FISCAL IMPACT:

None

Attachments:

1. February 21, 2017 Staff Report
2. Resolution 2017-008
3. January 15, 2019 Staff Report
4. Resolution 2019-042
5. Proposed ballot initiative
6. Town Attorney review
7. Committee Member Duryea materials