



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 5829
March 16, 2021
Regular Business

AGENDA BILL INFORMATION

TITLE:	AB 5829: Creation of City Council Committee to develop Financial Management Policies	<input type="checkbox"/> Discussion Only
RECOMMENDED ACTION:	Create a City Council Ad Hoc Committee to work directly with Finance staff to develop financial management policies to guide fiscal decision-making.	<input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution

DEPARTMENT:	Finance
STAFF:	Matthew Mornick, Finance Director
COUNCIL LIAISON:	n/a
EXHIBITS:	1. City Council Rules of Procedure, Section 9
CITY COUNCIL PRIORITY:	2. Articulate, confirm, and communicate a vision for effective and efficient city services. Stabilize the organization, optimize resources, and develop a long-term plan for fiscal sustainability.

SUMMARY

Staff proposes that City Council create an ad hoc committee, as set forth in the City Council Rules of Procedure 9.3B and 9.5 (See Exhibit 1), to work with City Finance staff to develop a new Financial Management Policy document.

FINANCIAL MANAGEMENT POLICIES

The new financial management policies document will exist separate from biennial budget documents. It will cover a variety of topics, including the items raised by City Council during the 2021-2022 biennial budget workshops, such as fund balance reserves, long-term financial planning, and use of REET revenues, as well as high-level guidance for the Operating Budget, the Capital Program, Revenues and Expenditures, Long-term Financial Planning, Investments, and Debt Management, among others.

This practice aligns with neighboring cities and is deemed a best practice and essential part of public financial management by the of the National Advisory Council on State and Local Budgeting in the Government Finance Officers Association.

COMMITTEE MECHANICS

Staff proposes the creation of a City Council Finance Committee to meet monthly with the goal of presenting a draft financial management policy document to the full City Council in September, with City Council adoption anticipated in October 2021. The Finance Director will facilitate committee meetings once a month beginning in March. At the Committee's discretion, meetings could be held during or after the workday. Staff will provide meeting materials to include an agenda, analysis, and key decision points. The committee will

work through guiding policies incrementally, with an update at the City Council Planning Session in April. The Finance Committee will provide a draft policy recommendation to the full City Council in September, with City Council adoption anticipated in October 2021. The committee will disband thereafter as set forth in the City Council Rules of Procedure 9.3B, *“Ad hoc committees will be dissolved upon completion of the intended purpose and objectives.”*

NEXT STEPS

If the City Council creates a Finance Ad Hoc Committee, the City Council will need to determine its membership. This may be done at the March 16, 2021 meet or a future meeting.

RECOMMENDATION

Create the City Council Finance Committee to develop Financial Management Policies by October 2021 and appoint three Councilmembers to serve on the Committee.