

AGENDA
CITY OF RANCHO PALOS VERDES
NOTICE OF MEETING OF THE FINANCE ADVISORY COMMITTEE
JULY 24, 2013
COMMUNITY ROOM
30940 HAWTHORNE BOULEVARD
RANCHO PALOS VERDES

7:00 PM CALL TO ORDER

1. Roll Call
2. Approval of Agenda
3. Public Comments (This section of the agenda is for audience comments for items **NOT** on the agenda.)
4. Pension Assignment Update
5. Analysis of City Revenues and Expenditures (oral update)
6. Infrastructure Financing (oral update)
7. Draft 2013-14 Work Plan
8. Approval of Draft Minutes for the meeting conducted May 8, 2013
9. Other Staff Reports (oral updates)
 - a. Banking
 - b. City Budget
 - c. Community Presentation
10. Adjournment

American with Disabilities Act: In compliance with the Americans with Disabilities Act of 1990, if you require a disability-related modification or accommodation to attend or participate in this meeting, including auxiliary aids or services, please call the City Clerk's Office at 310 544-5208 at least 48 hours prior to the meeting.

NOTE: Staff reports are available for inspection at City Hall, 30940 Hawthorne Boulevard during regular business hours, 7:30 A.M. to 5:30 P.M. Monday – Thursday and 7:30 A.M. to 4:30 P.M. on Friday. Materials related to an item on this Agenda submitted to the Committee after distribution of the agenda packet are available for public inspection in the Finance Department at 30940 Hawthorne Boulevard, Rancho Palos Verdes during regular business hours.

Written materials, including emails, submitted to the City are public records and may be posted on the City's website. Accordingly, you may wish to omit personal information from your oral presentation or written materials as it may become part of the public record regarding an agenda item.

Materials related to an item on this Agenda submitted to the Finance Advisory Committee after distribution of the agenda packet are available for public inspection at the front counter of the lobby of the City Hall Administration Building at 30940 Hawthorne Boulevard, Rancho Palos Verdes during normal business hours.

You can also view the agenda and staff reports at the City's website www.palosverdes.com/RPV.

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MEMORANDUM

**TO: HONORABLE CHAIR & MEMBERS OF THE FINANCE
ADVISORY COMMITTEE**

**FROM: KATHRYN DOWNS, DEPUTY DIRECTOR OF FINANCE
& INFORMATION TECHNOLOGY**

DATE: JULY 24, 2013

SUBJECT: PENSION ASSIGNMENT UPDATE

**REVIEWED: DENNIS McLEAN, DIRECTOR OF FINANCE &
INFORMATION TECHNOLOGY**

RECOMMENDATION

1. Receive and file this report; and
2. Prepare a report of findings, and if appropriate, recommendations to the City Council.

BACKGROUND & DISCUSSION

Memorandum Prepared by Member James

Member James has prepared a Memorandum addressed to the FAC regarding the impact of CalPERS investment returns on the City's unfunded pension liability (see Attachment A).

Survey of Agencies That Have Requested Termination Valuations

At the Finance Advisory Committee (FAC) meeting on March 6, 2013, Committee Members expressed interest in discovering which agencies have requested termination valuations from CalPERS in the last year, and why.

On April 16, 2013, the City Council took the following action.

"Directed that the FAC continue to monitor the City's relationship with CalPERS, including but not limited to, contacting other agencies that have sought termination data from CalPERS, and report their findings, and if appropriate, make recommendations to the City Council at a future date."

PENSION ASSIGNMENT UPDATE

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On April 19, 2013, Staff received the list of agencies from CalPERS that have requested termination calculations between April 18, 2012 and April 18, 2013 (see Attachment B). Of the 15 agencies listed, 4 are redevelopment related agencies. Redevelopment agencies were dissolved on January 31, 2012 by state law, and presumably termination from CalPERS is directly related to winding down the affairs of those agencies.

On May 8, 2013, the FAC agreed to Staff conducting agency inquiries with the following questions.

1. What was the underlying reason(s) for the governing board action to adopt a resolution of intent to terminate? Is the reasoning documented in a public record (e.g. staff report accompanying the intent of resolution)?
2. Has the agency received the termination valuation? If yes:
 - a. Have the results been communicated to the governing board?
 - b. What was the amount of the termination liability?
 - c. Did the results have any impact on the governing board's intent to terminate?
3. What was the amount of the most recent actuarial liability?
4. Does the agency have public safety employees? If yes, what portion of the annual total employer contribution is for public safety employees?
5. What is the employees' benefit formula for each class?
6. What is the agency's employer contribution rate for each class?
7. Is the agency a member of a CalPERS risk pool?
8. What is the agency's annual budget?
9. What is the agency's annual payroll?
10. What is the agency's plan for replacing CalPERS?
11. Is the agency planning to issue debt to pay the termination liability?

Staff contacted each of the 11 non-redevelopment agencies, as noted above. The projected payroll for FY13-14 and the June 30, 2011 market value of the unfunded pension liability for the 11 agencies are compared to Rancho Palos Verdes below.

	Projected Annual Payroll FY13-14	Market Liability June 30, 2011	Includes Public Safety?
Treasure Island Development Authority	\$ -	\$ 22,524	No
Sonoma Student Union Corp	\$ -	\$ 754,944	No
Ben Lomond Fire Protection District	\$ 132,252	\$ 98,648	Yes
Central Calaveras Fire & Rescue Protection District	\$ 143,836	\$ 60,905	Yes
City of Canyon Lake	\$ 236,637	\$ 233,686	No
Southern Sonoma County Resource Conservation District	\$ 283,345	\$ 333,161	No
California State University, Stanislaus Auxiliary & Business Services	\$ 326,989	\$ 1,057,131	No
Long Beach City College Associated Student Body Enterprises	\$ 783,279	\$ 2,626,921	No
City of San Jose	\$ 959,422	\$ 975,965	No
Orange County Vector Control District	\$ 4,819,067	\$ 735,708	No
Rancho Palos Verdes	\$ 5,566,207	\$ 6,008,649	No
City of Piedmont	\$ 9,029,082	\$ 22,159,188	Yes

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Results

Nine agencies responded to Staff's inquiry. Despite Staff's repeated contacts, 2 of the agencies did not respond (Long Beach City College Associated Student Body Enterprises and Sonoma Student Union Corp), and 2 of the agencies responding did not provide complete responses. A summary of results is provided below.

- Six agencies asserted that rising pension cost was the factor driving the request for a termination valuation.
 - Three of these agencies have received a termination valuation, and have abandoned efforts to leave CalPERS.
 - Three of these agencies have not yet received a termination valuation.
- One agency is a small fire district with only 2 part-time employees. The agency utilizes volunteer firefighters, and CalPERS has informed the agency that these volunteers must be covered under the CalPERS contract. The fire district does not have the resources to initiate a legal challenge, but has been lobbying decision makers in Sacramento regarding the definition of persons to be covered under a CalPERS contract.
- One agency is simply consolidating pension plans within CalPERS. The agency had multiple plans with CalPERS.
- One agency has a CalPERS plan for a single executive employee who is no longer employed by the agency. The agency requested the termination valuation to determine whether they should continue making payments on the plan, or terminate for a lump sum. The agency has received the termination valuation, and has not yet made a decision.

None of the agency representatives reported any agency discussions of challenging CalPERS methodology for calculating the termination liability.

Additional Information for Cities Surveyed

Three of the agencies surveyed were cities (Canyon Lake, Piedmont, and San Jose). All three cities were among the agencies asserting that rising pension cost was the factor driving the request for a termination valuation. Additional information follows.

- Canyon Lake has only 2 full-time employees and a part-time city manager. The city council is interested in hiring only part-time employees going forward. Canyon Lake's CalPERS contract prohibits them from doing that. Canyon Lake plans to proceed with termination, and will likely have to issue debt to pay the termination liability.
- Piedmont's Budget Advisory Committee made a recommendation last year to move to a defined contribution plan for employees. After receiving the termination valuation, the city council determined that the termination liability was unaffordable and did not wish to issue debt to pay it. The Budget Advisory Committee has made the same recommendation this year. Piedmont staff has not been directed by its city council to perform additional analysis.
- San Jose has a CalPERS plan for its city council members. San Jose has its own

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defined benefit pension system for its employees; and planned to move the city council members into a defined contribution plan. Once the termination valuation was received, San Jose determined it was too expensive to terminate the city council CalPERS plan.

MEMORANDUM

To: Finance Advisory Committee
From: Bill James
Date: July 17, 2013
Subject: RPV's Unfunded Pension Liability

Last year, the Rancho Palos Verdes City Council requested the Finance Advisory Committee ("FAC") to look into the methodology used to calculate the City's unfunded pension liability.

On April 25, 2012, FAC submitted a memorandum to the Council discussing alternative calculations of the City's unfunded pension liability and estimated that RPV's unfunded pension liability for the fiscal year ending June 30, 2010, based upon market value assets, was as much as three times CalPERS' stated actuarial value. We recommended that the City Council continue the matter for further discussion until after (1) the anticipated announcement of a new Governmental Accounting Standards Board statement, and (2) delivery of CalPERS' Actuarial Valuation Report for the fiscal year ending June 30, 2011, addressing market and termination values.

On March 6, 2013, we submitted a memorandum to the Council updating the findings in our prior memorandum to include the additional data referred to above. We recommended that the Council direct FAC to continue to review the issue, including but not limited to, contacting other agencies that have sought termination data from CalPERS, and to report our findings, and if appropriate recommendations, back to the City Council. The Council adopted that recommendation at its April 16, 2013 meeting.

CalPERS has reported a 12.5% return on its investment portfolio for the fiscal year ended June 30, 2013, a rate substantially in excess of its 7.5% discount rate. Some observations may help to put this fact in perspective:

1. The CalPERS investment results have been very inconsistent in recent years. During the 5 previous years, its investment portfolio:
 - lost 5.1% for the fiscal year ending June 30, 2008
 - lost 24.8% for the fiscal year ending June 30, 2009;
 - gained 13.3% for the fiscal year ending June 30, 2010;
 - gained 21.7% for the fiscal year ending June 30, 2011, and
 - gained 0.1% for the fiscal year ending June 30, 2012.

Including the current year, they have averaged a gain of around 3% a year since 2007.¹

2. The current rate of return is not extraordinary when compared to investment returns achieved by similar funds. *E.g.*, CalPERS' rate of return in publicly traded equity holdings was less than the S&P 500 ETF (SPY)² rate for the same period; and CalPERS' overall rate was less than that of its sister agency, the California State Teacher's Retirement system, which reported earning 13.8% for the same period. It can be argued that CalPERS simply sailed along, more slowly than many, on a rising tide of investment inflation caused, in part, by the most recent round of stimulus spending by the Federal Reserve.

Nevertheless, from the narrow point of view involving the concerns which led to FAC's original assignment, the most recent statistics should be viewed positively. Regardless of the cause, the net result is that the amounts of RPV's unfunded pension liability and its possible termination number were both reduced.

Unfortunately, it could take over a year for the statistics promulgated by CalPERS to reflect this result. In its June 30, 2011 Actuarial Valuation Report, CalPERS reported that RPV's unfunded pension liability for fiscal 2011 was: (1) approximately \$3.7 million based upon its actuarial assumptions, and (2) approximately \$6 million based upon market assumptions. CalPERS calculated that the amount the City would have had to pay if it had terminated its plan on June 30, 2011 would have been \$16,571,853.

Because of its poor investment returns for the fiscal year ending June 30, 2012, the Actuarial Valuation Report from CalPERS for that period (which should become available at the end of this year) will likely reflect figures that are substantially higher. The more favorable gains for the recently ended fiscal year should again reduce the amount of the unfunded liability as well as the termination number, but not to numbers as low as those in the June 30, 2011 Actuarial Valuation report.

In a memorandum entitled Pension Assignment Update provided as part of the agenda packet for the May 8, 2013, FAC meeting, Staff repeated its desire to coordinate the initial inquiries to a list, provided to us by CalPERS, of agencies that had requested termination data. FAC agreed with this request and Kathryn Downs will submit a staff report at our July 24, 2013 meeting. Based on my conversations with Kat, it is my understanding that in a general sense, the results are inconsistent and indeterminate, *i.e.*, there is no dominant trend, no new set of concerns expressed by other agencies, and no approaches to the issues that we have not considered.

¹ CalPERS publishes different results on its website which include private equity and real asset returns reported on a one-quarter lag. The numbers set forth on its website, -4.9%, -23.4%, 11.6%, 20.9% and 1.0% for the above 5 years, total the same as the numbers stated above and in their annual reports.

² SPY is the oldest U.S.-listed ETF (exchange traded fund), and is one of the largest and most-widely traded securities in the world; its assets currently stand at about \$105 billion and its average daily trading volume exceeds 200 million shares.



California Public Employees' Retirement System
 External Affairs Branch
 Office of Stakeholder Relations
 P.O. Box 942701
 Sacramento, CA 94229-2701
 TTY: (916) 795-3240
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www.calpers.ca.gov

April 19, 2013

Kathryn Downs
 30940 Hawthorne Blvd.
 Rancho Palos Verdes, CA 90275

Dear Ms. Downs:

**Subject: PUBLIC RECORDS REQUEST – AGENCIES WITH TERMINATION
 CALCULATIONS (TRACKING #1146)**

This letter is in response to your Public Records Act request received by the Office of Stakeholder Relations on March 15, 2013. In your correspondence, you requested:

A list of employer agencies that have requested plan termination calculations from CalPERS during the last 12 month.

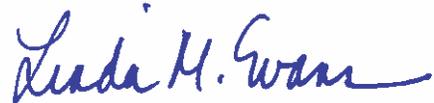
Our staff located information responsive to your request and disclosable under the Public Records Act. Below is the list of agencies that have requested a termination between the dates of April 18, 2012 – April 18, 2013:

Agency	Inquiry date
Central Calaveras Fire and Rescue Protection District	4/30/2012
California Redevelopment Association Foundation	4/30/2012
Ben Lomond Fire Protection District	5/2/2012
California State University, Stanislaus Auxiliary and Business Services	5/8/2012
Treasure Island Development Authority	5/25/2012
Long Beach City College Associated Student Body Enterprises	6/5/2012
City of Piedmont	7/16/2012
City of San Jose	7/19/2012
Daly City Redevelopment Agency	11/8/2012
Alhambra Redevelopment Agency	11/14/2012
Southern Sonoma County Resource Conservation District	11/15/2012
Sonoma Student Union Corp	11/30/2012
Torrance City Redevelopment Agency	12/11/2012
Orange County Vector Control District	1/30/2013
City of Canyon Lake	3/13/2013

Kathryn Downs
April 19, 2013
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Thank you for your inquiry. I hope this information is helpful. By providing this information, we consider your Public Records Act request fulfilled and closed. If you have any further questions regarding this request, you may contact the Public Records Act analyst at the above address or at telephone number (916) 795-7645.

Sincerely,



LINDA M. EVANS
Acting Division Chief
Office of Stakeholder Relations

MEMORANDUM

**TO: HONORABLE CHAIR & MEMBERS OF THE FINANCE
ADVISORY COMMITTEE**

**FROM: KATHRYN DOWNS, DEPUTY DIRECTOR OF FINANCE
& INFORMATION TECHNOLOGY**

DATE: JULY 24, 2013

SUBJECT: DRAFT 2013-14 WORK PLAN

**REVIEWED: DENNIS McLEAN, DIRECTOR OF FINANCE &
INFORMATION TECHNOLOGY**

RECOMMENDATION

Finalize the draft 2013-14 work plan, to be forwarded to the City Council for approval.

BACKGROUND & DISCUSSION

One method used by the City Council to involve the citizenry is to appoint advisory bodies. The Finance Advisory Committee (FAC) has been appointed to provide citizen input regarding financial matters of the City. The City Council's fiduciary responsibility cannot be delegated; and includes review and adoption of financial policies, models and the annual budget.

The City Council allocates significant Staff and budget resources to support its advisory bodies. To help control the use of these resources and avoid "scope creep", the FAC's establishing resolution requires preparation of an annual work plan to be approved by the City Council. The work plan outlines tasks assigned, and identifies resources allocated to the advisory body. Advisory bodies do not direct Staff effort and allocation of resources; as such actions can be in conflict with the City Council's and City Manager's role in setting priorities.

The draft 2013-14 work plan is attached for the FAC's consideration.

DRAFT FINANCE ADVISORY COMMITTEE 2013-14 WORK PLAN

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MISSION STATEMENT

The Finance Advisory Committee provides citizen input to the City Council and Staff regarding financial matters of the City of Rancho Palos Verdes. The Committee shall review short and long-term financial information of the City and other financial issues as assigned by the City Council. The Committee shall provide advice regarding economic development matters such as methods to improve the business climate and how to better work with local businesses and shall recommend specific areas for review to the City Council. The Committee will serve to advise the City Council regarding the City's financial condition.

SUMMARY OF SPECIFIC 2013-14 ASSIGNMENTS

1. Receive a presentation of the City's Comprehensive Annual Financial Report (CAFR) prepared annually, including the audit report;
2. Review and provide comments and recommendations regarding the Five-Year Financial Model to the City Council;
3. Study infrastructure financing alternatives in conjunction with Staff development of an Infrastructure Management Plan;
4. Continue to study new financial reporting standards impacting the City's employee pension plan, as well as changes to pension plan provider assumptions and methodologies; and
5. In addition to the above specific assignments, the FAC is prepared to meet on an as-needed basis to review any additional projects assigned to it by the City Council.

DRAFT FINANCE ADVISORY COMMITTEE 2013-14 WORK PLAN

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SUMMARY OF STAFF TIME

A summary of the total Staff time estimated for the assignments outlined in this 2013-14 work plan follows:

Assignment	No.	Potential Meeting Date	Staff Support Hours
Study Impacts to Pension Plan	4	Dec-Jan	14
Study Infrastructure Financing	3	Dec-Feb	53
Receive CAFR Presentation	1	January	2
Review 2014 Five-Year Model	2	Apr-May	24
Total Staff Time			93

Note: The Staff time estimated herein is exclusive of the time to prepare work product for the City Council.

DRAFT FINANCE ADVISORY COMMITTEE 2013-14 WORK PLAN

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SPECIFIC 2013-14 ASSIGNMENTS

1. RECEIVE A PRESENTATION OF THE CITY'S COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) PREPARED ANNUALLY, INCLUDING THE AUDIT REPORT

The Comprehensive Annual Financial Report (CAFR) is an annual report that includes the City's audited financial statements, as well as other financial and statistical information. Receipt of this presentation is an annually recurring item intended to provide the Committee with relevant financial information.

Staff Responsibilities:

- Present an oral overview of the CAFR and accompanying staff report to the Committee and answer Committee Member questions.

Timeline

Staff expects that this presentation will take place during a meeting with another Work Plan assignment in January 2014.

Staff Time:

Committee Member Advance Q&A	1 hour
<u>Staff preparation for presentation</u>	<u>1 hour</u>
Total Staff Time Required	2 hours

2. REVIEW AND PROVIDE COMMENTS AND RECOMMENDATIONS REGARDING THE FIVE-YEAR FINANCIAL MODEL TO THE CITY COUNCIL

The Five-Year Financial Model (the "Model") is a financial schedule which is annually prepared by Staff, as required by City Council Policy No. 18. The Model includes the proposed budget for the coming fiscal year, as well as estimates of revenues, expenditures, fund transfers and ending fund balance for all funds of the City over a five-year time period. The Model is prepared as part of the budget process for each fiscal year, and is a planning tool used to identify structural problems in the budget and future fiscal challenges.

Committee Responsibilities:

- Review and comment on the draft 2014 Model prepared by Staff focusing on noteworthy changes, trends, and key assumptions; and
- Provide recommendations to City Council.

DRAFT FINANCE ADVISORY COMMITTEE 2013-14 WORK PLAN

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Staff Responsibilities:

- Prepare the draft 2014 Model with accompanying staff reports explaining key assumptions and noteworthy changes;
- Present an oral overview of the draft 2014 Model and accompanying staff report to the Committee and answer Committee Member questions; and
- Forward the Committee's comments and recommendations to the City Council for its consideration prior to adoption of the FY14-15 City budget.

Timeline

Staff expects that review of the draft 2014 Model will take place at two Committee meetings during April and/or May 2014.

Staff Time:

Staff report preparation for the Committee	6 hours
Agenda preparation with Chair & distribution	2 hours
Committee Member Advance Q&A	4 hours
Staff preparation for presentation	4 hours
Meeting attendance for 1 staff person	6 hours
<u>Minute preparation</u>	<u>2 hours</u>
Total Staff Time Required	24 hours

Note: The Staff Time estimated herein is exclusive of the time to prepare the Model and Staff Report for City Council.

3. STUDY INFRASTRUCTURE FINANCING ALTERNATIVES IN CONJUNCTION WITH STAFF DEVELOPMENT OF AN INFRASTRUCTURE MANAGEMENT PLAN

The 2012-13 Work Plan included an assignment to "Review the Financing Plan for the San Ramon Canyon Stabilization Project". On March 6, 2013, the FAC recommended that a decision about debt financing the San Ramon Canyon Stabilization project be postponed until after an Infrastructure Management Plan is underway. On May 7, 2013, the City Council awarded a contract to a consultant for preparation of an Infrastructure Report Card, which will be used to develop an Infrastructure Management Plan. On June 1, 2013, the City Council followed the FAC recommendation by deferring the decision until more information is available about the condition of the City's infrastructure based upon completion of the Infrastructure Report Card.

Once the City's infrastructure needs are identified and prioritized as part of the planning process noted above, the FAC will study various alternatives of

DRAFT FINANCE ADVISORY COMMITTEE 2013-14 WORK PLAN

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financing the City's infrastructure; which could include use of City reserves, new revenue, and/or the issuance of debt.

Committee Responsibilities:

- Review alternatives for financing the City's infrastructure; and
- Prepare comments and recommendations to be forwarded to the City Council.

Staff Responsibilities:

- Present available alternatives for financing the City's infrastructure, and answer Committee Member questions; and
- Forward the Committee's comments and recommendations to the City Council.

Timeline

Staff expects that study of infrastructure financing alternatives will take place at three consecutive meetings that may begin as early as the end of calendar year 2013.

Staff Time:

Staff report preparation for the Committee	18 hours
Agenda preparation with Chair & distribution	3 hours
Committee Member Advance Q&A	3 hours
Staff preparation for presentation	6 hours
Meeting attendance for 2 staff persons	18 hours
Minute preparation	3 hours
Prepare Report to City Council	2 hours
Total Staff Time Required	53 hours

4. CONTINUE TO STUDY NEW FINANCIAL REPORTING STANDARDS IMPACTING THE CITY'S EMPLOYEE PENSION PLAN, AS WELL AS CHANGES TO PENSION PLAN PROVIDER ASSUMPTIONS AND METHODOLOGIES

In 2012, the FAC received an assignment from the City Council to study the alternatives to accurately ascertain the City's unfunded pension liability. The FAC completed its assignment and issued a Memorandum to the City Council dated April 25, 2012. The 2012-13 Work Plan included an assignment to update the FAC Memorandum after study of the 2012 Actuarial Valuation Report. The FAC completed its assignment and issued an updated Memorandum to the City Council dated March 6, 2013.

DRAFT FINANCE ADVISORY COMMITTEE 2013-14 WORK PLAN

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In light of new financial reporting standards for pension plans and recent changes in assumptions and methodologies used by the California Public Employees Retirement System (CalPERS), the FAC will continue to study factors impacting the City's employee pension plan and provide recommendations to the City Council as appropriate.

Committee Responsibilities:

- Review the 2013 CalPERS Actuarial Valuation Report; and
- Update the FAC Memorandum with additional recommendations to the City Council as appropriate.

Staff Responsibilities:

- Provide a presentation of the 2013 CalPERS Actuarial Valuation Report and information relevant to this assignment, and answer Committee Member questions; and
- Forward the Committee's updated Memorandum to the City Council.

Timeline

Staff expects this assignment can be completed during two meetings with other Work Plan assignments.

Staff Time:

Staff report preparation for the Committee	6 hours
Committee Member Advance Q&A	2 hours
Staff preparation for presentation	4 hours
<u>Prepare Report to City Council</u>	<u>2 hours</u>
Total Staff Time Required	14 hours

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COMMITTEE RESOURCES

Budget

Historically, the City's budget has included an allocation for hiring outside consultants to assist in researching particular issues. Although this draft work plan does not include assignments with an apparent need for consulting help, additional assignments may come from the City Council in the future. Staff believes the City's budget is adequate to meet the needs of the Committee.

ROLES

City Council

The five-member City Council is the legislative and policy making body for the City, charged with providing overall leadership by enacting laws and allocating City resources for programs, services and activities. The City Council appoints members to serve on this committee and makes special assignments to research, discuss, and provide comments and recommendations to the Council.

Finance Advisory Committee

Advisory committees are a structured way for individual citizens to share their opinions and perspectives, and to formulate comments and recommendations in a focused, small group structure. The primary purpose of advisory committees is to provide judicious advice, from a citizen perspective, to the City Council. Committee activities may include the study of critical issues, hearing public testimony, and reviewing staff reports and recommendations – all of which is intended so that the committee is prepared to discuss, formulate, and forward well-developed, thoughtful comments and recommendations to the City Council in a timely manner. All appointees to the Committee should act at the direction of the whole or the majority of the City Council and not upon the request or direction of an individual member of the Council.

Staff

The City Manager has assigned staff liaisons to each Committee to maintain communication between the Committee, City Council and City Manager. Staff works under the direction of the City Manager. Reports prepared by Staff are generally for the ultimate review and action of the City Council subsequent to the Committee's review and comment. Staff is responsible for the work product that

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the Committee reviews and administration of the Committee's activities including, but not limited to the following:

- Ensuring that meeting notifications and consistent recordkeeping occurs.
- Serving as a communication link between the Committee, City administration, departments, and the City Council, as appropriate.
- Providing professional guidance, issue analysis and recommendations.
- Assisting the committee with report preparation, and correspondence in keeping with the committee's Council-approved work plan.
- Making sure the intent of the advisory committee is not lost after the Committee acts to make a comment or recommendation, and that it is conveyed accurately to the City Council in a timely manner.
- Assisting the advisory committee in staying focused on the assignment and agenda.
- Ensuring compliance of the Committee's actions with the Brown Act.
- Presenting advisory committee comments and recommendations to the City Council, if requested to do so by either the committee or the City Council.
- Maintaining a positive working relationship with the Chair and committee members.

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MINUTES
CITY OF RANCHO PALOS VERDES
FINANCE ADVISORY COMMITTEE

MAY 8, 2013

Chair de la Rosa called the meeting to order at approximately 7:04 p.m. in the Community Room at 30940 Hawthorne Boulevard for the purpose of conducting business pursuant to the Agenda.

Roll call was answered as follows:

PRESENT: Alegria, Ho, James, O'Brien, Santarosa, Vice-Chair Stillo,
Chair de la Rosa

ABSENT: None

Also present was Deputy Director Downs.

APPROVAL OF AGENDA

Member O'Brien moved for approval of the agenda. Vice-Chair Stillo seconded the motion. The agenda was approved unanimously by acclamation.

PUBLIC COMMENTS

None.

DRAFT 2013 FIVE-YEAR FINANCIAL MODEL

Staff provided an oral presentation regarding actions taken by the City Council at the April 30th budget workshop, changes to the Model since the Committee's last meeting, and further information regarding grants to non-profit organizations. Chair de la Rosa and Member James also provided oral comments about the City Council's April 30th budget workshop.

The Committee discussed various topics related to the budget and the Model. Staff answered Member questions. Individual Members offered various suggestions to City Management.

The Committee worked as a group to edit a draft recommendation memorandum to the City Council provided as late correspondence by Member James.

Member James moved to approve the recommendation memorandum to the City Council, as amended by the Committee. Vice-Chair Stillo seconded the motion. The recommendation memorandum was approved unanimously by acclamation.

PENSION ASSIGNMENT UPDATE

Staff provided brief oral comments regarding updated estimates of future employer contributions and the proposed questions for other agencies that have requested termination valuations.

The Committee discussed the task of obtaining information from the other agencies and informally agreed that Staff should gather the information and report back to the Committee.

PROCUREMENT OF BANKING SERVICES

Staff provided brief oral comments regarding the status of the Banking Services procurement process, and indicated that a recommendation would likely be presented to the City Council at a special meeting within the next month.

ANALYSIS OF CITY REVENUES AND EXPENDITURES

This agenda item was discussed in conjunction with the DRAFT 2013 FIVE-YEAR FINANCIAL MODEL agenda item.

INFRASTRUCTURE FINANCING

Staff provided brief oral comments regarding recent actions of the City Council and the anticipated next steps in this assignment.

APPROVAL OF DRAFT MINUTES FOR THE MEETING CONDUCTED APRIL 17, 2013

Member Alegria moved to approve the draft minutes, as presented. Member Santarosa seconded the motion. The motion was approved unanimously by acclamation.

ADJOURNMENT

Staff proposed July 17th or July 24th for the next Committee meeting date, and agreed to send Committee Members an email to check availability. Chair de la Rosa ordered the meeting adjourned at approximately 9:56 p.m.

Dora de la Rosa, Chair, Finance Advisory Committee

ATTEST:

Kathryn Downs, Recording Person

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