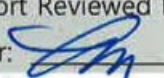


CITY OF SEBASTOPOL
CITY COUNCIL
AGENDA ITEM

Agenda Report Reviewed by:
City Manager: 

Meeting Date: October 17, 2023
To: Honorable Mayor and City Councilmembers
From: Budget Committee Members
Vice Mayor Rich
Councilmember Zollman
Larry McLaughlin – City Manager/Attorney
Mary Gourley – Assistance City Manager/City Clerk
Ana Kwong – Administrative Services Director
Subject: City Council Committee Assignment for Budget Committee and approval of Budget Committee Process
Recommendation: That the City Council make appointments to the Budget Committee and Approve the Budget Committee Process
Funding: Currently Budgeted: Yes No Not Applicable

Account Code: [Fill in Account Number]
Costs authorized in City Approved Budget: Yes (Finance Initialed _____) No (Finance Exempt)

INTRODUCTION/PURPOSE:

The item is to request Council Consider and make appointments to the Budget Committee and Approve the Budget Committee Process as recommended by the Budget Committee.

BACKGROUND:

The Budget Committee is a standing committee that reviews the proposed operating and capital budget each fiscal year and makes a recommendation on the budget to the City Council for final enactment. The Budget Committee is a standing committee and as such an agenda shall be posted for each standing committee meeting not later than 72 hours before any meeting adhering to Government Code.

DISCUSSION:

Appointment to Committee:

The City Council has historically made committee assignments in December of each year. Given that Budget Committee discussions are already involving decisions that affect the budget for next fiscal year, it is recommended that assignments for next Fiscal Year's 2024-25 Budget Committee be made immediately.

The practice regarding Budget Committee assignments for the past several years has been to appoint one Councilmember to continue on the Budget Committee, plus a new Councilmember who has not yet participated on the Budget Committee. This approach has allowed each Budget Committee to have the benefit of a seasoned member as well as a new member offering a new perspective. It also offers the opportunity for each Councilmember to gain a deep understanding of the City's budgetary process and constraints.

For Fiscal Year 2023-24, the Councilmembers appointed to the Budget Committee were Diana Rich (as the continuing "seasoned" member) and Stephen Zollman (as the "new" member). If the Council chooses to continue the practice just outlined, Stephen Zollman would continue on as the experienced member of the FY 2024-25 Budget Committee, and the Council would appoint a new Councilmember to the second committee opening.

Councilmember Zollman is open to continuing. Vice Mayor Rich is ready to step down and is supportive of a new member being appointed by the City Council. **Agenda Item Number: 9**

The Budget Committee has found the described practice to be an effective approach to appointments to the Budget Committee. The Budget Committee notes, however, that there is no requirement that the City Council follow this practice in making appointments to the Budget Committee.

It is also recommended that the appointments be made earlier than December of each year to allow the new member to be brought up to speed on the budget as well as to provide information to the Budget Committee on amendments to the mid-year budget review as well as recommendations for revenue streams that may require Council approval during the mid-year budget review which typically occurs in February.

It is recommended that the Council make appointments to the Budget Committee.

Budget Committee Process:

The Budget Committee has also reviewed the Budget process that has been utilized for the past many years and has recommended a Council policy be established for the Budget Committee process that consists of a new budget committee process. This new proposed process will help to streamline the budget process, while still providing opportunity for members of the public to engage earlier in the process.

Currently, the budget process involves the budget committee to be involved in all aspects of the City budget. This year the committee conducted 18 meetings. The committee was involved from the initial proposals from the department directors that included line item reviews to the finalization of the proposed budget to the City Council. After discussion of the process, the Committee recommends that a new process be established that will return the initial budget review to the City Management team who will meet with Department Heads as needed to provide the Budget Committee with an initial recommended draft Budget. The initial recommended draft Budget will be accompanied by a written report to the Budget Committee, providing an overview of the budget, summarizing any specific challenges presented by that year's budget, summarizing changes made by the Team to Departmental budgets; and identifying any unresolved issues to be addressed by the Budget Committee. The information submitted to the Budget Committee will include any background information the City administrative team believes will be relevant to the Budget Committee's decision-making regarding unresolved issues to be addressed by the Budget Committee. This step will be an internal City staff process to be completed before Budget Committee meetings begin. The Budget Committee will then review and revise the initial recommended draft Budget as needed, and will produce a final draft Budget to be presented to the City Council at a duly noticed public hearing for discussion, review, and approval.

It is recommended that the Council review the policy for edits or approval.

ENVIRONMENTAL REVIEW:

The proposed action is Not a project under CEQA Not exempt Exempt under Section _____ from the requirements of the California Environmental Quality Act (CEQA).

GOALS:

This action supports the following City Council Goals and General Plan Actions:

Goal 1 – Maintain the long term financial stability and sustainability of the City of Sebastopol and Operate City government in a responsive manner.

1.1 Develop and Implement Sound Financial Management Policies and Procedures

PUBLIC COMMENT:

As of the writing of this staff report, the City has not received any public comment. However, staff anticipates receiving public comment from interested parties following the publication and distribution of this staff report. Such comments will be provided to the City Council as supplemental materials before or at the meeting. In addition, public comments may be offered during the public comment portion of the agenda item.

PUBLIC NOTICE:

This item was noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to schedule meeting date.

FISCAL IMPACT:

RECOMMENDATION:

Staff recommends the Sebastopol City Council make appointments to the Budget Committee and Approve the Budget Committee Process.

Attachments:

Proposed Policy

CITY BUDGET COMMITTEE (STANDING COMMITTEE)

Budget Process

PURPOSE:

Once a year, the City Council approves a budget that outlines the policies and fiscal actions to be taken by the City. The Budget Committee is a standing committee that reviews the proposed operating and capital budget each fiscal year and makes a recommendation on the budget to the City Council for final enactment. The budget process is structured each year to achieve the fiscal and policy goals for the upcoming fiscal year as well as periodically review and provide policy guidance to staff related to budgetary analysis and fiscal action plans and provide reports to the City Council for review and or action.

This committee shall consider and make recommendations to the Council on matters relating to:

- Revenues
- Expenditures
- Capital Improvement projects
- Fiscal Planning and Policies;
- Taxes and Fees;
- Investment Policy;
- Debt; and
- Such related fiscal issues as may be referred to it by the Council.

COMMITTEE MAKE UP:

The Budget Committee shall consist of the following:

- Two Councilmembers appointed by the City Council through Council Committee Assignments
- City Manager
- Assistant City Manager/City Clerk
- Administrative Services Director

POSTING OF AGENDAS:

Whether or not a regular meeting schedule is adopted, an agenda shall be posted for each standing committee meeting not later than 72 hours before any meeting.

PUBLIC INVOLVEMENT:

Public involvement shall be encouraged in the annual budget decision-making process through Standing Committee meetings, public hearings, public outreach, and the dissemination of accessible information. Public participation efforts will allow the City to improve performance by identifying public needs, priorities and service delivery expectations. Increased public involvement will allow the City to be more responsive to community needs, thereby increasing the value that the public receives from City government.

ATTENDANCE BY COUNCILMEMBERS NOT ON THE COMMITTEE:

Members of the Council who are not members of a standing committee may attend any open and noticed meeting of a standing committee provided that they act only as observers. It is suggested that Members do not make any comments.

REQUESTS OF STAFF:

Standing Committee Councilmembers may request research from staff on new ideas to allow them to report back to the standing committee and if the standing committee supports the idea, the idea will be presented to City Council for direction or a vote.

BUDGET PROCESS: The budgeting process has four parts. The budget is: 1) prepared, 2) approved, 3) adopted, and 4) executed.

A fiscal year begins July 1 and ends June 30. From February to June, every year, City staff, the Mayor and City Council work together to create a balanced budget by June 30, as required by law.

PROPOSED BUDGET COMMITTEE PROCESS:

City Administration Team

1. The City administrative team will be responsible for producing an initial recommended draft Budget to submit to the Budget Committee. The administrative team will consist of the City Manager, Assistant City Manager/City Clerk, and Administrative Services Director.
2. Department Directors will submit departmental budgets each year to the Administrative Services Director upon established timelines.
3. Upon receipt of the departmental budget requests, the Administrative Services Director will prepare a draft budget document to be used for review by the City administrative team.
4. This team will meet with Department Heads as needed, consider departmental budgetary requests as appropriate, and complete any other steps needed to provide the Budget Committee with an initial recommended draft Budget. The initial recommended draft Budget will be accompanied by a written report to the Budget Committee, providing an overview of the budget, summarizing any specific challenges presented by that year's budget, summarizing changes made by the Team to Departmental budgets; and identifying any unresolved issues to be addressed by the Budget Committee. The information submitted to the Budget Committee will include any background information the City administrative team believes will be relevant to the Budget Committee's decision-making regarding unresolved issues to be addressed by the Budget Committee. This initial draft Budget submitted to the Budget Committee will include draft versions of all portions of the final Budget for the year. This step will be an internal City staff process to be completed before Budget Committee meetings begin.

Budget Committee:

1. The Budget Committee will receive the initial recommended draft Budget produced by the administrative team, and will meet to discuss the recommendations of the administrative team. The Budget Committee will not hold individual meetings with Department Directors unless specifically requested by the Budget Committee.
2. The Budget Committee will rely on the internal City staff process to do the necessary research and analysis to support the recommendations in the initial recommended draft Budget, and will focus on reviewing that

document as well as any other materials provided by the administrative team, and addressing any unresolved issues.

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3. The Budget Committee will review and revise the initial recommended draft Budget as needed, and will produce a final draft Budget to be presented to the City Council at a duly noticed public hearing for discussion, review, and approval.

In addition to the process above, the Administrative Services Director shall be responsible for:

1. Prepare a Budget Calendar for Fiscal Year Budget and take to City Council for approval
2. Request budget input from all Department Directors
3. Request budget input from Community Benefit Grant Applicants
4. Prepare a draft budget as listed above
5. Shall be responsible for publishing all the notices required by Government Statue.
6. Shall be responsible for monitoring budget expenditures during the budget year and notifying the Council of the need to make any budget changes required after adoption.

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