



Legislation Text

File #: 22-1375, **Version:** 1

STRATEGIC PRIORITY: Government Performance & Financial Management
AGENDA DATE: August 10, 2022
COUNCIL DISTRICT(S): N/A
DEPARTMENT: Budget and Management Services
EXECUTIVE: Jack Ireland

SUBJECT

Authorize the following revisions to the Financial Management Performance Criteria: **(1)** adding an option for a phased approach to the full cost; and **(2)** make certain conforming, semantic, grammatical, and structural changes - Financing: No cost consideration to the City

BACKGROUND

On March 15, 1978, City Council originally adopted the Financial Management Performance Criteria (FMPC) to provide standards and guidelines for the City's financial and managerial decision making and to provide for a periodic review of the criteria to maintain standards and guidelines consistent with current economic conditions by Resolution No. 78-2737. City Council adopted specific FMPC for the Water Utilities Department on July 8, 1981. The status of each criterion is updated annually and presented with the annual budget, at year-end, and with each bond sale.

The FMPC contain 54 criteria in seven categories: (1) operating program; (2) pension program; (3) budget and planning; (4) capital and debt management; (5) economic development; (6) accounting, auditing, and financial planning; and (7) grants and trusts. Proposed revisions include new language for an existing criterion and a grammatical correction. The proposed revisions are based on feedback from the City Council and staff/departments.

FMPC #12 currently states, "An annual review of selected fees and charges will be conducted to determine the extent to which the full cost of associated services is being recovered by revenues. All fees and charges will be reviewed at least once every four years. Where feasible and desirable, the City shall set fees and charges to achieve full cost recovery. The City may subsidize the services funded by fees or charges based on other City objectives." The proposed revision will add an option to phase a fee increase when the full cost recovery fee is greater than 50 percent.

FMPC #16 currently states, “Actuarial analysis will be performed annually on all retirement systems. Adjustments in benefits and contributions will be authorized only after meeting the test of actuarial soundness. All health plans should have actuarial reviews performed biannually to determine the required levels of funding necessary. These health plans shall be financed in a manner to ensure sufficient funds are available to fund current liabilities and provide some reserve levels for extraordinary claims.” We recommend changing the wording from “biannually” to “biennially” for grammatical accuracy.

We do not recommend adding new criteria to FMPC at this time.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On October 8, 2014, City Council authorized changes to FMPC #9, by Resolution No. 14-1679.

On December 13, 2017, City Council authorized changes to (former) FMPC #6, #7, #9, #11, #15, #22, #27, #33, #41, #42, #44, #48, and #49 and added five new criteria by Resolution No. 17-1909.

On June 9, 2021, City Council authorized changes to (former) FMPC #1, #2 #3, #4, #20, #23, #24, deleted #28, and added two new criteria by Resolution No. 21-0975.

The Government Performance and Financial Management Committee was briefed regarding this matter on June 27, 2022.

FISCAL INFORMATION

No cost consideration to the City.