

**FOR COUNCIL MEETING OF:
AGENDA ITEM NO.:**

February 11, 2008
4.2 (a)

TO: MAYOR AND CITY COUNCIL
THROUGH: *Linda Norris*
LINDA NORRIS, INTERIM CITY MANAGER
FROM: TONY MOUNTS, ADMINISTRATIVE SERVICES DIRECTOR *in absence of Tony Mounts*
SUBJECT: ESTABLISHING A COUNCIL FINANCE COMMITTEE

ISSUE:

Shall the City Council adopt Resolution No. 2008-8, establishing a standing committee of the City Council, to be known as the "Salem City Council Finance Committee," to advise the City Council and City Manager on financial policy, planning and management issues?

RECOMMENDATION:

The City Council adopt Resolution No. 2008-8, establishing a standing committee of the City Council, to be known as the "Salem City Council Finance Committee," to advise the City Council and City Manager on financial policy, planning and management issues.

BACKGROUND:

The City Council's Audit Committee was formed over 20 years ago to receive and consider the results of the City's annual financial audit. The Committee met 1-2 times per year for this purpose. In December 2007, the Mayor proposed to reorient the Committee to encompass a broader range of financial issues. The Committee was renamed as the Finance Committee with the Mayor, and three councilors as members.

Pursuant to the Council's rules, a standing committee must be established by resolution and must be approved by 2/3 vote of the City Council.

FACTS AND FINDINGS:

The proposed role for the Finance Committee consists of:

- Review and recommendation of financial policies for Council adoption;
- Review of the annual financial audit, management letter and City management's response;

- Review of revenue and expenditure assumptions contained in the Five-Year Financial Forecast;
- Advice to the City Council and Manager on integration of the Council Goals with the City's financial plan;
- Advice to the City Council and Manager on development and update of a City long-range financial strategy to ensure sustainable community services.

It is recommended that the first two items be automatically referred to the proposed standing committee, and that the standing committee be given discretion to provide advice to the City Council on the last three items. Resolution 2008-8, if adopted, will establish the Salem City Council Finance Committee and defines its membership and scope of activity.