

APPROVED Budget Process ad-hoc Committee Minutes
October 11, 2017
6:00 p.m.
Community Development Building, Siskiyou Room
51 Winburn Way

Call to Order/Opening Remarks

5:56 p.m. by Committee Chair Dennis Slattery

Roll Call

Present:

Garrett Furuichi
Paula Hyatt
Dennis Slattery
Adam Hanks
Mark Welch
Rich Rosenthal

Approval of Minutes from September 27, 2017

MOTION by Committee Member Adam Hanks, SECONDED by Committee Member Paula Hyatt to approve the Minutes of the September 27, 2017 Budget Process ad hoc Committee meetings. Councilor Rich Rosenthal abstain from voting. Carried unanimously.

Public Form

None

Discussion Item #1-October 2nd City Council Study Session Debrief

1. Committee Member Furuichi stated that it was too short, but that it was a good starting point. Slattery questioned what would be a good amount of time. Furuichi noted that this was a fiscal year-end and that a interim quarter would take less time. Slattery stated that this would have been an interim quarter but instead it was a two-year review of the budget.
 - a. Furuichi also noted that we finished 2017-2019 budget that it was hard to remember the 2015-2017 budget. He suggested regular meetings. Slattery noted that a quarterly report would be closer to an hour and half.
2. Hyatt noted that ninety minutes is fair. She explained the two prong goal that this meeting should have. The first being to allow council to accept the statements and to educate the budget committee. Slattery explained that the statements will be accepted after the study session.
 - a. Hyatt noted that in her experience that telling a story is important and that when showing variances that people will want to know more. She used the example of the effective tax rate, as well as the health benefits fund being a challenge. She noted that the story of the health benefits fund could be told in a story before questions come up. She added that this keeps all parties informed of the topic. She also added that in no way was this criticism of the presentation.
 - b. Slattery noted that this a critique and that this useful for continuous improvement. He added that we have something to build upon but that overall it was a successful study session. He liked Hyatt use of it telling it the story and breaking it down to smaller parts.
 - c. Councilor Rich Rosenthal noted that this process also allows for heighten scrutiny of the process.
3. Hanks questioned if it was confusing to look at the 2015-2017 budget without asking questions regarding to the 2017-2019 budget. The committee agreed that it worked well with the two being over laid. Hyatt noted that it was helpful to have someone keep the team on track.

- a. Slattery noted that the more that reviews happen the more you will see question be anticipated and answered so that the story will be told.
4. Hyatt asked if the finance department had an analyst position that worked with each department. Mark Welch, Finance Director noted that at this time they do not, but that there is a position being created through a department reorganization. When that happens he added there will be more analysis. Hyatt noted that her concern is that in asking to tell a story that there is not enough support.
 - a. Slattery noted that this what we look to Welch to do and that it is a series of stories that will do this. He added that this will be supplied within the 18 month off season time.
 - b. Furuichi noted that there was an analyst position with the previous finance director. Hanks answered that a position did exist but it was not like what is being described and that it was similar to a staff account position. He added that the newly created position will be a better match for what the department needs.
5. Hyatt asked when the budget is built who assists with the budget creation for the department. Hanks noted that it is department heads along with division managers and support staff that help create budgets for each department. Slattery noted that this is a conversation that should take place during the 18 months to understand the process and who does what in preparation. He added that it would be very informative for the entire budget committee to hear. Furuichi agreed and added it would be good to know the people who will be hearing the council's priorities.

Discussion Item #2- Continued Discussion on Proposed Two Year Team Calendar

1. Hanks shared the updated calendar. He noted that additions had been added. These included a debrief of the budget season, a highlighted formal budget season box, a sixth quarter and the grant process. The grant process he noted is off year process, it was not originally on for the 2018 but he will add it within the April-May slots. The color coding, he explained was as follows: yellow are items that are overall budget committee, gray are council items, green is staff. He questioned the committee to see if having staff items was too confusing. The committee agreed that it was good to keep it in.
2. Rosenthal asked about a second set of grant related items. Hanks clarified the social service grants and that was every two-year process. He added that this is not separate from the budget committee work and that there was no subcommittee as there usually is with economic grants. Rosenthal questioned if this came from council. Hanks noted that he needs to refresh on this and update the calendar. Rosenthal that there were two grants that the budget committee was asked to review one was already listed and the other he thought was the social service grants. The committee discussed the social service grant and how that works into the process.
 - a. Slattery noted that it came to council back to council previously for a reconsideration and that the recommendation comes from housing and human services, so it actually does not come to the budget committee. Rosenthal and Hyatt noted that the both remembered approving to different grants previously. He also asked which budget the CBDG and the social service grants. Hanks answered that these come with Community developments budgets. Slattery noted that this may have been approved with that budget then. Hanks also added that social service grants are within the general budget.
 - b. Slattery added that parks were not approved in the budget process, it was approved in the second round. Slattery asked where the economic, cultural, and tourism sustainably grants where place in 2018. Hanks responded with April-May.
3. Slattery asked where the half biennium review would be located. Welch and Hanks noted that this in the 6th quarter or August-September. This they noted would be the 4th quarter review. Slattery stated that this would be a different from this and that somewhere in March, April or May that a meeting take place to review what is happening with the budget and where it is going as if we had an annual budget.

- a. Furuichi noted that this has to take place in front of the council. Slattery clarified that we are not discussing the funding. This would not be noted as a budget session and then the budget will not be changed.
- b. The committee looked at this as a 4th quarter review, in the sense that the review would take place at the end of the 4th quarter. Slattery questioned if they would want to forgo the 4th quarter review in place of a review like this.
- c. Hanks questioned the timing of such a review in that the numbers may not be ready by this time. The committee discussed that we would need to look at preliminary report.
 - i. Hanks clarified that this would be a meeting within the 2nd and 4th quarter reviews. Slattery added that the 4th quarter is the end of year one and that the quarterly reports are of a different nature than what the committee is asking to look at. Hanks noted that him and Mark would work to fine tune it.
 - ii. Slattery used the term “mini budget” review. Welch noted that this would be great to review CIP as well.
 - iii. The committee discussed that mid-cycle budget review is what it could be called. Rosenthal noted the biannual review could be combined with this. Slattery noted that this would happen as a meeting in August and September and that this review would be different.
 - iv. Slattery added that these are quarterly progress reports. Hanks noted that formal name that goes to council.
 - v. Rosenthal clarified that the biennium review is year one review. Slattery noted dropping the biennium in the name title. The review he added that would take place in April or May would be the first year review of the biennium budget. He also stated that it would need to be figured out what would be added at these reviews and that this would be a good time to state of the city type of budget.
 - vi. Hanks clarified that these meetings would not be tied to the quarterly meetings or the latest numbers is more of a bigger picture look.
 - vii. Slattery noted that quarterly budget reviews would look at actuals.
 - viii. Hanks noted the difference in the two formats of meetings.
 - ix. He also noted this meeting will help to populate different items to look at, as well as items for the look ahead.
4. Slattery noted that the formal budget season box spans too much time on the calendar.
 - a. Hanks asked if this time needed to include the onboarding time.
 - b. The committee looked at when the official season begins. And agreed with comments made by Welch that this would be after the budget message is presented and the budget book is ready. Welch noted happens in April.
 - c. Slattery noted that there was time prior to when the budget book when the first official meeting takes place. Rosenthal confirmed that this meeting takes place in February and the committee noted that they had previously looked at assumptions and revenue projections. Furuichi confirmed that no funding levels were discussed during this time. He also noted topics like economic conditions, must haves and percentage increases. No numbers.
 - d. Slattery asked that the budget season be moved back to February.
 - e. Hanks noted department presentation and that he understood that these were to be done before the formal budget process. He also added that these presentations may look different than before. Furuichi added that these would need to take place after the budget message is presented if they are discussing specific budget items. Slattery noted that there would be value in having department discuss metrics and that this can be done prior to the budget message. He clarified by saying that this information would be on operational topics, they would use the time of the budget committee better during budget season.
 - f. Hyatt added that there may be guidelines for presentations. Rosenthal noted that there needs to be consistencies in the way department present and that this recommendation needs to be done by staff with coordination and direction from the city administrator.

- g. Slattery noted that this needs to be done ahead of time to allow for operational topics to be talked about ahead of time and not during the official budget season and that time can be used to discuss funding levels. Welch noted that with the new process that many questions will be answered ahead of time and there will be less confusion.
 - h. Hyatt asked if we will run into managerial topics. Slattery noted that this is why this taken out of the budget season, this time he noted is to gain information. So when numbers are presented they have the background. He also noted that there could be discussion on how departments work during this time. Hanks noted that this is when the most questions are asked and how do we get around this. Slattery noted this needs to be well controlled and that departments should tell their story apart from their budget. Hyatt noted that these interactions will help to make departments more comfortable with the topics.
 - i. Furuichi noted the 10/20/30 rule, 10 slides, 20 minutes, 30-point font. He noted that these need to be short and informative. Rosenthal noted that this could be a style guide, as well as noting that there should be no spreadsheet in presentations. Furuichi suggested a tie in for numbers. Slattery clarified what the tie in was.
 - i. Slattery noted that he wants to see the story be told, we don't tell the story people get upset.
 - ii. Hanks noted that there is a budget kick-off meeting, he noted that this the time when the calendar can be used.
5. Slattery noted the council strategic planning and that he hopes it will be done quicker then mapped out. He noted that there needs to be a time for staff meeting prior to planning. He also noted that the plan for strategic planning is still be worked on, but that staff would help in feeding in those details. Hanks noted staff input will be needed during most items on the calendar and these will need to adjusted as needed. The committee discussed what adjustment may take place and how much work will take place. Hyatt noted that for this to be successful it will take time before.
6. Slattery asked committee how many meetings the budget committee would have. He added that one meeting a month would seem excessive and add staff work.
- a. Furuichi noted having a budget committee meeting and a department presentation. Slattery noted that these would be during quarterly meetings. Hyatt noted the closer to budget season the better this would work, but the further away it is would not work. Welch noted that with this department will not be looking ahead but be looking at the current issues.
 - b. Slattery lead the conversation on the amount of department meetings that would need to take place. The committee discussed that there were eight departments that will discuss just their story. Welch noted that that he sees this as a time to make sure when the budgets are presented that there are no surprises. The committee discussed the time for each presentation pending no materials are available ahead of time. The committee agreed that these should be a 45 minutes a piece. Hyatt noted that some departments might need more, and some might need less. Slattery would be a total of 5 hours for all presentations or two meetings as noted by Hyatt.
 - c. Hyatt asked about the CIP review and approval in correlation with department presentations. She noted that some department items could be project related. Slattery noted that this would be closer to budget and that most departments can do this within their presentation without it being a problem. Welch noted the difference between the adopted CIP and then a review of the 2-year review of the 6-year CIP plan that is adopted by council. This happens in the fall and following that during the budget process the budget committee would see the two-year slice. Hyatt noted that there is a lot that needs to be understood for projects beforehand.
 - d. Slattery noted that CIP review will take place September and October. Department meetings will take place in November and December.
 - e. Hanks noted that after mapping this is a lot for both staff and council. Rosenthal noted that there may be councilors that do not attend all meetings as they have been through a budget cycle. Hyatt noted that this is fair as councilors are in the day to day work. Rosenthal also

- noted that this could be a time for members of the public to be informed as well. Slattery noted that we need to keep in mind that it is the responsibility to be informed. Hanks noted that there is value in having all city council members there as some likely questions are policy related and are best answered by Council. Slattery noted that something needs to be constructed to make the meetings doable. He disused the idea of using a study session. Rosenthal clarified that the committee needs to be strategic in council time by using study session time to meet, maybe even reducing meetings for once every other month. Slattery noted that it is important not to burn people out and that it may be that meetings get paired down to 9 meetings 2 hours long it would be important to know how we want to spend those hours. Hyatt noted that using the feedback from tonight's meeting to fine tune the calendar. Furuichi suggested that the budget committee use quarterly meeting for final budget review and department presentations. Slattery noted that we have four quarterly meetings. He added that with this time that there it may be better to use the 4th quarter review to talk about the yearly review. He suggested a seminar review format, with no time for questions. Hanks also noted this would help to keep with managerial reviews.
- f. Hyatt noted the idea of the book review. She noted that we need to all be on the same page to be successful. Slattery noted that there needs to be a certain amount of confidence that staff will complete this because of time. Hyatt noted that there should be a time to orientation to the book. Welch noted that he would have the 2017-2019 budget in the new budget format and then have it ready for review by the end of year. He noted that it would be a process to make sure all the correct data is in the new budget format. The committee agreed that the budget committee that this would be added to the onboarding process.
 - g. Rosenthal noted that he appreciated the team, but he is surprised that more budget committee members have not attending or communicated with the budget process committee members. He noted that this is the time that now is the time for committee members to be proactive in creating something new and adding suggestions. Rosenthal commented that this may because of how Slattery is handling the committee. Slattery added that people might be in a wait and see mode and that once the budget process committee has made recommendations that they would ask for feedback.
7. Hanks noted meeting schedules. Slattery added to that the plan would be to look at nine meetings every other months using study session. Hanks noted that the next steps would include meeting with Welch to define calendar items and put them in a look ahead format. He suggested not meeting in the next two-week cycle so that they would have time to update items. Slattery stated that the next meeting could be just be the City Attorney items to allow for Hanks and Welch time to finish updates. He also noted that they could go to council to allow more time for the budget process review committee to meet. Furuichi questioned how the committee sees the onboarding document. Hanks noted that he does not see these items being done before a recommendation goes to council but that an outline will be created, but the committee will need to decide what level of details need to be added. Slattery noted that the committee just needs to work on the desired content, not the writing of the document. Furuichi volunteered to begin writing content if needed. Hyatt added that it might be best to look at this like a medical journal with an outline and a synopsis. Hanks noted that many much of the document needs to be done by staff.

Meeting adjourned at 7:29 p.m.

Next Meeting

-Next meeting scheduled for October 25, 2017 at 6:00 p.m.

-David Lohman will attend to review definitions (as tabled from 10/11/17 meeting agenda)

-Review onboarding document (as tabled from 10/11/17 meeting agenda)

Respectfully Submitted By: Natalie Thomason