TOWN OF PORTOLA VALLEY
Finance Committee Minutes
Thursday, December 5, 2019
Town Hall Conference Room
765 Portola Road, Portola Valley, CA

Attendees

Lucy Neely – Chair	Jeremy Dennis – Town Manager
Jason Pressman	Craig Hughes – Council Liaison
George Savage – Acting Secretary	Jim Saco – Consultant
Michele Takei	Ann Wengert – Mayor

Call to Order
The meeting was called to order by Lucy Neely at 5:31 pm.

Roll Call
The Chair confirmed attendance as detailed above.

Oral Communications
Lucy Neely told committee members to expect to receive an email asking if they were interested in continuing to serve during 2020.

Jeremy Dennis said that the Finance Director position would be discussed at our next meeting.

Approval of Minutes
The minutes of the committee meetings of May 30, 2019 and October 8, 2019 were approved as presented.

New Business
OPEB Trust Fund—Review of Subcommittee Report
Committee members reviewed and discussed the report of the subcommittee consisting of Bill Urban and Jason Pressman. In summary, the subcommittee recommends the Town establish a Sec. 115 OPEB Trust to fund expected other benefits liability with an initial dollar contribution up to the current unfunded liability balance. The CERBT fund offered by CalPERS is recommended over the PARS/HighMark advisory alternative. CERBT Strategy 1 is the recommended option if the Council elects to proceed with the OPEB Trust Fund and CalPERS offering.

Mr. Dennis is looking for an appropriate date to present the subcommittee report to the Town Council.

Reserve Levels Policy and Fund Balance Assignments
Members discussed data presented in a General Fund Reserve Policy Survey of CSMFO Members from May 2018. Mr. Saco explained the difference between fund balances and

reserves. Mr. Dennis suggested that a subcommittee be established to work with Town staff to assess current levels and categories. After discussion, Ken Lavine and George Savage were appointed to the subcommittee, which will meet in the new year to take up the matter and report back to the full committee.

Council Budget Study Session 3 of 3 – Expenditures in January
Town expenditures and growth areas were reviewed by Mr. Dennis and discussed by the Committee. Salaries are the major expense for the Town and growth is limited to COLA at present, about 2-3%. There is no immediate need to add new positions or make leveling adjustments for current staff.

Software licensing expense has increased substantially between the 2016-2017 and 2019-2020 budget years. However, software capability and update frequency are increasing, which decreases the need for consultant expense, improves resident experience and allows Town staff to focus on value-added activities.

Given these factors, Mr. Pressman asked whether the Town is spending *enough* on software, providing a good introduction to the next topic.

Finance System ERP Discussion
The Town ERP system (Fundbalance, Tyler Tech) is old and out-of-date. Jim Saco described some of its deficiencies, such as an inability to display budget data at the department level. It also has no import function, requiring data to be entered manually even if already available electronically in another format. The program cannot handle project cost accounting and does not interface with Tyler Tech's permitting software. Only one user can enter data at a time and no other users can log on to the system to review data while data entry is in process. A further frustrating limitation is that reports can only be run for the current and immediate prior year (i.e., two years total).

Staff is assessing options to replace the current system. OpenGov is one possibility. The town's current OpenGov installation was used to build last year's budget and reports will soon be published online for easy review by Town residents and other members of the public. Recent OpenGov corporate acquisitions now allow the company to offer a complete ERP system.

The rationale for spending more money on a capable ERP is to trade software dollars for labor cost. For instance, bank statement reconciliation using Fundbalance takes a full day but will require only 30 minutes using a modern ERP system. Labor productivity improvements will justify the additional software cost, which could approach $100K.

The Committee members discussed the ERP software and alternatives, agreeing with Town staff objectives and the plan to have a new system in place by July 1, 2020. In addition to Redwood City-based OpenGov, staff will reach out to competitors such as Springboard and Questica.

Old Business
Core Banking Operations Update (TechCU)
The Tech Credit Union positive pay setup is working well. Now that this spending protection is in place, the Town is ready to transition from Bank of America.

Adjournment
The meeting was adjourned at 6:40 pm.