



**TOWN OF PORTOLA VALLEY**  
**Finance Committee Meeting**  
**Tuesday, October 19, 2021– 3:00 - 5:00 PM**  
**Special Videoconference Meeting via Zoom**

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**SPECIAL VIDEOCONFERENCE MEETING AGENDA**

**Join Zoom Meeting:**

<https://us06web.zoom.us/j/84567826384?pwd=NTNOa2QxMWpJUDMwM3ZHVUFxdzJ5UT09>

**To access the meeting by phone, dial:**

1-669-900-6833

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*Mute/Unmute – Press \*6 / Raise Hand – Press \*9*

**Meeting ID:** 845 6782 6384

**Password:** 456974

1. Call to Order
2. Roll Call
3. Oral Communications and Announcements
4. Approve minutes from August 30, 2021, meeting
5. Update to Finance Committee Charter: Quarterly Meetings
6. Climate Crisis and Fossil Fuel Divestment
7. FY 2021-22 First Quarter Report
8. New Committee Chair
9. Committee Membership for 2022
10. Adjournment

**Town of Portola Valley  
Finance Committee Meeting  
Monday, August 30, 2021  
5:00PM Video Conference**

**Finance Committee Meeting Minutes**

**Attendees**

Steven Cassani, Member	
Jeremy Dennis, Town Manager	
Craig Hughes, Council Liaison	
Ken Lavine, Member	
Jason Pressman, Member	David Cardinal
Cindy Rodas, Finance Director	Kristi Corley
Jim Saco, Finance Consultant	Rita Comes
George Savage, Acting Secretary	Lorrie Duval
Michele Takei, Acting Chair	Nan Shostak
Sarah Wernikoff, Council Liaison	Caroline Vertongen

**Call to Order:** The meeting was called to order at 5:04 PM.

**Oral Communications and Announcements:** Rita Comes asked several questions and Jeremy Dennis responded:

- 1) Why are some finance committee meeting minutes on the Town web site missing or in draft form?  
Only final meeting minutes are posted on the website; will investigate the report of missing minutes.
- 2) Why was this Finance Committee meeting notice given to the public today, without 72 hours' notice?  
The notice was posted on Friday for today's meeting.
- 3) Where are the audit results for last year?  
Accountants are still working on the audit and results will be presented to the Finance Committee as soon as they are ready.

Caroline Vertongen seconded Rita's comments. She only received notice of today's meeting at 8:28am this morning and is upset that the audit is not yet completed. Caroline is also confused by the budget graphs and feels that residents are getting less service from the Town. Craig Hughes responded that Caroline may be referring to pie charts showing incorrect allocations due to a labeling transposition corrected immediately prior to today's meeting.

Jeremy explained that the September revision to the budget is not a new budget, rather it allows for an update based on actuals, including additional revenue from the American Rescue Plan Act (ARPA). The adjustments from the original budget are modest; the narrative has not been changed. Additional narrative around COVID-related changes will be in next week's Town Council packet.

**Approve Minutes from June 1, 2021:** The minutes were approved

**FY 2021-22 Revised Proposed Budget:** Cindy Rodas presented the revised proposed budget and inclusion of a new fund, the ARPA Coronavirus Recovery Fund. The net result is an increased operational budget surplus of \$103,536. More than half a million dollars was received from ARPA as the first of two installment payments to the Town from the federal government. Expenditure revisions include increased safety spending of \$60,000, (\$20K from ARPA and \$40K from the General Fund).

George Savage asked about the purpose of the utility undergrounding study. Jeremy and Craig responded that the study will provide details on all PG&E infrastructure in the town, including what is above ground and what is below ground. This will provide the Town with the ability to work more effectively with the utility company.

The business support program allocation is available via ARPA to assist with COVID-related costs. Best use of the funds will be discussed with the Council.

Jeremy Dennis discussed the 5-year revenue and expense projections, including trends in property tax revenue increases versus other revenues. No significant growth in income is forecast apart from property tax. Employee salaries are based on presumed 3 percent growth. Additional positions are not in the forecast, since staff decisions are a matter for the Town Council. The expected cost of our police service from the San Mateo Sheriff's department shows significant growth. The cost of liability insurance is also increasing. Fire mitigation efforts are expected to continue, so continued spending remains in the forecast even after the current multi-year plan is finished.

The five-year plan does not take capital expenditures into account. We sometimes will spend into deficit to address CAPEX needs.

Ken Lavine is impressed by the new multi-year forecast format. He asks whether it might improve by adding CAPEX. Jeremy thinks we should consider incorporating into the next iteration, after soliciting input from the Town Council.

Michele Takei pointed to increasing sales tax revenues despite COVID. Jeremy responded that a significant factor is the popularity of The Alpine Inn during the pandemic. Jeremy defended reducing the sales tax forecast in future years based on the fact that restaurant preferences can change quickly. Property taxes are also coming in ahead of budget and this is due to higher sale prices in the Town.

Vehicle License Fee collection of approximately \$250,000 is not forthcoming from the State due to an esoteric rule related to educational aid districts. Jim Saco pointed out that, technically, the state is supposed to pay the Town VLF, but there is not enough money in the appropriate educational fund. Therefore, the legislature must appropriate the money separately in order for it to be paid. This will likely take a few years to straighten out.

Stephen Cassani pointed out that inflation expectations are increasing. Have we given thought to how expenses may increase more rapidly than property tax revenues? Jeremy thought this

an excellent point and wants to continue to think about this with the Committee and the Town Council.

Michele asked about the amount of service we receive from the Sheriff's Department. We have one FTE in each 24-hour period plus a second FTE shared with Woodside. Jeremy made the point that, despite the escalating cost, contracting is much more affordable than funding a separate town police department. George pointed out that there is a 9 percent annual increase in the current contract, which will likely increase with the uptick in inflation being seen this year. The Town will soon be renegotiating the contract and we will discuss further as more detail becomes available.

Sarah Wernikoff pointed out that the budget shows a 3% annual CPI adjustment for salaries. This may be too little going forward. She asked if we need to think about additional revenues to address potential salary cost inflation or the need for additional staff. Jeremy agreed that we should think about revenue and also how to work differently and more efficiently. An example of necessary increased cost is the \$200,000 now being spent across different budget categories on fire prevention. There will be continued pressure on staff time for this initiative and other activities.

The Committee opened the floor to members of the public.

Rita Comes pointed out some numbers that weren't making sense on the web site. Jeremy pointed out that some numbers had been transposed due to a staff member medical issue on Friday. The error has been corrected. Rita suggested that it would help to add a revision number to the budget document as well as page numbers so that it is easier to understand when a technical correction has been made.

David Cardinal suggested that when we renegotiate with the Sheriff's department we work the problem bottom-up: How much service do we want? We should not focus only on the percentage increase. Craig Hughes was a member of the Town Council subcommittee that negotiate the current contract. He agreed with David, pointing out that this is what we did last time. Craig believes we will do something similar in the next negotiation. There will be input from relevant stakeholders, including the Equity Committee and these requirements may change the cost. Jeremy seconded the importance of soliciting public engagement ahead of renegotiating the public safety contract.

In response to a question from Michele, Cindy confirmed that we still receive COPS funding to support certain public safety expenditures.

Caroline Vertongen commented that the OpenGov web system was promised as a clearer approach to communicate with Town residents, but it is much less clear to her. She thought the system would reduce staff but thinks we are hiring more staff. She mentioned that she sometimes cannot get into Town Council and other meetings via Zoom. She concluded by noting that "We are hard-working people and our concerns are not always being heard."

Ken Lavine offered apologies and left the meeting at 6:22 PM.

Kristi Corley asked about additional staff positions and requested that names be added to the organization chart presented in the budget. Jeremy explained that the Town Council added a single position last year in the planning department. The Finance Director role had existed previously under a different name, as a temporary position. In Jeremy's five years with the Town, there has been a total addition of three staff members: one additional person in maintenance, one the planning person already mentioned and the third a communications analyst decided on before Jeremy's arrival. Jeremy went on to explain that the names and roles of staff members are listed on the website at the Staff tab. He does not recommend adding names to the org chart displayed in the budget book.

Kristi also commented on the fire-related spending. She expressed concern that spending appears to be flat at \$190,000 per annum. She requested more crews and chippers to handle vegetation reduction efforts and thinks that we are not doing enough relative to Woodside. Jeremy disagreed with Kristi's interpretation. He pointed out that the Chipper program was designed by the Woodside Fire Protection District, not the Town. The effort is in year 3 of a 5-year four-day-per-week program. This is only one small part of what the Town is spending. A related effort is in evacuation planning. Craig added that the total on fire-related activities across the town, not including staff time and salaries, is \$476,000, not \$190,000. The OpenGov website allows members of the public to run this query and see how fire-prevention resources are allocated across the Town's departments.

Sarah asked whether there is a way to clarify what the Town is doing in total about fire prevention. After all, people reasonably assume that a budget header about fire safety is the sum total dedicated to the effort, rather than a single, specific activity. Craig agreed and requested that we add text around the topic on the Town website. Craig then shared his screen and demonstrated how the OpenGov website can graphically display sources and uses of funds in an easy-to-understand manner.

Nan Shostak asked whether members of the public can access the same view as Craig just shared. Craig pointed to the link in the budget that already provides this access. Nan requested that the link be featured more prominently. Cindy said that the link in the budget is not the only way to get this view; it can be accessed via the Finance tab on the site.

**A motion was made and adopted to recommend adoption of the September revision to the budget.**

Jeremy concluded with a word on the 2020 audit, delayed on account of COVID-related work challenges. This will be brought to the Committee and the Town Council ASAP.

**Adjournment:** The meeting was adjourned at 6:42 PM.