



**TOWN OF PORTOLA VALLEY**  
**Finance Committee Meeting**  
**Tuesday, April 25, 2023**  
**3:00 p.m.**

**George Savage**, Chair  
**Lucy Neely**, Member  
**Stephen Cassani**, Member  
**Kenneth Lavine**, Member  
**Jason Pressman**, Member  
**Michele Takei**, Member  
**William Urban**, Member

**SPECIAL MEETING**  
**HISTORIC SCHOOLHOUSE – 775 PORTOLA RD. – PORTOLA VALLEY, CA**

**REMOTE MEETING ADVISORY:** On March 1, 2023, all committees in Portola Valley will return to conducting in-person meetings. A Zoom link will be provided for members of the public to participate remotely; however, the Town cannot guarantee there will be no technical issues with the software during the meeting. For best public participation results, attending the meeting in-person is advised.

**ASSISTANCE FOR PEOPLE WITH DISABILITIES**

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Town Clerk at (650) 851-1700 or by email at [towncenter@portolavalley.net](mailto:towncenter@portolavalley.net). Notification 48 hours prior to the meeting will enable the Town to make reasonable arrangements to ensure accessibility to this meeting.

**VIRTUAL PARTICIPATION VIA ZOOM**

**To access the meeting by computer:**

<https://us06web.zoom.us/j/88675079216?pwd=Rmw3UzMvOE1CMWJBd1dNZndCMDZYUT09>

**Webinar ID: 886 7507 9216**

**Passcode: 901481**

**To access the meeting by phone:**

1-669-900-6833 or 1-888-788-0099 (toll-free)

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

- 1. CALL TO ORDER & ROLL CALL**
- 2. ORAL COMMUNICATIONS FOR ITEMS NOT ON THE AGENDA**  
*Speakers' time is limited to three minutes.*
- 3. ANNOUNCEMENTS and PRESENTATIONS:**
- 4. APPROVAL OF MINUTES:**
  - a. January 18, 2023
- 5. NEW BUSINESS:**
  - a. Town Staffing Update
  - b. Discuss Audit Status and Plan for Completion (FY20-21 and FY21-22)
  - c. Discuss Formation of Audit Subcommittee
  - d. Budget plan for FY23-24
  - e. Report from Inclusionary Housing Fund Subcommittee and Discussion
  - f. Proposal for Simplifying and Clarifying Committee Operations
- 6. OTHER BUSINESS:**
- 7. ADJOURNMENT**  
This meeting body meets on an as-needed basis.

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**Land Acknowledgement:**

The Town of Portola Valley acknowledges the colonial history of this land we dwell upon—the unceded territory of the Ramaytush (rah-my-toosh) Ohlone, Tamien Nation, and Muwekma (mah-WEK-mah) Ohlone, who endured a human and cultural genocide that included removal from their lands and their sacred relationship to the land. Portola Valley recognizes that we profit from the commodification of land seized from indigenous peoples and now bear the

ecological consequences. We seek to understand the impact of these legacies on all beings and to find ways to make repair.

**Town of Portola Valley  
Finance Committee Meeting  
Wednesday, January 18, 2023**

**Finance Committee Meeting Minutes**

**Attendees**

Lucy Neely, Chair	Judith Hasko, Council Liaison
George Savage, Acting Secretary	Jeremy Dennis, Town Manager
Michele Takei, Member	Cindy Rodas, Finance Director
Ken Lavine, Member	Jim Saco, Finance Consultant
Bill Urban, Member	Grace Zhang, Maze & Associates

**Call to Order:** The meeting was called to order at 3:15 PM.

**Oral Communications and Announcements:**

1. Question about the process for posting past committee meeting minutes to the town's website.
2. Request that the agenda be adjusted to move the audit subcommittee and committee chair discussion up in the order of business.

**Approval of Minutes:**

The minutes of the October 18, 2022 meeting were approved.

**New Business:**

***Review FY19-20 audit***

FY19-20 audit of Town finances was presented by Grace Zhang, Maze and Associates and town staff. Full discussion by Finance Committee (FC) members followed.

Key discussion issues: Delay in completion of FY19-20 audit plus the pendency of audits for FY20-21 and 21-22.

Contributing factors cited by staff:

1. COVID-19 pandemic
2. Change of town finance software
3. Finding accounting help to assist with audit preparation

Combining the FY20-21 and 21-22 audits into one 24-month package was suggested. Ms. Zhang does not believe this would save time. The key issue is whether the data are ready or not.

Next steps:

1. Cindy is preparing the data for the FY20-21 and 21-22 audit
2. A temporary accounting hire was approved by the Town Council to address back work b
3. Town staff wish to complete all audits this spring before the next budget is submitted.
4. Ms. Zhang committed to starting both audits concurrently if data are ready.

Public comments:

Rita Comes emphasized that audit years should be handled separately and that consultant spending and government COVID relief dollars need to be accounted for. The Finance Committee or a separate audit committee should see the audit before it is formally signed off.

Mr. Dennis stressed the difficulty in hiring accounting help. Ten-to-fifteen candidates were interviewed without a successful hire. This is why temps are now being sought. No COVID funds were disbursed in 2020, so this is not in the FY19-20 audit.

Allyson Wood Illich asked whether we could ask town residents with financial expertise to help, potentially as volunteers. Jeremy expressed openness to all suggestions but pointed out that this would be unusual.

Mr. Savage asked why the Town was unsuccessful in hiring accounting help.

Mr. Dennis said staff screened 40-50 applicants, only a handful had relevant experience. Some misstated qualifications; others did not appear for scheduled interviews. Salaries are not competitive, especially for line accountants.

Savage suggested that we may need to pay more and should bring this to the Town Council.

A couple more comments were ruled out-of-scope for this agenda item.

Summary: Nobody is happy about this situation. We want to get back on track with respect to audits. Staff is working to do this.

### ***5b. Receive Update on PV Investment Fund***

Mr. Urban led a discussion of the Town's investment fund

- Four or five years ago, all Town cash was held in LAIF (Local Agency Investment Fund), which provided an extremely low rate of return
- PV and other municipalities are allowed to invest in a more diversified manner. While not allowed to own equity, high-quality fixed income investments are permitted.

Investment fund approximate asset mix:

- 10% inflation protected bonds
- 62% -- short-term gov't bonds - Vanguard ETF
- 28% -- Corp short term bond fund

Intended as buy-and-hold assets, not timing the bond market  
Compliant with CA code

#### Performance

- \$4.5M placed in fund, value is now \$4.589M (marked to market daily)
- 1.94% return over most recent 3-month period

Educationally focused discussion, not a recommendation.

- Reserves exceed what is required by town policy; what do we want to do with them?
- We have \$13-14M total liquid funds, which is large for a town of our size.
- Some funds are restricted.
- For unrestricted funds we can discuss how best to hold these funds
- Best-case for bonds is to stay ahead of inflation by 1/2 to 1.5%
- Should we spend the money on town needs?
- Transient deficit spending could be appropriate, given our large reserves
- Could also return funds to taxpayers

Suggested future agenda item: Quantitative analysis and discussion of how much money town should hold in reserve.

#### Public comment:

David Cardinal pointed out the difficulty in getting money back by raising taxes after it is returned to taxpayers. There are many worthwhile things we cannot afford such as affordable housing, utility undergrounding, etc.

Rita Comes offered support for Mr. Urban's analysis.

#### ***5.c Form Subcommittee on Inclusionary Housing Fund.***

A subcommittee was proposed to explore recommending an allocation methodology for the Town's inclusionary housing fund (approximately \$4.6M). Impetus was a request by developers of the Willow Commons project for \$3.5M in subsidy for 7 units.

Subcommittee creation was agreed to. Lucy Neely and George Savage agreed to join. Members not in attendance will be contacted regarding participation.

#### Public comments:

Several comments were made expressing frustration at the lack of progress on using the inclusionary housing fund to create inclusionary housing.

#### ***5d -- Discuss FY23-24 Budget and Committee Workshop with Town Council***

- Budget process will kick-off with discussion of priorities at TC meeting in January

- By first meeting in March the TC will provide direction to Staff
- This will be brought back to the FC a couple months later

Mr. Savage suggested a compensation survey to find a structural fix for our hiring problem. Mr. Dennis agreed to look into this.

Public comment:

Rita Comes suggested looking into skills we need but are missing. Could we convert contractors to full time cost-effectively? Spending on contractors is very high. Someone should analyze this.

Jeremy Dennis pointed to the enormous salary differential between public and private sector managerial positions as a key problem in converting contractors to full time salaried employees.

Nan Shostak proposed a handbook for new residents. Something that explains how the town works; how to read town financial statements; geologic safety, etc.

Lucy Neely agreed but did not think the FC should lead.

Danna Breen asked whether spending money isn't a matter for the Town Council and not this committee.

Ms. Neely clarified that the FC advises the TC on financial and audit matters, but elected council members make all spending decisions.

***5e. - Discuss Budget Deficit/Revenue Generation Brainstorming; form subcommittee or study sessions***

Brainstorming:

- This is the first year we've run an operational deficit in some time
- Historically, road maintenance is a cause
- This year the operating deficit is related to housing element consulting
- Two positions were ARPA (American Rescue Plan Act) funded. \
- Need to add a revenue source if we keep ARPA-funded positions longer term
- Significant recurring expense items such as the contract with SM County Sheriff keep increasing in cost and will likely outstrip growth in property tax revenues
- We may struggle eventually with built-in operational deficits.
- No transient occupancy tax revenue (i.e., hotels).
- Conversational only.

FC agreed to address this topic more thoroughly at a future meeting

Public comment:

Rita Comes suggested that the FC meet more frequently. She stressed that year-end financials and audits need to be up to date ahead of meaningful budget discussions.

#### ***5.f – Discuss Committee Chair Position***

- Lucy Neely serves as chair of another PV committee
- Rules limit individuals to one such role
- Therefore, Lucy will step down as chair of the FC, effective immediately
- George Savage volunteered to serve as FC chair and was elected to the position by the members

#### ***5.g – Discuss possibility of an Independent Audit Committee***

Discussion now turned to advisability of creating an independent audit committee.

- Members Takei and Lavine were not clear on the rationale for a separate committee: a committee will not solve the audit completion problem.
- Neely stressed that we already have a lot of committees
- Urban expressed frustration that the current FC is not focused on the audit
- Savage suggested a subcommittee of the current Finance and Audit Committee rather than a separate committee

Public comment:

Rita Comes has been a board audit committee member in the past. She suggests that an audit subcommittee meet three times during the audit, starting when the year-end financials are ready. She is happy to volunteer.

Betsy Morgenthaler thanked Lucy Neely for her service as committee chair and said that an Independent audit committee would build confidence.

After further discussion, the FC recommended that the Town Council consider creating a subcommittee of the FC to focus on the audit process

## **6. Adjournment**

The meeting was adjourned at 5:30 pm a

# DRAFT: Proposal For Simplifying and Clarifying Committee Operations

## Goal

The goal of this initiative is to strengthen our volunteer community and improve overall operational efficiency for both volunteers and staff. Brown-Act rules, that generally assume more political governing bodies, can be cumbersome for our volunteer committee members and staff. Below are ideas for alternative committee structures that allow more flexible committee organization. This initiative is part of the 2022-2023 Council Priorities.

## Process

Review the current operating procedures for committees (eg, Brown Act requirements, in-person vs remote participation) by the Committee of Committees (committee chairs or their representative, and the council subcommittee (Sarah and Craig)). The committee representatives would collect feedback from their respective committees to be incorporated into a working draft to be reviewed by the Committee of Committees and submitted to the Council.

## Alternative Committee Structures For Discussion

How do we continue to support and enhance our volunteer culture of involvement and inclusiveness? Use both the volunteer and staff resources wisely? Possible committee structures are listed below for discussion and refinement. A Council subcommittee is called out in the table. This subcommittee is different from the Council Liaison. The purpose of the subcommittee is to ensure that there is coordination across all committees with respect to charter and membership without violating the Brown Act. For Brown Act Committees this role is fulfilled by the entire Council.

<b>CRITERIA</b>	<b>Brown Act Committee</b>	<b>Non-Brown Act Committee</b>	<b>Group</b>
<b>Description</b>	Current structure.	Closer to the original PV committee intent.	Supports key Town events, projects and initiatives.
<b>Member Appointment</b>	By Council	By Council subcommittee	Open membership
<b>Meeting Requirement for Members</b>	In person	In person or hybrid	In person or hybrid
<b>Public Participation</b>	In person or hybrid	In person or hybrid	In person or hybrid
<b>Charter</b>	Formal defined by the Council	Defined by the Non-Brown Act Committee, approved by Council subcommittee	
<b>Noticing</b>	Yes, per Brown (72 hrs)	Yes, TBD on exact timing	Yes, in Town calendar
<b>Agenda Setting</b>	Yes, per Brown Act, with review by Council liaison and Town Manager	Yes, with review by Council liaison (possibly self-serve in the future).	TBD



## DRAFT: Proposal For Simplifying and Clarifying Committee Operations

<b>Minutes</b>	Yes, per Brown Act	Yes, non-Brown Act*	TBD
<b>Council Access</b>	Direct	Direct	Direct
<b>Council liaison</b>	Assigned	Assigned	Assigned
<b>Staff member</b>	Assigned	As needed	As needed
<b>Issue resolution</b>	As needed, Chair to Council liaison to Town Manager (to Council if needed)	As needed, Chair to Council liaison to Town Manager (to Council if needed)	As needed, Chair to Council liaison to Town Manager (to Council if needed)
<b>PROS</b>	<ul style="list-style-type: none"> <li>• Maximum oversight</li> </ul>	<ul style="list-style-type: none"> <li>• Flexibility for committee members*</li> <li>• Hybrid meetings</li> <li>• Lower impact on staff/resources</li> </ul>	<ul style="list-style-type: none"> <li>• Maximum flexibility for group members*</li> <li>• Hybrid meetings</li> <li>• Lowest impact on staffing/resources</li> </ul>

\* To be determined: Examples: simplify agenda setting and meeting noticing, provide flexibility on in-person requirements, determine quorum requirement, video recording, action vs detailed minutes, etc.

### Questions for Committees to Consider:

1. Does the “Alternative Committee Structures” above seem like a step in the right direction?
2. Is your committee open to changing to an alternative non-Brown Act body? If so, is Alt 1 or Alt 2 appealing, or is there another alternative that would work better for your committee?
3. How should we handle hybrid meeting (zoom) participation for committee members and residents under the different alternative structures? Examples: full remote participation, limited participation, viewing only, no remote. Should it be uniform by committee type or at the discretion of each committee?
4. Type of minutes: action, summary or verbatim minutes?
5. Thoughts on reducing required staff time given we have 17 committees?
6. Do you have ideas for increasing volunteer participation?
7. How can we make it easier to volunteer?

## **DRAFT: Proposal For Simplifying and Clarifying Committee Operations**

### **Current Committee List (for reference)**

Bicycle, Pedestrian, and Traffic Safety  
Cable and Utilities Undergrounding  
Conservation  
Cultural Arts  
Emergency Preparedness  
Finance and Audit  
Geologic Safety  
Historic Resources  
Nature and Science  
Open Space  
Parks and Recreation  
Public Works  
Race and Equity  
Sustainability  
Trails and Paths  
Wildfire Preparedness  
Woodside Highlands Road Maintenance

## **DRAFT: Proposal For Simplifying and Clarifying Committee Operations**

# Minutes From Committee of Committee Meeting 3/14/2023

### **Committee: Proposal for simplifying and clarifying committee operations**

Tuesday, March 14, 2023

1. **CALL TO ORDER:** 4:40 PM
2. **PUBLIC COMMENTS:** None

#### **Attending:**

**Town Council:** Craig Taylor, Sarah Wernikoff

**Judith Murphy** (Moderator)

**Bicycle Pedestrian and Traffic Safety:** Ed Holland

**Conservation:** Catherine MaGill (Zoom)

**Emergency Preparedness:** Dale Pfau (Zoom), Jerry Shefren

**Finance and Audit:** George Savage

**Geologic Safety:** Nan Shostak, Gary Ernst, Chet and Bob Wrucke

**Historic Resources:** Nancy Lund

**Open Space:** Betsy Morgenthaler

**Parks and Recreation:** Patty Dewes

**Public Works:** Alex Doherty

**Sustainability:** Scott Elrod, Rebecca Flynn

**Trails and Paths:** Gary Hanning

**Wildfire Preparedness:** Jennifer Hammer

**Public:** Anne Kopf-Sill, Dave Cardinal, Rita Comes, Kristi Corley

### **3. DISCUSSION ITEMS**

**a. Discuss “Proposal For Simplifying and Clarifying Committee Operations”** Craig opened the meeting by welcoming and thanking all who were attending, particularly given the weather conditions. The purpose of the meeting was to convene the Towns’ Committee Chairs to get their input on a framework for improving the overall operational efficiency for both volunteers and staff. This initiative originated as part of the Town Council’s 2022-23 Council Priorities. He stressed that this was NOT a decision-making meeting, but an introduction and invitation for discussion.

The meeting outcomes were to:

- Review the DRAFT of the alternative committee structures
- Gather initial POV, concerns, questions, etc.
- Incorporate the input and update the DRAFT
- Ask the Chairs to take the DRAFT to their Committees for discussion
- Reconvene, at some future date, to reiterate the proposal

The goal would be to take the proposal to the Town Council for approval, hopefully by the end of the fiscal year and then incorporate the changes in an overall update of the Committee Handbook.

## **DRAFT: Proposal For Simplifying and Clarifying Committee Operations**

Sarah provided some background – we have about 400 volunteers in a town w/ ~3600 adults for a participation rate of 11%. This is great but there is feedback from the Committees and staff that:

- It is becoming increasingly challenging to accommodate and comply w/ Brown Act requirements
- There are opportunities to improve alignment between Town Council and Committee priorities
- Not all committee policies and procedures are being implemented consistently
- Aspects of the Committee Handbook are ambiguous and outdated
- All or some of these factors “may” affect our ability to attract more volunteers

### **Comments regarding the framework:**

Point of Clarification: ANY committee appointed by the full Town Council (permanent or ad hoc) is subject to the Brown Act.

Point of Clarification: ALL our Committees are “advisory.” This means they might not have been subject to Brown Act requirements given that all decisions need to be reviewed by the Town Council before implementation. Only the Planning Commission and the ASCC can make decisions which can then be appealed to the Town Council, if needed.

### **Overall:**

- Can the framework ID the committees that are “required” by the General Plan (Conservation, Trails, BPTS) and why? This would “help” the other committees have some clarification about what is squarely in column #1.
- Can the framework ID what actions committees in columns #2 and #3 can engage in. . . What types of decisions can they make, documents they can review?
- Charter – very important and must be defined clearly for all 3 columns
- Description – supportive of strong volunteer participation is true for all 3 columns
- Member appointment: Town Council subcommittee to approve member appointments is all they do; the committee’s primary relationship is still w/ their Council liaisons for all other business.
- Agenda setting: Would like clarity on this for Columns 2 & 3, sometimes staff input is helpful and/or needed.
- Council Liaison: A goal of this structure would be to strengthen the relationship between the Council liaison and the committees
- Issue resolution, does not need to go through all levels unless necessary
- Transparency is STILL very important; we will get judged on how well this is handled. Somewhere in the process, the public must have transparency, through budget review, Town Council review, some other method. . . ?

### **Overall comments:**

- There is general support for the approach, outline, opening the discussion
- There is general agreement that committees would LOVE to have some flexibility and/or be released from Brown Act requirements.
- There is concern about transparency and communication, especially if it involves issues critical to our residents, i.e. safety

## **DRAFT: Proposal For Simplifying and Clarifying Committee Operations**

- Concerned about enforcement. This will potentially put more work on the council liaisons to be gatekeepers
- Residents still want to participate; how do we ensure this will happen?
- Elephant in the room, do we have too many committees that spread our limited volunteerism too thin?
- Chairs should bring back examples from their committee discussions.
- Chairs should be **more specific about what is meant by transparency.** . .

### **Actions:**

- Dewes to provide notes to Craig/Sarah
- DRAFT to be updated and distributed to all Chairs
- Chairs take DRAFT to Committees for review and discussion
- Chairs to provide feedback to Craig/Sarah (Dewes to consolidate)
- Next meeting TBD

### **3b. Council priorities rollout - Deferred**

4. **ADJOURNMENT:** 6:20 PM