



TOWN OF PORTOLA VALLEY
Finance Committee Meeting
Monday, March 25, 2024
4 PM

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

SPECIAL MEETING
HISTORIC SCHOOLHOUSE – 765 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.

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VIRTUAL PARTICIPATION VIA ZOOM

To access the meeting by computer:

<https://us06web.zoom.us/j/83322179778?pwd=oxYaLBbn5UWu68YzycjQJvYb3d6Led.1>

Webinar ID: 833 2217 9778

Passcode: 522164

To access the meeting by phone:

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

- 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. Minutes of November 28, 2023 meeting
- 5. NEW BUSINESS:**
 - a. Property tax revenue and trends, Paula Cone, President of HdL Coren & Cone
 - b. Town audits and other deliverables, Heather Rowden, Manager, Krisch & Co.
 - c. PV financial status and sustainability, Sharif Etman, Town Manager
- 6. OTHER BUSINESS:**
- 7. ADJOURNMENT**
This meeting body meets on an as-needed basis.

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.

PV Finance Committee – 11-28-23

Meeting called to order at 3:01pm
Roll Call – all members present
Stephen Cassani serving as Acting Secretary

ORAL COMMUNICATIONS FOR ITEMS NOT ON THE AGENDA

1st Town Member – Commented that PV townspeople ranked finance as top concern, so shouldn't the members of the Finance Committee have easy access to all Town financials? As we fine tune oversight policies, she recommended scheduling a meeting to discuss the Town's financial oversight and accountability and determine what needs to be updated/changed as we update our financial policies and controls.

George said he would discuss with Judith.

2nd Town Member – good suggestions in recent meetings, but how can those items move forward and how will residents know that progress is being made. She also liked how the most recent minutes were more detailed. Looking forward to traction in addition to conversation.

3rd Town Member – Thanks for all the time and dedication. Appreciates the sub-committee reports. Given recent financial issues, questioned continued engagement of financial consultant.

The Minutes of the prior meeting were approved.

Town Manager Update: Made a lot of progress since last meeting. The first priority is getting financial house in order and the engagement of Krisch and Co ("K&C") as part of that. He appreciates our support and stressed that issues are serious and significant work is ahead of us.

Reviewed full-time staffing (now 4 in finance). Issued a press release so community is aware of what is happening. Investment of the Town's cash remains an important priority and he committed to moving the funds in the very near term.

Audit – K&C consultant to work 23 hours/week (limit of their availability). Priority is 2021 audit. Town's senior accountant is dedicated to catch-up work, with others focused on current year work.

K&C will tackle projects over next 6 months. After 2021 audit is complete, will move to 2022 audit.

Investment policies and purchasing policies will be fine turned and brought to Finance Committee for input/review.

Cindy Rodas is moving to a new position with the Town, but will be available to provide input and ease the transition to a new interim Finance Director (with recruitment for that position commencing immediately). The plan is to hire a permanent Finance Director after the shortcomings of the finance function, as identified by K&C, have been largely addressed.

Re the audit process, the audit firms typically schedule a year in advance. Every audit takes 3 weeks of preview and 3 weeks of review (6 weeks) and cannot get a firm to dedicate 18 weeks for three years of audits. So we're looking at a 1.5 – 2 year process to catch up. A timeline will be ready by February that will include milestones so we can track progress/accountability.

Reserves: wants to rationalize how reserves are utilized, taking into account restrictions, and would like the Finance Committee to assist with this review. Also he'd appreciate assistance with our 3-5 year financial model and how to manage expenses, increase revenue, etc.

Investments: Planning to undertake an RFP for an investment services firm to provide reporting and maximize returns. Would like to partner with the Finance Committee on these things as the Town seeks to put in place a sustainable financial model.

Finance Committee Question: K&C compares our Town's processes to "best practices." How are best practices defined? Best practices should be tailored to towns of our size and sophistication.

Town Manager: Best practices refer to CA Code and also other Cities. CSMFAO and GFOA are two other sources for best practices relevant to a town like PV. Third are GASB guidelines. First we want to achieve compliance with requirements, then focus on what other Best Practices (relative to similar towns) should be implemented. K&C best practices were focused on CSMFAO and GFOA guidelines.

FC Questions: A number of questions centered on K&C's role and the hiring of a Finance Director.

Town Manager: primarily one person from K&C, who will function at the Director of Finance level, will be engaged. The interim Finance Director search process will commence immediately, and if it works out that the interim Finance Director candidate would also have interest in a permanent position, that would be considered. However, the Town has historically had difficulty in recruiting Finance Directors given PV's location and lack of public transportation. The ability to work remotely may help. And addressing our financial challenges should also help in attracting a permanent Finance Director.

FC Question: How does the Town account for accruals?

Town Manager – we do modified accruals. Some are accrued at year-end, some are done more regularly. We do want quarterly reports as a town. In Government the first quarter report is very light. The real discussion is at mid-year where the quarterly reports are useful, and 3rd quarter.

FC Question: Why not combine two of the delayed years into a 2-year audit.

Town Manager – Putting aside the scheduling challenges of engaging an audit firm to conduct a 2-year audit, there is a GASB requirement for a 12 month audit.

Public Comments:

1. What would it take to clean up fiscal house in a year? (1) Hard to go to public and ask community for a parcel tax when our financials are still unclear. (2) Easier to recruit high quality employees. (3) ineligible for any state or federal grants as we enter an El Nino year. How can we get it done in a year? (Town Manager: Will be working with K&C to get it done as quickly as possible.)

2. Any update on the Stanford Project? (Town Manager: no update)

Town Cash Investment Policy

Finance Committee member Bill Urban provided an update re Enhanced Cash Management, most of which was covered in the memo included with the meeting agenda package.

There was additional discussion re other recommendations and follow-through, and the appropriate prioritization of the cash transfers to higher yielding accounts/investments. The Town Manager agreed to focus on this matter and make the transfers within the next week or so. There was also discussion around the best way for the Finance Committee to communicate recommendations to the Town Manager/Staff going forward.

Stephen Cassani left the meeting at 4:25 pm

The Committee agreed that it was not necessary to add anyone to the Subcommittee on Enhanced Cash Management and that since it was expected that all the additional cash would be moved very soon that it would be best to wait to hear from Sharif to report back to us on any additional problems/issues he encounters when moving all the cash.

Sharif also requested that the format/structure of any future Subcommittee reports be changed.

The next Committee meeting will likely be in February, 2024.

The meeting was adjourned at 4:36 pm

Michele Takei
Acting Secretary