

Town of Portola Valley Finance and Audit Committee
DRAFT Minutes for the Meeting of Tuesday April 25th, 2023

Attendees

George Savage, Chair

Lucy Neely, Acting Secretary

Members: Michele Takei, Ken Lavine, Bill Urban, Stephen Cassani,

Cindy Rodas, Finance Director

Judith Hasko, Town Council Liaison

Howard Young, Interim Town Manager

Jim Saco, Finance Consultant

Starla Jerome-Robinson, Finance/Transition Consultant

Public: Kristi Corley, Dave Cardinal, Caroline Vertongen, Betsy Morgenthaler, Rita Comes

1. **Call To Order & Roll Call**—the meeting was called to order at 3pm.
2. **Oral Communications for Items Not on the Agenda**—a) Caroline Vertongen asks if the meeting is recorded. b) Neely introduces herself as a member of the Race and Equity Committee and asks for feedback via email on the town’s recently adopted land acknowledgment
3. **Announcements and Presentations**—None
4. **Approval of Minutes from January 18, 2023**—Levine notes there was a vote on forming a subcommittee which is not reflected in the minutes.
5. **NEW BUSINESS**
 - a. **Town Staffing Update:** Young introduces himself as Public Works Director and now Interim Town Manager; also introduces Starla Jerome-Robinson who will help the Finance Department transitionally. Rodas notes staffing challenges continue—town has been able to hire one person from a temp agency but Finance Analyst (Nicole) recently resigned. Rodas reached out to the same temp agency for more backup, focused on reconciliation and journal entries. Jerome-Robinson and Saco will continue to support. Town is looking to fill two more permanent positions. Savage asks if the departures of other town staff are affecting the Finance Department. Rodas answers that there is definitely an effect felt across departments. Lavine asks if assistance has been hired for the audit. Rodas answers that the audit will be part of the senior accountant’s role, which we’re hiring for.
 - b. **Discuss Audit Status and Plan for Completion (FY20-21 and FY21-22):** Savage notes that the 20/21 and 21/22 audits are still pending and that staffing departures could create further delays; asks what resources staff needs that they don’t have in order to get on track? Rodas shares that the 20/21 audit is in compliance and unaudited numbers have been submitted to the State Controller’s office and PV has received a letter certifying that; now in the process of doing the same for 21/22. Rodas shares that we’re still cleaning up data from challenges of implementing the new financial system (OpenGov). In the next weeks, Rodas, Saco, and Jerome-Robinson will identify a project timeline to

complete the 21/22 audit. Savage reiterates that progress on the audit as soon as possible is a priority and will be a perennial item on the Finance agenda. Lavine suggests we opt for a 24-month audit to gain efficiency and asks that the finance staff consider this idea. Robinson agrees it's worth asking Maze (auditor). Cassani asks if the State is offering pressure to complete the audit. Rodas answers that she's been in communication with the state via a letter, explaining our situation and requesting an extension and waiver of fees. Public Comment: Rita Comes asks people to speak into the microphone, what year OpenGov began, and if we're in compliance for COVID monies the town received. Rodas answers that the OpenGov contract was signed in early 2020 but taken years to implement and that all AARPA funding requirements have been submitted on time. David Cardinal offers encouragement and support for Town's financial budgeting decisions. Vertongen asks about OpenGov's capability to offer details into expenditures, such as linking directly to invoices. Rodas answers that OpenGov can provide detailed line-item information but not a link to an invoice.

- c. **Discuss Formation of Audit Subcommittee:** Savage asks how we might increase the attention the committee pays to the audit between finance meetings, in a way that is not annoying but helpful. Levine expresses concern that a subcommittee would create extra work and be a hassle. Neely notes that in exploring this idea, we're responding to interest expressed from the public and new Council Members. Savage asks Finance staff if more support would be helpful. Rodas answers that staff identifying the project timeline/plan will be most important and doesn't have a preference about reporting to subcommittee or full committee. Cassani feels this is the role of the Finance and Audit Committee. Urban notes that it sounds like we're reversing our vote from the last meeting (to form the subcommittee). Last meeting, he supported an audit subcommittee to identify committee members with greater audit expertise to focus on the subject, as he doesn't feel he can offer that expertise. Hasko notes that a subcommittee offers flexibility to meet without an agenda. Savage suggests the committee table this item til next meeting. Jerome-Robinson agrees that tabling is a good idea, so staff can create the audit project plan and Finance Committee can then consider if there is a valuable role for a subcommittee. Public Comment: Cardinal thinks the Finance Committee is doing a fine job and wonders what a subcommittee would add. Comes says she was part of a group that suggested a separate audit committee due to delays and reiterates the need for residents to feel the issue is moving forward. Savage concludes we will table the issue til the next meeting. Corley asks if the auditor can be present at Finance Committee meetings. Rodas questions whether it's realistic for Graze Zhang [auditor] to be present at meetings regularly. Savage notes that Grace could possibly be available at the next meeting, after staff presents their audit completion plan and timeline, in order to buy-in.
- d. **Budget plan for FY23-24:** Rodas notes a number of items staff would like to bring attention to for the upcoming 23/24 budget creation: 1) Renegotiation of Sheriff's contract—proposed contract is a 50% increase (\$800k) to \$2.3 million

annually. Staff found out last week and it's causing them to reconsider how they approach the budget. 2) Staff turnover—in the past, Dennis offered considerable support to the budget creation, and 3) OpenGov persistent challenges. Considering these factors, staff proposes to continue forward the current FY22/23 budget with a few modifications and the ability to introduce changes in the future. Savage says the proposal sounds reasonable to carry forward and to seek input from Town Council on priorities and how to manage the public safety budget. Committee/Staff discussion of Sheriff's contract and an upcoming informational session. Public Comment: Corley reminds staff that members of the public submitted suggestions for Sheriff's contract; wonders if housing increase will increase need to two Sheriff's cars. Rodas requests committee support for the proposed budget process in the form of a vote. Cassani motions to approve the FY23/24 Budget plan as proposed by staff. Lavine seconds. All members present vote aye, except Urban votes 'present'.

e. **Report from Inclusionary Housing Fund Subcommittee and Discussion:**

Savage introduces subcommittee and assignment and Cassani shares subcommittee's work—\$4.6-4.9mil housing fund. Subcommittee explored strategy to optimize this fund to create affordable housing, trying to incentivize developers to bridge the gap between a project that might or might not be viable. 3 ideas emerged: 1) Purchase a new site as an alternative to Dorothy Ford Park, 2) Dedicate funds to improve visual impact of low-income housing project—could move the needle on community buy-in, and 3) Provide a subsidy to developers seeking to develop BMR housing. For options 1 and 2, the opportunity set is small. Subcommittee believes Option 3 would be the most effective to move the needle on developing BMR housing in PV and recommend that TC provide guidelines to developers to qualify for subsidy. Could also fund deed restriction monitoring or potentially hire consultant to help the town think through the strategy to optimize these funds. Assumed \$100k/unit subsidy for new construction. Also discussed the scale of subsidy (eg for low-income vs. very low income units) and challenging prospect of subsidizing ADUs or JADUs. Subcommittee recommends that while developing Option 3, to look for opportunities for Options 1 and 2. Lavine asks if the town purchased land, what would then be done? Cassani answers that the town would then be a partner in the development. Hasko notes that she and Councilmember Hufty are a subcommittee to consider the Inclusionary Housing Fund and would like to work with other IHF subcommittees. Lavine asks about long term viability of the fund and whether to spend it all now or think about the longer lifetime of the fund. Public Comment: Vertongen notes the Willow Commons support came from the General Fund and asks if this is because there was no policy yet? Hasko answers yes. Corley suggests hiring a realtor to identify available land, notes that deed restrictions can be of different lengths, and encourages looking into ADUs and JADUs more as a solution. Morgenthaler wants to check her understanding that the subcommittee recommended Option 3 because it would be quickest. Savage clarifies that it wasn't quickest but rather a matter of probability. Comes

suggests the subcommittee look at the current Housing Element document for ways that the money has been suggested to be spent. Cardinal thinks it's a great plan and not simple to spend the fund. Morgenthaler notes that if monies are not used for Option 1, then there is a 0% chance for Dorothy Ford Park to not be developed.

- f. **Proposal for Simplifying and Clarifying Committee Operations:** Savage introduces the Proposal from Town Council and solicits opinions from committee. Committee discusses and Savage summarizes that moving towards a non-Brown Act committee would be desirable, that we wonder about substantive communication outside of meetings, and cites the benefit of members being able to join remotely. Urban suggests certain items could be subject to Brown Act and others more flexible. Public Comment: Vertongen suggests focus on budget health. Hasko asks the committee to consider what type of minutes are preferred. Urban notes that summary minutes are between action and verbatim and suggests this is preferable because action items are too sparse. Committee agrees. Corley notes that some committees are required to be Brown Act Committees.
6. **Other Business**—None
 7. **Adjournment**—meeting adjourned at 5:11pm.