

TOWN OF PORTOLA VALLEY  
Finance Committee  
Monday, May 18, 2015 – 5:30pm  
Town Hall Conference Room  
765 Portola Road, Portola Valley, CA

Minutes – May 18, 2015 Meeting

**Attendees:**

Michele Takei – Acting Chair  
George Savage, Acting Secretary  
Gary Nielsen  
Ken Lavine

Nick Pegueros – Town Manager  
Stacie Nerdahl – Admin. Svcs Mgr  
Ann Wengert – Council Liaison

The meeting was called to order at 5:37pm

**Oral Communications** - None

**Minutes of March 23, 2015** - Approved

**New Business:**

**1. Update on CalPERS pension funding**

Nick Pegueros discussed his findings on CalPERS' treatment of municipal pension payments. 1) Employer-specific assets and liabilities are attributed to each employer individually and not to the pool as a whole. Each year there will be a new unfunded liability line adding or subtracting from the total estimated pension liability. Excess payments can buy down the CAIPERS premium to a floor, but not below.

**2. FY 2015-2016 budget review**

Stacie Nerdahl presented and led a discussion of the FY 2015-2016 proposed budget for the town. An operating surplus of \$227,472 is projected. Technically, there is a deficit reducing the general fund balance by \$469,263. This is caused by \$111,978 transfer to the transportation fund and \$584,757 in capital purchases fully funded by prior year operating surpluses.

A detailed review of revenues ensued, with questions from committee members and discussion with Town officials. For example, UUT revenue is decreasing due to water conservation efforts by town residents and increased residential solar power generation. Building revenue is also down due to fewer small projects; large projects are continuing at the same rate.

Nick Pegueros led a discussion of the town's negotiation of a new contract with the San Mateo Sheriff's office for law enforcement services. A deal was easily reached on this occasion. The Town Council approved the new arrangement, which calls for a 5.9 percent price increase for the basic contract and a 1.4 percent increase in the cost of supplemental traffic controls. The aggregate expected increase nets to

approximately 4 percent. Committee members discussed alternatives to the county sheriff for law enforcement. After a thorough discussion, it was agreed that the current arrangement with SM County is most cost-effective for town residents.

Stacie Nerdahl then presented the capital improvements anticipated in the proposed budget. Major items include an \$80,000 expenditure for a new building permit tracking system. Cloud-based solutions are being investigated as a replacement for the town's obsolete Microsoft Access database. Discussion centered on the reason for the upgrade at this time and any lower-cost alternatives. Unfortunately, the MS Access DB used by the town is no longer supported by Microsoft, so replacement is becoming urgent. Early quotes for a cloud-based replacement came in as high as \$150,000, but town staff now have lower quotes in hand and are continuing to seek the most cost-effective solution.

Street improvements are also an area for investment. Nick Pegueros is making a priority of dealing with road quality. Portola Valley roads average a pavement condition index (PCI) score of 79 out of a possible 100 (a score of 80 or above is considered good). However, some town roads have a low PCI—one scoring only 20.

Committee members asked about personnel expenditures, COPS funding, water conservation targets in light of the ongoing drought, and other budget matters.

### **3. Handling of town cash balances**

Bill Urban is leading an investigation into the best cash-management practice for town fund balances. Since he could not attend this meeting, the committee elected to table this discussion at the present time.

### **4. Stacie Nerdahl retiring**

Stacie Nerdahl confirmed that she expects to retire from town staff at the end of August, 2015. Committee members expressed thanks for her service and wished her well.

The meeting was adjourned at approximately 7:00 pm.

George Savage, Acting Secretary