



SPECIAL MEETING AGENDA

Date: 11/18/2020

Time: 5:00 p.m.

Special Meeting Location: [Joinwebinar.com](https://www.joinwebinar.com) – ID# 355-367-955

NOVEL CORONAVIRUS, COVID-19, EMERGENCY ADVISORY NOTICE

On March 19, 2020, the Governor ordered a statewide stay-at-home order calling on all individuals living in the State of California to stay at home or at their place of residence to slow the spread of the COVID-19 virus. Additionally, the Governor has temporarily suspended certain requirements of the Brown Act. For the duration of the shelter in place order, the following public meeting protocols will apply.

Teleconference meeting: All members of the Finance and Audit Committee, city staff, applicants, and members of the public will be participating by teleconference. To promote social distancing while allowing essential governmental functions to continue, the Governor has temporarily waived portions of the open meetings act and rules pertaining to teleconference meetings. This meeting is conducted in compliance with the Governor Executive Order N-25-20 issued March 12, 2020, and supplemental Executive Order N-29-20 issued March 17, 2020.

- How to participate in the meeting
 - Submit a written comment via email:
DCJacobson@menlopark.org*
 - Record a comment:
Dial 650-474-5071*
 - Access the regular meeting real-time online at:
[joinwebinar.com](https://www.joinwebinar.com) – Regular Meeting ID 355-367-955
 - Access the regular meeting real-time via telephone (listen only mode) at:
(562) 247-8422
Regular Meeting ID 251-980-877 (# – no audio pin)

*Written and recorded public comments and call-back requests are accepted up to 1-hour before the meeting start time. Written and recorded messages are provided to the City Council at the appropriate time in their meeting. Recorded messages may be transcribed using a voice-to-text tool.

Subject to Change: Given the current public health emergency and the rapidly evolving federal, state, county and local orders, the format of this meeting may be altered or the meeting may be canceled. You may check on the status of the meeting by visiting the City's website www.menlopark.org. The instructions for logging on to the Zoom webinar and/or the access code is subject to change. If you have difficulty accessing the Zoom webinar, please check the latest online edition of the posted agenda for updated information (menlopark.org/agenda).

Special Meeting ([Joinwebinar.com](https://www.joinwebinar.com) – ID# 355-367-955)

A. Call To Order

B. Roll Call

C. Regular Business

C1. Receive the independent auditor's report for the fiscal year ended June 30, 2020

C2. Approve the regular update to City Council ([Attachment](#))

D. Reports and Announcements

D1. Director's report

D2. Future agenda topics and committee member reports ([Attachment](#))

E. Adjournment

At every Regular Meeting of the Committee, in addition to the Public Comment period where the public shall have the right to address the Committee on any matters of public interest not listed on the agenda, members of the public have the right to directly address the Committee on any item listed on the agenda at a time designated by the Chair, either before or during the Committee' consideration of the item.

At every Special Meeting of the Committee, members of the public have the right to directly address the Committee on any item listed on the agenda at a time designated by the Chair, either before or during consideration of the item.

For appeal hearings, appellant and applicant shall each have 10 minutes for presentations.

If you challenge any of the items listed on this agenda in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City of Menlo Park at, or prior to, the public hearing.

Any writing that is distributed to a majority of the City Council by any person in connection with an agenda item is a public record (subject to any exemption under the Public Records Act) and is available by request by emailing the city clerk at jaherren@menlopark.org. Persons with disabilities, who require auxiliary aids or services in attending or participating in Committee meetings, may call the City Clerk's Office at 650-330-6620.

Agendas are posted in accordance with Government Code §54954.2(a) or §54956. Members of the public can view electronic agendas and staff reports by accessing the City website at menlopark.org/agenda and can receive email notification of agenda and staff report postings by subscribing to the "Notify Me" service at menlopark.org/notifyme. Agendas and staff reports may also be obtained by contacting City Clerk at 650-330-6620. (Posted: 11/16/2020)

To: Honorable Council Members

From: Finance & Audit Committee

Date: TBD

Re: Finance and Audit (FAC) Committee Activities Update

The purpose of this report is to seek council's review, support, direction and recommendations.

The committee's role is to facilitate public understanding of the city's financial reporting processes and to assist staff in the delivery of timely, clear and reliable financial information to the public.

This memo addresses the following topics.

- Financial statement review,
- Investment guideline review,
- Capital expenditure reporting protocol and communication,
- Information technology recommendations,
- Pension costs
- Budget presentation

Financial Statement Review

- We will meet with the auditors on November 18, 2020 to review the audit

Investment Guideline Review

- We reviewed the city's investment guidelines, which follow state regulations, and therefore, did not have any changes to suggest.

Capital Expenditure Reporting Protocol and Communication

- Please refer to the memo dated February 24, 2020. Major items discussed are:
 - CIP Prioritization Criteria
 - Updating the CIP quarterly rather than annually
 - Provide additional detail in the Capital Improvement Webpage

Information Technology Recommendations

- Staff has installed OpenGov software budgeting and reporting module. We suggest that the project be continued with the installation of the financial accounting software upgrade.

Pensions

- Govinvest has been installed and based on a presentation to FAC appears to be extremely useful in determining the additional liability resulting from hiring additional staff, and the change in liability resulting from the use of various discount factors.
- We have still have major concerns about pensions costs. The unfunded pension liability as computed by regulations as established by CalPERS (an unrealistic discount factor) greatly understates the liability.

Budget Presentation

- We have reviewed the prior year's budgets.
- We are concerned that the information presented looks more like a sales/marketing package, rather than presenting detailed financial information for the Council to consider in establishing a budget.
- We recommend that FAC review the budget before presentation to Council and submit recommendations to staff that will be included in their presentation to Council. Please see Los Gatos Measure A.

Respectfully submitted for FAC

Ronald Shepherd

Los Gatos Town Finance Commission Initiative
Measure A - Parcel 11/3/20 Election

(a) The Finance Commission shall:

(1) Serve as an on-going, substantive and expert advisory body to the Town and Town Council so that the Town and Town Council can make informed decisions about the Town's financial, budgetary and investment matters and operations related thereto.

(2) Review the Town Manager's annual proposed budget prepared in accordance with section 2.30.295(6) of the Town Code, and provide written comments and recommendations to the Town Council.

(A) The Finance Commission's comments and recommendations shall include a recommendation about whether the Town Council should approve or disapprove the proposed budget. The Finance Commission may make a recommendation of approval of the budget conditional upon the Town Council's acceptance of one or more of the Finance Commission's recommendations.

(B) The Town Manager must provide a proposed budget to the Finance Commission at least twenty (20) business days before the first meeting at which the proposed budget is considered by the Town Council.

(3) Review the Town Manager's draft Comprehensive Annual Financial Report (CAFR) for the preceding fiscal year, and provide written comments and recommendations to the Town Manager.

(A) The Town Manager shall respond in writing to the Finance Commission providing his or her rationale for accepting or rejecting each of the Finance Commission's comments and recommendations prior to presenting the CAFR to the Town Council for formal consideration.

(B) The Town Manager may not present the CAFR to the Town Council for formal consideration unless or until he or she considers and responds in writing to all of the Finance Commission's comments and recommendations.

(4) Review the Director of Finance's summary of the Town's financial report required by section 53891 of the California Government Code and prepared in accordance with section 2.50.010(c) of the Town Code, and provide written comments and recommendations to the

Subcommittee Report (Royse, Tronson)
Infrastructure communication subcommittee
February 24, 2020

The infrastructure communication subcommittee (“Subcommittee”) of the Menlo Park Finance and Audit Committee (“FAC”) recommends improvements, including the following, to reports relating to the capital improvement plan (“the Plan” or “Capital Improvement Plan” or CIP).

The Subcommittee has reviewed the online and print materials offered by the City of Menlo Park relating to its projects contained within the capital improvement plan, budget, and capital improvement program with a view towards making the information more transparent, accessible, and understandable. Most of this information is contained in the annual budget document but also appears throughout various webpages and documents.

“Budget” refers to the City of Menlo Park Fiscal Year 2019-20 Adopted Budget, at <https://menlopark.org/ArchiveCenter/ViewFile/Item/9688>.

“Plan” or “CIP” refers to the Capital Improvement Plan, at <https://www.menlopark.org/DocumentCenter/View/9057/2015-2020-5-Year-CIP>

1. CIP Prioritization Criteria: Subcommittee recommends that the specific prioritization criteria for each new Project be modified to include metrics and weights to ensure consistency among the decisions.

The Budget contains the CIP and sets forth certain capital improvement plan criteria for prioritizing its 89 listed projects (“Projects”) (see Page 110 of the Budget). The staff has categorized the Projects based on the following criteria:

- Regulatory compliance
- Public safety
- Preservation of city assets
- Improved efficiencies
- Grant funding timelines
- First in, first out
- Available staffing

The Projects are then tiered from 1 to 3, with tier 1 getting the most immediate attention.

The CIP does not explain what the criteria are exactly, how they are applied, and how important they are.. Each year’s Budget should include the prioritization details of new Projects.

Subcommittee recommends that the specific prioritization criteria for each new Project be refined to include metrics and weights to ensure consistency among the decisions

2. Capital Improvement Plan/Budget:

The CIP (Capital Improvement Plan) sets forth planned short- and long-range development, maintenance, improvement and acquisition of infrastructure assets. The CIP is part of and links to the Budget, and provides a means for planning, scheduling and implementing capital and comprehensive planning projects over a five year period (although updated annually).

The Subcommittee has several suggestions.

1. Given how quickly priorities change, the CIP should be updated quarterly rather than annually.
2. The CIP should contain are summary of how the prioritization criteria are applied.
3. The CIP contains very little detail on expenditures and project costs. More explanation would be helpful.

3. Capital Improvement Program Webpage.

The City's website contains a Capital Improvement Program page at <https://www.menlopark.org/222/Capital-Improvement-Program>. Is there a difference between the Capital Improvement Plan and the Capital Improvement Program? If not, the Subcommittee suggests consistency in terminology. And if they are different, provide an explanation as to how they differ.

The Capital Improvement Program page lists only 4 projects in design phase, while the Budget lists numerous projects, in the category of "Projects in design phase." The Capital Improvement Program should contain more detail on the status of other projects not in design phase.

Additional detail on the Capital Improvement Program page or pages for each project might include:

- Funding
- Expenditures
- Timelines
- Progress and status
- Impact on other project/s

4. Comprehensive CIP Reports

There are numerous projects listed in the Annual Budget. Many are in different stages, have different start dates, budgets, funded and unfunded classifications, etc. They also appear

in various Staff Reports. There is no single master CIP document from which a stakeholder, whether resident, Council Member, or Staff, can find all the necessary information about the individual CIPs. Is there a way to assess a single CIP in relationship to all the others when it comes to its impact on resources, e.g., time, staff, funds?

2020-21 Finance and Audit Committee workplan

November 18, 2020 update

Ref #	Approved projects	Subcommittee
1	Annual investment policy review	N/A
2	Annual independent auditor's report review	N/A
3	OpenGov support and community training	N/A
4	Capital improvement plan (CIP) accessibility	Royse, Westcott
5	Pension liability communication	Keet, Maguire, Shepherd
6	Comparative benchmarks	Shepherd, Westcott

Reference documents

	Location
CAFR, year ended June 30, 2019	https://www.menlopark.org/ArchiveCenter/ViewFile/Item/10938
Fiscal year 2020-21 proposed operating budget	https://stories.opengov.com/menlopark/published/gftJuky5q
Fiscal year 2020-21 proposed capital improvement plan	https://stories.opengov.com/menlopark/published/RqEZIAK0n
Fiscal year 2019-20 preliminary close	https://stories.opengov.com/menlopark/published/VTNJK7eqj
Fiscal year 2020-21 first quarter update	https://stories.opengov.com/menlopark/published/AriGi2eir
Finance operating reports	https://www.menlopark.org/1578/Operating-reports
Previous FAC meeting agendas and minutes	https://www.menlopark.org/AgendaCenter/Finance-Audit-Committee-5

Parking lot items

Sale of assets	Developer agreements
Review of utility users' tax cap	Community amenities fund
Library financing	Use of multiple investment advisors
Listing of parcels exempt from property taxes	Consultant and contractor policy review