

**Finance and Investment Committee Special Meeting  
Town of Los Altos Hills  
Town Hall, Monday, May 20, 2019**

The meeting was called to order at 4:00 pm by Chairman Silver

**Members present** Allan Epstein, Betty Kayton, Kjell Karlsson, Susan Mason, Stan Mok, Chris Nam, Bill Silver, Roddy Sloss and Chris Welborn

**Members absent:** None

**Associate members:** Jim Lai, (absent), Frank Lloyd (present)

**Council present:** Roger Spreen, Mayor, and Michelle Wu, Vice Mayor

**Staff present:** Carl Cahill, Town Manager, and Dave Sherwood, Administrative Services Director

**Guests and public present:** Jim Waschura, resident

Mr. Silver, Chairman, called the meeting to order at 4 pm and asked Mr. Waschura to introduce himself.

**Approval of minutes:**

The April 8, 2019 meeting minutes were approved as corrected by members who attended that meeting.

**Report on Council activities of interest: Michelle Wu, Vice Mayor**

Ms. Wu reported on the following items from the May 16, 2019 Council meeting. Mr. Cahill is authorized to negotiate a new 15-year Green Waste contract with Alternative 2 billing after which it will be presented to Council for approval. An existing resolution was amended now allowing the City Manager to authorize expenditures up to \$25,000 without prior Council approval. Matrix Pathway Fee Study was presented. Staff received Council direction to take steps to prepare the Development Impact Fee for Pathways. New Pathway Fee will be a fixed fee (based on a value determined by and Engineer's Report, to follow) per property and Town will be responsible for building pathways.

**Report on Finance and Administration matters of interest: Dave Sherwood**

Mr. Sherwood followed up on a prior meeting request for clarification of the number of employees eligible for OPEB benefits noted in the June 30, 2017 fiscal year Actuarial Report published in January 2018 noting the number of 19 employees is correct. He clarified that nineteen represents the number of Town employees eligible for OPEB plan benefits as of June 30, 2017 and two of those employees, hired prior to October 11, 2007, are eligible for original benefits and the other 17 are eligible for the smaller Public Employees' Medical and Hospital Care Act (PEMHCA) (\$136.00 for 2019), subsequently adopted benefits. There are also 13 retired employees entitled to the original plan.

In response to an update requested by the Chairman on the status of Finance department activities and backlog, Mr. Sherwood stated that permanent Finance positions are fully staffed but due to unusually high employee turnover in the past two years there is an extraordinary amount of incomplete and in some cases inaccurate transaction coding that the Staff is working through in addition to the usual learning curve for existing staff all of whom have seven months or less service with the Town at this time.

Continued.

**Report on Finance and Administration matters of interest: Dave Sherwood, continued**

Mr. Cahill noted that the Council, in recognition of these circumstances, authorized a \$60,000 fund for supplemental temporary help, none of which has been requested by the Staff at this time. Mr. Sherwood in response to questions, stated bank reconciliations were very close to being caught up, accounts payable were still in the process of being caught up. Mr. Sherwood stated, despite the inaccuracies and reliabilities found no irregularities have been noted in cash or investments.

**Review of Town's Fiscal June 30, 2020 draft Base Budget – Dave Sherwood**

Mr. Sherwood handed out a six-page slide presentation including a Town Wide Fund Summary, a Town Wide Financial Summary, and the following slides with descriptions of the: Budget Process, Expenditure Projection Methodology, Comparative General Fund revenue and expenditures and Comparative Sewer Fund revenue and expenditures. Mr. Sherwood discussed the content of the slides and responded to questions including comparative year-to-year differences in Personnel, Contractual Services Professional Services and Allocations Out as well as comparative Revenue differences in Property Taxes, Franchise Fees, Licenses and Permits, charges for Services and Use of Money. Although this is a Base Budget presentation, a summary of recurring type Capital Expenditure information was also presented. Mr. Sherwood noted that a significant amount of work is yet to be done for the May 30 Joint Council FIC meeting and that information presented here could change. The slides were not provided prior to the meeting in time for members to review and due to the limited nature of the presentation and expected changes the FIC was unable to take any action. Members made suggestions on budget changes, reporting and presentation for the joint Council/FIC meeting on May 30, 2019. Members appreciated the challenge he was under, being just seven weeks on the job and considering the record conditions he found on arrival and thanked him for his extra efforts.

**Status and Review of Calendar 2019 – Bill Silver**

As noted above, a May 30, 2019, 4 pm budget review meeting with Counsel is scheduled and a June 3, 2019, 4 pm meeting with Randall Yurchak with PARS is planned. A July 8, 2019 meeting with PFM is also proposed. Mr. Silver previously noted that the annual report of the FIC to the Council has been changed from April 2019 to October 2019 allowing the Committee to work with a fully staffed department for six months on priorities and calendar and then report on same.

**Presentations from the floor:**

None.

**Adjournment:**

At approximately 6:00 pm, there were no further matters to be discussed and the meeting adjourned.

Respectfully submitted: Roddy Sloss, Committee Secretary

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