

**FINANCE ADVISORY COMMITTEE
FY 2020-21 WORK PLAN**

MISSION STATEMENT

The mission of the Finance Advisory Committee (FAC) is to provide citizen input to the City Council and Staff regarding financial matters of the City of Rancho Palos Verdes. The Committee shall review short and long-term financial information of the City and other financial issues as assigned by the City Council. The Committee shall provide advice regarding economic development matters such as methods to improve the business climate and how to better work with local businesses and shall recommend specific areas for review to the City Council. The Committee will serve to advise the City Council regarding the City's financial condition. (Resolution No. 2008-064)

SUMMARY OF SPECIFIC 2020-21 ASSIGNMENTS

1. Review and provide feedback/recommendations regarding FY 2021-22 Finance Advisory Committee Work Plan;
2. Receive a presentation of the City's annual employee pension plan actuarial valuation reports, continue to monitor changes to pension plan provider assumptions and methodologies, and make recommendations to the City Council when appropriate;
3. Receive a presentation on the City's year-end unaudited actuals;
4. Receive a presentation of the City's Comprehensive Annual Financial Report (CAFR) prepared annually, including the audit report;
5. Study infrastructure funding for significant projects and make recommendations to the Infrastructure Management Advisory Committee, and City Council;
6. Receive a presentation on the midyear review for FY 2020-21, FY 2021-22 budget assumptions and the 5-year Financial Model;
7. Review Treasury activities and investment report quarterly;
8. Receive a presentation and make recommendations on the City's Investment Policy.
9. In addition to the above specific assignments, on an as-needed basis, the FAC is prepared to review any additional projects assigned by the City Council:
 - A) Receive a presentation and make recommendations on the Civic Center Master Plan and the associated financial implications.
 - B) Receive a presentation and make recommendations on the Portuguese Bend Landslide and the associated financial implication.
 - C) Receive a presentation and make recommendations on the Ladera Linda Community Park and the associated financial implication.
 - D) Review and make recommendations on the City's Investment Policy.
 - E) Receive a presentation and make recommendations on the City's fees and taxes opportunities.

SUMMARY OF STAFF TIME

A summary of the total Staff time estimated for the assignments outlined in this 2020-21 work plan follows:

Assignment	No.	Potential Meeting Date	Staff Support Hours
Review FY 2021-22 Work Plan	1	May/June	15
Review the pension report (AVR)	2	August/September	10
Review the FY 2019-20 year-end unaudited actuals	3	November/December	15
Review the FY 2019-20 CAFR	4	January/February	15
Review funding for the 5-year CIP	5	February/March	10
Review the FY 2020-21 Mid-year Review, FY 2021-22 Budget Assumptions, & 5-year model	6	March	25
Review Investment Activities Quarterly	7	August, October, January, April	32
Additional Assignments	8	TBD	30
Total Staff Time			137

Note: The Staff time estimated herein is exclusive of the time to prepare work product for the City Council.

SPECIFIC 2020-21 ASSIGNMENTS

1. REVIEW AND PROVIDE FEEDBACK/RECOMMENDATIONS REGARDING FY 2021-22 FINANCE ADVISORY COMMITTEE WORK PLAN

Finance Advisory Committee Work Plan is a document that summarizes what Committee Members will be working on during the fiscal year with the Director of Finance.

Staff Responsibilities:

- Prepare a draft work plan for Committee Members to review and provide feedback/recommendations; and
- Present the final Work Plan to City Council.

Timeline:

- Staff expects that this presentation will take place at a meeting in May/June 2021.

Staff Time:	Hour/s
Staff preparation of meeting agenda and minutes	2
Staff preparation of presentation	2
Staff report preparation for the Committee	5
Meeting Attendance for 2 staff members	6
Total Staff Time Required	15

2. RECEIVE A PRESENTATION OF THE CITY’S ANNUAL EMPLOYEE PENSION PLAN ACTUARIAL VALUATION REPORTS, CONTINUE TO MONITOR CHANGES TO PENSION PLAN PROVIDER ASSUMPTIONS AND METHODOLOGIES, AND MAKE RECOMMENDATIONS TO THE CITY COUNCIL WHEN APPROPRIATE

For the last 5 years, the FAC has studied the City’s employee pension plan, and issued Memorandums with recommendations to the City Council.

The FAC will continue to study factors impacting the City’s employee pension plan, and provide recommendations to the City Council as appropriate.

Committee Responsibilities:

- Review the June 30, 2018 CalPERS Actuarial Valuation Report (to be received no later than February 2020); and
- Prepare an updated FAC Memorandum with additional recommendations to the City Council, as appropriate.

Staff Responsibilities:

- Provide a presentation of the June 30, 2018 CalPERS Actuarial Valuation Report and information relevant to this assignment, and answer Committee Member questions; and
- Forward the Committee’s updated Memorandum to the City Council, if applicable.

Timeline:

- Staff expects that this presentation will take place at a meeting in August 2020.

Staff Time:	Hour/s
Staff preparation of meeting agenda and minutes	2
Staff report and preparation for the Committee	4
Meeting Attendance for 2 staff members	4
Total Staff Time Required	10

3. RECEIVE A PRESENTATION OF THE FY 2019-20 YEAR-END UNAUDITED ACTUALS

The year-end financial review is an exercise that Finance performs after closing is completed. In this process, Finance calculates the City’s fund balance based on the unaudited actuals and compares the fund balance to what was reported as the year-end estimate and fund balance during the budget adoption.

Staff Responsibilities:

- Present the unaudited actuals to the Committee and answer Committee Member questions.
- Present an analysis of year-end estimates and fund balance during the budget adoption process to the unaudited actuals to the Committee and answer Committee Member questions.

Timeline:

- Staff expects that this presentation will take place at a meeting in December 2020.

<u>Staff Time:</u>	Hour/s
Staff preparation of meeting agenda and minutes	2
Staff preparation of presentation	1
Staff report preparation for the Committee	8
Meeting Attendance for 2 staff members	4
Total Staff Time Required	15

4. RECEIVE A PRESENTATION OF THE CITY’S COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) PREPARED ANNUALLY, INCLUDING THE AUDIT REPORT

The Comprehensive Annual Financial Report (CAFR) is an annual report that includes the City’s audited financial statements, as well as other financial and statistical information. Receipt of this presentation is an annually recurring item intended to provide the Committee with relevant financial information.

Staff Responsibilities:

- Present an oral overview of the CAFR and accompanying staff report to the Committee and answer Committee Member questions.

Timeline:

- Staff expects that this presentation will take place during a meeting in January/February 2020.

<u>Staff Time:</u>	Hour/s
Staff preparation of meeting agenda and minutes	2
Staff preparation of presentation	2
Staff report preparation for the Committee	7
Meeting Attendance for 2 staff members	4
Total Staff Time Required	15

5. SUBJECT TO CITY COUNCIL DIRECTION, STUDY INFRASTRUCTURE FUNDING FOR SIGNIFICANT PROJECTS, AND MAKE RECOMMENDATIONS TO THE CITY COUNCIL

The City Council may direct the FAC to study infrastructure funding alternatives, and make recommendations accordingly.

Committee Responsibilities:

- Review alternatives for funding the City’s infrastructure; and
- Prepare comments and recommendations to be forwarded to the City Council, as appropriate.

Staff Responsibilities:

- Present available alternatives for funding the City’s infrastructure, and answer Committee Member questions; and
- Forward the Committee’s comments and recommendations to the City Council, if applicable.

Timeline:

Staff Time:	Hour/s
Staff preparation of meeting agenda and minutes	2
Staff preparation of presentation	1
Staff report preparation for the Committee	3
Meeting Attendance for 2 staff members	4
Total Staff Time Required	10

6. RECEIVE A PRESENTATION OF FY 2020-21 MID-YEAR REVIEW, FY2021-22 BUDGET ASSUMPTIONS AND THE FIVE-YEAR FINANCIAL MODEL

Mid-year review is a financial analysis performed after the first six months of the fiscal year comparing budget to actuals. This is the first look at where we expect to end the fiscal year. Budget assumptions and proposed budget are prepared and presented to Council during the budget workshop, an informal meeting between Council and department heads, as they review the City’s financial position for the upcoming fiscal year. The Five-Year Financial Model (the “Model”) is a financial schedule which is annually prepared by Staff, as required by City Council Policy No. 18. The Model includes the proposed budget for the coming fiscal year, as well as estimates of revenues, expenditures, fund transfers and ending fund balance for all funds of the City over a five-year time period. The Model is prepared as part of the budget process for each fiscal year, and is a planning tool used to identify structural problems in the budget and future fiscal challenges.

Committee Responsibilities:

- Review and comment on FY 2020-21 mid-year review; and
- Review and comment on FY 2021-22 budget assumptions and proposed budget.

- Review and comment on the Five-Year Financial Model
- Staff Responsibilities:

- Provide a presentation of the City’s mid-year financial position at the end of December 31, 2020.
- Present the budget assumptions and proposed budget for FY 2021-22 and answer Committee Member questions;
- Present the Five-Year Financial Model and
- Forward the Committee’s comments to City Council, if applicable.

Timeline:

- Staff expects this assignment can be completed during a meeting in March 2021.

Staff Time:	Hour/s
Staff preparation of meeting agenda and minutes	2
Staff preparation of presentation	5
Staff report preparation for the Committee	12
Meeting Attendance for 3 staff members	6
Total Staff Time Required	25

7. REVIEW TREASURY ACTIVITIES AND INVESTMENT REPORTS

On March 15, 2016, the City Council approved a custodian agreement with Vining Sparks to provide brokerage services to enable investment diversification of the City’s portfolio. The City started to invest in CD’s late April of 2016.

Committee Responsibilities:

- Review current investments and treasury report.

Staff Responsibilities:

- Prepare and present current investment portfolio and Treasury Report to Committee.

Timeline:

- Staff expects to bring the Treasury Report and investment activities to the Committee quarterly with the first review for quarter ending June 30th in August 2020. Then quarter ending September 30th in October 2020, quarter ending December 31st in January 2021 and quarter ending March 31st in April 2021.

Staff Time:	Hour/s
Staff preparation of 4 meeting agendas and 4 minutes	8
Staff report preparation for 4 meetings	8
Meeting Attendance for 3 staff members at 4 meetings	16
Total Staff Time Required	32

8. In addition to the above specific assignments, on an as-needed basis, the FAC is prepared to review any additional projects assigned by the City Council:
 - A) **Receive a presentation and make recommendations on the Civic Center Master Plan and the associated financial implications.**
 - B) **Receive a presentation and make recommendations on the Portuguese Bend Landside and the associated financial implications.**
 - C) **Receive a presentation and make recommendations on the Ladera Linda Community Park and the associated financial implications.**
 - D) **Review and make recommendations on the City’s Investment Policy.**
 - E) **Receive a presentation and make recommendations on the City’s fees and taxes opportunity.**

RECOMMENDATIONS TO THE CITY COUNCIL

As an advisory body, the FAC has the ability to bring comments, ideas, and recommendations to the City Council for consideration. If a majority of Committee members are in agreement and have voted accordingly to move the topic forward, Staff will work to agendaize the matter on the City Council’s calendar. The Chair of the Committee, or his/her designee, will present the item before the City Council at the meeting. Staff will be available to assist the Committee on preparing the staff report and related materials for the agenda.

ROLES OF THE CITY COUNCIL, COMMITTEES, AND STAFF

ROLES

City Council

The five-member City Council is the legislative and policy making body for the City, charged with providing overall leadership by enacting laws and allocating City resources for programs, services and activities. The City Council appoints members to serve on this committee and makes special assignments to research, discuss, and provide comments and recommendations to the Council.

Committees

Advisory committees are a structured way for individual citizens to share their opinions and perspectives, and to formulate comments and recommendations in a focused, small group structure. The primary purpose of advisory committees is to provide judicious advice, from a citizen perspective, to the City Council. Committee activities may include the study of critical issues, hearing public testimony, and reviewing staff reports and recommendations – all of which is intended so that the committee is prepared to discuss, formulate, and forward well-developed, thoughtful comments and recommendations to the City Council in a timely manner. All appointees to the Committee should act at the direction of the whole or the majority of the City Council and not upon the request or direction of an individual member of the Council.

Staff

Staff liaisons have been assigned to each Committee to maintain communication between the Committee, City Council and City Management. Staff works under the direction of the City Manager. Reports prepared by Staff are generally for the ultimate review and action of the City Council subsequent to the Committee's review and comment. Staff is responsible for the work product that the Committee reviews and administration of the Committee's activities including, but not limited to the following:

- Ensuring that meeting notifications and consistent recordkeeping occurs.
- Serving as a communication link between the Committee, City Management, departments, and the City Council, as appropriate.
- Providing professional guidance, issue analysis and recommendations.
- Assisting the committee with report preparation, and correspondence in keeping with the committee's Council-approved work plan.
- Making sure the intent of the advisory committee is not lost after the Committee acts to make a comment or recommendation, and that it is conveyed accurately to the City Council in a timely manner.

- Assisting the advisory committee in staying focused on the assignment and agenda.
- Ensuring compliance of the Committee's actions with the Brown Act.
- Presenting advisory committee comments and recommendations to the City Council, if requested to do so by either the committee or the City Council.
- Maintaining a positive working relationship with the Chair and committee members.