

**FINANCE ADVISORY COMMITTEE
FY 2019-20 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 2019-20 ASSIGNMENTS

1. Receive a presentation on the City's year-end review and make recommendations for excess/deficit unrestricted fund balance;
2. Receive a presentation of the City's Comprehensive Annual Financial Report (CAFR) prepared annually, including the audit report;
3. Review and provide feedback/recommendations regarding FY 2020-21 Finance Advisory Committee Work Plan;
4. Review and provide feedback/recommendations regarding the Five-Year Financial Model to the City Council;
5. Receive a presentation on the midyear review for FY 2019-20, budget assumptions and proposed budget for FY 2020-21;
6. 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;
7. Review Treasury activities and investment report quarterly;
8. Study infrastructure funding for significant projects and make recommendations to the Infrastructure Management Advisory Committee, and City Council;
9. Receive a presentation and make recommendations on the City's research and conclusions on the Transient Occupancy Tax trends and opportunities.
10. 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 City's Fee Study.

SUMMARY OF STAFF TIME

A summary of the total Staff time estimated for the assignments outlined in this 2019-20 work plan follows:

Assignment	No.	Potential Meeting Date	Staff Support Hours
Year-end Review (FY18-19)	1	December	10
Review CAFR (FY18-19)	2	January/February	9
FY19-20 Work Plan	3	March/April	6
5-Year Model (FY20-21)	4	March/April	18
FY19-20 Mid-year Review, FY20-21 Budget Assumptions & Preliminary Budget	5	March	23
Pension Plan	6	September/October	14
Review Investment Activities Quarterly	7	August, October, January, April	32
Infrastructure Funding (FY20-21)	8	March/April	13
Review TOT Trends & Opportunities	9	December 2019	TBD
Fee Study Findings (FY20-21)	10	January/February 2020	6
Review Civic Center	10	TBD	TBD
Total Staff Time			125

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

SPECIFIC 2019-20 ASSIGNMENTS

1. RECEIVE A PRESENTATION OF THE CITY'S YEAR-END REVIEW AND MAKE RECOMMENDATIONS FOR EXCESS/DEFICIT UNRESTRICTED FUND BALANCE

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 2019.

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

2. 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.

Staff preparation of meeting agenda and minutes	1
Staff preparation of presentation	1
Staff report preparation for the Committee	3
Meeting Attendance for 2 staff members	4
Total Staff Time Required	9

3. REVIEW AND PROVIDE FEEDBACK/RECOMMENDATIONS REGARDING FY 2020-21 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 March/April 2020.

<u>Staff Time:</u>	Hour/s
Staff preparation of meeting agenda and minutes	1
Staff report preparation for the Committee	1
Meeting Attendance for 2 staff members	4
Total Staff Time Required	6

4. REVIEW AND PROVIDE COMMENTS AND RECOMMENDATIONS REGARDING THE FIVE-YEAR FINANCIAL MODEL TO THE CITY COUNCIL

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 the draft 2021 Model prepared by Staff focusing on noteworthy changes, trends, and key assumptions; and
- Provide recommendations to City Council.

Staff Responsibilities:

- Prepare the draft 2021 Model with accompanying staff reports explaining key assumptions and noteworthy changes;
- Present an oral overview of the draft 2021 Model and accompanying staff report to the Committee and answer Committee Member questions; and
- Forward the Committee's comments and recommendations to the City Council for its consideration prior to adoption of the FY20-21 City budget.

Timeline:

Staff expects that review of the draft 2021 Model will take place at two Committee meetings during March/April 2020 along with infrastructure funding.

<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	9
Meeting Attendance for 3 staff members	6
Total Staff Time Required	18

5. RECEIVE A PRESENTATION OF FY 2019-20 MID-YEAR REVIEW, FY2020-21 BUDGET ASSUMPTIONS AND PROPOSED BUDGET

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.

Committee Responsibilities:

- Review and comment on FY 2019-20 mid-year review; and
- Review and comment on FY 2020-21 budget assumptions and proposed budget.

Staff Responsibilities:

- Provide a presentation of the City's mid-year financial position at the end of December 31, 2019.
- Present the budget assumptions and proposed budget for FY 2020-21 and answer Committee Member questions; and
- Forward the Committee's comments to City Council, if applicable.

Timeline:

Staff expects this assignment can be completed during a meeting in December 2019 and March 2020.

<u>Staff Time:</u>	Hour/s
Staff preparation of meeting agenda and minutes	2
Staff preparation of presentation	5
Staff report preparation for the Committee	10
Meeting Attendance for 3 staff members	6
Total Staff Time Required	23

6. 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 this assignment can be completed during no later than February 2020.

<u>Staff Time:</u>	Hour/s
Staff preparation of meeting agenda and minutes	2
Staff preparation of presentation	3
Staff report preparation for the Committee	5
Meeting Attendance for 2 staff members	4
Total Staff Time Required	14

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 2019. Then quarter ending September 30th in October 2019, quarter ending December 31st in January 2020 and quarter ending March 31st in April 2020.

<u>Staff Time:</u>	Hour/s
Staff preparation of 4 meeting agendas and 4 minutes	8
Staff report preparation for 4 meetings	8
Meeting Attendance for 2 staff members at 4 meetings	16
Total Staff Time Required	32

8. 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.

Study Infrastructure Funding Alternatives	
<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	4
Meeting Attendance for 2 staff members	6
Total Staff Time Required	13

9. RECEIVE A PRESENTATION AND MAKE RECOMMENDATIONS ON THE CITY'S RESEARCH AND CONCLUSIONS ON THE TRANSIENT OCCUPANCY TAX TRENDS AND OPPORTUNITIES

Committee Responsibilities:

- Review and comment on the City's research and conclusions on the Transient Occupancy Tax trends and opportunities; and
- Provide recommendations to City

Council. Staff Responsibilities:

- Research Transient Occupancy Tax trends and opportunities;
- Present research and conclusions.

Timeline:

The Committee's recommendations will be submitted to City Council by December 2019.

10. 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 City's Fee Study.

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 agendize 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.