



## **FINANCE ADVISORY COMMITTEE FY 2021-22 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 2021-22 ASSIGNMENTS**

1. Review and provide feedback/recommendations regarding the next FAC Work Plan.
2. Review and provide feedback/recommendations regarding the FAC Biannual Report to the City Council.
3. 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.
4. Receive a presentation on the City's current fiscal year-end unaudited actuals.
5. Receive a presentation of the City's Comprehensive Annual Financial Report (CAFR) prepared annually, including the audit report.
6. Receive a presentation on the current fiscal year's midyear review, next fiscal year's budget assumptions, and the Financial Model.
7. Receive a quarterly presentation on the Treasury activities and investment reports.
8. Review and provide feedback/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 such as:
  - A. Receive an update on the financing options for the new Ladera Linda Community Center and Park and discuss the financial impact of the new facility's operating budget.
  - B. Discuss and prepare a financial forecast to study the financial impact of the three big capital projects (Civic Center, Ladera Linda Community Center and Park, and Portuguese Bend Landslide Mitigation).
  - C. Receive a presentation on the financing options for the Civic Center and the Portuguese Bend Landslide Project and make recommendations to the City Council when appropriate.

## **SUMMARY OF STAFF TIME**

A summary of the total Staff time estimated for the assignments outlined in this Work Plan are as follows:

<b>Assignment</b>	<b>No.</b>	<b>Potential Meeting Date</b>	<b>Staff Support Hours</b>
Review and provide feedback/recommendations regarding the Work Plan.	1	May/June	5
Review and provide feedback/recommendations regarding the Biannual Report.	2	January/June	5
Receive a presentation of the pension report (AVR) and provide recommendations when appropriate.	3	August/September	10
Receive a presentation of the year-end unaudited actuals (current fiscal year).	4	December	10
Receive a presentation of the ACFR and audit report (current fiscal year).	5	January/February	10
Receive a presentation of the mid-year financials (current fiscal year), Budget Assumptions (next fiscal year), and Financial Model.	6	March	25
Receive a quarterly presentation on the Treasury activities and investment reports .	7	August, October, January, April	20
Review and provide feedback/recommendations on the City's Investment Policy.	8	May/June	10
Review revenue enhancement and philanthropy contribution.	9	TBD	10
Additional assignments (Civic Center, Ladera Linda Community Center and Park, Portuguese Bend Landslide Remediation, and reassess TOT rate & opportunities).	10	TBD	50
<b>Total Staff Time</b>			<b>155</b>

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

## **SPECIFIC 2021-22 ASSIGNMENTS**

### **1. REVIEW AND PROVIDE FEEDBACK/RECOMMENDATIONS REGARDING THE NEXT FINANCE ADVISORY COMMITTEE WORK PLAN.**

FAC 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.
- Present the final Work Plan to City Council.

#### Timeline:

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

### **2. REVIEW AND PROVIDE FEEDBACK/RECOMMENDATIONS REGARDING FINANCE ADVISORY BIANNUAL REPORT TO THE CITY COUNCIL.**

FAC Biannual Report is a document that summarizes accomplishments of the Committee Members in January through June and July through December.

#### Staff Responsibilities:

- Prepare a draft biannual report for Committee Members to review and provide feedback/recommendations; and
- Present report with the Chair or assigned Committee Member to the City Council.

#### Timeline:

Staff expects that this presentation will take place at a meeting in January and June.

### **3. 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.**

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 current CalPERS Actuarial Valuation Report (to be received no later than February).
- Prepare an updated FAC Memorandum with additional recommendations to the City Council, as appropriate.

Staff Responsibilities:

- Provide a presentation of the current CalPERS Actuarial Valuation Report and information relevant to this assignment, and answer Committee Member questions.
- 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.

**4. RECEIVE A PRESENTATION OF THE CITY'S CURRENT FISCAL 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.

**5. 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. The 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.

**6. RECEIVE A PRESENTATION OF THE CURRENT FISCAL YEAR'S MID-YEAR REVIEW, NEXT FISCAL YEAR'S BUDGET ASSUMPTIONS AND THE 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 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 up to ten-years' time. 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 current fiscal year's mid-year review.
- Review and comment on next year's budget assumptions and proposed budget.
- Review and comment on the Financial Model.

Staff Responsibilities:

- Provide a presentation of the City's current fiscal year's mid-year financial position.
- Present the budget assumptions and proposed budget for the next year and answer Committee Member questions.
- Present the Financial Model.
- Forward the Committee's comments to City Council, if applicable.

Timeline:

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

**7. RECEIVE A PRESENTATION OF THE 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 in August. Then quarter ending September in October, quarter ending December in January and quarter ending March in April.

**8. REVIEW AND PROVIDE FEEDBACK/RECOMMENDATIONS ON THE CITY'S INVESTMENT POLICY.**

The objective of the City's Investment Policy is to strive to maintain the level of investment of all idle funds as near 100% as possible through the optimum operation of its cash management system. The City has determined that its investment criteria, listed in order of priority, are safety, liquidity and yield. The City Treasurer (Director of Finance) reviews the policy annually and determines if there are any applicable statutory changes to the Government Code Section 53600 *et seq.* through the California Debt and Investment Advisory Commission (CDAIC). Additionally, the City Treasurer may propose an update to the policy consistent with the policy's objectives. The proposed changes are then presented to the Committee for feedback/recommendations.

**Staff Responsibilities:**

- Present proposed changes related to the City's Investment Policy.
- Forward the Committee's comments and recommendations to the City Council, if applicable.

Timeline:

Staff expects to bring the review of City's Investment's Policy in May.

**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 an update on the financing options for the new Ladera Linda Community Center and Park and discuss the financial impact of the new facility's operating budget.
- B. Discuss and prepare a financial forecast to study the financial impact of the three big capital projects (Civic Center, Ladera Linda Community Center and Park, and Portuguese Bend Landslide Mitigation).
- C. Receive a presentation on the financing options for the Civic Center and the Portuguese Bend Landslide Project and make recommendations to the City Council when appropriate.

**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.

## 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.