

MINUTES

SPECIAL MEETING—WEDNESDAY, DECEMBER 6, 2023
ATRIUM CONFERENCE ROOM AT CITY HALL, 500 CASTRO STREET
2:00 P.M.

1. CALL TO ORDER

Chair Matichak called the meeting to order at 2:00 p.m.

2. ROLL CALL

Present: Committee members Lucas Ramirez, Emily Ramos, and Chair Lisa Matichak.

Absent: None.

3. MINUTES APPROVAL

Motion—M/S Ramirez/Matichak—Carried 3-0—To approve the minutes for the Special Meeting of November 30, 2022.

4. ORAL COMMUNICATIONS FROM THE PUBLIC—None.

5. UNFINISHED BUSINESS—None.

6. NEW BUSINESS

6.1 ECONOMIC FORECAST REPORT BY DR. JON HAVEMAN AND DR. ROBERT EYLER (ATTACHMENT 1)

Dr. Jon Haveman, Executive Director for NEED (The National Economic Education Delegation), gave a presentation on local economic conditions, including key data from the economic forecast report for the City of Mountain View.

The GDP for the U.S. economy is almost back to where it used to be. GDP growth in the third quarter of this year was 5.2%. We are going to get out of this inflationary period without a recession. The \$5 trillion that was put into the economy drove a lot of spending, which created a bit of inflation, but it allowed consumers to keep going during the pandemic period and, subsequently, when the Fed raised interest rates to

attempt to slow down the economy. The consumer contributed to half of that 5.2% growth.

The deviation from the 2019 forecast shows that the U.S. is a little more positive, so we are doing better than where they forecasted we would be at this point in 2019. The U.S. weathered the pandemic well. In terms of employment, we still do have an employment gap. Our national employment is about 5.1 million below expectations, but still 4.5 million above where we were before the pandemic.

Inflation is at about 3.2%, but it is coming down. The headline inflation number shows that the core inflation number is running a little bit hotter at 4.4%, largely because of housing. The difference between the headline and the core is we take fuel and food out of the core, which both have very volatile prices. The CPI for housing and rental index is still running at about 6%. The 6% that we see is not relative to the fact that the asking rents are way down and, throughout the Bay Area, the home prices are way down as well. Revenue stream forecasts are heading in the right direction.

Mountain View's reliance on the broader County for workers may present a challenge as Countywide population is forecast to decline for some time. Residential permitting may well be a drag on growth.

Twenty-five percent (25%) of the Mountain View labor force is estimated to be telecommuting. In California, that number is about 17%, and in the U.S., it is about 15%. Tech employment poses a challenge for Mountain View employment growth, but reasonable forecasts suggest that tech will bounce back locally.

Most forecasts are sanguine about Mountain View's future.

- Attachments:
1. [Memo for Item 6.1](#)
 2. [Attachment 1—Economic Forecast](#)

6.2 **ANNUAL FINANCIAL AUDIT RESULTS AND REVIEW OF FISCAL YEAR 2022-23 ANNUAL COMPREHENSIVE FINANCIAL REPORT (ATTACHMENTS 2 AND 3)**

Finance and Administrative Services Director Derek Rampone introduced Mr. Scott Diem, who is an Audit Manager at the audit firm Macias Gini & O'Connell, LLC (MGO), the City's independent audit firm. Mr. Diem presented the results of the annual financial audit, which encompasses both the City's Annual Comprehensive Report (ACFR) and the Shoreline Regional Community Audit Report, with the summary of the audit results provided to the City Council as part of the required communications to the governing body.

The auditor's opinion on the report is "unmodified," the best opinion possible, and representing a "clean audit." There was an emphasis of matter paragraph that discusses the implementation of the new accounting standard, which is Governmental Accounting Standards Board No. 96. The report also highlights the new pronouncements that take effect during the current year and whether they impact the City. It also provides a useful road map for the things coming down the road impacting financial reporting.

Mr. Diem noted that there will be an opinion letter that accompanies the Federal compliance audit when the single audit gets released before March 30.

Mr. Diem also noted that there were no findings or disagreements with the management during the audit, nor any audit adjustments proposed by MGO that would have a significant effect on the financial statement.

Approval of the Annual Financial Audit Results and review of Fiscal Year 2022-23 Annual Comprehensive Financial Report passed unanimously.

Attachments: 1. [Memo for Item 6.2](#)
2. [Attachment 2—ACFR](#)
3. [Attachment 3—Required Communications](#)

6.3 **PROPOSED CHANGES TO COUNCIL POLICY A-10—AUTHORIZATION TO EXECUTE CITY CONTRACTS AND AGREEMENTS AND INCREASE CERTAIN LIMITED APPROPRIATIONS (ATTACHMENTS 4, 5, 6, 7, AND 8)**

Presented by the City Attorney's Office and Finance and Administrative Services Department (FASD) staff.

Council Policy A-10 is the authorization to execute City contracts and agreements and to increase certain limited appropriations. There are two parts to Policy A-10—the Policy itself and Exhibit A, which contains the details by type with tables for comparison. The team conducted research on local and similar cities recommending an increase to \$250,000 for the City Manager's maximum approval threshold, with anything above that having to go to the City Council.

Approval of the recommended revisions will increase the amounts to keep pace with inflation and remain in alignment with other similar-sized Bay Area jurisdictions as well as entities such as the Federal government and the State of California. Approval of the recommendation will also help clarify current procedures and practices as well as gain efficiencies by reducing the volume of items that require formal City Council

action, while not compromising important values underlying City Council decision-making processes, such as transparency and competitiveness for contracts.

Staff clarified that funds are encumbered yearly, so even if the agreement is multi-year, the funds will not be released all at once, and we have contract language that says if Council does not appropriate for subsequent years for that contract, the contract expires.

The main questions and corrections from the Council Finance Committee (CFC) were increasing the limits and addressing the multi-year contracts. The CFC asked for clarification on how to address the multi-year contracts so that Council has visibility into the use of the same vendor for the same service for a long period of time.

Staff suggested the creation of a report every six months to one year of every agreement entered into between \$100,000 and \$250,000 and sending it to Council as an informational item.

Committee member Ramos asked about the timing of the last Policy update, and staff responded that it was last updated in 2010.

Committee member Ramirez asked about how the increase in CPI and resulting purchasing thresholds gets announced to the employees. Staff answered that calculations will occur around April, and Citywide notification will go out prior to July 1, including the Council, so that everyone is aware of the new limits. In addition, an internal memo will be emailed to the departments. FASD also offers training every year on purchasing refreshers, which will include updated limits. In addition, the City's Intranet, CityNet, will also have the updated guidelines and guidance sheet for employees to reference.

Committee member Ramirez also asked how staff tracks and makes sure that people are using the correct threshold and who is tracking for accountability. Staff responded that the finance management team owns the financial controls to the City, which makes them ultimately responsible. There is also a double-check by the City's audit firm during their annual audit. In addition, every purchase requisition and agreement are double-checked by the City Attorney's Office. The City's financial system has parameters established that route purchase requisitions based on amount, which makes it easier to track.

Chair Matichak suggested revised wording for a contract that Council would see it if expands multiple years and is more than \$250,000. Staff responded that it would be addressed in the Policy revisions.

The CFC also requested the following updates to Council Policy A-10 and Appendix A:

No. 3: Remove “or.”

No. 4: Clarification on the reference to Council Policy H-1 for the acquisition of real property, since it is actually where the 110% appraisal value comes from and should be to designate the City Manager. What Row 4 was intended to do was provide clarity for acquisitions that require a relocation agreement by operation of law, which some of our acquisitions do.

Category 3 in the Definitions Section: Should be updated to “falling into” or something similar.

Category 12 in the Definitions Section: Add the word “categories” instead of “No.s.”

On the Footnote: The asterisk and cross are the same footnote. One will be deleted.

Committee member Ramirez moved to approve the staff recommendation with the changes as recorded into the record. Committee member Ramos seconded. The motion was unanimously approved.

- Attachments:
1. [Memo for Item 6.3](#)
 2. [Attachment 4—Redline Version of A-10](#)
 3. [Attachment 5—Clean Version of A-10](#)
 4. [Attachment 6—Redline Version of Exhibit A](#)
 5. [Attachment 7—Clean Version of Exhibit A](#)
 6. [Attachment 8—Survey of Other Agencies](#)

6.4 **PROPOSED CHANGES TO COUNCIL POLICY A-11—FINANCIAL AND BUDGETARY POLICY (ATTACHMENTS 9 AND 10)**

Presented by Finance and Administrative Services Department staff.

Staff recommends revision of Council Policy A-11 to formalize the current City practices and to consolidate two documents into one, which is our Financial and Budgetary Policy document, and cleaning up and adding wording from other policies for consolidation purposes.

We would also like to update the Council Policy reserve section, based on the latest study on Sea Level Rise. Currently, the Policy limits a cap at only accumulated reserve up to \$30 million, but the current study is at \$122 million. One of the major reasons

for the update is to remove the fixed amount in the policy, to give staff more flexibility to update the reserve amounts based on the latest studies.

Staff also added the Parental Leave Reserve/Funding Policy.

The City of Mountain View has robust financial and administrative policies, and they really are best practices that many cities look to. These are just clean-up items that needed to be updated.

Committee member Ramirez moved to approve the staff recommendation with the changes as recorded into the record. Committee member Ramos seconded. The motion was unanimously approved.

- Attachments:
1. [Memo for Item 6.4](#)
 2. [Attachment 9—Redline Version of Policy A-11](#)
 3. [Attachment 10—Clean Version of Policy A-11](#)

6.5 PROPOSED CHANGES TO COUNCIL POLICY B-5—LIABILITY CLAIMS PROCEDURE (ATTACHMENTS 11 AND 12)

Presented by Senior Assistant City Attorney Mitesh Bhakta and Finance and Administrative Services Department staff.

Recommendation to amend the policy to include statement that the City Attorney shall retain the file for a period consistent with the City's retention schedule.

Committee member Ramos moved to approve the staff recommendation with the changes as recorded into the record. Committee member Ramirez seconded. The motion was unanimously approved.

- Attachments:
1. [Memo for Item 6.5](#)
 2. [Attachment 11—Clean Version of Policy B-5](#)
 3. [Attachment 12—Redline Version of Policy B-5](#)

6.6 BUDGET IN BRIEF DOCUMENT/VIDEO (ATTACHMENT 13)

Presented by Finance and Administrative Director Derek Rampone. FASD teamed up with the Communications team this year to develop these two items and are proud of how it turned out. We had a consultant assist with the Budget in Brief document for the graphics side. We are looking for feedback before we release this to the public.

Part of the Budget message was more framed in the sense that we have a good financial foundation, but in the future, we have a lot of things that our General Fund is going to need to cover. It was part of what we talked about when we had our public hearings.

Chair Matichak asked about the descriptions of unmet needs on Page 10 of the document. Mr. Rampone stated that this is more for General Fund needs and general City needs and is not related to Shoreline.

Chair Matichak also wanted clarification on the use of the words “taxpayer dollars” on Page 7, and staff suggested replacing the words with “stewards of public funds.”

Committee member Ramos mentioned that it might be helpful to elevate the Neighborhood Committee Grants in this document, and staff responded that they would include the table in the final document.

Committee member Ramos commented on the Budget in Brief video and suggested to take advantage of the description section on YouTube to give people access to a full budget or the Budget in Brief as well. Staff responded that this could be added to the YouTube page.

Chair Matichak had a comment on Page 4 to revise the wording from “Fulfill” to “Advance,” and on Page 7 to make the capitalization under the months consistent. Staff responded that these would both be corrected.

- Attachments:
1. [Memo for Item 6.6](#)
 2. [Attachment 13—Budget in Brief](#)

6.7 BUDGET TIMELINE/PROCESS

Presented by the Finance and Administrative Services Department staff.

This item includes the important dates for the budget process with a quick and easy guide for the committees to see where we are in the budget process and the timing.

- Attachment:
1. [Memo for Item 6.7](#)

7. COMMITTEE/STAFF COMMENTS, QUESTIONS, COMMITTEE REPORTS—None.

8. ADJOURNMENT

The meeting was adjourned at 4:19 p.m.

These Minutes are hereby submitted for approval by Victoria Labrador, Recording Secretary.

Approved on 01/30/2024_____.

~~DR/6/FIN~~

~~546-12-06-23mn~~