



AGENDA

SPECIAL MEETING

BUDGET/AUDIT COMMITTEE

Wednesday, December 14, 2022

4:30 p.m.

***** NEW LOCATION*****

*Members of the public will be able to participate either in-person at
Hoyer Hall, Clayton Community Library
6125 Clayton Road, Clayton, CA 94517
or
remotely via Zoom.*

Committee Members

Jeff Wan
Holly Tillman

- A complete packet of information containing staff reports and exhibits related to each public item is available for public review on the City's website at www.claytonca.gov
- Agendas are posted at: 1) City Hall, 6000 Heritage Trail; 2) Library, 6125 Clayton Road; 3) Ohm's Bulletin Board, 1028 Diablo Street, Clayton; and 4) City Website at www.claytonca.gov
- Any writings or documents provided to a majority of the City Council after distribution of the Agenda Packet and regarding any public item on this Agenda is available for review on the City's website at www.claytonca.gov
- If you have a physical impairment that requires special accommodations to participate, please call the City Clerk's office at least 72 hours in advance of the meeting at (925) 673-7300.

Instructions for Virtual Budget/Audit Committee Meeting – December 14

Videoconferencing Meeting (this meeting via videoconferencing is open to the public).

To follow or participate in the meeting:

(b) **Videoconference:** to follow the meeting on-line, click here:

Please click the link below to join the webinar:

<https://us02web.zoom.us/j/83217436859>

No Passcode Needed

Or One tap mobile:

US: +16699009128,83217436859 # or +13462487799,83217436859#

Or Telephone:

Dial (for higher quality, dial a number based on your current location):

US: +1 669 900 9128 or +1 346 248 7799 or +1 253 215 8782 or +1 301 715 8592 or +1 312 626 6799 or +1 646 558 8656 or 888 475 4499 (Toll Free) or 877 853 5257 (Toll Free)

Webinar ID: 832 1743 6859

E-mail Public Comments: If preferred, please e-mail public comments to the City Clerk, Ms. Calderon at janetc@claytonca.gov by noon on the day of the Budget/Audit Committee meeting. All E-mail Public Comments will be forwarded to the entire Budget/Audit Committee.

For those who choose to attend the meeting via videoconferencing or telephone shall have 3 minutes for public comments.

Location:

Videoconferencing Meeting (this meeting via teleconferencing is open to the public)

To join this virtual meeting on-line click here:

Link to join Webinar

<https://us02web.zoom.us/j/83217436859>

Or dial Telephone: 877 853 5257 (Toll Free) and use **Webinar ID:** 832 1743 6859

*** CLAYTON BUDGET/AUDIT COMMITTEE ***

December 14, 2022

4:30 P.M.

1. CALL TO ORDER AND ROLL CALL – City Clerk

2. PUBLIC COMMENT ON NON - AGENDA ITEMS

Members of the public may address the Budget/Audit Committee on items within the Committee's jurisdiction, (which are not on the agenda) at this time. To assure an orderly meeting and an equal opportunity for everyone, each speaker is limited to 3 minutes, enforced at the Budget/Audit Committee's discretion. In accordance with State Law, no action may take place on any item not appearing on the posted agenda. The Budget/Audit Committee may respond to statements made or questions asked, or may at its discretion request Staff to report back at a future meeting concerning the matter.

Public comment and input on Public Hearing, Action Items and other Agenda Items will be allowed when each item is considered by the City Council.

3. ACTION ITEMS

- (a) Conduct Interview(s) and Recommend Appointments to the Community Financial Sustainability Committee to be Acted on by the Full City Council. (Budget/Audit Committee) ([View here](#))

4. ADJOURNMENT



STAFF REPORT

TO: HONORABLE COMMITTEE MEMBERS

FROM: Reina J. Schwartz, City Manager

DATE: December 14, 2022

SUBJECT: Conduct Interview(s) and Recommend Appointments to the Community Financial Sustainability Committee to be Acted on by the Full City Council

RECOMMENDATION

Conduct interview(s) and recommend to the full City Council for consideration appointments of up to five individuals to the Community Financial Sustainability Committee with two terms of office expiring December 31, 2023 and three terms expiring December 31, 2024.

BACKGROUND

On October 18, 2022, the City Council established the Community Financial Sustainability Committee via Resolution 76-2022.

Staff advertised the Committee positions on the City's website, at the City's three (3) posting areas and on social media accounts. Applications were initially due by November 7, 2022, but the application period was extended to provide the biggest pool possible. As of publication of this Agenda, the City had received four applications prior to the Budget & Audit Committee meeting of December 5, 2022. At that meeting, two of the candidates were available to be interviewed: Hank Stratford and James Killoran.

After the meeting on December 5th, one applicant, Howard Geller, requested to withdraw his application for the committee. The purpose of the meeting on December 14, 2022 is to review the remaining applicant for the committee.

Per the establishing resolution, the City Council's Budget & Audit Subcommittee is charged with reviewing applications and ultimately recommending committee appointments to the full City Council. The full City Council is the ultimate appointing body.

FISCAL IMPACT

None other than staff time to support the Committee.

PRESS RELEASE



Now accepting Applications for COMMUNITY FINANCIAL SUSTAINABILITY COMMITTEE CITY OF CLAYTON

The Community Financial Sustainability Committee shall include five Clayton residents as voting members, appointed by the City Council. All members shall possess a background in finance, accounting auditing or related field. The Council Budget and Audit Standing Committee will be responsible for screening applications and interviewing candidates for the Committee.

- The Community Financial Sustainability Committee shall hold at least four meetings per year. All meetings of the Committee are open to the public.
- The term of service for each member shall generally be two years. The initial term of some members may be less or more than two years so that the expiration dates are staggered.
- An applicant must be 18 years of age, a registered voter and a resident of Clayton.
- There is no compensation for service.

An application may be obtained:

By mail: Call City offices at (925) 673-7300

E-mail: janetc@claytonca.gov

City's website: www.claytonca.gov

Please return a completed application to the City Clerk **by 5:00 p.m., Monday, November 7, 2022**. City Council Budget/Audit Committee interview of applicants will be held on November 28, 2022 at 4pm and will be open to the public. After that meeting, it is anticipated that the Budget/Audit Committee will make a recommendation to the full City Council for Appointment of the Committee in December 2022.

Applications filed are subject to public disclosure, and the appointed Financial Sustainability Committee member must file a Statement of Economic Interests required by the California Fair Political Practices Commission.

RESOLUTION NO. 76-2022

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLAYTON ESTABLISHING A COMMUNITY FINANCIAL SUSTAINABILITY COMMITTEE

THE CITY COUNCIL City of Clayton, California

WHEREAS, the City of Clayton like many other municipalities faces financial pressures;

WHEREAS, polling completed in the Spring of 2022 indicates that the Clayton community is very satisfied with the quality of life in Clayton;

WHEREAS, the Clayton community is generally not aware of the financial challenges facing the City; and

WHEREAS, increased engagement with the community around financial matters will benefit the City and the community.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CLAYTON, CALIFORNIA:

1. **Membership:** The Committee shall include five Clayton residents as voting members, appointed by the City Council. All members shall possess a background in finance, accounting auditing or related field. Membership shall include at a minimum:
 - a. One member with experience in governmental accounting
 - b. One member with experience in governmental finance and/or budgeting
 - c. One member with experience in auditing
2. **Appointment Process:** The Council Budget & Audit Standing Committee will be responsible for screening applications and interviewing candidates for the Committee. The Budget & Audit Committee will make recommendations on appointment to the full City Council. Appointment will be by a majority of the full City Council.
3. **Term of Service:** The term of service for each member shall generally be two years. The initial term of some members may be less or more than two years so that the expiration dates are staggered.
4. **Compensation:** Members of the Committee will receive no compensation for their service.
5. **Meetings:** All meetings of the Committee are open to the public. The Committee shall determine the meeting schedule provided that the Committee holds at least four meetings per year. The Committee shall comply with state law regarding the noticing and conduct of public meetings.

6. **Quorum:** Three members of the Committee constitute a quorum. A majority vote of a quorum is required for the Committee to take any action, including approval of a recommendation to the City Council.

7. **Mission Statement:** The Committee shall act in an advisory capacity to the City Manager and City Council and shall make recommendations on the annual budget and financial matters related to the City's operation but shall not have any direct spending or operational authority. It is the goal of the Committee to increase engagement and information around City financial matters.

8. **Duties of the Committee:**

- a. Identify areas for additional evaluation for financial savings or revenue generation.
- b. Communicate with the community on City financial matters.
- c. Review the City's proposed annual budget and provide recommendations to the City Manager, Budget & Audit Subcommittee and the City Council.
- d. At the request of the City Council, have a representative attend other meetings such as the City Council's annual goal-setting meeting.
- e. Select at least one and no more than two Committee members to attend City Council Budget & Audit Subcommittee meetings to represent the Community Committee.
- f. Make recommendations to the Budget & Audit Subcommittee and City Council on financial matters related to City operations including but not limited to:
 - i. Each year, to the extent that the City's external audit identifies available General Fund surplus in the prior budget year, make recommendations regarding potential uses or reservations of those funds (January);
 - ii. On a semi-annual basis, typically during the annual budget process (May/June) and mid-year budget process (January/February), review the City's current financial circumstances and capital needs to make recommendations regarding expenditures and revenues.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Clayton, California, at a regular public meeting thereof held on the 18th day of October 2022, by the following vote:


AYES: Mayor Cloven, Vice Mayor Tillman, Councilmembers Diaz, Wan, and Wolfe.

NOES: None.

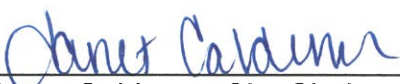
ABSENT: None.

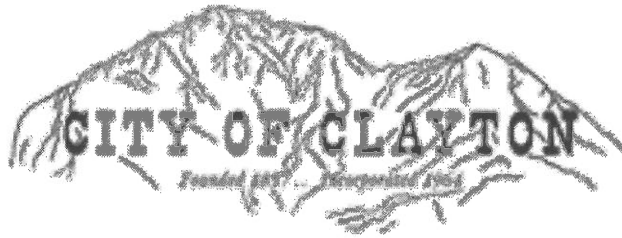
ABSTAIN: None.

THE CITY COUNCIL OF CLAYTON, CA


Peter Cloven, Mayor

ATTEST:


Janet Calderon, City Clerk



RECEIVED

NOV 07 2022

City of Clayton

CITY OF CLAYTON

COMMUNITY FINANCIAL SUSTAINABILITY COMMITTEE APPLICATION

Name: James Killoran

Date: November 6, 2022

Home address: [REDACTED]

Length of residence in Clayton: 25 years

Email address: _____

Present employer: Retired. Past employer Chevron

Occupation: * Supervisory Committee Member - Chevron Federal Credit Union
Past Occupation - Chevron Finance, Governance, and Compliance

* A financial oversight committee review and reports
Education and special training. Specifically identify your background and experience in governmental finance and accounting, auditing, financial management:

Three decades of experience in Finance, accounting, Audit, governance, and compliance. Responsibilities include budgeting, cost management, transfer pricing, economic analysis, optimization, credit management, internal controls and audit, bank risk analysis and security, training, ERP project management, and financial statement preparation and accounting policy.

Please provide an example of how you have addressed a complex financial challenge in your work. Please provide as many specifics as possible, particularly to actions or decisions for which you were personally responsible.

~~at~~ Initiated and led optimization of digital analytics and a significant accounting policy ~~renew~~ review over a two year period. Significant world wide engagement with finance, business, accounts policy, and external auditor representatives with blessing from CFO. Developed best practices by ~~present~~ ^{research} to other Fortune 500 firms and various vendors. My direct work results led to over \$50 million cost reduction in year one, plus the work allowed us to simplify our processes. Further significant savings occurred through our restructuring of our worldwide credit organization.

Since this is a new Committee, what do you think are the three most important goals for the Committee to achieve in its first year?

① Team build - ensure alignment with mission, opportunities, scope, timeline, resources, and reporting. ② Understand details of budget and core assumptions, and develop recommend scenarios and reporting to public. ③ Worked with city staff and Council to develop metrics to core work performance.

Please describe what you believe the top financial challenge is facing the City of Clayton. What research have you done in reaching this conclusion?

In reading budget and city staff/council meeting discussions, expenses are rising faster than revenues. Core risks are inflation, heated job market, and volatile governance (Coppers) that will likely lead to significant increases in pension expenses.

List three references with phone numbers:

Available Upon Request

Please attach a resume or other summary of your relevant financial experience.


Signature

11/06/22
Date

RECEIVED

NOV 04 2022

City of Clayton



CITY OF CLAYTON

COMMUNITY FINANCIAL SUSTAINABILITY COMMITTEE APPLICATION

Name: Howard Kaplan

Date: 11/4/2022

Home address: [REDACTED]

Length of residence in Clayton: 33 years

Email address: [REDACTED]

Present employer: Farmvest, Inc.

Occupation: Founder and President

Education and special training. Specifically identify your background and experience in governmental finance and accounting, auditing, financial management:

University of California at Berkeley MBA-Finance
Chartered Financial Analyst

Please provide an example of how you have addressed a complex financial challenge in your work. Please provide as many specifics as possible, particularly to actions or decisions for which you were personally responsible.

Prepared annual operating budgets with direct responsibility for variances.
Developed and executed real estate improvement projects
Multi-state real estate portfolio management.

Since this is a new Committee, what do you think are the three most important goals for the Committee to achieve in its first year?

- 1) Establishing credibility with sound, fair, and balanced judgment.
- 2) Understanding unfunded state mandates
- 3) Listening, considering, and deciding positions while respecting contrary opinions

Please describe what you believe the top financial challenge is facing the City of Clayton. What research have you done in reaching this conclusion?

Establishing a sinking fund for replacement of long term capital assets while prioritizing services provided.

List three references with phone numbers:

Howard Gelber - [REDACTED]
Keith Hayden - [REDACTED]
Ed Hartley - [REDACTED]

Please attach a resume or other summary of your relevant financial experience.

Howard Kaplan

Signature

11/4/2022

Date

Howard M. Kaplan

PROFESSIONAL EXPERIENCE:

Farmvest, Inc., President, Clayton, CA

2011 - Present

2002 - 2008

1981 - 1998

Farmvest, Inc. has been providing natural resources real estate investment management and consulting for over 30 years except for two periods of dormancy. The firm advises institutional investors on commingled funds investing in global agriculture, global timber, water, and domestic mitigation banking. In addition, services provided to direct investment clients include: acquisition, management, valuation, leasing, and disposition of perennial and annual crop agricultural properties, timber due diligence, secondary market transactions, economic research, feasibility studies, commodity market development, capital improvements, litigation support, and debt negotiations.

The firm currently assists an institutional investor with development of a \$350 million global renewable resources portfolio in affiliation with Hamilton Lane Real Assets. Through this work, Howard Kaplan has gained extensive knowledge of the fund manager universe serving this category. Experience includes due diligence of fund offerings, drafting policies, and making recommendations for investment with the managers that offer the best risk-adjusted returns consistent with client's objectives. Recommendations require presentation to client staff, the internal Investment Committee, and the client Board.

Through Mr. Kaplan's efforts, the firm has executed consulting projects including industry economic studies, portfolio value estimates, wine grape production and processing portfolio management, strategic planning for an emerging microbial pesticide company, managing multi-location, and multi-product operations in production, processing, and marketing of crops, and investment portfolio strategy for a large endowment fund. Innovation, initiative, leadership, and strategic planning were skills developed through broad-based, generalist experience supported by an entrepreneurial perspective.

ORG Portfolio Management, LLC, President, Natural Resources Division 2008 - 2011

Established the Natural Resources division of ORG Portfolio Management, an institutional real estate advisory firm. ORG Natural Resources, as an independent fiduciary, consulted on over \$3 billion of timber and agriculture transactions and funds. The division advised on manager selection for a \$300 million mandate in global timber, global agriculture, and domestic mitigation banking.

MacKenzie Patterson, Inc., Vice President - Moraga, CA

2000-2002

Director of acquisitions for opportunistic real estate investment fund. Investor funds purchased illiquid real estate securities in the form of Limited Partnerships, small Real Estate Investment Trusts, and distressed debentures. Accomplishments include identification of Senior Housing and Healthcare real estate as the most promising sectors and acquiring superior performers who made a significant contribution to the managed portfolio outperforming its benchmark. Investment follow-through involved participation on the Creditors Committee of a \$120 million bond issue in bankruptcy.

Premier Pacific Vineyards, Vice President. San Francisco and Napa, CA 1999-2000
Supported start-up of integrated vineyard and wine operating company focused on the ultra and luxury premium segment. Responsible for vineyard development and operations budgeting, acquisition due diligence, and lender relations management. Provided pro forma financials and support for draft Private Placement Memorandum, working with investment bankers and securities attorneys.

CB Richard Ellis Global Capital Markets Group, San Francisco, CA 1998 - 1999
Associate Director/Securities Research. Provided Real Estate Investment Trust (REIT) research and analysis to support management of a \$500 million dedicated REIT mutual fund. Responsible for all aspects of securities valuation including sub-market analysis, management quality assessment, risk-adjusted relative pricing, forecast modeling, and recommendations.

J. Allen Bray Investments, Portfolio Manager, Oakland, CA 1977 - 1981
Managed assets for a portfolio of farmland and financial securities. Developed crop rotation schedules, marketing plans, and capital improvement recommendations. Made strategic capital improvements to farm properties resulting in significant increase in operating income. Created a fundamental securities screening and ratio analysis selection procedure that over 36 monthly periods, produced 600 basis points greater annual return than the comparable S&P 500 benchmark.

EDUCATION:

University of California, Berkeley, MBA, Accounting and Finance, 1981
Michigan State University, BS, Agriculture and Natural Resources, 1974

PROFESSIONAL AFFILIATION:

Chartered Financial Analyst	1981 - Present
Member CFA Institute	1981 - Present
California Real Estate Broker	1982 - Present

INTERESTS:

Married 39 years, a 38-year-old daughter and 35-year-old son
Skiing, sailing, and hiking.

References available on request.

OCT 31 2022

City of Clayton
Community Financial Sustainability Committee Application

City of Clayton

Hank Stratford

10/31/22

Lived in Clayton over 40 years

Self-employed – Diablo View Cleaning and CPA
Carpet and tile cleaning and CPA

Education and special training: Certified public accountant with an active license. Master of Accountancy degree from Brigham Young University. MBA degree from UC Berkeley. Worked as an auditor for KPMG. Worked as the controller for a food manufacturing business. Served 8 years on the Clayton City Council and on the Budget Sub-committee.

Work examples of addressing financial challenges: With my current business I have consistently made sure that my expenses weren't exceeding my income. This meant that some purchases had to be delayed or eliminated. I also put aside money each month for future capital expenditures and for large annual expenses.

While serving on the Clayton City Council we made sure that the City operated within its means. We made the tough decision to implement furlough days for a time to cut expenses. We resisted using the City's reserves for operating expenses.

Three most important goals for the Committee in its first year: 1) Provide recommendations to the City for balancing the City budget, 2) Provide additional transparency and engagement with respect to the City's financial matters, and 3) Establish a workable pattern of involvement with the City Council and staff.

Top financial challenge facing the City of Clayton: I believe the top financial challenge facing Clayton is being able to operate within its revenue. With rising costs and increased State mandates and without additional sources of income it is extremely challenging to make the budget balance. Each year the City's revenues should increase as property taxes and vehicle license fees increase. Hopefully, sales tax revenue increases. The big challenge is making sure that the City's expenses don't exceed these revenues. When there is a shortfall cutting expenses is unpopular and difficult but must be done. This is especially true to avoid a structural deficit.

References: Mary Tollefson, Erik Adams, Jason Habermeyer