



**Town of Atherton  
FINANCE COMMITTEE  
DRAFT MINUTES  
September 11, 2018  
2:00 PM  
TOWN COUNCIL CHAMBERS  
94 Ashfield Road  
Atherton, California**

**PLEASE NOTE:** *Times listed on the Agenda are approximate; items may be taken up out of order.*

**1. ROLL CALL**

Bob Polito, Jeffrey Lee, Yogesh Amle, Ann Yvonne Walker, Devika Patil, Cary Wiest, Bill Widmer

**Present: Polito, Lee, Walker, Patil, Wiest, Widmer**

**Excused: Amle**

**2. PUBLIC COMMENT**

None

**REGULAR AGENDA**

3. Review and Approve Draft Minutes of July 10, 2018 Finance Committee  
**Motion to approve the minutes by Ms. Walker, seconded by Mr. Polito;  
All in Favor**
4. Selection of Chair and/or Vice Chair of the Audit/Finance Committee for FY18/19  
**Staff opened the discussion that we moved the selection of Chair and Vice Chair to today's meeting since not all members were in attendance at our last meeting. It was mentioned that the selection is done at the beginning of each fiscal year. The Chair and Vice Chair does not have to change. It is an opportunity for committee members to volunteer or nominate members to be chair or vice chair. Mr Polito is the current chair and Mr. Lee is the vice chair. There was discussion that they were doing a great job. After discussion there was a motion by Ms. Walker that Mr. Polito and Mr. Lee stay as Chair and Vice Chair of the committee. The motion was seconded by Mrs. Patil. All in Favor.**
5. Presentation, review, and discussion by HDL consultants regarding Use Tax Maximization- Situs Base Tax

**Staff opened up the item that in recent years the City Council has discussed revenue options, alternatives, and updates to the Town General Fund. As part of exploration of alternative revenues staff identified the potential for additional allocation of sales and use tax through local construction contracts. The Town has extensive home construction in the area as there are numerous general contractors and subcontractors in the town throughout the year. As part of revenue alternatives staff enlisted the help of HDL to explore the direct allocation of use tax of construction contracts. Staff communicated that Matt Hinderliter with HDL was present at the meeting to give a presentation discussion regarding local use maximization programs-Situs Base Sales Tax.**

**Mr. Hinderliter explained the process to analyze any instances that would make it possible for the Town to proceed down the path of the voluntary Situs Base tax allocation. He explained the Bradley burns local sales and use tax and how direct allocation is made to the Town of Atherton via taxable sales made by vendors located in the Town either retail from or home based business. Another way for sales and use tax was through indirect allocation to Atherton via San Mateo County pool. This includes the Situs Base Construction contract work below \$5 Million or sales to an end user in Atherton shipped from outside California. Mr. Hinderliter further explained the difference between indirect and direct tax allocation.**

**Discussion ensued regarding Construction Contracts above \$5 Million. The threshold must apply to individual sub-contractors, not overall project. The contractor must contact CDTFA to obtain a sub-permit for a jobsite, in advance of the project. The important part of the presentation included that the applicability is mainly to sales of fixtures, and could also apply to purchase of materials for out of state vendors. Discussion ensued on the applicability of the Situs Base and the requirements that must be fulfilled. Mr Hinderliter then explained the process discovering the options available, possible projections, and review of point of sales tax of projects from the County Pool and the California Department of Tax and Fee Administration. HDL will assist the Town in review of the possibilities of this program via the County Pool and CDTFA and will report back at a later date once the sales tax point of sales are reviewed for projects.**

6. Receive Grand Jury Report: “Cooperative Purchasing- A roadmap to effective procurement”. Review, Discuss, and provide recommendation to the City Council in providing a response to the findings and recommendations in the Grand Jury Report

**The Finance Committee was tasked with reviewing the Grand Jury report for findings and recommendation. The Committee reviewed staff recommendation to City Council in providing a response to the GJR in the report cooperative purchasing a procurement. It is communicated in the GJR that each City Council and County Board of Supervisors should respond to the findings and recommendations with respect to their own**

policies, procedures, and operation, not in regards to the Cities and the County as a whole. Staff presented the findings and recommendations to the committee. Discussion ensued and the committee agreed with the staff responses which were as follows:

**We agree with the findings numbers: F1, F2, F3, F6, F7, F8, F9, F10, F12, F13; We disagree wholly or partially with the findings numbered: F4, F5, F11. There were responses to F4, F5, and F11**

**For the recommendations in the report, the committee agreed with staff responses to the report. Staff provided responses and the Finance Committee provided further recommendation feedback and approval for the City Council as it prepares its required response to the report**

7. Receive Grand Jury Report: “Soaring City Pension Costs-Time for Hard Choices”. Review, Discuss, and provide recommendation to the City Council in providing a response to the findings and recommendations in the Grand Jury Report

**The Finance Committee was tasked with reviewing the Grand Jury report for findings and recommendation. The Committee reviewed staff recommendation to City Council in providing a response to the GJR in the report Soaring City Pension Costs. The Committee reviewed and discussed and agreed with staff findings and recommendation responses. We agree with the findings numbers: F1, F2, F4, F5, F6, F7, F8, F9 . We somewhat agrees, disagree wholly or partially with the findings numbered: F3, F10, F11, F12, F13. For recommendations staff responses were numbered R1, R2, R3, R4, will take under advisement and implement when feasible. Staff provided responses and the Finance Committee provided further recommendation feedback and approval for the City Council as it prepares its required response to the report.**

8. Receive CalPERS actuarial reports as of June 30, 2017; brief review and discussion of reports. More in depth discussions to be held at future Finance Committee meeting. No Staff report

**This was receive and file for future meeting discussion.**

9. Next Meeting Date, Future Agenda Items and Time-

**Next meeting November 13, 2018; Motion to adjourn Mr. Polito, seconded by Ms. Patil; All in favor**

10. **Adjourn 3:37 Pm**

 Please contact the City Clerk’s office at (650) 752-0500 with any questions

Pursuant to the Americans with Disabilities Act, if you need special assistance in this meeting, please contact the Park Program Manager at (650) 752-0534. Notification of 48 hours prior to the meeting will enable the Town to make reasonable arrangements to ensure accessibility to this meeting. (29 CRF 35.104 ADA Title II)

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