



CITY OF WEST COVINA
FINANCE & AUDIT COMMITTEE

WEDNESDAY, MARCH 24, 2021, 6:00 PM
REGULAR MEETING

WEST COVINA CITY HALL
VIA TELEPHONICALLY
WEST COVINA, CALIFORNIA 91790

AGENDA

David Lin, Chair

Marsha Solorio, Vice Chair

Dario Castellanos, Mayor Pro Tem/Finance & Audit Committee Member

Donna Chia, Finance & Audit Committee Member

Rosario Diaz, Council Member/Finance & Audit Committee Member

Jim Grivich, Finance & Audit Committee Member

Colleen Rozatti, City Treasurer/Finance & Audit Committee Member

On March 4, 2020, Governor Newsom proclaimed a State of Emergency in California as a result of the threat of COVID-19. On March 17, 2020, Governor Newsom issued Executive Order N-29-20, suspending certain requirements of the Brown Act relating to the conduct of public meetings. Pursuant to the Executive Orders, Finance & Audit Committee Members may attend the meetings telephonically and the Committee is not required to make available a physical location from which member of the public may observe the meeting and offer public comment.

Members of the public may watch the Finance & Audit Committee meeting live on the City's website at: <https://www.westcovina.org/departments/city-clerk/agendas-and-meetings/current-meetings-and-agendas> under the "Watch Live" tab or through the West Covina City YouTube channel at www.westcovina.org/LIVE.

REMOTE PUBLIC PARTICIPATION: In lieu of attending the meeting in person, members of the public can submit public comments via e-mail.

EMAILED PUBLIC COMMENT:

Members of the public can submit public comments to the Finance & Audit Committee via e-mail at VGonzales@westcovina.org. The subject line should specify "Oral Communication - 3/24/2021". Please include your full name and address in your e-mail. No comments will be read out loud during the meeting. All comments received by the start of the meeting will be made part of the official public record of the meeting.

AMERICANS WITH DISABILITIES ACT

The Committee complies with the Americans with Disabilities Act (ADA). If you need special assistance at

Committee Meetings, please call (626) 939-8433 (voice) or (626) 960-4422 (TTY) from 8:00 a.m. to 5:00 p.m. Monday through Thursday, at least 48 hours prior to the meeting to make arrangements.

AGENDA MATERIAL

Agenda material is available for review at the West Covina City Clerk's Office, Room 317 in City Hall, 1444 W. Garvey Avenue and at www.westcovina.org. Any writings or documents regarding any item on this agenda not exempt from public disclosure, provided to a majority of the Commission that is distributed less than 72 hours before the meeting, will be made available for public inspection in the City Clerk's Office, Room 317 of City Hall during normal business hours.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

ORAL COMMUNICATIONS - Three (3) minutes per speaker

Please state your name and city of residence for the record when recognized by the Committee Chair.

APPROVAL OF MEETING MINUTES

1) FEBRUARY 24, 2021, FINANCE & AUDIT COMMITTEE SPECIAL MEETING MINUTES

It is recommended that the Finance & Audit Committee receive and file the Minutes of the Finance & Audit Committee Special Meeting on February 24, 2021.

2) Draft Financial Recovery Plan

It is recommended the Finance & Audit Committee provide comments on the Draft Financial Recovery Plan.

REPORTS

NEW BUSINESS

1. Next meeting date and time.

ADJOURNMENT



AGENDA STAFF REPORT

City of West Covina

DATE: 03/24/2021

TO: Finance & Audit Committee

FROM: Robbeyn Bird, Finance Director

SUBJECT: FEBRUARY 24, 2021, FINANCE & AUDIT COMMITTEE SPECIAL MEETING MINUTES

RECOMMENDATION:

It is recommended that the Finance & Audit Committee receive and file the Minutes of the Finance & Audit Committee Special Meeting on February 24, 2021.

Prepared by: Valerie Gonzales, Administrative Assistant I

Additional Approval: Robbeyn Bird, Finance Director

Attachments

Attachment No. 1 - February 24, 2021 Minutes

CITY OF WEST COVINA

FINANCE & AUDIT COMMITTEE

MINUTES

SPECIAL MEETING

WEDNESDAY, FEBRUARY 24, 2021 6:00 p.m.

The meeting of the Finance & Audit Committee was called to order at 6:01 p.m. via telephonically/zoom. Member Chia led the Pledge of Allegiance.

ROLL CALL

Present: Chair David Lin
Vice-Chair Marsha Solorio
Committee Member/Mayor Pro Tem Dario Castellanos
(arrived at 6:17 p.m.)
Committee Member Donna Chia
Committee Member/Council Member Rosario Diaz
Committee Member James Grivich
Committee Member/City Treasurer Colleen Rozatti (arrived at 6:11 p.m.)

Absent: None

Staff Present: Finance Director Robbeyn Bird, City Manager David Carmany, Administrative Assistant I Valerie Gonzales, Scott Manno, RAMS (Auditor), Gardenya Duran, RAMS (Auditor)

ORAL COMMUNICATIONS

None.

--- End of Public Comment

1. APPROVAL OF JANUARY 27, 2021 FINANCE & AUDIT COMMITTEE MINUTES

A Motion was made by Chair Lin and seconded by Vice Chair Solorio to approve the Finance & Audit Committee minutes of the January 27, 2021 meeting.

Motion carried by a vote 5-0; 2 not present at time of motion.

REPORTS

2. COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AND OTHER RELATED REPORTS FOR THE YEAR ENDED JUNE 30, 2020

It is recommended that the City Council receive and file the following letters and financial reports for the year ended June 30, 2020:

- Comprehensive Annual Financial Report;
- Government Auditing Standards Letter;
- Audit Communication Letter;
- West Covina Housing Authority Fund Financial Report;
- West Covina Housing Authority Fund Addendum to the Annual Progress Report; and
- Air Quality Improvement Fund Financial Statements.

A Motion was made by Chair Lin to accept the CAFR and seconded by Committee Member Chia.

Motion carried by a vote 7-0.

NEW BUSINESS

Finance Director Bird stated Single Audit will be presented at next meeting and informed the Committee an RFP has been issued for auditing services, as this is the last year for the RAMS contract. RFP's are due to the City on March 4th, 2021. Committee will be informed of the results.

Committee Members Marsha Solorio, Colleen Rozatti, Jim Grivich, David Lin, Donna Chia are interested in being present for the auditor interviews.

Committee Member/City Treasurer Rozatti would like to request hard copies of information.

Committee Member Grivich request to review the second quarter report at the next regular meeting.

Next meeting date and time:

Wednesday March 24, 2021 at 6:00 p.m.

ADJOURNMENT

Chair Lin moved to adjourn the meeting, seconded by Committee Member/Mayor Pro Tem Castellanos at 6:47 p.m.

Valerie Gonzales
Finance & Audit Committee Secretary



AGENDA STAFF REPORT

City of West Covina

DATE: 03/24/2021
TO: Finance & Audit Committee
FROM: Robbeyn Bird, Finance Director
SUBJECT: Draft Financial Recovery Plan

RECOMMENDATION:

It is recommended the Finance & Audit Committee provide comments on the Draft Financial Recovery Plan.

DISCUSSION:

With the goal of improvement government performance, the Joint Legislative Audit Committee (JLAC) was established by the California State Legislature. Audits considered by the JLAC include financial and financial-related audits of government entities. In December 2019, the State Auditors Office informed the City of West Covina that it had been selected for review under the high-risk local Government Agency Audit Program.

A financial recovery plan is a pathway to gaining stability – it identifies key elements based upon the State Auditor objectives: action steps, expected completion dates, responsible staff, and status updates. It is a challenging effort evidencing the City's awareness & commitment of the financial situation, and the need to align support with effort. It will involve development of a multi-year forecast (objective #6), and ongoing monitoring (objective #9).

Attached for Finance & Audi Committee review and consideration is a DRAFT Financial Recovery Plan.

Prepared by: Paulina Morales, Acting Assistant City Manager

Additional Approval:

Attachments

Attachment No. 1 - Draft Financial Recovery Plan

**City of West Covina
Financial Recovery Plan
March 24, 2021
DRAFT**

Description of intended corrective actions, timing, prioritization of resources, and identification of individuals responsible for monitoring progress/implementation

State Auditor Objective No.	Action Steps	Expected Completion Date	Responsible Staff (Lead/Support)	Status Report (Updated Monthly)
<p>1. Ensure that the fees/assessments charged for services align with costs and increase fees to reflect cost reasonably borne in the provision of city services</p>	<p>1. Retain consultant to determine strengths and weakness of existing service delivery models. Assess City costs and revenue sources. Examine all revenue sources (local, state and federal) to develop sustainable and defensible revenue streams.</p> <p>2. Examine all direct and indirect costs of fees for service, development impact fees and landscape/sewer district assessments.</p>	<p>1. RFP release – April 2021</p> <p>2. Consultant kick-off – June 2021</p> <p>3. Draft Fee Study – October 2021</p> <p>4. City Council adoption – December 2021</p> <p>5. If voter approval is required (assessment districts only) – November 2022</p>	<p><u>Lead</u> – Finance Director</p> <p><u>Support</u> – Assistant City Clerk, Planning Manager, City Engineer, and Public Services Supervisor</p>	

<p>2. Review, evaluate, and monitor all city contracts</p>	<p>1. City Clerk to prepare list of current contracts</p> <p>2. Risk Management to verify insurance is current</p> <p>3. Responsible Department designated contract manager to evaluate consultant effectiveness and work quality (e.g. waste hauling and street sweeping)</p> <p>4. Ensure competition for procurements. Follow competitive bidding processes and monitor contract term, especially when exceeding five years.</p>	<p>1. List of current contracts – April 2021</p> <p>2. Insurance verification – May 2021</p> <p>3. Departmental review – June 2021</p> <p>4. Review and update City’s purchasing and bidding procedures – June 2021</p>	<p><u>Lead</u> – Assistant City Clerk</p> <p><u>Support</u> – All Departments</p>	
<p>3. Set aside land sale revenue to compensate for any shortfalls in revenue that the City experiences as a result of the effects of the pandemic on the City’s fiscal year 2020-21 budget</p>	<p>1. Economic Development Office to track all land sales and report as to use of proceeds of sales.</p> <p>2. Finance Department to estimate City share of each land sale</p>	<p>Complete list of City of West Covina assets – March 2021</p>	<p><u>Lead</u> – City Manager’s Office</p> <p><u>Support</u> – Successor Agency staff</p>	

<p>4. Proactively mitigate risk and exposure to litigation through training and implementation of best risk management practices</p>	<p>1. City joined the CJPIA on July 1, 2020 (Attachment No. 1)</p> <p>2. Staff regularly reviewing LossCap Action Plan, including “top 5” important priority issues</p> <p>3. Establish quarterly high-level executive team meetings and safety committee meetings for Loss Cap review</p> <p>4. Corrective actions taken as identified in the Initial Risk Management Evaluation (Attachment No. 2)</p>	<p>1. Quarterly meetings: March, June, September, and December</p> <p>2. 50% of corrective actions completed by December 2021</p> <p>3. 100% of corrective actions completed by December 2023.</p>	<p><u>Lead</u> – Human Resources & Risk Management Director</p> <p><u>Support</u> – All Departments</p>	
<p>5. Address the excessive cost currently incurred providing fire and emergency medical services</p>	<p>1. Evaluate current Fire Department deployment model</p> <p>2. Document reasons for absences causing OT</p> <p>3. Develop viable alternatives for fire and emergency management services</p> <p>4. Discuss alternative plans with appropriate stakeholders</p>	<p>1. Analyze current deployment – April 1, 2021</p> <p>2. Analyze alternatives – May 1, 2021</p> <p>3. Meet with stakeholders – June 1, 2021</p>	<p><u>Lead</u> – Fire Chief</p> <p><u>Support</u> – Finance Director and Human Resources Director</p>	

<p>6. Prepare financial analyses that evaluate both the short-term and long-term financial implications of significant spending decisions</p>	<p>Develop a financial template to evaluate short- and long-term impacts for expenditures over \$75,000. Template will recognize trade-offs and opportunities of each decision.</p>	<ol style="list-style-type: none"> 1. Complete financial evaluation template – August 2021 2. Staff training – September 2021 3. Include in all Council actions – December 2021 	<p><u>Lead</u> – Finance Director</p> <p><u>Support</u> – All Departments</p>	
<p>7. Implement a formal process for development of reasonable budget projections</p>	<ol style="list-style-type: none"> 1. Review accuracy of quarterly budget projections, comparing current year to previous year actual revenue and expenditures and factoring in known events that will change year-to-year data. 2. Track quarterly building and planning activity 3. Incorporate HdL sales tax information into quarterly, mid-year and annual budget estimates 4. Budget for risk management costs based upon actual loss experience 	<ol style="list-style-type: none"> 1. Meet quarterly with Directors to review activity and trends – March, June, September, and December 2. Use HdL data to support revenue projects – March 1, 2021 	<p><u>Lead</u> – Finance Director</p> <p><u>Support</u> – Community Development Director</p>	

<p>8. Meet and confer regarding negotiation of employee union agreements</p>	<p>Begin meet and confer process with all labor groups to review a) CPI, b) City's ability to pay, and c) labor market competitiveness on a total compensation basis including base salary, differentials, medical, pensions, and OPEB</p>	<p>1. Meet and confer process starts – April 2021</p> <p>2. Regular Closed session updates to City Council</p> <p>3. Meet & confer process completed – July 2022</p>	<p><u>Lead</u> – Human Resources Director</p> <p><u>Support</u> – Finance Director and City Manager</p>	
<p>9. Improve internal purchasing processes/enforcement to reduce susceptibility to waste and fraud</p>	<p>1. Review purchasing policy and credit card usage to determine compliance with Best Management Practices</p> <p>2. Evaluate California Uniform Public Construction Cost Accounting Act (Public Contract Code 22000-22045)</p>	<p>1. Adopt revised purchasing and credit card usage policies as appropriate – October 2021</p> <p>2. Adopt ordinance enacting California Uniform Public Construction Cost Accounting Act – August 2021</p>	<p><u>Lead</u> – Finance Director</p> <p><u>Support</u> – City Attorney's Office and City Engineer</p>	