



FINANCE COMMITTEE AGENDA

**TUESDAY, AUGUST 11, 2020
1:00 p.m.**

Pursuant to Governor Newsom's Executive Order N-29-20 (March 18, 2020), the Executive Committee meeting will only be conducted via video/teleconferencing.

INSTRUCTIONS FOR ELECTRONIC PARTICIPATION

Join Zoom Meeting:

<https://us02web.zoom.us/j/83195826563?pwd=U0FQb0JVYTIRdHdLbnM4R2s3RDVtdz09>

Meeting ID: 831 9582 6563

Password: 605062

One tap mobile
+16699009128,,83195826563# US (San Jose)

Dial by your location
+1 669 900 9128 US (San Jose)
Meeting ID: 831 9582 6563

IF YOU ARE UNABLE TO CONNECT VIA DIAL IN OPTION, PLEASE CALL 760-346-1127.

Public Comment is encouraged to be emailed to the Finance Committee prior to the meeting at cvag@cvag.org by 5:00 p.m. on the day prior to the committee meeting. Comments intended to be read aloud should be no more than 300 characters.

**THIS MEETING IS HANDICAPPED ACCESSIBLE.
ACTION MAY RESULT ON ANY ITEMS ON THIS AGENDA.**

1. CALL TO ORDER / ROLL CALL

- a. Roster

2. PUBLIC COMMENTS ON AGENDA ITEMS

This is the time and place for members of the public to address the Executive Committee on agenda items. At the discretion of the Chair, comments may be taken at the time items are presented. Please limit comments to three (3) minutes.

3. CONSENT CALENDAR

A. Approve Minutes of the May 27, 2020 Finance Committee Meeting

4. DISCUSSION /ACTION

A. Election of Chair and Vice Chair of Finance Committee – Joanna Stueckle

Recommendation: Elect a Finance Committee Chair and Vice Chair for Fiscal Year 2020/2021.

B. Executive Director Single Signature Authorization – Gary Leong

Recommendation: Authorize the Executive Director to have signature authority of up to \$50,000 for capital expenditures and up to \$25,000 for other expenditures, provided that such expenses are consistent with the CVAG and/or project budget and implements adopted policies.

C. Agreed Upon Procedures Auditing Services for the CV Housing First Program – Gary Leong

Recommendation: Approve the Agreed Upon Procedures auditing services for the CV Housing First program with Lance, Soll & Lunghard, LLP (LSL) at a cost not-to-exceed \$3,500, and authorize the Executive Director to finalize any necessary agreements for the services.

5. INFORMATION

- a) Background on the Finance Committee

6. PUBLIC COMMENTS ON NON-AGENDA ITEMS

This is the time and place for members of the public to address the Executive Committee on items of general interest within the purview of this committee. Please limit comments to two (2) minutes.

7. ANNOUNCEMENTS

Upcoming Zoom Meetings:

Executive Committee – Monday, September 28, 2020 at 4:30 p.m.

Note: CVAG staff may be proposing an earlier date for this meeting

8. ADJOURNMENT

ITEM 1A**FINANCE COMMITTEE
ROSTER**

Jurisdiction	Members
City of Desert Hot Springs	Chuck Maynard, City Manager
City of Indian Wells	Councilmember Richard Balocco
City of La Quinta	Mayor Linda Evans
City of Palm Desert	Councilmember Sabby Jonathan
City of Palm Springs	Nancy Pauley, Director of Finance and Treasurer
City of Rancho Mirage	Isaiah Hagerman, City Manager

ITEM 3A**FINANCE COMMITTEE
MINUTES OF MEETING
May 27, 2020****1. CALL TO ORDER**

The May 27, 2020 Finance Committee meeting was called to order at 12:00 p.m. by Executive Director Tom Kirk via Zoom.

ROLL CALL**MEMBERS PRESENT**

Councilmember Lupe Ramos-Amith
Mayor Linda Evans
City Manager Bill Pattison
City Manager Chuck Maynard
City Manager Isaiah Hagerman

AGENCY

City of Indio
City of La Quinta
City of Coachella
City of Desert Hot Springs
City of Rancho Mirage

MEMBERS ABSENT

Councilmember Richard Balocco

AGENCY

City of Indian Wells

STAFF PRESENT

Tom Kirk
Gary Leong
Joanna Stueckle

2. PUBLIC COMMENTS ON AGENDA ITEMS

None.

3. DISCUSSION**A. Meeting Minutes for February 20, 2020 Finance Committee Meeting**

The minutes were corrected to replace a duplicated listing of Mayor Linda Evans for Bill Pattison to the list of attending members.

IT WAS MOVED BY MAYOR EVANS AND SECONDED BY CITY MANAGER PATTISON TO APPROVE THE AMENDED MINUTES OF FEBRUARY 20, 2020.

THE MOTION CARRIED WITH 5 AYES AND 1 MEMBER ABSENT.

COUNCILMEMBER RAMOS-AMITH	AYE
MAYOR EVANS	AYE
COUNCILMEMBER BALOCCHO	ABSENT
CITY MANAGER PATTISON	AYE
CITY MANAGER MAYNARD	AYE
CITY MANAGER HAGERMAN	AYE

B. CVAG 2020/2021 Fiscal Year Budget – Gary Leong

Gary Leong gave a report on factors that were considered in creating the new budget, including membership dues, staff salaries, and unfunded PERS liability. Staff recommended no increase to membership dues and no cost-of-living staff salary increases for the coming fiscal year due to the economic climate caused by the COVID-19 pandemic. Staff also recommended that CVAG continue with the current CalPERS unfunded liability payment schedule.

Member discussion ensued. Mr. Kirk discussed proposed organizational changes to CVAG staffing and indicated that additional information would be sent to the Administrative Personnel Committee, as well as the Finance Committee.

IT WAS MOVED BY CITY MANAGER PATTISON AND SECONDED BY MAYOR EVANS TO MOVE FORWARD WITH THE PROPOSED BUDGET FOR EXECUTIVE COMMITTEE CONSIDERATION THAT INCLUDED: NO INCREASE IN MEMBERSHIP DUES, NO COST-OF-LIVING STAFF SALARY INCREASES, AND PAYMENT TO BE MADE IN JULY TOWARD THE UNFUNDED CALPERS LIABILITY ACCORDING THE TO EXISTING PAYMENT SCHEDULE.

THE MOTION CARRIED WITH 5 AYES AND 1 MEMBER ABSENT.

COUNCILMEMBER RAMOS-AMITH	AYE
MAYOR EVANS	AYE
COUNCILMEMBER BALOCCO	ABSENT
CITY MANAGER PATTISON	AYE
CITY MANAGER MAYNARD	AYE
CITY MANAGER HAGERMAN	AYE

C. One-year Extension for Auditing Services with the Accounting Firm of Lance, Soll & Lunghard, LLP – Gary Leong

Mr. Leong presented the staff report recommending a one-year extension of auditing services with Lance, Soll & Lunghard. Mr. Leong indicated the extension aligns the contract timing of the Coachella Valley Conservation Commission (CVCC), Desert Community Energy (DCE) and the CVAG audits. Brief member discussion ensued.

IT WAS MOVED BY CITY MANAGER PATTISON AND SECONDED BY CITY MANAGER HAGERMAN TO APPROVE A ONE-YEAR EXTENSION FOR AUDITING SERVICES WITH LANCE, SOLL & LUNGHARD, LLP (LSL) AT A COST NOT-TO-EXCEED \$21,800.

THE MOTION CARRIED WITH 5 AYES AND 1 MEMBER ABSENT.

COUNCILMEMBER RAMOS-AMITH	AYE
MAYOR EVANS	AYE
COUNCILMEMBER BALOCCO	ABSENT
CITY MANAGER PATTISON	AYE
CITY MANAGER MAYNARD	AYE
CITY MANAGER HAGERMAN	AYE

D. Finance Committee Member Rotation

Mr. Kirk discussed the membership of the Finance Committee and the benefits of establishing terms which would allow for institutional memory and enable the Finance Committee to establish goals. A discussion ensued regarding ways to establish a rotation.

Councilmember Ramos-Amith volunteered to step down at the end of the fiscal year, as did City Manager Pattison.

IT WAS MOVED BY MAYOR EVANS AND SECONDED BY CITY MANAGER HAGERMAN TO ESTABLISH A MEMBERSHIP ROTATION FOR THE FINANCE COMMITTEE, CREATING A THREE-YEAR TERM FOR EACH MEMBER BY HAVING THE TWO LONGEST SERVING MEMBERS (ONE ELECTED OFFICIAL AND ONE CITY MANAGER) ROTATE ON A YEARLY BASIS.

THE MOTION CARRIED WITH 5 AYES AND 1 MEMBER ABSENT.

COUNCILMEMBER RAMOS-AMITH	AYE
MAYOR EVANS	AYE
COUNCILMEMBER BALOCCO	ABSENT
CITY MANAGER PATTISON	AYE
CITY MANAGER MAYNARD	AYE
CITY MANAGER HAGERMAN	AYE

E. MEMBER / EXECUTIVE DIRECTOR COMMENTS

Mr. Kirk discussed the single signature authority of the CVAG Executive Director, currently set at \$10,000. Mr. Kirk noted that the CVCC single signature authority limit was set at \$25,000, the DCE limit set at \$100,000 and the CV Link authority set at \$50,000. All expended funds must also be within the controls of the approved budget. Member discussion ensued, and members concurred that it was prudent to increase the single signature authority limit. Staff will return to the Finance Committee with a staff recommendation at the next meeting.

4. PUBLIC COMMENTS ON NON-AGENDA ITEMS

None.

5. ANNOUNCEMENTS

Upcoming Zoom Meetings:

Executive Committee – Monday, June 1, 2020 at 4:30 p.m.

General Assembly – Monday, June 29, 2020 (Time to be determined.)

6. ADJOURNMENT

There being no further business, the Finance Committee adjourned at 12:49 p.m.

Respectfully submitted,

Joanna Stueckle
Executive Assistant

ITEM 4A**Coachella Valley Association of Governments
Finance Committee**

August 11, 2020

**Staff Report****Subject:** **Election of Chair and Vice Chair of the Finance Committee****Contact:** Joanna Stueckle, Executive Assistant (istueckle@cvag.org)

Recommendation: Elect a Finance Committee Chair and Vice Chair for Fiscal Year 2020/2021.

Background: At the start of every fiscal year, CVAG committees consider the election of a Chair and Vice Chair of the committee. However, the Finance Committee has been meeting without a formal Chair, opting instead to have a member volunteer lead each meeting.

The Executive Committee in June 2020 set membership rotation for the Finance Committee. Staff also anticipates there being additional meetings due to the committee's expanded role in meeting with the auditors to review the special project audit as well and next fiscal year's budget. Therefore, staff is recommending a Chair and Vice Chair be selected.

There are several ways to choose the officers. Members could open the floor for nominations, which is the standard practice for many CVAG committees. Another option would be for the Finance Committee to establish a rotation of the Chair and Vice Chair based on the newly approved membership rotation. An example of this could be having the elected official whose term is ending in the current fiscal year serve as Chair with the elected official whose term ends in the following fiscal year serve as Vice Chair. As new elected members are added to the Finance Committee, they would be added to the end of the rotation line.

CVAG staff is seeking feedback from the committee on how to select the officers and recommends the Finance Committee elect a Chair and Vice Chair for the fiscal year.

Fiscal Analysis: None.

ITEM 4B

**Coachella Valley Association of Governments
Finance Committee
August 11, 2020**



Staff Report

Subject: Executive Director Single Signature Authorization

Contact: Gary Leong, Deputy Executive Director (gleong@cvag.org)

Recommendation: Authorize the Executive Director to have signature authority of up to \$50,000 for capital expenditures and up to \$25,000 for other expenditures, provided that such expenses are consistent with the CVAG and/or project budget and implements adopted policies.

Background: Much like city managers and agency directors across the region, CVAG has established a signing authority that allows the Executive Director to process routine items and contracts on an efficient basis. CVAG has an intermittent meeting schedule, which means there could be a delay before the Executive Committee can review an item. In October 2002, the CVAG Executive Committee established the Executive Director's signing authority at a not-to-exceed amount of \$10,000, which is lower than many jurisdictions' authorization for their city managers.

As CVAG-led projects transitioned from the planning stages to the pre-construction phases, CVAG staff recommended that the Executive Committee review the authority. In September 2018, the CVAG Executive Committee granted the Executive Director the authority to spend up to \$50,000 for expenditures related to the CV Link's right of way and construction activities. In December 2019, the CVAG Executive Committee authorized the signature authority to be up to \$50,000 for tasks related to the regional signal synchronization project.

During the Finance Committee meeting of May 27, 2020, members discussed the budget and the upcoming projects. Members of the Finance Committee concurred that it was prudent to review the existing signature authorization. CVAG staff has reviewed the signature limits that have been set for management at member jurisdictions and other agencies in the County. Having a larger signing authority is not unusual for agencies that have large capital projects. A survey of other regional agencies revealed that an executive's signature authority can range from \$25,000 to \$250,000.

Based on both the projects underway and CVAG staff's review of other agency limits, the recommendation is for the Executive Director have a signature authority of up to \$50,000 for capital expenditures, making it consistent with the authority already approved for the CV Link and signal synchronization programs. Staff is also recommending a signing authority of up to \$25,000 for other expenditures, such as retaining professional and consulting services and general purchases. These single signature authorizations will be executed only if such expenses are consistent with the CVAG and/or project budget and implements adopted policies.

As required for both CV Link and the regional signal synchronization project, CVAG staff will submit a quarterly report to the CVAG Executive Committee on all single signature authority agreements over the amount of \$10,000 that have been executed by the Executive Director.

It should be noted that this type of executive authorization is typically described as "single signature authority." However, CVAG has robust accounting practices and procedures, and the processing of all invoices and issuing of checks requires two signatures.

Fiscal Analysis: The increased signing authority would continue to retain the condition established in October 2002, meaning the expenditure must be incorporated in the current fiscal year budget or project budget, and must be consistent with CVAG's adopted policies or programs.

ITEM 4C**Coachella Valley Association of Governments
Finance Committee**

August 11, 2020

**Staff Report****Subject:** **Agreed Upon Procedures Auditing Services for the CV Housing First Program****Contact:** Gary Leong, Deputy Executive Director (gleong@cvaq.org)

Recommendation: Approve the Agreed Upon Procedures auditing services for the CV Housing First program with Lance, Soll & Lunghard, LLP (LSL) at a cost not-to-exceed \$3,500, and authorize the Executive Director to finalize any necessary agreements for the services.

Background: One of the roles of the Finance Committee is that it may recommend that the auditors review a particular CVAG project each fiscal year. In FY2018/19, the Finance Committee recommended a focus on the Measure A program. For FY2019/20, the Finance Committee has recommended that the auditors review the CV Housing First program, which provides regional services for homeless families and individuals.

Staff has discussed this recommendation with CVAG's current auditors, Lance, Soll & Lunghard, LLP (LSL). LSL has prepared an Agreed Upon Procedures (AUP) auditing services and it is attached for the Committee's review and approval. The work will be performed concurrently with CVAG's FY2019/20 financial audit.

Fiscal Analysis: LSL has quoted an audit fee of \$3,500 for the AUP auditing services. This is the same amount charged when LSL performed last year's AUP auditing services on the Measure A program. This amount is also within the budget approved by the Executive Committee for additional work of this nature.

Attachment: LSL Agreed Upon Procedures auditing services



August 3, 2020

Mr. Gary Leong, CPA
Deputy Executive Director/Admin. Services
Coachella Valley Association of Governments

Dear Mr. Leong,

We are pleased to provide you with this quote for Agreed-Upon Procedures at the request of management and the Finance Committee, to assist the Coachella Valley Association of Government ("CVAG") by providing additional procedures over the Homeless program. We would propose the following procedures be applied to the Homeless program:

- Drawing a sample of expenditures out of the Homeless fund.
- Examining the supporting invoices and other supporting detail for the sampled expenditures.
- Verifying that the costs included on the invoices support the goal of the Homeless program.
- Providing schedules and analysis on how the Homeless funding spent by CVAG is being utilized by the not-for-profit entity administering the program.
- Other procedures suggested by management or the Finance Committee.

If given the opportunity to perform these procedures, or other procedures requested by management or the Finance Committee, we will perform the procedures concurrently with CVAG's financial audit and issue a separate letter detailing our procedures and findings and any schedules or exhibits specific for these procedures.

We estimate that our fees for these services will be \$3,500.

LSL CPAs looks forward to providing quality services to CVAG. Please sign below to acknowledge your acceptance of this agreement and return to my attention. Should you or any other representative of CVAG have additional questions regarding this agreement, please do not hesitate to contact Richard K. Kikuchi, Managing Partner, at (714) 672-0022.

Very truly yours,

A handwritten signature in black ink that reads "Lance, Soll & Lunghard, LLP". The signature is fluid and cursive, with "Lance" and "Soll & Lunghard" on the first line and "LLP" on the second line.

Signature

Date



ITEM 5a**Coachella Valley Association of Governments
Finance Committee**

August 11, 2020

**Staff Report****Subject:** **Background on the Finance Committee****Contact:** Gary Leong, Deputy Executive Director (gleong@cvag.org)

Recommendation: **Information**

Background: As there are two new members joining the Finance Committee this year, CVAG staff thought it would be helpful to provide some background on the committee's development and advisory roles.

Prior to 2018, pre-audit correspondence was distributed directly to the CVAG Executive Committee. Upon completion of the annual audit, the Draft Audit Reports were forwarded to the Technical Advisory Committee (TAC) members for their review. The TAC — which was comprised of tribal/city managers and Riverside County's chief executive officer — would traditionally vote to "receive and file" the draft audited reports in their meeting. The Final Audited Reports were then forwarded to the Executive Committee for review and a "receive and file" vote.

The auditors historically spent more time reviewing the major funds — including the General Fund, Transportation Uniform Mitigation Fee (TUMF) Fund, Measure A Fund and CV Link Fund — as well as projects with Single Audit reporting requirements (CV Link and Signal Synchronization Funds). Aside from the annual audits, CVAG also works with certain agencies that send their own auditors to review revenues provided for a particular project, such as the AB 2766 revenue that is audited by the South Coast Air Quality Management District once every two years.

In 2018, Indian Wells Councilman Richard Balocco suggested to the Executive Director that CVAG should consider the creation of an Audit Committee. CVAG staff developed a recommendation to have an Audit Committee that would meet prior to the start of the audit fieldwork. The Audit Committee also could recommend that the auditors review particular projects, which could rotate from year to year upon the suggestion of the Audit Committee. The CVAG Executive Committee established an Audit Committee on April 30, 2018 that is made up of three city managers and three Executive Committee members from different jurisdictions. The Executive Committee also approved a not-to-exceed budget of \$10,000 for any additional work proposed by the Audit Committee. The Audit

Committee would also meet after the audit has been completed to review the reports with the auditors.

In December 2018, the Executive Committee directed staff to take steps to transition the TAC into an informal working group. One of the TAC roles was to review the CVAG's annual budget before it went to the Executive Committee. Since TAC was transitioned into a working group, there is an interest in a more formal review of the budget before it is presented to the Executive Committee for approval. CVAG staff recommended that the Audit Committee could fill that void. On September 30, 2019, the Executive Committee approved renaming the Audit Committee to the Finance Committee, and expanding the committee's roles to include the following:

- 1) Meet with the auditors prior to the start of the audit fieldwork;
- 2) Able to recommend that the auditors review particular projects, which could rotate from year to year;
- 3) Meet after the audit has been completed to review the reports with the auditors;
- 4) Review the annual budget prior to the budget going to the Executive Committee;
- 5) Review the Investment Policy on an annual basis.

The committee's membership remained the same as it had since 2018:

- 1) Councilmember Lupe Ramos-Amith, City of Indio
- 2) Councilmember Richard Balocco, City of Indian Wells
- 3) Mayor Linda Evans, City of La Quinta
- 4) Bill Pattison, City of Coachella
- 5) Chuck Maynard, City of Desert Hot Springs
- 6) Isaiah Hagerman, City of Rancho Mirage

Earlier this year, the Finance Committee began discussing how to address membership moving forward. In May 2020, the Finance Committee's recommended that a rotation be created, so that the two longest serving members (one elected official and one city manager) are rotated on a yearly basis. This means that each member will serve for three years. This also will enable the Committee to retain some history of the established goals.

The Finance Committee decided on the following rotation schedule:

FY 2020 - Councilmember Lupe Ramos-Amith and City Manager Bill Pattison
FY 2021 – Mayor Linda Evans and City Manager Chuck Maynard
FY 2022 – Councilmember Richard Balocco and City Manager Isaiah Hagerman

This rotation was approved by the Executive Committee on June 29, 2020. At the meeting, the Executive Committee also approved replacing Councilmember Ramos-Amith and City Manager Bill Pattison with Councilmember Sabby Jonathan (City of Palm Desert) and Director of Finance & Treasurer Nancy Pauley (City of Palm Springs).

Fiscal Analysis: The Executive Committee has approved a not-to-exceed budget of \$10,000 for any additional work proposed by the Finance Committee.