



Date: May 13, 2021
To: Board of Directors
From: Marti Brown, General Manager
Subject: Contract for Financial Consulting Services

Recommendation:

Approve budget authority of a not-to-exceed amount of \$15,000 at a rate of \$135/hour to contract with Andy Heath, Finance Consultant; and authorize the General Manager, or her designee, to execute a contract with Mr. Heath for finance consulting services.

Rationale for Recommendation:

As the District prepares for labor negotiations with the Kensington Police Officer's Association (KPOA) and potential changes in its physical location and lease rate, a long range financial forecasting model is strongly recommended to sustainably plan for the District's fiscal future. In addition, the District could benefit from public sector finance consulting to ensure industry standards and best practices in municipal and public sector finance are instituted in the District and throughout all of its financial and budgeting activities.

Background:

In preparation for labor negotiations and potential future lease rates for housing the KPPCSD, staff recommends developing a long range financial forecasting model that would allow the District to evaluate what it can afford in terms of both labor and benefits costs, as well as a future lease rate, capital improvements and other District improvements.

Discussion and Analysis:

The proposed scope of work for Mr. Heath includes developing a long range financial forecasting model in Excel that takes into account annual changes in revenues and expenditure for financial planning purposes; reviewing and reporting on the District's overall current "budgetary health;" and analyzing and evaluating how the District institutes daily budgetary operations and standard financial practices, and, as necessary, recommending changes to current practices.

The scope of work will include the following:

- Build a custom-tailored seven-year financial forecasting model for KPPCSD;

- Assess District compliance with Generally Accepted Accounting Principles (GAAP);
- Review Fund structure and ensure industry standards are being instituted;
- Review financial reporting procedures and ensure best practices are being used;
- Review and provide recommendations on the internal control framework; and
- Review and provide recommendations on the audit readiness process and guide improvements.

Fiscal Impact:

If approved, the funds for Mr. Heath's contract will be allocated to Fund 800 using one-time salary savings from FY 2020-21. The adopted FY 2020-21 budget allocated \$614,433 to Fund 800. Thus far, \$436,628 have been spent. Currently, Fund 800 is expected to end the FY with a surplus of \$31,377. If approved, the new projected surplus fund balance is projected to be \$16,377. The financial forecasting model will cost a not-to-exceed amount of \$7,000 leaving the remaining budget of up to \$8,000 or approximately 60 hours for additional consulting as laid out in the scope of work.

Attachment:

1. Attachment 1: Resume, Andy Heath