BUDGET & FINANCE SUBCOMMITTEE AGENDA

DATE: Monday, October 21, 2024
TIME: 5:00 PM
PLACE: COUNCIL CHAMBER - 525 Henrietta Street, Martinez, CA 94553; and via Zoom

INFORMATION FOR THE PUBLIC
Information regarding meetings, including agenda materials, schedules and more, please visit the City's Meetings & Agendas webpage: https://www.cityofmartinez.org/government/meetings-and-agendas.

REMOTE PARTICIPATION
This meeting will be conducted in-person in the City Hall Council Chamber and shall be aired in real time via Zoom. The City cannot guarantee the public's access to teleconferencing technology, nor guarantee uninterrupted access as technical difficulties may occur from time to time. To attend the meeting via Zoom, you must be logged into a registered Zoom account. Click "Join Meeting" and enter the following details:

1. **Link**: https://cityofmartinez-org.zoom.us/j/99147655775?pwd=WTnq1C7uHUwvheyN0B7Fnhzcd9jA4H.1
2. **Webinar ID:** 991 4765 5775
3. **Passcode**: 625902

PUBLIC COMMENTS
Public comments can be made in person at the meeting or submitted in writing. Written comments must be received by 12pm the day of the meeting. For information on how to submit written comments, please visit the City's Meetings & Agendas webpage linked above.

ADA ACCOMODATIONS
In accordance with the Americans with Disabilities Act and California law, the Council Chamber is wheelchair accessible and disabled parking is available at City Hall. If you are a person with a disability and require modifications or accommodation to attend and/or participate in this meeting, please contact the City Clerk's Office at (925) 372-3512. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility.

AGENDA CONTINUED TO PAGE 2

CALL TO ORDER

ROLL CALL - *Mayor Brianne Zorn and Vice Mayor Debbie McKillop*

REGULAR ITEMS

1. Receive presentations, interview consultants, hold discussion and provide a recommendation of the finalist for the City's Investment Advisory Services.
   Staff Report - Investment Advisory Services
   Attachment A - Proposal from Meeder Public Funds
   Attachment B - Proposal from Public Trust Advisors
   Attachment C - Reference Check Meeder Public Funds (Redacted)
   Attachment D - Reference Check Public Trust Advisors (Redacted)

2. Receive report, hold discussion and recommend forwarding to Council a resolution authorizing the City Manager to execute a professional services contract with Willdan Financial Services for Citywide Cost Allocation Study.
   Staff Report - Contract Services for Cost Allocation Study
   Willdan Contract Resolution
   Attachment A - Willdan Contract (Draft)

3. Receive report, hold discussion, and provide input on initiating a citywide strategic planning process to prioritize the goals and strategies of critical importance to the City today and over the next four years.
   Staff Report - Strategic Plan
   Attachment A - Baker Tilly Strategic Plan Proposal

PUBLIC COMMENT - *Agenda Items Only*

ADJOURNMENT

On October 18, 2024, a true and correct copy of this agenda was posted on the City Hall Kiosk, located at 525 Henrietta Street, Martinez, CA 94553, and on the City website at www.cityofmartinez.org.

/s/ Kat Galileo, Assistant City Clerk

PUBLIC FUNDS ADVISORY

Interview for Investment Advisory Services

Prepared for the City of Martinez

PRESENTED BY:
JIM MCCOURT, CFA
DIRECTOR, ADVISORY SERVICES

OCTOBER 21, 2024

MEEDER
PUBLIC FUNDS

MEEDER

PUBLIC FUNDS

INTRODUCTION TO MEEDER

Firm Overview

MEEDER

1974 Founded in 1974. SEC Registered Investment Advisor serving public entities since 1990.

More than 400 public entity clients.

Customized solutions for states, counties, cities, schools, townships, libraries, higher education, and special districts.

$155B Over $155 billion in public funds assets under advisement (12/31/23).

Seasoned Fixed Income Team specializes in working with public entities.

Focus on management of operating and project funds.

Assets Under Advisement consist of $54.5 billion of regulatory assets under management and $100.6 billion of non-discretionary assets as to which the adviser provides strategic advice or consultation.

Firm Overview

We provide the following services to public entities

MEEDER

Investment Policy Review	The Investment Policy would be reviewed to ensure it is in line with state law.
Cash Flow Analysis/Modeling	Throughout the year we will help you monitor your cash flows to determine the proper amount to have invested compared to liquid in cash.
Investment Strategy	You will have access to our professional investment team that will strategically formulate a custom investment plan to meet your needs as well as the ever-changing interest rate environment.
Execution of Trades	We utilize our purchasing power and expansive broker network to ensure best price execution.
Monthly Reporting and Review	We provide consolidated reporting of your assets, including transactions summaries, monthly and quarterly reports, and custom reports for your board, council, or commissioners to keep everyone up to speed on changes in the portfolio and economy. Additionally, we will provide you with annual GASB reporting to aid you with your year-end processes.
Compliance Monitoring	We have a best-in-class compliance monitoring system. This allows us to build rules for your investment policy, state law, and any additional restrictions placed on the portfolio, allowing us to run both pre- and post-trade compliance monitoring.
Credit Research	Our in-house research team monitors corporate issuers in the marketplace, determining our approved issuer list and keeping you apprised of any changes.
Banking and Custody	In the event you would look to establish a new banking or custody relationship, we are here to provide assistance through the process.

Dedication to Public Funds Market Space

MEEDER

Largest Meeder City Clients by Assets (as of 6.30.2024)	
Los Angeles, CA	McAllen, TX
Dallas, TX	Dayton, OH
Portland, OR	Santa Ana, CA
Columbus, OH	Vacaville, CA
Long Beach, CA	Louisville, KY
Irvine, CA	Garden Grove, CA
Cincinnati, OH	Livermore, CA
Corpus Christi, TX	Midlothian, TX
Anaheim, CA	North Las Vegas, NV
Las Vegas, NV	Killeen, TX

Training and Education

- Regular Presenters of Continuing Education Courses at:
  - CSMFO (California Society of Municipal Finance Officers)
  - CMTA (California Municipal Treasurers Association)
  - CACTTC (CA Assoc. of County Treasurers and Tax Collectors)
  - CDIAC (California Debt and Investment Advisory Commission)
  - GFOA (Government Finance Officers Association)
  - APT US&C (Assoc. of Public Treasurers of the USA and Canada)
- Staff founded GIOA – Government Investment Officers Association
  - Monthly Educational Webinars
  - Annual Conference in Las Vegas
- Distribute Regular Market Updates to Clients
  - Weekly Newsletter
  - Monthly Commentary
  - Quarterly Webinar
  - One on One Training

With You. For You.

Investment Management Philosophy

MEEDER

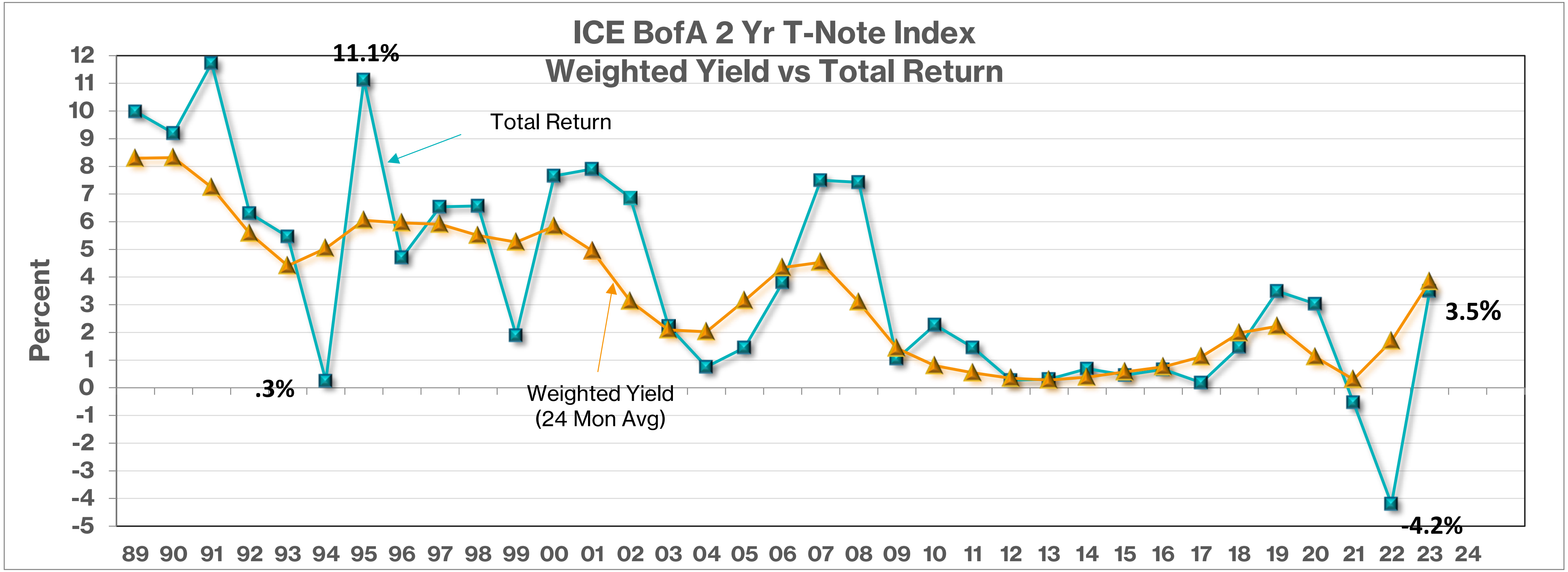
Income/Cash Flow Investing

- Strategy driven by your cash flow needs and economic outlook
- Strategy changes based upon your needs
- Focus on generating interest income

VS.

Total Return Investing

- Strategy driven by benchmark
- Strategy changes based upon changes to benchmark
- Focus on performance relative to the benchmark



Technological Solutions

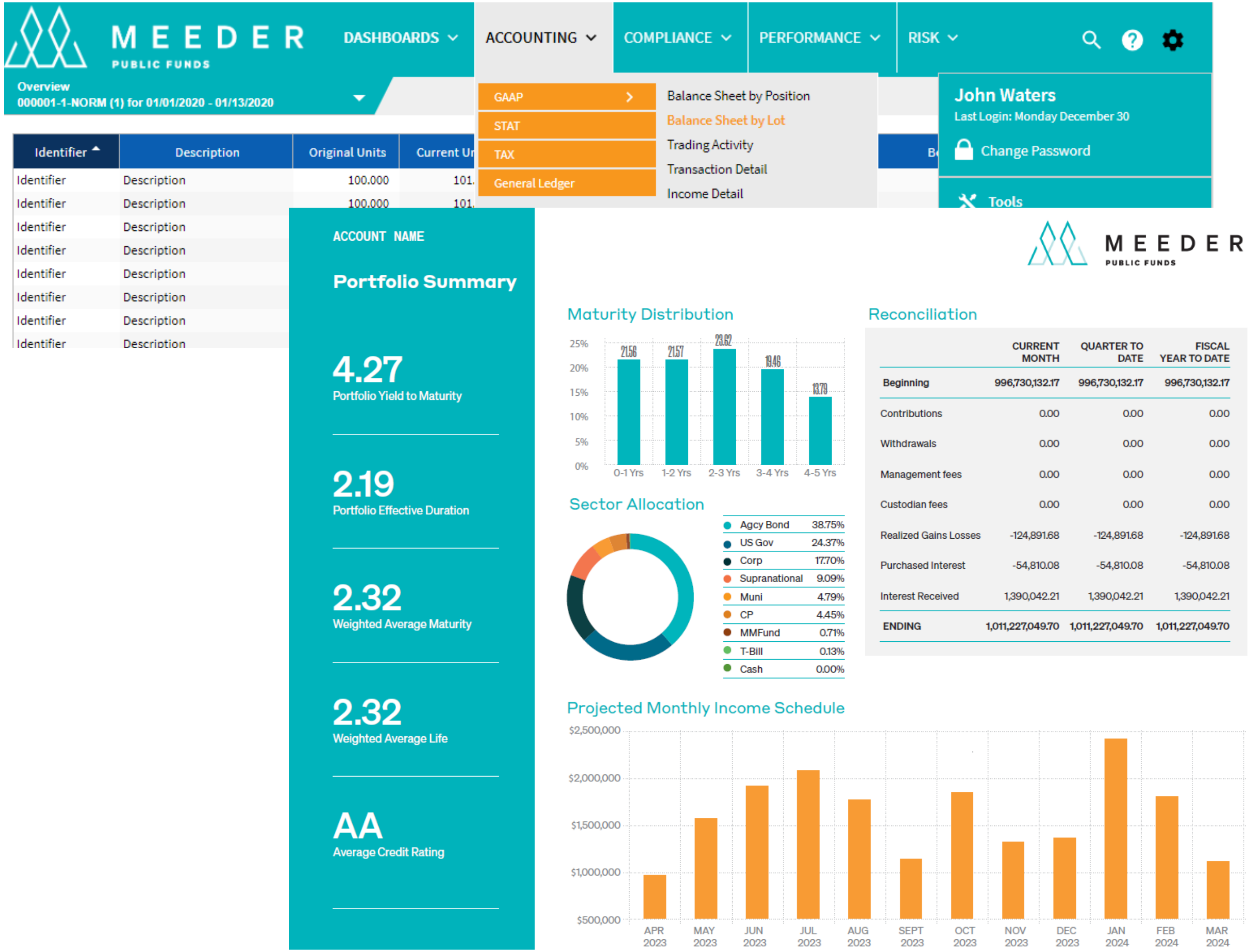
Order Management System
- Charles River Development

Compliance System
- Charles River Development

Investment Accounting
- Clearwater Analytics

Reporting
- Clearwater Analytics

Online Portal
- Clearwater Analytics



Research

Resources

- Bloomberg
- Standard & Poor’s Capital IQ
- Company Investor Relations
- Capital Market Research
- Industry Sponsored Events

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Walmart Inc
Q2 2023

Sector	Retailers
S&P Ratings	AA/A-1+/Stable
Moody's Ratings	Aa2/P-1/Stable
Fitch Ratings	AA/F1+/Stable
Bloomberg Default Risk	IG1
Total Debt Outstanding	$41.856 Billion

Summary

Opinion: We maintain that the obligations of **Walmart** present minimal credit risk. Our review included a review of **Walmart** financial condition, sources of liquidity, industry strength and position within their industry, as well as a review of their ability to react to marketwide and/or issuer specific credit events.

Risk: Much like the other retailers, inventory levels prove to be a major challenge for Walmart. As a result of disrupted supply-chains caused by the Covid-19 pandemic and shutdowns throughout China, many product shipments have been delayed or older inventory remains on the shelves from the last shopping cycle. To help deal with the problems, product markdowns have been seen across the stores which has slightly hurt profitability.

Management Strategy: Walmart aims to defend market share from its competitors by implementing a true omnichannel model. This initiative has taken on a good amount of investment into its various businesses, especially through its digital platform. As a result of these strategic plans, Walmart has seen its debt level significantly increase compared to years past. Although this puts some short-term pressure on the company’s credit profile, management believes it will allow for even more growth later in the future.

- Issuer-specific analytical reviews comprise an independent, written summary that consolidates the analysis of various metrics, including but not limited to:
- Analytical examination of pertinent global and regional geopolitical conditions, focusing on governing leaders, legislative initiatives, and political stability.
- Analytical review of relevant global and regional macroeconomic conditions, emphasizing factors such as growth, inflation, central bank actions, and the stability of capital markets.
- Analytical assessment of the industries in which issuers operate, with a focus on business cycles, innovations, emerging risks, and market position.
- Analytical evaluation of issuer fundamentals, giving attention to the identification of business strengths, risks, financial stability, profitability, solvency, liquidity, and overall business viability.
- Analytical scrutiny of an issuer's board, senior management, corporate governance practices, financial risk management, competitive strategy, and the execution of said strategy.
- Analytical review of an issuer's Environmental, Social, and Governance (ESG) policies, with consideration of their implications for strategy, business continuity, and financial performance.
- Analytical assessment of rating agency perspectives and opinions and their potential impact on investment value.

Why Meeder?

MEEDER

1 EXPERIENCE

2 HOLISTIC APPROACH

3 TRUSTED ADVISOR

With you. For you.

OCTOBER 21, 2024

City of Martinez
Investment Update

PREPARED BY: JIM MCCOURT, CFA

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MARKET UPDATE

“FIGEY” Model of Interest Rates

Fed, Inflation, Growth, Employment, Yields

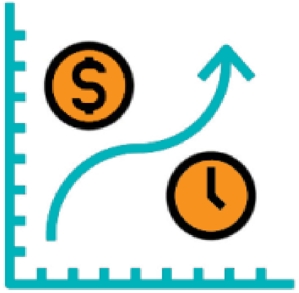
Fed Policy

Inflation

Growth (GDP)

Employment

Yields



- **U.S. Treasury yields/rates are primarily a function of Federal Reserve policy, inflation, economic growth, and employment.**
- **Shorter-term yields are highly correlated with the Fed Funds rate set by the Fed’s Federal Open Market Committee (FOMC).**
- **Intermediate-term and longer-term yields are more correlated to the expected future rates of inflation, economic growth, and the unemployment rate.**

SOURCE: MEEDER PUBLIC FUNDS

FIGEY Outlook and Commentary

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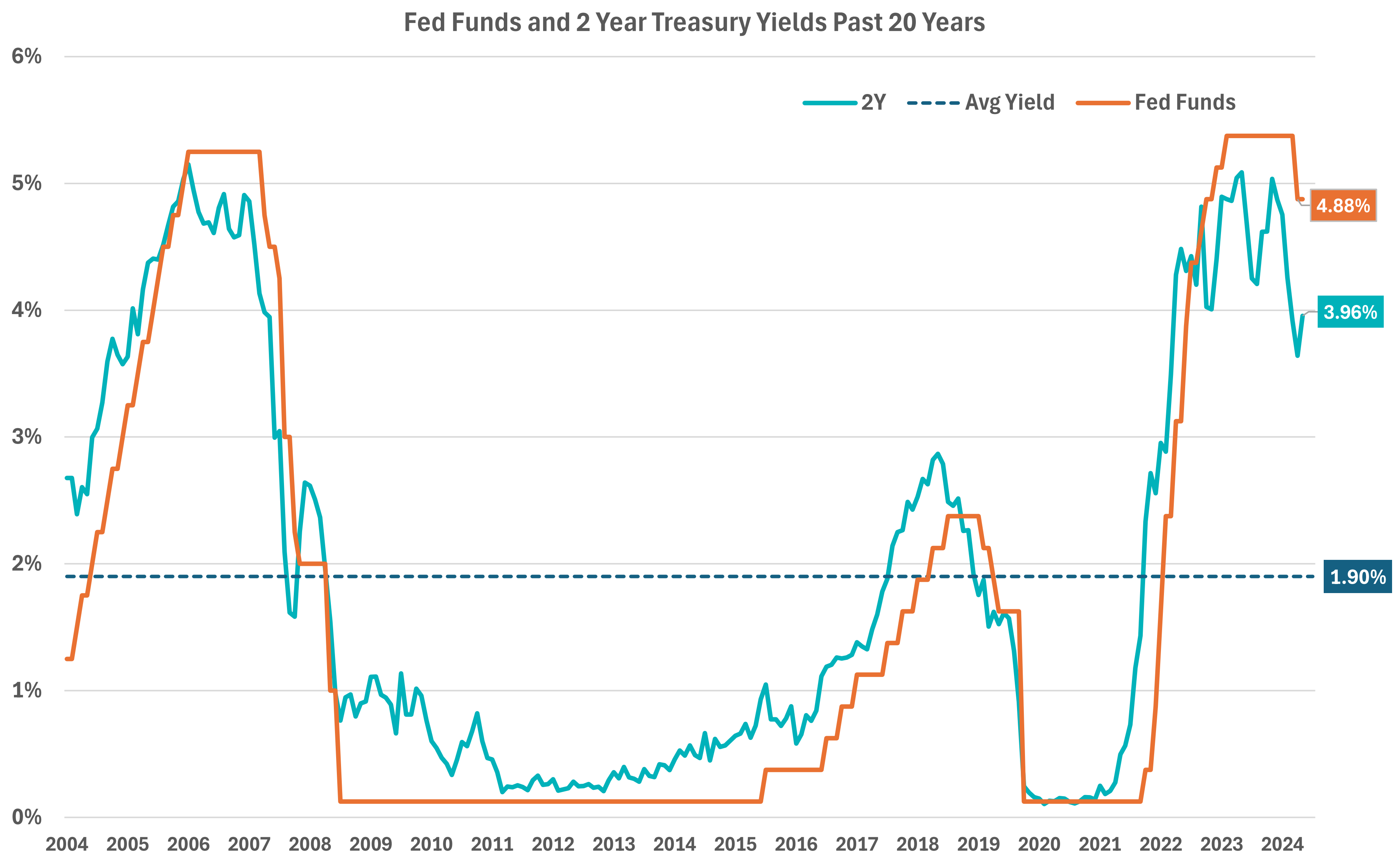
Metric	Analysis
Fed Funds Rate	As the Federal Reserve attempts to navigate a “soft landing,” both the Fed Funds futures market and the FOMC dot plot are pricing in two additional 25 basis point (0.25%) cuts in 2024.
Inflation	The Fed's preferred inflation gauge, Core PCE YoY, has dropped from its cycle high of 5.6% to 2.7%. The Fed is expecting this inflation metric to decline to 2.2% in 2025, getting close to their 2% target rate.
Growth	GDP had another stellar quarter (Q2 2024), growing by 3%. The Atlanta Fed's GDPNowcast is projecting a 3.1% rate for Q3 2024. Additionally, the Fed is expecting the GDP YoY rate for 2025 to be 2.0%.
Employment	Nonfarm payrolls have slowed in recent months but increased in September. The unemployment rate remains historically low at 4.1%. The Federal Reserve projects the unemployment rate will rise slightly to 4.4% in 2025.
Yields	The 2-year Treasury yield has dropped about 130 basis points from its cycle high (Oct 2023) but is still approximately 200 basis points above its average of the past 20 years.

Yields



- Intermediate-term interest rates peaked in October of 2023, with the 2-year Treasury hitting a cycle high of 5.22%.
- Even though interest rates have declined with lower inflation, they are still materially higher than the average the past 20 years.
- We expect the short-term rates (one year and in) to continue their recent decline with future Fed rate cuts on the horizon.
- Intermediate-term rates may pause their decline as market participants evaluate the balance between economic growth and inflation.

SOURCE: BLOOMBERG

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PUBLIC FUNDS

PORTFOLIO REVIEW

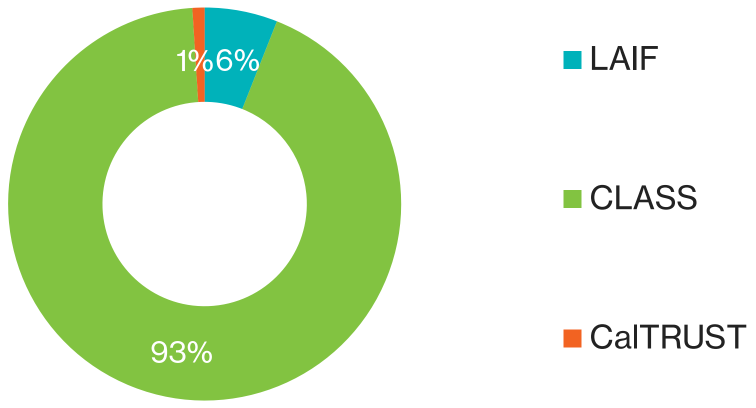
Current Portfolio

City of Martinez portfolio as of 6/30/2024

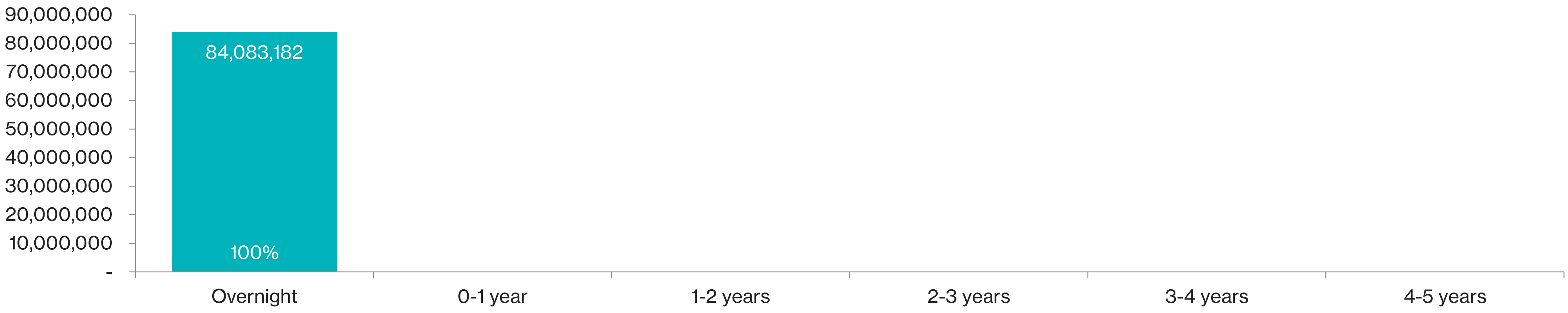
Your Portfolio	
LAIF	$4,981,817
CLASS	$77,915,770
CalTRUST	$1,185,895
Total Portfolio	**$84,083,182**

Your Portfolio	
Weighted Average Maturity	0.03 years

Your Asset Allocation



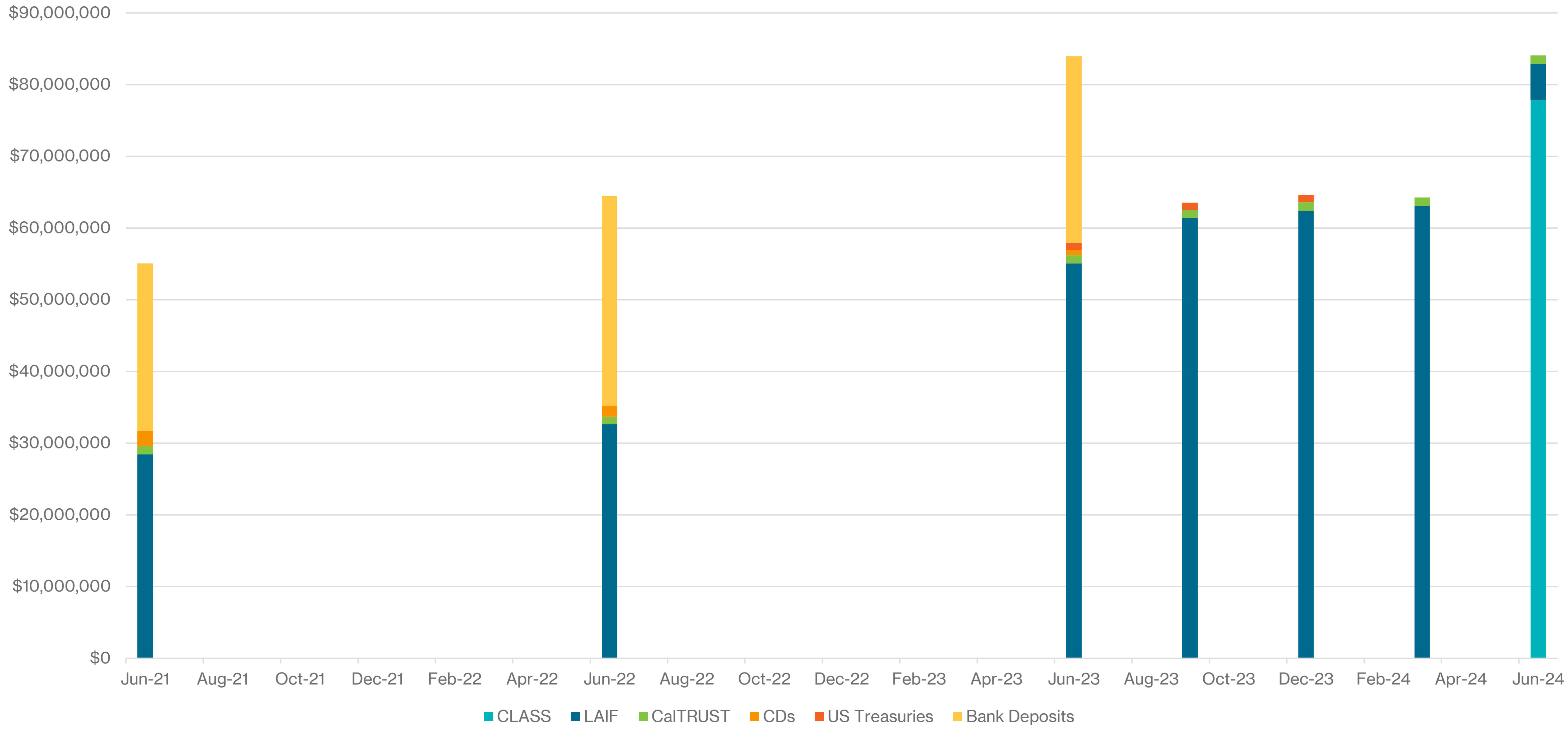
Your Maturity Distribution



SOURCE: CITY OF MARTINEZ

Portfolio Review

City of Martinez Historical Portfolio Balances



Hypothetical Portfolio Illustration

City of Martinez portfolio as of 10/14/2024 (based on 6/30/24 portfolio size)

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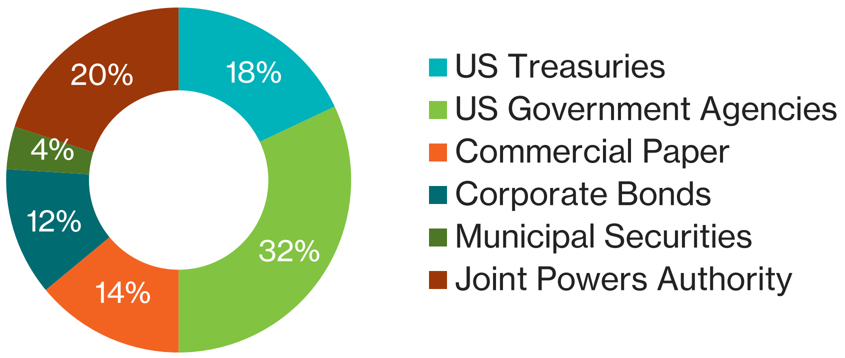
Sample Portfolio

JPA (Replace LAIF)	$16,800,000
Securities	$67,200,000
Total Portfolio	**$84,000,000**

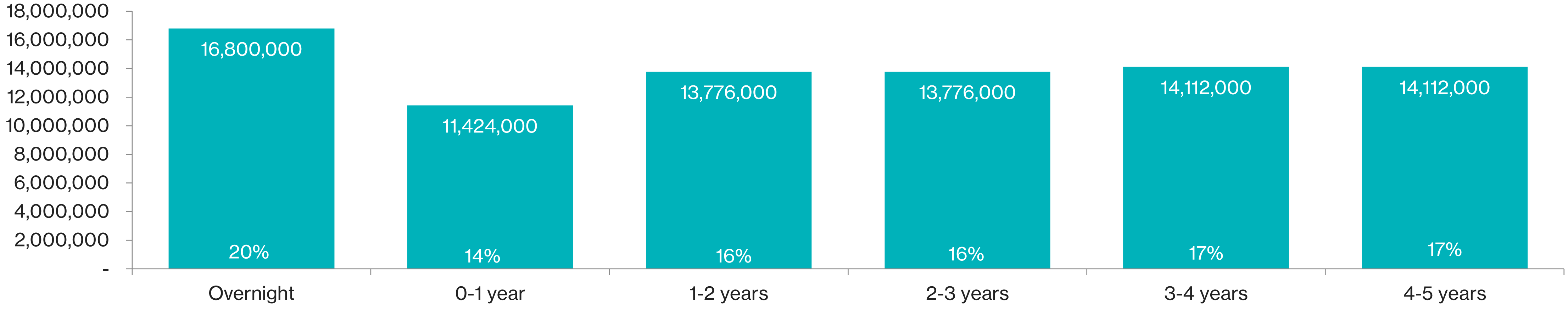
Sample Portfolio

Weighted Average Maturity	2.10 years

Sample Asset Allocation



Sample Maturity Distribution



PORTFOLIO ILLUSTRATION IS HYPOTHETICAL IN NATURE, DOES NOT REFLECT ACTUAL INVESTMENT RESULTS, AND DOES NOT GUARANTEE FUTURE RETURNS.

THE PORTFOLIO ILLUSTRATION PROJECTS THE WEIGHTED AVERAGE YIELD OF A HYPOTHETICAL PORTFOLIO INVESTED ON THE DATE SHOWN AND ALLOCATED ACROSS THE INDICATED ASSET CLASSES AND MATURITIES. THE ILLUSTRATION UTILIZES APPROPRIATE INDEXES AND BENCHMARKS TO PROJECT THE AVERAGE WEIGHTED YIELD OF THE ILLUSTRATED PORTFOLIO. CLIENTS INVESTED CONSISTENTLY WITH THE PORTFOLIO MAY HAVE EXPERIENCED INVESTMENT RESULTS MATERIALLY DIFFERENT FROM THOSE PORTRAYED IN THE ILLUSTRATION. ACTUAL YIELD FOR ANY PORTFOLIO INVESTED IN ACCORDANCE WITH THE ILLUSTRATION WILL VARY FROM THE HYPOTHETICAL DATA SHOWN HERE.

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Q&A Session

Getting started

ENGAGE

- ❑ Investment Advisory Agreement
- ❑ Custody Agreement
- ❑ Investment Policy

ALIGN

Cash Flow Analysis
<u>+ Economic Outlook</u>
Investment Strategy

IMPLEMENT

- Assets Invested
- Daily reconciliation
- Reporting
- Education

- Cash Flow Reviews
- Economic Updates
- Strategy

Transparent and Competitive Investment Advisory Fees

MEEDER

Assets Under Management	Annual Advisory Fee
$0 - $25,000,000	0.08%
$25,000,000 - $50,000,000	0.06%
Over $50,000,000	0.04%

Advisory fees only apply to funds held within the City's third-party custody account, managed by Meeder.

Disclosures

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

Opinions and forecasts regarding markets, securities, products, portfolios or holdings are given as of the date provided and are subject to change at any time. No offer to sell, solicitation, or recommendation of any security or investment product is intended. Certain information and data has been supplied by unaffiliated third-parties as indicated. Although Meeder believes the information is reliable, it cannot warrant the accuracy, timeliness or suitability of the information or materials offered by third-parties.

Net interest income is illustrated net of investment advisory fees proposed for the assets under management. Fees are illustrated at the rate 0.08 % for the first $25,000,000 under management, 0.06% for $25,000,000 - $50,000,000, and .04% on assets managed over $50 million.

Estimates and illustrations of expected yield for illustrated portfolios is hypothetical in nature, does not reflect actual investment results, and does not guarantee future returns. Hypothetical illustrations are offered to illustrate the yield expected from classes of securities and do not reflect actual securities available for investment. Estimates of current yield are generated from indexes and other information deemed by the adviser to provide a reliable estimate of the current yield available from investments in that asset class. Securities indices are unmanaged and investments cannot be made directly in an index. Yield assumptions were developed with the benefit of hindsight and the securities purchased for such an account may generate more or less than the illustrated yield.

Investment advisory services provided by Meeder Public Funds, Inc.

MEEDER

Meeder Public Funds

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Dublin, OH 43017

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120 North Washington Square, Suite 300, Lansing, Michigan, 48933

111 West Ocean Blvd., 4th Floor Long Beach, CA 90802

222 Main Street, 5th Floor, Salt Lake City, UT 84101

10655 Park Run Drive, Suite 120, Las Vegas, NV 89144

meederpublicfunds.com

866.633.3371

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MeederPublicFunds.com

PUBLIC TRUST ADVISORS®

Presentation to the City of Martinez
Investment Advisory Services

Bob Shull, Senior Director

Tom Tight, Managing Director - Partner

October 21, 2024

CITY OF MARTINEZ 1876

Disclosures

Data unaudited. This presentation is for informational purposes only. The information contained herein has been obtained from sources that we believe to be reliable, but its accuracy and completeness are not guaranteed. The information presented should not be used in making any investment decisions and is not a recommendation to buy, sell, implement, or change any securities or investment strategy, function, or process. Any financial and/or investment decision should be made only after considerable research, consideration and involvement with an experienced professional engaged for the specific purpose. All comments and discussion presented are purely based on opinion and assumptions, not fact, and these assumptions may or may not be correct based on foreseen and unforeseen events.

Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk, including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. Public Trust Advisors is not a bank and your investment with Public Trust Advisors is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Past performance is not an indicator of future performance or results. **Any financial and/or investment decision may incur losses.**

Public Trust Advisors
717 17th Street, Suite 1850
Denver, Colorado 80202

Introduction to Public Trust Advisors

- Public Trust Advisors, LLC (Public Trust) is an SEC registered independent investment advisor headquartered in Denver, Colorado, with offices in California, Florida, New York, Texas, Ohio, Georgia, Arizona, and Michigan.
- Public Trust was founded on the fundamental principle of maintaining a single business focus of providing investment management and advisory services to government and institutional investors.
- Public Trust provides customized investment advisory solutions based on the clients' unique cash flows, risk tolerances, and investment policies.
- **Safety-first investment philosophy** that seeks to deliver superior risk adjusted returns consistently
- The Public Trust Executive Team includes managing partners with 125+ years of combined experience and a team of professionals that are dedicated to the safety of public funds.
- Senior Portfolio Managers with 25+ years of portfolio management experience
- Investment Advisor and Administrator for public entity portfolios representing approximately $91 billion in assets under management as of June 30, 2024.

Where We Serve

AUM

$91.9B

As of 06/30/2024

Nearly

85

Employees

Source: Public Trust Advisors. Data as of June 30, 2024.. All information is assumed to be correct, but the accuracy has not been confirmed and therefore is not guaranteed to be correct. The data in this presentation is unaudited. Please refer to the disclosure slide of this presentation for more information.

Key Professionals

Investment Advisory	Bob Shull Senior Director Industry Experience 20 Years	John Grady Managing Partner Industry Experience 24 Years	Jorge Jonas Director Industry Experience 9 Years	Tiffany Singh Analyst Industry Experience 5 Years
Portfolio Management	Mark Creger Director Industry Experience 25 Years	Manuel San Luis Vice President Industry Experience 15 Years	Cory Gebel, CFA Director Industry Experience 25 Years	Neil Waud, CFA Chief Investment Officer Industry Experience 25 Years
Credit Research	Kevin Berents Chief Risk Officer Industry Experience 13 Years	Patrick Elder, CFA Credit Research Analyst Industry Experience 5 Years	Taylor Budrow, CFA Credit Research Analyst Industry Experience 8 Years	Johnny Combs Credit Research Analyst Industry Experience 6 Years
Compliance, Reporting, & Operations	Jen Welsh General Counsel, CCO Industry Experience 20 Years	Steve Dixon Director of Compliance Industry Experience 19 Years	Christa Kronquist Director of Operations Industry Experience 23 Years	Jen Gosselin Vice President, Operations Industry Experience 23 Years

Please refer to the disclosure slide of this presentation for more information.

Significant California Public Fund Investment Advisory Experience

Helping our clients meet their investment objectives and goals

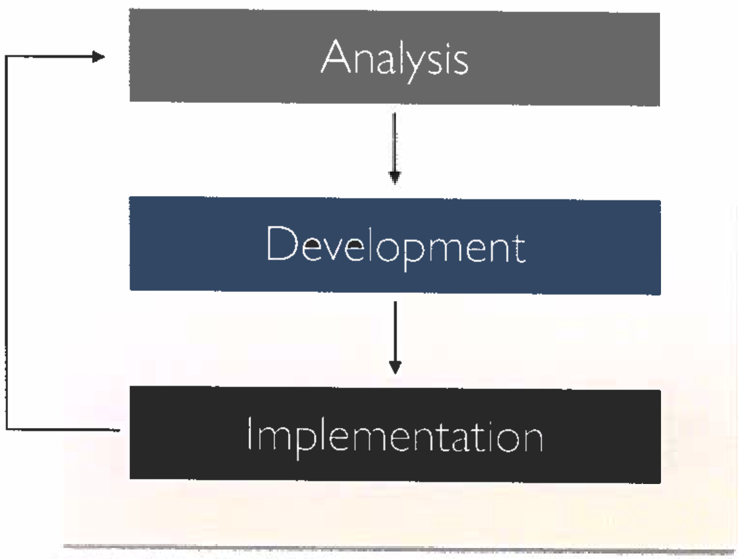
- Unique Investment Solutions
- Experienced Public Funds Professionals
- Portfolio Analytics & Reporting
- Credit and Risk Management

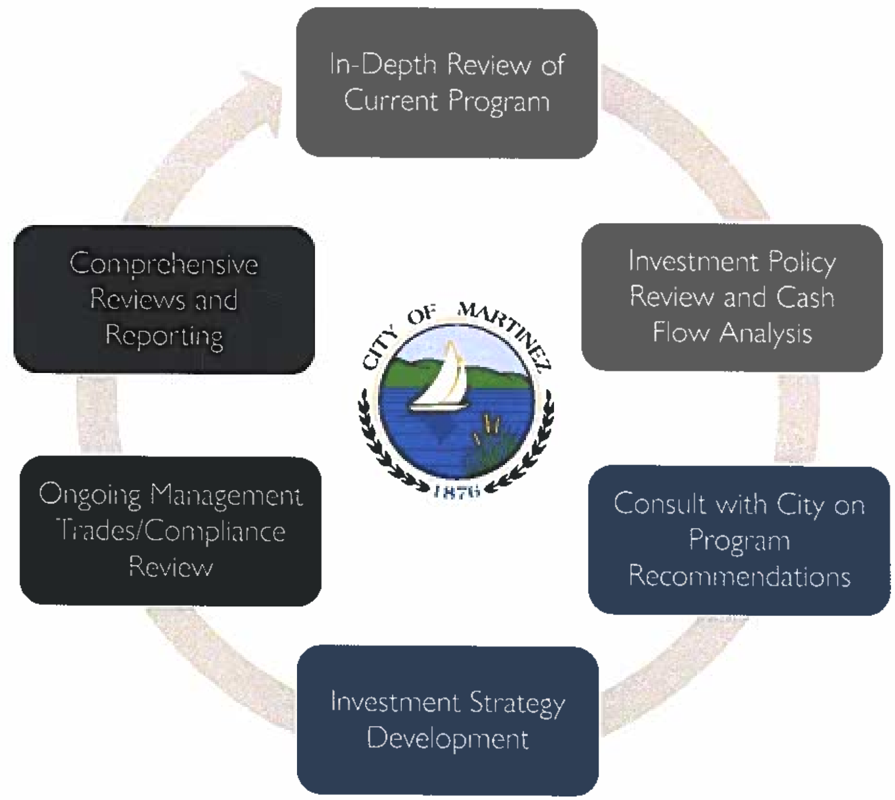
Clients Like You

City of Fullerton, California
City of Los Altos, California
County of Kern
Contra Costa transportation authority
Beaumont
Metropolitan Transportation Commission
San Mateo County Transportation Authority
City of Hemet
California Special Districts Association — Districts Stronger Together
BAWSCA — Bay Area Water Supply & Conservation Agency
California CLASS

The client list is a sample list of current Public Trust clients. These entities were chosen based on service offering, investment objectives, or geographical location. It is not known whether the clients listed approve or disapprove of Public Trust Advisors and the investment advisory services provided.

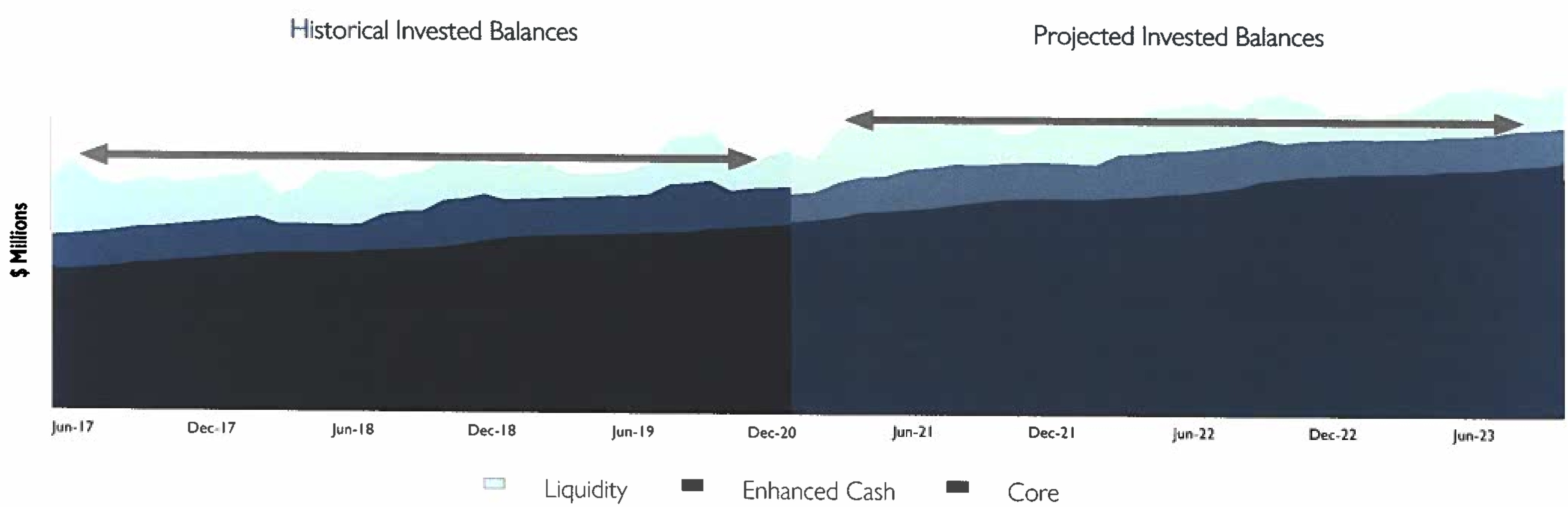
Investment Program Implementation





Cash Flow Planning: Historical and Projected Invested Balances

- Separate investment program into liquidity and core components and strategies
- Liquidity strategy ensures sufficient liquid funds are available to cover known expenses and contingencies
- Core strategy maybe invested longer term to provide greater income and growth



For illustration only. Not intended to present an actual cash flow scenario. Information should not be used to make an investment decision. Historical information is not an indicator of future cash flows. Please refer to the disclosure slide of this presentation for more information.

Here to
Serve You

Communication is the most critical component of a successful partnership.

Investment Reviews and Communication

Monthly Conference Calls

- Recent economic/market events that may impact the strategy of the portfolio
- Discuss and answer questions regarding news and other current topics
- Provide information on new issues or updates for subjects like GASB and money market fund reform
- Compare LGIP with other overnight and short-term investment option

Quarterly Investment Reviews

- **Meet with Finance staff in person or via Teams**
- Discuss the fixed-income markets, overall economy, and review of investment performance
- Review external factors and internal portfolio strategy decisions and the impact on the investment portfolio
- Review the investment portfolio characteristics
- GASB 31, 40, GASB 72, and compliance reporting

Direct Access to Your Team

- Office and direct lines to the District's primary relationship professionals
- Comprehensive training and continuing education
- Our national clients can serve as a resource for networking and peer-related information
- Relationships with public funds industry professionals may serve as a resource

Our Partnership with the City of Martinez

Our commitment to the success of the City's investment program – Meet and Exceed the required Scope of Services

- A dynamic investment strategy tailored to the City's unique risk tolerances and objectives
- Extensive analysis of the City's revenue and expenditure profile
- Deeply experienced portfolio management team
- Robust in house, independent credit research and risk management platform

Founded on the principle of client-focused, relationship-driven investment management

- Safety of assets is the primary objective
- Complete customization and ongoing active management

Significant investment advisory resources

- Serve as an extension of staff
- Investment policy consultation
- Cash flow analysis
- Resource for Treasury management services

Industry-leading reporting capabilities

- Highly customizable with online access
- Individual portfolio and aggregated view

City of Martinez

Cost Allocation Plan Presentation

WILLDAN

Willdan Financial Services

Cost Allocation and User Fee Studies

Development Impact Fees

Utility Rates

Financial and Economic Impact and Feasibility

Special District Formation and Administration (CFD, AD)

Bond Compliance (IRS and SEC)

City of Martinez Project Team

Chris Fisher
Principal-in-Charge

- Technical guidance
- Client Communication & Project oversight
- Quality assurance & control
- Meeting and presentation attendance

25 years experience

Tony Thrasher
Project Manager

- Task oversight
- Model development
- Key analyses development
- Project deliverables
- Report evaluation
- Meeting and presentation attendance

14 years experience

Priti Patel
Senior Analyst

- Collect, interpret, and analyze key data
- Assistance with model development
- Report preparation
- Peer Review
- Meeting and presentation attendance

10 years experience

Bob Quaid
Technical Advisor

- Third party reviewer
- Quality assurance & control
- Report evaluation

40 years experience

What is a Cost Allocation Plan (CAP)?

Tool that determines a fair & equitable methodology to identify and allocate central or indirect costs to direct cost programs.

Allocations reasonably represent how direct cost programs use and benefit from indirect cost programs.

Used in the formation of personnel rates, budgeting and cost reimbursement.

City Departmental Structure

Central Service Departments	Operating Departments
City Manager	Building
Accounting	Police
Human Resources	Water Fund

Central Service departments provide support to operating departments

Operating Departments/Funds provide services directly to the public

OMB Compliance Plan

Grant, federal, and state funding programs often require compliance with the Super Circular and 2 CFR 200 Cost Principles for cost reimbursement:

- **Cost Principles identify cost types that are unallowable for reimbursement indirect allocation. Examples Include.**
  - **City Council, advertising, lobbying, contingencies, idle capacity, litigation, bad debt, etc.**
- **The model switches compliance between the OMB compliant and full Citywide plan as needed.**

Develop model to reflect City's budget structure

Project Objectives

- Work with staff to understand overall system objectives, challenges, political and policy direction
- Develop efficient and updatable Cost Allocation model.
- Conduct interactive data gathering to ensure accuracy, integrity of model inputs and a clear understanding of the organization.
- Calculate reasonable & equitable allocations for departments, funds, & enterprises
- Provide accurate custom model, analysis, report - easy to interpret, clearly present data, methodology, approach and results.

Central Service Functions Allocated

- City Council (OMB exclusion)
- City Manager
- City Clerk
- City Attorney
- Information Technology
- Finance
- Public Works – Administration
- Vehicle Maintenance
- Human Resources
- Communications
- Public Affairs (OMB exclusion)
- Purchasing
- Accounts Receivable
- Payroll

Summary of Full Cost Allocation Plan

Allocated Cost Summary

Operating Department / Division / Fund	Total Allocation	Direct Cost Base Modified Total Direct Cost	Indirect Cost Rate
	$56,164,956	**$494,812,293**	**11%**
General Fund			
1000: Amendment 64 Regulatory Div	$73,926	$720,567	10%
1000: Criminal Justice Division	$437,460	$3,184,060	14%
1000: Court Administration	$1,990,587	$10,338,377	19%
1000: Fire	$5,812,665	$59,957,783	10%
1000: Housing and Community Services	$1,507,663	$6,591,496	23%
1000: International Initiatives	$100,752	$504,756	20%
1000: Judicial	$424,841	$3,110,241	14%
1000: Library & Cultural Services	$2,093,357	$6,109,959	34%
1000: Oil & Gas Division	$347,326	$304,284	114%
1000: Parks, Recreation & Open Space	$2,758,897	$14,711,884	19%
1000: Planning & Development Service	$1,110,561	$2,465,438	45%
1000: Police	$11,757,408	$122,718,373	10%
1000: Public Defender	$154,736	$1,542,812	10%
1000: Public Safety Communications	$2,637,145	$2,169,388	122%
1000: Public Works	$3,876,775	$20,591,886	19%
1000: Tax & Licensing	$838,076	$2,507,444	33%
1000: Real Property Services	$185,088	$1,362,904	14%
Gifts & Grants Fund			
2000: Gifts & Grants Fund	$288,653	$7,534,557	4%
Development Review Fund			
2100: Development Review Fund	$2,819,586	$15,601,929	18%
Marijuana Tax Revenue Fund			
2140: Marijuana Tax Revenue Fund	$209,101	$9,576,194	2%
Community Development Fund			
2250: Community Development Fund	$248,040	$4,761,576	5%
Enhanced E-911 Fund			
2300: Enhanced E-911 Fund	$1,476,664	$10,425,964	14%
Conservation Trust Fund			
2350: Conservation Trust Fund	$191,231	$1,806,357	11%
Parks Development Fund			
2450: Parks Development Fund	$27,700	$93,563	30%
Open Space Fund			
2460: Open Space Fund	$565,464	$6,013,384	9%
Recreation Fund			
2500: Recreation Fund	$2,350,323	$14,477,358	16%
Cultural Services Fund			
2660: Cultural Services Fund	$379,601	$3,592,113	11%
Designated Revenues Fund			
2700: Designated Revenues Fund	$418,478	$7,654,521	5%
Parking & Mobility Fund			
2900: Parking & Mobility Fund	$51,580	$1,035,405	5%
SID Debt Service Fund			
3500: SID Debt Service Fund	$744	$1,172	64%
City Capital Projects Fund			
4000: City Capital Projects Fund	$310,657	$6,066,377	5%
Water Fund			
5000: Water Fund	$5,785,691	$64,697,266	9%
Wastewater Fund			
5100: Wastewater Fund	$2,574,485	$52,935,119	5%
Golf Courses Fund			
5300: Golf Courses Fund	$803,029	$7,351,889	11%
Fleet Management Fund			
6000: Fleet Management Fund	$1,063,212	$10,051,824	11%
Risk Management Fund			
6200: Risk Management Fund	$493,451	$12,244,073	4%

Questions and Answers

Municipal Advisor Disclaimer

The City of Martinez further represents, acknowledges, and agrees that:

(i) The City uses, or may use, the services of one or more municipal advisors registered with the U.S. Securities and Exchange Commission ("SEC") to advise it in connection with municipal financial products and the issuance of municipal securities;

(ii) The City is not looking to Willdan to provide, and City shall not otherwise request or require Willdan to provide, any advice or recommendations with respect to municipal financial products or the issuance of municipal securities (including any advice or recommendations with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues);

(iii) The provisions of this proposal and the services to be provided hereunder as outlined in the scope of services are not intended (and shall not be construed) to constitute or include any municipal advisory services within the meaning of Section 15B of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations adopted thereunder;

(iv) For the avoidance of doubt and without limiting the foregoing, in connection with any revenue projections, cash-flow analyses, feasibility studies and/or other analyses Willdan may provide the City with respect to financial, economic or other matters relating to a prospective, new or existing issuance of municipal securities of the City, (A) any such projections, studies and analyses shall be based upon assumptions, opinions or views (including, without limitation, any assumptions related to revenue growth) established by the City, in conjunction with such of its municipal, financial, legal and other advisers as it deems appropriate; and (B) under no circumstances shall Willdan be asked to provide, nor shall it provide, any advice or recommendations or subjective assumptions, opinions or views with respect to the actual or proposed structure, terms, timing, pricing or other similar matters with respect to any municipal financial products or municipal securities issuances, including any revisions or amendments thereto; and

(v) Notwithstanding all of the foregoing, the City recognizes that interpretive guidance regarding municipal advisory activities is currently quite limited and is likely to evolve and develop during the term of the potential engagement and, to that end, the City will work with Willdan throughout the term of the potential Agreement to ensure that the Agreement and the services to be provided by Willdan hereunder, is interpreted by the parties, and if necessary amended, in a manner intended to ensure that the City is not asking Willdan to provide, and Willdan is not in fact providing or required to provide, any municipal advisory services.

Citywide Strategic Plan Process

Budget and Finance Subcommittee

October 22, 2024

Background

- Message of fiscal discipline and the need for long-range financial forecasting and work prioritization during the adoption of Mid Cycle Fiscal Year 2024-25 Budget.
- In the absence of ARPA, the City is in a state of budget scarcity.
- Confusion/misalignment over work plan, mission creep
- The good news? The right leadership is in place to tackle opportunities and challenges ahead, manage its resources responsibly and achieve positive outcomes.

Background

Recommendation

The City needs a strategic plan to define specific goals and strategies for the community, create a shared vision, affirm the mission of the organization and articulate the organization’s values.

Good governance and resource management

1. Align community, City Council and City staff on a shared vision and set of goals and strategies that everyone will work toward
2. Create clear strategies and timelines to pursue and achieve goals
3. Match budget and human resources with established priorities and projects
4. Define essential outcomes and performance expectations

Strategic Plan Proposal

Consists of 6 key activities over 30 weeks

1. Project Start
2. Gather and Analyze Information
3. Present Environmental Scan
4. Facilitate Strategic Plan Workshop
5. Prepare Strategic Plan
6. Facilitate Staff Implementation Workshop

Key Follow-Up Steps

- Align with Fiscal Year 2025-26 & 2026-2027 Biennial Budget
- Align with five-year forecast
- Operationalize plan throughout the organization
- Communicate progress to achieve the plan
- Meet annually to revisit plan