



Finance Department

Minutes

**REGULAR MEETING
OF THE
FINANCIAL ADVISORY BOARD**
Tuesday May 13, 2014, 7:00 p.m.
El Cerrito City Hall
Hillside Conference Room
10890 San Pablo Avenue
El Cerrito, CA 94530

Chairperson Vranich convened the Financial Advisory Board meeting at 7:00 p.m.

Roll Call: Present: All members present.
Absent: None
Staff Liaison Present: Lisa Malek-Zadeh

1. Council Liaison Report

Report on matters of general interest, Council policies, priorities and significant actions taken by the City Council.

Council liaison not present and no report given.

2. Staff Report

Provide FAB with the 2nd Quarter Investment Report and recent rating letter. Available online at <http://www.el-cerrito.org/DocumentCenter/View/3581>

Ms. Malek-Zadeh discussed that the only transactions continue to be related to debt service payments and reserves required.

Additional items discussed include the status of FAB's desire to include a recommendation that the Financial Policies include a statement regarding the need to establish a cash reserves requirement. Policy will be discussed as part of budget, but not ready to include a policy we are unable to implement at this time.

Also discussed was the need to review the purchasing policies, which haven't been reviewed in several years and whether an annual review of the Financial Policies is necessary or would be better reviewed every two years. Ms. Malek-Zadeh also discussed the limitation of the requirement to prepare and include in the budget a 10 year plan for the General Fund. It would better to have a realistic forecast that includes a minim of 5 years and as far as out as makes sense to include significant planned or anticipated changes that that need to be accounted for such as the sunset of Measure R or significant PERS rates changes.

3. Minutes for Approval

Minutes from the April 8, 2014 FAB meeting minutes unanimously approved with minor language edits.

COMMUNICATION ACCESS INFORMATION

To request a meeting agenda in large print, Braille, or on cassette, or to request a sign language interpreter for the meeting, call Lisa Malek-Zadeh, Staff Liaison at 215-4312 (voice) at least FIVE (5) WORKING DAYS NOTICE PRIOR TO THE MEETING to ensure availability.

4. Comments from the Public

No members of the public present

5. Discussion Items

Review FAB FY 2014-15 Draft Budget Documents (available for review at City Hall)

Ms. Malek-Zadeh provided copies the draft FY 2014-15 budget documents. With department proposals and known revenue changes, the General Fund deficit is approximately \$3 million. Staff has been working on numbers and reduced that to about \$600K, but to increase reserves, the City will need to identify an additional \$400K. Some balancing measures include assumptions around labor negotiations that are currently in process. Talked about the status of labor contracts and that those discussions with all groups were in process. The goal is that all groups will pay the full employee portion of their PERS contribution.

The reduction from \$3M to \$600K includes approximately \$1.5 million in vacancies, savings from the management group fully contributing to PERS and the elimination of department proposals to increase General Fund contributions to programs currently charged to special funds.

The meeting to discuss the proposed budget was moved to 6/9/14 with a second meeting scheduled on 6/16/14. If needed, a third meeting in June will be scheduled.

Ms. Malek-Zadeh explained the internal process for reviewing the department proposals, the review and production of the budget book and answered FAB questions regarding the schedule related to the budget process.

FAB agreed to schedule a follow up meeting for 5/27/14 for continue discussion on the proposed budget.

6. Discuss Agenda Items for the Next Meeting

Special meeting scheduled for 5/27/14 to discuss budget.