Agenda
REGULAR MEETING
OF THE
FINANCIAL ADVISORY BOARD
Tuesday March 8, 2016 7:00 p.m.
El Cerrito City Hall
Hillside Conference Room
10890 San Pablo Avenue
El Cerrito, CA  94530

Roll Call
Convene Meeting

1. Comments from the Public
   All persons wishing to speak to items on the agenda. Remarks are typically limited to
   3 minutes per person.

2. Council Liaison Update
   General comments and or updates on relevant items discussed by City Council.

3. Staff Update
   General comments and or updates from City staff.

4. Review and approve meeting minutes from February 9, 2016 meeting.

5. Receive Quarterly Investment Report thru 12/31/2015

5. New Discussion Items
   • Review Draft budget calendar for any updates
   • Review Mid-Year General Fund Forecast
   • Continue discussion and possible motion to propose changes to the Board’s enabling
     legislation.

Discuss Agenda Items for the Next Meeting
   • Approve meeting minutes from March 8, 2016

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.

10890 San Pablo Avenue, El Cerrito, CA  94530   Tel: 510.215.4300
E-mail: lmalek-zadeh@ci.el-cerrito.ca.us
Chairperson Vranich convened the Financial Advisory Board meeting at 7:00 p.m.


1. Comments from the Public
   No members of the public present.

2. Council Liaison Update
   No council liaison update.

3. Staff Update
   No staff update

4. Review and approve meeting minutes from January 12, 2016 meeting.
   Meeting minutes with spelling corrections approved unanimously.

5. New Discussion Items
   • Review Draft budget calendar for any updates
     Reviewed updates to calendar and made corrections where there was a typo. FAB reiterated that they want to review the calendar at each meeting.

   • Discuss FAB’s enabling legislation and gain consensus around scope of FAB’s work.
     Karen Pinkos, Assistant City Manager will be in attendance for discussion.

   The Board continued discussions related to how FAB can comply with the duties specified in the enabling legislation. FAB members reviewed the wording of the City Ordinance which states the obligations of FAB. It then discussed how FAB can comply with the duties specified in the enabling legislation.

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Ms. Pinkos attended the meeting and discussed the historical overview of FAB, when it was originally created to be a watchdog to its evolution today as an advisory board to City Council. The board discussed their difficulty in being able to provide comments to the City Council because they receive items after Council has already acted. FAB members have said for several months that they do not feel their advice has not been received by the City Council. This is a result of “action” only Minutes, the lack of a City Council liaison during FAB discussions, and getting issues too late to have their proper input.

Ms. Malek-Zadeh explained that there have been few new items for FAB to review and comment on. With the exception of the budget, the annual TRANS and the Measure R sales tax measure, of which FAB received a presentation and opportunity to comment. The majority of items in the last few years include only reports out such as the CAFR and the quarterly investment reports.

Boardmember Patterson suggested a process and items calendared so that Council not act on items before FAB has had an opportunity to review and comment.

FAB also expressed their desire to receive proposed budget book before the City Council receives it. (For the last 2-year budget, 2014, FAB got the final budget document for discussion at its meeting on the evening of June 9, and the budget went to Council on June 11, not much time.; however, they have received and reviewed draft numbers prior to the final proposed budget document being completed. Ms. Pinkos explained that it would be inappropriate; for FAB to receive the book prior to Council, however, we will continue to provide FAB with draft numbers to review and comment on as has been done in previous years. Also done in the past and will be done again this year, built into the budget calendar is an opportunity for FAB to comment and review after Council and FAB receive the proposed budget book, but before Council takes action. FAB comments and motions have been and will continue to be included in the staff report to City Council recommending adoption of the budget.

Regarding FAB’s opinion that it would not be a conflict for Council liaison to be present, there was some discussion about looking at other Cities and how a budget review subcommittee would work and if this would allow FAB and a few councilmembers to see the budget book before it is released to the entire Council and FAB. Ms. Pinkos said she would look into this and get back to FAB.

Ms. Pinkos talked about the library project the City is currently investigating. FAB members insisted that the governing ordinance requires new library funding to be reviewed by FAB before Council acts. The City is in the initial states of scoping the project and costs and looking at options for financing. Ms. Pinkos said the information would be presented to FAB once the City is further in the process and can share additional information on options being considered.

Boardmember Bartke provided a handout (see attached) that he suggested would allow FAB to comply with the enabling legislation. He also wanted it noted in the minutes that he thanked staff for their patience while FAB worked through these questions.

Ms. Pinkos said that after the discussion in this meeting she felt FAB was doing everything that was included in the enabling legislation; however, she suggested FAB use their annual workplan presentation to ask Council for clarification if they felt they were still unclear about what City Council expected of FAB.

6. Discuss Agenda Items for the Next Meeting
   Review Draft budget calendar for any updates
Review 5-Year Forecasts thru 12/31/2015
Continue discussion and possible motion to propose changes to the Board's enabling legislation.

Meeting adjourned at 9:50 p.m.
FAB is required, per Ord. No. 2012-03 as amended unanimously by Council 12-18-12:

Ord. No. 2.04.300 A.1; (paraphrasing):

FAB will make recommendations to Council on the proposed annual budget and long-term financial plan and all component units, and assist Council on major expenditures and revenues.

To carry out the Ordinance it seems to me that we should act as follows:

All measures which have a measurable negative impact on the Budget or City finances should come to FAB before going to Council, (with appropriate exceptions for salary & benefit negotiations):

- Staff should calendar such items on FAB’s Agenda in sufficient time for study before sending them to Council.
- FAB may have to schedule extra meetings;
- Council liaison should be at every meeting and stay through-out (with appropriate exception for meet & confer items);
- FAB’s Minutes should be more complete; i.e., descriptive of FAB discussion and consensus in addition to Motions. (Personally I recommend a FAB member take notes and write them up as proposed Minutes, circulate them to other FAB members to catch errors or omissions, then send them to staff for final draft.)
## General Fund Forecast

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<td><strong>General Fund Revenues</strong></td>
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**Total Proposed Budget**: $18,857,527

**Total Variance Budget vs Mid-Year**: $323,488

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### General Fund Forecast

#### Loan Proceeds
- **2012-13 Actual**: $1,595,300
- **2013-14 Actual**: $0
- **2014-15 Adopted**: $0
- **2014-15 Amended**: $0
- **2015-16 Actual**: $0
- **2015-16 Amended**: $0
- **2015-16 Projected 1st Qtr**: $0
- **Proposed Amendments**: $0
- **2015-16 Projected Mid-Year**: $0
- **Variance Budget vs Mid-Year**: $0

#### Transfers In
- **2012-13 Actual**: $338,542
- **2013-14 Actual**: $804,379
- **2014-15 Adopted**: $900,857
- **2014-15 Amended**: $900,857
- **2015-16 Actual**: $890,194
- **2015-16 Amended**: $890,194
- **2015-16 Projected 1st Qtr**: $890,194
- **Proposed Amendments**: $0
- **2015-16 Projected Mid-Year**: $890,194

#### Financing Sources
- **2012-13 Actual**: $1,833,842
- **2013-14 Actual**: $804,379
- **2014-15 Adopted**: $900,857
- **2014-15 Amended**: $900,857
- **2015-16 Actual**: $900,857
- **2015-16 Amended**: $900,857
- **2015-16 Projected 1st Qtr**: $900,857
- **Proposed Amendments**: $0
- **2015-16 Projected Mid-Year**: $900,857

**Total Revenues**: $28,154,780

#### General Fund Expenditures

**Expenditures**

- **Salaries & Wages Full Time**: $11,189,832
- **Salaries & Wages- Part Time**: $1,207,287
- **Overtime**: $1,672,734
- **Fire- OES Pay**: $214,609
- **Special Pay**: $96,371
- **One-Time Payouts**: $0
- **Benefits- PERS/PARS**: $4,475,111
- **Benefits- Medical & Other**: $3,003,409
- **Workers Compensation Premium**: $557,007
- **Workers Compensation Pay**: $0
- **Salary Savings**: $(282,480)

**Personnel Costs**: $22,394,880

**Non-Personnel**

- **Professional/Technical / Maint Contracts**: $2,986,024
- **Travel & Training**: $223,644
- **Dues & Subscriptions**: $37,362
- **Printing & Legal Notices**: $40,830
- **Settlements & Judgements**: $67,608
- **Professional & Technical Services**: $3,355,468
- **Utilities**: $531,768
- **Insurance Premiums**: $533,607
- **Other Purchased Services**: $226,796
- **Purchased Property/Other Services**: $1,302,171
- **Office**: $126,969
- **Operating**: $528,337
- **Supplies**: $655,306
- **Capital Impav**: $9,509
- **Property & Capital Equip/Supplies**: $222,834
- **Property & Capital**: $232,343

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**Variance Budget vs Mid-Year**: $1,280,292
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<td>Annual Fund Balance/Shortfall</td>
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<td>Ending Fund Balance/Shortfall</td>
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### General Fund Forecast

#### Mid-Year Update Assumptions & Variances

**General Fund Revenue**

1. **Property Taxes**
   - Increase of $562K from adopted budget includes additional $330K Secured Taxes and $219K RPTTF funds than budgeted.

2. **Business License Taxes**
   - Decrease of $66K based on year to date actuals. New projection assumes last year's actuals times 1%.

3. **Utility Users Taxes**
   - Decrease of $171K based on year to date actuals. New projection assumes last year's actuals times 1%.

4. **In Lieu Taxes**
   - Increase of $175K from adopted budget VLF In Lieu based on growth in assessed value (AV).

5. **State/Other Agency Reimbursements**
   - Increase of $244K from adopted for reimbursement from OES for Fire Mutual Aid Response.

6. **One-Time Revenue**
   - Increase of $527K from adopted for 1-time revenue from Recycle More JPA.

7. **Program Services Revenue**
   - Decrease of $250K for Successor Agency Admin revenue moved to Other Revenue category. $100K reduction based on reduced enrollment at Fairmount Childcare programs.

8. **Other Revenue**
   - $250K Successor Agency Admin Fee previously in budgeted in Program Services Revenues

9. **Misc Revenues**
   - Increase of $110K for a 1-time funds received for Creekside project.

**General Fund Expenditures**

1. **Salaries & Wages Full Time**
   - Underspent salaries due to vacancies in the City Clerk, Finance, Human Resources, Police, Fire and Community Development Departments. Includes budgeted vacancies ($1.2M) in addition to positions that became vacant through year or not filled as early in year as planned.

2. **Salaries & Wages- Part Time**
   - Projected to be overspent in Fire & Police department consistent with prior years.

3. **Overtime**
   - Projected to slightly overspent in Recreation department consistent with prior years. Overtime is used to address vacancies and is offset by savings in full time salaries.

4. **Fire- OES Pay**
   - Costs for mutual aid response by Fire- costs fully reimbursed by OES.

5. **Special Pay**
   - Projection represents actuals paid, which were more than budgeted.

6. **One-Time Payouts**
   - Projected to pay-out when employees leave employment. Non-budgeted item, projection represents actuals paid.

7. **Benefits- PERS/PARS**
   - Savings related to number of vacancies in full-times positions.

8. **Benefits- Medical & Other**
   - Savings related to number of vacancies in full-times positions.

9. **Workers Compensation Premium**
   - Actual premiums paid less than budgeted.

10. **Workers Compensation Pay**
    - Non-budgeted item, projection reflects actual paid.

11. **Professional/Technical / Maint Contracts**
   - $285K correction to add back City Attorney budget that was excluded from Adopted budget in error, $10K for implementation of minimum wage ordinance & $95K for services related to library project.

12. **Settlements & Judgements**
   - Projection represents actuals paid for settlements approved by Council for ATT UUT case and Pistol Range.

13. **Property & Capital Equip/Supplies**
   - Equip purchase in Fire and PD- paid by 1-time revenue from Creekside Project.

14. **Other Fees & Expenses**
   - $675K payment to for $1.5M Installment payment plan to repay Successor Agency for transfer to MSC disallowed by Dept of Finance.