



MINUTES

SPECIAL MEETING OF THE FINANCIAL ADVISORY BOARD

Tuesday, May 3, 2011 7:00 p.m.
El Cerrito City Hall
Hillside Conference Room
10890 San Pablo Avenue

Roll Call

Members Present- Bartke, Caftel, Jackson, Kronenberg

Council Liaison Present – Benassini

Staff Liaison Present - Dodge

1. Council / Staff Liaison Report

Councilmember Benassini reported on Council items since the last FAB meeting including the approval of the Master Fee Schedule and the Mission Statement, as well as actions relating to the use of the Municipal Services Corporation as the non-profit corporation to continue redevelopment activities.

No report from Dodge.

2. Comments from the Public

None present

3. Approval of Minutes

The agenda was posted with the date of January 11, 2011 instead of the correct date of April 12, 2011. Approval of the April 12, 2011 minutes was postponed to the next meeting so they could be properly posted. Revisions to the draft minutes were discussed.

4. Review of Draft FY2011-12 Budget Materials

The FAB was given a report of the budget out of the New World Systems (NWS) report generator that showed all detail by department, totaled by fund but with no summaries, as well as Excel summaries created by the finance department. Neither the budget overview nor the City Managers transmittal or the department narratives were completed and could not be presented. Kronenberg asked for general comments on the budget. Jackson brought forward various questions and was concerned with the many zeros in report and Dodge explained the system's inability to eliminate a department chart of accounts once it has been used, even after reorganization makes it unnecessary. Kronenberg asked for definition of the inter-fund transfers and Dodge discussed the main categories being cost recovery and debt service and referred to the table in last year's budget.

Caftel asked for a ten-year plan and the salary increase assumptions and Dodge said there would be a ten-year plan, but it was not available for distribution yet, and that since the Council was not yet aware of the salary adjustment proposals she would be waiting to distribute that

information until the next FAB meeting. Kronenberg asked about the mid-year budget review and Bartke said it was given to them after the fact during a period of meeting cancellations. Dodge said that no adjustments were made at the mid-year review since the expenditures were on track as of the review date, and many of the revenues, especially with the State, had been so slow to pay it was difficult to forecast the revenues.

Dodge discussed summary schedules showing the projected and proposed fund balances for all funds and how the projected balances are not the budget, but are where we think we should be at year end. This year for most funds that is budget, but since we know we are planning on not doing the LLAD transfer from the General Fund, it is not shown on the proposed schedule.

Bartke asked about the 7% increase in property taxes and Dodge referenced, HdL Coren & Cone, our property tax consultants, for the budget amount and said the City may have understated last year's budget amount and that the calculation of 7% seemed high. Bartke expressed concern for the proposed property tax increase and felt it and the sales tax forecasts had been overstated the last few years. Caftel commented on an email received from Supervisor John Gioia stating that property values should be flat for the FY2011-12 year. Jackson commented on the change in values when properties were sold.

A discussion was held on the placement of the new district tax in the sales tax account codes and whether the budgets included it in both the new account code and the original one. Dodge is to research. Caftel discussed the calculation of the fund balance reserve and that it is less than even 8.97%, even less than the 9.2% shown, that he felt was concerning. Dodge said the calculation did not include transfers out because by definition they are not operating transfers, but that the calculation is open to interpretation. Caftel expressed concern that the transfers were not in the calculation and felt that spending needed to be reduced by \$275,000 with the same revenue projections to be at the appropriate 10% level. Caftel said he also could not believe that a 10-year plan was viable since Measure R was adding a bump in FY2011-12 that would be leveling off after that but expenditures increasing.

Caftel calculated the increase in PERS as \$929,000 in the General Fund. Dodge mentioned that it was part salary and part rate. Caftel said that Citywide the increase is ~\$1M and it could be \$1M next year and we need to save more money now. Dodge said there is legislation being discussed that could change PERS plans Statewide. Caftel said the City could start charging employees their part and wanted to have a recommendation from the FAB that did not allow a reserve under 10%. Caftel and Jackson mentioned a few different accounts that should be reviewed to reduce costs. Bartke was concerned with the increase of the City Attorney. Caftel said the FAB should not determine what should be cut, that the reductions should come from the City Council.

A discussion was held on what the retirement savings in the Finance sections were and Dodge said it was two senior people that had not yet announced their retirement. Kronenberg asked about the increase in revenue from charges for services and Dodge discussed the overall increase in childcare. Bartke discussed the raises in salary and numbers for the police department. Jackson said the raises were probably in the contract. Dodge said the large median adjustments for the police department had been spread over two years in a cooperative effort by that department but it was still a large increase and all of the public safety increase was part of their contracts. Bartke said the amount of police had increased and Dodge said it was a planned action when she first came here in 2004 in order to establish the traffic and other programs. Caftel asked about contributions and donations for the Senior Center and Dodge said they usually did that when they knew of a specific donation.

Caftel asked about two special revenue funds that had a negative balance and Dodge said it was due because of completed projects where they would then receive the funds in the subsequent year, and that it was allowed under generally accepted accounting principles. Caftel asked also about spending in the Streets Improvement Fund -211 and Dodge said that was because of the project that was tacked on at the end of the year that went to Council because of the low prices in asphalt. Caftel asked a question about the CIP fund and the difference in the projected fund balance that Dodge needed to research and a question about the overall totals concerning the allocation of funds to the Municipal Services Corporation (MSC). Caftel asked if the MSC would be in the budget and Dodge said the MSC budget was approved separately but would probably be referenced in the budget book.

The Board determined they needed to meet on the regular meeting date of Tuesday May 10, 2011 to be able to make a motion and have more complete information.

5. Adjournment

The meeting was adjourned until the regular meeting date of May 10, 2011.