

MINUTES

SPECIAL MEETING OF THE FINANCIAL ADVISORY BOARD

Tuesday, May 31, 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

Benassini reported on the May 16th meeting including the Storm Drain fees, Safe Streets to School work at Madera and the lighting improvements and associated grant for the Ohlone Greenway.

No report from Dodge

2. Comments from the Public

Richard Leigh discussed the inaccuracy of the information he had presented at an earlier FAB meeting, and in other meetings, regarding the potential revenue to the City from the annexation of East Richmond Heights. The figures were obtained from Contra Costa County and Leigh wanted to set the record straight that the correct revenue calculated was about 90% less than what had been presented.

Stuart Samuelsson introduced himself as a new resident of El Cerrito who is interested in volunteering in public service. Dodge described the process for applying to the FAB or any other City of El Cerrito Board or Commission.

3. Review of Draft FY2011-12 Budget Materials

Dodge said the budget had been revised from the prior version to maintain the 10% General Fund reserve but that the major assumptions were unchanged. Caftel asked for clarification on changes from the beginning fund balance and the capital improvements and Dodge said the general fund difference was due to knowledge of reimbursement from MPA from workers comp and the CIP change being projects not anticipated to be completed in FY2010-11.

Bartke asked about Special Revenue Fund spending and one time usage and Dodge said there were no reserve requirements for these funds and we were maximizing usage of these special revenues, but there had been no material increases to the cost recovery calculations. Caftel

asked about a reduction in a line item in the City Management Division that Dodge said was the change from the City paying the County for hours of operation and now the City pays for maintenance which is recorded in a different division. Caftel also asked about the increase in Sales Tax revenue and Dodge said it was from more information from HdL, our sales tax consultants, and utilizing their mid-range projection instead of the more conservative "pessimistic" projection.

Caftel expressed concern that a review of the actual revenue receipts be done as soon as possible in order to determine the validity of the projections and act if necessary. Bartke said he agreed that this review be done and should be part of the FAB's recommendation to Council. Kronenberg said the budget appeared to be a "best case scenario" budget and Dodge said it was not a "best case" but it was not "worst case" either. Kronenberg was concerned that it was establishing the case for a fiscal emergency if the revenue projections did not materialize. Dodge said the goal of the review from the prior version was to find and tweak revenues and expenditures so that we were still reasonable, but were in compliance with the reserve policy. A fiscal emergency was not a consideration.

Dodge said the timing has been an issue presenting the mid-year to the FAB but a special meeting could be scheduled. Caftel wanted a definition of what action would be taken if the revenue did not come in as projected but was concerned that being too rigid would not be beneficial either. Leigh asked about the City credit rating and Dodge discussed the S&P review that kept the AA- rating, but changed the status from Stable to Negative, due to a decline in fund balance for the City Hall bonds, but no change in the rating for the Streets bonds that are not paid from the general fund.

The FAB made a motion to put the mid-year review on the agenda for January 10, 2012 and it was approved unanimously. If it needs to be later in the month Dodge will contact the FAB. M/S Bartke/Caftel

Caftel made a motion that required the mid-year review to forecast the fund balance and if it is below 9.5% for there to be an action plan presented to Council by staff to get the reserves up to the policy level of 10%. It was not passed and Bartke felt the motion was too specific and the mid-year review already approved would provide an opportunity for action if necessary.

Bartke commented on the City Manager's message being very well written, but felt it was too long. Caftel asked for clarification on the calculations shown in the booking fee discussion and the reconciliation of positions in the summary sheets with the detail sheets and the City Managers comments regarding no change in personnel. Bartke suggested that the budget awards be moved to the appendices in an effort to make the message shorter.

Kronenberg asked for clarification on the table that shows the Redevelopment Agency and the Municipal Services Corporation (MSC) and Dodge explained that the MSC is suppose to be separate and the schedule brings it into the annual budget in a limited manner. Bartke expressed concerns regarding the Sales Tax increase and Caftel was concerned with what line item reflects the portion received in FY2010-11. Dodge said the increase proposed includes activity from the new Safeway and other stores in that development. Other revenue increases were discussed including the recovery in the number of contactor licenses and the increase in fees by the 5% COLA and activity in childcare.

Caftel asked about the 10-year plan for Redevelopment and Dodge said it was not done on purpose since there are too many uncertainties. Dodge said there should be a reference saying why it was not included. Caftel expresses concern that the ten-year plan does not include enough increases related to PERS. Bartke discussed Council compensation and the Grand Jury report that showed El Cerrito as the sixth lowest paying city of the 19 surveyed, but as providing retirement benefits. Bartke also wanted wording in the City Managers division referencing leadership and management for staff. Bartke said the concern he expressed regarding the cost of the City Attorney at the last meeting was shown to be unfounded after he spoke with other cities and city attorneys. The FAB provided other editorial comments on the overall document.

Caftel proposed the following recommendation:

The FAB's recommendation regarding the budget was that while the budget presented does maintain the 10% Fund Balance Reserve, there are many uncertainties in trends and projections and a thorough review of the actual data at the mid-year review will be necessary to be able to change course timely if there are material variances to the projections.

M/S Caftel/Bartke –Passed Unanimously.

4. Adjournment

The next regular meeting is scheduled for June 7, 2011 but with the many meetings held in May it was proposed as cancelled. The next regular meeting is scheduled for July 12, 2011.