



**MINUTES**  
**REGULAR MEETING**  
**OF THE**  
**FINANCIAL ADVISORY BOARD**

**Tuesday, May 11, 2010 7:00 p.m.**  
**El Cerrito City Hall**  
Hillside Conference Room  
10890 San Pablo Avenue

**This Meeting Place Is Wheelchair Accessible**

**Roll Call**

**Members Present- Bartke, Caftel, Jackson, Kronenberg**

**Member Absent -None**

**Council Liaison Present - Lyman**

**Staff Liaison Present - Dodge**

**1. Council / Staff Liaison Report**

Councilmember Lyman reported on Council activity relevant to the FAB since the last meeting including the budget priority setting, and rejecting the claim filed by Jones Lang LaSalle regarding the agreement with Safeway at the Target site. Caftel asked if the claim was against the Agency or the City and Lyman reported it the Agency but the claim had been filed with the City. Caftel asked if there was insurance and Dodge said that Municipal Pooling Authority, the city's insurance company had been notified of the claim.

Dodge discussed the new fee proposed in the master fee schedule regarding review and approval of exemption from garbage pick up. Dodge also commented on the continued work on the budget.

**2. Comments from the Public**

None present.

**3. Approval of Minutes**

A motion was made to approve the minutes of April 14, 2010. M/S Caftel/Kronenberg – Motion passed unanimously.

**4. Complete Review of Memorandum on Internal Control issued by the auditors**

Chair Bartke commented that this item is a continuation from the previous meeting and was held over to make sure that all questions were addressed. Kronenberg mentioned interest in the results of the actuarial study on the effects of the city's health insurance premiums due to inclusion of retirees in the health plan on a reimbursement basis. Dodge said she has spoken to the actuarial firm and the results will be in the annual audit as a disclosure item.

## **5. Review of Quarterly Investment Report for December 31, 2009**

Dodge reported that most of the investments other than the LAIF pooled funds are with Trustee held debt reserve funds. Jackson asked about the lack of interest in the Storm Drain and Swim Center funds and Dodge commented on the funds being held in U.S. Treasury Securities and their being a yield of zero at this time. Dodge discussed the restrictions on debt reserve funds and that U.S. Treasury Securities are the preferred investments with the highest ranking for lack of risk. Dodge also commented that there are currently no Agency investments in the portfolio because they were all called or matured and current offerings are for a minimum of three years and she is hesitant to commit funds for that period of time right now. A discussion was held on the viability of Certificates of Deposits as an alternative.

The new false alarm and the curfew violation fees were discussed as the other new fees proposed in the master fee schedule.

## **6. Review of Draft FY2010-11 Budget Materials**

The Board reviewed the presentation made by the City Manager to the City Council at the April 19, 2010 meeting. A discussion was held on when the next meeting would be and if the date of June 1<sup>st</sup> was proposed if there was a document available for review. Councilmember Lyman presented the Council's decisions regarding the City Manager's priority setting presentation and the ranking of items including the creation of a new pension tier. Other main Council discussions included a) anti-layoffs b) cpi raises to be given as part of the contracts even if cpi is negative and c) SEIU contract end 6-30-10.

Bartke brought up Gary Pokorney's presentation of a paper prepared by a committee from the Contra Costa County Public Managers at the Mayor's Conference regarding a second tier pension plan as very clear and concise. Castel said the paper had been commented on by Dan Borenstein as just "trim around the edges". Lyman said that the follow up comment was that Borenstein said that it was at least a place to begin. Castel expressed strong concerns on the high percentage of benefits and the conflicting message when going to voters for increased revenues. Bartke commented that a number of school employees took retirement early because of the pending change in post-employment benefits.

A discussion was held on the proposed Sales Tax measure and the Godbe telephone polling. Castel discussed the areas where he thinks there will be arguments against as the cost of building city hall and the cost of government pensions and salaries. Bartke asked if a UUT increase was mentioned in the call and Dodge said it was not. Castel was concerned that there might be organized opposition to the sales tax measure, possibly from the Chamber of Commerce.

Dodge discussed the New World report and ten-year plan distributed to the FAB as the Scenario A budget which includes revenue from the proposed Sales Tax measure and the thought process that has gone into developing different models. Bartke questioned the assumptions for growth in the revenues specifically property tax. Property tax valuations were discussed with some growth being the overall assumption. Dodge mentioned contracting with HdL Companies for property tax audits and revenue projections as well as the continued increases in UUT water collections due to customers being more aware of the bills.

Castel asked about the debt service pertaining to City Hall and Dodge said she would check to see if it tied to the debt schedule. Kronenberg asked if the vacant positions were shown in the

budget and Caftel pointed out it was shown as salary savings. Bartke asked about the difference in savings between the police and fire department with the fire personnel costing more. Dodge commented on the extra benefits the fire department receives in a health savings account.

The \$4.50 revenue a year for a parking permit was discussed as a low amount in comparison to other cities. Lyman commented that the amount of \$170,000 seems high and Dodge commented it is for all parking infractions not just permit violations. The increased cost of processing credit costs was discussed and a two tier system like in some gas stations was mentioned by Bartke.

Caftel commented on the difference in insurance and Dodge explained about the early error that was shown on the insurance rebate that has been corrected and that for future years a rebate is not included. Caftel said that increased insurance costs associated with employees should be capped for future premium increases and Dodge said those costs would have to be considered within union negotiations.

## **7. Adjournment**

The meeting was adjourned until June 1 pending availability of a draft budget to review.