



# MINUTES

## SPECIAL MEETING OF THE FINANCIAL ADVISORY BOARD

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

### **Roll Call:**

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

**Member Absent -None**

**Council Liaison Present - Lyman**

**Staff Liaison Present - Dodge**

### **1. Council / Staff Liaison Report**

Caftel asked why the Internal Control Memorandum was not part of the agenda and Dodge responded that it had not been issued by the auditors yet and would be on next month's agenda. Councilmember Lyman reported on Council activity relevant to the FAB since the last meeting on January 12, 2010 including revisions to the Cerrito Theater Lease and the continuation of the General Fund reserve policy to the mid-year review to be held at the February 16, 2010 City Council meeting.

Lyman commented on the comments made by Councilmember Potter and Mayor Abelson regarding their resistance on limitations to the reserve and disagreement with the 10% floor for utilizing the reserve. Lyman also commented on his report out to the Council on the potential review of the compensation plan. Lyman reported that the Council had thanked the FAB for their work and Councilmember Potter had expressed concern that it may not be in the purview of the FAB due to confidentiality and union concerns. Lyman commented he felt it was part of long term financial planning. Lyman also told the FAB of the adoption of the new wording of the FAB charter.

Dodge reported on the "go-live" status of the new finance system happening this week and the new six-month Utility User Tax bill including the timing of future bills. Jackson questioned the sale of adult beverages at the Cerrito Theater and Lyman explained the reduced seating had been designed to utilize revenue from the food and beverage sales to cover expenses. Caftel distributed information on obtaining the average salary for non-profit employees and commented that it could be a source of information for a future compensation study that included different industries.

## **2. Comments from the Public**

None present.

## **3. Approval of Minutes**

Bartke commented that adoption of Minutes for the prior month did not say that it was Amended Minutes that were adopted, as it should. A motion was made to approve the minutes of January 12, 2010 with the correction recommended at the meeting. M/S Kronenberg/Caftel – Motion passed unanimously with corrections.

## **4. Mid-Year Budget Review**

A packet of materials had been distributed earlier in the week and Dodge distributed the final draft of the PowerPoint the City Manager will be presenting at the Council meeting. Dodge discussed the changes in the two reports as being mostly the last minute change in the Insurance Premiums due to a rebate being distributed by the insurance JPA that was recently negotiated and the refinement of the report. Jackson asked for clarification on the line item “Salary Savings” and Dodge explained that it is used as a placeholder for all of the favorable variances in the salaries and benefits line items due to vacancies.

Bartke asked for a discussion of revenues and Dodge mentioned the decline in property tax from forecast in this years budget and the Sales Tax In-Lieu “true up” that withheld \$160K as well as other revenue items. Caftel asked about the change in the Kensington Fire contract and Dodge reported on the change due to the split position of the Kensington Fire Secretary working for El Cerrito after the retirement and non-replacement of the El Cerrito Fire Secretary.

Discussions were held on various expenditures including mobile phone lines. Bartke asked if the FAB wanted to make a recommendation that the Council look at mobile phone usage. Hill suggested that the issue be kept as a review item within the FAB. Kronenberg asked why the expenditure budget column referred to the Amended Budget but the Revenue report did not. Dodge said the revenue column should say Amended Budget also.

Bartke questioned the PERS contribution in the City Council and Dodge said that it was for Council Members who are not employed by other PERS type agencies and that the contribution is required. For employees of other PERS agencies they need to pick which agency to use and the time given by PERS for Councilmembers is usually not material enough to be selected. Caftel asked about the line item showing the Savings PERS-buyout. Dodge said the line item was a placeholder similar to the Salary Savings line item and that the savings were throughout the fund. Dodge referred them to the City Managers PowerPoint that discussed the actual savings.

The City Attorney division was discussed and Caftel and Bartke felt that having an attorney be put on contract, part-time, to do routine municipal matters from his own office would provide a savings to the City. Dodge said this has been discussed and the need for the diversity in legal specialization has been addressed by hiring a firm that has the depth of knowledge to keep the City from having to hire a variety of different consultants. Bartke said the other cities were spending less and El Cerrito should look into having a contract attorney.

Kronenberg asked about the continuity of the PERS increase in FY2011 that does not appear to change the same for each division. Dodge said it is driven by the personnel spreadsheet that is used for all of the salary and benefit budgeting. The variance is related the vacancy of some positions for parts of this year versus being anticipated as fully filled or vacant for the entire year in the FY2011 forecast. Jackson inquired about the EE-Volunteer line item and Dodge explained that the line item included the Board and Commission dinner, the holiday party and other employee recognition events.

A discussion was held on the changes in the department's salaries, specifically the Police Department, and Dodge commented on the restructuring of the Police Department to eliminate the Commander positions and create the Deputy Chief position and three Lieutenant positions. Bartke asked about the Fire Department consistency even with two positions being open. Dodge responded on the requirement for 24 hour staffing and the utilization of overtime to fill that staffing requirement and that since overtime does not have a PERS contribution there is a potential savings.

The FAB reviewed the three ten-year plans and the options for savings shown in the PowerPoint and discussed the assumptions including the award of the contract negotiated COLA. Caftel referred to the agenda item focusing on the FY2010 budget. A motion was made by Caftel that the FAB has reviewed the mid-year FY2010 materials provided by staff and felt it is reasonable for the City Council to use reserves, program cuts or a combination of the two as is necessary in order to cover the \$215,000 projected FY2010 shortfall, as long as it stays within the existing and the proposed Reserve Policy. M/S - Caftel/Jackson. Motion passed unanimously.

## **5. Adjournment**

The next meeting will be on March 9, 2010. The FAB will review the June 30, 2009 Memorandum on Internal Controls from the auditors. Caftel asked to review the proposed ten-year plans, the assumptions and the early forecasts for FY2011 included in this meetings packet.