



Minutes

**REGULAR MEETING
OF THE
FINANCIAL ADVISORY BOARD**
Tuesday,
February 13, 2018 7:00 p.m.
El Cerrito City Hall
Hillside Conference Room
10890 San Pablo Avenue
El Cerrito, CA 94530

Chairman Patterson convened the Financial Advisory Board (FAB) meeting at 7:00 p.m.

Roll Call: Present: Board members: Patterson (Chair), Vranich (Vice-Chair), Keller, Crump and Farahmand
Council Liaison: Paul Fadelli
Staff Liaison: Mark Rasiah, Finance Director.
Public: Cordell Hindler (Richmond)

1. Reviewed and approved meeting minutes from January 9, 2018 meeting.
By motion made to approve (Keller) and seconded (Farahmand) the meeting minutes were approved unanimously.
2. Board/Staff Communications/Announcements.
None.
3. Council Liaison Announcements and Reports.
Council Member Paul Fadelli introduced himself and said he was excited to be the Council Liaison to the FAB. He said he looked forward to learning a lot from the FAB and to be able talk about what's happening in general on the Council. Thereafter, the FAB members introduced themselves and talked about the work the FAB had done during their tenure.
4. Oral Communications from the Public on Items Not on the Agenda.
Cordell Hindler shared his concerns about the extended hours of operation of Massage Parlors in the City.
5. New Business Items
 - 1) Second Quarter Investment Report

Mark Rasiah presented the Second Quarter Investment Report for the Quarter Ending December 31, 2017. He stated that the Report shows that: The City's investments had a par value of \$3,234,468 as of December 31, 2017. The City continues to have minimal investments that are not required for debt service reserves and to have limited, if any, interest earnings on restricted funds. Of the total amount invested, \$3,038,132 is invested in the pooled funds with the State Treasurer's Local Agency Investment Funds (LAIF) and \$196,518 is held in money market funds. Cash with Mechanics Bank was \$1,112,340. Total cash and investments were \$4,346,808.

He said that of this amount, \$4,150,472 was available to the City to meet operating expenses for the next six months.

By motion made to approve (Crump) and seconded (Keller), the Board unanimously recommended that City Council receive and file the report.

2) Introduction to OpenGov reports

Mark Rasiah said that the City, in keeping with the Strategic Plan goal of providing the community with greater transparency, had contracted with OpenGov for a term of 5 years at an annual cost of about \$40k, to enable financial/performance information to be shared with the public on the City Website. He said that the product included the Budget Builder and Budget Publisher components. He showed FAB a few of the reports that Finance was using to share financial and budgetary information internally with City departments. He said that he was hoping to make these reports available on the City website in the next month or two, along with departmental performance metrics, once the website is suitably modified to present the information in a suitable context. The FAB expressed their appreciation of this new initiative.

3) Review City of El Cerrito Financial Policies

The FAB continued to debate the language in the draft Emergency and Disaster Recovery (EDR) Reserve Policy document. Marlene mentioned that the goal was to add the policy to the end of the Financial Policy document as item #11. Dick pointed out that once the policy language is finalized, the FAB would then review the full Financial Policy Document and make changes as needed to keep it consistent throughout.

Dick wanted to know if the general fund reserve policy should be reduced to 10% from 15%, since the EDRF would essentially serve that purpose. Pete stated that under the EDRF requirements, the 15-day minimum cash balance requirement in the current policy would change to 90 days which Greg pointed out would be a significant increase. Pete stated that the existing policy could be modified to read "90" days and as such a new policy was not necessary. Marlene said that the City should have had such a policy 5 years ago, and that it could have been funded with the normal increases in property taxes. Marlene suggested that rather than limiting the cash balance to 3 months of payroll costs only, that it be broadened to include all operational costs including payroll, to provide flexibility. Farahmand proposed the use of "goal" instead of "limit" for cash balances.

Both Greg and Dick proposed that the FAB recommend a policy and leave it up to the City Council to find ways to fund it. Greg said that he would support a policy that was an intention or statement of need. Marlene said that the policy was not so much about the source of funding, as it was about the priorities facing the City. Dick agreed and said that the EDRF was a better policy than the one currently in place and that the Financial Policies would need to be modified to reflect this. Farahmand suggested the FAB agree on the policy language and then move onto the full Financial Policy review. Marlene suggested the bullet #3 in the draft be deleted since it was covered in bullet

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#1. Pete added language to #4 to enable the City to restore the cash balance to target levels. Dick proposed that the FAB review the changes discussed at the meeting at the next meeting in March.

6. Discuss Agenda Items for the Next Meeting

- Next Meeting: Tuesday, March 13th, 2018
- Review the City of El Cerrito Financial Policies
- Review Mid-Year General Fund Budget Modifications and recommend Council approval.

7. Meeting adjourned at 8:50 p.m.

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