



**Minutes**

**REGULAR MEETING  
OF THE  
FINANCIAL ADVISORY BOARD  
Tuesday,  
March 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.

1. Reviewed and approved meeting minutes from February 13, 2018 meeting.  
By motion made to approve (Farahmand) and seconded (Keller) the meeting minutes were approved unanimously.
2. Board/Staff Communications/Announcements.  
FAB member notified the FAB that he was resigning from the FAB to join the City Planning Commission.
3. Council Liaison Announcements and Reports.  
Council Member Paul Fadelli summarized recent Council actions including Building and Recreation Department Fee revisions.
4. Oral Communications from the Public on Items Not on the Agenda.  
None.
5. New Business Items

- 1) FY 2017-18 Mid-year General Fund Modifications.

Mark Rasiah reviewed the mid-year General Fund estimates for revenues, expenditures and fund balance. He noted that as of the end of December 2017, staff projects that both General Fund revenues and expenses will come in over budget by \$1.4 million. This increase was primarily due to the following:

Taxes: Based on past trends, the amendment proposes that Property, Sales and Utility User Taxes be adjusted by \$250,000, \$200,000 and \$110,000 respectively, totaling \$560,000.

Licenses and permits: are expected to be \$200,000 higher due to the increased construction activity.

Fines & Forfeitures: Based on year-to-date trends the Police Department anticipates a reduction in Fines and Forfeitures by \$100,000 due to officer vacancies.

Intergovernmental Revenues: Fire Department overtime reimbursements from the Governor's Office of Emergency Services is being proposed as revenue amendments amounting to \$690,000. This was earned during the unprecedented California wild fires in 2017 and covers the corresponding overtime expense of \$600,000 which is included in the proposed personnel cost amendments under Expenditures.

Charges for services: Development reviews are expected to generate an additional \$50,000 in revenue to the Public Works Department and will be used to pay for consultant services to carry out the reviews, also proposed as an amendment to expenditures.

Mark Rasiah said that the adopted budget has \$35.2 million in General Fund expenditures and the proposed amendments in this report will add to that by \$1.4 million for a total of \$36.6 million.

Personnel: The City adopted a General Fund personnel budget of \$26.4 million. The proposed amendments will add \$1.0 million due to the following:

Fire Department OES overtime costs (\$600,000) incurred due to the response to the California wild fires in 2017. The City was reimbursed \$690,000 for this by the State, as mentioned above. Fire Department regular overtime costs are budgeted at \$600,000 for FY 2017-18 reflecting three vacant fire fighter positions, which contribute a corresponding amount in salary savings. Actual costs for the last three years however have exceeded this level by ~ \$350,000-\$400,000. The proposed amendment will provide \$400k for the shortfall to cover fire fighter overtime costs.

Property & Capital: Expenditures in this category are expected to be within budget. The proposed amendment of \$330,000 combined with anticipated \$70,000 savings in this line item are expected to help defray the unexpected cost of the new senior center, which is projected to be in the low \$400,000s. Of this amount, Council had authorized a one-time charge of \$103,800 on February 16, 2018 by Resolution No.2018-07.

The following items totaling \$70,000 are also being recommended for General Fund budget amendments: Hazardous tree removal- \$20,000; Consultant support for development review - \$50,000 to be offset by a corresponding increase in building permit revenue as mentioned above.

General Fund Reserves: Mark Rasiah said that back in June 2017, the adopted budget projected a General Fund reserve ratio of 9% of expenditures for the current fiscal year, based on an estimated higher ending general fund balance from FY 2016-17. However, this balance was less than expected and staff projects a 7% reserve ratio at this time based on unaudited fund balance estimates. This could change pending the results of the final audited numbers.

After discussing the above proposals, The FAB, by a motion made by Pete Vranich and seconded by Marlene Keller, unanimously recommended that City Council approve the proposed changes to the FY 2017-18 Budget and direct staff to work towards achieving the budgeted fund balance reserve ratio.

#### COMMUNICATION ACCESS INFORMATION

*To request a meeting agenda in large print, Braille, or on cassette, or to request a sign language interpreter for the meeting, call Shannon Collins, Staff Liaison at 215-4323 (voice) at least FIVE (5) WORKING DAYS NOTICE PRIOR TO THE MEETING to ensure availability.*

2) Review City of El Cerrito Financial Policies

The FAB concluded debating the language in the draft Emergency and Disaster Recovery (EDR) Reserve Policy document and finalized the draft policy language.

The FAB, by a motion made by Farahmand and seconded by Keller, unanimously recommends that City Council approve the proposed addition to the Comprehensive Financial Policies as follows:

“The City shall maintain a separate fund on its books, called the Emergency and Disaster Recovery Fund(EDRF) separate from the City’s General Fund. The cash in this fund will be invested in accordance with the City’s investment policy.

The purpose of this fund is to provide cash reserves in the event of severe economic downturns or disasters. The City Council shall fund \$6 million in the EDRF intended to cover three months of payroll costs. The cash reserve requirement shall be reviewed every biennial budget cycle. The City Budget shall contain a plan to achieve the target cash reserve in the EDRF over two biennial budget cycles.”

The FAB will continue to review Financial Policies at the next meeting.

6. Discuss Agenda Items for the Next Meeting

- Next Meeting: Tuesday, April 10th, 2018
- Election of FAB Chair and Vice-chair
- Review the City of El Cerrito Financial Policies

7. Meeting adjourned at 9:15 p.m.

**COMMUNICATION ACCESS INFORMATION**

*To request a meeting agenda in large print, Braille, or on cassette, or to request a sign language interpreter for the meeting, call Shannon Collins, Staff Liaison at 215-4323 (voice) at least FIVE (5) WORKING DAYS NOTICE PRIOR TO THE MEETING to ensure availability.*