



Minutes

**REGULAR MEETING
OF THE
FINANCIAL ADVISORY BOARD
Tuesday,
February 12, 2019 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), Keller, Rangdol and Vranich.
Public: Cordell Hindler
Staff Liaison: Mark Rasiah, Finance Director.

1. Reviewed and approved meeting minutes from January 8, 2019 meeting.
By motion made to approve (Vranich) and seconded (Keller) the meeting minutes were approved unanimously.
2. Board/Staff Communications/Announcements.
None.
3. Council Liaison Announcements and Reports.
None.
4. Oral Communications from the Public on Items Not on the Agenda.
Cordell Hindler requested the FAB to consider moving the FAB meeting to another day of the week/month.
5. New Business Items
 - 1) First Quarter Investment Report

Mark Rasiah presented the Second Quarter Investment Report for the Quarter Ending December 31, 2018. He stated that the City's investments had a par value of \$1,263,495 as of December 31, 2018. 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, \$1,076,855 is invested in the pooled funds with the State Treasurer's Local Agency Investment Funds (LAIF) and \$186,640 is held in money market funds. Cash with Mechanics Bank was \$1,988,520. Total cash and investments were \$3,252,015. Of this amount, \$3,065,375 was available to meet operating expenses for the next six months.

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

- 2) Review the City of El Cerrito FY 2018-19 Mid-Year General Fund proposed Budget Modifications and recommend that City Council approve it.

Mark Rasiah reviewed the mid-year General Fund estimates for revenues, expenditures and fund balance. He noted the following proposed budget amendments:

Intergovernmental Revenues: Fire Department overtime reimbursements from the Governor's Office of Emergency Services is being proposed as revenue amendments amounting to \$150,000. This was earned during the unprecedented California wild fires in 2018 and covers the corresponding overtime expense which is included in the proposed personnel cost amendments under Expenditures below. The City expects a total OES reimbursement of \$550,000. The original budget for this revenue was \$400,000. This amendment is for the difference.

Other Revenues: Properties of the former Redevelopment Agency (RDA) are pending sale. As the Successor to the RDA, the City will receive a portion of the net sales proceeds from the County. Staff is proposing using \$681,951 of this one-time revenue to write off amounts owed to the General Fund by the City Housing Trust Fund and the Capital Projects Fund as explained below.

Mark Rasiah said that the adopted budget had \$37.7 million in General Fund expenditures and the proposed amendments in this report will add to that by \$832,000 for a total of \$38.5 million.

Personnel: The City adopted a General Fund personnel budget of \$28.7 million. The proposed amendment will add \$150,000 to the budget due to additional Fire Department OES overtime costs that were incurred in response to the California wild fires in 2018. This will bring the total OES related overtime cost to \$500,000 (\$350,000 was originally budgeted).

Other Financing Uses: Staff recommends that the following items totaling \$681,951 be written off in the current fiscal year. These amounts are owed the General Fund from the following funds:

- i. City Housing Trust Fund - \$250,352 (advances made to the fund from the General Fund prior to 2012).
- ii. Capital Projects Fund - \$431,599 (Improvements to the San Pablo Road streetscape paid for by the General Fund on behalf of the former Redevelopment Agency. The City's claim for reimbursement has been repeatedly denied by the California Department of Finance following the dissolution of the RDA in 2012).

General Fund Reserves: Mark Rasiah said that The General Fund reported an ending total fund balance at June 30, 2018 of \$87,570 with \$666,771 in deferred revenues, for a total of \$754,341. The deferred revenues were due to a portion of FY2017-18 sales taxes being received late, from the California Department of Fees and Taxes and from the City of Richmond. In 2018 the City incurred an unexpected added cost of over \$425,000 for relocating the Senior Center. This cost was absorbed by the General Fund and if not for

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this expense, the fund balance would have been about \$1.2 million at the end of FY2017-18. He said that the adopted FY2018-19 budget projected a total General Fund balance of 1.3 million and a reserve ratio of 3.4%.

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 2018-19 Budget.

- 3) Review Council comments on the City of El Cerrito Financial Policies at the Jan 15, 2019 Council meeting and make a motion as needed.

Mark Rasiah provided a summary of Council member suggestions and comments as follows:

- 1) Section 3.2: Add "ratio" to reserve.
- 2) Section 7.2: remove "target".
- 3) Section 4.2: "The City Council shall fund 3 months of payroll costs currently \$6 million".
- 4) Disasters occur in waves. The EDRF needs to be a part of the annual budget. Not just a onetime balance.
- 5) Section 4.2: Need to state who can declare an emergency, based on state law with input from City Attorney.
- 6) Can the EDRF be used for other purposes, besides payroll?

FAB members discussed the suggested changes to items #1, 2, 3 & 5 and agreed that the draft policy language should be modified as suggested. The FAB agreed with comment #4 and noted that funding was being provided through the annual budget process until the limit was reached. They also noted that Council has the authority to use funds for purposes other than for payroll if needed, in an emergency/disaster.

Mark Rasiah stated that he would incorporate the comments as noted above and take back the revised version of the Policy to Council for adoption.

Thereafter, the FAB, by a motion made by Keller and seconded by Rangdol, unanimously recommended that City Council place a high priority on using any new revenue, including the new Transfer Tax, to begin funding the Emergency and Disaster Recovery Fund (EDRF).

6. Discuss Agenda Items for the Next Meeting: (The meeting for March was cancelled).
 - Quarterly Investment Report
 - Discussion of moving the FAB meeting to another day of the week/month at the request of a member of the public.

7. Meeting adjourned at 8:00 p.m.

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