



MINUTES

REGULAR MEETING OF THE FINANCIAL ADVISORY BOARD

Tuesday, September 8, 2009 7:00 p.m.
El Cerrito City Hall
Hillside Conference Room
10890 San Pablo Avenue

Roll Call

Members Present- Bartke, Caftel, Jackson, Hill, Kronenberg
Council Liaison Present - Lyman
Staff Liaison Present - Dodge

1. Council / Staff Liaison Report

Councilmember Lyman reported on Council meetings since the FAB's last meeting including an update on the Tradeway property and the award of a contract to Godbe Associates for resident surveys on potential ballot actions. Caftel expressed concern regarding the selection of Godbe and the process that was used at the LLAD ballot where he felt that the Parks and Recreation Commission and FAB's recommendations were not considered. Dodge said she felt the consultant that had been inadequate was the engineer of record and that there were many lessons learned from that unsuccessful election. Lyman said he would discuss this with the City Manager and described the process that would be used by Godbe to develop the ballot language. Caftel felt that the process after the survey data for the LLAD election had been lacking. Lyman discussed how Godbe had participated in the Streets Measure A and it was a much stronger process. Kronenberg mentioned that his wife who is on the WCCUSD Board had used Godbe for other ballot measures successfully.

Hill asked what the ballot measures would be for and Lyman said it may be the public safety building. A discussion was held on the types of measures needed for simple majority versus a two-thirds majority.

Staff Liaison Dodge discussed the August distribution of the second UUT bills and the concern that EBMUD may not have completed their software implementation by January and we may have to do one or even two more supplemental billings beyond what was originally planned and that Hercules and San Pablo are working with EBMUD to complete their contracts. Dodge also commented on her submission of a public records act request to the Contra Costa County Assessors Office for calculations and formulas relating to the deductions in assessed valuations of properties in El Cerrito.

2. Comments from the Public- None

3. Approval of Minutes

A copy of the minutes that had been revised by Bartke was distributed for review by the FAB and a grammatical change on the last paragraph for item 6 was discussed. Action: Approve the minutes of August 11, 2009 with the proposed corrections. M/S Hill/Caftel–Passed 4-0-1 with Kronenberg abstaining because he was not in attendance.

4. Discussion on how FAB can best help the Council and the scope of FAB

Bartke and Lyman discussed the FAB taking formal actions for Councilmember Lyman to be able to use in his reports to the Council. A discussion was held on the language in the ordinance regarding the scope of the FAB. Dodge mentioned occasional difficulty in determining if information should go to the FAB prior to the Council. Kronenberg commented on his uncertainty on the process for the Council to assign tasks to the FAB. Lyman discussed the Council recommendation that a review of the Reserve Policy be completed by December and his subsequent referral of the assignment to the FAB as the only assignment of a specific task he has seen requested. Other assignments have been the recurring ones. Lyman said they could ask the Council if they had a topic of interest.

Dodge commented that the reason the New World contract had been brought to the FAB was a discussion with the City Manager who had asked her if the FAB had reviewed the contract. Kronenberg mentioned that they reviewed the New World contract but not the Cerrito Theater contract. Lyman commented on the use of a Council Subcommittee in regards to the Theater contract.

The FAB reviewed their defining ordinance and Bartke mentioned that it did not include a reference for requests from the staff or a procedure for the FAB to request direction on a topic from the Council. Bartke referenced the earlier discussion on the lowering of assessed valuations and the public records act request from the County. Dodge asked what action the FAB would take on such an item. Caftel said they could make a motion stating that they felt the lowering of assessed valuations was a serious threat to the City's revenues and the Council should pursue securing the revenues. Hill said it could include requesting the Council to ask the County about internal controls and methods regarding property valuation calculations.

Kronenberg and Caftel discussed item 2 in the ordinance relating to “developing a long term financial plan” which they said was normally a function of staff not the FAB. Bartke suggested the wording be changed to “recommending a long term financial plan”. Caftel requested the FAB have the discretion to review and comment on significant financial issues affecting the City and Agency instead of just the long term financial plan. Lyman requested input on the second sentence of item 2 regarding monitoring the revenue and expenditure patterns of the City and Kronenberg suggested adding the wording “and suggest adjustments”. Hill suggested discussing FAB's analysis of city items and the need for the FAB to be proactive. Lyman requested suggestions on how the FAB could proactively present tasks and Bartke suggested adding a new paragraph 8 that says they could initiate investigations or studies but should consider the staff resources needed to do these studies. Lyman said the FAB has staff support and could also do work on their own as a group.

Caftel discussed an earlier FAB process where each member presented an issue to discuss and research. He described some of the issues discussed but said that many members didn't have issues and it was difficult to complete the assignments because of the volunteer nature of the

FAB so they stopped that process. Kronenberg said he thinks the FAB is a tool of the City Council and the ordinance describes the FAB doing duties as assigned by the Council. Lyman said the Council should consider cost saving issues brought to them by the FAB. Dodge said that in relation to the retirement plan concerns there are many other entities looking at that issue and the FAB may not be the most efficient way to review the issue.

Lyman discussed the methods of taking items to Council as being either a liaison report at a Council meeting or putting an item on the agenda and the FAB discussed the timing and use of staff for issues. Dodge commented that there has not been a time conflict for her but there is sometimes difficulty in determining whether an item should go to the FAB first or whether it is something the Council would prefer to review independently, and whether they could be supporting or circumventing the Council. Lyman asked if the Board wanted to be in the position to push something forward proactively versus reactively and Bartke said yes. Bartke discussed wording in another city's FAB charter that said "FAB shall not conduct studies or investigations that will utilize staff resources without the request for such study being from the staff, the Council or the Council Liaison." Bartke said they felt comfortable that they would not do anything without direction from staff or Council but wanted it to be presented in more positive language.

Dodge commented that she felt the Ordinance would not be changed for one Board and it may take until the Council decided to review them all until this is addressed. Lyman said the Council had just changed the Crime Prevention Committee but it may be that the Council would like to do them together. Caftel said the Council may or may not want to make a change. Bartke asked for staff to consider the comments made and present a draft for review at a future meeting. Bartke said he would be unavailable until the next meeting and asked for any drafts to be sent to Caftel.

5. Reserve Fund policy review

Dodge reported on her survey results regarding reserve funds that had been distributed in the packet and handed out a few that had come in after packet distribution. A discussion was held on the merits of the different samples received and the problems that many are having to currently maintain the policies. Lyman discussed one sample that discussed the reasons for the reserves. Hill questioned if we were reviewing two issues: Councilmember Jones' question on what amount is necessary for what purpose, and Councilmember Abelson's question on when it should be spent and Lyman agreed that was the purpose of this review. Lyman requested the FAB consider the end product and whether it would be a revised text of the current policy and/or a memo to the Council. The FAB agreed it would be a staff report presented to Council with a revised draft by Dodge at the December meeting. Dodge mentioned that there was a seven year capital lease that is on the next Council agenda that had not been brought to the FAB due to timing.

Dodge requested that the FAB send directly to her recommendations on what they would like to see in the revised policy. She will set up her computer at the next meeting in order for them to work on the revisions to the Word document at the next meeting. We would also start at that time to work on the staff report which would be reviewed at the November meeting.

6. Review of Retirement Plan Options

Dodge discussed the survey items that were in the packet and handed out responses that had been received since packet distribution. Dodge commented that almost all of the responses were for plans that were in addition to PERS. Dodge also commented that review of the defined benefit plan concept is currently being reviewed by many other agencies and that she did not have any other resources to give to the FAB. Caftel commented that his concern on this issue relates to the inability of the City to control or project its costs related to defined benefit pension costs and that other types of plans would provide greater control and wanted to suggest the Council review the issue. Kronenberg said it was interesting the responses were supplements to PERS. Bartke agreed with the points raised by both Dodge and Caftel and suggested that Lyman present the FAB's concern during his report out at the next Council meeting.

A motion was made for Lyman to present the FAB's concerns regarding the long range financial planning for the City in light of potential significant fluctuations in PERS contribution rates. The FAB wanted the Council to be aware that some cities have been looking at and adopting alternatives and they want to make the Council aware of the FAB's concerns about the potential impact on long range financial plans and they wanted to let the Council know there are alternatives that other cities are exploring or adopting. M/S Bartke/Hill - Passed unanimously.

- 7. Adjournment** –Dodge discussed her responsibility to distribute a word document of the Comprehensive Financial Policies to the FAB for their review and recommendations. Caftel discussed the other assignment where Dodge would send to him the draft minutes and language revisions in the Ordinance because Chair Bartke would be out of town.