



FINANCE DEPARTMENT

Staff Liaison

Sandra Dalida 510-215-4312

sdalida@ci.el-cerrito.ca.us

AGENDA

Amended December 12, 2022

SPECIAL MEETING OF THE FINANCIAL ADVISORY BOARD (FAB)

Tuesday, December 13, 2022 at 7:00 p.m.

JOIN VIA ZOOM

<https://us06web.zoom.us/j/81720343515?pwd=a3JiWGNNRmVZZUtdnBPR0dpenhUQT09>

Meeting ID: 817 2034 3515

Passcode: 397693

or

Telephone: US: +1 408 638 0968

This advisory body is currently meeting by teleconference, consistent with the Brown Act as amended by AB 361 (2021). Under the amended rules, teleconference restrictions of the Brown Act are suspended, and the City will not provide a physical location for members of the public to participate in the teleconference meeting.

Any person wishing to speak to the Finance Advisory Board on any of these matters is invited to participate via teleconference as described above.

The City encourages submission of written comments in advance to the Finance Advisory Board via email to sdalida@ci.el-cerrito.ca.us prior to the meeting or by contacting the staff liaison listed above.

7:00 p.m. CONVENE REGULAR MEETING

1. **ROLL CALL:** Chair Farhad Farahmand; Vice-Chair William Ktsanes;
Members Ruth Cazden, Dick Patterson, Kimberly White
2. **ORAL COMMUNICATIONS FROM THE PUBLIC** (5 min.)
Remarks are typically limited to three (3) minutes per person and may be on anything within the subject matter jurisdiction of the body. Remarks on non-agenda items will be heard first, as well as introduction by individuals interested in serving on the advisory board. Remarks on agenda items will be heard at the time the item is discussed.
3. **COUNCIL/STAFF LIAISONS ANNOUNCEMENTS AND REPORTS** (15 min.)
Staff and/or Council Members may report on Council policies, priorities and significant actions taken by the City Council, and/or on matters of general interest to the FAB.
 - A. Council Liaison Announcements and Reports
 - B. Staff Liaison Report
 - 1) Finance Temporary Staffing (*attachment*)
 - 2) FY 2022 Annual Comprehensive Financial Report and Single Audit Update
 - 3) Real Property Transfer Tax
4. **APPROVAL OF MINUTES** (5 min.) (*attachment*)
 - A. Consider a motion adopting the minutes for the FAB Meeting held on October 25, 2022

5. PENSION UNFUNDED ACCRUED LIABILITY (PENSION 115 TRUST) - AD HOC WORK GROUP UPDATE (5 min.)

6. WORK GROUP UPDATES (45 min.)

- A. Receive update from FAB Work Plan Subcommittee and Work Plan Calendar (Vice Chair Ktsanes and Member Cazden)
- B. Receive update from FAB Comprehensive Financial Policies/State Audit Subcommittee (Member Patterson and Member White)
- C. Receive update from FAB/Council Communications Plan Work Group (Vice Chair Ktsanes, Member Cazden) *REVISED: Chair Farahmand is not in Work Group*
- D. Receive update from the FAB General Fund Reserve Work Group
- E. Receive update from FAB City Council Compensation Review Subcommittee (Member Patterson and Member White)

7. 2023 FAB MEETING CALENDAR (10 min.)

- A. Governor's Hybrid Meeting Update
- B. City of El Cerrito Hybrid Meeting Update
- C. Review 2023 FAB Meeting Calendar

8. FUTURE AGENDA ITEMS (10 mins.)

- 5 Year Forecast (when available)
- FAB Work Group/Subcommittee Updates
 - FAB Work Plan (*tentative* January 2023 presentation to City Council)
 - Comprehensive Financial Policy (future recommendations)
 - FAB/Council Communications Plan
 - General Fund Reserve
 - City Council Compensation Review
 - Other Policy Revisions (suggestions by members)
- Real Property Transfer Tax Updates

9. ADJOURNMENT

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Staff Liaison at 510-215-4312. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.102—35.104 ADA Title I).

Any writings or documents provided to a majority of the members regarding any item on this agenda will be made available for public inspection at <http://www.el-cerrito.org/Archive.aspx?AMID=93>.



AGENDA BILL

Agenda Item No. 6.B.

Date: December 6, 2022
To: El Cerrito City Council
From: Sandra Dalida, Finance Director/City Treasurer, Finance Department
Subject: Approve Contract Request with Maze and Associates Accountancy Corporation for Accounting Temporary Services

ACTION PROPOSED

Adopt a resolution authorizing the City Manager to increase the professional services agreement for temporary accounting staff with Maze & Associates Accountancy Corporation by \$65,000.00 and extend the terms through June 30, 2023.

BACKGROUND AND ANALYSIS

During the past 14 months, the Finance Department has experienced significant staff attrition and long-term leaves and absences, including the Finance Director/City Treasurer, Finance/Budget Supervisor, Senior Accountant, Finance Technician II – Accounts Receivable and Finance Technician II – Accounts Payable. The Finance Department has employed retiree annuitants and temporary accounting staff from Maze & Associates to perform accounting and financial management duties to assure effective and timely completion of revenue and expenditure accountings, budget reconciliation, compliance audits, and regulatory financial and tax reporting.

On July 5, 2022, the City entered into a professional services agreement with Maze & Associates in the amount of \$35,000.00 to provide temporary accounting staff as needed for the period ending June 30, 2023. The temporary accounting staff are required to perform accounting and financial duties to assure continuity of operations as the recruitment process proceeds.

Despite the City's proactive recruitment efforts to fill the vacant Finance Department positions, the current labor market shortages across all accounting-related classifications and the highly competitive compensation offered by neighboring cities, counties, and special districts have resulted in extending and reposting recruitments. The City looks forward to outcomes from the Classification and Compensation Study to quantify compensation ranges for comparable accounting-related positions at other local public sector organizations.

Due to the delays in filling vacant accounting-related positions, the City is requesting approval to increase the professional services agreement with Maze & Associates by \$65,000.00, for a total of \$100,000.00, for temporary accounting staff. The City will return to the City Council during the FY 2023 Mid-Year process should additional modifications be necessary.

STRATEGIC PLAN CONSIDERATIONS

Assuring financial staffing are available is required to effectively manage the City's financial assets, ensure adherence to financial policies and procedures as specified in the City's Comprehensive Financial Policy and the City's Strategic Plan Goal B: Achieve long-term financial sustainability; and to comply with state and federal requirements for management of public funds (i.e., requirements referenced in California Government Code, Title 4 and Title 5, and Code of Federal Regulations, Title 2, etc.).

ENVIRONMENTAL CONSIDERATIONS

This section is not applicable to this agenda item.

FINANCIAL CONSIDERATIONS

The City is requesting approval to increase the professional services agreement for temporary accounting staff with Maze & Associates by \$65,000.00, for a total of \$100,000.00, to ensure essential staffing is available to complete critical revenue and expenditure accounting, budget reconciliation, compliance audits, and regulatory financial and tax reporting.

The FY 2022-23 Adopted Budget includes \$1,088,396.00 for all salaries and benefits-related expenses (i.e., workers compensation, employer's share of FICA/Medicare, retirement, etc.) for six positions in the Finance Department. As of October 29, 2022 (33% of the fiscal year completed), only \$262,503.75 or 24% of the adopted budget has been utilized with a year-to-date salary savings of \$96,666.93. The salary savings will continue to increase until the vacant positions are filled.

No additional budget appropriation is requested.

LEGAL CONSIDERATIONS

The City Attorney has reviewed this action and found that legal considerations have been addressed.

Reviewed by:



Karen Pinkos, City Manager

Attachments:

1. Resolution

RESOLUTION 2022-XX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL CERRITO AUTHORIZING THE CITY MANAGER TO AMEND THE PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF EL CERRITO AND MAZE AND ASSOCIATES ACCOUNTANCY CORPORATION FOR AN AMOUNT NOT TO EXCEED \$100,000

WHEREAS, in July 2022 the City of El Cerrito entered into a professional services agreement with Maze and Associates Accountancy Corporation for \$35,000 to provide temporary accounting staff to perform accounting and financial management duties during the recruitment process to fill one (1) vacant position; and

WHEREAS, the current three (3) vacant positions and one (1) employee leave necessitates the additional \$65,000 to increase the agreement with Maze and Associates Accountancy Corporation to provide temporary accounting staff for continuity of operations; and

WHEREAS, funding for the additional \$65,000 is requested to be appropriated from the FY 2022-23 Approved Budget for the Finance Department's salaries and benefits for budgeted positions currently vacant.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of El Cerrito that it hereby authorizes the City Manager to amend the professional services agreement with Maze and Associates Accountancy Corporation by \$65,000 for an amount not to exceed \$100,000.

BE IT FURTHER RESOLVED that this Resolution shall be effective immediately upon passage and adoption.

I CERTIFY that as a special meeting on December 6, 2022 the City Council of the City of El Cerrito passed this Resolution by the following vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSTAIN: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

IN WITNESS of this action, I sign this document and affix the corporate seal of the City of El Cerrito on December _____, 2022.

Holly M. Charléty, City Clerk

APPROVED:

Gabe Quinto, Mayor

**FAB Agenda Item 3.B.
Supplemental**

**City of El Cerrito
FY 2023 Real Property Transfer Tax**

Month	Receipts	Cumulative % of Budget
July 2022	\$ 316,584.00	7.36%
August 2022	\$ 438,156.00	17.55%
September 2022	\$ 315,879.00	24.90%
October 2022	\$ 435,450.00	35.02%
TOTAL (YTD)	\$ 1,506,069.00	35.02%
FY 2023 Budget	\$ (4,300,000.00)	
<i>Variance (YTD)</i>	\$ (2,793,931.00)	

**City of El Cerrito
FY 2022 & FY 2021 Real Property Transfer Tax**

INFORMATION			
FY 2022	% of Budget	FY 2021	% of Budget
\$ (4,400.00)	-0.12%	\$ -	0.00%
\$ 504,280.00	13.15%	\$ (10,260.00)	-0.39%
\$ 424,686.00	24.33%	\$ 321,054.00	11.95%
\$ 299,620.00	32.22%	\$ -	11.95%
\$ 1,224,186.00	32.22%	\$ 310,794.00	11.95%
\$ (3,800,000.00)		\$ (2,600,000.00)	
YE Total		\$ 4,863,035.12	



FINANCE DEPARTMENT

Staff Liaison

Sandra Dalida | 510-215-4312

sdalida@ci.el-cerrito.ca.us

DRAFT MINUTES

**REGULAR MEETING OF THE
FINANCIAL ADVISORY BOARD (FAB)**

Tuesday, October 25, 2022 at 7:30 PM

7:34 p.m. CONVENE REGULAR MEETING

1. **ROLL CALL:** Chair Farahmand called the meeting to order at 7:34 p.m.
Present: Chair Farhad Farahmand; Members Ruth Cazden,
Dick Patterson, Kimberly White
Absent (approved): Vice-Chair William Ktsanes

2. **ORAL COMMUNICATIONS FROM THE PUBLIC**
Remarks are typically limited to three minutes per person and may be on anything within the subject matter jurisdiction of the body. Remarks on non-agenda items will be heard first, as well as introduction by individuals interested in serving on the advisory body. Remarks on agenda items will be heard at the time the item is discussed.
No public comments.

3. **COUNCIL/STAFF LIAISONS ANNOUNCEMENTS AND REPORTS** (15 min.)
Staff and/or Councilmembers may report Council policies, priorities and significant actions taken by the City Council, and/or on matters of general interest to the FAB.
 - A. Council Liaison Announcements and Reports

No Council Liaison announcements or reports.

 - B. Accept and file Staff Liaison Reports
 - 1) California State Auditor – Local Government High Risk Audit
City of El Cerrito – Status Update – 09/2022

FAB Agenda materials included the City of El Cerrito Status Update Report, September 2022, submitted to the California State Auditor’s Office. In October 2022, the California State Auditor revised the City’s risk status from High Risk to Moderate Risk (https://www.auditor.ca.gov/bsa/cities_risk_all)

Member Patterson requested an update on the City’s credit rating from Standard and Poor’s (S&P Global Ratings) when available.

4. APPROVAL OF MINUTES

- A. Consider a motion adopting the minutes for the FAB Meeting held on September 27, 2022

The September 27, 2022, FAB Meeting Minutes were approved.

Motion: Member Cazden; Second: Member Patterson; Passed unanimously

5. PENSION UNFUNDED ACCRUED LIABILITY

- A. Financial Advisory Board Recommendation submitted at City Council Meeting, October 18, 2022.

City Council requested additional information from FAB (refer to 5.B.1 and 5.B.2 below)

- B. City Council Requested Additional Information from FAB

- 1) Provide rationale for GFOA's recommendation for unrestricted fund balance equivalent to a minimum of two months of revenues, or 16.7%.

- Staff Liaison will request clarification/additional information from Council Liaison Rudnick and City Clerk and request the preferred format for FAB response.
- Does FAB concur that the 16.7% is appropriate unrestricted fund balance for the City of El Cerrito?
- FAB noted the GFOA recommendation is based on revenues and El Cerrito's Comprehensive Financial Policy is based on expenditures.

- 2) Consider reducing FAB's recommendation to ". . . consider allocating an initial funding amount of \$1 million or more to a Section 115 Trust or Advanced Discretionary Payments . . ." to less than \$750,000 and report back.

- Discussion occurred related to FAB's funding recommendation for Section 115 Trust. In absence of new information, FAB has no basis for modifying their recommendation and will await additional information from the Section 115 Work Group including:
 - How would inflation impact pension unfunded liability annual cost and payments, and what is the projected City revenue for next 5-6 years?
 - What are investment options for different General Fund categories? Staff Liaison will bring back at future FAB Meeting.
 - Section 115 Trust Work Group will consider the cost of establishing a Section 115 Trust (i.e., Trust Administrator options, Administrator's administrative costs, transaction fees, etc.).
 - What is LAIF administrative fee? Staff Liaison will include in future Investment Report.

- What is Contra Costa County's administrative fee for RPTT? Staff Liaison will include in future RPTT Report.
 - Will funding a Section 115 Trust come "after" General Reserve at appropriate level and after EDRF funded?
- Chair Farahmand will present FAB's perspective and pros/cons at the November Section 115 Work Group Meeting as follows:

CONS

- **Budget.** We have not identified the revenue streams to fund the UAL. We need long-term budgetary exercise to ensure we can make annual contributions before establishing a Trust.
- **Risk.** There is risk with the Trust. Trust may result in a loss in investment (e.g., invested in bonds and interest rates change vs if we placed into a money market fund). At a minimum, we'll be paying the management fees. We primarily want to maintain our principal.
- **Minimum Balance.** What amount is worth establishing the Trust? Many other cities with 115s had very large reserve balances due to a big tax base (e.g., casinos, education). The average statewide appears to be \$2M + from NHA's data.
- **Policy.** Not following the Comprehensive Financial Policy recommendations of the 10% General Fund Reserve plus 3 months of operating expenditures.

PROS

- **Moderate Gain.** We may gain an additional 1% fees = 2% vs the 1% we get from General Fund Reserve.
- **State Auditor Recommendation.** Section 115 as a potential option.

C. Pension Work Group Update

Chair Farahmand summarized the Pension Unfunded Accrued Liability Work Group Meeting held on October 21, 2022:

- NHA's Section 115 Trust Savings Analysis Scenarios reflecting various initial funding amount and ongoing contributions.
- UAL payment options (Section 115 Trust, Fresh Start, Additional Discretionary Payment, etc.).
- Section 115 Trust restrictions (i.e., can be used to pay unfunded liability monthly payments if needed during challenging financial periods)

Public Comment:

Ira Sharenow, El Cerrito: Would want the fund balance to be medium. State Auditor's spreadsheet reflects the medium of 64% and City needs a better fund reserve target than 17%. I saw the press release indicating \$8 million fund balance that includes \$3 million ARPA funds and the additional Real Property Transfer Tax funds. Without ARPA and RPTTA the fund balance would not be so optimistic. Also, I looked at the budget indicating 3% inflation. I would like to see multiple scenarios. I do not see a purpose of the Section 115 Trust and CalPERS was losing money in the Section 115 and the new library is not in the bucket.

6. WORK GROUP UPDATES

- A. Receive update from FAB Comprehensive Financial/State Audit Subcommittee
No update.
- B. Receive update from FAB Work Group Plan Subcommittee and Work Plan Calendar
Awaiting date to present at City Council from City Clerk.
- C. Receive update from FAB Council Compensation Review Subcommittee
Requested current full compensation, benefits, and perks to be provided by Staff Liaison at future meeting. Limitations on reimbursements, what are Councilmembers paying for "out-of-pocket" and not receiving reimbursement and time commitment per month. Staff Liaison to provide at future FAB meeting.

Public Comment

Ira Sharnow, El Cerrito: City management should have public meeting because people are concerned about how money is spent and I am not certain how City funds from special Measures are being spent (senior services, parks, etc.). What has the City promised its people and delivered?

7. COMMUNICATION PLAN

- A. Discuss strategy and approach for developing FAB communication plan with City Council

Councilmember Rudnick agreed to meet with FAB Adhoc Communications Committee to establish communication plan and process to communicate with Council. FAB Communications Adhoc Committee members are Ruth Cazden and William Ktsanes.

Staff Liaison to contact Councilmember Rudnick to identify process for FAB Adhoc members to schedule the City Council/FAB Communications Adhoc Committee meetings. Information will be provided to Cazden and Ktsanes.

8. FAB MEETING SCHEDULE

- | | |
|-----------------------|----------------------------------|
| 1) November 22, 2022: | Consider meeting alternatives |
| 2) December 2022: | No FAB Meeting |
| 3) January 24, 2023: | 4 th Tuesday of month |

Motion: Member Cazden motioned to cancel November 22, 2022, FAB Meeting and schedule Special Meeting on December 13, 2022. Second: Member Patterson. Passed unanimously.

Motion: Member Cazden motioned for December 13, 2022, FAB Meeting start at 7:00 p.m. Second: Member Patterson. Passed unanimously.

9. FUTURE AGENDA ITEMS

- 5 Year Forecast (when available)
- Council Compensation Discussion
- FAB Work Plan (tentative January 2023 presentation to City Council)
- Policy Revisions (general suggestions by members)
 - Comprehensive Financial Policy (future recommendations)
 - General Fund Reserve
 - Other policy revisions (general suggestions by members)
- Real Property Transfer Tax

Add Agenda category: Work Group Updates

Add Agenda category: Section 115 Trust Work Group Updates

Add agenda item for December 13, 2022, FAB Meeting: FAB Meeting Schedule – Calendar Year 2023

Public Comment:

Ira Sharenow: I want to correct misunderstanding from my prior public comment. I was referring to Comprehensive Financial Policy. I would like to see public input because spending does not seem to be in accordance with promises. I hope to see the 5-Year Forecast soon.

10. ADJOURNMENT

The meeting adjourned at 9:02 p.m.

This is to certify that the foregoing is a true and correct copy of the minutes of the regular Financial Advisory Board Meeting of September 27, 2022, as approved by the Financial Advisory Board.

Farhad Farahmand, Chair

Sandra Dalida, Staff Liaison