



**MINUTES
SPECIAL MEETING
OF THE
FINANCIAL ADVISORY BOARD**

**May 22, 2012 7:00 p.m.
El Cerrito City Hall
Hillside Conference Room
10890 San Pablo Avenue**

Roll Call

Members Present- Bartke, Caftel, Kronenberg, Murphy

Council Liaison Absent - Cheng

Staff Liaison Present - Dodge

1. Council / Staff Liaison Report

Dodge said she did not have items to report and Caftel asked to discuss the April 25, 2012 and May 2, 2012 minutes that had been in the packet, but not put on the agenda distributed by Dodge. Caftel and other members of the Board provided edits that will be incorporated prior to presentation at the next meeting where they will be on the agenda.

2. Comments from the Public

None present

3. Review of City Council Compensation

The Board performed a review of City Council Compensation Ordinance 91-4 as recommended by the Contra Costs Grand Jury and as reported on by City staff as occurring as part of the budget process. The FAB had requested the item be put on the agenda as a separate item to insure compliance with the Grand Jury recommendation of annual review.

Bartke asked about the PERS costs and Dodge explained about their option to participate, and that if they are already employed in a PERS organization it is not in their best interest to participate with El Cerrito since they can only use the salary of one organization for their retirement.

Bartke questioned whether the Council should be recorded as employees and Dodge said she felt it is in the City's best interest to have the Council covered by the liability insurance and that most cities considered their elected officials as employees. Bartke said the Grand Jury report showed nine cities did not consider Council as employees. Caftel said he thought the cost of PERS and FICA was immaterial and the liability insurance costs, if they acquired their own and were reimbursed, would be more costly. Caftel felt the time for City Attorney review would be if there was a change in the policy proposed. Dodge said the only change in policy since 1991 when they eliminated their healthcare is the availability of cell phone reimbursement, which is received by some and not others, and that it is not compensation but expense reimbursement.

Murphy requested a review of the Grand Jury report. Bartke said he was not questioning the appropriateness of compensation, and felt it was low, but wanted to assure that changes in the

policy were discussed. Dodge said the 1991 Ordinance change was a result of the Council choosing to remove the option of receiving health insurance from their compensation. Murphy asked how a change would be made to their compensation from the FAB and Dodge said we usually do things we have been asked to review by the Council, but it could be stated as a part of the new Grand Jury annual review and a recommendation be made to Council by the FAB. Kronenberg asked what was the maximum amount allowed by the State for Council compensation and Dodge did not know what it was.

Kronenberg wanted to find discussion of the Council compensation in the budget and Dodge referred to the brief mention of it on the Employee Benefit Schedule on page 291 of the FY2011-12 budget, which will be undated and included in the new budget. Castel said the note should include PERS and FICA. Bartke questioned the need of the Council receiving reimbursement for cell phone usage and Castel said he felt they were often away from an office but still needed to be in communication. Dodge discussed her knowledge on the timing of calls to Council with many of them after normal working hours. Dodge felt that reimbursement of the cost of cell phones was appropriate. Kronenberg asked if the FAB needed to make a motion regarding compensation. Dodge said that all that was needed was a record that Council compensation was discussed. Dodge also said she would bring back information regarding maximum compensation at a later meeting.

4. Review of preliminary FY2012-13 New World Systems Budget Report

Dodge discussed the main factors of the proposed budget including the loss of VLF funds, the uncertainty following the dissolution of the Redevelopment Agency, utilization of MSC funds and labor negotiations currently underway as contributing to this preliminary budget showing a negative impact in the General Fund of \$457K. Dodge said this will be addressed by the time it is presented to City Council and was currently \$313k.

Dodge discussed the vote happening soon regarding the Public Safety union forgoing a contractually obligated 2% cost of living adjustment (COLA) as well as the unrepresented Management Group agreeing to pay 3% more of the retirement costs. For SEIU, the miscellaneous group, their contract has expired and COLA's have not been received by this group or management for four years. Current negotiations include a similar request of a 3% increase in PERS contributions for SEIU members. Also proposed in the budget is a two-year service credit and there is consideration for a second tier of PERS.

Dodge discussed the overall changes including the dissolution of the Redevelopment Agency (RDA) which has a significant impact on the variances from the prior year. The Municipal Services Corporation (MSC) was included in the detailed sheets distributed and it will not be included in the final budget document. Dodge discussed the use to MSC funds as a backfill for loss of revenue and the budget for grants necessary to do economic development.

Bartke asked for clarification on the actual year to date number and Dodge said it was as of the date the report was run as shown on the bottom of the report. Bartke questioned the proposed increase in property tax and Dodge said the increase was a result of positive information given by HdL and local real estate agents on the number of listings and offers. Dodge expressed concern on the lack of information from the County prior to the completion of the budget. Bartke asked about the budget for business license and Dodge discussed the calculation in the Municipal Code that restricts growth of the business license tax. This year it is 1% and is always under other increases.

Dodge discussed the goal of keeping the General Fund subsidy for Recreation to a minimum

and the difficulties they had last year staying in budget. Caftel asked about the non-departmental program fees which have fluctuated and Dodge discussed the various items that have been put in that account such as admin fees relating to the new Housing Fund and the account fluctuating due to external actions. Caftel also asked about the Contribution & Donation revenue account and Dodge said the amount was funds from MSC approved by that Board for various economic development activities. Caftel asked about the Other Local Reimbursement account and Dodge said it was for the School Resource Officers. A discussion was held regarding the staffing and authority regarding the Kensington fire department. Caftel asked about an increase in revenue in the Recreation and Dodge could not identify which individual programs were increasing.

In discussing expenditures, Caftel had calculated the ratio of benefits to salary and found that in Police Operations the PERS costs were 42% of salary. Other divisions were comparable but that across the City it was a total around 60% for both sworn and non-sworn. Dodge said part of it could be the allocation of salaries to other departments where benefits did not follow the allocation. Caftel used the example of Finance where no allocations are done and it calculated to 63%. Dodge was unable to explain the ratio of PERS costs Caftel had calculated that appeared comparable between miscellaneous and safety employees and Dodge said she would review.

Dodge discussed the variables in health insurance due to some staff having family coverage and other departments where there are fewer dependants. Dodge discussed Council having concerns over the inequity of benefits for those without dependents. Caftel felt the \$10 co-pay for the city has been too expensive of a plan and that premiums for other family members should be at least partially contributed.

Kronenberg and Caftel asked about the presentation of the changes with the Redevelopment Agency. And Dodge said the Successor Agency would be in a separate section and would explain the occurrences between FY12 and F13. Caftel was concerned for areas where there would be zeros in FY13 and could be confusing but Dodge said the City had no funds to show in those line items and would just need to have it explained in the transmittal and the Successor Agency section.

Murphy asked how much time Councilmembers spent reviewing the budget and Dodge said it varied. Caftel asked if June 7th was still the next meeting and Kronenberg asked what form the document would be in my then. Dodge said that June 7th was still the plan and that the transmittal letter and Council presentation would be available at that meeting and hopefully the departments and overview sections.

5. Adjournment

Meeting adjourned until June 7, 2012 special meeting.