



MINUTES

REGULAR MEETING OF THE FINANCIAL ADVISORY BOARD (FAB) Tuesday, April 13, 2021 at 7:00 PM

VIA Web CONFERENCE

Staff Liaison

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1. Chair Patterson convened the regular FAB meeting at 7:00 PM.
2. **ROLL CALL** – Chair Patterson, Vice-chair Farhad Farahmand; Member Ruth Cazden, Tenzin Rangdol, William Ktsanes.
Public: C Hanville, P Duncan, J Stashik, S Drobner, D Saunders, I Sharenow, D Lyons, K White, N Zamarano, L Cain, P Miller.
City Manager K. Pinkos. Staff Liaison M. Rasiah. City Clerk H Charley.
3. **ORAL COMMUNICATIONS FROM THE PUBLIC** –
S. Drobner – Brown act presentation should be made to a broader audience. Expand the FAB membership. Do a compensation study. Could not find the budget for the canine unit in the police department. Is there a city credit card threshold for managers.
I. Sharenow – Why WebEx and not Zoom? How do budget overrides work? Do other communities do it? Why did staff get a raise when the fund balance target was not reached in 2019? The Transfer Tax is illegal because the City placed two issues on one ballot. Why did taxable sales go down from 2014. Fire department should charge insurance companies.
L. Cain – Was the Brown act presentation made because there were new FAB members.
4. **COUNCIL/STAFF LIAISONS ANNOUNCEMENTS AND REPORTS** – none.
5. **APPROVAL OF THE MINUTES**
Moved/Second: Cazden/Ktsanes. **Action:** Passed a motion adopting the minutes of the FAB meeting on March 9, 2021 with the addition of the request by member Ktsanes for detailed financials to be provided in Excel format. **Ayes:** Members: Patterson, Farahmand, Rangdol, Cazden and Ktsanes **Noes:** none.
6. **Overview of Board member Roles and The Brown Act**
City Clerk Holly Charley delivered a presentation on the Brown Act and the role of the FAB and took questions from the board. No action was taken.
7. **State Auditor Report**
City Manager Karen Pinkos briefly outlined the State Audit process, 5 risk areas in the audit report and timeline for implementing the corrective action plan proposed by the City and said that the City's response to the audit report was available on the City website. Thereafter the FAB members asked questions. Member Farahmand said that greater transparency could be achieved by providing department level detail with trends, to show where the money was being spent and why certain budget cuts would not be possible due to equity issues. Member Ktsanes said that Council did not have adequate details about the City's budget and wanted detailed financials to be shared in Excel format. Member Cazden said that difficult times called for difficult solutions. She said she had researched the Recreation Department revenues in the budget document and suggested that different fees be charged for residents and non-residents so as to increase revenues, while providing some relief for residents who could not afford the higher fees.

Karen Pinkos said that looking back to 2008 the City had not focused on the bottom line and that in the past, the City Council had been reluctant to lay staff off despite the great recession and the loss of RDA funding in 2012. She said that previous budget documents and CAFRs provided all the relevant data and that since she took office, the focus had been on costs, restructuring and the Fund Balance bottom line. She said that by this time next year the City would have made significant progress towards the fund balance policy goal. Finance Director Mark Rasiah said that the lack of reserves and the OPEB liability had landed the City on State Auditor list. In response to a question from Member Rangdol, he went on to explain how and why a line item budget override arises within a department's Council approved budget limits and the steps the City has taken to comply with the State Audit recommendations. Karen Pinkos explained the City's compensation practices over the years and how it related to the State Auditor's recommendation to conduct a salary survey. Chair Patterson inquired how much impact a Financial Recovery Plan would have on lenders.

The Chair surveyed the members to see if they were available for a special meeting prior to the next meeting, to continue with the questions and understand the remedies proposed in the audit report. Karen Pinkos said that she would be presenting the draft action plan to Council on May 20th and would make any changes that Council proposed.

8. FY 2020-21 3rd Quarter Investment Report

The FAB did not have time to get to this item. No action was taken.

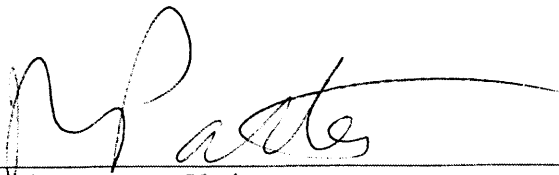
9. FY 2020-21 February Financial Statements

The FAB did not have time to get to this item. No action was taken.

10. Future Agenda Items – Financial statements in Excel format.

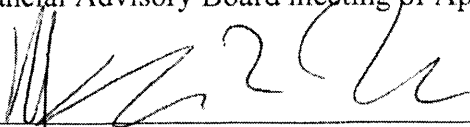
- Investment Policy review.
- Increasing FAB membership.
- Comprehensive Financial Policy review.
- Comprehensive Annual Financial Report review.
- Section 115/OPEB funding policy.
- Preliminary budget and Financial Forecast.
- Monthly financial and quarterly investment reports.
- FAB work plan.

11. ADJOURNMENT: 9:44 PM



Richard Patterson, Chair

This is to clarify that the foregoing is a true and correct copy of the minutes of the Regular Financial Advisory Board meeting of April 13, 2021 as approved by the FAB.



Mark R. Rasiah, Staff Liaison