



DRAFT MINUTES

REGULAR MEETING OF THE FINANCIAL ADVISORY BOARD (FAB)

Tuesday, September 28, 2021, at 7:30 PM

VIA Zoom

Staff Liaison

Mark Rasiah | (510) 215-4312
mrasiah@ci.el-cerrito.ca.us

1. **ROLL CALL** – Chair Patterson called the meeting to order at 7:32 PM **Present:** Chair Dick Patterson; Vice-Chair Farhad Farahmand; Member Ruth Cazden, William Ktsanes.

2. **ORAL COMMUNICATIONS FROM THE PUBLIC** (5 min)
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, remarks on agenda items will be heard at the time the item is discussed.
Potential applicants in attendance – Kimberly White

Cordell Hindler – shared invitation to Contra Costa Civic Theater performance.

3. **COUNCIL/STAFF LIAISONS ANNOUNCEMENTS AND REPORTS** (5 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.
None

4. **APPROVAL OF THE MINUTES** (5 min.)
Consider a motion adopting the minutes of the FAB meeting on July 27, 2021.
Motion/Second: Members Farahmand/Ktsanes **Action:** Approved minutes.
Ayes: Chair Dick Patterson; Vice-Chair Farhad Farahmand; Member Ruth Cazden, William Ktsanes **Noes:** None

5. **City of El Cerrito Investment Policy**
Review the current Investment policy. Make a motion as needed. (~20 min).
Public Comments:
Kimberly White – requested review of sample budgets that were presented.

Cordell Hinder – requested review of Berkeley’s policy.

Jim Dolgonas – commented on revisions being premature and unwarranted.

Motion/Second: Members Ktsanes/Farahmand **Action:** Passed a motion to recommend that the City Council modify the Investment Policy to include a socially responsible investing clause prohibiting direct investment of City Funds in fossil fuel and tobacco companies. **Ayes:** Vice-Chair Farahmand; Member Ruth Cazden, William Ktsanes **Noes:** Chair Patterson

6. City of El Cerrito Departmental Budget Reports

Review sample budget to actual department level reports from similar jurisdictions and suggest a suitable format to be included with the monthly/quarterly budget report to Council. Make a motion as needed. (~25 min).

Action: Informal consensus for approval of the sample format provided by the Finance Director.

7. City of El Cerrito Comprehensive Financial Policy

Review the City's Comprehensive Financial policy. Suggest changes as needed, to incorporate State Auditor recommendations. (~60 min).

Discussion tabled, postponed to a future meeting for discussion.

8. Future Agenda Items

- FAB Work Plan
- Section 115/OPEB Funding Policy
- Comprehensive Annual Financial Report
- 5 Year Forecast (after ARPA guidance is confirmed)
- Fiscal Recovery Plan (when available)

9. ADJOURNMENT

The meeting adjourned at 9:00 PM

Dick Patterson, Chair

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 28, 2021 as approved by the Financial Advisory Board.

Karen Pinkos, Staff Liaison



DRAFT MINUTES

REGULAR MEETING OF THE FINANCIAL ADVISORY BOARD (FAB)

Tuesday, November 23, 2021 at 7:30 PM

VIA ZOOM

Staff Liaison

Karen Pinkos | 510-215-4305

cityclerk@ci.el-cerrito.ca.us

1. **ROLL CALL** – Chair Patterson called the meeting to order at 7:30 PM.
Present: Chair Dick Patterson; Vice-Chair Farhad Farahmand; Members Ruth Cazden, William Ktsanes. **Absent:** None

2. **ORAL COMMUNICATIONS FROM THE PUBLIC** (5 min.)
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.
Potential Applicants in attendance – Kimberly White, Jason Simms

Cordell Hindler – shared upcoming community events, time included with agenda items, and desire to return to in person meetings.

3. **COUNCIL/STAFF LIAISONS ANNOUNCEMENTS AND REPORTS** (5 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.
City Manager Karen Pinkos – Provided update on finance department and recruitment for Finance Director; reviewed first quarter general fund update provided to Council in November; and detailed recent change to structure of retiree health care to eliminate subsidy and liability to city.

Public Comments:
Cordell Hindler – commented on work with Peckham and McKinney, and in support of public participation in the finance director recruitment process.

4. **COMPREHENSIVE FINANCIAL POLICY REVIEW**
 - A. **BUDGETING BY DEPARTMENT** (~ 30 min.) Discuss potential policy modifications to the Comprehensive Financial Policy regarding budgeting by department. Make a motion as needed.
Discussion – Members discussed timing, current language, next steps, focus on method of reporting, connection to state auditor recommendation, section 2.2 clarification, potential addition related to reporting requirements for certain activities, department thresholds for changes not requiring council action, and possible new section related to reporting requirements.

City Manager to have financial consultant review and will provide suggested language modifications at the next meeting for further discussion, and clarification on intent of the use of “control” in the policy.

Public Comments:

Cordell Hindler – suggested adding the position of Assistant to the City Manager.

No formal action taken.

- B. RESERVE LEVELS (~ 30 min.)** Discuss potential policy modifications to the Comprehensive Financial Policy regarding reserve levels and related language. Make a motion as needed.

Discussion – members discussed if current reserve requirements are adequate, difference between reserve level and the emergency disaster reserve fund (EDRF), timeline to reach reserve goals, and how to fund. Option to consider more details related to use of surplus funds.

Public Comments:

Cordell Hindler – commented on other jurisdiction policies

No action taken.

5. SECTION 115 TRUST DISCUSSION (5 min.)

Discussion and receive an update on establishing a Section 115 Trust and next steps.

Discussion – Overviewed action by council and current status of council action to continue working on creating a Section 115 Trust. No action taken.

Public Comments:

Cordell Hindler – spoke on city to work with PARS.

No action taken.

FUTURE AGENDA ITEMS (5 min.)

- FAB Work Plan
- Annual Comprehensive Financial Report (ACFR) (not before January)
- 5 Year Forecast (after ARPA guidance is confirmed)
- Fiscal Recovery Plan Status Update (when available)
- Reporting Section for the Financial Policy
- Any other policy revisions (general suggestions by members)
- Investment Policy (request by Ktsanes)
- Communication plan between Council and FAB

Staff announced that the December meeting will be cancelled.

6. ADJOURNMENT

The regular meeting adjourned at 9:48 p.m.

Dick Patterson, Chair

This is to certify that the foregoing is a true and correct copy of the minutes of the regular Financial Advisory Board meeting of November 23, 2021 as approved by the Financial Advisory Board.

Karen Pinkos, Staff Liaison



**DRAFT
2022 Regular Meeting
Schedule**

City Holiday/Closed
Regular Meeting

Location: Via Zoom or in-person at Council Chambers (10890 San Pablo Ave)
Meeting Time: 4th Tuesday, 7:30 PM

FINANCIAL ADVISORY BOARD

JANUARY 2022						
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SEPTEMBER 2022						
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OCTOBER 2022						
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NOVEMBER 2022						
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DECEMBER 2022						
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SUPPLEMENTAL AGENDA MATERIALS

REGULAR FINANCIAL ADVISORY BOARD MEETING JANUARY 25, 2022

Agenda Item 6 – FY2021-22 2ND QUARTER FINANCIAL UPDATE

1. Draft quarterly update

Agenda Item 7– FY2021-22 2ND QUARTER INVESTMENT REPORT

1. Draft Investment Report



City of El Cerrito
Quarterly General Fund Budget Update
FY 2022 Through 12/31/21

INTRODUCTION

The City of El Cerrito is pleased to share this quarterly budget report through December 31, 2021, with Council. This report provides a high-level overview of the City's status on the budget, shown by each department. Funding from the American Rescue Plan Act is managed and tracked from a special revenue fund and, thus, is not reflected in this report.

SUMMARY

The City of El Cerrito is currently on track to meet its budget goals for FY 2021-22. Revenues are trending higher for the fiscal year primarily due to increased tax receipts and increased charges for services as detailed below. Expenditures are on track, with most departments spending approximately 50% of their annual budget through the second quarter of the fiscal year.

GENERAL FUND REVENUES

General Fund revenues are budgeted at \$40.4 million for FY 2021-22. The chart below shows the year-to-date actual revenue collections, the percent of collections compared to the budget, and the previous fiscal year's collections for perspective.

Revenues	2022 Adopted Budget	YTD Actual 12/31/2021	% of Adopted Budget	YTD Actual 12/31/20
Property and Other Taxes	\$ 26,031,617	\$ 12,553,478	48%	\$ 11,417,894
Licenses & Permits	\$ 636,112	\$ 565,029	89%	\$ 330,112
Fines & Forfeitures	\$ 140,000	\$ 91,068	65%	\$ 81,860
Use of Money and Property	\$ 353,968	\$ 170,441	48%	\$ 148,776
Intergovernmental Revenues	\$ 7,312,900	\$ 1,759,158	24%	\$ 1,912,213
Charges for Services	\$ 4,800,000	\$ 2,786,692	58%	\$ 1,640,080
Other Revenue	\$ 175,000	\$ 117,755	67%	\$ 49,328
Other Financing Sources	\$ 952,650	\$ 476,325	50%	\$ 471,622
Total	\$ 40,402,247	\$ 18,519,946	46%	\$ 16,051,884

PROPERTY AND OTHER TAXES

Tax revenues as of December 31, 2021, are at 48% of the adopted FY 2021-22 budget. This is within budget estimates for the fiscal year. The City received the first biannual payment of property taxes in December, which comprise the largest portion of City revenues. Property taxes and specifically real property county

transfer taxes are trending favorably, while sales tax receipts are lagging slightly compared to the same period last fiscal year.

LICENSES AND PERMITS

Licenses and permits are currently at 89% of the budgeted revenues. These licenses include building permits, parking permits, and tobacco retailer license fees. Building permits are trending higher than the previous fiscal year due to increased construction and catching up on the backlog of permit issuance due to COVID-19.

FINES AND FORFEITURES

The City has collected 65% of the budgeted revenues in the fines and forfeitures category. These items include parking citations, penalties, and moving vehicle citations. Parking fines are higher than the previous fiscal year due to having a full complement of parking enforcement officers.

USE OF MONEY AND PROPERTY

Use of money and property is currently at 48% of the budgeted revenues for FY 2021-22. This primarily consists of short- and long-term rental fees from City properties. Rentals are trending high due to facilities being operational and available to rent.

INTERGOVERNMENTAL REVENUES

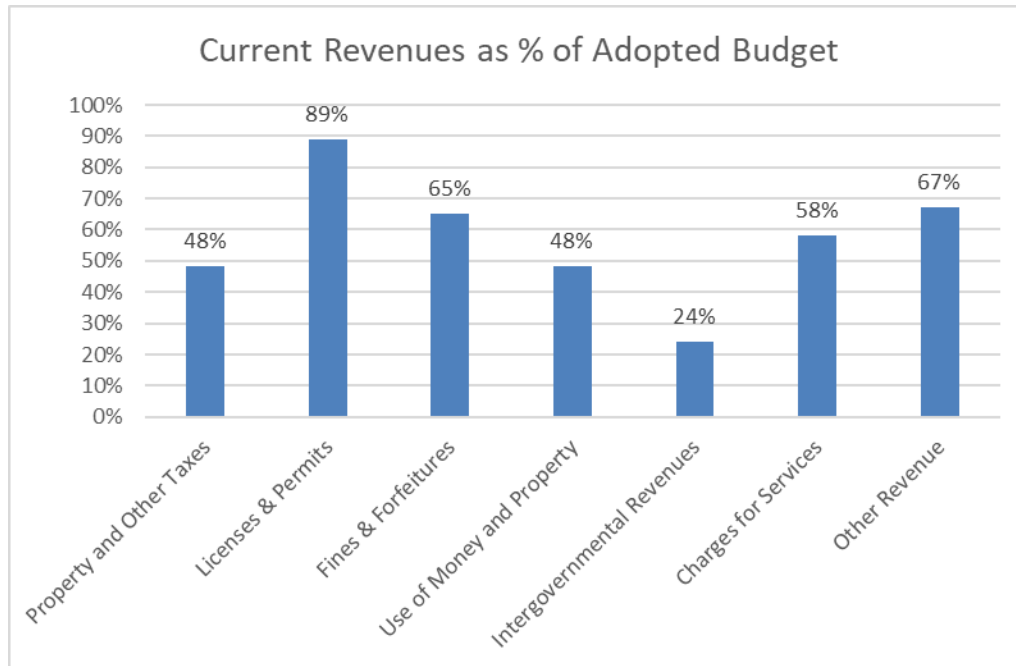
Intergovernmental revenues are currently at 24% of the annual budget. These revenues include grants and intergovernmental transfers and reimbursements, but do not include American Rescue Plan Act (ARPA) funds, which are housed in a special fund for reporting purposes. This line item is trending behind the previous fiscal year due to receiving federal dollars to mitigate COVID-19 as part of the CARES act. When factoring this one-time receipt out of the prior year, intergovernmental revenues are trending favorably.

CHARGES FOR SERVICES

Charges for services encompass program fees and charges for doing business with the City of El Cerrito. This includes Community Development fees for functions such as permitting and inspections, as well as recreation fees for City programming. The City has received 58% of the budgeted revenues in this category. Compared to the prior year, this category is substantially higher due to childcare, programs and lessons being operational for the fiscal year.

OTHER REVENUE/OTHER FINANCING SOURCES

Other revenue includes donations and other miscellaneous revenues. These types of revenues comprise a small portion of El Cerrito's budgeted revenues. The City has received 67% of budgeted revenues in the Other Revenue category. Other Financing Sources refers to loans and indirect transfers.



GENERAL FUND EXPENDITURES

General Fund expenditures are budgeted at \$39.9 million for FY 2021-22. Departments are on track for the first quarter of the fiscal year, coming in at 49% of budgeted expenditures. Personnel is the largest component of General Fund expenditures (75%), and it is expected that with current vacancies some departments may need to increase their professional services and/or overtime budgets that will be offset by the savings in salaries and wages. Staff will continue to monitor these expenses.

The chart below shows the year-to-date actual expenditures by department, the percent expensed compared to the budget, and the previous fiscal year's expenditures for perspective.

Expenditures	2022 Adopted Budget	YTD Actual 12/31/21	% of Adopted Budget	YTD Actual 12/31/20
General Taxes	\$ -	\$ -	-	\$ 29,386
Administration	\$ 6,546,599	\$ 2,959,325	45%	\$ 3,774,393
Police	\$ 12,250,818	\$ 5,913,526	48%	\$ 5,992,017
Fire	\$ 12,348,402	\$ 6,343,775	51%	\$ 6,341,198
Public Works	\$ 1,696,985	\$ 762,953	45%	\$ 656,047
Community Development	\$ 2,548,257	\$ 1,485,699	58%	\$ 1,085,787
Recreation	\$ 4,475,719	\$ 2,162,293	48%	\$ 1,966,503
Total	\$ 39,866,780	\$ 19,627,571	49%	\$ 19,845,330

ADMINISTRATION

The Administration's budget is at 45% of the adopted FY 2021-22 budget. This is within budget estimates for the fiscal year. This department is significantly below actual expenditures for the same period as last year due to drastic budget and staff reductions to balance the budget.

POLICE

The Police Department is 48% expensed for the current budget and on pace for the fiscal year. The Police Department Investigations Unit is trending higher, but there is a savings in Police Administration. Expenditures are trending similarly to the same period in the previous fiscal year.

FIRE

The Fire Department is 51% expensed for the current budget and on pace with the prior fiscal year. Overtime continues to trend higher, and this will be closely monitored throughout the fiscal year.

PUBLIC WORKS

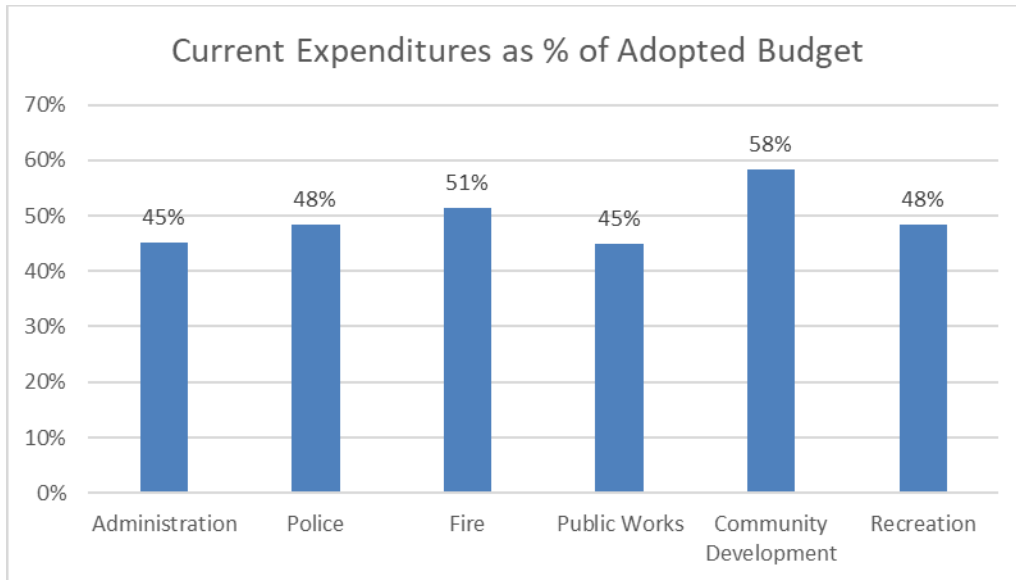
The Public Works Department is 45% expensed for the current budget and on pace for the fiscal year in the General Fund. The budget is trending higher than the previous fiscal year due to increased workload, which will likely require a midyear budget adjustment to maintain the operation.

COMMUNITY DEVELOPMENT

The Community Development Department is 58% expensed for the current budget, trending higher for the fiscal year and also trending higher compared to the prior fiscal year. This increase is due to some large projects submitted for building permits, increase in temporary staff because of vacant positions and to help resolve the backlog in the Building Division, as well as increased workload with respect to several development projects. Staffing is being reviewed for this department to ensure proper coverage and functions. This will also necessitate a midyear budget adjustment, which will correspond to increased revenue.

RECREATION

The Recreation Department is 48% expensed for the current budget and on pace to meet its budget. The budget is trending higher than the previous fiscal year due to operating at a normal schedule for this fiscal year. The demand for department services is increasing and there is a need for an additional staff to address the needs. This additional expense will be offset with increased revenue as well as other General Fund savings.



CONCLUSION

The City of El Cerrito is well positioned to meet its budget for FY 2021-22. Staff are committed to fiscal responsibility and ensuring that each department's expenditures remain within budget. While there are additional staffing needs in the Recreation Department and Community Development Department, increased revenue and savings in other departments will offset the additional expense needed to provide these services. Staff is in the process of reviewing all Department budgets in anticipation of midyear budget adjustments to both revenue and expense categories, which will be discussed with the City Council on a future Council agenda.

**City of El Cerrito
Quarterly Cash & Investment Report
For the Quarter Ending December 31, 2021**

DRAFT

Attachment 1

FUND	INVESTMENT TYPE	INVESTMENT	TRUSTEE/		PAR VALUE	COST	INTEREST	MATURITY	COST/	*MARKET
			BROKER				OR YIELD	DATE	100	VALUE
Pooled Investments	Pooled Fund	Local Agency Investment Fund(LAIF)	CA State Treasurer		\$12,842,319	\$12,842,319	1.21%	N/A	100.00	\$12,842,319
Cash with Bank (General Checking)	Mechanics Bank	N/A	N/A		\$10,407,087	\$10,407,087	N/A	N/A	N/A	\$10,407,087
Total Cash and Investments					\$23,249,406	\$23,249,406				\$23,249,406

I certify that this report is in compliance with the City of El Cerrito Investment Policy and the California Government Code Section 53646. The City will have sufficient cash flow to meet the next six months of estimated expenditures as required by the Code.

Karen Pinkos, City Manager