THE CITY OF EL CERRITO
FINANCE DEPARTMENT

Staff Liaison
Crystal Reams | 510-215-4312
creams@ci.el-cerrito.ca.us

MINUTES

REGULAR MEETING OF THE
FINANCIAL ADVISORY BOARD (FAB)

Thursday, December 14, 2023 at 6:30 p.m.
City hall, council Chambers
10890 San Pablo Avenue
El Cerrito, CA 94530

This Meeting Place is Wheelchair Accessible

6:30 p.m. CONVENNE REGULAR MEETING

1. **ROLL CALL –** Chair Farhad Farahmand, called the meeting to order at 6:32 p.m.
   Present: Chair Farhad Farahmand; Members Dick Patterson, Kimberly White, Nate Schaffran.
   Absent: None
   .
2. **ORAL COMMUNICATIONS FROM THE PUBLIC**
   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 body. Remarks on agenda items will be heard at the time the item is discussed.
   Public Comments: None.

3. **COUNCIL/STAFF LIAISONS ANNOUNCEMENTS AND REPORTS** *(10 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.
   Crystal Reams, Finance Director talked briefly about the points on the agenda.

4. **APPROVAL OF THE MINUTES** (*5 min.) (*Attachment)
   Consider a motion adopting the minutes for the FAB meeting held on November 28, 2023.
   Moved/Second: Members Patterson/White. Action passed a motion adopting the minutes of the FAB meeting on November 28, 2023.
   Ayes: Chair Farhad Farahmand, Members; Dick Patterson, Kimberly White, Nate Schaffran. Noes: None.

5. **SECTION 115 INVESTMENT POLICY DRAFT** (*20 min.)* (Attachment)
   FAB members will review the investment policy and discuss recommendations as the next meeting; January 23, 2024. FAB requested information on the fees charged by PARS/HighMark regarding the managing of the investments.

6. **GENERAL FUND RESERVE BALANCE** *(10 min.)*
FAB outlined draft changes to General Fund reserve policy (attached), FAB would like to vote on the proposed changes at the next meeting; January 23, 2024.

7. **BUDGET TIMELINE** *(10 min.)*
FAB proposed updates to the budget calendar to allow more time for FAB to be able to make recommendations to the council. FAB would also like to be able to make recommendations if budget reductions need to be made. Staff will discuss the budget calendar proposed updates with the team and the City Manager to assess feasibility.

8. **WORKGROUP UPDATES (*10 min.*)**
None

9. **FUTURE AGENDA ITEMS (*10 min.)***
   - Comprehensive Financial Policies
   - Budget process discussion
   - UAL discussion

   Future agenda items for the next meeting should read:
   - 115 Investment
   - General Fund Reserve
   - UAL Discussion
   - Budget Timeline Recommendations
   - Workplan

10. **ADJOURNMENT**
The meeting adjourned at 8:51 p.m.

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Farhad Farahmand, 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 August 22, 2023, as approved by the Financial Advisory Board.

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Crystal Reams, Staff Liaison

3. GENERAL FUND RESERVE POLICY 3.1. The purpose of the reserve policy is to set aside funds to insure against events that would adversely affect the financial condition of the City and jeopardize the continuation of necessary public services. The reserve is designed to protect issuer ratings and offset economic downturns and revenue shortfalls.

3.2. ~~It is a goal of~~ T~~t~~he City shall maintain ~~to achieve~~ a General Fund ~~annual~~ operating reserve of ~~10~~17~~%~~ of projected General Fund operating expenditures in each fiscal year. ~~As part of the annual budget process, the City Council shall consider a Five-Year Plan that attempts to maintain a reserve ratio of 10%.~~ The City Council may adopt a deficit budget to deal with the uses discussed in Section 3.5 so long as the projected reserve does not go below 10% in any year of the Five-Year Plan. Should the General Fund reserve fall below 10%, each budget year the City will adopt a plan to restore the reserve percentage to ~~10~~17% ~~within five years and 15% within 10 years~~.

3.3. The unreserved fund balance in an Internal Service Fund may be transferred to the General Fund only for a fiscal emergency or for one-time uses such as natural disasters or unforeseen liabilities.

EMERGENCY AND DISASTER RECOVERY FUND (EDRF)

4.1. The City shall maintain a separate fund on its books called the Emergency and Disaster Recovery Fund (EDRF), which will be a restricted portion of the City's General Fund. The cash in this fund will be invested in accordance with the City's investment policy.

4.2. The purpose of this fund is to provide cash reserves in the event of severe economic downturns or disasters. The City ~~Council~~ shall ~~fund three months of payroll costs, , in the EDRF~~ fund and maintain the EDRF at 13% of projected operating expenditures in each fiscal year. ~~The cash reserve requirement shall be reviewed every biennial budget cycle. The City budget shall contain a plan to achieve the target cash reserve in the EDRF over two biennial budget cycles.~~

4.3. The City Council may authorize the use of the EDRF for the purposes described in this Section 4 by a simple majority of the quorum. In the event that, because of an emergency, a quorum of the City Council is unavailable to meet, a single member or the City Manager may call a meeting to reconstitute the City Council, pursuant to the California Emergency Services Act (Gov. Code § 8642.) Once reconstituted, the City Council may authorize the use of the EDRF for the purposes described in this Section 4.

In the event that, because of the nature of an emergency, use of the EDRF is necessary before it is possible for the City Council to meet, the City Manager may use the EDRF for the purposes described in this Section 4. At the first meeting of the City Council thereafter, the City Council shall be asked to ratify the action of the City Manager. In the event that the City Manager is unavailable because of the emergency, the assistant director of emergency services, as defined in Chapter 2.28 of the El Cerrito Municipal Code, may use the EDRF for the purposes described in this Section 4. At the first meeting of the City Council thereafter, the City Council shall be asked to ratify the action of the assistant director of emergency services.

City of El Cerrito

DRAFT Proposed FY 24-25/FY 25-26 Biennial Budget Development Calendar

Date	Description	Who
December	Position Control	HR/Finance
December 12	Email departments with request for Summaries, Performance Measures, and Goals and Objectives	Finance to send to Departments
January	Development of revenue projections for FY 24-26	Finance
Late January	Meeting with CM and ACM to discuss projections, messaging	CM/Finance
January or February	**Council Retreat and Budget Kickoff**	CM/Finance
January or February	**Launch of public engagement and prioritization survey (with Council retreat)**	CM/Finance
Mid-February	Budget kickoff meeting with departments - Set expectations, share Council priorities from retreat - Train staff on ClearGov software	Finance/Departments
February 20, March 5, or March 19	**Mid-Year FY24 Budget Update to Council**	Finance
February 27	**FAB meeting to discuss budget priorities**	Finance
March 4-8	Check-in meetings with Departments to review budget, answer questions	Finance/Departments
March 9 or 16	**Community Meeting on Budget Priorities**	Finance/CM
March 22	Department budgets due to Finance	Departments
March 25 - April 5	Finance reviews budget, discussion of requests with CM	Finance/CM
April 16	Master Fee Schedule to Council	Finance
May 20-24	Draft budget published, sent to Council and FAB	Finance
May 28	**FAB meeting – draft budget review**	Finance
June 4	**First Council Adoption Meeting**	Finance
June 18	**Second Council Adoption Meeting**	Finance

*Public meetings and public engagement activities in bold

Proposed edits to Budget Calendar

push the draft budget May 20-24 to May 6-10
FAB meeting on 5/14 and would make recommendations at the 5/21 council meeting

first reading to council to be 5/21, (from 6/4) this would have FAB recommendations

FAB reg meeting on 5/28 to discuss council actions and reactions (mainly a discussion, no actions, possible recommendations for the 6/4 meeting)

6/4 council meeting possibly no budget updates

6/18 adoption