Item 3

# AGENDA BILL

THE CITY OF EL CERRITO

Agenda Item No. 9.B.

**Date:** September 17, 2024
**To:** El Cerrito City Council
**From:** Crystal Reams, Finance Director/City Treasurer, Finance Department
**Subject:** FY 2023-24 General Fund Budget Quarterly Update through June 2024

## ACTION PROPOSED

Receive and file an update on City General Fund revenues and expenses for FY 2023-24 through June 2024.

## BACKGROUND AND ANALYSIS

The El Cerrito City Council adopted an annual Budget for FY 2023-24 on June 20, 2023. The Council has closely monitored the City's budget and financial position and directed City staff to submit quarterly General Fund financial update reports. The attached FY 2023-24 Fourth Quarter General Fund Update reflects the unaudited year-end projections and includes estimated final expenditures.

The report shows the unaudited General Fund revenues at $52,154,276, or $3,471,313 above budget (107% of budget), and expenditures including estimated year-end accruals at a total of $52,340,189 or $2,651,928 below budget (95% of budget). The projected unaudited year-end total General Fund balance is estimated to be $22,957,167; this includes $9 million designated for the Emergency Disaster Relief Fund (EDRF) and $1.37 million in the Section 115 Pension Trust, and represents 43% of General Fund expenditures.

Staff have calculated these numbers based on the most current information as of the date of this report, but it is important to note that these numbers are unaudited. During the completion of the fiscal year-end close, which is underway, and during the annual independent audit, which is set to take place the first week in November, there may be adjustments to both revenues and expenses with the verified year-end totals to be included in the Annual Comprehensive Financial Report (ACFR) once it is completed.

## STRATEGIC PLAN CONSIDERATIONS

This report is consistent with the City's Strategic Plan Goal High-Performing Organization: Ensure the City maintains a strong financial position – and will allow the City Manager to develop a plan to ensure that Citywide revenue meets the cost of providing Citywide services, including adequate reserves in the face of significant unanticipated revenue shortfalls. It further ensures procedures that represent best practices in financial management.

## ENVIRONMENTAL CONSIDERATIONS

This section is not applicable to this agenda item.

**FINANCIAL CONSIDERATIONS**
The unaudited FY 2023-24 General Fund Fourth Quarter Update reflects revenues totaling $52,154,276 or $3,471,313 above budget (107% of budget), and expenditures including estimated year-end accruals at a total of $52,340,189 or $2,651,928 below budget (95% of budget). The projected unaudited year-end total fund balance is estimated to be $22,957,167; this includes $9 million designated for the EDRF and $1.37 million in the Section 115 Trust.

**LEGAL CONSIDERATIONS**
This section is not applicable to this agenda item.

**Reviewed by:**

Karen Pinkos, City Manager

**Attachments:**
1. FY 2023-24 4th Quarter General Fund Update

Item 3

# General Fund Budget Update

Quarter 4 FY 2023-24
4/01/2024 – 06/30/2024

## INTRODUCTION

The City of El Cerrito is pleased to submit the Quarter 4 FY 2023-24 General Fund Budget Update, for the period 04/01/2024 through 06/30/2024. The report provides a high-level overview of the City's status on the budget, with expenditures by Department, showing unaudited actuals.

City Staff is still in the process of completing the fiscal year-end close with an anticipated completion date in October. The City's annual independent audit is scheduled for the first week of November. This process will audit the year-ending totals, which will verify all balances which may be subject to adjustments, therefore the audited actuals may be slightly different than what is presented in this Update. However, these unaudited actuals are based on the current information as of the date of this report.

## SUMMARY

The City of El Cerrito's unaudited actuals show that the City has met its budget targets for FY 2023-24 and has a slight projected change in the General Fund balance of ($185,914) for a projected year-end General Fund balance of $22,957,167, or 43% of General Fund expenditures.

During FY 2023-24, several budget adjustments were approved by the City Council. Items approved prior to mid-year totaled $3.1 million appropriated from the General Fund balance; during the mid-year budget review adjustments included $2.3 million and $1 million for FY 2022-23 PO Roll-Forward. The total adjustments from General Fund balance were $6.4 million as shown in Table 1.

**Table 1**
**General Fund Approved One-Time Fund Balance Uses**

| | Items approved at mid-year | Status |
|---|---|---|
| 6,270 | Council Salary Increases | Completed |
| 125,000 | Public Information Meausre R | Ongoing; completed for FY24 |
| 376,484 | Insurance Premium & SEIU Increase | Completed |
| 90,000 | IT Cyber Attack Deductible | Completed |
| 466,000 | CD Staffing/Consulting Costs - Increases in Permitting Activity | Completed |
| 337,000 | Fire OT Increase in Emergency Fire Engine Repairs | Completed |
| 186,000 | Wildcat Inspection Services, Emergency Tree Work, Filled Vacancies | Completed |
| 510,000 | Recreation staffing/contractors increassed program activities | Completed |
| 350,000 | Repayment of MSC Loan Transfer to CIP | Completed |
| 2,446,754 | | |
| | **Items approved outside of mid-year (referneced in mid-year report)** | |
| 75,000 | Emergency Back-up Generator for Fire Station 52 | Pending final acceptance; included in GF PO Roll |
| 75,000 | Arlington Park Improvements | Completed |
| 184,269 | El Cerrito Safety Element | Ongoing; included in GF PO Roll |
| 1,000,000 | 115 Trust Contribution | Completed |
| 1,604,631 | Property Purchase | Completed |
| 86,078 | Landscape Maintenance Services Contract | Completed |
| 1,084,800 | Park & Facility Deferred Maintenance and Repair Projects | Completed |
| 4,109,778 | | |
| 6,556,532 | **Total Increase in Expenditures** | |
| 154,200 | **Total Increase in Revenue** | |
| (6,402,332) | **Approved Change in Fund Balance FY24** | |
| 93,178 | **Originally Budgeted Change in Fund Balance** | |
| (6,309,154) | **Net Change in Fund Balance** | |

These appropriations are not considered revenues for the FY 2023-24 Budget, thus the result was a projected change in the General Fund balance of ($6.4 million). However, at year-end, the unaudited actuals show that the City exceeded its revenue budget by 7% and came in under its expenditure budget by 5%.

- Revenues came in higher than budget primarily due to Property Tax receipts, Measure R, Franchise Taxes, Utility Users' Taxes, and Interest Income.
- Expenditures came in lower than budget primarily because Departments have continued to maintain fiscal prudence and have operated within budget. Further, over $1 million in Purchased Professional and Technical Services funds that were slated for various consultant services were not utilized due to timing and internal resource constraints.

In summary, the City's prudent spending and better than expected revenues has eliminated the need for the reduction of the entire $6.4 million to the General Fund Balance, and the projections indicate instead a year-end reduction of $185,914.

**GENERAL FUND REVENUES**

The Amended General Fund Revenue budget, including City Council approved FY 2023-24 budget amendments that increased revenues by $154,200, totaled $48,682,963. The year-end projected total is $52,154,276, which is 7% over the Amended Budget. Table 2 and 3 show the unaudited year-end revenue totals by Classification and Department, respectively.

**Table 2**
**General Fund Revenue – Classification**
**Quarter 4**

| Classification | Budget Amount (Amended) | YTD – Q4 Projected Amount | % of Budget | Prior YTD – Q4 Actual Amount |
|---|---|---|---|---|
| Property Taxes | $11,417,064 | $12,557,243 | 110% | $12,069,228 |
| Sales Taxes | 3,998,666 | 4,406,504 | 110% | 4,520,105 |
| Transient Occupancy Taxes | 150,000 | 89,451 | 60% | 107,817 |
| Measure R Sales Tax | 3,855,000 | 4,322,227 | 112% | 4,651,914 |
| Franchise Taxes | 1,400,000 | 1,854,939 | 132% | 1,604,218 |
| Business License Taxes | 1,150,600 | 1,128,561 | 98% | 1,069,964 |
| Property Transfer Taxes* | 3,300,000 | 3,129,523 | 95% | 4,157,840 |
| Utility Users' Taxes | 3,520,000 | 4,015,245 | 114% | 4,100,286 |
| Other Taxes | 1,500 | 5,936 | 396% | 7,776.16 |
| **Taxes Totals** | **$28,792,830** | **$31,509,631** | **109%** | **$32,289,149** |
| Charges for Services Totals | 7,594,420 | 7,426,397 | 98% | 6,680,113 |
| Fines & Forfeitures | 145,000 | 231,231 | 159% | 115,407 |
| Intergovernmental Revenues | 8,393,092 | 8,923,068 | 106% | 8,279,108 |
| Licenses & Permits | 1,284,618 | 1,272,849 | 99% | 1,051,538 |
| Other Financing Sources Totals | 977,182 | 977,182 | 100% | 975,783 |
| Other Revenue Totals | 911,748 | 795,044 | 87% | 698,237 |
| Use of Money and Property | 584,073 | 1,018,874 | 174% | 728,936 |
| **Totals** | **$48,682,963** | **$52,154,276** | **107%** | **$50,818,269** |

**Table 3**
**General Fund Revenues – Department**
**Quarter 4**

| Revenue | Budget Amount (Amended) | YTD -Q4 Projected Amount | % of Budget | Prior YTD – Q4 Actual Amount |
|---|---|---|---|---|
| Administration | $140,100 | $29,763 | 21% | $35,869 |
| Community Development | 2,841,226 | 2,945,880 | 104% | 2,688,749 |
| Fire | 214,000 | 5,203,903 | 100% | 5,011,333 |
| Non-departmental | 34,136,304 | 37,732,061 | 111% | 37,693,310 |
| Police | 214,000 | 300,172 | 140% | 241,039 |
| Public Works | 664,312 | 777,549 | 117% | 572,783 |
| Recreation | 5,473,429 | 5,164,947 | 94% | 4,575,186 |
| **Totals** | **$48,682,963** | **$52,154,276** | **107%** | **$50,818,269** |

## GENERAL FUND - EXPENDITURES

The Amended General Fund Expenditure budget, including City Council approved FY 2023-24 budget amendments, that increased expenditures by $6,556,532, totaled $54,992,117. The year-end projected total is $52,340,189, which is 5% under the Amended Budget. Personnel costs are the largest component of General Fund expenditures at approximately 75%. Departmental expenditures remained within approved budgets.

**Table 4**
**General Fund Expenditures – Classification**
**Quarter 4**

| Classification | Budget Amount (Amended) | YTD – Q4 Projected Amount | % of Budget | Prior YTD – Q4 Actual Amount |
|---|---|---|---|---|
| Personnel | $35,358,284 | $35,161,589 | 99% | $31,310,928 |
| Purchased Professional & Technical Services | 7,347,177 | 6,236,663 | 85% | 5,433,008 |
| Purchased Property Services | 2,846,162 | 2,213,705 | 78% | 1,924,855 |
| Other Purchased Services | 3,558,119 | 3,387,739 | 95% | 2,870,917 |
| Supplies | 940,675 | 773,975 | 82% | 661,505 |
| Property & Capital | 685,138 | 320,905 | 47% | 521,525 |
| Financing Costs | $634,368 | $542,633 | 86% | $499,083 |
| Other Financing Uses | 3,622,194 | 3,702,980 | 102% | 667,763 |
| **Totals** | **$54,992,117** | **$52,340,189** | **95%** | **$43,889,584** |

## GENERAL FUND PURCHASE ORDER ROLL FORWARD REQUEST

City staff is requesting that the City Council take action by a separate resolution to roll forward $604,626 in unused General Fund expenditure funds that were encumbered via purchase orders. These purchase orders are for various items that were budgeted and initiated in FY 2023-24 but were unable to be completed or received during the fiscal year. Table 5 shows General Fund Expenditures by Department and illustrates the remaining budget for each Department and the amount requested to roll forward.

**Table 5**
**General Fund Expenditures – Department**
**Quarter 4**

| Expenditures | Budget Amount (Amended) | YTD - Q4 Projected Amount | % of Budget | Prior YTD – Q4 Actual Amount | Remaining Budget | PO Roll To FY25 |
|---|---|---|---|---|---|---|
| Administration | $8,076,150 | $7,504,787 | 93% | $6,878,595 | $571,363 | $53,930 |
| Community Development | 4,892,425 | 4,267,376 | 87% | 3,454,024 | 625,049 | 231,153 |
| Fire | 14,873,622 | 14,646,397 | 98% | 13,249,961 | 227,225 | 75,052 |
| Non-departmental | 4,111,447 | 4,049,025 | 98% | 1,005,746 | 62,422 | 0 |
| Police | 13,663,610 | 13,143,717 | 96% | 11,906,513 | 519,893 | 173,935 |
| Public Works | 2,849,926 | 2,615,498 | 92% | 2,270,269 | 234,428 | 18,190 |
| Recreation | 6,524,937 | 6,113,389 | 94% | 5,124,476 | 411,548 | 52,364 |
| **Total** | **$54,992,117** | **$52,340,189** | **95%** | **$43,889,584** | **$2,651,928** | **$604,624** |
| **Projected Change in Fund Balance** | **(6,309,154)** | **(185,914)** | | | | |

**CONCLUSION**

The City of El Cerrito is projected to end FY 2023-24 well within the Amended Budget, with an estimated change in the General Fund balance of approximately ($185,914). The higher than anticipated revenues and the lower than anticipated expenditures means that instead of the General Fund balance being reduced by $6.4 million as was approved by the City Council, the projected year-end General Fund balance will improve by $6.1 million for a projected total of $22.95 million as shown in Table 6.

**Table 6**
**General Fund Projected Ending Fund Balance Comparison**

| | Budget (Amended) | Projected | Total Improvement |
|---|---|---|---|
| **FY23 General Fund Fund Balance (actual)** | **$ 23,143,081** | **$ 23,143,081** | |
| | | | |
| Projected Change in Fund Balance | **(6,309,154)** | **(185,914)** | |
| | | | |
| Projected FY24 Fund Balance | **16,833,927** | **22,957,167** | |
| EDRF | (9,000,000) | (9,000,000) | |
| Section 115 | (1,372,890) | (1,372,890) | |
| FY24 Projected Unrestricted Fund Balance | **6,461,037** | **12,584,277** | |
| | | | |
| FY25 Expenditure Budget | 51,352,492 | 51,352,492 | |
| FY24 PO Roll to FY25 | 604,624 | 604,624 | |
| 10% Reserve (minimum) | 5,195,712 | 5,195,712 | |
| Discretionary | 1,265,325 | 7,388,566 | |
| **FY 24 Projected Ending Total GF FB** | **$ 16,833,927** | **$ 22,957,167** | **$ 6,123,240** |

Once the FY 2023-24 independent audit is completed and the Annual Comprehensive Financial Report is presented to the City Council, City staff will plan to discuss with the City Council options for the future use of the General Fund balance in accordance with the Comprehensive Financial Policies.

Item 3

THE CITY OF EL CERRITO

# AGENDA BILL

Agenda Item No. 7.A.

**Date:** November 19, 2024
**To:** El Cerrito City Council
**From:** Crystal Reams, Finance Director/City Treasurer, Finance Department
**Subject:** FY 2024-25 First Quarter Cash and Investment Report

---

## ACTION PROPOSED

Receive and file the City's First Quarter Cash and Investment Report for the period July 1, 2024 to September 30, 2024.

## BACKGROUND

It is the policy of the City of El Cerrito ("City") to invest public funds in a manner which provides for the safety of the principal while providing enough liquidity to cover the City's short and long-term needs while generating the appropriate yield. All investment activity will conform to the California Government Code, Sections 53601 through 53659.

## ANALYSIS

The FY 2024-25 First Quarter Cash and Investment Report for July 1, 2024 through September 30, 2024 shows that the City's total cash and investments as of September 30, 2024, had a par value of $27,205,00.02 in the following accounts.

- $19,422,355.03 (LAIF)
- $6,314,352.46 (Mechanics Bank) (includes interest earnings)
  - $18.14 Interest Earned July 2024
  - $23.82 Interest Earned August 2024
  - $27.96 Interest Earned September 2024
- $76,964.13 (Mechanics Bank Money Market) (includes interest earnings)
  - $49,014.58 Interest Earned July 2024
  - $8,829.79 Interest Earned August 2024
  - $5,027.51 Interest Earned September 2024
- $1,389,578.40 (Section 115 Trust PARS/US Bank) (includes earnings)
  - $5,689.11 Earned July 2024
  - $5,635.97 Earned August 2024
  - $5,363.28 Earned September 2024
- $2,350.00 (Petty Cash Funds)

These funds are available to meet operating expenses for the next six months.

## STRATEGIC PLAN CONSIDERATIONS

The City's Investment Policy, Comprehensive Financial Policy, and Strategic Plan sets form guidelines for the investment of City funds and aligns with California Government code, Section 53646 and Section 53600-53609. The purpose of the City's Investment

Policy is to provide guidelines for prudent investment of the City's idle funds and ensure policies, procedures, systems, and best practices in fiscal management.

This action supports the City's Strategic Plan Goal(s) of:

- *High Performing Organization* by ensure the City maintains a strong financial position and a high-performing organization where employees feel a sense of inclusion and belonging.

**ENVIRONMENTAL CONSIDERATIONS**
This section is not applicable to this agenda item.

**FINANCIAL CONSIDERATIONS**
The Quarterly Cash and Investment Report complies with the City of El Cerrito Investment Policy and California Government Code Section 53646.

**LEGAL CONSIDERATIONS**
The City's investments comply with standards reflected in the City of El Cerrito Investment Policy.

**Reviewed by:**

**Attachments:**
1. FY 25 Q1 Quarterly Cash & Investment Report

Item 3

Attachment A

City of El Cerrito
Quarterly Cash and Investment Report
for the Quarter Ending September 30, 2024

| Category | Trustee/Broker | Month Ending | PAR Value (Actual Value) | Quarter End Interest Rate | Market value |
|---|---|---|---|---|---|
| Pooled Investments | California State Treasurer | September 30, 2024 | $ 19,422,355.03 | 4.56% | $ 19,422,355.03 |
| Cash with Bank | Mechanics Bank | September 30, 2024 | $ 6,314,352.46 | 0.01% | $ 6,314,352.46 |
| Money Market Account | Mechanics Bank | September 30, 2024 | $ 76,964.13 | 4.91% | $ 76,964.13 |
| Section 115 | PARS/US Bank | September 30, 2024 | $ 1,389,578.40 | N/A | $ 1,389,578.40 |
| Petty Cash Funds | City Management | September 30, 2024 | $ 2,350.00 | N/A | $ 2,350.00 |
| **Total Cash and Investments** | | | **$ 27,205,600.02** | | **$ 27,205,600.02** |

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 has sufficient cash to meet the next six months of estimated expenditures as required by the Code.

Crystal Reams

**Crystal Reams, Finance Director/City Treasurer**

Item 4

FINANCE DEPARTMENT

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

# MINUTES

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

**Tuesday, August 27, 2024 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 Kimberly White called the meeting to order at 6:35 PM.
   **Present:** Chair Kimberly White; Vice-Chair David Carvel; Members Farhad Farahmand, Nate Schaffran.
   .
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.
   IRA Sharenow, El Cerrito, CA – Would like FAB members to address all significant issues, including 85-million-dollar UAL (pension liability), 7-million-dollar pension prepayment, 300 per year library forever tax. Refusal to release library survey data, refusal to release Measure R data. The reduction of reserve requirements from 17% to 10%. FY24 6M budget def. Interest rate on financing of Fire department lease. Unrestricted fund balance data. Read exemption for public records request. Recommended that FAB disband.

   Eghosa Otokiti – El Cerrito resident – Wants to know what the FABs jobs/responsibilities
   are.

   Chair White directed citizen to website and gave a brief description of the FAB roles and responsibilities.

   Barbara Chan – El Cerrito resident – Would like FAB to dive into the purchase of the church building on San Pablo Avenue, City spent $1.5 million on purchase, not public knowledge. No capital plan, no facility plan. Very concerned with pension unfunded liability, like FAB to address this year. Library TOD issue plan, would like that addressed.

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.
   **Finance Director Crystal Reams** – New vacancy on the FAB, posted for new applicants. Cost allocation plan, draft contract is being reviewed by legal. UUT

outsourcing to HdL went live on July 1. Investment plan, we have received the draft investment policy from PMFAM, hopeful to add to agenda for next meeting to select an investment strategy. Funds are currently invested in a money market account. Cash and investment quarterly report presented at the August Council meeting. Timing issue with PARS, they don't release statements until mid-month following the close of the month. The preliminary General Fund quarterly update will be presented at the September 17 Council meeting. Processing our final check run for FY24.

Claire Coleman explained UUT for public benefit – 8% tax on most utility providers providing services in our City. The City pays a flat fee, not percentage fee. Potentially if we engage in additional audit services there might be a percentage of revenue recovered.

**Public Comment:**
Ira Sharenow, El Cerrito resident – doesn't think the 1-million-dollar contribution to section 115 is significant. Wants to know the analysis behind the decision to open the 115 trust. Management should justify section 115 and FAB should verify. Open records requests are made, and the response is there are no records. FAB should ask for the analysis.

4. **APPROVAL OF THE MINUTES** (*5 min.) (*Attachment)
Consider a motion adopting the minutes for the FAB meeting held on July 23, 2024.
**Motion/Second**: Member Farahmand/Vice-Chair Carvel. **Action:** Approved minutes with edit - removal of "along with other applicants" under item 7. Youth Membership Discussion.
**Ayes**: Chair White; Vice-Chair Carvel; Members Schaffran and Farahmand.
**Noes:** None. **Abstained:** None. **Absent**: None.

5. **WORKPLAN** *(20 min.)*
Discuss and possible action regarding workplan.
Adding to workplan the evaluation of the performance of the section 115 and the investment strategy. Added as item 9.
Adding to workplan capital investment plan. Added as item 10.
Adding to workplan the review of unbudgeted expenditures before they go to council.

**Public Comment**
Ira Sharenow El Cerrito resident – Is not able to find items on the City website, can't see the history of what FAB has done on any specific issue. No financial transparency. Mr. Sharenow makes a lot of public records requests and is directed to the City's website for the requests. No analysis of why the City decided on a section 115 Trust. We need more from FAB.

Willam Ktsanes El Cerrito resident – use to be on the FAB. Commenting on the section 115 and that it was a recommendation to open a section 115. Mr. Ktsanes did quite a bit of research on section 115 and did not think it would apply to El Cerrito. Why are we not paying directly to CalPERS. Council and City staff went along with the State Auditor requested. What bothered Mr. Ktsanes thought the 115 was pushed onto the City. Would like FAB to be more involved. Thinks the City is on the verge of bankruptcy.

Ira Sharenow El Cerrito resident – The City spent over 1.5 million dollars on the Church property, now the City is going to drop below 10% reserves by less than 1.5 million dollars. Hundreds of thousands in interest has been lost. The idle Church property could be used as a senior center. Told the City has lots of money, then we hear the reserves are dropping. The FAB needs to understand before they make recommendations.

**Barbra Chan El Cerrito resident** – Follow up on the purchase of the Church, what is the mortgage, how much is insurance. Regarding the capital investment policy, would like the FAB to propose a policy, not listen to Council and Staff. FAB should dig into everything. We are taxpayers, and FAB are the experts.

6. **COMPREHENSIVE FINANCIAL POLICY** *(20 min.)* (Attachment)
   Discuss and possible action regarding General Fund Reserve percentages.
   Additional updates made to Comprehensive Financial Policy section 3 General Fund Reserve Policy and section 4 Emergency and Disaster Recovery Fund (EDRF).
   **Motion/Second**: Member Farahmand/Schaffran**. Action:** Approved edits and forward recommendation to City Council.
   **Ayes**: Chair White; Vice-Chair Carvel; Members Schaffran and Farahmand.
   **Noes:** None. **Abstained:** None. **Absent**: None.

**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~~The City shall maintain ~~to achieve~~ an unrestricted General Fund ~~annual~~ operating reserve of 1~~0~~7% of projected General Fund operating expenditures in each fiscal year. ~~As part of the annual budget process, t~~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~~if the projected reserve does not go below 10% in any year of the Five-Year ~~Plan~~Budget Forecast. Should the General Fund reserve fall below 10%, each budget year the City will adopt a plan to restore the reserve percentage to 17~~0~~% ~~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.

**4. 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 and maintain the EDRF at 13% of the projected General Fund operating expenditures in each fiscal year. ~~three months of payroll costs, , in the EDRF. 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.

**Ira Sharenow El Cerrito resident** – There is an error in the Comprehensive Financial Policy, there is reference to section 3.5, there is no section 3.5. There need to be a clear distinction between unrestricted and total fund balance. Mr. Sharenow has spent hours trying to figure out fund balance terms. The City also needs a clear policy on when lump sum payment will be made or when items will be financed. Mr. Sharenow also recommends that the FAB recommend there is a very strong financial transparency statement in the policy. The City went from monthly reporting to quarterly reports. The unrestricted fund balance is too hard to find.

**Finance Director Crystal Reams** – Explained the fund balance classifications are dictated by GASB statement 54. This information is outlined in our financial reports' notes section. We do not prepare monthly statements; we don't classify fund balance monthly. This is an annual process. The auditors assist with classifications. Finance does what is referred to as a soft close.

**Chair White** – would like to have the quarterly General Fund budget update included in the FAB reports packets.

7. **YOUTH PARTICIPATION** *(10 min.)*
   Discuss applicant vetting and review.
   Council sets the application requirements and the FAB then would have the

discretion to evaluation and select a candidate. Proposed criteria:
- Letter of reference
- GPA requirements – min 2.5
- Applicants need to meet the requirements. Not accepting just because they applied
- Letter of why they are interested
- Term limits – annual renewal, opt not to renew

Finance Director will clarify if the youth member is subject to the same unexcused absence as the FAB members.

**8. FUTURE AGENDA ITEMS**

Section 115 Investment Strategy/Review Fees/Performance
Purchasing Policy Review & Ordinance
Work Plan Finalization
Include the General Fund 4th Quarter Update as part of the packet, include in staff updates

**9. ADJOURNMENT**

The meeting adjourned at 8:31 PM.

This is to certify that this foregoing is a true and correct copy of the minutes of the regular Financial Advisory Board meeting of July 23, 2024, as approved by the Financial Advisory Board.

______________________
Kimberly White, Chair

______________________
Crystal Reams, Finance Director

Item 4

# FISCAL YEAR 2025-27 WORK PLAN Financial Advisory Board

**Chair Kimberly White; Vice-Chair David Carvel, Members Farhad Farahmand and Nate Schaffran**

**Staff Liaison**
Crystal Reams 510-215-4312
CReams@ci.el-cerrito.ca.us

**MISSION STATEMENT:** Budgeting and long-term financial planning review and recommendations. ECMC 2.04.300

**HISTORICAL BACKGROUND:** Established in 2000 with ordinance amendments in 2007, 2010, 2012.

## FISCAL YEAR 2025-27 WORK PLAN

| | Goal/Objective | Proposed Activities | Priority Ranking | Timeline For Completion |
|---|---|---|---|---|
| 1. | Develop recommendations for increased duration of revision cycles during budget development and earlier public engagement/input. | | | Q4 2024 |
| 2. | Evaluate the possibility of pre-paying the UAL to save $300k+ per year and make a recommendation to council. Invite CALPERs to share other potential discounts available. | | | Q3 2024 |
| 3. | Review Purchasing Policy and ordinance to aid staff and provide recommendations on establishing better policies and internal | | | Q4 2024 and/or Q1 2025 |

| | | | | |
|---|---|---|---|---|
| | controls. Make recommendations to council as necessary. | | | |
| 4. | Long-term financial plan (5 years)<br>• Recommendations to City expenditures or revenues<br>• Collaborate with the Economic Development Committee and Chamber of Commerce to explore additional revenue sources<br>• Evaluate revising General Fund Reserve amounts (restricted/unrestricted) | | | |
| 5. | Review mid-year budget adjustments and assess unbudgeted expenditures prior to presenting them to Council. | | | Q1 2025 |
| 6. | Support, review and provide recommendations related to the outputs of the cost allocation plan and fee study. | | | Q3 2025 |
| 7. | Review Service Delivery Study RFP and provide recommendations for staffing level based on results | | | Q1 2026 |
| 8. | Review and discuss the Comprehensive Financial Policy. In 2023 we will consider additions regarding fiduciary activities; donations; unclaimed money; and Money Market Secure Account(lower priority) | | | |
| 9 | Evaluation of Section 115 performance. Fees, rate of return, purpose. | | | Quarterly Evaluations |

| | | | | |
|---|---|---|---|---|
| 10 | Capital Investment Policy – Evaluate | | | |
| 11 | Review quarterly budget updates to Council. Review in advance of Council meeting whenever possible. | | | Quarterly |

**From:** [redacted]
**To:** Crystal Reams
**Cc:** City Clerk; [redacted]; Paul Fadelli; Tessa Rudnick; Lisa Motoyama
**Subject:** FAB August 27, 2024, Item 6 Comprehensive Financial Policy
**Date:** Thursday, August 22, 2024 10:29:53 AM



My main concern is the secrecy associated with El Cerrito's finances. I am also concerned about the lack of transparency.

Recently, the city management refused to release the unrestricted General Fund amount as of July 31, 2024. I think the amount was around ZERO.

The city said it has a total of about $16 million in the general fund as of June 30, 2024. $9 million in the EDRF. So, $7 million unrestricted. At the end of July, the city paid CalPERS $7 million. So, by subtraction it would seem the unrestricted amount is ZERO.

I think FAB should request monthly unrestricted GF data and make it public.

The city needs to release data on all funds and all savings accounts.

At the August 20, 2024 council meeting, an expensive fire department purchase was placed on the consent calendar. It was pulled. During the discussion it became clear that city management decided to buy on a payment plan instead of paying immediately. The interest rate is 7.76%. It looks like the decision will cost the taxpayers tens of thousands of dollars in interest payments. The city needs a better policy.

The city needs to explain what the definition is of “general fund reserves” and what is the definition of “unrestricted general fund reserves”.

In the online budget document for financial policy, there are references to sections that do not exist.

The city changed its goal from the GFOA minimum of 17% reserves (is that unrestricted or total???) to 10% as stated in budget items. Why was that done? While the change appeared in multiple documents, the documents did not emphasize that there had been a vast reduction in the goal.

In December 2023 the end of decade general fund reserve prediction was over $20 million. By the March 2024 budget adjustment that number was reduced to less than $5 million and the 10% goal would not be reached. Who made these predictions? Why was there such a big drop off?

In June 2023, the council ignored the FAB recommendation of a $1 million budget surplus. Now it appears as though the city is going to have a FY 2024 deficit of more than $6 million.

This June, the council once again ignored the FAB recommendation. FAB needs to speak out more forcefully or disband.

FAB needs to decide whether it should recommend that the city employ someone who knows how to use basic Excel functions in order to do basic analyses.

In the past, FAB weighed in on tax ballot measures (and then ignored by management). FAB should weigh in on the secrecy of the Measure G survey and the secrecy surrounding the 2023 library surveys.

Ira Sharenow

El Cerrito, CA

Message from city clerk (Emphasis added)

The following records are exempt from disclosure:

1. Records that contain information that is exempt under California Government Code Section 7922, as “**the public interest served by not disclosing the record clearly outweighs the public interest by disclosure of the record.”**

With regard to your request for

“How much money there is in every account for any fund as of July 31, 2024 (after the UAL payment). Primarily, I want to know how much is in the unrestricted general fund for every month in calendar year 2024.”

Please note that there are no records responsive to this request. If the City were to pull balances on a single day, it would not accurately reflect the true unrestricted general fund balance. This amount is determined through continuous accounting of current information to provide a snapshot in time for the amount of unrestricted funds the city has. This information is provided through quarterly general fund budget updates to City Council, available on the city's website. The next quarterly update is expected to go to City Council on September 20, 2024. Further, the City operates under a Pooled Cash system for investment purposes, the majority of funds are held in LAIF and not distinguished in the LAIF account.

I am responsible for the determinations concerning your records request. This email concludes responsive information on this submission and closes out this request. Thank you,

Holly M. Charléty, MMC, MPA

City Clerk

City of El Cerrito

10890 San Pablo Avenue

El Cerrito, CA 94530

510.215.4305

hcharlety@ci.el-cerrito.ca.us

**Multi-Asset / OCIO**
# Investment Policy Statement
**March 25, 2024**

| | |
|---|---|
| Client/Plan Sponsor ("Client"): | City of El Cerrito |
| Account/Plan Name ("Account"): | City of El Cerrito 115 Pension Trust Fund |
| ERISA Status: | Government agency plan exempt from ERISA |
| Tax Status of Account: | Tax-exempt government agency |
| Trustee: | U.S. Bank National Association<br>Contact: Susan Hughes-Hill<br>949-224-7209 \| susan.hughes@usbank.com |
| Investment Manager: | U.S. Bank National Association ("Trustee") serves as discretionary trustee on behalf of the account identified above and has appointed its affiliate, PFM Asset Management LLC ("PFMAM"), an SEC-registered investment adviser, as subadvisor over the Trust assets.<br><br>Contact: Andrew Brown, CFA<br>925-276-3905 \| Andrew.brown1@PFMAM.com |

The Client hereby adopts this Investment Policy Statement ("IPS") for the following purposes.

## Purpose
The purpose of this IPS is to achieve the following:

1. Document investment objectives, performance expectations and investment guidelines for the Account's assets.

2. Establish an appropriate investment strategy for managing all Account assets, including an investment time horizon, risk tolerance ranges and asset allocation to provide sufficient diversification and overall return over the long-term time horizon of the Account.

3. Establish investment guidelines to control overall risk and liquidity.

4. Establish periodic performance reporting requirements to monitor investment results and confirm that the investment policy is being followed.

5. Comply with fiduciary, prudence, due diligence and legal requirements for Account's assets.

## Investment Authority
Investment Manager shall have full discretion over the Account's assets and is authorized to purchase, sell, exchange, invest, reinvest and manage the assets held in the account, all in accordance with this

IPS, without prior approval or subsequent approval of any other party(ies). Investment Manager will also select investment managers and strategies consistent with its role as a fiduciary for the Account and is authorized to engage third-party subadvisors, as appropriate and consistent with this IPS, to manage SMA strategies. Investment Manager is authorized to direct the movement of cash between custody and sub-custody accounts for investment purposes, including the execution of an asset allocation strategy, rebalancing, or meeting liquidity demands. Investment Manager shall never take possession of securities, cash or other assets of the Account, all of which shall be held by the Trustee as custodian of the assets.

## Statement of Investment Objectives

The overall investment objectives of the Trusts are as follows:

1. To invest assets in a manner consistent with the Account's stated investment objective as detailed in Appendix A of this IPS and consistent with the following fiduciary standards: (a) all transactions undertaken must be for the sole interest of the Account, and (b) assets are to be diversified in order to minimize the impact of large losses from individual investments.
2. To provide for anticipated withdrawals on a continuing basis for liquidity needs and reasonable expenses of operation the Account.
3. To enhance the value of Account's assets in real terms over the long-term through asset appreciation and income generation, while maintaining a reasonable investment risk profile.
4. Subject to performance expectations over the long-term, to minimize principal fluctuations over the Time Horizon (as defined below).
5. To achieve a long-term level of return commensurate with contemporary economic conditions and equal to or exceeding the investment objective set forth in this IPS under the section labeled "Performance Measurement".

## Investment Guidelines

<u>Investment Objective & Strategic Asset Allocation</u>

The goal of the Account's investment program is to provide a reasonable level of growth, which will result in sufficient assets to pay the present and future obligations of the Account. The following objectives are intended to assist in achieving this goal:

- The Account should seek to earn a return in excess of its policy benchmark over the life of the Account;
- The Account should be invested [in a strategic blend of actively managed and index-based investment strategies] [primarily in index-based investment strategies].
- The Account's assets will be managed on a total return basis which takes into consideration both investment income and capital appreciation. While the Client recognizes the importance of preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns. To achieve these objectives, the Client allocates its assets (asset allocation) with a strategic perspective of the capital markets.

| Objective | Primary Goal | Strategic Asset Allocation |
|---|---|---|
| Conservative | Provide a consistent level of inflation-protected income over the long-term. | Equity: 5-20%<br>Fixed Income: 60-95%<br>Cash: 0-20% |
| Moderately Conservative | Provide current income with capital appreciation as a secondary objective. | Equity: 20-40%<br>Fixed Income: 50-80%<br>Cash: 0-20% |
| Moderate | Provide current income and moderate capital appreciation. | Equity: 40-60%<br>Fixed Income: 40-60%<br>Cash: 0-20% |
| Balanced | Provide growth of principal and income. | Equity: 50-70%<br>Fixed Income: 30-50%<br>Cash: 0-20% |
| Capital Appreciation | Primary goal is growth of principal. | Equity: 65-85%<br>Fixed Income: 10-30%<br>Cash: 0-20% |



Market conditions may cause the account's asset allocation to vary from the stated range from time to time. Investment Manager will periodically rebalance the portfolio when the actual weighting differs substantially from the strategic range, if appropriate and consistent with Account objectives.

Time Horizon

The Account's investment objectives are based on an intermediate-term investment horizon ("Time Horizon") of five years or longer. Interim fluctuations should be viewed with appropriate perspective.

Liquidity and Diversification

In general, the Account may hold some cash, cash equivalent, and/or money market funds for near-term liquidity needs and expenses. Remaining assets will be invested in longer-term investments and shall be diversified with the intent to minimize the risk of long-term investment losses. Consequently, the total portfolio will be constructed and maintained to provide diversification with regard to the concentration of holdings in individual issues, issuers, countries, governments or industries.

Risk Tolerance

Subject to investment objectives and performance expectations, the Account will be managed in a style that seeks to minimize principal fluctuations over the established Time Horizon and is commensurate with the investment objectives identified above. While the Client recognizes the importance of preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns. The Client seeks a level of risk that is prudent and reasonable to maximize the probability of achieving its overall objective consistent with capital market conditions. To achieve these objectives, the Client allocates its assets (asset allocation) with a strategic perspective of the capital markets.

Security Guidelines
With the exception of any limitations and constraints described in this IPS, Investment Manager may allocate assets of the equity portion of the Account among various market capitalizations (large, mid, small, micro), investment styles (value, blend, growth), and countries (domestic, international developed, and emerging markets). In the fixed income portion of the Account, Investment Manager may allocate assets among various sectors and industries, as well as varying maturities and credit quality that are consistent with the overall goals and objectives of the portfolio.

Performance Measurement
Over the long-term, five years or longer, the annual rate of return for the Account is expected to be consistent with the type of investment strategy employed and commensurate with the then prevailing investment environment. Measurement of this return expectation will be judged by reviewing returns in the context of industry standard benchmarks for each asset class/investment style as well as a blended benchmark comparisons for the Account in its entirety. Representative industry standard benchmarks are reflected in Appendix A and are subject to change upon the discretion of Investment Manager based on benchmark accessibility and sourcing.

Prohibited Investments and Restrictions
Except for purchases in diversified mutual funds, exchange traded funds, and other commingled vehicles, securities having the following characteristics are not authorized and shall not be purchased: letter stock and other unregistered securities, direct commodities or commodity contracts, or private placements (with the exception of Rule 144A securities, if eligible). Further, derivatives, options, or futures for the sole purpose of direct portfolio leveraging are prohibited. Direct ownership of real estate, natural resource properties such as oil, gas or timber and the purchase of collectibles is also prohibited.

## Control Procedures

Client Governance
Client is responsible for:

- Confirming the accuracy of this Investment Guidelines Document, in writing.
- Advising Trustee and Investment Manager of any change in the Account's financial situation, funding status, or cash flows, which could possibly necessitate a change to the account's overall risk tolerance, time horizon or liquidity requirements; and thus would dictate a change to the overall investment objective and goals for the account.
- Monitoring and supervising all service vendors and investment options, including Investment Managers, including the periodic review of account statements.
- Avoiding prohibited transactions and conflicts of interest.

Responsibilities of Trustee
From an investment perspective, the plan Trustee is responsible for:

- Valuing and safekeeping holdings.
- Collecting all income and dividends owed to the Account.
- Settling all transactions (buy-sell orders).

- Processing all proxies and corporate actions.
- Providing periodic statement of holdings and transactions.

Responsibilities of Investment Manager
The Investment Manager is responsible for:
- Assisting the Client with the development and maintenance of this IPS.
- Meeting with the Client, as agreed upon, to review portfolio structure, holdings, and performance.
- Designing and implementing an appropriate asset allocation consistent with the investment objectives, time horizon, risk profile, guidelines and constraints outlined in this statement.
- Constructing the portfolio including the purchase and sale of assets and securities held in the account and engaging third-party managed SMAs, as appropriate.
- Researching and monitoring investment advisers and investment vehicles.
- Monitoring the performance of all selected assets.
- Voting proxies and corporate actions, if applicable.
- Recommending changes to any of the above.

## Adoption of Investment Policy Statement

Any changes and exceptions to this IPS will be made in writing and adopted by the Client and acknowledged by the Investment Manager.

| Adopted by Client: | Acknowledged by Investment Manager: |
|---|---|
| ______________________________ | ______________________________ |
| By:____________________________ | By:____________________________ |
| Dated:_________________________ | Dated:_________________________ |

## Appendix A: Representative industry standard benchmarks

Representative industry standard benchmarks are subject to change upon the discretion of Investment Manager based on benchmark accessibility and sourcing.

| | **Benchmark** | |
|---|---|---|
| **Domestic Equity** | | |
| Total Stock | Russell 3000 Index | |
| Large Cap Equity | S&P 500 Index | |
| Mid Cap Equity | Russell MidCap Index | |
| Small Cap Equity | Russell 2000 Index | |
| **International Equity** | | |
| All World | MSCI AC World Index (Net) | |
| All Foreign International | MSCI AC World Index (Net) | |
| **Other Growth** | | |
| REITs | MSCI US REIT Index | |
| Global Infrastructure | MSCI World Core Infrastructure | |
| **Fixed Income** | | |
| Short Term | ICE BofA 1-3 Yr US Corp/Govt | |
| Intermediate Term | Bloomberg U.S. Aggregate | |
| High Yield | ICE BofA High Yield Master II | |
| International | Bloomberg Global Aggregate ex-USD (USD Hedged) | |
| **Cash & Cash Equivalent** | | |
| Money Market | ICE BofA 3-Mo T-Bill | |

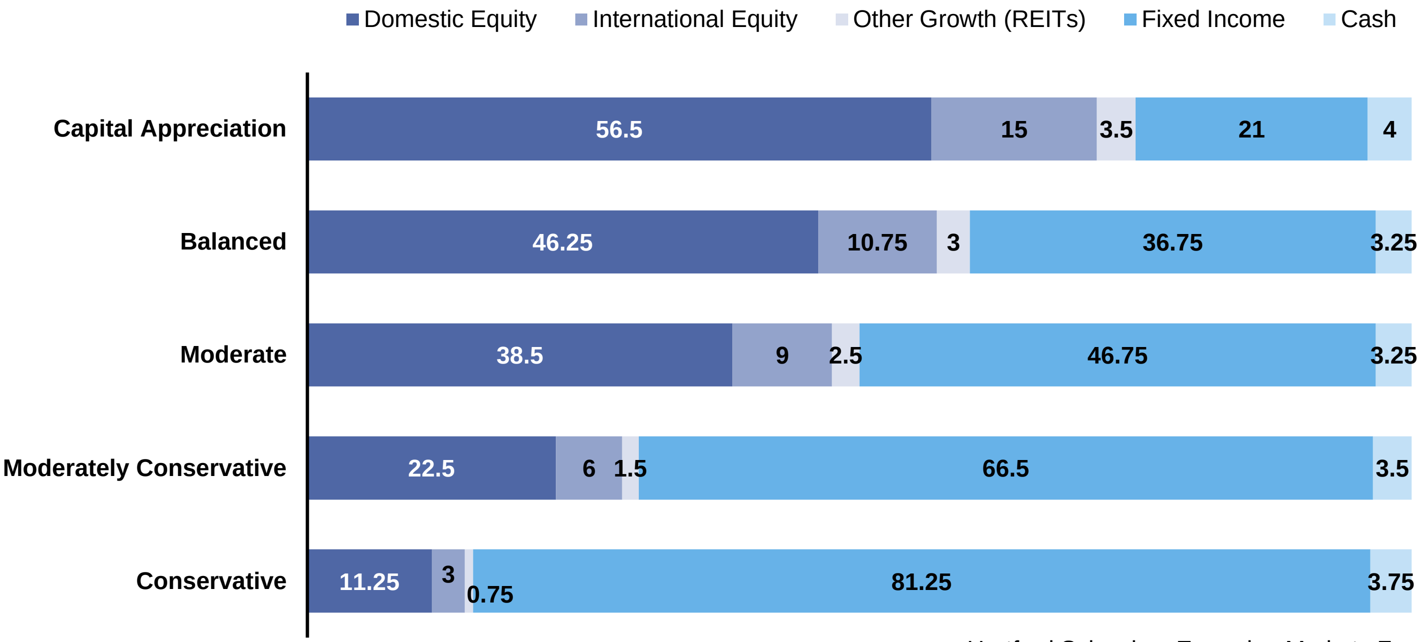
# PARS Retirement Plans Program

pfm asset management

| Strategy | Asset Class | Strategic Range | Policy | Tactical | Gross Annualized Total Rate of Return | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Portfolio | 2Q24* | YTD | 1-Yr | 3-Yr | 5-Yr | 10-Yr |
| **Conservative** | Equity | 5-20% | 15% | 15% | Strategic Blend | 0.31 | 1.31 | 6.00 | -1.05 | 2.03 | 2.76 |
| | Fixed Income | 60-95% | 80% | 81% | Index | 0.38 | 0.99 | 5.05 | -1.13 | 1.84 | 2.52 |
| | Cash | 0-20% | 0% | 4% | Benchmark | 0.62 | 1.61 | 5.83 | -0.39 | 2.17 | 2.77 |
| **Moderately Conservative** | Equity | 20-40% | 30% | 30% | Strategic Blend | 0.91 | 3.23 | 8.55 | 0.04 | 3.75 | 4.06 |
| | Fixed Income | 50-80% | 65% | 67% | Index | 0.60 | 2.47 | 7.06 | -0.13 | 3.35 | 3.73 |
| | Cash | 0-20% | 5% | 4% | Benchmark | 0.77 | 2.94 | 7.86 | 0.49 | 3.76 | 4.09 |
| **Moderate** | Equity | 40-60% | 50% | 50% | Strategic Blend | 1.25 | 5.40 | 11.75 | 1.49 | 5.84 | 5.65 |
| | Fixed Income | 40-60% | 45% | 47% | Index | 0.90 | 4.49 | 10.07 | 1.33 | 5.50 | 5.33 |
| | Cash | 0-20% | 5% | 3% | Benchmark | 1.08 | 5.00 | 10.93 | 2.05 | 6.06 | 5.84 |
| **Balanced** | Equity | 50-70% | 60% | 60% | Strategic Blend | 1.39 | 6.44 | 13.26 | 2.14 | 6.90 | 6.46 |
| | Fixed Income | 30-50% | 35% | 37% | Index | 1.50 | 5.98 | 12.11 | 2.32 | 6.72 | 6.22 |
| | Cash | 0-20% | 5% | 3% | Benchmark | 1.22 | 6.02 | 12.43 | 2.75 | 7.15 | 6.68 |
| **Capital Appreciation** | Equity | 65-85% | 75% | 75% | | | | | | | |
| | Fixed Income | 10-30% | 20% | 21% | Index | 1.28 | 6.95 | 13.85 | 3.23 | 8.00 | 8.73** |
| | Cash | 0-20% | 5% | 4% | Benchmark | 1.44 | 7.55 | 14.66 | 3.81 | 8.71 | 9.21** |

**Returns for periods under one year are not annualized. Returns are gross of investment management fees and net of fund embedded fees. Please see important disclosures on the following page, and your U.S. Bank fee schedule for investment management fees applied to your specific portfolio, as net of fee performance will differ.*
***Represents inception to date returns (Inception date: 4/1/2016)*

| Strategy | Portfolio | Gross Calendar Year Returns | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| **Conservative** | Strategic Blend | 8.98 | -12.68 | 2.23 | 8.93 | 10.75 | -1.38 | 6.83 | 3.94 | 0.35 | 3.71 |
| | Index | 7.92 | -12.05 | 2.00 | 8.61 | 10.38 | -1.14 | 5.52 | 3.74 | 0.07 | 4.38 |
| | Blended Benchmark | 7.82 | -10.59 | 2.24 | 7.81 | 10.12 | -0.60 | 5.25 | 3.92 | 0.30 | 4.75 |
| **Moderately Conservative** | Strategic Blend | 11.11 | -13.70 | 5.21 | 10.88 | 13.97 | -2.58 | 9.64 | 4.97 | 0.31 | 4.43 |
| | Index | 9.87 | -13.08 | 5.37 | 9.72 | 13.57 | -2.40 | 8.07 | 5.28 | -0.19 | 5.47 |
| | Blended Benchmark | 10.29 | -12.35 | 5.50 | 9.89 | 13.55 | -1.87 | 8.13 | 5.45 | 0.13 | 5.91 |
| **Moderate** | Strategic Blend | 14.11 | -14.81 | 9.35 | 12.54 | 17.85 | -4.16 | 13.59 | 6.24 | 0.16 | 4.75 |
| | Index | 12.81 | -14.47 | 10.25 | 11.35 | 17.61 | -4.08 | 11.63 | 7.19 | -0.57 | 5.52 |
| | Blended Benchmark | 13.56 | -13.74 | 10.21 | 12.02 | 17.66 | -3.37 | 11.66 | 7.41 | -0.12 | 6.95 |
| **Balanced** | Strategic Blend | 15.54 | -15.48 | 11.48 | 13.67 | 19.91 | -4.97 | 15.45 | 6.84 | 0.37 | 4.90 |
| | Index | 14.32 | -14.91 | 12.69 | 12.13 | 19.67 | -4.91 | 13.22 | 8.43 | -0.68 | 6.17 |
| | Blended Benchmark | 15.19 | -14.58 | 12.54 | 13.07 | 19.78 | -4.18 | 13.54 | 8.39 | -0.30 | 7.49 |
| **Capital Appreciation** | Index | 16.60 | -15.83 | 16.04 | 12.56 | 22.38 | -5.98 | 16.03 | N/A | N/A | N/A |
| | Blended Benchmark | 17.60 | -15.64 | 15.93 | 14.37 | 22.81 | -5.53 | 16.57 | N/A | N/A | N/A |




**Strategic Blend - Holdings**: Portfolios are invested in a strategic mix of actively managed and passive index-based investment vehicles.

Baird Aggregate Bond Fund
Cohen & Steers Institutional Realty Fund
Columbia Contrarian Core Fund
Dodge Cox Income Fund
Dodge Cox Stock Fund
Emerald Growth Institutional Fund
Fidelity International Index Fund
First American Government Obligations Fund
GQG Partners International Opportunities Fund
Harbor Capital Appreciation Fund
Hartford Schroders Emerging Markets Fund
iShares Core U.S. Aggregate Bond ETF
iShares Global Infrastructure ETF
iShares Russell Mid Cap ETF
iShares S&P 500 Growth ETF
iShares S&P 500 Value ETF
Mainstay MacKay High Yield Core Bond Fund
MFS International Growth Fund
PGIM Total Return Bond Fund
Undiscovered Mgrs Behavioral Value Fund
Vanguard Growth & Income Fund

**Index - Holdings**: Portfolios are invested in passive index-based investment vehicles.

First American Government Obligations Fund
iShares Core MSCI EAFE ETF
iShares Core S&P 500 ETF
iShares Core US Aggregate Bond ETF
iShares Global Infrastructure ETF
iShares 5-10 Year Investment Grade Corporate ETF
iShares Russell 2000 Growth ETF
iShares Russell 2000 Value ETF
iShares Russell Mid Cap ETF
iShares S&P 500 Growth ETF
iShares S&P 500 Value ETF
SPDR High Yield Bond ETF
Vanguard FTSE Emerging Markets ETF
Vanguard Real Estate ETF

*For illustrative purposes only and subject to change at PFMAM's discretion. Individual portfolio allocations and holdings will vary based on many factors, including each portfolio's specific investment policy and market conditions.*

**Benchmark Definitions**

| | | Conservative | Moderately Conservative | Moderate | Balanced | | Capital Appreciation |
|---|---|---|---|---|---|---|---|
| **10/1/2012 - Current:** | S&P 500 | 7.50% | 15.50% | 26.50% | 32.00% | **Since Inception:** | 39.50% |
| | Russell Mid Cap | 1.50% | 3.00% | 5.00% | 6.00% | | 16.00% |
| | Russell 2000 | 2.50% | 4.50% | 7.50% | 9.00% | | 10.50% |
| | Wilshire REIT | 0.50% | 1.00% | 1.75% | 2.00% | | 10.25% |
| | MSCI EM Free (Net USD) | 1.00% | 2.00% | 3.25% | 4.00% | | 7.50% |
| | MSCI EAFE (Net USD) | 2.00% | 4.00% | 6.00% | 7.00% | | 5.25% |
| | Bloomberg US Aggregate Bond | 52.25% | 49.25% | 33.50% | 27.00% | | 5.00% |
| | ICE BofA 1-3 Yr US Corp/Govt | 25.75% | 14.00% | 10.00% | 6.75% | | 3.00% |
| | ICE BofA US High Yield Master II | 2.00% | 1.75% | 1.50% | 1.25% | | 2.00% |
| | FTSE 1 Month T-Bill | 5.00% | 5.00% | 5.00% | 5.00% | | 1.00% |

## About the Adviser: PFM Asset Management (PFMAM)

At PFM Asset Management we partner with public sector, non-profit and other institutions to build tailored, flexible investment solutions using fixed income and Multi-Asset class investments. With more than 40 years of experience managing public sector clients, we offer Liquidity Management, investment grade fixed income, Outsourced Chief Investment Officer (OCIO) and other specialized investment solutions.

*Gross returns are time weighted and are calculated based on trade-date accounting. Actual returns for each agency's participation within the portfolio may vary from returns shown based on each agency's own cash flows as well as the specific portfolio in which they are invested. U.S. Bank National Association has retained its affiliate, PFM Asset Management LLC ("PFMAM"), as its sub-advisor to provide investment management services. Prior to January 1, 2024, HighMark Capital Management ("HighMark") acted as sub-advisor to the portfolios. HighMark, including clients and investment personnel, was consolidated into PFMAM on January 1, 2024.*

*PFM Asset Management LLC ("PFMAM") is an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bancorp Asset Management, Inc. ("USBAM"). USBAM is a subsidiary of U.S. Bank National Association ("U.S. Bank"). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of PFMAM.*

*U.S. Bank pays PFMAM up to 67% of the annual management fee for assets sub-advised by PFMAM under its sub-advisory agreement with U.S. Bank. Refer to your U.S. Bank fee schedule for investment management fees applied to your specific portfolio. U.S. Bank compensates PFMAM for these services from its own fees.*

***NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE***

ORDINANCE 88-5

Item 6

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF EL CERRITO AMENDING TITLE 4, REVENUE AND FINANCE, OF THE EL CERRITO MUNICIPAL CODE.

# TITLE 4

## REVENUE AND FINANCE

CHAPTERS:

# CHAPTER 4.01
# MASTER FEE SCHEDULE

4.01.010 Prior to July first of each year, the council shall ~~hold a public hearing to~~ consider and adopt the schedule of all general and special fees and charges to be known as the Master Fee Schedule.

The Master Fee Schedule shall list all fees and charges by department.

# CHAPTER 4.04
# PURCHASING[1]

SECTIONS:



## 4.04.010 Purchasing system.

The objectives of the purchasing system are to secure for the city supplies and equipment at the lowest possible cost commensurate with quality needed, to exercise financial control over purchases, and to assure quality of purchases. ~~The purchasing system is adopted subject to the requirements of the Government Code of the state of California and relevant sections of the El Cerrito Municipal Code. (Prior code Section 2700.)~~

## 4.04.020 Purchasing officer.

The city manager is designated as purchasing officer. The city manager may delegate and withdraw in writing powers and duties conferred under this chapter to any officer or employee of the city. The purchasing officer shall have authority to:

A. Purchase or contract for supplies and equipment required by any using ~~agency~~ department in accordance with purchasing procedures prescribed by this chapter, such administrative regulations as the purchasing officer shall adopt, and such other rules and regulations as shall be prescribed by the council;

B. Negotiate and recommend execution of contracts for the purchase of supplies and equipment;

Item 6

C. Act to procure for the city the needed quality in supplies and equipment at least expense to the city;

D. Discourage uniform bidding and endeavor to obtain as full and open competition as possible on all purchases;

E. Prepare administrative regulations governing the purchase of supplies and equipment for the city to implement the objectives of the purchasing system as defined in this chapter;

F. Keep informed of current developments in the field of purchasing, prices, market conditions and new products;

G. Prescribe and maintain such forms as are reasonably necessary to the operation of this chapter and other rules and regulations;

H. Supervise the inspection of all supplies and equipment purchased to insure conformance with specifications;

I. Recommend the transfer of surplus or unused supplies and equipment which cannot be used by any ~~agency~~-department, or which have become unsuitable for city use;

J. Maintain a bidders' list, vendors catalog file, and the records needed for the efficient operation of the purchasing department.

~~(Prior code Section 2700.1.)~~

4.04.030 Requisitions.

Using ~~agencies~~ departments shall submit requests for supplies and equipment to the purchasing officer ~~by~~ on standard requisition forms. ~~(Prior code Section 2701.)~~

4.04.040 Purchase orders.

All purchases of supplies and equipment costing more than $50 in the aggregate shall be made ~~only~~ by purchase order. ~~(Prior code Section 2702.)~~

4.04.050 Encumbrance of funds.

Except in cases of emergency, the purchasing officer shall not issue any purchase order for supplies or equipment unless there exists an unencumbered appropriation to the fund account against which said purchase is to be charged. ~~(Prior code Section 2703.)~~

4.04.060 Bidding.

Purchases of supplies and equipment shall be ~~by bid procedures~~ pursuant to Sections 4.04.070 and 4.04.080. Bidding shall be dispensed with only when an emergency requires that an order be placed with the nearest available source of supply, when each unit to be purchased is less than fifteen thousand dollars, or when the commodity can be obtained from only one vendor. ~~(Ord. 84-3 Section 1, 1984; Ord. 80-4 Section 1, 1980; prior code Section 2704.)~~

4.04.070 Formal contract procedure.

Except as otherwise provided herein, purchases and contracts for supplies and equipment of estimated unit value greater than fifteen thousand dollars shall be by written contract with the lowest responsible bidder, pursuant to the procedure prescribed herein.

A. Notice Inviting Bids. Notices inviting bids shall include a general description of the articles to be purchased, shall state where bid blanks and specifications may be secured, and shall state the time and place for opening bids.

   1. Published notice. Notices inviting bids shall be published at least ten days before the date of opening of the bids. Each notice shall be published at least once in a newspaper of general circulation, printed and published in the city, or if there is none, it shall be posted in at least three public places in the city that have been designated by ordinance as the places for posting public notices.

   2. Bidders' list. The purchasing officer shall also solicit sealed bids from all responsible prospective suppliers whose names are on the bidders' list or who have requested that their names ~~to~~ be added thereto.

   3. Bulletin board. The purchasing officer shall also advertise pending purchases by a notice posted on a public bulletin board in the City Hall.

B. Bidder's Security. When deemed necessary by the purchasing officer, bidder's security may be prescribed in the ~~public~~ notices inviting bids. Bidders shall be entitled to return of bid security; provided that a successful bidder shall forfeit his bid security upon refusal or failure to execute the contract within ten days after the notice of award of contract has been mailed, unless the city is responsible for the delay. The council may, on refusal or failure of the successful bidder to execute the contract, award it to the next lowest responsible bidder. If the council awards the contract to the next lowest bidder, the amount of the lowest bidder's security shall be applied by the city to the difference between the low bid and the second lowest bid, and the surplus, if any, shall be returned to the lowest bidder.

C. Bid Opening Procedure. Sealed bids shall be submitted to the

Item 6

purchasing officer and shall be identified as bids on the envelope. Bids shall be opened in public at the time and place stated in the ~~public~~ notice inviting bids. A tabulation of all bids received shall be open for public inspection during regular business hours for a period of not less than thirty calendar days after the bid opening.

D. Rejection of Bids. In its discretion, the council may reject any and all bids presented and readvertise for bids.

E. Award of Contracts. Contracts shall be awarded by the council to the lowest responsible bidder except as otherwise provided in this section.

F. Tie Bids. If two or more bids received are for the same total amount or unit price, quality and service being equal, and if the public interest will not permit the delay of readvertising for bids, the council may accept the one it chooses or accept the lowest bid made by negotiation with the tie bidders at the time of the bid opening.

G. Performance Bonds. The council shall have authority to require a performance bond before entering a contract in such amount as it shall find reasonably necessary to protect the best interests of the city. If the council requires a performance bond, the form and amount of the bond shall be described in the notice inviting bids.

~~(Ord. 84-3 Section 2, 1984; ord. 80-4 Section 2, 1980; Ord. 348 N.S. Section 1, 1974; prior code Section 2704.1.)~~

4.04.080 Open market procedure.

Purchase of supplies and equipment of an estimated value in the amount of fifteen thousand dollars or less may be made by the purchasing officer in the open market without observing the procedure prescribed by Section 4.04.070.

A. Minimum Number of Bids. Open market purchases shall, wherever possible, be based on at least three bids, and shall be awarded to the lowest responsible bidder.

B. Notice Inviting Bids. The purchasing officer shall solicit bids by written requests to prospective vendors, by telephone or by personal contact.

C. Written Bids. Written bids shall be submitted to the purchasing officer, who shall keep a record of all open market orders and bids for a period of one year after the submission of bids or the placing of orders. This record, while so kept, shall be open to public inspection.

~~(Ord. 84-3 Section 3, 1984; ord. 80-4 Section 3, 1980; Ord. 348 N.S. Section 2, 1974; prior code Section 2704.2.)~~

4.04.090 Inspection and testing.

~~The-purchasing-office-shall-inspect~~ The city manager shall appoint an employee of the city, other than the purchasing officer, to be responsible for inspection of supplies and equipment delivered to determine their conformance with the specifications set forth in the order or contract. ~~The purchasing-officer~~ This person shall have authority to require chemical and physical tests of samples submitted with bids and samples of deliveries which are necessary to determine their quality and conformance with specifications. ~~(Prior-code-Section 2705.)~~

## CHAPTER 4.08
## UNCLAIMED PROPERTY[2]

SECTIONS:



4.08.010 Retention period.

Unclaimed property shall be held by the police department for a period of six months~~, except-as-provided-in-this-chapter,~~ and a record of such property and the disposition thereof shall be kept by the chief of police. ~~(Ord.-77-11-Section-1,-1977.-prior-code Section-2800.)~~

4.08.020 Use of property by departments.

If the use of any unclaimed property is needed and requested by a department of the city, and the property so requested is not subject to destruction under applicable federal, state or city laws, the council may direct that said property shall be turned over to the city manager or such person as shall be designated by him, who shall sign a receipt therefor, for distribution to the department making the request. ~~(Prior-code-Section-2801.)~~

4.08.030 Disposition at public auction.

All unclaimed property which is not disposed of as provided in this chapter shall be sold at public auction to the highest bidder.

Such public auction ~~sale~~ shall be held at least once a year at a time and place ~~to-be~~ fixed by the city manager. ~~(Prior-code Section-2802-(part).)~~

4.08.040 Auction - Notice.