THE CITY OF EL CERRITO
FINANCE DEPARTMENT

Staff Liaison
Crystal Reams | 510-215-4312
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MINUTES

REGULAR MEETING OF THE
FINANCIAL ADVISORY BOARD (FAB)

Tuesday, January 23, 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 Farhad Farahmand called the meeting to order at 6:33 p.m.
   Present: Chair Farhad Farahmand; Members Dick Patterson, Kimberly White
   Absent: 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.
   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 –
     - FYE 2023 Audit Update
     - Section 115 Investment Policy Update
     - Budget kickoff with Council/Public
   - Fadelli – welcome as new council liaison
     - Strategic plan
     - Budget kickoff
     - Deferred maintenance
     - Any questions – willing to help with any questions/comments

4. **APPROVAL OF THE MINUTES** (*5 min.) (*Attachment)
   Consider a motion adopting the minutes for the FAB meeting held on December 14, 2023.
   Moved/Second: Chair Farahmand/Member Patterson. Action passed a motion adopting the minutes of the FAB meeting on December 14, 2023.
   Ayes: Chair Farhad Farahmand, Members; Dick Patterson, Kimberly White.
   Absent: Member Schaffran.

5. **SECTION 115 INVESTMENT POLICY DRAFT** (*20 min.)*
   Want to know the cost (crystal to follow up)
   Moved/Second: Chair Farahmand/Member White. Action passed a motion to propose section 115 investment policy to council with the addition of section 3.6 of the City's current investment policy.
   Ayes: Chair Farahmand and Member White.
   Nos: Member Patterson
   Absent: Member Schaffran

6. **GENERAL FUND RESERVE BALANCE** *(10 min.)*
   Moved/Second: Chair Farahmand/Member Patterson. Action passed a motion to propose the edits to the general fund reserve policy. Sections 3.2 and 4.2.

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~~ a 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 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 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.~~

   Ayes: Chair Farahmand, Members White and Patterson
   Absent: Member Schaffran

7. **UAL DISCUSSION** *(20 min.)*
   Members discussed strategies that other cities took to reduce UAL costs.

8. **BUDGET TIMELINE** *(10 min.)*
   City is unable to update the budget timeline according to FAB's proposal.

9. **WORKPLAN DISCUSSION** *(10 min.)*
   No items to discuss.

10. **FUTURE AGENDA ITEMS** (*5 min.)*
    Add work plan to next meeting.

11. 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 January 23, 2024, as approved by the Financial Advisory Board.

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Crystal Reams, Staff Liaison

CITY OF EL CERRITO
COMPREHENSIVE FINANCIAL POLICIES
Approved: Resolution No. 2023-65: August 15, 2023
DRAFT REVISION January 2024

PURPOSE:
To establish a comprehensive set of financial policies for the City that will serve as a guideline for operational and strategic decision making related to financial matters.

POLICY:
The following financial policies are intended to establish a comprehensive set of guidelines for use by the City Council and staff on decision-making that has a fiscal impact. The goal is to maintain the City's financial stability in order to be able to continually adapt to local, regional, and national economic changes. Such policies will allow the City to maintain and enhance a sound fiscal condition.

This financial policy will be reviewed annually by the Financial Advisory Board and any proposed substantive revisions will be submitted to the City Council for approval. The City's comprehensive financial policies will be utilized when preparing the Annual Operating Budget and shall be in conformance with all state and federal laws, generally accepted accounting principles (GAAP) and standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA).

1. OVERVIEW & LONG-TERM FINANCIAL PLANNING
1.1. A Five-Year Year Financial Plan will be prepared at a minimum for the General Fund, and Integrated Waste Management Funds. The City's Five-Year Financial Plan is the long-term picture of the City's finances and will be updated annually as part of the annual budget process.
1.2. The City shall seek a balance in the overall revenue structure between more stable revenue sources (e.g. Property Tax and Utility Taxes) and economically sensitive revenue sources (e.g., Sales Tax).
1.3. The City shall develop and maintain methods for the evaluation of future development and major fiscal impacts on the City budget.
1.4. The City shall develop and implement a financial plan to address its funding needs for issues like deferred maintenance and unfunded liabilities.
1.5. The City shall address issues related to cash flow requirements and any short-term borrowing requirements on a timely basis.
1.6. The City shall require any annexation agreements to have a long- term beneficial financial impact on the City.

2. BUDGET POLICIES 2.1. The City Manager shall prepare a proposed annual budget to be reviewed by the Financial Advisory Board and presented to the City Council within all statutorily prescribed deadlines. The City Council will adopt the budget at a public hearing by June 30 of each year.
2.2. A Budget will be adopted by Resolution of the City Council annually, which will contain the budget amendment process, budget amendment authority, and spending authorities. All departments are responsible for meeting the City's financial policy goals and ensuring the City's long-term financial health. Budget control is maintained at the fund level. The City Manager is authorized to transfer budgeted amounts within departments and within funds. In addition, amendments that are made to authorize spending of increased or new special purpose revenues may be approved by the City Manager. Budget modifications between funds or increases or decreases to a fund's overall budget must be approved by the City Council.

2.3. It is the City's policy to adopt a balanced General Fund budget where operating revenue is equal to, or exceeds, operating expenditures. In the event a balanced budget is not adopted, due to a deliberate reduction of accumulated fund balance or if the cause of the imbalance is expected to last for no more than one year, as with the case of a one time settlement or large purchase, the planned use of reserves to balance the budget is permitted as long as the reserve is consistent with the amounts described in Section 3., General Fund Balance Reserve Policy.
2.4. The operating budget shall serve as the annual financial plan for the City. It shall serve as the City's management plan for implementing goals and objectives of the City Council, City Manager and departments and will define service levels.
2.5. During the annual budget development process, the existing budget shall be examined to assure removal or reduction of any services or programs that should be eliminated or reduced in cost.
2.6. The annual review process shall include an assessment to determine if funds are available to operate and maintain proposed capital facilities and other public improvements.
2.7. Any General Fund year-end operating surplus (the excess of actual General Fund revenue less actual General Fund expenditures) shall be allocated for the following, subject to City Council approval, using the following priority order until any such annual General Fund surplus is fully allocated: 1. General Fund Reserve, until the General Fund has reached 100% of its targeted reserve ratio as specified in the General Fund Reserve Policy (Section 3 of this policy).
2. Emergency Disaster Relief Fund (EDRF), until the balance in that fund reaches 100% of the target balance as specified in Emergency and Disaster Recovery Fund (Section 4 of this policy).
3. A minimum of 33% of the remaining surplus to additional discretionary payments towards the City's unfunded liabilities and/or contributions towards a pension or other post-employment benefit trust.
4. The City Manager will make recommendations to the City Council to use any remaining surplus to fund non-recurring expenditures such as capital improvements, equipment purchases, or other, one-time expenditures which will not require additional future expense outlay for maintenance, additional staffing, or other recurring expenditures.

2.8. Where practical, the City's annual budget will include performance measures of workload, efficiency, and effectiveness.
2.9. Revenues: 2.9.1. The City will estimate annual revenues using an objective, analytical process; specific assumptions will be documented and maintained. Budgeted revenues will be estimated conservatively using accepted standards and estimates provided by the state, other governmental agencies, and/or reliable economic forecasters when available.
2.9.2. Specific revenue sources will not be dedicated for specific purposes, unless required by law or Generally Accepted Accounting Principles (GAAP). All non-tax increment, non-restricted revenues will be deposited in the General Fund and appropriated through the budget process. On-going revenues will fund on-going expenditures.
2.9.3. A diversified and stable revenue system will be maintained to the extent possible to protect programs from short-term fluctuations in any single revenue source.

2.10. Appropriations: 2.10.1. The City shall, to the extent possible, pay for current year expenditures with current year revenues. Where authorized activities or equipment remain incomplete and/or unpurchased, revenues and/or fund balance may be carried forward at the City Manager's direction to the next fiscal year to support such an activity/purchase.

2.10.2. The City shall avoid budgetary procedures which rely on financial strategies that defer payment of current operating expenses to future years.

2.10.3. Department Heads are responsible for ensuring that department expenditures stay within the department's budgeted appropriation.

2.10.4. A City Council Resolution is necessary to increase any total fund appropriation where no corresponding revenue offset exists that is restricted for that purpose.

2.10.5. The City Manager may adjust appropriations among departments within a fund.

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.

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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.

4.4. 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.

5. FINANCIAL REPORTING POLICIES 5.1. Accounting Standards: The City's accounting and financial reporting systems shall be maintained in conformance with all state and federal laws, generally accepted accounting principles (GAAP) and standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA). The City will make every attempt to implement all changes to governmental accounting practices at the earliest practicable time. 5.1.1. Annual Audit: An annual audit will be performed by an independent public accounting firm with an audit opinion to be included with the City's published Annual Comprehensive Financial Report (ACFR). The ACFR will be submitted annually to the Government Finance Officers Association for peer review with the goal of continuing receipt of the Certificate of Achievement for Excellence in Financial Reporting.
5.1.2. The independent firm will be selected through a competitive bidding process at least once every five years. The contract may be for an initial period of three years with two additional one-year options at the City Council's discretion. The current firm may be allowed to participate in the bid process. The need for rotation of the audit staff or audit firm will be considered in the bid process. The Finance Director will review the qualifications of prospective firms and make a recommendation to the City Council. The audit contract will be awarded by the City Council.

5.2. The City shall prepare and issue timely interim budget reports on the City's fiscal status to the City Council on no less than a quarterly basis. Reports will be prepared and presented to the City Council that explain key economic and fiscal developments, note significant deviations from the budget, include information on revenue and expenditures by operating department and by revenue/expenditure category, and when required, outline any corrective actions necessary to maintain the City's financial position. Reports may be required on a monthly basis by the City Council if they deem it necessary to more frequently monitor the budget. Reports will be provided to the public on the City's website.

6. OPERATIONAL MANAGEMENT POLICIES 6.1. The City shall not commit to new spending for operating or capital improvement purposes until an analysis of all current and future cost implications relating to those programs and projects is completed.
6.2. All departments are responsible for meeting policy goals and ensuring long-term financial health. Future service plans and program initiatives will be developed to reflect current policy directives, projected resources and future service requirements.

6.3. Departmental requests for increases in staffing will be thoroughly analyzed; only those that meet adopted program initiatives and policy directives will be considered. To the extent feasible, personnel cost reductions will be achieved through attrition.
6.4. User Fees and Charges and Development Impact Fees: 6.4.1. Where direct services to users can be measured, as set forth in the Master Fee Schedule, the City should use appropriate fees, charges, or assessments rather than general tax funds. All user fees and charges will be examined or adjusted annually to determine the direct and indirect cost of service. User fees and charges for services shall be established at a level related to the cost of providing such service except where the City Council has determined there is a public benefit to subsidize the service with tax-based revenue. The acceptable recovery rate and any associated changes to user fees and charges will be approved by the City Council following public review.
6.4.2. The City may identify the costs associated with new development as a basis for establishing development impact fees but the long-term benefit of the development to the City should be considered in establishing such fees.

6.5. Grant Management: 6.5.1. The City shall actively pursue federal, state and other grant opportunities when deemed appropriate. Before accepting any grant, the City shall thoroughly consider the implications in terms of ongoing obligations that will be required in connection with acceptance of said grant and present that report for approval by the City Council.
6.5.2. The term of Grant funded positions for programs should be clearly identified and presented to the City Council for approval. It is mandatory to disclose if General Fund revenues will be needed to fund a position during or after the Grant or program expires.
6.5.3. Grant funding will be considered to leverage City funds. Inconsistent and/or fluctuating grants should not be used to fund ongoing programs. Programs financed with grant monies will be budgeted in separate cost centers, and the service program will be adjusted to reflect the level of available funding. In the event of reduced grant funding, City resources may be substituted only after all program priorities and alternatives are considered.
6.5.4. The cost of all externally mandated services for which funding is available shall be fully evaluated, including overhead, to allow for complete reimbursement of expenses.

6.6. Revenue Collection Policy: 6.6.1. The City will pursue revenue collection and auditing to assure that monies due the City are received in a timely manner.
6.6.2. The City will seek reimbursement from the appropriate agency for State and Federal mandated costs whenever possible.
6.6.3. The City will centralize accounts receivable/collection activities so that all receivables are handled consistently.
6.6.4. Accounts receivable management and diligent oversight of collections from all revenue sources are imperative. Sound financial management principles include the establishment of an allowance for doubtful accounts. Efforts shall be made to pursue the timely collection of delinquent accounts. When such accounts are deemed uncollectible, they will be written-off from the financial statements in accordance with established policies.

7. FINANCIAL MANAGEMENT POLICIES 7.1. Staff shall keep City Council apprised of financial opportunities available and shall develop appropriate recommendations.
7.2. All requests for City Council action in excess of the City Manager's approval limit, shall include an analysis of the immediate and future fiscal impact of such action particularly impacts on the General Fund. No appropriation for new or expanded programs or staffing levels shall be approved without identifying the amount and source of available funds.
7.3. Cash Management Investment: 7.3.1. Cash and investment programs will be maintained in accordance with California Government Code Section 53600 et seq. and the City's adopted investment policy and will ensure that proper controls and safeguards are maintained. Pursuant to the Investment Policy, the Financial Advisory Board, at least annually will review, and the City Council will affirm, a detailed investment policy.
7.3.2. Reports on the investment portfolio and cash position will be developed and presented to the Financial Advisory Board and the City Council in conformity with the California Government Code.
7.3.3. Funds will be managed in a prudent and diligent manner with emphasis on safety of principal, liquidity, and yield, in that order.
7.3.4. The quarterly report shall include a statement in compliance with California Government Code 53646.

8. CAPITAL IMPROVEMENT PROJECT POLICIES 8.1. A Ten-year Capital Improvement Plan will be developed and updated annually, including anticipated funding sources. Capital improvement projects are defined as infrastructure or equipment purchases or construction which result in a capitalized asset and have a useful (depreciable) life of two years or more.
8.2. Each Capital Improvement Project will identify, where applicable, current operating maintenance costs and funding streams available to repair and/or replace deteriorating infrastructure and to avoid significant unfunded liabilities.
8.3. The City will develop and implement a post-implementation evaluation of its infrastructures condition on a specified periodic basis, estimating the remaining useful life, and projecting replacement costs.
8.4. The City shall actively pursue outside funding sources for all Capital Improvement Projects. Outside funding sources, such as grants, shall be used to finance only those Capital Improvement Projects that are consistent with the Ten-year Capital Improvement Plan and/or local governmental priorities, and who's operating and maintenance costs will be included in future operating budget forecasts.
8.5. Capital improvement lifecycle costs will be coordinated with the development of the Operating Budget. Future operating, maintenance and replacement costs associated with new capital improvements will be forecasted, matched to available revenue sources, and included in the Operating Budget. Capital project contract awards will include a fiscal impact statement disclosing the expected operating impact of the project and when such cost is expected to occur.

8.6. The City must carefully seek and analyze the appropriate type of financing instrument appropriate for financing capital projects. Several options may be available – general obligation debt, fee-supported debt, fund reserves, tax increment, etc. All debt financing mechanisms shall be carefully considered and analyzed for fiscal benefit and cost effectiveness. Long-term borrowing shall be restricted to projects too large to be financed from current revenues (pay-as-you-go). Where possible, special assessment, revenue or other self-supporting bonds shall be used in lieu of general obligation bonds.

9. DEBT MANAGEMENT POLICIES 9.1. These Debt Management Policies are intended to comply with Government Code Section 8855(i) and shall govern all debt undertaken by the City. The City hereby recognizes that a fiscally prudent debt policy is required in order to:

- Maintain the City's sound financial position.
- Ensure the City has the flexibility to respond to changes in future service priorities, revenue levels, and operating expenses.
- Protect the City's creditworthiness.
- Ensure that all debt is structured in order to protect both current and future taxpayers, ratepayers and constituents of the City.
- Ensure that the City's debt is consistent with the City's planning goals and objectives and capital improvement program or budget, as applicable. 9.2. Purposes for Which Debt May Be Issued 9.2.1. Long-Term Debt: Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned and operated by the City.

a. Long-term debt financings are appropriate when the following conditions exist: ▪ When the project to be financed is necessary to provide basic services
▪ When the project to be financed will provide benefit to constituents over multiple years
▪ When total debt does not constitute an unreasonable burden to the City and its taxpayers and ratepayers.
▪ When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.
b. Long-term debt financings are not appropriate for current operating expenses and routine maintenance expenses.
c. The City may use long-term debt financings subject to the following conditions: ▪ The project to be financed must be approved by the City Council.
▪ The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project.
▪ The City estimates that sufficient revenues will be available to service the debt through its maturity.
▪ The City determines that the issuance of the debt will comply with the applicable state and federal law.

9.2.2. Short-term debt: Short-term debt may be issued to provide financing for the City's operational cash flows in order to maintain a steady and even cash flow balance. Short-term debt may also be used to finance short-lived capital projects; for example, the City may undertake lease-purchase financing for equipment.
9.2.3. Financings on Behalf of Other Entities. The City may also find it beneficial to issue debt on behalf of other governmental agencies or private third parties in order to further the public purposes of the City. In such cases, the City shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with the policies set forth herein.

9.3. Types of Debt: The following types of debt are allowable under these Debt Management Policies:
• general obligation bonds
• bond or grant anticipation notes
• tax and revenue anticipation notes
• lease revenue bonds, certificates of participation and lease-purchase transactions
• other revenue bonds (including sales tax revenue bonds) and certificates of participation
• pension obligation bonds
• land-secured financings, such as special tax revenue bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, and limited obligation bonds issued under applicable assessment statutes
• tax increment financing to the extent permitted under state law
• conduit financings, such as financings for affordable rental housing and qualified 501c3 organizations

The City may from time to time find that other forms of debt would be beneficial to further its public purposes and the City Council may approve such debt by amending these Debt Management Policies.
Debt shall be issued as fixed rate debt unless the City makes a specific determination as to why a variable rate issue would be beneficial to the City in a specific circumstance.
9.4. Relationship of Debt to Capital Improvement Program and Budget: New debt issues, and refinancing of existing debt, must be analyzed for compatibility within the City's Ten-Year Capital Improvement Plan. The City shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues. The City shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear. The City shall seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its General Fund.

9.5. Policy Goals Related to Planning Goals and Objectives: The City is committed to long-term financial planning, maintaining appropriate reserves levels and employing prudent practices in governance, management and budget administration. The City intends to issue debt for the purposes stated in these Debt Management Policies and to implement policy decisions incorporated in the City's Five-Year Financial Plan and its annual operating budget.

It is a policy goal of the City to protect taxpayers, ratepayers, and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.

The City will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.

When refinancing debt, it shall be the policy goal of the City to realize, whenever possible, and subject to any overriding non-financial policy considerations, (i) minimum net present value debt service savings equal to or greater than 5% of the refunded principal amount, and (ii) present value debt service savings equal to or greater than 100% of any escrow fund negative arbitrage.

9.6. Internal Control Procedures: When issuing debt, in addition to complying with the terms of these Debt Management Policies, the City shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds. The City will periodically review the requirements of and will remain in compliance with the following:

• the City's Disclosure Policies and Procedures, and
• any federal tax compliance requirements, including without limitation arbitrage and rebate compliance, related to any prior bond issues, and
• the City's investment policies as they relate to the investment of bond proceeds.

Whenever reasonably possible, and for the purpose of ensuring that proceeds of debt will be used for their intended purpose, proceeds of debt will be held by a third-party trustee and the City will submit written requisitions for such proceeds. The City will submit a requisition signed by the Finance Director only after obtaining the signature of the City Manager.

9.7. Debt Limits: The outstanding principal amount of debt described in Section B will not exceed two percent (2%) of the total assessed value of property in the City, and debt service and lease payments incurred for financing purposes that are payable from the City's General Fund will not exceed 5% of operational appropriations.

10. EQUIPMENT REPLACEMENT FUND 10.1.The City may maintain a dedicated fund to provide for replacement of vehicles and certain equipment. Unreserved fund balance will be available for transfer to the General Fund only in the event of a fiscal emergency as described in Section 3.

11. ENTERPRISE FUNDS 11.1.All Enterprise Funds user fees will be examined annually to ensure that they recover all direct and indirect costs of service, provide for capital improvements and maintenance, and maintain adequate reserves.

11.2.Rate increases shall be approved by the City Council following formal noticing and a public hearing. Rate adjustments will be based on the projected expenditures in the Ten-Year Financial Plan.

FINANCE DEPARTMENT

Staff Liaison
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creams@ci.el-cerrito.ca.us

MINUTES

REGULAR MEETING OF THE
FINANCIAL ADVISORY BOARD (FAB)

Tuesday, March 26, 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 Farhad Farahmand called the meeting to order at 6:35p.m.,
   Present: Chair Farhad Farahmand; Members Kimberly White, Nate Schaffran, David Carvel, Anisha Desai.
   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 –
     - FYE 2023 Audit Completion
     - Section 115 Investment Policy Update
     - Budget Update - timeline

4. **APPROVAL OF THE MINUTES** (*5 min.) (*Attachment)
   Consider a motion adopting the minutes for the FAB meeting held on January 23, 202~~3~~4.
   Moved/Second: Member Schaffran/Chair Farahmand. Action passed a motion adopting the minutes of the FAB meeting on January 23, 2024.
   Ayes: Chair Farahmand, Members: White, Schaffran, Carvel, Desai.

   Moved/Second: Member Schaffran/Chair Farahmand. Action passed a motion to amend/rescind the approval of the minutes of the FAB meeting on January 23, 2024.
   Ayes: Chari Farahmand, Members: White, Schaffran, Carvel, Desai.

   Minutes will be corrected and reviewed at the April meeting.

5. **AUDIT PRESENTATION** *(10 min.)*

6. **MID YEAR BUDGET UPDATE PRESENTATION** *(10 min.)*

7. **WORKPLAN DISCUSSION** *(20 min.)*

   Farhad will put together a list -

   - Long term financial plan – 5 year
   - Advanced Discretionary Payments – looking for a presentation on the pros and cons of the ADP, possibly a CalPERS actuarial doing a Q&A
   - Review of cost containing procedures and approvals and overall expense policies
   - Meet more often, twice a month
   - Cost allocation plan
   - Participatory budgeting

8. **FUTURE AGENDA ITEMS** (*5 min.)*

   - Work plan
   - Budget plan review
   - Waterfall approach/financial policy (January Minutes)

9. **ADJOURNMENT**

   The meeting adjourned at **9:10 pm**

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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 March 26, 2024, as approved by the Financial Advisory Board.

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Crystal Reams, Staff Liaison