

PINOLE FINANCE SUBCOMMITTEE
Minutes
March 16, 2016

A. CALL TO ORDER

Mayor Swearingen called the meeting to order at 3:00 P.M. in the City Hall Community Room. 2131 Pear Street Pinole CA, and led the Pledge of Allegiance.

City Clerk Athenour announced the posting of the Agenda on March 10, 2016 at 4 PM, providing all legally required notice, and called roll.

Board Members Present:

Mayor Swearingen
Mayor Pro Tem Long
Treasurer Virginia Fujita

Staff Members Present:

Michelle Fitzer, City Manager
Hector De La Rosa, Assistant City Manager
Andrea Miller, Finance Director

B. PUBLIC COMMENT

Jim Tillman, Pinole citizen, addressed the Finance Subcommittee to discuss the recent shootings on I-80. Although he was advised by Mayor Swearingen that was a California Highway Patrol matter, Mr. Tillman continued, stating he lived close to the freeway and was concerned for his safety, and asked the Finance Subcommittee to reserve funds in the FY 2016-17 budget for formation of a Police task force in West County and to protect the citizens.

C. CONSENT ITEMS

ACTION: Motion by Subcommittee Members Swearingen / Fujita, the Finance Subcommittee approved the Minutes May 28, 2014 and May 27, 2015

Vote: 3-0 in favor of approval.

Subcommittee Member Long was concerned with the duration of time that had passed since the last meetings and asked that the minutes be sent to the subcommittee members informally, and approve formally at the subsequent meeting, if it was not to occur for an undetermined time.

City Clerk Athenour noted that the last meeting was one year prior, and since that meeting lacked a quorum, the 2014 minutes were deferred. Generally the

Subcommittee met on a more regular basis of several times per year. The next meeting is scheduled on May 25, 2016.

D. BUSINESS ITEMS

Review Fiscal Policies [Finance Subcommittee Report 2016-01(A. Miller)]

Andrea Miller, Finance Director presented Staff Report 216-01 into the record. The recommendation presented was for the Subcommittee to review and discuss the Draft financial policies, and make a recommendation to the entire Council.

Ms. Miller read the policies and summarized further changes recommended by staff subsequent to dissemination of the draft policies:

See Financial Policies page 1

Jim Tillman, Pinole citizen raised a question related to the fee charged for an appeal of a Planning Commission action. He provided his recollection in 1996 the City had a policy that allowed citizens to file an appeal without being assessed a fee, and said the current fee, \$803 should be reduced.

Mayor Swearingen said that the City would be considering an adjustment to Code section at a future Council meeting.

The Subcommittee commented and raised questions during the presentation of the Draft policies. A summary of Mayor Pro Tem Long's comments are included below:

1. Reference to the reserve account should be consistent throughout the document, either in dollars or percentages.
2. Suggestion to added a notation "community benefit" when a public benefit was listed.
3. Definition of an "Internal Service Fund" Staff response: Refers to Information Technology expenses charged back to the departments
4. Are all funds exclusive of depreciation? Staff response: The only fund that recognizes depreciation were enterprise funds.
5. Capture as much fees as possible without causing detriment to the fund. Building in an amount to capture employee cost in the fee structure
6. Highlight Section 8B.

Andrea's presentation

In addition to the current use of Internal service Fund, the planning dept thgh the fee structure charged to the customer

Recurring revenues can be expected for 10-15 years without sunset. UUT is not have 10-15 years, so should say with the exception of UUT.

Investment part says 10-15 years so it would be the same thing as some of our investments are less than 10-15 years. Define how the interest is allocated to the funds.

Miller summarized the Reserve Policy (page 3 of Attachment A)

RESERVE POLICY

1. Policy should address the Council goals. Staff response: The policy should state the minimum acceptable amount and the goal (Fitzer).
2. 180 days cash on hand.

Jim Tillman, Pinole citizen, said the cash reserve should be sufficient so as not to require loans for City operations. His concern was related to the Sewer Enterprise fund.

Mayor Swearingen told Mr. Tillman not to confuse these cash reserves, which are for daily cash flow, not enterprise fund for capital improvements.

City Manager Fitzer asked a policy question, whether ten percent was the minimum acceptable reserve amount?

Mayor Pro Tem Long responded technically, it was not. There may be a necessity to dip into the reserve for one-time expenses. The current reserve balance is \$3 Million Dollars.

Assistant City Manager De La Rosa said a Ten percent reserve on an \$11 Million budget would be \$6.5 million. **Does not compute? Check with Hector**

A discussion ensued regarding fees. Treasurer Lee asked the frequency of fee adjustments. Mayor Swearingen commented that it should be annually Virginia – how often are the fees adjusted?

Mayor said it should be annually but it is less often.

Discussion followed. Should consider adjustments every other year.

Should look at within fee schedule within the parameters of this budget (Debbie).

When we talk about fully recoverable costs, we should identify the services that cannot be fully covered but are provided as a community benefit (such as the Senior Center).

Establish a building fund, need discussion how to fund – set aside some of the building rental funds for facilities building fund.

Mayor wants to see a three-year budget.

VI Debt Issuance.

Debbie not clear on this policy.

Andrea - Any type of long term debt. Long term debt and financing and we are well within policy. We only have Pension Obligation Bonds.

Jim Tillman – did not see a definition recovery of legal, material and time and services with regard to contracts.

Swearingen said that language is addressed in the contract.

Investment Policy – existing policy that has been updated. Changes have already been included in the document.

MF – proposal is to make changes based on the changes recommended by the committee and submitted to the Council.

Organizational Assessment [Oral Report (Fitzer)]

MF – verbal status report. Have asked managers to discuss how to provide the current services in the most efficient manner using technological enhancements,

If council wants to enhance services it will require further review, what would we need to provide that level.

Debbie has concern that the phone is not being answered. Should have some way to reach a person if there is an urgent need. Need to make it better. Is it cost prohibitive to have a person dedicated to answering the phone. Suggested an intern.

Develop a better strategy – serious task and want to give the time to prepare right and anticipate having it ready for first quarter of FY 2016/17 (September / October).

Budget Planning Format [Handout At Meeting (A. Miller)]

Provided as a handout. Reviewed. Available for questions on the calendar.

Debbie complemented Ms. Miller on the the delivery of the information.

Miller presented a sample of the budget.

There was discussion if there was no change on the Summary from year to year if it was under \$1,000.

Roy requested to see Transfers In and Transfers Out to show where it came from and where it is moved – in one report.

Adjournment

At 4:30 PM, Mayor Swearingen adjourned the meeting to the Finance Subcommittee Meeting of May 27, 2016..

No action is requested. The Subcommittee is an advisory committee which makes recommendations to the City Council.

E. ADJOURNMENT

Posted: March 10, 2016 at 4:00 PM

Patricia Athenour, MMC

Pinole City Clerk