

FINANCE COMMITTEE MEETING MINUTES
December 9, 2021

Committee Members Tasha Cerda, Mayor
Art Kaskanian, Councilmember
J. Ingrid Tsukiyama, City Treasurer (Absent)

Also in Attendance Clint Osorio, City Manager
Raymond Beeman, Director of Administrative Services
Khoi Quach, Cost Accountant
Danny Rodriguez, Deputy City Treasurer
Michael Saffell, Chief of Police
Ernie Crespo, Transportation Director
Allan Rigg, Public Works Director
Kevin Kwak, Principal Engineer
Stephany Santin, Recreation & Human Services Director
Matthew Hassoldt, Sergeant
Charles Santos, Senior Accountant
Mary Simonell, Administrative Analyst III
Sarah Read, Payroll Specialist
Jeremy Bastian, Park Maintenance Worker II
Jean-Paul Berube, Help Desk Technician

- Call to Order
Mayor Cerda called the meeting to order at 3:34 pm on Thursday, December 9, 2021, telephonically utilizing teleconferencing and electronic means.
- Public Comment
Mayor Cerda inquired if City Treasurer Ingrid Tsukiyama had received an invitation to the Finance Committee meeting. Deputy City Treasurer Rodriguez confirmed that an email invite was sent and a phone call was made to Treasurer Tsukiyama.
- Approval of Minutes
It was moved by Councilmember Kaskanian, and seconded by Mayor Cerda, to approve the minutes of the July 22nd, 2021 meeting. The motion carried.
- New Business
 - City Manager Osorio began by advising we would be going over numbers in our General Fund and other funds from FY 20/21 and beyond which would be covered with the auditors present at our upcoming council meeting.
 - Director of Administrative Services Beeman explained the higher budget amount is due to sales tax that was higher than originally budgeted with \$7.5 million because of Measure G, improved economic conditions and no sales tax deferral. We received \$9.4 million from Measure G and \$13.4 million from

Bradley-Burns. There was a decrease in card clubs but property tax was better than expected with 11.5% which was driven by the real estate market. We were also awarded \$7.5 million of the American Relief Plan in additional funds that wasn't expected. Overall, we budgeted for \$56 million and came in at around \$17 million over expected.

- General fund expenditures included departments that came in below the audited amounts. The police department was under by \$3 million due to \$1 million saved from our pension obligation bonds and vacancies and less overtime during COVID-19. Recreation and Human Services was under \$283,000 in expenditures due to part-time hours being reduced and different hours being charged to COVID-19. Community Development was over budget by \$160,000 due to staff pay-outs. Transfers out was over by \$1.9 million due to deferred maintenance for project such as roof repair and OPEB which was \$500,000 more to set up the fund. The post benefit fund was under \$110,000 due to less retirees.
- Currently, FY 21/22 is expected to be similar to previous fiscal year with sales tax being better than budgeted due to Measure G and rising costs in lumber pricing and better economic conditions. Overall, we expect our general fund revenue to increase by about 5.4% in comparison to what was budgeted.
- City Manager/Staff/Committee Member Communications
 - Director of Administrative Services Beeman said our long-term projections include our anticipating to receive the balance of \$7.5 million of the ARP Act of 2021 once we complete the reporting. We project a surplus year-over-year overall and will take our general fund from 42% in FY 20/21 to about 49% in FY 24/25.
 - City Manager Osorio continued with the Other Post Employment Benefits (OPEB) and that the city earned \$43,093 in interest from investments. GTrans OPEB earned \$1.2 million in interest which was from \$4.5 million in investments.
 - City Manager Osorio continued with the PERS update which included the discount rate which was at 7% or higher. CalPERS Board of Directors voted to keep the discount rate at 6.8% because of the strong investment return for FY 20/21.
- Investment Report
 - Deputy City Treasurer Rodriguez began the investment report presented is as of September 2021 for FY 21/22. Investment maturities have a fair market value of about \$56 million and \$43 million maturing in about a year. This is high because government pools such as LAIF and CalTrust are liquid and we are able to withdraw funds, if needed, the next business day.
 - Total investment overview shows we've had an increase overall except in FY 19/20 where it decreased by about \$1.4 million. There is a plan in place to move some of the LAIF funding to other investment types. Have consulted with Chandler investments and decided to withdraw some funding to diversify and maximize interest for us.

- Interest income by fiscal year shows we had a good year in FY 18/19 but due to COVID-19 it decreased the following years. Current fiscal year we are budgeted at about \$255,000 and hope that the economy will get better.
 - Deputy City Treasurer continued with our investment performance and said that prior to contracting with Chandler Investment in 2018 we met our benchmark of 18 basis points. Ever since Chandler has managed our portfolio we have beaten the benchmark by 25 basis points.
-
- Adjournment
As there was no further business, the meeting was adjourned at 4:24pm.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Diana Marquez', with a stylized, flowing script.

Diana Marquez
Senior Account Clerk