

City of Emeryville
Joint Meeting of Budget & Governance Committee and Budget Advisory Committee Minutes
December 07, 2015, 5:30 p.m.

Members Present:

Budget & Governance Committee

Dianne Martinez, Chair
Nora Davis, Vice Chair

Staff Present:

Carolyn Lehr, City Manager
Michelle Strawson O'Hara, Finance Supervisor
Peggy Xu, Senior Accountant
Tanya Harris, Child Development Center Manager

Budget Advisory Committee

William C. Reuter, Chair
Brian Cross, Business Rep
Fran Quittel, Resident

Excused:

Benay Curtis-Bauer, Vice Chair
Michael Costello, Labor Rep

1. **Call to Order:** The meeting was called to order at 5:30 p.m.
2. **Public Comments:** None
3. **Minutes from May 18, 2015 & October 19, 2015 (Budget Advisory) and October 15, 2015 (Budget & Governance) Meetings:** Approved
4. **Action Items:**
 - A. **Review and Acceptance of Fiscal Year 2014-15 CAFR** - Finance Supervisor Michelle Strawson O'Hara presented the highlights on the Comprehensive Annual Financial Report (CAFR) and noted that staff will present options for use of the unassigned General Fund reserves for City Council consideration in 2016 as the budget process kicks off.
 - ◆ City Manager Carolyn Lehr noted that options may include increasing Capital Improvement Program (CIP) reserve balances and funding pension liabilities.
 - ◆ Council Member Nora Davis noted that the City should have a long-term strategy for the pension plan and also consider other responsibilities such as global warming.
 - ◆ Member Fran Quittel questioned the vacant positions and requested more information regarding the \$19 million transfer from the Successor Agency. Ms. Lehr and Ms. Strawson O'Hara responded that there were ongoing recruitments for the vacant positions and the \$19 million transfer occurred in FY2014-15 and did not represent a "net" amount paid from the Agency. Staff will follow-up to provide a "net" contribution amount between the City and Successor Agency to date.
 - ◆ Member Davis suggested that an analysis may be needed for staffing and services provided as the population changes and the services may have changed.
 - ◆ Chair Dianne Martinez suggested doing a comparison with other cities pension liabilities and funding levels to use as a guide in developing a funding plan.
 - ◆ Chair William Reuter suggested the City should find new sources for revenues and continue optimizing current revenue streams as well as look at new investment opportunities.

Audit Partner Bryan Gruber from Lance Soll Lunghard (LSL) discussed the responsibilities and role of being the City's independent auditor and noted there were no significant findings for the City's FY2014-15 CAFR. Mr. Gruber also discussed the new Government Accounting Standards Board (GASB) 68 note disclosures and the four findings from the Emeryville Child Development Center audit.

- ◆ ECDC Manager Tanya Harris discussed the related challenges: high staff turnover and hiring difficulties, structural issues with the fees, workers compensation claims, safety training, and teacher-to-student ratios.

Members voted to recommend acceptance of the FY14-15 CAFR by the full City Council at their December 15, 2015 meeting.

5. **Informational items:**

- A. **1st Quarter FY15-16 Financial Update** – Ms. Strawson O’Hara discussed the highlights for the 1st quarter.
 - ◆ Member Davis questioned the department name of Community Development Services and noted the similarity with Community Services. Ms. Lehr noted she would consider this during the upcoming budget process.
- B. **Update on the Alameda County Fire Agreement** – informational only
- C. **Update on Long-Term Debt Currently Outstanding** – informational only

6. **Future Agenda Items:**

- ◆ Committee members Quittel and Davis requested a staffing analysis to determine appropriate staffing levels for the City of Emeryville.
- ◆ Staff will review investment policy in coming year and look at the potential for City investments to work more effectively while remaining safe while considering resources needed to continue providing core municipal services.

7. **Announcements/Member Comments:** None.

8. **Adjournment:** The meeting was adjourned at 6:55 p.m.