



Legislation Details (With Text)

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On agenda: 11/7/2011 **Final action:** 11/7/2011
Enactment date: **Enactment #:**
Title: ACCEPT: Finance Committee Meeting Highlights of October 21, 2011

COMMITTEE RECOMMENDATION: Approve transfers from the General Fund \$1.5 million to the Self Insurance Fund and \$2.0 million to the Economic Uncertainty reserve (listed as Action Item 10.B.)

COMMITTEE RECOMMENDATION: Approve the lease and purchase of two fire pumper trucks (listed as Consent Calendar Item 8.F.)

Indexes:

Code sections:

Attachments: 1. 10212011Finance Committee Agenda, 2. First Quarterly Financial Report as of September 30, 2011, 3. Review of City Council Reserve Policy and General Fund Reserves, 4. Continued Discussion for Refinancing of CalPERS, 5. Acquisition of Two Pumper Fire Apparatus, 6. October 21, 2011 Finance Committee Sign-in Sheet

| Date | Ver. | Action By | Action | Result |
|-----------|------|--------------|-----------------------|--------|
| 11/7/2011 | 2 | City Council | Accepted as Submitted | Pass |

Finance Committee Meeting Highlights of October 21, 2011

CITY COUNCIL FINANCE COMMITTEE

October 21, 2011

8:15 a.m. - 9:45 p.m.

San Leandro City Hall

835 E. 14th Street

San Leandro, California

(Sister Cities Gallery)

HIGHLIGHTS

Committee Members: Mayor Cassidy, Vice Mayor Gregory

Absent: Councilmember Souza

City Staff Present: Interim City Manager Marshall, Interim Finance Director O'Leary, Public Works Director Bakaldin, Deputy Finance Director Rodriguez, Budget and Compliance Manager Perini, Sr. Accountant Galvin, Administrative Assistant III Perez

Public Present: None

The meeting was called to order at 8:15 a.m.

1. Discussion Regarding Quarterly Financial Report as of September 30, 2011 for 2011-12 General Fund, Special Revenue Funds, Enterprise Funds, and Internal Service Funds Budgets

Interim Finance Director O'Leary reported to the Finance Committee the quarterly financial report as of September 30, 2011 for all funds. Mr. O'Leary reported the total revenue for the first quarter of FY 2011-12 is 10% of the General Fund budget, which is slightly higher than the percentage at the same time last year. Expenditures are currently 23% of the budget amount, which Mr. O'Leary states as being on track. Sales, Property, and Utility User Taxes remain steady however there has been a slight decrease in Real Property Transfer Taxes as sales have continued to decline. The increase of revenue is mainly due to the increase in Charges for Services as well as Licenses & Permits due to the Kaiser construction.

Mr. O'Leary also reported on the revenue and expenditures of the Special Revenue, Enterprise, and Internal Service Funds budgets as well.

Councilmember Gregory requested that a graph be provided in the next report for a better view of revenue and expenditure trends.

Mayor Cassidy inquired about the Public Education & Government Access Fee (PEG). Mr. O'Leary stated that the PEG revenue came in late last year and this fiscal year, the City will be receiving funds for the entire year. PEG fee is charged through Comcast and AT&T.

2. Review of City Council Reserve Policy and Discussion Regarding General Fund Reserves as of June 30, 2011

Mr. O'Leary reported to the Committee that a transfer of \$1.5 million from the General Fund fund balance to the Self Insurance Fund was approved by the City Manager to facilitate the preparation of the City's 2010-11 financial statements and is requesting that the Committee forward to City Council for confirmation. Mr. O'Leary explained to the Committee the necessity of the transfer.

Mr. O'Leary also stated that, based on a policy established by City Council, reserves should be at 20% of the balanced budget. Due to the economic downturn, the City Council has approved using reserves over the years to balance the budget, and therefore the reserves have declined. Mr. O'Leary would like to move \$2 million from the General Fund fund balance to increase reserves to 16% of the balanced budget.

Mayor Cassidy stated that perhaps Council should consider putting the \$2 million into the Self Insurance Fund to assist with future claims. Mayor Cassidy would also like a report from the City Attorney on the claims filed against the City and how much we anticipate would be paid out in claims.

Recommendation to Council

The Committee recommends that the City Council accept the report, and review and approve the transfers from the General Fund \$1.5 million to the Self Insurance Fund and \$2.0 million to the Economic Uncertainty reserve.

3. Continued Discussion Regarding Plan for Refinancing CalPERS Public Safety Retirement Plan Side Fund

- **October 4, 2011 Court Order to Publish Summons, Update Financing Schedule, and Provide**

Direction on Safety Side Fund Pay-Down by Lending Wastewater Fund Reserves.

- **Reaffirmation of City Moody's Credit Rating**

Mr. O'Leary updated the Committee on the Refinancing of the CalPERS Public Safety Retirement Plan Side Fund. The process is proceeding according to schedule; however, since the last report to the Committee, the rates have increased to 5.17%. The City has received news from Moody's that their A1 rating has been reaffirmed.

Mr. O'Leary also recommends proceeding with a loan from the City's Water Pollution Control Plant (WPCP). Mayor Cassidy asked why the City wouldn't seek a bigger loan from the WPCP. Mr. O'Leary stated that the WPCP has other obligations and does not wish to take more funding.

The Committee concurred with the recommendations.

4. Discussion Regarding Acquisition of Two Pumper Fire Apparatus Utilizing a Lease Purchase Agreement

Mr. O'Leary presented to the Committee the agreement from Golden State Fire Apparatus, Inc. on the lease purchase for two (2) fire pumper trucks. Mr. O'Leary stated that it is the responsibility of the City to maintain fire equipment as part of the contract with Alameda County Fire. Therefore two fire pumpers are scheduled to be replaced. Mr. O'Leary sought quotes from other financing resources however the financing of 2.20% offered by Oshkosh Capital, financing company associated with Golden State Apparatus, Inc. was lower.

Recommendation to Council

The Committee recommends that the City Council schedule approval of the resolution for the lease purchase of the two fire pumper trucks.

5. Public Comments

None

6. Committee Member Comments

None

7. Adjourn

The meeting was adjourned at 9:20 a.m.