

DRAFT MINUTES
SALINAS CITY COUNCIL FINANCE COMMITTEE
Monday, April 3, 2017
3:00 P.M.

COMMITTEE MEMBERS PRESENT: Mayor Joe Gunter, Councilmember Tony Barrera, and Councilmember Scott Davis.

STAFF PRESENT: City Manager Ray Corpuz Jr., Fire Chief Edmond Rodriguez, Senior Deputy City Attorney Michael Mutalipassi, Community Development Director Megan Hunter, Finance Director Matt Pressey, Assistant Finance Director Miguel Gutierrez, Accounting Manager Beth Mariano, and Senior Accountant Abe Pedroza.

Mayor Gunter called the meeting to order at 3:00 p.m.

1. PUBLIC COMMENT

No public comment.

2. MINUTES

The minutes of the February 6, 2017 meeting were unanimously approved by motion of Committee Member Barrera, second by Committee Member Davis.

3. DISCUSSION ITEMS

A. Monterey County Food Bank Construction Fees

The Director for the Monterey County Food Bank requested that the City waive the permitting and development impact fees, totaling approximately \$40K and \$550K, respectively, for a new \$6M, 62,000 square foot structure due to the charitable work performed by the organization that serve many residents within city limits. Community Development Director Megan Hunter informed the committee that the City has never granted a fee waiver previously, citing potential legal barriers and City Ordinance, in addition to the precedent it would establish. Ms. Hunter stated that since each entity must pay for only its “fair share” (using the fees from one project to pay for another is prohibited under state law), a fee waiver would ultimately require funding from the General Fund or an alternative source. Furthermore, the fees for this project include \$109K payable to the Transportation Agency of Monterey County (TAMC), and cannot be waived by the City. Councilmember Barrera asked if there were alternative options on how the City can assist the organization and its noteworthy cause. City Manager Ray Corpuz Jr. indicated that staff would work on potential opportunities and present back to Council. Councilmember Davis stated that financial assistance from Monterey County could be explored as a possibility.

B. Annual Financial Statements and Single Audit for Year Ending June 30, 2016

Finance Director Matt Pressey introduced Patricia Kaufman, audit partner of McGilloway, Ray, Brown, and Kaufman Accountants and Consultants, the independent financial auditing firm hired by the City. Ms. Kaufman provided a brief background of her firm and the report before Jacinto Bernal, audit manager, highlighted City assets, liabilities, and net position. The City was found to have no material weaknesses in controls, and received an unmodified (clean) opinion on both the basic financial statements and the single audit. There were no findings throughout the financials and no instances of noncompliance. Various Governmental Accounting Standards Board (GASB) pronouncements were introduced during the year, most notably relating to pension reporting, with future standards required to be implemented in the coming years. The audit report was very favorable to the City, demonstrating the hard work of Finance department staff.

C. CalPERS Advanced Payments

Finance Director Matt Pressey presented a schedule detailing the FY 2017-18 Annual Required CalPERS contribution, comparing two payment options for the City. Currently, the City pays the Unfunded Accrued Liability (UAL) monthly. However, by paying for the entire year in advance, a net savings of approximately \$355K can be realized. Mayor Gunter asked if the City can afford the entire \$9.6M prepayment and if anything was needed from Council to proceed. Mr. Pressey indicated that cash flow levels were sufficient to absorb the up-front cost, while City Manager Ray Corpuz Jr. indicated that staff will include it in the budget for council approval. Mr. Pressey also provided an update on the PERS discount rate, which will be phased in over seven years. Mr. Corpuz stated that CalPERS may re-adjust the rate in the coming years, which could significantly increase City expenditures.

D. FY 2017-18 Budget Process

Finance Director Matt Pressey distributed a handout outlining key dates in the budget development process for FY 2017-18. The executive team meeting occurred in March, with a series of staff trainings and meetings taking place in April and May. The plan is to introduce the Operating and CIP Budgets to City Council in a May 30, 2017 study session, with the adoption occurring on June 6, 2017. Councilmember Barrera asked how often staff meets with the Measure V and G Oversight Committees. Mr. Pressey indicated there are three scheduled annual meetings, with a fourth optional at the Mayor's discretion.

E. Committee Member Reports

None.

4. NEXT MEETING

Next meeting is scheduled for Monday April 17, 2017.

5. ADJOURNMENT

The meeting adjourned at 4:13 p.m.

SUBMITTED BY:



Abe Pedroza, Senior Accountant