



City of Fort Bragg

416 N Franklin Street
Fort Bragg, CA 95437
Phone: (707) 961-2823
Fax: (707) 961-2802

Meeting Minutes Finance and Administration Committee

Wednesday, April 6, 2016

3:00 PM

City Hall Conference Room, 416 N. Franklin Street

MEETING CALLED TO ORDER

The Committee Members were delayed and could not arrive at the Finance and Administration Committee meeting by the scheduled Call to Order time. A Notice of Adjournment was posted at the meeting location, announcing that the meeting would reconvene at 3:30 PM.

Chair Turner called the meeting to order at 3:31 PM.

ROLL CALL

Staff Present: Linda Ruffing, Victor Damiani and June Lemos.
Others in Attendance: Ginny Feth-Michel.

Present: 2 - Doug Hammerstrom and Dave Turner

1. APPROVAL OF MINUTES

Committee Member Hammerstrom requested two changes to the minutes of March 2, 2016: (1) Last sentence on page 1, change the word "where" to "were;" and (2) Last bullet point on page 2, delete all but the last sentence of the paragraph.

1A. [16-119](#) Approve Minutes of Meeting of March 2, 2016

A motion was made by Committee Member Hammerstrom, seconded by Chair Turner, that these Committee Minutes be approved as amended for Council review. The motion carried by a unanimous vote.

2. PUBLIC COMMENTS ON NON-AGENDA ITEMS

None.

3. CONDUCT OF BUSINESS

3A. [16-116](#) Review Report of Contracts Under \$25,000 for January 1 - March 31, 2016

This Report was received and filed.

3B. [16-117](#) Review Draft Cost Allocation Plan

Finance Director Damiani explained the cost allocation spreadsheets. The following was noted during discussion of this item:

- Methods for ascertaining allocations for City Council were discussed.
- Adding explanations to the spreadsheets would provide more transparency.
- Auditors look for a reasonable, consistent basis for making estimates, so the City's methods of

allocation should be reasonable and consistent.

- The City's actuals are not far off from the estimates.
- Staffing allocations need to be considered further.

No action was taken on this agenda item.

3C. [16-118](#) Review Municipal Financial Health Diagnostic Tool, Preliminary Results for FY 2015/16

Finance Director Damiani and Ginny Feth-Michel reviewed the information contained in the diagnostic tool with the Committee Members. Feth-Michel noted that FY 14/15 data is from the Comprehensive Annual Financial Report (CAFR), FY 15/16 is based on the mid-year report, and FY 16/17 and FY 17/18 are based on assumptions. The following was noted during discussion of this item:

- The diagnostic tool's warning signs show that the City is not in crisis.
- The City should be cognizant of its past history of reliance on grants.
- Regarding the General Fund:
 - Item 1: The indicator on page 7 should be changed from red to yellow because this category does not show "persistent & increasing deficits over consecutive years." The deficit is actually decreasing.
 - Item 3: Because of the Coastal Trail, this category shows a persistent substantially negative trend. Feth-Michel will refine the estimate so that this big capital asset addition does not skew the result. This diagnostic tool may not be the best way to determine capital asset condition. Indicator on page 10 should be changed from red to either yellow or green.
 - Item 5: Over 70% of the City's fixed costs are salary and benefit costs, which are constrained by the City's service level needs and agreements with employee organizations. The only way to reduce these percentages would be to reduce personnel, which would have an impact on services to constituents. The takeaway is that the City is still functioning in this situation and is doing pretty well.
 - Item 6: This will be taken out, because the Noyo Center subsidy was a General Fund expenditure and watering playing fields is Water Enterprise.
 - Item 8: The indicator on page 13 should be changed from green to yellow. The City has balanced the budget with reserves and or by deferring asset maintenance. Feth-Michel will assist in developing a comprehensive policy about making annual required contribution in the fiscal policies.
 - Item 12: The indicator on page 14 should be changed from green to yellow based on the use of funds from the Redevelopment Successor Agency and grants. Long-range financial plans and policies should be a priority in the future.
 - Item 13: The indicator on page 14 should be changed from green to yellow, as the CAFR was not timely filed due to special circumstances.
- Regarding the Water Fund: Transfers out are what is causing this category to be negative. The Finance Department will reanalyze, remove the capital items that skew the data, and revise the numbers.
- Regarding the Waste Water Fund: A similar analysis will be done for Waste Water Fund as for the Water Fund.

The bottom line is that this diagnostic tool will be reworked and revised, then brought forward at a budget workshop with draft policies for Council review to give everyone a bigger overview of the overall financial situation.

This Staff Report was referred to staff.

MATTERS FROM COMMITTEE / STAFF

None.

ADJOURNMENT

Chair Turner adjourned the meeting at 5:37 PM.