



AGENDA NO: B-I

MEETING DATE: February 21, 2023

**AGENDA CORRESPONDENCE
RECEIVED BY THE CFAC FOR PUBLIC
REVIEW PRIOR TO THE MEETING**



Citizens Oversight Committee/Citizens
Finance Advisory Committee (CFAC)

Annual Report to Council

February 28, 2023

CFAC Functions and Duties

- **Citizens Oversight Committee**
 - Review Annual Revenue/Expenditure Report for Measures Q and E expenditures (July 2021-June 2022).
 - Review Semi-Annual Revenue and Expenditure Report.
 - Report on Conformance of Expenditures.
- **Citizens Finance Advisory Committee**
 - Provide Citizen Input on Projects City Budget and Other Items.
 - Promote Citizen Participation and Understanding of Financial Information.
 - Review and Comment on the City Budget Prior to Presentation to the City Council.
 - Undertake Special Financial Projects as Directed by City Council, City Manager or City Treasurer.
- **Members: Chair Courtney Shepler, Vice Chair Stephen Peck, Member Homer Alexander, and Member Michael Erin Woody**

Today's Presentation

- As the Citizens Oversight Committee, Report on the Conformity of Measure Q and Measure E Revenues and Expenditures with Council Adopted Policy (April 13, 2021) and the Legislative Intent
 - Fund Police, Fire and Harbor Public Safety Positions
 - Maintain and Enhance Community Cleanliness and Safety
 - Invest in Infrastructure Such As Street Paving, Storm Drains, and Vehicle Replacements.
 - Fund Positions to Address the Backlog of Funded Capital Projects
 - Maintaining Appropriate Reserves
- As the CFAC, Report on Budget Review, with Particular Emphasis on the Budget for Measures Q and E.
- Make Recommendations to the City Council on How to Improve Transparency, Maintain Compliance, Promote Citizen Participation, and Increase Effectiveness.

Measure Q/E Overview

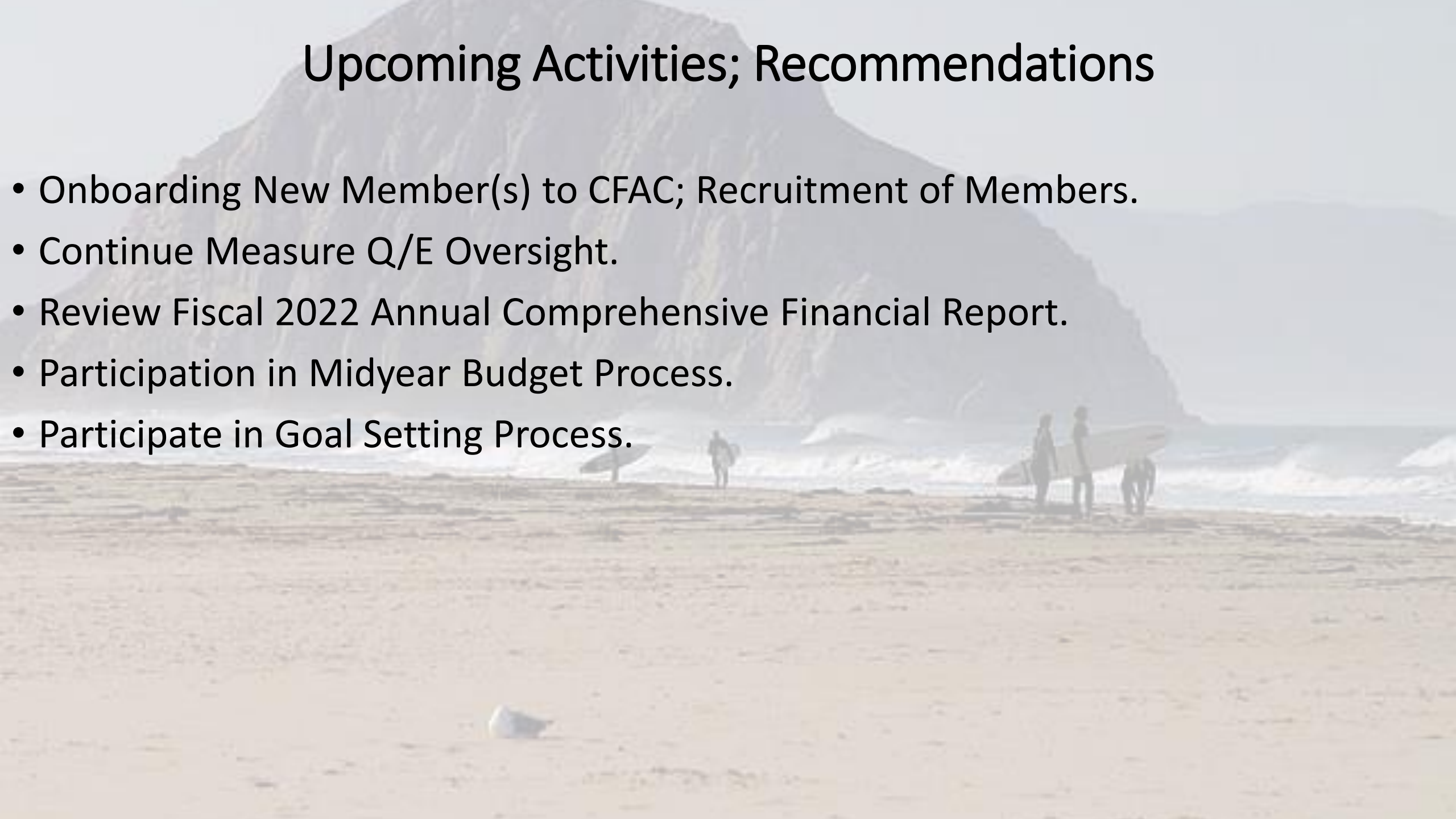
- Overall Finding: Measures Q and E Expenditures were in conformance with City Council policies for expenditure of those funds, and generally in conformance with the legislative intent of the measures as presented to the voters.
- Committee met January 2023 to review Measures Q&E fiscal year expenditure versus budget (2021-2022)
- Measure Q/E Revenues Have Been Reliable and Resilient
 - 2020-2021 Tax Revenue from Measure Q/E was \$ 1.98M, and \$4.7M in 2021-2022, Exceeding Projections.
 - Some Authorized Expenditures Have Lagged Because of Onboarding of Funded Positions

Summary of CFAC Activities

- CFAC Reviewed and Commented on Measure Q/E Transactions during the fiscal year 2021-2022
- Review of Two Quarterly Budget Reports with Feedback provided to City Finance staff.
- Review Public Information Strategies to Enhance Access and Transparency.
- Presentation from HdL About Measure Q and E Tax Revenues
- CFAC Role in Annual Comprehensive Financial Report (ACFR) Reduced/Diminished.
- CFAC Role in Review of WRF Reports Also Reduced/Diminished.

Upcoming Activities; Recommendations

- Onboarding New Member(s) to CFAC; Recruitment of Members.
- Continue Measure Q/E Oversight.
- Review Fiscal 2022 Annual Comprehensive Financial Report.
- Participation in Midyear Budget Process.
- Participate in Goal Setting Process.



Recommendations/"Asks"

- Ten-Year General Fund Revenue and Expense Forecast.
- Ten Year Forecast for Measure Q and E Revenues and Expenditure Commitments
 - Increasingly Difficult to Understand Backlog and Carryover, and Forward Commitments.
 - Not As Transparent Regarding Commitments.
 - Manage Expectations About Capacity for Q/E Funding of Major Projects.
 - Potential for Overspending.
 - Reasonable Revenue Forecasts.
- Expenditure Priorities
 - Reconsider Priorities Established in April 2021 as Part of 2023-2025 Goals/Objective Process
 - Concerns Regarding General Admin/Minor Miscellaneous Expenditures vs Tangible and Visible Improvements.
 - Review GF Reserve Policy and Use of Measure Q/E to Directly Fund.
- Seek Council Input and Direction CFAC's Role Re: "Special Financial Projects"
 - Role Recently Diminished with Little New/Added Direction.
 - Meaningful Engagement with Council Liaison and City Council.
 - Meaningful Interaction with Other Advisory Committees on Issues Affecting City Finances.