

DRAFT MINUTES
SALINAS CITY COUNCIL FINANCE COMMITTEE
Tuesday, January 11, 2022
2:00 P.M.

COMMITTEE MEMBERS PRESENT: Mayor Kimbley Craig, Councilmember Orlando Osornio, and Councilmember Anthony Rocha.

STAFF PRESENT: City Manager Steve Carrigan, Finance Director Mark Roberts, Public Works Director David Jacobs, Community Development Director Megan Hunter, Chief of Police Roberto Filice, Fire Chief Michele Vaughn, Senior Economic Development Manager Andy Myrick, Economic Development Analyst Michael Gomez, Assistant Finance Director Mary Lagasca, and Senior Accountant Abe Pedroza.

Mayor Kimbley Craig called the meeting to order at 2:00 p.m.

1. PUBLIC COMMENT

None.

2. MINUTES

The minutes of the December 7, 2021 meeting were approved by motion of Committee Member Osornio, second by Committee Member Craig.

3. DISCUSSION ITEMS

A. FY 2021 Spendable Fund Balance

Director of Finance Mark Roberts delivered a presentation regarding the Fiscal Year 2021 Spendable Fund Balance for the City's General Funds (General Fund, Measure E, and Measure G). Mr. Roberts began by discussing the Financial Policies as it relates to the topic, in addition to various key definitions and terms, notably the concepts of accrued revenues and expenses. The calculation for FY 2021 now includes the addition of accrued revenues, an important deviation from prior year(s) practices, resulting in a much larger available balance. Mr. Roberts detailed a series charts outlining the change in methodology before introducing additional visuals on the timing of accrual recognition. Staff concluded by noting the drivers that accounted for the large increase in fund balance, including sales tax, property tax, and cannabis business license tax all outperforming their budgeted amounts in addition to salaries and operating expenditures coming in lower than budgeted for the year. Prompted by Mayor Kimbley Craig, Mr. Roberts explained that this type of review of fund balance would be outside the normal purview of a financial audit. Mayor Craig and Councilmembers Anthony Rocha and Orlando Osornio all requested that staff implement safeguards that would prevent deviation from this newly established spendable fund balance calculation going forward.

B. Implementation of the Salinas Plan

Senior Economic Development Manager Andy Myrick introduced the topic as part of the Salinas Plan, which includes 32 recommendations from the National Resource Network (NRN) intended to help the City address its structural budget deficit and housing crisis. Mr. Myrick gave a brief overview of the plan's origin before defining the problem as a structural budget deficit. Staff further exemplified the key distinction between structural and one-time revenue and expenditures, citing various examples. Mr. Myrick provided a summary of the recommendations, key initiatives, and financial status of the plan before recommending that the plan be refreshed to provide a more accurate and current outlook for the City. All committee members expressed support for updating the Salinas Plan, with Mayor Craig and Councilmember Rocha advocating for including labor partners in the refresh process.

C. Committee Member Reports

None.

4. NEXT MEETING

Next meeting is scheduled for Tuesday, February 1, 2022.

5. ADJOURNMENT

The meeting adjourned at 3:21 p.m.

A handwritten signature in dark ink, appearing to read 'Abe Pedroza'.

Abe Pedroza, Senior Accountant