

MINUTES
MALIBU ADMINISTRATION & FINANCE SUBCOMMITTEE
SPECIAL MEETING
FEBRUARY 15, 2023
TELECONFERENCED - VARIOUS LOCATIONS
1:00 P.M.

The following meeting was held pursuant to AB 361 and fully teleconferenced from various locations during the coronavirus disease (COVID-19) pandemic.

CALL TO ORDER

Mayor Silverstein called the meeting to order at 1:02 p.m.

ROLL CALL

The following persons were recorded in attendance:

PRESENT: Mayor Bruce Silverstein and Councilmember Doug Stewart

ALSO PRESENT: City Manager Steve McClary; Assistant City Manager Joseph Toney; Renée Neermann, Finance Manager; Ruthie Quinto, City Treasurer; Yolanda Bundy, Environmental Sustainability Director; Kristin Riesgo, Acting Community Services Director; Tracey Rossine, Environmental Programs Manager; Media Technician Parker Davis; and Executive Assistant Mary Linden

APPROVAL OF AGENDA

MOTION Councilmember Stewart moved, and Mayor Silverstein seconded a motion to approve the agenda. The question was called, and the motion carried unanimously.

REPORT ON POSTING OF AGENDA

Executive Assistant Linden reported that the agenda for the meeting was properly posted on February 14, 2023.

ITEM 1 PRESENTATIONS

None.

ITEM 2 OLD BUSINESS

None.

ITEM 3 NEW BUSINESS

A. Approval of Minutes – November 30, 2022

Recommended Action: Approve the minutes for the Administration and Finance Subcommittee Special meeting of November 30, 2022.

Mayor Silverstein stated he would prefer to watch the video from the meeting prior to approving the minutes. Councilmember Stewart agreed.

MOTION Mayor Silverstein moved, and Councilmember Stewart seconded a motion to continue the item to the next meeting. The question was called, and the motion carried unanimously.

B. Fiscal Year 2022-23 Second Quarter Financial Report and Mid-Year Budget Amendments

Recommended Action: 1) Review Fiscal Year 2022-23 Second Quarter Financial Report; 2) Provide a recommendation to the City Council regarding Fiscal Year 2022-23 mid-year budget amendments; 3) Provide a recommendation to the City Council on adopting revised Authorized Positions and Salary Ranges for Fiscal Year 2022-23 and approving the Assistant City Clerk job specification.

Assistant City Manager Toney presented the report. He thanked the Finance team for their assistance with the report.

In response to Mayor Silverstein, Assistant City Manager Toney confirmed the hazard tree grant was received and would be offset by the expenditure. Mayor Silverstein stated it would be helpful to see income from permits with the related costs. In response to Mayor Silverstein, Assistant City Manager Toney stated revenue and related expenditures could be shown together. He clarified that it was possible, but the City is currently not structured to show it that way as the revenues and expenditures are not necessarily one-for-one.

In response to Councilmember Stewart, Assistant City Manager Toney confirmed the Woolsey Fire Reserve was not included in the Undesignated Reserves. Councilmember Stewart stated the Reserve total exceeded the 65 percent requested by the Council. He suggested the City have a 100 percent reserve plus a 10 percent contingency fund. He discussed fee waivers.

Mayor Silverstein discussed the Council's extensions of the fee waiver program.

Councilmember Stewart stated an update on the number of rebuilds still in process was needed.

Mayor Silverstein stated conditions for further extensions should be added to justify the request. He requested clarification of Councilmember Stewart's suggested reserve percentages.

Assistant City Manager Toney stated reserves were determined as a percentage of expenditures. He stated Government Finance Officers Association (GFOA) recommended only two months of expenditures be held in reserve, which was far less than what the City maintained.

Councilmember Stewart stated uses for surplus funds needed to be considered.

In response to Mayor Silverstein, Assistant City Manager Toney confirmed the 65 percent reserve was to maintain the City's bond rating.

In response to Mayor Silverstein, Councilmember Stewart stated separating the 65 percent from the remainder of the Undesignated Reserves was not necessary. He discussed the additional \$6.5 million set aside by the Council for emergency purposes.

Councilmember Stewart commended staff for the efficient financial reports.

Assistant City Manager Toney stated staff were looking into new budgeting software.

Councilmember Stewart suggested running a quarterly balance sheet. In response to Councilmember Stewart, Assistant City Manager Toney stated the City had an administrative officer that followed up on outstanding parking citations before they went out for collection.

Councilmember Stewart requested clarification of \$1.18 million in Interest Income (Account 3501). He requested an update on rent collected for City properties.

Mayor Silverstein suggested renaming properties listed as Legacy Park Rentals. He asked if the City could sell the Lumber Yard shopping center separately from the other Legacy Park properties.

In response to Mayor Silverstein, City Manager McClary stated the company leasing the Lumber Yard property from the City managed the individual space subleases.

In response to Mayor Silverstein, Assistant City Manager Toney explained the difference between authorized positions and actual employees working. Mayor Silverstein stated other similarly sized cities worked with a smaller number of staff. He stated he would support paying employees more rather than adding more staff.

City Manager McClary stated the community and Council continuously asked staff to do more. He stated several departments tracked more closely to other cities of a similar size. He stated it was necessary to match the work force with the mission presented.

Mayor Silverstein asked if that issue would be considered with the Class and Compensation Study. Assistant City Manager Toney stated determining an appropriate level of staffing was not part of that process.

Councilmember Stewart stated projects per planner were an important metric to consider.

MOTION Mayor Silverstein moved, and Councilmember Stewart seconded a motion to provide a recommendation to the City Council that it approve the Fiscal Year 2022-23 mid-year budget amendments, revised Authorized Positions and Salary Ranges for Fiscal Year 2022-23, and the Assistant City Clerk job specification. The question was called, and the motion carried unanimously.

C. Investment Report

Recommended Action: Review Investment Policy compliance and provide feedback to staff.

City Treasurer Quinto presented the report. She stated a Request for Proposals (RFP) for the City's financial institutions had not been conducted as required by the Investment Policy. She stated an RFP for banking services and more timely reporting would be implemented in the near future.

In response to Councilmember Stewart, City Treasurer Quinto stated 110 percent was maintained in a separate custodial account. Councilmember Stewart stated the auditors did not test the City's investment policy. He stated \$91 million of investible funds could be earning \$4.5 million. He stated the City was earning about one-half of the benchmark. He questioned why the benchmark was not reported. He suggested \$80 million could be converted to six-month investments. He suggested the City be more proactive.

City Treasurer Quinto confirmed the City was not as active as it could be to increase the yield. She stated \$12 million in the operating checking account was reasonable. She stated the entire \$90 million Reserve was not investible. She stated the two-year treasury note did not include the current benchmark rate. She stated a different level of action was appropriate for current interest rates.

Councilmember Stewart agreed that cash management and investments had become far more important over the past year. In response to Councilmember

Stewart, City Treasurer Quinto stated the amount in First Bank was based on past events, including the Woolsey Fire, 2019 storm events, and the COVID-19 pandemic.

In response to Councilmember Stewart, City Treasurer Quinto stated she would investigate the difference between the \$1.18 million in interest listed in the quarterly financial report and the journal entries and would report back.

Councilmember Stewart requested regular reporting to the City Council on the City's investments. He suggested the City's investments be more aggressive.

Mayor Silverstein asked for clarification between the Treasurer and Financial Advisor functions. In response to Mayor Silverstein, City Treasurer Quinto stated it was the responsibility of the City, being the Council and City Treasurer, to determine what should be done in compliance with the Investment Policy. She stated financial advisors did not make the final decisions. Mayor Silverstein suggested the City increase the City Treasurer contract to allow for more time spent on investments.

In response to Mayor Silverstein, Assistant City Manager Toney stated First Bank was selected following an RFP and was selected in part due to it being a local bank. He stated constant bank turnover could be detrimental to the City. In response to Mayor Silverstein, City Treasurer Quinto stated Wells Fargo Advisors was selected in 2012. In response to Mayor Silverstein, City Treasurer Quinto stated the investments listed as Wells Fargo could be with other banks but were sold to the City by Wells Fargo Advisors, the City's broker.

In response to Mayor Silverstein, William Gomberg, Wells Fargo Advisors, explained the broker's role in the City's investments. He stated the purchase of certificates of deposit (CDs) from any individual bank was limited to \$250,000 for Federal Deposit Insurance Corporation (FDIC) coverage. He discussed the security of money market accounts. He stated Wells Fargo could utilize the money market account for a checking account to increase the yield on available cash and secure liquidity.

Councilmember Stewart stated he hoped to see a monthly investment report from the City Treasurer and how the City was doing against the benchmark. He stated the Treasurer should have a set of tools to make the best decisions for the best return at the lowest level of risk.

Mayor Silverstein stated he agreed with Councilmember Stewart, provided it was within the scope of the City Treasurer's contract. He stated the monthly report should be included in the Consent Calendar on a City Council agenda as a receive and file item.

In response to Mayor Silverstein, City Treasurer Quinto stated it would be best to have someone watching the investments on a daily basis while the markets were at the current level of flux.

ADJOURNMENT

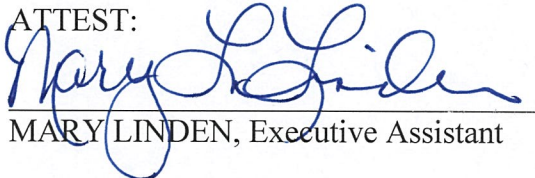
MOTION At 2:57 p.m., Councilmember Stewart moved, and Mayor Silverstein seconded a motion to adjourn the meeting. The question was called, and the motion carried unanimously.

Approved and adopted by the Administration and Finance Subcommittee of the City of Malibu on April 11, 2023.



BRUCE LEE SILVERSTEIN, Mayor

ATTEST:



MARY LINDEN, Executive Assistant