



AGENDA REPORT

Finance Department

DATE:	January 21, 2025
TO:	Mayor Martinez and Members of the City Council
FROM:	Andrea Miller, Director of Finance Mubeen Qader, Deputy Director of Finance Jerry Gurule, Accounting Manager Antonio Banuelos, Accounting Manager
Subject:	Investment and Cash Balance Report, Monthly Overtime Reports, and Documentary Transfer Tax Report for the Month of November 2024
FINANCIAL IMPACT:	There is no fiscal impact due to this agenda item.
PREVIOUS COUNCIL ACTION:	None.
STATEMENT OF THE ISSUE:	City staff is requesting that the City Council receive the City's Investment and Cash Balance Report, Monthly Overtime Reports, and Documentary Transfer Tax Report for the month of November 2024.
RECOMMENDED ACTION:	RECEIVE the City's Investment and Cash Balance Report, Monthly Overtime Reports, and Documentary Transfer Tax Report for the month of November 2024 – Finance Department (Andrea Miller 510-620-6740).

DISCUSSION:

Investment and Cash Balance Report

It is the policy of the City of Richmond (City) to invest public funds in a manner which prioritizes safety and liquidity over yield while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds. In accordance with California Government Code Section 53646 and the City's Investment Policy, the Director of Finance shall report monthly on the City's pooled and Bond funds to the City Manager and City Council and shall report quarterly on other investments.

The Investment and Cash Balance Report is a monthly report of the City's pooled cash balance which include General Fund, Special Revenue, Debt Service, Capital Projects, Enterprise, Internal service, Trust & Agency, Redevelopment/Successor Agency, and any other Funds investment activities under the direction of the City.

The Portfolio Management Report represents the monthly bank balances, along with market balances of permitted investments according to the City's Investment Policy. Investment in the Local Agency Investment Fund (LAIF), CalTrust, money market, agency bonds, certificates of deposits, and corporate notes are all allowable by California Government Code Section 53601 and permitted according to the City of Richmond's Investment Policy updated October 17, 2023.

This investment report reflects the additional restrictions the City Council added to the City of Richmond's Investment Policy at the April 30, 2024, special meeting. Staff presented Investment Policy modifications and recommendations for socially responsible investments to Council for consideration based on the policy direction to eliminate the investment of City funds in industries that facilitate violence, war, oppression, and apartheid. Recommendations were presented and adopted by Council on December 3, 2024 (Resolution #145-24) with the request of periodic updates. Staff will provide an update to Council in February during the FY2024-25 midyear review.

At the September 2024 Federal Open Market (FOMC) meeting, the Federal Reserve (Fed) lowered interest rates by 50 basis points, easing monetary policy for the first time in four years. This lowers the interest rate target to a range of 4.75% - 5% on investments. In November 2024, as a follow-up to September's big half-percentage point reduction, the FOMC lowered its benchmark overnight borrowing rate by a quarter percentage point, or 25 basis points, to a target range of 4.50%-4.75%. The City has started to see a slight decrease in our rate of return due to these recent rate cuts.

The City is allowed to pre-fund future Pension and OPEB costs in accordance with the City's Pension and Other Post-Employment Benefits (OPEB) policies. These funds are invested according to the policies funding objectives and funding guidelines. The City maintains a Section 115 Combination Trust for City-OPEB & Pension administered by Public Agency Retirement Services (PARS) and a California Employers' Retiree Benefit Trust (CERBT) administered by California Public Employees' Retirement System

(CalPERS) for RPOA-OPEB. Each Trust is comprised of a diversified portfolio of investments consistent with the Trust's objectives and liquidity requirements.

Overtime Reports

The overtime reports for the month of November 2024 provides a summary of budget-to-actual overtime usage by department for miscellaneous and sworn staff. Year-over-year and month-over-month totals are included for sworn staff.

Documentary Transfer Tax

At the June 24th City Council Budget Hearing, City Council requested monthly updates of the Transfer Tax received by the City of Richmond from the County for the sale of properties in Richmond. As this is the City's most volatile revenue stream, the amounts received month-to-month can vary from the low \$300,000 to the highs of \$3 million – a few large sales can widely swing the revenues.

In December, the City received data from the County for the November Transfer Tax which will total \$1,791,677.

DOCUMENTS ATTACHED:

Attachment 1 – Investment and Cash Balance Report for November 2024

Attachment 2 – Overtime Report for November 2024

Attachment 3 – Overtime Public Safety Report for November 2024

Attachment 4 – Documentary Transfer Tax Report for November 2024