

The Finance Commission would like to congratulate the City Council for making the fiscal decisions necessary to balance the proposed budget for FY 25/26. We also understand the challenges ahead for this City Council in order to continue to balance budgets for the foreseeable future.

If you wish to permanently eliminate the budget challenges in the future, the City Council must change the retirement program away from the current Defined Benefit Plan, as the Finance Commission requested in the letter from February 2025. Our budget shortfalls are directly related to the Defined Benefit Plans.

In addition to changes in the retirement plan, there are other options that could alleviate budget issues, but only temporarily. These temporary solutions involve further reducing the headcount of the city staff over the next 10 years and increasing revenue, simultaneously.

We understand the current budget eliminates six positions, but we suggest the City Council continues this trend annually for the next 10 years to reduce a total of 60 positions.

In addition to reducing costs, the City must increase revenue. The city undergoes regular reviews of charges for city services to assure they are in-line with the market and with the costs involved in delivering these services. It is the Finance Commissions position that a similar review be undertaken on a regular basis for all city assets being run by an outside vendor.

To that end, the Finance Commission suggest the City consolidate all real estate agreements under the City's dedicated property manager or hire an external professional property manager to review leases, Memorandum of Understandings (MOUs) or any other agreement in place and determine if the city is receiving proper reimbursement for the asset being used by a third-party.

The five assets the Finance Department would suggest in the initial investigation would be the Equestrian Center, The Sports Complex, The Frisbee Golf Course, the Huntington Beach Yacht Club, and Meadowlark Golf Course. We suggest these five to begin with because they are some of the biggest, most valuable assets the city owns and also, through the Finance Commission cursory investigation of these properties, they all seem to be under producing for the value of the asset.

Attachments:

- 2024 City Lease Opportunities
- February 2025 Letter to City Council