



MINUTES FINANCE COMMISSION MEETING

Wednesday, June 25, 2025 - 5:00 p.m.
City of Huntington Beach
Civic Center Lower Level
Meeting Room B-7

For the audio recording of the June 25, 2025, Finance Commission Meeting, please visit the City's website at: <https://huntingtonbeach.legistar.com/Calendar.aspx>

Chair Gates called the meeting to order at 5:00 p.m. and Chair Gates led the Pledge of Allegiance.

MEMBERS PRESENT:

Kelly Gates, Chair
Frank Lo Grasso, Vice-Chair
David Cicerone, Commissioner
Billy Hamilton, Commissioner
Austin Edsell, Commissioner
Paul Geery, Commissioner
Scott Dowds, Commissioner

MEMBERS ABSENT:

STAFF PRESENT

Travis Hopkins, City Manager
Robert Torrez, Interim Chief Financial Officer
Zack Zithisakthanankul, Finance Manager, Finance
Skyler Barthold, Management Aide, Finance
Shari Saraye, Senior Buyer, Finance
Steve Holtz, Deputy Director of Community Development
William Krill, Real Estate & Project Manager, Community Development
Kriss Casanova, Economic Development Manager, Community Development
Morgan Forster, Management Analyst, Community Development
Chris Cole Community & Library Services Manager

PUBLIC COMMENTS

Pat Goodman expressed concerns about the City's FY 2025-2026 adopted budget, the dissolving of the Be Well service, and potential sources of revenue loss that the City could receive from housing elements. Pat inquired about our reserve and how they could be comparable to other cities.

CONSENT ITEMS

Approval of Meeting Minutes

Motion: Moved by Commissioner Frank Lo Grasso and seconded by Commissioner Paul Geery to approve the Finance Commission Meeting Minutes dated May 25, 2025, as presented

The motion carried by the following votes: 7-0-0-0

Ayes: Gates; Lo Grasso; Geery; Dowds; Cicerone; Hamilton; Edsell

Noes: None

Absent: None

Abstain: None

DISCUSSION ITEMS AND POTENTIAL RECOMMENDATIONS

D1. Centralization of Real Estate Functions

Community Development reported significant progress in centralizing the City's lease management through the new centralized real estate division established in July 2024. This progress includes improving transparency, accountability, and alignment with the City's long-term goals. Key improvements include clearing financial system backlogs, implementing daily payment reconciliation, building lease tracking tools, and improving tenant communication. Ongoing efforts involve digitizing files, verifying insurance, and transitioning concession leases. Community Development is ahead of schedule on its six-month implementation plan and aims to modernize operations through tools such as a lease optimization assessment, renegotiation and audit calendars, and a lease performance scorecard. The Finance Commission expressed support for the City's efforts and emphasized the importance of addressing budget issues, conducting regular market rate adjustments and audits to ensure leases generate appropriate revenue, and proposing a review of five major City assets—Meadowlark Gold Course, Huntington Sports Complex, Equestrian Center, Disc Golf Course, and Huntington Harbor Yacht Club—which may be undervalued. Commissioners stressed the need for clear processes, legal review, and proactive asset management. The Finance Commission also expressed satisfaction with their discussions with Community Development regarding City leases and the new procedures established to make adjustments.

D2. Arcis Demand Letter Update

The Commissioners discussed that the Arcis demand letter is being drafted by the City Attorney. They wished to add this item to the agenda to acknowledge the item and to ensure that the item is continuing to move forward through the proper City channels.

D3. Financial Review of the Sports Complex

Finance Commissioners discussed the bonds issued by the City to finance construction of the Sports Complex. They discussed whether use of City reserves could be used to reduce debt. The Commissioners also addressed the construction and maintenance cost of the Sports Complex, as well as the ongoing contract with HBSC, a private operator. Concerns were raised about the benefit to the local community, high usage fees deterring local teams and the maintenance of the fields. The Commission expressed interest in reviewing the financial terms of the HBSC agreement, including how revenues—particularly from parking—are shared. While the facility serves both local and out-of-

town users, Commissioners stated it could better serve Huntington Beach residents and also could generate more revenue to offset City subsidies. Staff agreed to evaluate the operating agreement, financial performance, and bond structure, and to return with their assessment.

D4. Financial Review of Huntington Harbor Yacht Club

The Commission raised concerns about the Huntington Harbor Yacht Club's lease compliance, specifically noting the Yacht Club's failure to submit the required quarterly revenue statements. Commissioners noted that with a large quantity of members and additional revenue from food and alcohol sales, there may be unreported income. Staff explained that the lease is structured so percentage rent only applies if revenues exceed a certain threshold, which has not been audited or verified. The lease is being transferred to the Community Development Department's new Real Estate Division, which will review the lease, inspect the building, and address any code violations. Commissioners requested quarterly updates on the lease management progress, Community Development staff suggested providing bi-annual reports instead. Additionally, Commissioners discussed recommending formal audits of the Yacht Club lease and others. Community Development staff indicated the Department lacks the authority to audit leases directly, therefore staff will propose that the City Council direct the requested audits.

D5. Review Cashflow Statement

Commissioner Hamilton shared the City Treasurer's monthly Statement of Cash Receipts and Disbursements and Summary of Cash by Fund report, noting it is helpful for year-over-year comparisons.

D6. Single Audit, and Overview of New GASB Standard Requirements

The Finance Department reviewed its federally mandated Single Audit, which applies to non-federal entities spending \$750,000 or more in federal funds within a fiscal year. Starting FY 2025-26, the audit threshold will increase to \$1 million, resulting in fewer of the City's federally fund programs requiring the annual audit. The presentation also provided an overview of the new GASB (Governmental Accounting Standards Board) standards, which the Finance Department is currently evaluating to determine its impact on the City's financial statements—particularly regarding the presentation of liabilities such as compensated absences. Additionally, the department discussed the risks associated with audit failures, emphasizing the importance of maintaining compliance to avoid jeopardizing federal funding. The City submits compliance reports and reimbursement requests for each grant, with audits focused on the programs with the highest federal expenditures.

COMMISSIONER COMMENTS

Commissioner Hamilton expressed satisfaction with the progress being made regarding City leases and stated his interest in continuing efforts to consolidate them. He also recommended that the City review its bonds to determine whether early repayment is feasible.

Commissioner Edsell thanked the Finance Department for providing the Commission with the Elan and Breakwater agreements. Edsell stated that he feels the City is moving in a positive direction, is providing clarity, and expressed appreciation for the staff's work.

Commissioner Greer inquired about the timing of the Finance Commission's letter to the City Council. It was noted that the letter will be included in the agenda for the July 23, 2025, Finance Commission meeting.

Vice-Chair Lo Grasso and Chair Gates voiced frustration with staff regarding Lo Grasso's requested item not being added to the June 28, 2025, agenda. They noted that the delay in adding the item prolongs the response timeline. The City Manager committed to reevaluating internal communication procedures to prevent similar issues in the future.

Commissioner Cicerone expressed appreciation for the responses to his inquiries he received throughout the week and thanked the staff for their continued efforts.

ADJOURNMENT

Motion: Moved by Commissioner Frank Lo Grasso and seconded by Commissioner Paul Geery to adjourn the meeting at 7:50 p.m.

The motion carried by the following votes: 7-0-0

Ayes: Gates; Lo Grasso; Geery; Dowds; Cicerone; Hamilton; Edsell

Noes: None

Absent: None

Submitted by:

Robert Torrez, Interim Chief Financial Officer

By: Skyler Barthold, Management Aide