



MINUTES FINANCE COMMISSION

Wednesday, May 22, 2024 - 5:00 p.m.
City of Huntington Beach
Council Chambers
Huntington Beach, CA 92648

For the audio recording of the May 22, 2024, Finance Commission Meeting, please visit the City's website at: <https://huntingtonbeach.legistar.com/Calendar.aspx>

Chair Billy Hamilton called the meeting to order at 5:01 p.m. and Commissioner Robert Sternberg led the Pledge of Allegiance.

MEMBERS
PRESENT: Billy Hamilton, Chair
Kelly Gates, Vice-Chair
David Cicerone, Commissioner
Jamie Craver, Commissioner
Frank Lo Grasso, Commissioner
Janet Michels, Commissioner
Robert Sternberg, Commissioner

MEMBERS ABSENT: None

STAFF PRESENT Sunny Han, Chief Financial Officer
Serena Bubeheim, Assistant Chief Financial Officer
Thuy Vi, Management Aide, Finance
Shari Saraye, Buyer

PUBLIC COMMENTS

Shammy Dee spoke about the City's budget adoption process. At last year's budget adoption City Council meeting, last minute changes were made to the proposed budget after the meeting had started and no information was provided about the changes and its impact. The City Charter states that we are to get a copy of the detailed budget 10 days before the City Council meets on the budget and she would like the City to follow through with that in the interest of transparency.

Ellen Riley spoke about City's budget. She stated that we should forget about the Library RFP and focus on making money for the City. We should adopt the Housing Element as all the other Orange County cities have. Developers want to get into Huntington Beach and there is a lot of open land. We need to have revenue development through our housing assets and not just cost cutting. We need to sell one helicopter and replace it with drones that do not pollute the environment.

CONSENT ITEMS

Approval of Meeting Minutes

Motion: Moved by Commissioner Janet Michels and seconded by Vice-Chair Kelly Gates to approve the Finance Commission Meeting Minutes dated April 24, 2024, as presented

The motion carried by the following votes: 6-0-1

Ayes: Cicerone; Craver; Gates; Hamilton; Lo Grasso; Michels

Noes: None

Abstain: Sternberg

DISCUSSION ITEMS AND POTENTIAL RECOMMENDATIONS

D1. FY 24/25 Proposed Budget – Han

Chair Hamilton stated that Chief Financial Officer Sunny Han gave the Fiscal Year 2024/25 Proposed Budget Review presentation at the City Council Meeting yesterday. Han stated that she would take questions regarding the presentation.

Cicerone asked for the dollar amounts for each of the departments that comprise the proposed \$299.6M expenditures. Han stated that she could provide Cicerone with a spreadsheet. Cicerone asked when the proposed budget would be available, and Han stated that it would be available on the City's website this weekend.

Michels asked for information on the Voluntary Rate Range Intergovernmental Transfer (VRRP IGT) Program that is listed on page 7 under Revenue from other Agencies. Han stated that it is a new CalOptima program that was approved by the City Council this past year. It provides increased reimbursements for our emergency ambulance transports for Medi-Cal patients and is an ongoing program for as long as this Federal funding source is available. Newport Beach and UCI have been participating in the program for a few years and it looks like there is continued funding. There are certain conditions that need to be met to participate in the program. You need to apply for the program and have your own ambulance transport. The program requires an upfront cash payment, so a certain amount of liquidity needs to be available. Not all cities are fortunate enough to have sufficient liquidity to fund this program.

Michels confirmed that there are four new proposed positions as listed on pages 10 and 11 and asked with the 1,005.75 full-time equivalent (FTE), if all open positions will be filled. Han stated that 1,005.75 is the total FTE count. Michels asked and Han confirmed that it includes open positions that are still part of Managed Hiring. Hamilton asked how the number relates to the personnel cost of \$191M, and what vacancy factor is used in budgeting. Han stated that the base factor is \$4M and there is \$1.5M on top of that which is included for the budget balancing plan. Han noted that the FTE chart on page 12 is from All Funds and includes positions that are funded by the Water Fund, Sewer funds and grant funds. The position count for General Funds is lower. Hamilton asked for our current vacancy number and Han stated that as of the end of March, there were 108 vacant positions.

Lo Grasso stated that on the page 12 FTE chart, the full-time positions from 2016 to 2020 remain stable and we lost some positions during COVID. In 2021, we started coming back to our pre-COVID numbers and then the FTE numbers go straight up. He asked if there is an explanation for the increase. Han stated that we recently added new positions. Some of those positions were related to homeless. During the recent budget, four new positions were added to the City Attorney's Office due

to increased litigation needs. Two new positions were also added to the Public Information Office due to increasing needs for public communication. Lo Grasso stated that we have added 25 positions in three years and asked if our population has increased. Han stated that our population has remained largely flat. However, we have added large scale events and tourism has increased, which impacts the City and requires more coordination, public safety overtime hours, street closures and event planning.

Gates asked if there was a payment plan to receive the \$31M Waterfront loan Superior Court judgment. Han stated that we received approximately \$8M this year, but 20% of that amount is required to go to our low and moderate-income housing fund as required by the Health and Safety Code. The General Fund portion is approximately \$6.8 million. There is no debt service schedule or repayment schedule related to the Waterfront loan payment because each year, it is subject to approval by the Department of Finance. We cannot bank on a specific amount of money. It also changes based on the amount of property tax revenue that is available by the County, which is the difference between the prior year's available property tax and the base year property tax. It changes every year, so the calculation has to be refreshed each year. Gates asked if we are guaranteed to eventually get the \$31M. Han stated that we are as long as we continue to meet the definition of an enforceable obligation. Hamilton asked if it is recognized when we collect the cash. Han stated that once approved by the Department of Finance on the ROPS, we would recognize it as revenue on an annual basis.

Craver asked that when creating the long-term financial plan projection, if one-time revenues are considered to offset the significant deficits that we will be facing in those years. Han stated that she does expect one-time revenues, however, it is dependent upon property tax revenues that are available each year, and those numbers do change. The numbers had changed from the time the ROPS was prepared at submission versus the time that it was ultimately approved. The numbers can change in the span of a few months so we cannot finalize those numbers until we receive the letter from the Department of Finance with a final approved amount. Craver asked if there was an increase in the change, and Han stated that the numbers had decreased. Craver asked if Han had an estimate used for projections internally. Sternberg asked if Han has a placeholder. Han stated that she did, but it is very conservative.

Michels asked that relative to the projected deficit in FY 25/26 through FY 27/28, if the City Council will be presented with any ideas to diminish the outyear deficits like last year. Han stated that we are continuing to look at different, new revenue generating ideas as well as new efficiencies, which is an ongoing initiative by all the departments. We are also bringing forward proposed changes to our EMS user fee schedule at our budget adoption presentation, as well as proposed changes to our Master Fee and Charges schedule. In accordance with best practices, we prepared updated fee studies for both. Our EMS fee study was last completed in 2021, and our Master Fee study was last completed in 2016. It has been a while since we have done a full fee study for either schedule. Michels stated that we did a modified look similar to a cost-of-living increase two years ago but did not complete covering all the City's expenses on some fees. She believes that the City should cover its costs for all services delivered. Sternberg asked if consultants are hired to do the studies and how much they are paid. Han stated that there is a consultant for the Fire fee study and one for the Master Fee and Charges study. Han stated that the Master Fee study cost was \$36,960. Sternberg asked if the studies could be done in-house. Han stated that we are lean on staffing, and it would be quite a

challenge.

Cicerone asked and Han confirmed that there are currently 108 vacancies in the City. He asked why we are asking for four additional head counts while we have 108 positions open. Han stated that those positions perform different functions than those being recommended for approval in the budget.

Hamilton stated that the page 13 CalPERS schedule shows that our pension liabilities are getting out of control. He asked if we have an action plan to address it. Han stated that we have an updated reserve policy that was adopted with the FY 23/24 budget where we would set aside 25% of any unrestricted one-time general fund revenues and is the reason we are setting aside 25% of the Waterfront monies to the Section 115 Trust. Additionally, we are still setting aside \$1M to the Section 115 Trust on an annual basis. Han stated that she communicates with our CalPERS actuary on a regular basis to see where their returns are. Hamilton asked for clarification on the -7.5% return. Han stated that this upcoming fiscal year is the first year that the -7.5% investment return impacts our budget, and we will have a UAL payment. Hamilton stated that he hopes that we have an action plan to address that. Han stated that one of the reasons that the Section 115 Trust was established is so that we have diversification outside of CalPERS.

Craver asked for more information on the opioid settlement funds. Han stated that City Attorney Gates stated that the settlement amount was \$5M. We would be receiving funds over 18 years and are currently receiving approximately \$400,000 each year. There is a concern that as time goes on, some of the pharmaceutical companies may elect to declare bankruptcy rather than pay out the settlement payments. GASB has issued guidance suggesting that we have an allowance for some of the opioid payments going out into the future. For the near term, there is a strong likelihood that we will continue to receive approximately \$450,000 each year. Craver asked and Han confirmed that we have received the first payment which is two years' worth of payments. Han stated that we have not yet formulated a plan for the use of these funds. Craver asked if we were working with Lieutenant Smith as well with the homeless. Han stated that the Fire Department approached the Police Department to see if they were also interested in utilizing a portion of the opioid funds, and the Police Department chose not to utilize the funds now but may choose to do so in future years. We will be moving forward with Fire's proposed plan if approved by the City Council.

Hamilton stated that on page 28, there are positions listed for the opioid plan which includes a community engagement coordinator. He asked if the positions are part of the four additional positions that were created or if they are existing positions within the City, and if those positions end after 18 years. Han stated that only one of the four positions is new which is the community engagement coordinator. It is a limited term position that is grant-funded and once the opioid funding expires, then that position is eliminated, and the position will be advertised as such. The contracted nurse educator position is a contract position and not considered an actual position on the table of organization. The community engagement analyst is an existing position, and the contracted medical director is a contract physician that would not be a pensionable position.

Craver asked for a description of what the upcoming month looks like in terms of the budget and the steps towards budget adoption. She stated that she was curious to see so few questions from the sitting Council members during the study session because she was hoping to glean some insight regarding their priorities, what they were thinking or what they were considering. She asked what is anticipated at the June 4 meeting to ensure that we are not in the position that we were last year with

making last minute changes and revealing them to the public at a rush. Han stated that the budget adoption is a noticed public hearing, and we will be noticing the hearing and publishing it in a public newspaper this weekend. We will also be publishing the proposed budget as well as the fee schedule on the City's website this weekend. We will have the budget presentation available with the agenda packet the week prior to the Council meeting. On June 4, we would have the public hearing, the public would be able to provide public comment at the meeting, and we would give the budget adoption presentation. The City Council could ask questions and adopt the budget and then we would have the new fiscal year open on July 1. If the Council has any additional changes, then the public hearing could be continued until the next regularly scheduled meeting on June 18, in which case the public hearing would be continued to June 18 with any suggested changes. We would then have the updated presentation available the week prior to the Council meeting. The continued public hearing would be held on June 18 with another opportunity for the public to comment and then we could have the budget adopted on that date. Should the Council have any additional changes at that time, then we could continue the public hearing and have a special meeting which could be continued to a date up to June 30th.

Craver asked if the current budget proposal in this presentation and the proposed budget that will be published this weekend reflects the work of all the departments in conjunction with the City Manager, and if the City Council is having their questions answered along the way with individual departments. She stated that it appears that there was no discussion on deficits or unfunded liabilities that would help educate her as a member of the public and the public in general, and wondered if these questions are being asked. Han stated that the City Council is provided with a copy of the proposed budget prior to the study session, and they can ask questions of her, of the City Manager, or of any of the departments prior to the Council meeting. Additionally, for the long-term financial outlook, other than the FY 24/25 budget, it has remained unchanged from the mid-year presentation because we have not made any adjustments to our revenues or expenditures in the out years.

Sternberg asked if the potential increased fee structure will be in the budget this weekend. Han stated that the proposed fee schedule will be separate from the budget and available on the City's website. Sternberg asked why the consultant could not have completed the study earlier so that it could come before the Finance Commission for review. Han stated that the consultant is also working with all the other cities to adopt their fee schedules around the same time so there has been a time crunch.

Craver stated that we have a court order requiring that we adopt a compliant Housing Element within 120 days. She was surprised that the City Council is taking no action or informing the public of what it intends to do aside from appeal. She is worried about potential fines and when we may need to be accruing or thinking about those fines. She asked Han that as the CFO, if she is thinking of potential fines in light of the fact that we are not adopting a Housing Element. Hamilton stated that it relates to liability and Han would have to work with the City Attorney to develop an assessment, which the City Attorney discussed at the City Council meeting. Han stated that we will work with the City Attorney's Office and the Community Development Department to see what the risks would be, and then we would factor them into the budget. Craver asked and Han confirmed that a claim reviewer, Carl Warren, is also involved.

Sternberg stated that the tide check valves were explained last night and asked if it was under the Infrastructure Fund and not the separate Water Sewer Fund. Han stated that she could check with Tom Herbel and provide Sternberg with an update.

Cicerone stated that he would like to make a motion that we ask the City Council to implement a policy that the budget comes before the Finance Commission at least a month before it is presented to the City Council which gives the Commission the opportunity to look into the budget. He stated that the City Council is slammed with a multitude of things and does not have the time or in some cases the wherewithal to dig into the budget the way that the Commission could. We could spend the time over the course of one month to raise enough questions that would be of help to the City Council. Sternberg stated that he agreed with Cicerone's point, especially for the cost fee study. It is something that the Commission could review where the City Council does not need to spend a lot of time on. Michels stated that it is a good idea, but it would behoove us to understand the processes and deadlines that all the departments go through so that it can be practically accomplished. For us to move the process forward will require a lot of other departments to do things sooner for that to occur. Lo Grasso stated that it was an excellent idea, and we can throw the suggestion out there and let staff figure out if they can do it.

Han stated that both the budget and the fee study began in December. The departments as well as the Finance team have been working intensively since December on both, along with day-to-day duties as well as other Council priorities in order to meet the June 4th budget adoption deadline. It will involve her and her team working with very minimal sleep up to the agenda posting deadline, while setting aside personal family emergencies. To tack on an additional month on top of that would be completely unsupportable for not just the Finance team, but also for City staff when you factor in Managed Hiring as well as several retirements amongst some of our senior department analysts that are upcoming in the current year as well as the next few years. A lot of institutional knowledge will be walking out the door which will make the budget process even more challenging for those new analysts that will be here and will be hired to take their place. At the same time, we will also have to grapple with the structural deficits that are coming in the upcoming fiscal years. We have been trying to be proactive with working on the fee schedule as well the Fire fee schedule, which we had discussed as far back as July of 2023. It was included in our budget balancing plan and listed as a Strategic Plan Goal. One of the challenges is that it requires a level of expertise that we need to contract out for. Sternberg stated that the fee structure could have been done earlier for the Commission to review. Hamilton stated in drafting the letter, these practical considerations and concerns would be part of the request. He noted that we are trying to be helpful to everyone and not problematic.

Motion: Moved by Commissioner David Cicerone and seconded by Commissioner Frank Lo Grasso that the Financial Metrics and Cash Flow Ad Hoc Committee draft a letter to the City Council to propose implementation of a policy that the proposed budget and fee study are reviewed by the Finance Commission prior to being presented to the City Council.

The motion carried by the following votes: 6-0-1

Ayes: Cicerone; Craver; Gates; Hamilton; Lo Grasso; Sternberg

Noes: None

Abstain: Michels

Cicerone stated that he would like to suggest a motion that the City Council implement a budget policy that the annual budget will be reduced to commensurate with the CalPERS UAL amount that we are facing in the coming year. If we are not going to come to grips with the problem, we are going to have to continue to cut our budget each year by that amount. The intention is if we are not going to address the pension issue and continue to incur this unsustainable liability, this will force the issue. Cicerone stated he will continue to revisit the unfunded pension liability issue until we take steps to correct it. Lo Grasso stated that our unfunded liabilities in FY 25/26 is \$8.9 million. He asked if that would mean that items within the budget need to be reduced by \$8.9 million with no taxes being raised. Cicerone stated that the total budget would be reduced by that amount. Lo Grasso stated that the budget includes payment of the UAL. Cicerone stated that it would be done purposely as a punitive tact to force the issue of having to deal with this financially. Lo Grasso asked how we could get out of the pension problem because removing ourselves from PERS would cost us billions of dollars. We cannot change PERS from defined benefit to defined contribution because the unions will not have that. He asked what other options we have because each time we hire staff, that number goes up.

Cicerone stated that Michels reviewed the pension issue six months ago and the Commission put forward specific suggestions. He is trying to reemphasize this until we get a consensus that we have to take action. The \$8.9M UAL next year and \$12M the following year are substantial. That is \$1M a month that the citizens of Huntington Beach have to pay to cover unfunded pension liability. Hamilton stated that Michels' presentation is still relevant today as it was then. We sent a letter to the City Council and there has been no action. We can reemphasize the letter or brainstorm another solution. Lo Grasso and Hamilton stated that we could put the pension liability issue on the agenda for discussion next month.

D2. Real Estate Ad Hoc Committee - Update discussion on Elan and Breakwater

Hamilton stated that he and Lo Grasso met with two City Council members, City staff, and Assistant City Manager Travis Hopkins regarding Elan and Breakwater. He summarized the meeting and shared the new information that they learned. The two partners in the JPA are the City and CMFA. CMFA is a government agency that works under the governor but is its own entity that sells bonds. They own the JPA and the building and hired Catalyst to manage the building. The Orange County Assessor has assessed possessory interest on the management retroactively for three years. Catalyst is challenging the assessment and will take it to tax court. The possessory interest will accumulate each year until there is a court decision. They have recently signed three leases for the commercial section at Elan and are 95% occupied in both buildings. We assume they are making money. Our partner CMFA is accumulating the cash, and we believe they are paying down the principal portion of the bonds. The general theme is that we believe this is what is happening, but do not really know. We have asked staff to find out, to look at the financial statement, audit the books and tell us what is happening. The most interesting fact is at the end of this agreement, between 15 and 35 years, we get the building back, get the outstanding balance on the bonds, but are responsible for repaying all the property taxes from inception, which is estimated to be \$90M. Hamilton stated that he does not know if we have developed a fund for that. With the agreement, we get the building and have to supplement all the people who have not received revenue for 35 years. We made recommendations to staff which included an inspection, figuring out how CMFA is getting paid and auditing their books.

Lo Grasso stated that we asked who was auditing their books because there is a lot of money being moved with 650 units. The numbers for the bonds were based on all the units being leased out below market at possibly \$2,100 a month, but a number of the units have not been turned over, so they are currently paying market rate. There is extra money from what they were anticipating at below market to what they are actually getting. No one knew where that money went and there has not been an audit of the funds that are being generated through these rents. We were informed that there was only one case of fraud involved in a transaction where two parties were colluding to get the price of the property that they were buying elevated to earn a higher commission on the sale of the property. Hamilton noted that it did not occur in our City. Lo Grasso stated that although we have been told we do not own the two buildings, it looks like we do. One building will be over 80 years old when this bond goes to completion and we will owe a lot of back taxes to entities that are not getting their property tax share, which is \$500,000 a year. It was anticipated that there would be a run up in real estate values on these two properties and after 15 or 35 years, we could sell, make a huge profit, pay off the taxes that are due and the City would enjoy the rest of this money. We cannot see 35 years into the future and will have to keep our fingers crossed that there is a sale at the end, that we can pay back these taxes and have some money left over.

Craver asked if real estate trends and markets increase by a certain percentage every 10 or 20 years. An 80-year-old building would not be worthless. Lo Grasso stated that there was an anticipated number that the building was going to sell for, but he does not know how they came up with that number because no one knows what the market will be like in the future. Craver stated that since the Orange County Assessor is assessing Catalyst and if they have been able to collect tax all along, there would be no tax in abatement that would be due at the end. She asked if there are other pieces that are missing aside from the Orange County collection. Hamilton stated that was an open question and that our liability at the end will not be going away. He was not sure of the possessory interest versus the \$90M liability at the end. Sternberg asked if there is a fear that Catalyst will say they are not making any money if they have to pay the property taxes and disappear which would leave the City on the hook. Hamilton stated that it is a concern, and the response was that CMFA would hire a new manager if that happened. Gates asked when the sale would happen. Hamilton stated that execution of our forward option is between year 15 and 35. It ends in year 35 and we then get the building back, but we can call it back at 15 years.

D3. Financial Metrics and Cash Flow Ad Hoc Committee - Financial Information Dashboard update

Hamilton stated that he and Cicerone met with Hopkins and Al Zelinka a year and a half ago about working on a financial dashboard. There have been other priorities and there has not been much headway. He wanted to keep it on the agenda so we could remember and not lose sight of things.

Cicerone stated that he was going to provide the Commission with a list of the five things that he would ask for on a monthly financial report and get feedback but had computer problems and was unable to work on this. He would like to table the item for discussion at the June meeting.

D4. Equestrian Center Lease – Cicerone / D5. Meadowlark Golf Course – Cicerone

Hamilton stated that the Equestrian Center Lease and Meadowlark Golf Course items are related and belong under the Real Estate Ad Hoc Committee item. They are very valuable assets for the City. There is about a half a billion dollars' worth in these two pieces of property and we are making 1%.

There are opportunities because the lease for the Equestrian Center is being negotiated and Meadowlark is coming due. In keeping up with inflation, we should be getting \$20M a year in rent, which would be sizable considering what we are getting now on a half billion dollars. Hamilton stated that he is calculating by acreage and the value of an acreage, and a going-in cap rate based on inflation. Michels stated that the properties are not generating anything near that. Hamilton said they were not because the leases are 30 years old. Michels stated that Meadowlark is generating \$6M in revenue a year and was not sure how we get from \$6M to \$20M. Hamilton clarified that it is what the rent should be if they are operating on it because the Meadowlark land is worth \$300M. From an investor's standpoint, if you are renting it out, you would hope for a return and our return right now is minimal.

Sternberg stated that Meadowlark should be compared to Mile Square Park and should be making at least what Mile Square is making. Cicerone stated that as reference, the sub-lessee of Meadowlark is paying over \$8M a year, which tells you how much money is being left on the table. Lo Grasso clarified that American Golf leases Meadowlark and subleases to Arcis at \$8M a year to run Meadowlark. The lease needs to be analyzed because there seems to be a lot of money left on the table. We are being shorted on the amount of money that is coming in from that lease considering the amount of play that golf course gets. This lease is coming up and it is a good idea for the new lease to be negotiated properly.

Craver asked and Hamilton confirmed that Meadowlark is a public golf course. Cicerone stated that a lot of people do not know that the City owns the golf course and the Equestrian Center, which are the two most valuable assets that we have to leverage revenue. There are huge opportunities for us to enhance the revenue on those two assets. Sternberg asked and Cicerone confirmed that the City owns the land but does not operate them. Craver asked and Han confirmed that we are looking at renegotiating those leases as they come due and focusing on creating a revenue generating opportunity for the City. Hamilton asked and Han confirmed that the Equestrian Center lease is currently under negotiation. Cicerone stated that he would like to receive the Equestrian Center income statements.

Hamilton stated that according to the Meadowlark lease, we have a right to audit and it is currently going through an audit because a lot of the rent is contingent rent or percentage rent based on different fees. Davis Farr is currently conducting the audit. Han stated that the audit is close to being completed, however, we would still have to present our draft report to Meadowlark to give them the opportunity to review and respond. Cicerone asked for the audit timeline. Han stated that the audit does take some time. Additionally, Cicerone provided a handout in January that brought up several points, and we wanted to make sure that the audit was revised so that it was written in plain language and that any points of confusion would be proactively addressed as well. Han stated that two months for the audit report be completed is a fair estimate.

COMMISSIONER COMMENTS

Gates stated that from listening to the conversations this evening, she senses that as a Commission, we are slightly confused and feel marginalized about why we do our homework and come here for two to three hours. For the next agenda, she would like to discuss and define the role of the Finance Commission.

Lo Grasso stated that one year ago this month, we put a request for action together to request that the City Council vote for an amendment to the City Charter to ensure that Elan and Breakwater could never happen again. The whole process went through the back door, and we put a letter together to try and close that back door. The City addressed it two meetings ago and passed an ordinance that precludes the City from making those type of transactions without a vote from the population at large. He congratulated the Commission for composing that letter and getting it approved.

Michels stated that she watched the City Council meeting last night and commended the City for doing an outstanding job on homelessness and support services, the reduction in the unhoused in Huntington Beach and the passion that the Huntington Beach team has for addressing this challenging problem.

Sternberg stated that he was at the budget study session and City Council meeting last night and agrees with Michels about the homeless issue. He was surprised and it gave him hope that City has a handle on it. He stated that he is disappointed that the cost fee structure did not come to the Finance Commission for review. To Gates' point, if we are bypassed and not going to see the budget or any of these other things, then what are we here for. With the letter that we will draft, we can hopefully get back on track.

Craver expressed her concern for the City's failure to take action with respect to the Housing Element in light of the court's order. She is concerned that we will lose the \$800,000-\$900,00 a year in State SB2 funding, which is what we use to fund the Navigation Center because we do not have a compliant certified Housing Element. She hopes we will be moving in a direction of compliance. She thanked the Finance Department for their work and their presentation. The study session was very helpful. Her only disappointment was not having more insight into what the Council is concerned with or interested in within the budget so that we can better do our jobs in assisting them as Finance Commission members.

Hamilton stated that he would like to study the role of the Finance Commission. We are here because we love our City and want to be helpful in any way we can. Meeting discussions are sometimes tense, but it all comes from a good place. He thanked the Commission for being here, for spending the time and having those discussions.

ADJOURNMENT

Motion: Moved by Commissioner Lo Grasso and seconded by Chair Hamilton to adjourn the meeting at 6:42 p.m.

The motion carried by the following votes: 7-0

Ayes: Cicerone; Craver; Gates; Hamilton; Lo Grasso; Michels; Sternberg

Noes: None

Submitted by:

Sunny Han, Chief Financial Officer

By: Thuy Vi, Finance Management Aide