



MINUTES FINANCE COMMISSION

Wednesday, July 24, 2019 - 5:00 P.M.
City of Huntington Beach
Civic Center – Lower Level Conference Room #B-7
2000 Main Street
Huntington Beach, CA 92648-2702

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

MEMBERS PRESENT: Lo Grasso; Bunten; Romero; Van Der Mark

MEMBERS ABSENT: Sterud; Hudson; Gledhill

STAFF PRESENT: Chuck Adams, Interim Chief Financial Officer
Carol Molina-Espinoza, Acting Assistant Chief Financial Officer
Dahle Bulosan, Finance Manager – Accounting
Paulina Flores, Senior Finance Analyst – Budget Management
Thuy Vi, Administrative Assistant, Finance
Linda Wine, Administrative Assistant, Finance

ORAL COMMUNICATIONS – Ellen Riley spoke regarding the City's Pension Liability, and requested a discussion. Interim Chief Financial Officer Chuck Adams indicated that this item was not on the agenda, and could not be discussed by the Finance Commission.

MINUTES

Motion: Moved by Bunten and seconded by Lo Grasso to approve the Finance Commission Meeting Minutes dated May 22, 2019, as presented

Ayes: Lo Grasso; Bunten; Romero; Van Der Mark
Noes: None
Abstain: None
Absent: Sterud; Hudson; Gledhill
Approved: 4-0-3 (Sterud, Hudson, Gledhill-Absent)

Motion: Moved by Bunten and seconded by Lo Grasso to approve the Finance Commission Meeting Minutes dated June 26, 2019, as presented

Ayes: Lo Grasso; Bunten; Van Der Mark
Noes: None
Abstain: Romero
Absent: Sterud; Hudson; Gledhill
Approved: 3-0-4 (Romero-Abstain, Sterud, Hudson, Gledhill-Absent)

Due to lack of quorum, the approval of the Finance Commission Minutes dated June 26, 2019 will be moved to the next Finance Commission meeting.

DIRECTOR ITEMS

Adams stated that Carol Molina-Espinoza (Acting Assistant Chief Financial Officer) and Dahle Bulosan (Finance Manager – Accounting) would each be giving today's presentation.

DISCUSSION ITEMS

- a. Staff will give a presentation on *Budget Balancing Options* and the *Master Fee and Charges Schedule and Other Revenue Adjustments*

Molina-Espinoza gave an overview of the City's *Budget Balancing Options*. She discussed the City Council Actions regarding the Transient Occupancy Tax (TOT), the Public Cable Television Authority (PCTA) and the Citywide Master Fee and Charges Schedule. She noted that the Finance Commission recommended "No" to increasing the TOT by 1%. She said that on January 22, 2019, the City Council approved a new agreement with Visit Huntington Beach (VHB), which allows the City to retain 1% of the total 10% of the City's TOT. Adams noted that visitors paid 13% last year, which increased to 14% this year.

Molina-Espinoza also discussed the PCTA. She said that on January 22, 2019, the City Council approved the City's PCTA membership termination, effective July 23, 2019. She said that the City established a new restricted fund to continue public television programming. Molina-Espinoza noted that budget projections indicate that the membership termination would result in an expenditure reduction of \$350,000.

Bulosan presented the *Master Fee and Charges Schedule and Other Revenue Adjustments*. He compared the fee changes in Citywide Fees and Charges and Parking Citations recommended by the Finance Commission with those that were approved by City Council. Bulosan noted that at the August 6, 2018 Budget Balancing Study Session, the Finance Commission recommended fee increases of \$1,117,000. On December 17, 2018, the City Council approved \$1,177,500 in fee increases, which was a \$60,500 increase over the Finance Commission's recommendations.

COMMISSIONER COMMENTS

Commissioner Bunten said that there were many Finance Commission recommendations to City Council that were not addressed in the two presentations, such as cannabis, animal shelter and Black Fiber. Molina-Espinoza noted that those items were still under review. Interim Chair Lo Grasso asked if City Council's decisions on the pending items would be presented to the Finance Commission, and Molina-Espinoza confirmed they would. Lo Grasso asked for an update on the Finance Commission's recommendation to the City Council to request a RFP to outsource IT. Molina-Espinoza said that City Council has discussed the matter, but is uncertain if it is going to be on a future City Council agenda. Lo Grasso asked that the Finance Commission be kept updated.

Bunten requested a line by line item memorandum listing all the Finance Commission subcommittee recommendations, and staff recommendations and the City Council's responses to each item. Lo Grasso noted that approximately half of the Finance Commission's recommendations were addressed in tonight's presentations, and that he would like to see the disposition of all of the items.

Adams noted that he would not be in attendance at the Finance Commission meeting scheduled for August 28, 2019. Commissioner Van Der Mark also said that she would not be able to attend in August.

Motion: Moved by Bunten and seconded by Romero to cancel the Finance Commission meeting scheduled for August 28, 2019

Ayes: Bunten; Romero; Van Der Mark

Noes: Lo Grasso

Abstain: None

Absent: Sterud; Hudson; Gledhill

Approved by Majority: 3-1-3 (Lo Grasso-No, Sterud, Hudson, Gledhill-Absent)

Lo Grasso asked each Commissioner to talk to their appointing Council Member regarding what they would like to see the Finance Commission address at the next meeting.

ADJOURNMENT – There being no further business, the meeting adjourned at 5:45 p.m.

Submitted by:

Chuck Adams, Interim Chief Financial Officer

By: Linda Wine, Administrative Assistant, Finance Department
Thuy Vi, Administrative Assistant, Finance Department