



MINUTES FINANCE COMMISSION

Wednesday, July 28, 2021 - 5:00 P.M.

City of Huntington Beach

Zoom Webinar

Civic Center – Lower Level Conference Room B-7

2000 Main Street

Huntington Beach, CA 92648

Chair Stephanie Gledhill called the meeting to order at 5:05 p.m., and Commissioner C.J. Ray led the Pledge of Allegiance.

MEMBERS PRESENT: Stephanie Gledhill, Chair
Frank Lo Grasso, Commissioner
Lawrence Owen, Commissioner
Charles “C.J.” Ray, Commissioner
Robert Sternberg, Commissioner

MEMBERS ABSENT: Jamie Craver, Commissioner

STAFF PRESENT Dahle Bulosan, Chief Financial Officer
Sunny Rief, Assistant Chief Financial Officer
Serena Bubenheim, Principal Finance Analyst
Linda Wine, Administrative Assistant, Finance
Thuy Vi, Administrative Aide, Finance

MINUTES

(2:36) **Motion: Moved by Commissioner C.J. Ray and seconded by Commissioner Robert Sternberg to approve the Finance Commission Meeting Minutes dated June 23, 2021, as presented**

Ayes: Gledhill; Lo Grasso; Owen; Ray; Sternberg

Noes: None

Absent: Craver

Approved: 5-0-1 (Craver-Absent)

DISCUSSION ITEMS AND POTENTIAL RECOMMENDATIONS

(3:09) Vice Chair Selection

Motion: Moved by Chair Stephanie Gledhill and seconded by Sternberg to nominate C.J. Ray as Commission Vice-Chair

Ayes: Gledhill; Lo Grasso; Owen; Ray; Sternberg

Noes: None

Absent: Craver

Approved: 5-0-1 (Craver-Absent)

ORAL COMMUNICATIONS (4:22) Call in speaker Casey McKeon was unable to join the meeting during Public Comments, and spoke at 5:09 p.m. He requested information from City Manager Oliver Chi on the Middle Income Housing Program.

(7:02) Adopted Budget Review

Chief Financial Officer Dahle Bulosan gave a presentation on the Adopted Budget. He reviewed the City's Financial Status and Fiscal Year 2021/22 Adopted Budget, noting that the City is now in an exceedingly strong fiscal position as we transition into a post-COVID-19 world.

Bulosan stated that the City is currently projecting a \$578K surplus in FY 2020/21 which is likely to increase based on current revenue trends (i.e. sales tax and hotel tax). He indicated that the FY 2021/22 budget is structurally balanced, and with City Council's approved adjustments to parking and EMS fee revenues, the City is projecting a \$2.78M surplus. Bulosan stated that the General Fund transfer into the Infrastructure Fund for the FY 2021/22 adopted budget, which has historically been set at \$5M in prior years, includes a 130% increase, to \$11.5M. The adopted CIP budget, which typically runs at around \$25M/year, is set at \$39.3M for FY 2021/22, an increase of greater than 57%.

Bulosan indicated that the City's current year adopted spending plan does not contemplate using any American Rescue Plan Act (ARPA) funding. The City can use the \$29.6 million ARPA one-time dollars to invest strategically to make what were previously only aspirational improvements for Huntington Beach.

Bulosan reviewed the FY 2021/22 Capital Improvement Budget, indicating that the FY 2021/22 Adopted Budget includes \$39.3M in capital enhancements, which is a 57% increase over our typical annual budget of \$25M in capital upgrades. He listed key improvements in the City's Facilities, Parks, Utilities, and Streets. Lo Grasso asked if there was anticipated electrical costs savings for the Sports Complex LED lighting project, and for information on funds allocated for Edison Park. Bulosan stated that he would provide the Commission with that information.

Bulosan provided an update on the CalPERS Pension Plan, and stated that CalPERS reported a preliminary 21.3% net return on investments for the 12-month period ended June 30, 2021. CalPERS' 21.3% return triggered a reduction of the discount rate from 7% to 6.8%. Bulosan stated that since the City refinanced 85% of pre-existing pension debt in March 2021, it could participate in the 21.3% return for the \$362M invested in CalPERS.

Bulosan summarized the key components of the FY 2021/22 Adopted Budget that was approved by the City Council on June 1, 2021: structurally balanced FY 2021/22 spending plan; 130% increase for the General Fund transfer into the Infrastructure Fund (\$11.5M); 57% increase in the CIP budget, to be set at \$39.3M; inclusion of new homeless response position; updates to the City's parking fee structure and EMS fee; finance the acquisition of 3 helicopters, a fire engine, and a lifeguard rescue boat, while also refinancing outstanding capital leases; establishment of an ad-hoc City Council ARPA spending plan subcommittee; City Council's decision to refinance the City's pension debt remains a financial great decision despite CalPERS' policy to reduce the discount rate.

COMMISSIONER COMMENTS

(50:43) Ray asked for an update on the vehicle leasing program. Bulosan stated that the Finance and Public Works Departments determined that it was more financially feasible for the City to do its own internal financing versus going through Enterprise, as Enterprise had limited vehicle options, and the interest rate was lower when financing through the City's master lease agreements.

Gledhill asked if the City has looked into refinancing the City's equipment or cars. Bulosan said that the City has refinanced its leases, and has also refinanced all of the City's existing bonds which saves the City approximately \$1M in payments every year.

COMMISSIONER ITEMS

(53:47) Lo Grasso requested more information on the Middle Income Housing Program and the purchase of Elan. Bulosan stated he would send the Staff Report to the Commission.

(54:33) **Motion: Moved by Lo Grasso and seconded by Ray to discuss the Middle Income Housing Program at the August 25, 2021 Finance Commission Meeting**

Ayes: Gledhill; Lo Grasso; Owen; Ray; Sternberg

Noes: None

Absent: Craver

ADJOURNMENT

(56:13) **Motion: Moved by Chair Gledhill and seconded by Lo Grasso to adjourn the meeting at 6:01 p.m.**

Ayes: Gledhill; Lo Grasso; Owen; Ray; Sternberg

Noes: None

Absent: Craver

Approved: 5-0-1 (Craver-Absent)

Submitted by:

Dahle Bulosan, Chief Financial Officer

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