



# City of Huntington Beach

**File #:** 19-644

**MEETING DATE:** 6/3/2019

## REQUEST FOR CITY COUNCIL ACTION

**SUBMITTED TO:** Honorable Mayor and City Council Members

**SUBMITTED BY:** Lori Ann Farrell Harrison, Interim City Manager

**PREPARED BY:** Gilbert Garcia, Chief Financial Officer

**Subject:**

**Approve for Introduction Ordinance No. 4182 Amending Huntington Beach Municipal Code Chapter 2.109 Related to the Finance Commission**

**Statement of Issue:**

City Council authorization is requested to amend the City of Huntington Beach Municipal Code Section 2.109 related to the Finance Commission to help clarify its role and responsibilities as requested by the City Council on May 20, 2019.

**Financial Impact:**

Not applicable.

**Recommended Action:**

Approve for introduction Ordinance No. 4182, "An Ordinance of the City of Huntington Beach Amending Sections 2.109.020, 2.109.040, 2.109.060 of the Huntington Beach Municipal Code Relating to the Finance Commission."

**Alternative Action(s):**

Do not approve the recommended action and direct staff accordingly.

**Analysis:**

On March 15, 1993, the City Council created a Finance Board by adopting Ordinance No. 3184, adding Chapter 2.109 to the Huntington Beach Municipal Code (HBMC).

On February 22, 2011, the City Council adopted Ordinance No. 3911, deleting Chapter 2.110, and amending Chapter 2.109, creating a Finance and Investment Advisory Board.

On November 7, 2011, the City Council adopted Ordinance No. 3923, repealing and deleting Chapter 2.109 pertaining to the Finance and Investment Advisory Board.

On May 18, 2015, the City Council adopted Ordinance No. 4056, adding Chapter 2.109 and creating the Finance Commission.

HBMC Section 2.109.030 describes the purpose of the Finance Commission as follows: "The Finance Commission shall act in an advisory capacity to the City Council in matters pertaining to financial planning." Financial planning touches on nearly every aspect of City operations. This language provides the City Council full discretion to task the Finance Commission to work on a broad range of financial matters.

HBMC Section 2.109.040, which describes the duties of the Finance Commission, is also broad which may inadvertently lead to some confusion. The intent of the proposed changes to HBMC 2.109 is to establish clearer roles and responsibilities for the Finance Commission as an advisory board to the City Council.

Staff completed a survey of all Orange County cities in order to determine whether there are industry standards, or best practices, with respect to the role and composition of Finance Commissions. Only three (3) other Orange County cities have a Finance Commission that consists of local residents and/or business owners. Those cities are Anaheim, Costa Mesa, and Irvine. Newport Beach has a Finance Committee that consists of three (3) Councilmembers and two (2) members of the public. The City of Yorba Linda has a Finance Committee that consists of two (2) Councilmembers. The City of Dana Point disbanded its Finance Commission in favor of a Financial Review Committee, which consists of five (5) members: two (2) public, one (1) staff (City Manager) and two (2) Council Members (Mayor as Chair, and Mayor Pro Tem as Vice Chair).

Staff researched the role of Finance Commissions in other cities and also evaluated the past practices of the City of Huntington Beach's Finance Commission over the past few years. The Finance Commission has completed a number of important projects in the past, such as a comprehensive review of the financial statements and funds of the Downtown Business Improvement District (BID); an analysis of the proposed amendments to the Citywide Master Fee and Charges Schedule; and a review of recommendations provided by staff to the City Council on proposed Budget Balancing Measures.

In each of these cases, the City Council requested that the Finance Commission study these items and develop recommendations for City Council consideration. Much of the most valuable work that the Finance Commission has done has been driven by the City Council's priorities and specific direction providing a clear nexus between the work of the Finance Commission and the priorities of the City Council. The intent of the proposed ordinance is to clarify the role of the Finance Commission as an advisory body that fills an important role in providing public transparency and feedback regarding specific financial matters of particular interest to the City Council. Moreover, the proposed changes serve to more appropriately align the Ordinance with the City Council's past practice in tasking the Finance Commission with the special projects and assignments that are of the greatest priority to the City Council as a governing body.

**Environmental Status:**

Not applicable.

**Strategic Plan Goal:**

Enhance and maintain high quality City services

**Attachment(s):**

1. Ordinance No. 4182, "An Ordinance of the City of Huntington Beach Amending Sections 2.109.020, 2.109.040, 2.109.060 of the Huntington Beach Municipal Code Relating to the Finance Commission."
2. Legislative Draft
3. Comparison Chart of Other Orange County Cities