



**MINUTES
REGULAR MEETING
FINANCE COMMISSION**

Wednesday, August 24, 2016
5:00 p.m.
City of Huntington Beach
Civic Center – Lower Level Room B-8
2000 Main Street
Huntington Beach, CA 92648-2702

Chair Bunten called the meeting to order at 5:05 p.m. and led the Pledge of Allegiance.

MEMBERS PRESENT: Berge; Bunten; Hart; Hreish; Woodworth

MEMBERS ABSENT: Romero; Small

STAFF PRESENT: Lori Ann Farrell Harrison; Chief Financial Officer
Scott Hess, Director, Community Development
Stephanie Beverage, Director, Library Services
Eric Engberg, Fire Chief/Fire Suppression
Bill Reardon, Fire Chief/Fire Prevention
Michael Baumgartner, Marine Safety Division Chief
Russ Reinhart, Police Captain
Dahle Bulosan, Finance Manager
Jane Cameron, Fire Medical Coordinator
Kevin Justen, Senior Administrative Analyst (Fire)
Debra Gilbert, Senior Administrative Analyst (Com.Dev.)
Mary Loadsman, Administrative Assistant

CONSULTANT: Nicole Kissam, Director – Financial Consulting Group, NBS

ORAL COMMUNICATIONS – none.

MINUTES

Motion: Moved by Berge and seconded by Hart to approve the Finance Commission Minutes dated July 27, 2016 as presented.

Ayes: Berge; Bunten; Hart; Woodworth

Noes: None

Abstain: Hreish

Absent: Romero; Small

Motion Passed: 4-0

PRESENTATION

Citywide User Fee and Rate Study – Lori Ann Farrell Harrison noted the City started the citywide cost allocation and fee study more than a year ago. There has not been a study conducted since 2009 with general best practices recommending a review be conducted approximately every five years. As this is a major undertaking involving all departments and many staff hours, the intent after completion of this fee study and approval by City Council, is that the consolidated Master Fee and Charges Schedule be brought to City Council on an annual basis along with the proposed budget. In the meantime, Councilmember Peterson has recommended the Finance Commission review the documents and provide any comments prior to City Council approval. Farrell Harrison introduced Nicole Kissam, NBS Government Consultant, to review the PowerPoint presented to the City Council at the Study Session, on August 15, 2016.

Kissam presented the highlights and approach used noting the goal is to calibrate fees to the cost of providing services and that all required government laws have been followed. Areas not explored in the process include taxes, utility rates, development impact fees, and medical services which align with the County of Orange. She noted the basic premise for cost recovery is that the fee cannot exceed the cost of providing the service, and assumptions are based upon Fiscal Year 2014 financial information.

Dahle Bulosan, Finance Manager, presented Department's Fee and Charges noting the Master Fee and Charges Schedule was generated based upon costs, governing laws and comparisons to similar cities. He also noted that the fee increases were generally 70% to 73% cost recovery recommendations, with certain increases phased-in over a three-year period.

Chair Bunten asked if the phased-in approach included any CPI (Consumer Price Index) increases.

Bulosan responded that it did not. He noted that any item that is 100+% would be brought into line, and that some fees or charges would increase to levels between 80% and 90% cost recovery. He indicated there are instances wherein charging 100% of cost recovery is not feasible, that it is not in line with what other cities are charging. This can be due to staffing level changes or other methodology criteria.

In summary, General Fund Fees are increasing from 71% Cost Recovery to 73% or a total of 2% with some fees phased-in. All Funds are increasing from 71% Cost Recovery to 74% or a total of 3% phased-in increase. Bulosan also reviewed the Technology Automation Fee, Fee Highlights and presented a Tentative Schedule that includes two required Public Hearing notifications for review.

Commissioners asked questions regarding jail booking fees, facility and room rentals at the Library and Senior Center, Fire related fees and development fees. Department staff provided response to each of the questions. Commissioners asked if the fees and charges could be resorted to a more manageable approach and outlined the requirements. Farrell Harrison responded that the items requested would be generated and distributed to the Commissioners for their review.

There being no further questions at this time, department representatives were released from the meeting.

DIRECTOR UPDATE – Chief Financial Officer Lori Ann Farrell Harrison advised that the Proposed Budget for Fiscal Year 2016/2017 along with the 5-year Long Term Financial Plan Update will be presented in Study Session on September 6, 2016. The Public Hearing to Adopt the Budget is on the Agenda for City Council approval.

DISCUSSION

It was agreed that a Special Meeting of the Finance Commission would convene after the Labor Day Holiday to review the fee and charges schedule. It was agreed that the meeting would begin at 4PM with staff confirming the date and location once arrangements are complete. A second meeting will be tentatively scheduled in the event the Finance Commission will need additional time for the review.

ITEMS DISTRIBUTED TO COMMISSION

Fiscal Year 2016/17 Proposed Budget
NBS Draft User Fee Study and proposed Master Charges and Fee Schedule, dated August 15, 2016

ADJOURNMENT

There being no further business, the meeting adjourned at 7:10 p.m.

Submitted by:

Lori Ann Farrell Harrison, Chief Financial Officer

By: Mary Loadsman, Administrative Assistant, Finance Department