



## MINUTES FINANCE COMMISSION

Wednesday, September 28, 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 5:00 p.m. and led the Pledge of Allegiance.

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

MEMBERS ABSENT: None

STAFF PRESENT: Lori Ann Farrell Harrison; Chief Financial Officer  
Mary Loadsman; Administrative Assistant, Finance

**ORAL COMMUNICATIONS** – None.

### **MINUTES**

**Motion: Moved by Berge and seconded by Hreish to approve the Finance Commission Special Meeting Minutes dated September 14, 2016 as presented.**

Ayes: Berge; Bunten; Hart; Hreish; Woodworth

Abstain: Romero; Small

Motion passed: 5-0

### **DISCUSSION ITEMS**

**Draft Finance Commission Citywide User Fee and Rate Study Presentation and Recommendations for the October 3, 2016, City Council Study Session.**

Chair Bunten asked Farrell Harrison to describe the Finance Commission participation during the study session. She explained that the Finance Commission would sit opposite the City Council in the front row, review the presentation and respond to questions. Staff would be available to assist with responses.

Chair Bunten thanked Farrell Harrison and began review of the proposed Finance Commission Memo to City Council, noting that on page three of the memorandum, a list of Finance Commission recommendations had been prepared based upon the public meetings of the Finance Commission.

Chair Bunten asked if the proposed recommendation included the entire fee study as part of the annual review process. Farrell Harrison responded that no, it would only be the Master Fee and Charges Schedule, that the in depth fee study would normally take place every three to five years per best practices.

Chair Bunten asked if the recommendation for the phased-in approach for some fees is the consultant's recommendation and if it could be changed. Farrell Harrison responded that the phased-in approach was a staff recommendation and was also to slowly introduce certain rate changes, consistent with past practice.

Commissioner Hart thanked Farrell Harrison, the Department Heads and their staff for answering the many questions submitted by the Finance Commission, noting that the questions were to ensure that they are clear on what they are reviewing and recommending. He thanked everyone for their participation and information.

Commissioner Woodworth asked that recommendations regarding the 4<sup>th</sup> of July event include stakeholders. A general discussion about the upcoming audit and items to be covered ensued. Farrell Harrison concurred that after completion of the pending audit of the 4<sup>th</sup> of July Fund, a fee review and discussion should involve the applicable City departments and stakeholders.

Chair Bunten reviewed the proposed presentation, and commented that starting on August 24, 2016, the Finance Commission reviewed the User Fee Study and cost recovery analysis noting it is practical and legal to recover cost for services through fees. He reported that a Special Meeting was conducted on September 7<sup>th</sup> and September 14<sup>th</sup> and included participation from City departments to answer questions regarding the proposed fee and charges schedules that staff summarized in the minutes. He added that to date, there have been four public meetings in which the public has had an opportunity to weigh in or comment on the proposed fees, and that no public speakers have attended. Staff confirmed that in addition to the notices, Interested Parties have also been notified of proposed changes.

Chair Bunten commented that there was a discussion on 100% cost recovery for sex oriented businesses that was not included in the PowerPoint. He also noted that the Fire Inspection fees for multi-family and high rises are based on height and square foot. Staff noted the corrections.

Commissioner Hart asked if staff thought the City Council would ask detailed questions on what was reviewed. Farrell Harrison responded that City staff would also be present at the study session to assist with answering the more detailed questions if needed.

Commissioner Woodworth commented that in speaking with residents, room fees at the new Senior Center are more expensive than those being charged at the Rodgers Senior Center. She commented that certain groups that used to meet at the Rodgers Senior Center cannot afford to utilize the new Senior Center. Chair Bunten responded saying that perhaps the groups are confused since the rates are all listed.

Chair Bunten reported the Finance Commission Presentation to City Council would be given by himself and Vice Chair Woodworth. He asked that all of the Finance Commissioners attend the Study Session on October 3, 2016, at 4 p.m. Commissioner Romero responded that it was not likely that she would be able to attend at that time due to work constraints, but, would try and make the meeting if at all possible.

Chair Bunten asked if there were any last comments regarding the memorandum or presentation other than the changes already discussed.

There being no further comments Chair Bunten deferred to Farrell Harrison for the Director's Update portion of the meeting.

### **Director's Update**

Farrell Harrison noted the new Fiscal Year will begin October 1, 2016 and that staff is busy with fiscal year end activities for September 30, 2016. She explained that the City is closely watching revenue indicators noting that sales tax is flat compared to last year, property tax is solid and higher than last year, and that TOT (Transient Occupancy Tax/Hotel Tax) is up, however, that it is not anticipated to have the same increases as in the recent past. Chair Bunten asked if there was any feedback from Visit HB, the Hilton, Hyatt or Shorebreak, on the new Paseo Hotel complex that opened this year. Farrell Harrison noted the upcoming Air Show has helped to support recent room occupancy, with hotels selling close to capacity for ocean view rooms for the October HB Air Show weekend. She noted this is the first Air Show being held in the area, that it is featured in the off-season, that there is an agreement for future events, which should do well to help increase parking fees, room occupancy and general public purchasing goods and services.

Farrell Harrison noted other items the City reviews including; fuel costs are down; there has been an upgrade on bonds from Moody's; there are global issues impacting the markets; and the consumer spending is tempered due to uncertainty with the election. She commented that inventories are high which may be a concern, however retailers have shipped early this year. She added there are new auto dealerships entering Huntington Beach which is positive; the negatives are that the biggest hit is to retailers from on-line shopping, which hurts the local retailers and sales tax revenue to the City.

### **Commission Comments**

Commissioner Hart commented that he learned a lot about the City during this past year and thanked the Department Heads and staff for their considerable time and effort compiling the information, and helping to disseminate the information. He thanked the fellow Commissioners for their time and contributions to the tasks given to the Finance Commission.

Commissioner Hreish said the whole process on how the fees are established is enlightening, that she knows more and has learned a lot. She thanked the Department Heads, staff and fellow Commissioners.

Commissioner Berge thanked staff for preparing the material. He asked to elaborate on the concerns regarding low sales tax, and asked if the City was working with redevelopment to encourage smaller tenants to the area. Farrell Harrison responded that she keeps a close eye on the quarterly sales tax report that is broken down by geo-code, so trends can be evaluated. She explained the rating agencies also look at this type of information as part of the City's credit rating process. She indicated that the "brick and mortar stores" sales tax allocation immediately goes to Huntington Beach. On-line sales go to the County pool and are then divided up, providing less revenue to the City.

Commissioner Small thanked the Commission for their hard work on evaluating the fees and preparing recommendations.

Commissioner Romero thanked her fellow Commissioners on their hard work, apologizing that she was unable to attend the Special Meetings due to outside obligations.

Commissioner Woodworth thanked Commission and staff.

#### **ITEMS DISTRIBUTED TO COMMISSION**

1. Draft Presentation to City Council - Citywide User Fee and Rate Study Recommendations.
2. Draft Memorandum: Master Fee and Charges Schedule – Finance Commission Recommendations for City Council Consideration.

#### **ADJOURNMENT**

There being no further business, the meeting adjourned at 6:25 p.m.

Submitted by:

Lori Ann Farrell Harrison, Chief Financial Officer

By: Mary Loadsman, Administrative Assistant, Finance Department