

**MINUTES OF THE CITY OF COSTA MESA
FINANCE AND PENSION ADVISORY COMMITTEE
November 13, 2019
4:00 PM**

1. CALL TO ORDER

The meeting was called to order by Chair Ralph Taboada at 4:04 PM in Conference Room 1A at Costa Mesa City Hall, 77 Fair Drive, Costa Mesa, California.

2. ROLL CALL

Members Present: Chair Ralph Taboada, Vice Chair Wendy Leece, Members, Al Melone, Robert Juneman, Tom Pollitt, Tom Arnold, John Hinson, Anna Vrska, Mayor Katrina Foley, Mayor Pro-Tem John Stephens

Members Absent: Matthew Parlow

Staff Present: Finance Director Kelly Telford, Assistant Finance Director Jennifer King, Management Analyst Amber Haston, and Executive Secretary Angie Madsen

Staff Absent: None

3. PUBLIC COMMENTS

None.

4. APPROVAL OF MINUTES OF THE November 6, 2019 FIPAC MEETING

MOTION/SECOND: Robert Juneman / Tom Arnold

MOTION: Approve the minutes as presented.

Ayes: Tom Pollitt, Ralph Taboada, Anna Vrska, John Hinson, Al Melone, Wendy Leece

Nays: None

Abstain: None

Absent: Matthew Parlow

Motion Carried: 8-0-0-1

5. COMMITTEE MEMBERS COMMENTS (Chair Taboada moved this item up from Item #8 due to not getting to this item at the last meeting)

Member Bob Juneman spoke to an article in The Register regarding TOT around the county and that Stanton raised their TOT from 8% to 12%. A recent FiPAC sub-committee recommended raising the TOT from 6% to 8% and it was turned down by council. Consider as a point of interest.

Member Tom Pollitt read aloud the City Council's Goal #3 and is awaiting a plan to address pensions, indicating unfunded liability went down but will continue to grow. The \$2 million expenditure on a Mobile Command Vehicle is reckless spending. More pressing issues to address are homelessness, union negotiations, and technology.

Member John Hinson spoke to looking at reducing the cannabis sales tax to remain competitive.

Member Al Melone spoke to the City of Costa Mesa going through a consultant to conduct a stress-test analysis similar to that which banks are required to go through, in order to see how much in reserves are needed at a given time. Also spoke to the Mobile Command Vehicle being a high priority.

Member Anna Vrska spoke to a possible temporary reduction of the cannabis sales tax. Also would like to see detailed accounting of expenditures coming out of self-insurance and equipment funds to ensure funds are being used the way they are intended to be.

Member Wendy Leece spoke to the possible temporary reduction of the cannabis sales tax suggesting possibly reducing to 4% rather than 2%. Encouraged the committee to view the ACC/OC Pension meeting power point as it is informative and shows a plan. Suggested the Fireside fund may be beneficial to look at again. Also spoke to the 115 Trust update in needing a plan to save and get more revenue, as well as the Mobile Command Vehicle and EOC being a high priority and a City asset.

Member Tom Arnold spoke to the temporary reduction of the cannabis sales tax and building in conditions to trigger the re-evaluation of the reduction.

6. COMMITTEE CHAIR COMMENTS

Presentation of financial charts with historical and trend data as – Deferred due to technical problems.

Requested that the committee raise their hands with questions or comments to ensure the meetings remain orderly.

Spoke to the Vacancy Report, asking that the reports include details showing each department's annual headcount plan. (Kelly will look into this)

Spoke to possibly forming a sub-committee to look into the cannabis sales tax topic.

7. OLD BUSINESS

a. Review of FY 19/20 Quarter 1 results, including the FY 19/20 Addendum items that were deferred and the Police Department's Budget Requests

i. Finance Director, Kelly Telford, provided the Nov. 12th City Council Agenda as a summary of what was presented/discussed at the City Council meeting. At the Nov. 19th City Council meeting, staff will recommend the approval of deferred Finance, Development Services, Information Technology, and Police Department's requests from FY 19/20 budget adoption.

8. NEW BUSINESS

- a. Reduction of committee members from 11 members to 9 members

MOTION/SECOND: Tom Arnold / Wendy Leece

MOTION: Approve the recommendation to City Council to reduce the number of committee members from 11 members to 9 members.

Ayes: John Hinson, Robert Juneman, Al Melone, Tom Pollitt, Ralph Taboada, and Anna Vrksa

Nays: None

Abstain: None

Absent: Matthew Parlow

Motion Carried: 8:0:0:1

- b. Sales Tax remittance re. events at the Fairgrounds

- i. Finance Director, Kelly Telford, provided some background information regarding the recent turnover with the personnel at the fairgrounds and that relationships will be built with the new staff. Also informed committee that the new CEO plans to have the CA Dept. of Tax and Fee Administration (CDTFA) onsite for some vendor training as it is ultimately their responsibility to enforce proper reporting. Kelly will work with HdL on obtaining some reports to reflect the sales tax reported from the fairgrounds.

- c. Appoint Subcommittee: Fund Balance/Reserves

MOTION/SECOND: Tom Arnold / Wendy Leece

MOTION: A three-person committee consisting of Chair Taboada, Matthew Parlow, and John Hinson, will work on the review of the Fund Balance Policy

Ayes: John Hinson, Robert Juneman, Al Melone, Tom Pollitt, Ralph Taboada, and Anna Vrksa

Nays: None

Abstain: None

Absent: Matthew Parlow

Motion Carried: 8:0:0:1

9. CITY STAFF/LIAISON COMMENTS

Finance Director, Kelly Telford, will be bringing policies before City Council, such as Purchasing items and the Signature Authority Policy, in order to address inefficiencies while remaining in compliance.

The status of the I.T. Strategic Plan is that there is a 5 – 7-year plan is being discussed to address implementations and staffing; look for this to be brought back to City Council in the spring as well as the CAN Ordinance to brought back in January or February of 2020.

Mayor Pro Tem, John Stephens, spoke to using Asset Forfeiture Funds before using General Funds, to pay for some of the Police Department's requests.

10. ADJOURNMENT

The meeting was adjourned at 6:00 p.m. The next regularly scheduled meeting will be held on Wednesday, December 11, 2019 at 4:00 p.m.



Ralph Taboada, Chair



Kelly A. Telford, Finance Director