

MINUTES OF THE STUDY SESSION MEETING OF THE COSTA CITY COUNCIL

FEBRUARY 14, 2017

CALL TO ORDER (00:00:01)

The meeting was called to order by the Mayor at 5:03 p.m. in the Council Chambers at Costa Mesa City Hall, 77 Fair Drive, Costa Mesa, California.

ROLL CALL (00:00:03)

Present: Council Member Mansoor, Council Member Righeimer, Council Member Stephens, Mayor Pro Tem Genis (arrived at 5:07 p.m.), and Mayor Foley.

Absent: None

Officials Present: City Manager Tom Hatch, City Attorney Thomas Duarte, Assistant City Manager Richard Francis, Assistant City Manager Tamara Letourneau, Development Services Department Consultant Jay Trevino, Public Services Director Raja Sethuraman, and City Clerk Brenda Green.

PUBLIC COMMENTS (00:00:18)

Ralph Taboada, Costa Mesa, spoke in support of adopting the Finance Advisory's recommendations on the allocation of the FY 15-16 surplus. (00:01:12)

ITEMS FOR DISCUSSION:

1. FINANCIAL UPDATE REPORT INCLUDING REVIEW OF JUNE 30, 2016 CAFR, FY 16-17 MID-YEAR BUDGET REPORT AND UPDATED FIVE-YEAR FINANCIAL PLAN (00:04:43)

Tom Hatch, City Manager, provided an overview of the presentation, which was divided into three sections: June 30, 2016 Comprehensive Annual Financial Report (CAFR) including surplus, Mid-year Budget Report including Capital Projects overview, and General Fund revenue and expenditure projection. (00:04:47)

1. From the June 30, 2016 Comprehensive Annual Financial Report:

- a. City Council receive and file the FY 15-16 CAFR; and
- b. Approve FY 16-17 budget adjustments for the carryover of certain FY 15-16 encumbrances and other items as detailed in the List of Prior Year Carry Over Purchase Orders and Other Carry Over Items attachment; and
- c. Approve recommended uses of the FY 15-16 net change in General Fund balance (surplus) and authorize the CEO to make the necessary budget adjustments related to those recommendations as detailed in the Recommended Use of FY 15-16 Net Change in General Fund Balance (surplus) attachment.

Stephen Dunivent, Interim Finance Director, provided a power point presentation on the Comprehensive Annual Financial Report. (00:08:22)

Discussion ensued on the City's unfunded pension liability between active employees and retirees, and whether the two can be separated on the City's CalPERS actuary. (00:18:16)

Discussion ensued on the Self Insurance fund. (00:32:28)

Discussion ensued on the \$55 million reserve goal. (00:35:08)

Discussion ensued on the Fire Side Fund and options and alternatives. (00:41:00)

2. From the FY 16-17 Mid-year Budget Report:

- a. City Council receive and file this report; and
- b. Approve allocation of the General Fund contingency account as listed in the Allocation of General Fund Contingency Account attachment; and
- c. Approve recommended FY 2016-17 budget adjustments as listed in the Mid-year Budget Adjustment Detail-All Funds attachment and Special Fund Adjustments-Carry Over Purchase orders attachment; and
- d. Approve the reallocation of \$650,000 from the FY 13-14 Fairview Park parking lot lighting funds to the Fairview Park master plan implementation, habitat restoration and park protection project.

Mr. Dunivent provided a power point presentation on the Mid-year Budget Report. (00:56:58)

Discussion ensued on the Fairview Park parking lot lighting funds. (01:04:02)

Mayor Pro Tem spoke on Fairview Park and supports hiring an onsite employee. (01:12:00)

Raja Sethuraman, Public Services Director, provided a power point presentation on the Capital Improvement Projects. (01:25:00)

3. From the Updated Five-year Financial Plan:

- a. City Council receive and file the Five-year Financial Plan; and
- b. Provide direction to staff regarding the issues raised in connection with the Five-year Financial Plan and future priorities.

Mr. Dunivent provided a power point presentation on the Updated Five-year Financial Plan. (01:29:24)

Discussion ensued on employer contribution rates and cost sharing. (01:56:00)

Discussion ensued on auto and on-line sales tax. (02:13:30)

COUNCIL MEMBER COMMITTEE REPORTS, COMMENTS, AND SUGGESTIONS - NONE

ADJOURNMENT (02:15:47)

The Mayor adjourned the meeting at 7:18 p.m.

Minutes adopted on this 16th day of May, 2017.



Katrina Foley, Mayor

ATTEST:



Brenda Green, City Clerk