

**MINUTES OF THE CITY OF COSTA MESA
FINANCE AND PENSION ADVISORY COMMITTEE**

JANUARY 10, 2018

4PM

CALL TO ORDER

The meeting was called to order by Mr. Fidler at 4:06 p.m. in Conference Room 1A at Costa Mesa City Hall, 77 Fair Drive, Costa Mesa, California.

ROLL CALL

Members Present: Chair Jim Fidler, Vice-Chair Ralph Taboada, Members Bob Juneman, Wendy Leece, Al Melone (arrived at 4:08pm), Nick Peterson, Tom Pollitt, Rebecca Trahan (arrived at 4:20pm), Anna Vrska (arrived at 4:07pm), Sandra Genis, Mayor (arrived at 4:50pm)

Staff Present: City Manager Tom Hatch, Assistant City Manager Tamara Letourneau, Finance Director Stacy Daugherty, Interim Assistant Finance Director Elizabeth Andrew, Revenue Supervisor Anna Baca, Management Analyst Ray Hull, Management Analyst Michelle Manu, Executive Secretary Kathy Ulrich, Office Specialist I Lauren Clark

Members Absent: Members John Hinson and Richard Riva

Staff Absent: Assistant Finance Director Colleen O'Donoghue

MEMBERS REPORTS, COMMENTS, AND SUGGESTIONS

Mr. Juneman wished everyone a Happy New Year and thanked Kathy Ulrich for her service.

Mr. Pollitt indicated that he and John Stephens had met to discuss a number of financial issues for the city, and one of the assignments that came from that meeting was to find a pension consultant and recommend that the Pension and Finance Committee explore using a consultant to better understand pension costs and how increasing and decreasing premiums effect those cost. Mr. Pollit recommended Bartell who did work for Orange County and Newport Beach.

Ms. Leece indicated that she recently asked Council member Stephens to please consider attending the ACC-OC Pension Committee to keep the City Council in the loop on any action the ACC-OC might be taking. Ms. Leece, added that if Mr. Stephens cannot attend, someone else from the FIPAC Committee should attend in his place. Ms. Leece also recommended the Committee write letters to Sacramento officials in regards to Pension Reform, and consider forming a letter writing campaign for various bills sponsored by Sen. Moorlach.

Ms. Trahan made the recommendation on increasing T.O.T from 8% to 10% considering it has been 8 years since the last increase. She provided a packet of information based off of recommendations, history and audits. The packet also included multiple recommendations including Short Term Rentals (STR).

Mr. Taboada informed us that the City does not know enough about STR to decide if T.O.T applies to that. He recommended starting off with a business license for Short Term Rentals first.

Mr. Pollitt was concerned that some of the individual property rights would be taken away if the city considered taxing STR's. He said one of the great liberties that citizens of the U.S. have is the right to own property and to use it in a legal manner. By taxing those rights you limit the liberties of the individual.

Mr. Juneman does not think we have a full understanding of the legal ramifications that could come along with STR but agrees it is a potential source of revenue.

Mr. Peterson informed the committee that Air BnB and related businesses have their own regulations.

Ms. Trahan filed a motion to submit the T.O.T packet to council and Mr. Juneman seconded the motion.

All voted Ayes and Mr. Pollitt voted Nay on the motion to submit the T.O.T packet to council.

Mayor Genis believes the council should handle this matter. She recommended that it would be a good idea to write a letter in regards to the 8% to 10% increase for T.O.T and attach the packet of other recommendations for council to consider at a later time. Also for the committee to present at the Council meeting.

Mr. Taboada discussed the FY 16-17 surplus and what the committee recommends in regards to the pension and how to utilize that money.

Ms. Leece discussed the 115 trust and where that excess money is going.

Mr. Juneman proposed that they should have an organization that presents a written proposal vs. an oral presentation for the counsel to look at in regards to the 115 trust.

Mr. Pollitt questioned putting 1 million dollars in the 115 trust fund, potentially losing money vs. putting the money into the Fire Side Fund receiving a guaranteed 7% return.

STAFF REPORTS, COMMENTS, AND SUGGESTIONS

Ms. Daugherty introduced herself to the FiPac Committee and mention that Mr. Dunivent left a list of topics for future agenda meetings.

Mr. Hatched thanked Ms. Ulrich and wished her a happy retirement.

Mr. Hatch also discussed the 700,000-8000,000 dollars that has been going into the Fire Side fund for 3-4 years. As well as some information on Travel Costa Mesa, T.O.T. and business licensing in the last 3 years.

Ms. Baca talked about David Spar and how the department let him go due to budget cuts. She explained the benefits of staying in house and using Revenue Specialist to remit monthly reports, as well as auditing hotels every 3 years.

Ms. Daugherty expressed that T.O.T has gone down due to STR. That we do not know the full impact STR has on T.O.T and to possibly figure out how to co-mingle the two in the future.

Ms. Letourneau discussed that the city is now down to only 65 vacancies, the lowest it has been in 5 years. She expressed how the integrity of the recruitment process is of most importance. Estimating that by June 30,2018 the City will be down to approximately 30 vacancies.

APPROVAL OF MINUTES

1. Meeting of December 13, 2017

Moved/Second: Rebecca Trahan/ Bob Juneman

Ayes: Jim Fidler, Ralph Taboada, Bob Juneman, Wendy Leece, Al Melone, Nick Peterson, Rebecca Trahan, Anna Vrska, Tom Pollitt

Nays: None

Abstain: None

Absent: John Hinson and Richard Riva

Motion Passed: 9-0-0-2

PUBLIC COMMENTS

Public wants to know if recovery homes count as a short term rental (STR)? Mr. Hatch informed them that no one has pursued it. The public also wants noted that STRs should have certain zoning regulations and a review every 2 years would be beneficial. Public also wants to know if the City has interest in safety of the guests in STRs, ie. smoke detectors, fire extinguishers etc. Mr. Hatch acknowledged that question by stating it has not been addressed yet.

OLD BUSINESS-

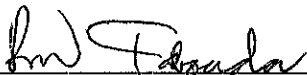
- a) Filled & Vacant Position Update
- b) Mid-Year Budget review

NEW BUSINESS-


OPEN DISCUSSION/ FUTURE AGENDA ITEMS

- 115 Trust
- John Bartell
- 5-year strategic plan for technology update

ADJOURNMENT- The meeting was adjourned at 5:37 p.m. to the next regular Meeting of the Finance and Pension Advisory Committee on Wednesday, February 14, 2018 at 4:00 p.m.



Ralph Taboada, Vice Chair



Tamara Letourneau, Assistant City Manager