

**MINUTES OF THE CITY OF COSTA MESA  
FINANCE AND PENSION ADVISORY COMMITTEE  
January 8, 2020  
4:00 PM**

**1. CALL TO ORDER**

The meeting was called to order by Chair Ralph Taboada at 4:05 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, Matthew Parlow, Anna Vrska, Mayor Pro-Tem John Stephens, Mayor Katrina Foley

Members Absent: None

Staff Present: Finance Director Kelly Telford, Executive Secretary Angie Madsen

Staff Absent: Management Analyst Amber Haston, Assistant Finance Director Jennifer King

**3. PUBLIC COMMENTS**

Speaker commented on the necessity of a subcommittee to focus on the Sales Tax and the OC Fair Property as well as the need to address the short-term rental situation and the tax revenue that the city could be receiving through regulation of short-term rentals.

**4. APPROVAL OF MINUTES OF THE December 11, 2019 FIPAC MEETING**

**MOTION/SECOND:** Wendy Leece / Tom Arnold

**MOTION:** Approve the minutes as presented.

Ayes: Tom Pollitt, Bob Juneman, Ralph Taboada, Matthew Parlow, John Hinson, Al Melone,

Nays: None

Abstain: Anna Vrska

Absent: None

Motion Carried: 8-0-1-0

**5. COMMITTEE MEMBER COMMENTS**

Member Bob Juneman spoke of concern about the projected deficits in the 5 Year forecast, commenting that at the end of 5 years the City will be insolvent and it is an irresponsible forecast. Also spoke of Senator Moorlach's most current analysis of Unrestricted Net Position and that Costa Mesa is last of all OC Cities.

Member Tom Pollitt commented that the subcommittees assignments are to assist in balancing the budget.

Member Al Melone commented on the projections serving as a challenge to be met.

Member Anna Vrska commented on the State making state land available for use of homeless shelters and asked if Costa Mesa's shelter had closed escrow.

Member Wendy Leece spoke on City Council's Goal #3 and that the City's spending on homeless shelter and sober living homes litigation was responsible; referenced revenue from the OC Fairgrounds, and suggested the committee members review the warrants online to see where money is spent.

Member John Hinson thanked staff for distributing the GFOA articles regarding Pension Obligation Bonds and spoke about the GFOA article regarding pension bonds and would like additional information such as why Huntington Beach is purchasing pension bonds. Also commented on the League of CA Cities article and that all cities have large deficits, only to get worse, especially cities with safety personnel, and that we need to take initiative to find solutions before the next recession.

Member Tom Arnold commented on Senator Moorlach’s presentation, while not being an apples to apples comparison, the analysis of the city’s financial health is something that should be discussed as a future agenda topic. Finance Director, Kelly Telford, suggested that could be something for the Pension or Budget Subcommittee to look into.

**6. COMMITTEE CHAIR COMMENTS**

Chair Taboada spoke about his attendance to a recent Strong Towns Seminar and gave a brief overview, pointing out a presentation given by Urban3 providing an economic analysis of tax revenue generators.

**7. OLD BUSINESS**

a. Appoint Subcommittee:

- i. Tax Rates (TOT, Business License, Sales Tax, Short-Term Rentals)
- ii. Pensions
- iii. Budget Review (Capital and Operating)
- iv. Sales Tax at OC Fair property

Summary: A subcommittee for Internal Service Funds (New Business Item #8.c.i) was combined with the subcommittee for Budget Review (Capital and Operating). Kickoff meetings will be scheduled by Staff in the upcoming weeks.

**MOTION/SECOND:** Tom Arnold / Robert Juneman

**MOTION:** Approve the following subcommittees

Fund Balance (Reserves)	Tax Rates (TOT, Bus. Lic., Sales Tax, Short-Term Rentals)	Pensions	Budget Review (Capital & Operating) and Internal Service Funds	Sales Tax at OC Fairgrounds
Ralph Taboada	Tom Pollitt	Ralph Taboada	Ralph Taboada	Anna Vrska
John Hinson	Tom Arnold	John Hinson	Tom Pollitt	Wendy Leece
Matthew Parlow	Bob Juneman	Bob Juneman	Bob Juneman	
Wendy Leece		Anna Vrska		

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

Nays: None

Abstain: None

Absent: None

Motion Carried: 9-0-0-0

**8. NEW BUSINESS**

- a. IT Strategic Plan Funding Plan
- b. Capital Asset Needs Ordinance

Summary: IT Director, Steve Ely and Finance Director, Kelly Telford, presented the IT Strategic Plan Fund Plan and the recommendation of revising the Capital Asset Needs (CAN) Ordinance, to go before City Council for approval. Staff recommended reducing the CAN Ordinance funding from the General Fund to 5% and create a new policy establishing a 1.5% funding plan from the General Fund to be dedicated for IT.

**MOTION/SECOND:** Wendy Leece / John Hinson

**MOTION:** Approve the recommendation to City Council of the IT Strategic Funding Plan and the revision of the CAN Ordinance, as presented by Finance Director, Kelly Telford.

Ayes: Al Melone, Matthew Parlow, Anna Vrska, Ralph Taboada, Tom Arnold

Nays: Bob Juneman

Abstain: None

Absent: Tom Pollitt

Motion Carried: 7-1-0-1

- c. Appoint Subcommittee:
  - i. Internal Service Funds

This item was removed from the agenda without discussion. It was determined that the review of the internal service funds would be included in the work of the budget subcommittee.

**9. CITY STAFF/LIAISON COMMENTS**

None

**10. ADJOURNMENT**

The meeting was adjourned at 6:00 p.m. The next regularly scheduled meeting will be held on Wednesday, February 12, 2020 at 4:00 p.m.



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Ralph Taboada, Chair



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Kelly A. Telford, Finance Director