

**MINUTES OF THE CITY OF COSTA MESA
FINANCE AND PENSION ADVISORY COMMITTEE
March 11, 2020
4:00 PM**

1. CALL TO ORDER

The meeting was called to order by Chair Ralph Taboada at 4:01 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, John Hinson, Anna Vrska, Tom Arnold, Mayor Pro-Tem John Stephens, Mayor Katrina Foley

Members Absent: Matthew Parlow

Staff Present: Assistant Finance Director Jennifer King Executive Secretary Angie Madsen, Management Analyst Amber Haston, Interim Budget and Purchasing Manager Carol Molina

Staff Absent: None

3. PUBLIC COMMENTS

None.

4. APPROVAL OF MINUTES OF THE February 5, 2020 SPECIAL FIPAC MEETING

MOTION/SECOND: Wendy Leece / Tom Arnold

MOTION: Approve the minutes with noted correction of member comments

Ayes: Tom Pollitt, Ralph Taboada, Bob Juneman, Anna Vrska, John Hinson

Nays: None

Abstain: Al Melone

Absent: Matthew Parlow

Motion Carried: 7-0-1-1

5. COMMITTEE MEMBER COMMENTS

Member Tom Pollitt inquired about Finance Director, Kelly Telford's departure. Chair Taboada provided feedback on her move to the Finance Director of the City of Seal Beach.

Member Wendy Leece expressed disappointment in City Council's vote to decrease the Cannabis tax and feels FiPAC should have been more involved and that City Council should have considered voter's intentions.

Member Anna Vrska agreed with Member Wendy Leece regarding the Cannabis tax reduction to 1% and because it was permanent it was inconsiderate to the voters; commented on staff leaving and pending lawsuits indicating Costa Mesa is not a good place to work/do business with; mentioned a coupon received from South Coast Plaza and sees it as a problem;

Member Al Melone commented on City Council making the right decision in the Cannabis Tax reduction.

6. COMMITTEE CHAIR COMMENTS

Chair Taboada commented as follows:

City Council approved the following at last Council Meeting: IT Strategic Plan, CAN Ordinance amendment, and Mid-Year with various adjustments; Cannabis tax coming back for a second reading; ACC/OC Finance Committee meeting (CalPERS is reviewing cities utilizing sub-contractors for labor and if they should be treated as employees for pension purposes); ESG was looked at by CalPERS years ago, now it is a factor for Black Rock and other investment companies and individual corporations.

7. SUBCOMMITTEE UPDATES

Member Wendy Leece suggested focus remain on the budget rather than on things that cannot be changed at this time.

Member Anna Vrska concurred that there are higher priorities at this time and that records could be requested when the organization is in a better place.

Chair Ralph Taboada spoke about the Tax Rates and Budget subcommittees moving forward with recommendations. Budget and Purchasing Manager, Carol Molina, suggested the end of April.

Member Anna Vrska inquired about updates on POB's (Huntington Beach). Chair Taboada advised he will check their Council Agenda reports for updates.

Chair Ralph Taboada spoke on behalf of the Pension Subcommittee regarding having a specialist come in to talk about POB's at a later date.

8. NEW BUSINESS – (Order of Items reprioritized from order on the agenda)

- a. Overview of the local hotel industry, TOT, and Travel Costa Mesa's activity to promote local tourism – Presentation by President of Travel Costa Mesa, Paulette Lombardi-Fries

Summary: Provided a Power Point presentation of how Travel Costa Mesa works regarding its partnership with local hotels as well as promoting tourism to the City of Costa Mesa.

- b. Review of 'Unrestricted Net Position' - Presentation by Chair Taboada

Summary: Provided a different analysis of Senator Moorlach's presentation on City's health, pointing out that one factor cannot be used to determine a City's financial health

Member Tom Arnold suggested a way to measure the city's fiscal health be put on a future agenda.

Mayor Pro Tem, John Stephens, suggested the city's participation in an Asset Test in 2017 would be a good starting point.

- c. Discussion of TOT and Business License Tax Increases – Presentation by Committee Member, Bob Juneman

Summary: Provided an update that the subcommittee has had two meetings to date and have come to an agreement on options City Council might consider regarding the \$10 million budget gap.

- 1) Raise current TOT rate by 2 points, to 10%
- 2) Evaluate and adjust the Business License Tax fees to be proportionate with business's gross income
- 3) Consider a .25% Sales Tax increase

The subcommittee will provide recommendations to FiPAC so that a vote can be taken at the next meeting in order to submit recommendations to City Council. Mayor Pro Tem, John Stephens, advised that to be put on the November ballot, recommendations must be presented by April at the latest.

9. CITY STAFF/LIAISON COMMENTS

Assistant Finance Director, Jennifer King, advised that HdL will be providing consulting services with regards to the Business License Tax analysis and that they can do so quickly.

10. ADJOURNMENT

The meeting was adjourned at 5:47 p.m. The next regularly scheduled meeting will be held on Wednesday, April 8, 2020 at 4:00 p.m.



Ralph Taboada, Chair



Carol Molina, Acting Finance Director