



**MINUTES
FINANCE COMMISSION
ADJOURNED REGULAR MEETING
May 30, 2017**

City Council Chamber
1 Civic Center Plaza
Irvine, CA 92606

CALL TO ORDER – 5:31 p.m.

ROLL CALL

PRESENT: 5	Commissioner:	Dressler
	Commissioner:	Reyno
	Commissioner:	Sievers
	Vice Chair:	Bartlett
	Chair:	Stein

PLEDGE OF ALLEGIANCE

Commissioner Sievers led the Pledge of Allegiance.

INTRODUCTIONS

There were no introductions.

ANNOUNCEMENTS

There were no announcements.

PRESENTATIONS

There were no presentations.

COMMITTEE REPORTS

There were no committee reports.

ADDITIONS AND DELETIONS TO THE AGENDA

There were no additions or deletions.

PUBLIC COMMENTS

There were no public comments.

COMMISSION BUSINESS

1. MINUTES

ACTION: Moved by Vice Chair Bartlet, seconded by Commissioner Dressler, to:

Approve the minutes of an adjourned regular meeting of the Finance Commission held on May 22, 2017.

The motion carried as follows:

AYES:	4	COMMISSIONERS:	Bartlett, Dressler, Sievers, Stein
NOES:	0	COMMISSIONERS:	None
ABSENT:	0	COMMISSIONERS:	None
ABSTAIN:	1	COMMISSIONERS:	Reyno

2. FISCAL YEAR 2017-18 BUDGET DELIBERATIONS AND RECOMMENDATIONS BY THE FINANCE COMMISSION

Chair Stein presented the Overall 2017-2018 Budget Assessment and distributed copies of potential recommendations for consideration and discussion.

Kristin Griffith, Director of Financial Services, Peter Hong, Senior Management Analyst, and Barbara Arenado, Management Analyst, answered questions.

Commission discussion included: year-end carryover and CIP close out savings; the impact of minimum wage increases within contracts; evaluating the cost benefits for single expenditures; an interest in reviewing guidelines for how the Irvine Chamber utilizes the City’s financial support; the need to set aside funding for recurring costs and the replacement of end-of-life assets; requesting review of the facility condition report and the need for a potential update; enhanced reporting for special funds to provide additional detail; the internal process for self-managing priorities and projects; considering electric vehicle impact on gas tax revenues within the Strategic Business Plan (SBP); reviewing the Great Park balloon operations & maintenance costs; the policy on non-recurring revenue as it relates to contingency funding and the unfunded pension liability pay-down; increasing facility maintenance funding levels; budgeting for one-time purchases using special funds and the need to adjust Contracts and Supplies expenditures; returning with a project scope and budget details for the Civic Center Tenant Improvement CIP; concern over SBP growth rate assumptions; the historical cost of negotiated salary and benefit increases; the City’s historical population growth over the last five years; and encouraging attendance at the June 13 City Council meeting for the budget presentation.

ACTION: Moved by Chair Stein, seconded by Commissioner Sievers, and unanimously carried to:

Recommend City Council adopt the proposed Fiscal Year 2017-18 Budget and include the following additional recommendations from the Finance Commission:

1. Recommend City Council remove the \$4.2M transfer from Rehabilitation Fund 010 to the General Fund. Recommend that future transfers to the General Fund be shown in a separate new "transfer" category to enhance transparency and further separate "new" revenues from use of savings.
2. Recommend City Council remove the \$1.5M transfer to the Contingency Reserve Fund 006 from the General Fund and consider directing staff to undertake an analysis to determine the most appropriate contingency reserve level.
3. Recommend City Council eliminate the \$2M transfer to the Asset Management Plan Fund 002 from the General Fund to reduce the unfunded pension liability.
4. Recommend City Council increase Facility Maintenance charges by \$465,000 to the Civic Center Maintenance Fund 580 from the General Fund by charging an annual amount at least equal to current fair market rent for each department within the Civic Center, taking into account both short-term and long-term facility maintenance and operating expenditures.
5. Recommend City Council reduce the General Fund charge to the Technology Fund 579 by \$1M, or use Contingency Reserve Fund 006 to cover the projected revenue shortfall due to Finance Commission recommendations 1-4.
6. Recommend City Council delete the \$2M placeholder for Capital Improvement Project (CIP) #6, Civic Center Tenant Improvements Phase 2, funded from Systems Development Charge – Non Circulation (SDC-NC). Direct Public Works to return in the future with a CIP request once the scope and needs have been determined.
7. Recommend City Council direct staff to modify expenditure assumptions in the Strategic Business Plan five-year outlook to:
 - a. adjust cost increase assumptions to an overall increase of 3.5 percent to match the historical growth of the City's population including existing staff compensation;
 - b. adjust assumptions to include a 2 percent annual increase in FTE headcount;

- c. adjust assumptions to include a 3 percent annual increase in the cost of contracts and supplies; and
 - d. adjust the Fiscal Year 2018-19 Contracts and Supplies expenditure amount by an additional \$1.5M to account for the one-time shifts of expenditures normally paid from the General Fund that were paid from Special Funds 128, 130, 139, 143, 145, 151, 153 and 154 in Fiscal Year 2017-18.
8. Recommend City Council develop a Return on Investment (ROI)/Cost Benefit Policy for single, non-CIP, expenditures over \$50,000 to quantify the benefits.

ADJOURNMENT

By consensus, Chair Stein adjourned the meeting at 7:30 p.m.



RUSSELL STEIN
CHAIR



KRISTIN GRIFFITH
DIRECTOR OF FINANCIAL SERVICES



MELINDA NEUMANN
RECORDING SECRETARY



DATE APPROVED