



**MINUTES  
FINANCE COMMISSION  
REGULAR MEETING  
November 5, 2018**

Conference Room L-102  
1 Civic Center Plaza  
Irvine, CA 92606

**CALL TO ORDER – 5:30 p.m.**

**ROLL CALL**

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

**PLEDGE OF ALLEGIANCE**

Commissioner Shute 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.

**CONSENT CALENDAR**

**ACTION: Moved by Vice Chair Dressler, seconded by Commissioner Sievers, and unanimously carried to approve Consent Calendar Items 1-3.**

**1. MINUTES**

**ACTION: Moved by Vice Chair Dressler seconded by Commissioner Sievers, and unanimously carried by those members present to:**

Approve the minutes of a regular meeting of the Finance Commission held on October 15, 2018.

The motion carried as follows:

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

**2. AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND AUDIT FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Recommend the City Council receive and file.

**3. SINGLE AUDIT OF FEDERALLY ASSISTED GRANT PROGRAMS FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Recommend the City Council receive and file.

**COMMISSION BUSINESS**

**4. TREASURER’S REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

Don Collins, City Treasurer, presented the item and answered questions.

Commission discussion included: return on commercial paper.

**RECOMMENDED ACTION: Moved by Commissioner Reyno, seconded by Commissioner Shute, and unanimously carried to:**

Recommend that the City Council receive and file the Treasurer’s Report for the quarter ended September 30, 2018.

**5. ORANGE COUNTY GREAT PARK FUNDS FINANCIAL STATEMENT AUDIT – FISCAL YEAR 2017-18**

Roger Galli, Senior Management Analyst, presented the item and answered questions. Kristin Griffith, Director of Administrative Services, was also present and answered questions.

Commission discussion included: calculation of property tax funds and when the next payment is anticipated from the Department of Finance.

**RECOMMENDED ACTION: Moved by Commissioner Sievers, seconded by Commissioner Shute, and unanimously carried to:**

Recommend the City Council receive and file.

**6. COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2018 AND AUDITORS' COMMUNICATION**

Teri Washle, Finance Officer, presented the item and answered questions.

Commission discussion included: CalPERS net pension liability; unrestricted funds; and the carry-over of year-end funds for pension liability paydown.

**RECOMMENDED ACTION: Moved by Commissioner Shute, seconded by Vice Chair Dressler, and unanimously carried to:**

Recommend the City Council receive and file.

**7. FISCAL YEAR 2017-18 CAPITAL IMPROVEMENT AND SPECIAL FUNDS YEAR-END REPORT**

Teri Washle, Finance Officer, presented the item and answered questions. Scott Smith, Deputy Director of Public Works, and Tom Perez, Capital Improvement Program Administrator, were also present and answered questions.

Commission discussion included: project closures and released funds; the difference in the cost of grade separation CIP project on Sand Canyon and Jeffrey; the current appropriation of the Gas Tax fund for landscape maintenance; considering alternative funding sources for increases in landscape maintenance; balancing transportation and landscaping needs and researching other funding sources to pay for these needs; and evaluating ways to minimize long-term landscaping costs.

**RECOMMENDED ACTION: Moved by Chair Stein, seconded by Vice Chair Dressler, and unanimously carried to:**

**RECOMMENDED ACTION:**

- 1) Recommend the City Council approve the closure of 30 completed projects with \$95.0 million in expenditures and release

- appropriations of \$25.4 million in applicable special funds.
- 2) Recommend the City Council approve the continuation of 123 City and Orange County Great Park administered capital projects with appropriations totaling \$160.0 million to Fiscal Year 2018-19.
  - 3) Recommend the City Council approve a \$19.4 million net appropriation to inter-fund transfers for open capital projects and the return of funding for closed capital projects among various special and capital project funds.
  - 4) Recommend the City Council approve funding for outstanding purchase orders and continuing activities in the special funds totaling \$1.6 million.
  - 5) Recommend the City Council approve a budget adjustment for \$50 thousand in revenues and expenditures in the Development Service Fund for traffic engineering plan check review services.
  - 6) Recommend the City Council approve an additional appropriation of \$1.4 million from the Gas Tax fund balance to fund the new landscape maintenance service contracts in order to maintain existing service levels.
  - 7) Recommend the City Council receive and file Community Facility District (CFD) annual reports for CFD 2004-1 Central Park, CFD 2005-2 Columbus Grove and CFD 2013-3 Great Park.

**Amended as follows:**

The Finance Commission suggests better appropriating the Gas Tax fund for traffic mitigation and focusing on ways to minimize the cost of long-term landscape maintenance.

**8. FISCAL YEAR 2017-18 GENERAL FUND YEAR-END REPORT**

Kristin Griffith, Director of Administrative Services, presented the item and answered questions. Barbara Arenado, Budget Officer, was also present and answered questions.

Commission discussion included: the change in the unfunded liability with the additional \$37M to CalPERS; presenting a range of rates to provide multiple scenarios in the timing of pension funding levels; and an explanation of PEPRA and its funding.

**RECOMMENDED ACTION: Moved by Chair Stein, seconded by Commissioner Shute, and unanimously carried to:**

**RECOMMENDED ACTION:**

- 1) Recommend the City Council approve a budget adjustment allocating \$4,636,423 of year-end General Fund balance for specific projects/programs previously approved by the City Council.
- 2) Recommend the City Council approve a budget adjustment to allocate \$4,161,888 of year-end General Fund balance for a one-

- time contribution to pay-down the unfunded pension.
- 3) Recommend the City Council approve a budget adjustment to transfer \$1,000,000 of year-end General Fund balance to the Asset Management Plan Fund for the FY 2016-17 repayment in accordance with the Accelerated Pension Liability Pay-down Plan, adopted by the City Council on June 25, 2013.
  - 4) Recommend the City Council approve a budget adjustment allocating \$70,374 of year-end General Fund balance for outstanding encumbrances and Purchase Orders that were not completed by the end of the fiscal year.

**Amended as follows:**

The Finance Commission recommends including a range of rates scenarios on the annual pension scorecard update that shows less than optimal circumstances.

**9. FISCAL YEAR 2018-19 Q1 BUDGET UPDATE**

Roger Galli, Senior Management Analyst, presented the item and answered questions. Kristin Griffith, Director of Administrative Services, and Jimmee Medina, Deputy Director of Administrative Services, were also present and answered questions. Barbara Arenado, Budget Officer, also answered questions.

Commission discussion included: locking in cost savings, particularly salary savings; the Eden project is on hold for further analysis; transfer an employee on the classic CalPERS program from one agency to another and how compensation is calculated; reasons for the variance in the cost of compensation packages; a holistic approach to attracting and retaining candidates; and insurance fund expenditures.

**RECOMMENDED ACTION: Moved by Vice Chair Dressler, seconded by Commissioner Reyno, and unanimously carried to:**

Recommend City Council receive and file the Fiscal Year 2018-19 Q1 Budget Update.

**10. IMPLEMENTATION OF A TWO-YEAR BUDGET CYCLE IN THE CONTEXT OF A COMPREHENSIVE FIVE-YEAR FINANCIAL PLAN**

Kristin Griffith, Director of Administrative Services, presented the item and answered questions. Barbara Arenado, Budget Officer, also answered questions.

Commission discussion included: including the Irvine Ranch Water District, Irvine Unified School District, Tustin Unified School District, University of California Irvine and private companies in the community budget workshops; savings carryover from the first to second budget year; locking in salary savings; new Strategic Business Plan to budget for contracts; establishing a more comprehensive cost recovery model that includes all bill rates; timing of the City's build-out; and analyzing more Return on Investment projects that yield a high rate of return.

**RECOMMENDED ACTION: Moved by Chair Stein, seconded by Vice Chair Dressler, and unanimously carried to:**

**RECOMMENDED ACTION:**

- 1) Recommend the City Council implement a two-year budget cycle commencing with Fiscal Year 2019-20, including enhancements to long-term planning and public budget review, as outlined in this report.

**Amended as follows:**

Revise Recommendation #1 to:

Recommend the City Council implement a two-year budget cycle commencing with Fiscal Year 2019-20, including enhancements to long-term planning and public budget review.

No action was taken on Recommendation #2:

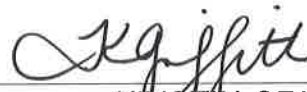
- 2) Request Finance Commission input on Community Budget Workshop locations and appoint a Finance Commission representative to attend the Community Budget Workshops.

**ADJOURNMENT**

By consensus, Chair Stein adjourned the meeting at 7:47 p.m.



RUSSELL STEIN  
CHAIR



KRISTIN GRIFFITH  
DIRECTOR OF ADMINISTRATIVE  
SERVICES



SATORI BASA  
RECORDING SECRETARY

11/19/18

DATE APPROVED