



AGENDA

MEASURE HH ADVISORY OVERSIGHT COMMITTEE

THURSDAY, APRIL 26, 2018
REGULAR MEETING – 5:00 PM

CITY HALL MAIN CONFERENCE ROOM
10200 SLATER AVENUE

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in Measure HH Advisory Oversight Committee meetings, please contact the Finance Department at 714-593-4418. Notification 72 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to the meeting.

REGULAR MEETING

CALL TO ORDER

SALUTE TO THE FLAG

ROLL CALL: Briscoe, Drilling, Jensen, Stone, Taylor, Schwarz (alternate)

ANNOUNCEMENT OF SUPPLEMENTAL COMMUNICATIONS

Anyone wishing to speak during Public Comments must fill out and submit a yellow speaker card. The Measure HH Oversight Committee can take no action on this date, unless the item is agendaized. Anyone wishing to speak on items not on tonight's agenda, may do so during Public Comments. Speakers on items scheduled for non-public hearing items will be invited to speak when those items are heard. (Three minutes per speaker)

APPROVAL OF MINUTES

1. Receive and file the Minutes of the February 8, 2018 Regular Measure HH Advisory Oversight Committee Meeting.

DISCUSSION ITEMS

2. PROJECTED MEASURE HH REVENUES AND EXPENDITURES FOR 2017/18

On January 11, 2018 the Oversight Committee reviewed the estimated Measure HH revenues and expenditures for the fiscal year 2017/18. The projected Measure HH revenues and expenditures for fiscal year 2017/18 have been revised based on current economic activity and also incorporate actions taken by the City Council in February involving new reserve policies.

Recommended Action: Review and discuss.

3. PROPOSED BUDGET OF MEASURE HH REVENUES & EXPENDITURES FOR 2018/19

A Budget Workshop will be held with the City Council on May 15, 2018 to review the 2018/19 Annual Operating and Capital Improvement Program Budget, which will also be presented for adoption at the City Council meeting on June 5, 2018. The Oversight Committee is responsible for issuing a report based on its review, at a policy level, of the City's proposed annual General Fund operating budget for expenditures of the revenue generated from Measure HH. The Proposed Measure HH Revenues and Expenditures Budget for Fiscal Year 2018/19 will be presented to the Oversight Committee for review and discussion. The Oversight Committee will

also review the updated 20-year forecast of projected General Fund revenues and expenditures and related reserves.

Recommended Action: Review and discuss.

4. SALES & USE TAX ON ONLINE PURCHASES

Under a 1992 Supreme Court ruling (Quill Corp. v. North Dakota), a state cannot force a retailer to collect sales tax unless the retailer has a physical connection or “nexus” to that state. In 2011 the California State Legislature passed a bill (AB 155) that required out-of-state retailers to register with the State to collect and remit use tax on sales of tangible property to California. Under AB 155, retailers are presumed to have sales tax nexus by virtue of a commission based web-linking arrangement if they made total sales of \$1 million or more of tangible personal property to California customers within the prior twelve months and paid more than \$10,000 in commissions to their California affiliates. Consequently, more online retailers (like Amazon) have registered with the State of California to collect sales tax.

The state of South Dakota has petitioned the United States Supreme Court to hear a case (South Dakota v. Wayfair), which could repeal or uphold the 1992 decision. A ruling is expected from the Supreme Court by June 2018.

Recommended Action: Discuss.

5. FUTURE COMMITTEE MEETING TOPICS & DATES

The following tentative meeting dates are proposed:

Council Meeting	5/15/2018 at 6:00 PM	Fiscal Year 2018/19 Budget Workshop ⁽¹⁾
Council Meeting	6/5/2018 at 6:00 PM	Fiscal Year 2018/19 Budget Adoption
Committee Meeting	10/18/2018 at 6:00 PM	Fiscal Year 2017/18 Unaudited Results

⁽¹⁾ It is recommended that Oversight Committee members be present at the City Council budget workshop in May 2018.

Recommended Action: Staff recommends that the Oversight Committee discuss the proposed meeting dates.

PUBLIC COMMENTS

Anyone wishing to speak on non-agendized items may do so at this time.

COMMENTS FROM STAFF

COMMENTS FROM COMMITTEE MEMBERS

ADJOURNMENT

Adjournment to the next Measure HH Advisory Oversight Committee meeting on October 18, 2018.

MATERIAL(S) RELATED TO AN ITEM ON THIS AGENDA SUBMITTED TO THE MEASURE HH OVERSIGHT COMMITTEE AFTER DISTRIBUTION OF THE AGENDA PACKET IS/ARE AVAILABLE FOR PUBLIC INSPECTION IN THE FINANCE DEPARTMENT AT 10200 SLATER AVENUE, FOUNTAIN VALLEY DURING NORMAL BUSINESS HOURS.



**MINUTES OF THE
MEASURE HH OVERSIGHT COMMITTEE**

5:00 p.m.

Thursday, February 8, 2018

CALL TO ORDER

5:00 p.m.

ROLL CALL

Members Present: Briscoe, Drilling, Jensen, Stone, Taylor, Schwarz

Members Absent: None

SALUTE TO THE FLAG

CONSENT CALENDAR

1. APPROVAL OF MINUTES FROM JANUARY 11, 2018

ACTION: Moved to approve the minutes for the January 11, 2018 meeting.

MOTION: Drilling **SECOND:** Taylor

AYES: Drilling, Jensen, Stone, Taylor, Briscoe

NOES: None

ABSENT: None

ABSTAIN: None

Motion carried: 5-0

SELECTION OF COMMITTEE CHAIR AND VICE CHAIR

2. ACTION: Moved to reappoint Chair (Briscoe) and Vice Chair (Drilling).

MOTION: Stone **SECOND:** Jensen

AYES: Drilling, Jensen, Stone, Taylor, Briscoe

NOES: None

ABSENT: None

ABSTAIN: None

Motion carried: 5-0

DISCUSSION ITEMS

3. DRAFT REPORT TO CITY COUNCIL

The Oversight Committee reviewed and discussed the Report on Measure HH Revenues and Expenditures and directed the Chair (Briscoe) to present the report to the City Council on February 20, 2018.

ACTION: Moved to receive and file.
MOTION: Taylor **SECOND:** Stone
AYES: Drilling, Jensen, Stone, Taylor, Briscoe
NOES: None
ABSENT: None
ABSTAIN: None
Motion carried: 5-0

4. FUTURE COMMITTEE MEETING TOPICS & DATES

The Committee discussed future meeting dates and topics. The next Committee will be on April 26, 2018.

ACTION: No formal action was taken.

PUBLIC COMMENTS

None.

ADJOURNMENT

Chair Briscoe adjourned the Meeting.

The next meeting of the Measure HH Oversight Committee is April 26, 2018, at City Hall, 10200 Slater Avenue, Fountain Valley.

John Briscoe, Chair

CITY OF FOUNTAIN VALLEY
 SCHEDULE OF MEASURE HH REVENUES AND EXPENDITURES
 Fiscal Year Ended June 30, 2018 (Projected)

Measure HH Revenues	\$ 11,600,000
Measure HH Expenditures:	
Reoccurring Expenses Incurred on Essential City Services	2,033,899
One-Time Expenses (Capital Projects & Pension Paydown)	2,750,000
Financial Stewardship: Reserves Set-Aside in 17-18	\$ 6,816,101

Measure HH provided necessary funding in Fiscal Year 2017/18 that was used for the following in accordance with the **Responsible Spending Pledge**:

Reoccurring Expenses Incurred on Essential City Services:

Public Safety

Maintain 911 Emergency Response Times & Keep Fire Station No. 2 open. 678,773

Without Measure HH, staff would have faced the challenge of closing Fire Station No.2, which would have been a gradual process spanning multiple years. The total cost attributable to 12-full-time equivalents (FTEs) within various classifications assigned to Fire Station No. 2 is \$1,757,772. Measure HH provided funding to keep Fire Station No. 2 open and maintain 911 emergency response times.

Police and Fire Pension Costs that are Legally Required to be Paid to CalPERS	911,331
Police and Fire Training Programs	72,575
Juvenile Diversion Counseling	3,830
Total Public Safety	1,666,509

Senior & Youth Programs

Amount associated with the cost to keep the Recreation Center, Community Center & Senior Center open. 367,390

Total Reoccurring Expenses 2,033,899

One-Time Expenses:

Capital Improvements

Includes \$350,000 for residential road rehab and \$200,000 for park improvements. 550,000

Additional Payment to CalPERS towards unfunded pension liabilities 2,200,000

Total One-Time Expenses 2,750,000

Reserves Set-Aside in 17-18:

OPEB Reserves

Transfer to Other Post-Employment Benefits (OPEB) Trust Fund. 1,700,000

Pension Reserves

Initial contribution to Pension Trust Fund. 2,800,000

Emergency Reserves

1,956,101

Capital Reserves - Transfer to Fleet Management Internal Service Fund

Set-aside for Fire Apparatus 360,000

Total Reserves Set-Aside in 17-18 6,816,101

CITY OF FOUNTAIN VALLEY
 PROPOSED BUDGET OF MEASURE HH REVENUES AND EXPENDITURES
 Fiscal Year Ended June 30, 2019

Measure HH Revenues	\$ 11,900,000
Measure HH Expenditures:	
Reoccurring Expenses Incurred on Essential City Services	5,290,000
One-Time Expenses (Capital Projects & Pension Paydown)	2,550,000
Financial Stewardship: Reserves Set-Aside in 18-19	\$ 4,060,000

Measure HH provided necessary funding in Fiscal Year 2018/19 that was used for the following in accordance with the **Responsible Spending Pledge**:

Reoccurring Expenses Incurred on Essential City Services:

Public Safety

Maintain 911 Emergency Response Times & Keep Fire Station No. 2 open.	1,505,236
<i>Without Measure HH, staff would have faced the challenge of closing Fire Station No.2, which would have been a gradual process spanning multiple years. The total cost attributable to 14-full-time equivalents (FTEs) within various classifications assigned to Fire Station No. 2 is \$2,005,236. Measure HH provided funding to keep Fire Station No. 2 open and maintain 911 emergency response times.</i>	
Police and Fire Pension Costs that are Legally Required to be Paid to CalPERS	1,097,268
Staffing Costs for Additional Dispatch and Police Support Services Associated with Organizational Changes Approved by City Council on March 20, 2018	116,652
Police and Fire Training Programs	102,000
Body Worn Cameras	65,000
Total Public Safety	2,886,156

Senior & Youth Programs

Amount associated with the cost to keep the Recreation Center, Community Center & Senior Center open.	557,935
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Employee Retention

Salary and benefit increases	1,845,909
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Total Reoccurring Expenses 5,290,000

One-Time Expenses:

Capital Improvements

Includes \$350,000 for residential road rehab and \$200,000 for park improvements.	550,000
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Additional Payment to CalPERS towards unfunded pension liabilities	2,000,000
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Total One-Time Expenses 2,550,000

Reserves Set-Aside in 18-19:

Pension Reserves

2018-19 Contribution to Pension Trust Fund	3,000,000
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Increase in Emergency Reserves from \$13M to \$13.7M	700,000
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Capital Reserves - Transfer to Fleet Management Internal Service Fund

Set-aside for Fire Apparatus	360,000
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Total Reserves Set-Aside in 18-19 4,060,000