



AGENDA

MEASURE HH ADVISORY OVERSIGHT COMMITTEE

WEDNESDAY, MAY 19, 2021
REGULAR MEETING – 5:00 PM

Via Zoom
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: Stephen Schwarz (Chair), Evan Jorgensen (Vice-Chair), Marjorie Drilling, Matt Taylor, Randy Takayama, Michele Jensen (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)

CONSENT CALENDAR

1. APPROVAL OF MINUTES

Recommended Action: Receive and file the Minutes of the January 27, 2021 Regular Measure HH Advisory Oversight Committee Meeting.

DISCUSSION ITEMS

2. PROJECTED MEASURE HH REVENUES & EXPENDITURES FOR FY2020/21

The Responsible Spending Pledge governs how Measure HH funds are spent. Without Measure HH the City would have had an ongoing structural deficit, which would have resulted in cuts to core services. Staff identified expenditures that have been funded by Measure HH for Fiscal Year 2020/21. The Schedule of Measure HH Revenues and Expenditures reflects amounts that have been updated based on the Mid-year review. The schedule also incorporates amounts identified as being funded from Measure HH and a cumulative summary of reserves set-aside utilizing Measure HH funds since April 1, 2017.

3. PROPOSED BUDGET OF MEASURE HH REVENUES & EXPENDITURES FOR FY2021/22

A Budget Workshop is being held on May 18, 2021 to review the Proposed FY 2021/22 Annual Operating Budget and Capital Improvement Program. The Proposed Budget will also be

presented to the City Council in a public hearing for consideration on June 1, 2021. 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 2021/22 will be presented to the Oversight Committee for review and discussion.

4. MEASURE HH COMMITTEE RECOMMENDATION LETTER TO CITY COUNCIL

Each year the Chair of the Measure HH committee presents their recommendation to the City Council on the Proposed Budget complies with the intent of the Measure HH ballot measure and in accordance with the Responsible Spending Pledge. The draft letter for FY 2020/21 will be presented and discussed with the Oversight Committee for review and discussion.

5. FUTURE COMMITTEE MEETING TOPICS & DATES

The following tentative meeting dates are proposed:

City Council Meeting	6/1/2021 at 6:00 PM	Fiscal Year 2021/22 Proposed Budget Presentation
Committee Meeting	11/10/2021 at 5:00 PM	Fiscal Year 2020/21 Unaudited Results

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 November 10, 2021

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**

Wednesday, January 27, 2021

5:00 p.m.

CALL TO ORDER

5:00 p.m.

SALUTE TO THE FLAG

ROLL CALL

Members Present: Marjorie Drilling, Michele Jensen, Evan Jorgensen, Matt Taylor, Stephen Schwarz

Members Absent:

1. APPROVAL OF MINUTES FROM MAY 7, 2020

ACTION: Moved to approve the minutes for the May 7, 2020.

MOTION: Schwartz **SECOND:** Drilling

AYES: Drilling, Jensen, Taylor, Schwartz, Jorgensen

NOES: None

ABSENT: None

ABSTAIN: None

Motion carried: 5-0

DISCUSSION ITEMS

2. SELECTION OF COMMITTEE CHAIR AND VICE CHAIR

ACTION: Stephen Schwarz nominated for Chair and Evan Jorgensen nominated for Vice Chair.

AYES: Drilling, Jensen, Taylor, Schwartz, Jorgensen

NOES: None

ABSENT: None

ABSTAIN: None

Motion carried: 5-0

3. MEASURE HH AUDIT REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Davis Farr LLP, a firm of licensed certified public accountants, has completed their audit of Measure HH Revenues and Expenditures for the fiscal year ended June 30, 2020.

Jennifer Farr, the audit partner, attended the meeting to discuss the results of the audit and to answer any questions.

ACTION: The Committee reviewed and discussed the auditor’s report for FY 2019/20.

Direction for Chair to work with City staff to develop 19/20 Measure HH letter/report for City Council.

MOTION: Drilling **SECOND:** Jensen
AYES: Drilling, Jensen, Jorgensen, Taylor, Schwarz
NOES: None
ABSENT: None
ABSTAIN: None

Motion carried: 5-0

4. 20-YEAR FINANCIAL PLAN UPDATE AND 2019/20 MEASURE HH REPORT CARD AND DRAFT REPORT TO CITY COUNCIL

The Responsible Spending Pledge governs how Measure HH funds are spent. Without Measure HH the City would have had an ongoing structural deficit, which would have resulted in cuts to core services. Staff identified expenditures that have been funded by Measure HH for fiscal year 2019/20, which were discussed and reviewed with the Committee in May 2020. The Schedule of Measure HH Revenues and Expenditures were examined by an independent audit firm (Davis Farr). The Oversight Committee is responsible for producing a report that records the results of its review of the audit of Measure HH Revenues and Expenditures in relation to the City’s adopted “Responsible Spending Pledge”. A draft version of a letter from the Oversight Committee has been developed to summarize the work performed by the Committee with respect to Measure HH Revenues and Expenditures for the fiscal year ended June 30, 2020 with the plan to present the Committee’s findings to the City Council on February 2, 2021. The 20-Year Financial Plan has been updated with revenues received through December 31, 2020

ACTION: The Committee reviewed and discussed the 20Year Financial Plan and Measure HH Report Card, Draft report to City Council. No formal action was taken.

5. FUTURE COMMITTEE MEETING TOPICS & DATES

The Committee discussed future meeting dates and topics

Council Meeting	2/2/2021 at 6:00 PM	Committee Report to Council on 2019/20
Committee Meeting	3/24/2021 at 5:00 PM	Fiscal Year 2020/21 Mid-Year Review
Committee Meeting	5/19/2021 at 5:00 PM	Fiscal Year 2020/21 Proposed HH Budget

Measure HH Advisory Oversight Committee Meeting Minutes

January 27, 2021

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ACTION: Meeting on 2/2/21 was cancelled and next Measure HH meeting scheduled for 3/19/21.

PUBLIC COMMENTS

None

ADJOURNMENT

Chair Schwarz adjourned the Meeting.

Steve Schwarz, Chair

CITY OF FOUNTAIN VALLEY
 SCHEDULE OF MEASURE HH REVENUES AND EXPENDITURES
 Fiscal Year Ended June 30, 2021

Measure HH Revenues	\$ 13,000,000
Measure HH Expenditures:	
Reoccurring Expenses Incurred on Essential City Services	3,017,419
One-Time Expenses (Additional Pension Paydown)	2,000,000
Financial Stewardship: Reserves Set-Aside in 20-21	\$ 7,982,581

Measure HH provided necessary funding in Fiscal Year 2020/21 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	524,000
Police and Fire Pension Costs that are Legally Required to be Paid to CalPERS and Principal and Interest on the Safety Pension Obligation Bonds ²	665,000
Total Public Safety	1,189,000
Senior & Youth Programs	
Amount associated with the cost to keep the Recreation Center, Community Center & Senior Center open ³	458,419
Employee Retention	
Salary and benefit increases ⁴	795,000
Capital Improvements	
Includes \$375,000 for residential road rehab and \$200,000 for park improvements.	575,000
Total Reoccurring Expenses⁵	3,017,419

One-Time Expenses:	
Additional Payment to CalPERS towards unfunded pension liabilities	2,000,000

Reserves Set-Aside in 20-21:	
Pension Reserves	
2020-21 Contribution to Pension Trust Fund	-
Increase in Capital Reserves	
	7,617,581
Capital Reserves - Transfer to Fleet Management Internal Service Fund	
Set-aside for Fire Apparatus	365,000
Total Reserves Set-Aside in 20-21	7,982,581

- ¹ - 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 \$2,098,341. Approximately 25% of the staffing cost attributable to Fire Station No. 2 has been identified as being funded from Measure HH, which equates to \$1,779,000.
- ² - Historically, pensions were funded over a rolling 30 year period in accordance with CalPERS funding policy. In 2013 CalPERS approved a change to pension funding, which resulted in shorter amortizations and significant increases in amounts required to be paid to CalPERS beginning in Fiscal Year 2015-16. The City's annual pension expense was approximately \$5 million through Fiscal Year 2015-16, which included \$1,606,319 paid for police and fire pension costs for services rendered in prior years (excluding "normal cost" related to the accrual of benefits earned in the current year). In 2020-21, the projected expense for police and fire pension costs for services rendered in prior years is \$4,272,302, which includes principal and interest expense paid on Pension Obligation Bonds attributable to police and fire. Approximately 25% of the increase (\$2,665,983) in pension expense over the base year equates to \$665,000, which has been attributed to Measure HH.
- ³ - The Recreation and Community Services Department generally provides services that benefit the community as whole. Therefore, user fees and revenues generated by the Recreation and Community Services Department generally do not cover the full cost of programs. Therefore, the General Fund subsidizes the difference. The General Fund subsidy is estimated at approximately \$1,836,409 in Fiscal Year 2020-21. Approximately 25% of the General Fund subsidy has been identified as being funded from Measure HH, which equates to approximately \$458,419.
- ⁴ - Measure HH was approved by the community to allow for continuous operating and improvement of essential City services. In response to the community needs, the City Council approved negotiated adjustments to salaries and benefits for various classifications. The increase in salary and benefit costs amounted to \$3,185,530 in 2020-21, of which approximately 25% has been identified as being funded from Measure HH and equates to \$795,000.
- ⁵ - General Fund operating revenues are projected to be \$65,494,719 and operating expenditures are projected at \$55,512,138 (excluding Pension Trust contributions and additional payments to CalPERS). The net operating surplus is projected to be \$9,982,581. Without Measure HH, the General Fund would have had an operating deficit of \$3,017,419. Therefore, this amount has been identified as being funded from Measure HH, which has been used for reoccurring essential City services.

	Cumulative Measure HH Reserves Set-Aside	Reserves at 6/30/21*	Short-Term/ Long-Term Targeted Reserve	% Funded by Measure HH
OPEB Trust Reserves	1,892,540	13,630,954	\$10-30 Million	14%
Pension Trust Reserves	12,100,000	12,100,000	\$10-30 Million	100%
Emergency Reserves	4,903,421	14,600,000	\$14.2 Million	34%
Capital Reserves	13,201,466	20,366,939	\$10-15 Million	65%
Fire Apparatus Reserves	365,000	365,000	\$2 Million	100%
	32,462,427			

* Including Measure HH and non-HH reserves set-aside and related investment income.

CITY OF FOUNTAIN VALLEY
 SCHEDULE OF MEASURE HH REVENUES AND EXPENDITURES
 Fiscal Year Ended June 30, 2022

Measure HH Revenues	\$ 13,380,000
Measure HH Expenditures:	
Reoccurring Expenses Incurred on Essential City Services	7,840,265
One-Time Expenses (Additional Pension Paydown)	3,000,000
Financial Stewardship: Reserves Set-Aside in 21-22	\$ 2,539,735

Measure HH provided necessary funding in Fiscal Year 2021/22 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	1,336,000
Police and Fire Pension Costs that are Legally Required to be Paid to CalPERS and Principal and Interest on the Safety Pension Obligation Bonds ²	1,900,000
Total Public Safety	3,236,000
Senior & Youth Programs	
Amount associated with the cost to keep the Recreation Center, Community Center & Senior Center open ³	1,307,265
Employee Retention	
Salary and benefit increases ⁴	2,922,000
Capital Improvements	
Includes \$375,000 for residential road rehabilitation	375,000
Total Reoccurring Expenses⁵	7,840,265

One-Time Expenses:	
Additional Payment to CalPERS towards unfunded pension liabilities	3,000,000

Reserves Set-Aside in 21-22:	
Pension Reserves	
2021-22 Contribution to Pension Trust Fund	-
Increase in Reserves	
	2,174,735
Capital Reserves - Transfer to Fleet Management Internal Service Fund	
Set-aside for Fire Apparatus	365,000
Total Reserves Set-Aside in 21-22	2,539,735

- ¹ - 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 \$2,174,551. Approximately 61.4% of the staffing cost attributable to Fire Station No. 2 has been identified as being funded from Measure HH, which equates to \$1,336,000.
- ² - Historically, pensions were funded over a rolling 30 year period in accordance with CalPERS funding policy. In 2013 CalPERS approved a change to pension funding, which resulted in shorter amortizations and significant increases in amounts required to be paid to CalPERS beginning in Fiscal Year 2015-16. The City's annual pension expense was approximately \$5 million through Fiscal Year 2015-16, which included \$1,606,319 paid for police and fire pension costs for services rendered in prior years (excluding "normal cost" related to the accrual of benefits earned in the current year). In 2021-22, the projected expense for police and fire pension costs for services rendered in prior years is \$4,699,135, which includes principal and interest expense paid on Pension Obligation Bonds attributable to police and fire. Approximately 61.4% of the increase (\$3,092,816) in pension expense over the base year equates to \$1,900,000, which has been attributed to Measure HH.
- ³ - The Recreation and Community Services Department generally provides services that benefit the community as whole. Therefore, user fees and revenues generated by the Recreation and Community Services Department generally do not cover the full cost of programs. Therefore, the General Fund subsidizes the difference. The General Fund subsidy is estimated at approximately \$2,128,592 in Fiscal Year 2021-22. Approximately 61.4% of the General Fund subsidy has been identified as being funded from Measure HH, which equates to approximately \$1,307,265.
- ⁴ - Measure HH was approved by the community to allow for continuous operating and improvement of essential City services. In response to the community needs, the City Council approved negotiated adjustments to salaries and benefits for various classifications. The increase in salary and benefit costs amounted to \$4,756,788 in 2021-22, of which approximately 61.4% has been identified as being funded from Measure HH and equates to \$2,922,000.
- ⁵ - General Fund operating revenues are projected to be \$63,497,925 and operating expenditures are projected at \$57,958,190 (excluding Pension Trust contributions and additional payments to CalPERS). The net operating surplus is projected to be \$5,539,735. Without Measure HH, the General Fund would have had an operating deficit of \$7,840,265. Therefore, this amount has been identified as being funded from Measure HH, which has been used for reoccurring essential City services.

	Cumulative Measure HH Reserves Set-Aside	Reserves at 6/30/22*	Short-Term/ Long-Term Targeted Reserve	% Funded by Measure HH
OPEB Trust Reserves	1,892,540	14,257,978	\$10-30 Million	13%
Pension Trust Reserves	12,615,000	12,615,000	\$10-30 Million	100%
Emergency Reserves	4,903,421	15,001,000	\$14.2 Million	33%
Capital Reserves	15,376,201	16,380,661	\$10-15 Million	94%
Fire Apparatus Reserves	730,000	730,000	\$2 Million	100%
	35,517,162			

* Including Measure HH and non-HH reserves set-aside and related investment income.

Assumptions/ Scenario Name: <i>FY2021/22 Proposed Budget</i>				PROJECTED																		
	Actuals 2019-2020	Budget 2020-2021	Projected 2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033	2033-2034	2034-2035	2035-2036	2036-2037	2037-2038*	2038-2039	2039-2040
Revenues																						
Property Tax	\$ 20,450,086	\$ 21,130,000	\$ 21,209,112	\$ 21,777,000	\$ 22,555,310	\$ 23,231,969	\$ 24,398,928	\$ 25,130,896	\$ 25,884,823	\$ 26,661,368	\$ 27,461,209	\$ 28,285,045	\$ 29,133,596	\$ 30,007,604	\$ 30,907,832	\$ 31,835,067	\$ 32,790,119	\$ 33,773,823	\$ 34,787,038	\$ 35,830,649	\$ 36,905,568	\$ 36,905,568
Sales tax	\$ 12,254,560	\$ 11,398,000	\$ 13,221,000	\$ 13,601,000	\$ 13,873,020	\$ 14,150,480	\$ 14,433,490	\$ 13,288,192	\$ 13,588,192	\$ 13,859,956	\$ 14,137,155	\$ 14,419,898	\$ 14,708,296	\$ 13,972,881	\$ 14,252,339	\$ 14,537,385	\$ 14,828,133	\$ 15,124,696	\$ 15,427,190	\$ 15,735,734	\$ 16,050,448	\$ 16,050,448
Measure HH	\$ 12,364,200	\$ 11,153,000	\$ 13,000,000	\$ 13,380,000	\$ 13,647,600	\$ 13,920,552	\$ 14,198,963	\$ 13,053,665	\$ 13,353,665	\$ 13,620,738	\$ 13,893,153	\$ 14,171,016	\$ 14,454,436	\$ 13,731,715	\$ 14,006,349	\$ 14,286,476	\$ 14,572,205	\$ 14,863,649	\$ 11,370,692			
Franchise Tax	\$ 2,072,908	\$ 1,898,000	\$ 2,069,600	\$ 2,095,000	\$ 2,095,000	\$ 2,095,000	\$ 2,095,000	\$ 2,095,000	\$ 2,095,000	\$ 2,115,950	\$ 2,137,110	\$ 2,137,110	\$ 2,137,110	\$ 2,137,110	\$ 2,158,481	\$ 2,180,065	\$ 2,201,866	\$ 2,223,885	\$ 2,246,124	\$ 2,246,124	\$ 2,268,585	\$ 2,291,271
Transient Occupancy Tax	\$ 1,185,655	\$ 937,000	\$ 937,000	\$ 1,060,000	\$ 1,378,000	\$ 1,515,800	\$ 1,667,380	\$ 2,084,118	\$ 2,104,959	\$ 2,126,009	\$ 2,147,269	\$ 2,168,742	\$ 2,190,429	\$ 2,212,333	\$ 2,359,457	\$ 2,383,051	\$ 2,406,882	\$ 2,430,950	\$ 2,455,260	\$ 2,479,813	\$ 2,504,611	\$ 2,529,657
Use of Money & Property	\$ 2,849,641	\$ 1,695,000	\$ 1,546,000	\$ 1,692,000	\$ 1,708,920	\$ 1,726,009	\$ 1,743,269	\$ 1,760,702	\$ 1,778,309	\$ 1,796,092	\$ 1,814,053	\$ 1,832,194	\$ 1,850,515	\$ 1,869,021	\$ 1,887,711	\$ 1,906,588	\$ 1,925,654	\$ 1,944,910	\$ 1,964,359	\$ 1,984,003	\$ 2,003,843	\$ 2,023,882
Government Agencies	\$ 233,956	\$ 215,073	\$ 244,768	\$ 237,000	\$ 239,370	\$ 241,764	\$ 244,181	\$ 246,623	\$ 249,089	\$ 251,580	\$ 254,096	\$ 256,637	\$ 259,203	\$ 261,795	\$ 264,413	\$ 267,058	\$ 269,728	\$ 272,425	\$ 275,150	\$ 197,101	\$ 199,072	\$ 201,063
Other Revenues	\$ 3,414,500	\$ 229,000	\$ 5,265,240	\$ 532,000	\$ 537,320	\$ 542,693	\$ 548,120	\$ 553,601	\$ 559,137	\$ 564,729	\$ 570,376	\$ 576,080	\$ 581,841	\$ 587,659	\$ 593,536	\$ 599,471	\$ 605,466	\$ 611,520	\$ 617,635	\$ 623,812	\$ 630,050	\$ 636,350
Other Sources	\$ 2,300,463	\$ 2,434,329	\$ 2,876,190	\$ 2,360,783	\$ 2,384,391	\$ 2,408,235	\$ 2,432,317	\$ 2,456,640	\$ 2,481,207	\$ 2,506,019	\$ 2,531,079	\$ 2,556,390	\$ 2,581,954	\$ 2,607,773	\$ 2,633,851	\$ 2,660,189	\$ 2,686,791	\$ 2,713,659	\$ 2,740,796	\$ 2,768,204	\$ 2,795,886	\$ 2,823,845
Finance Revenue	\$ 415,369	\$ 385,000	\$ 413,575	\$ 430,118	\$ 434,419	\$ 438,763	\$ 443,151	\$ 447,583	\$ 452,058	\$ 456,579	\$ 461,145	\$ 465,756	\$ 470,414	\$ 475,118	\$ 479,869	\$ 484,668	\$ 489,514	\$ 494,410	\$ 499,354	\$ 504,347	\$ 509,391	\$ 514,485
Planning Revenue	\$ 263,005	\$ 252,375	\$ 437,750	\$ 382,955	\$ 386,785	\$ 485,949	\$ 984,659	\$ 398,505	\$ 402,490	\$ 406,514	\$ 441,336	\$ 1,004,785	\$ 418,832	\$ 423,021	\$ 427,251	\$ 431,523	\$ 435,839	\$ 440,197	\$ 444,599	\$ 449,045	\$ 1,043,635	\$ 1,054,072
Building Revenue	\$ 898,996	\$ 937,650	\$ 1,017,650	\$ 977,650	\$ 987,427	\$ 997,301	\$ 1,007,274	\$ 987,128	\$ 987,128	\$ 997,000	\$ 1,006,970	\$ 1,017,039	\$ 1,027,210	\$ 1,006,665	\$ 1,006,665	\$ 1,016,732	\$ 1,026,899	\$ 1,037,168	\$ 1,047,540	\$ 1,058,016	\$ 1,068,596	\$ 1,079,282
Public Works Revenue	\$ 727,782	\$ 458,500	\$ 814,866	\$ 458,540	\$ 463,125	\$ 467,757	\$ 472,434	\$ 462,986	\$ 462,986	\$ 467,615	\$ 472,292	\$ 477,014	\$ 481,785	\$ 472,149	\$ 472,149	\$ 476,870	\$ 481,639	\$ 486,455	\$ 491,320	\$ 496,233	\$ 501,196	\$ 506,208
Fire Revenue	\$ 1,652,513	\$ 1,483,500	\$ 1,375,950	\$ 618,500	\$ 624,685	\$ 630,932	\$ 637,241	\$ 643,614	\$ 650,500	\$ 655,550	\$ 661,106	\$ 666,717	\$ 672,384	\$ 678,108	\$ 683,889	\$ 689,728	\$ 695,625	\$ 701,581	\$ 707,597	\$ 713,673	\$ 719,810	\$ 726,008
Ambulance Program	\$ -	\$ 1,017,449	\$ 962,999	\$ 2,697,997	\$ 2,724,977	\$ 2,752,227	\$ 2,779,749	\$ 2,807,546	\$ 2,835,622	\$ 2,863,978	\$ 2,892,618	\$ 2,921,544	\$ 2,950,760	\$ 2,980,267	\$ 3,010,070	\$ 3,040,171	\$ 3,070,572	\$ 3,101,278	\$ 3,132,291	\$ 3,163,614	\$ 3,195,250	\$ 3,227,202
Police Revenue	\$ 546,497	\$ 468,200	\$ 512,800	\$ 540,750	\$ 546,158	\$ 551,619	\$ 557,135	\$ 562,707	\$ 568,334	\$ 574,017	\$ 579,757	\$ 585,555	\$ 591,410	\$ 597,324	\$ 603,298	\$ 609,331	\$ 615,424	\$ 621,578	\$ 627,794	\$ 634,072	\$ 640,413	\$ 646,817
Community Services Revenue	\$ 768,129	\$ 923,169	\$ 212,499	\$ 670,750	\$ 1,056,208	\$ 1,469,270	\$ 1,483,962	\$ 1,498,802	\$ 1,513,790	\$ 1,528,928	\$ 1,544,217	\$ 1,559,659	\$ 1,575,256	\$ 1,591,008	\$ 1,606,918	\$ 1,622,988	\$ 1,639,218	\$ 1,655,610	\$ 1,672,166	\$ 1,688,887	\$ 1,705,776	\$ 1,722,834
Grants/ Projects	\$ 1,056,236	\$ 160,000	\$ 1,769,000	\$ 1,756,265	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 63,454,495	\$ 57,175,245	\$ 67,885,999	\$ 65,268,308	\$ 65,642,713	\$ 67,626,320	\$ 70,127,255	\$ 68,478,307	\$ 69,966,838	\$ 71,352,622	\$ 72,904,938	\$ 75,001,180	\$ 75,985,430	\$ 75,511,552	\$ 77,254,077	\$ 78,927,361	\$ 80,641,575	\$ 82,397,796	\$ 80,406,904	\$ 70,473,325	\$ 72,642,129	\$ 72,838,990
Expenses																						
Personnel Expenses	\$ 29,584,350	\$ 29,172,763	\$ 29,227,454	\$ 30,508,090	\$ 31,959,353	\$ 32,940,663	\$ 34,364,496	\$ 35,051,806	\$ 35,752,842	\$ 36,467,899	\$ 37,197,257	\$ 37,941,202	\$ 38,700,026	\$ 40,300,226	\$ 41,106,231	\$ 41,928,355	\$ 42,766,923	\$ 43,622,261	\$ 44,494,706	\$ 45,384,600	\$ 46,292,292	\$ 46,755,215
Internal Service Charges	\$ 6,186,592	\$ 6,339,499	\$ 6,339,499	\$ 6,469,962	\$ 6,534,662	\$ 6,600,008	\$ 6,666,008	\$ 6,732,668	\$ 6,799,995	\$ 6,867,995	\$ 6,936,675	\$ 7,006,042	\$ 7,076,102	\$ 7,146,863	\$ 7,218,332	\$ 7,290,515	\$ 7,363,420	\$ 7,437,054	\$ 7,511,425	\$ 7,586,539	\$ 7,662,405	\$ 7,739,029
Operating Expenses	\$ 8,356,636	\$ 7,666,068	\$ 7,282,765	\$ 10,068,023	\$ 9,790,908	\$ 9,864,340	\$ 9,962,983	\$ 10,062,613	\$ 10,163,239	\$ 10,264,872	\$ 10,367,520	\$ 10,471,196	\$ 10,575,908	\$ 10,681,667	\$ 10,788,483	\$ 10,896,368	\$ 11,005,332	\$ 11,115,385	\$ 11,226,539	\$ 11,338,804	\$ 11,452,192	\$ 11,566,714
Capital Projects	\$ 5,605,741	\$ 4,781,010	\$ 5,778,010	\$ 9,063,260	\$ 10,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 2,000,000	\$ 2,000,000	\$ 10,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Debt Service (annual)	\$ 1,097,473	\$ 1,093,922	\$ 1,093,922	\$ 1,092,492	\$ 1,097,828	\$ 1,097,204	\$ 1,090,816	\$ 1,088,663	\$ 1,090,540	\$ 1,091,345	\$ 1,091,074	\$ 1,094,625	\$ 1,091,994	\$ 1,093,178	\$ 1,091,947	\$ 1,093,523	\$ 1,089,328	\$ 1,088,841	\$ 979,087	\$ -	\$ -	\$ -
Transfers out	\$ 9,876,159	\$ 9,063,191	\$ 9,063,191	\$ 4,354,328	\$ 3,652,836	\$ 3,743,927	\$ 3,840,167	\$ 3,933,331	\$ 4,036,183	\$ 4,138,748	\$ 4,238,671	\$ 4,349,642	\$ 3,752,704	\$ 3,842,071	\$ 3,934,682	\$ 4,030,346	\$ 4,128,870	\$ 4,225,176	\$ 3,243,353	\$ 3,305,183	\$ 3,368,383	\$ 3,238,855
PERS UAL Payment				\$ 5,615,294	\$ 5,973,642	\$ 6,094,350	\$ 6,206,990	\$ 6,179,449	\$ 6,146,494	\$ 6,338,764	\$ 6,542,131	\$ 6,717,552	\$ 6,897,796	\$ 7,082,997	\$ 6,914,748	\$ 6,732,012	\$ 6,405,124	\$ 5,834,615	\$ 3,962,960	\$ 163,212	\$ 163,212	\$ 163,212
OPEB ARC funding	\$ -	\$ -	\$ -						\$ 2,000,000	\$ 2,000,000	\$ 2,000,000											\$ -
CalPERS UAL Additional payments	\$ 4,000,000	\$ -	\$ 2,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000									\$ -
Total Expenses	\$ 64,706,951	\$ 58,116,453	\$ 60,784,841	\$ 70,171,449	\$ 72,009,229	\$ 67,340,492	\$ 69,131,461	\$ 70,048,530	\$ 72,989,293	\$ 72,169,622	\$ 73,373,328	\$ 77,580,258	\$ 70,094,530	\$ 72,147,002	\$ 73,054,423	\$ 73,971,120	\$ 74,758,997	\$ 75,323,333	\$ 73,418,070	\$ 69,778,339	\$ 70,938,484	\$ 71,463,025
Total Surplus/ (Deficit)	\$ (1,252,456)	\$ (941,208)	\$ 7,101,158	\$ (4,903,141)	\$ (6,366,516)	\$ 285,827	\$ 995,794	\$ (1,570,223)	\$ (3,022,455)	\$ (817,000)	\$ (468,390)	\$ (2,579,078)	\$ 5,890,901	\$ 3,364,549	\$ 4,199,654	\$ 4,956,242	\$ 5,882,578	\$ 7,074,464	\$ 6,988,833	\$ 694,986	\$ 1,703,644	\$ 1,375,965
Beginning Fund Balance				\$ 53,315,170	\$ 48,412,029	\$ 42,045,514	\$ 42,331,341	\$ 43,327,135	\$ 41,756,912	\$ 38,734,458	\$ 37,917,457	\$ 37,449,067	\$ 34,869,990	\$ 40,760,890	\$ 44,125,440	\$ 48,325,094	\$ 53,281,335	\$ 59,163,913	\$ 66,238,377	\$ 73,227,211	\$ 73,922,197	\$ 75,625,841
RESERVES																						
Restricted				\$ 2,461,249	\$ 2,844,185	\$ 2,844,185	\$ 2,844,185	\$ 2,844,185	\$ 2,844,185	\$ 2,844,185	\$ 2,844,185	\$ 2,844,185	\$ 2,844,185	\$ 2,844,185	\$ 2,844,185	\$ 2,844,185	\$ 2,844,185	\$ 2,844,185	\$ 2,844,185	\$ 2,844,185	\$ 2,844,185	\$ 2,844,185
Committed for Emergencies				\$ 15,001,000	\$ 15,273,944	\$ 15,579,423	\$ 15,891,011	\$ 14,619,731	\$ 14,952,731	\$ 15,251,785	\$ 15,556,821	\$ 15,867,957	\$ 16,185,316	\$ 15,376,051	\$ 15,683,572	\$ 15,997,243	\$ 16,317,188	\$ 16,643,532	\$ 14,872,824	\$ 8,733,332	\$ 8,907,999	\$ 8,907,999
Pension Reserves				\$ 12,615,000	\$ 12,242,170	\$ 12,805,310	\$ 13,394,354	\$ 14,010,494	\$ 14,654,977	\$ 15,329,106	\$ 16,034,245	\$ 16,771,820	\$ 17,543,324	\$ 18,350,317	\$ 19,194,431	\$ 20,077,375	\$ 21,000,935	\$ 21,966,9				



June 1, 2021

TO THE HONORABLE CITY COUNCIL:

The Measure HH – Essential City Services Oversight Advisory Committee was established by the City Council on April 4, 2017 after passage of Measure HH on the November 8, 2016 ballot. One of the provisions of Measure HH was the creation of an Oversight Committee to review and make recommendations to the City Council to ensure that revenues from it are utilized in accordance with the City’s Responsible Spending Pledge.

The Measure HH Oversight Committee is pleased to have the opportunity to present to you its comments and conclusions concerning the usage of Measure HH revenues for the fiscal years ended June 30, 2021 and June 30, 2022.

Fiscal Year Ended June 30, 2021

The Committee met on May 19, 2021 to review the usage of estimated Measure HH Revenues and Expenditures for 2020-21 based on the current projections. Measure HH Revenues for the fiscal year ended June 30, 2021 are estimated at approximately \$13.0 million. Approximately \$3.02 million is projected to be spent on essential city services such as public safety and senior and youth programs. \$575,000 is projected to be spent on capital improvements for residential road rehabilitation and park improvements. An additional payment of \$2 million has been made to CalPERS towards unfunded pension liabilities. The balance of Measure HH Funds, at approximately \$8 million, is projected to be set aside for reserves.

Fiscal Year Ended June 30, 2022

(Based on the Proposed Budget)

The Committee met on May 19, 2021 to review the Proposed Budget of Measure HH Revenues and Expenditures for 2021-22. The Proposed Budget for the fiscal year ended June 30, 2022 reflects approximately \$13.4 million in estimated Measure HH revenue. Approximately \$7.8 million is projected to be spent on essential city services such as public safety and senior and youth programs. \$375,000 is projected to be spent on capital improvements for residential road rehabilitation. \$3 million is proposed to be used to make an additional payment to CalPERS to go towards unfunded pension liabilities, and the balance of Measure HH Funds, at approximately \$2.5 million, is projected to be set aside for reserves.

20-Year Financial Plan

The City’s fiscal policy is guided by the 20-Year Financial Plan, which encompasses the long-term operating and capital needs of the General Fund. The long-term goal is to achieve fiscal sustainability with a balanced operating budget and complete payoff of both the City’s pension liability and long-term debt when Measure HH sunsets in 2037. To achieve this, the City intends to make additional payments to CalPERS over the next twenty years, on top of the amount required annually by CalPERS. In addition, the City also plans to continue to make additional contributions to the City’s Pension Trust, which is designed to mitigate against CalPERS investment risk.

CONCLUSIONS: The Measure HH Oversight Committee’s conclusion to the City Council is that (based on information presented to the Committee by City Staff) activity for the fiscal years ended June 30, 2021

and June 30, 2022 are consistent with the intent of the Measure HH ballot measure and the Responsible Spending Pledge.

We are thankful for the opportunity to serve and we look forward to continuing to serve the City Council and the residents of this great city.

Respectfully submitted,

Stephen Schwarz, Chair

January 2021 – Present

**CITY OF FOUNTAIN VALLEY
MEASURE HH ADVISORY OVERSIGHT COMMITTEE**

Evan Jorgensen, Vice Chair

January 2020 – Present

Randy Takayama

February 2021 – Present

Matt Taylor

April 2017 – Present

Marjorie Drilling

January 2019 – Present

Michele Jensen, Alternate

February 2018 – Present

Attachments:

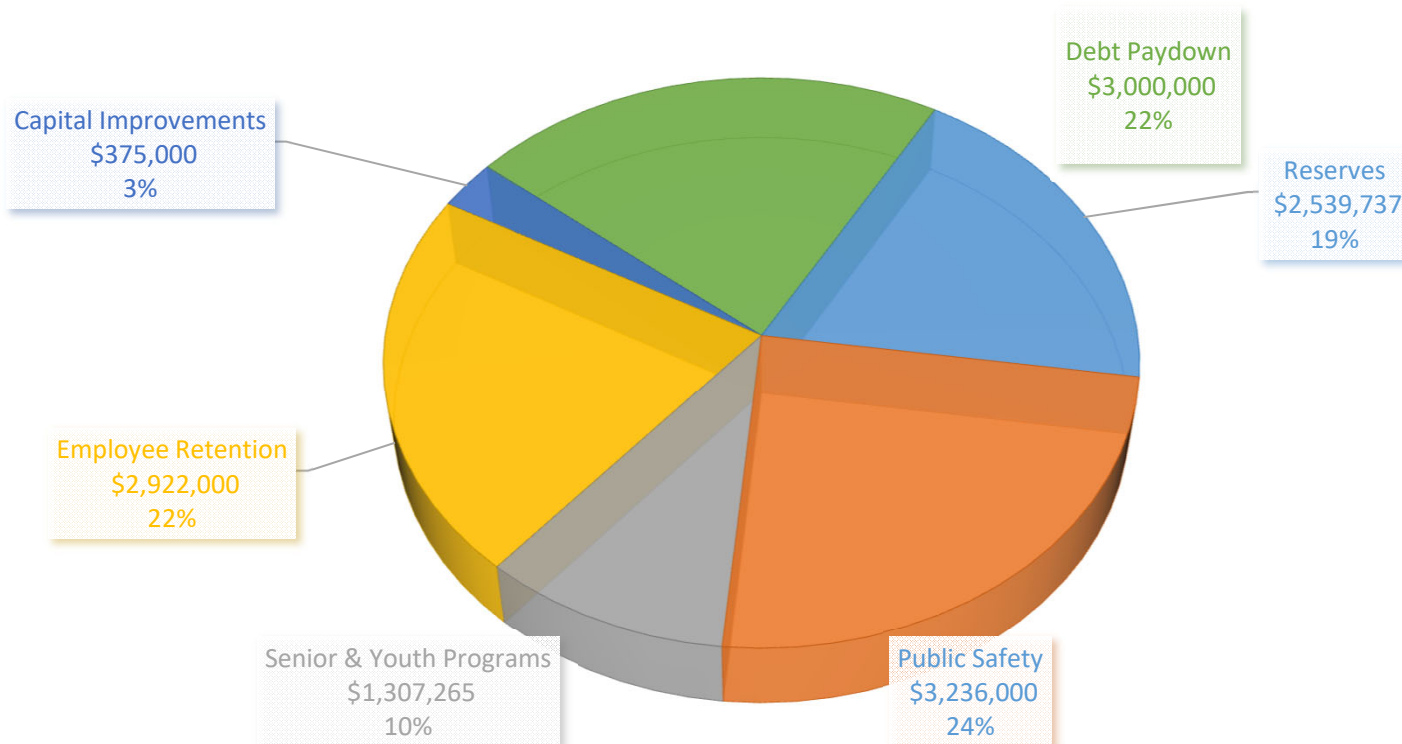
1. 2020/21 Schedule of Estimated Measure HH Revenues and Expenditures
2. 2021/22 Proposed Budget of Measure HH Revenues and Expenditures
3. Measure HH Report Card for the Fiscal Year Ended June 30, 2022



MEASURE HH REPORT CARD

For the Fiscal Year Ended June 30, 2022

This Report Card is provided by the Measure HH Oversight Committee based on the Committee's review of the Proposed Budget of Measure HH Revenues and Expenditures for the Fiscal Year Ended June 30, 2022, which reflects that the use of Measure HH Revenues (\$13,380,000) is consistent with the Responsible Spending



In accordance with the Responsible Spending Pledge, Measure HH was used to fund essential city services (including Police, Fire, Senior & Youth Programs), capital improvements and to build and maintain reserves. In addition, \$3 million was used to make additional payments to CalPERS to pay down pension debt consistent with the City's 20-Year Financial Plan where the goal is to payoff all debt by 2037 when Measure HH sunsets.

20-Year Financial Plan

The City's fiscal policy is guided by the 20-Year Financial Plan, which encompasses the long-term operating and capital needs of the General Fund. The 20-Year Financial Plan is updated twice a year – once during the budget process and again in the fall once the books have been closed for the prior fiscal period. The last update to the 20 Year Financial Plan was delayed and completed in January 2021 due to the Covid-19 pandemic, and showed a projected annual operating deficit of \$2.7 million in 2037-38 when Measure HH sunsets. The current update based on the Proposed FY 2021/22 Budget, and updated revenue growth assumptions shows a surplus of approximately \$680,000 when Measure HH sunsets. The long-term goal is to eliminate this deficit over the next two decades, which can be accomplished with active management via new revenue sources from economic development or from cost savings.

