

REVIEW DRAFT MEASURE O ANNUAL REPORT TO CITY COUNCIL:

Ms. Song walked the members through the draft report, which covered the audited Fiscal Year 2020-21 financials, the Fiscal Year 2021-22 mid-year General Fund budget review, and the Committee findings and recommendations. In addition, members and staff discussed the following areas:

- Comparison between the City of Placentia's Measure U Annual Report with the City of Garden Grove's Measure O Annual Report;
- Timing of the Police facility construction;
- Major improvements/enhancement of the new Police facility; and
- Best use of the available space in the civic center area.

REVIEW AMENDED FY 2022-23 GENERAL FUND BUDGET:

Ms. Song presented slides on the FY 2022-23 Amended General Fund budget.

- Highlights
 - The Amended Budget included several new initiatives totaling over \$23.1 million in anticipation of budgetary surplus for Fiscal Year 2021-22.
 - Appropriation for operating expenditures was increased by \$11.4 million to accommodate an inflation adjustment, new labor agreements, and other mandated cost increases.
 - Public Safety budget continues to occupy more than 71% of the total General Fund's operating budget.

Members and staff further discussed the cost impact of the new Memoranda of Understanding ("MOU") reached with the various labor groups.

REVIEW FY 2021-22 PRELIMINARY GENERAL FUND FINANCIAL PERFORMANCE:

Ms. Song presented slides on the unaudited FY 2021-22 General Fund revenue and expenditures:

- Revenue came in stronger than anticipated (Amended budget):
 - Property tax exceeded the June estimate by \$4.2 million;
 - Sales tax is anticipated to finish the year with \$2.7 million above the June estimate; and
 - Transient Occupancy Tax (TOT) came in \$1.2 million higher than expected.
- Actual year-to-date expenditures were in line with our adopted budget.
- The majority of the \$43.8 million anticipated favorable budget-to-actual variance is due to unspent capital funds, and has been carried over to the current and future years for completion.

- Estimated cost savings of \$3.2 million were due to vacancies during the year.

DISCUSS NEXT MEETING:

The next meeting will tentatively be scheduled for February/March 2023. Topics will include the review of audited Fiscal Year 2021-22 annual financial statements and Fiscal Year 2022-23 mid-year update.

MATTERS FROM COMMITTEE MEMBERS AND STAFF:

Member Beard asked about the impact of a higher interest rate environment on the potential issuance of City debt to finance the Police facility.

Member Beard discussed with staff the percentage of Public Safety spending in relation to the total General Fund's operating budget, how it compares to that of other cities, and what would represent the optimal level of spending.

Member Bischoff inquired about the operating costs for the Navigation Center and what the funding sources would be.

Member Malo commented that certain funding should be coming from the County for the operation of the Navigation Center.

Member Mackanic asked if Measure O had a sunset date.

Chair Thomas complimented staff on the level of communication in regards to the collection and use of the Measure O funds. Since the passage of the Measure, no negative public feedback on the use of funds has been received by the members.

The Committee members thanked City Manager Stiles and staff for the update and expressed that the good communication between City staff and the Committee ensured transparency and accountability of the use of Measure O revenue, and provides confidence for the committee and the community they represent.

ADJOURNMENT: At 6:57 p.m.