



**MINUTES
SPECIAL MEETING
FINANCE COMMISSION**

Wednesday, September 7, 2016
4:00 p.m.
City of Huntington Beach
Civic Center – Lower Level Room B-8
2000 Main Street
Huntington Beach, CA 92648-2702

Chair Bunten called the meeting to order at 4:03 p.m. and led the Pledge of Allegiance.

MEMBERS PRESENT: Bunten; Hart; Hreish; Woodworth; Berge (arrived at 4:20 p.m.)

MEMBERS ABSENT: Small; Romero

STAFF PRESENT: Lori Ann Farrell Harrison; Chief Financial Officer
Stephanie Beverage; Director, Library Services
Janeen Laudenback; Director, Community Services
Bill Reardon; Fire Chief - Fire Prevention
Russell Reinhart; Police Captain, Police
Dahle Bulosan; Finance Manager - Accounting
Jim Slobojan; Finance Manager - Fiscal Services
Ken Dills; Project Manager, Public Works
Kevin Justen; Senior Administrative Analyst, Fire
Elaine Kuhnke; Senior Administrative Analyst, Community Services
Debra Gilbert; Senior Administrative Analyst, Community Development
Jane Cameron; Firemed Coordinator, Fire
Mary Wilson; Principal Librarian, Library Services
Linda Wine; Administrative Assistant, Finance

ORAL COMMUNICATIONS – None.

MINUTES

Motion: Moved by Hreish and seconded by Woodworth to approve the Finance Commission Minutes dated August 24, 2016 as presented.

Ayes: Bunten; Woodworth; Hart; Hreish

Noes: None

Absent: Small; Romero; Berge

Motion passed: 4-0

DISCUSSION ITEMS

Citywide User Fee and Rate Study/Master Fee and Charges Schedule - Review and discuss the information regarding proposed user fees and charges requested at the August 24, 2016 Finance Commission meeting.

Comparison of Costs to Open a Business:

Commissioner Woodworth requested information regarding the cost of opening certain business in Huntington Beach in comparison to other cities. Farrell Harrison and the Community Development Department noted that city-to-city comparisons are generally based on a defined scenario, assuming such variables as No Tenant Improvements, "Like to Like" Zoning, and businesses which are limited to no more than 12 seats.

Commissioner Hreish inquired whether small businesses experience more difficulties obtaining permits than large businesses. The Community Development Department, explained that the permit process operates under state-mandated guidelines and noted the Community Development Department actively seeks public feedback to ensure customer satisfaction.

Proposed Rates, Fees and Cost Recovery

Commissioner Woodworth inquired about the proposed room rates at the Central Library. Library Services Director, Stephanie Beverage, responded to the questions and noted the Central Library features a full size theater and multiple meeting rooms, which few other cities are able to offer.

Commissioner Woodworth asked about landscape inspections and related fees. Community Development noted that these types of inspections are for new residences only and focus on exterior sprinkler systems, irrigation and run-off systems.

Comissioner Hart commented that if all of the proposed fees were adopted with the same cost recovery percentage across the board there would be a 74% recovery cost. He also inquired if any cities have considered such an approach and is that an option the City should consider.

Farrell Harrison indicated that different City Departments would have different costs and variables which would result in differing fees between departments. She noted that the cost of services and fees have a ceiling. She explained that in a non-100% cost recovery scenario, the difference would be subsidized by the City's General Fund and that fees are competitive with neighboring cities. Farrell Harrison also explained that the City receives frequent public feedback (at the front counters for example), regarding fees, charges and changes as well, and that data helps to inform decisions. She indicated that the City also takes into consideration the consultant's advice and direction regarding the ratio between costs passed onto the rate payer versus costs subsidized by the City's General Fund, etc. Chair Buntan explained that the cost being subsidized by the General Fund may also depend upon the type of service in question.

Commissioner Hart asked about cost recovery for the Fire Department and Police Department fees.

Fire Chief – Fire Prevention, Bill Reardon, explained that the costs of Fire Department inspections and permit processes are based on the square footage of the property being inspected.

Police Captain, Russell Reinhart, briefly discussed the City's "Pay To Stay" jail program and associated fees. He explained that an inmate may only elect the "Pay to Stay" option in the City of Huntington Beach Jail, as opposed to the Orange County Jail, if a Judge's order grants the inmate that permission.

Commissioner Berge asked if there was a standard hourly rate by department associated with each fee. Farrell Harrison explained that each fee levied is developed on a 'standalone' basis, how they are different for each department, are inclusive of staff hours, research, Department Head involvement, legal review, City Council approval and other factors. She indicated that the costs are built into the fee schedule on a 'cradle to grave' basis. Commissioner Berge asked if equipment costs were factored in and Finance Manager, Dahle Bulosan, confirmed that the costs of fleet and equipment usage are factors built into the fee schedule.

Commissioner Bunten asked questions regarding Business License taxes and fees. Finance Manager, Jim Slobojan, responded to the questions and noted that impacts for all Fire inspection and Code Enforcement inspections are reported back to the Business License Division.

Commissioner Woodworth asked about Affordable Housing Fees and Community Development responded the fees are established by ordinance.

Commissioner Woodworth also inquired about the new Senior Center Facility rental charges. Community Services Department Director, Janeen Laudanback, explained this will be the first year of experience with the Senior Center rates and indicated the rates that have been set are based on data gathered from Senior Centers in other cities to create comparable fees.

A brief discussion regarding the proposed fee schedule and how it might be affected by the CPI (Consumer Price Index) was covered, as well as a general discussion regarding fees for Zoning and Conditional Use Permits (CUPs).

Farrell Harrison reiterated that the fee schedule had not been updated between 2009 and Fiscal Year 2014/2015. She indicated there will be a more frequent review and analysis of the fee schedule in the future, including annual review during the budget process.

Staff was excused by Chair Bunten at 5:25 pm.

COMMISSIONER COMMENTS

Farrell Harrison presented the Commissioners with a draft Preliminary Calendar of events for the Citywide User Fee and Rate Study/Master Fee and Charges Schedule adoption by City Council for discussion.

The Commissioners agreed that they were satisfied with staff responses to date, research conducted, and the presentation of the Citywide User Fee and Rate Study/Master Fee and Charges Schedule.

Chair Bunten recommended that the Finance Commission meet again in one week's time and requested that each Commissioner bring individual recommendations regarding the proposed fee schedule to discuss at the next meeting and, if appropriate, to present to the City Council.

Motion: Moved by Bunten and seconded by Hreish to schedule a Finance Commission meeting on September 14, 2016 at 4:00 pm to finalize the Finance Commission's recommendations to the City Council.

Ayes: Berge; Woodworth; Hart; Hreish; Berge

Noes: None

Absent: Small; Romero

Motion passed: 5-0

ITEMS DISTRIBUTED TO COMMISSION

Draft Preliminary Calendar - Citywide User Fee and Rate Study/Master Fee and Charges Schedule

ADJOURNMENT

There being no further business, the meeting adjourned at 6:22 p.m.

Submitted by:

Lori Ann Farrell Harrison, Chief Financial Officer

By: Linda Wine, Administrative Assistant, Finance Department