

May 21, 2020, Finance Committee Agenda Comments

These comments on an item on the Newport Beach City Council Finance Committee agenda are submitted by: Jim Mosher (jimmosher@yahoo.com), 2210 Private Road, Newport Beach 92660 (949-548-6229)

Item IV.A. MINUTES OF APRIL 16, 2020

Changes to the draft minutes passages shown in *italics* are suggested in **strikeout underline** format.

Page 1, Item II. ROLL CALL -- PRESENT: “Mayor-~~Pro-Tem~~/Chair Will O’Neill, ...”

Page 1, Item III. PUBLIC COMMENTS: “Mr. Mosher reemphasized his written comment on the agenda suggesting the Finance Committee **considered consider** changing the hour of its meetings during the COVID-19 Stay at Home Order.” [Note: Although the Finance Committee meetings remain at 3:00 p.m., the Zoning Administrator hearings were subsequently shifted to 10:00 a.m. to make it possible to broadcast both live.]

Page 2, paragraph 1: “Due to the technical difficulty, Chair O’Neill requested Finance Director/Treasurer Dan Matusiewicz provide his presentation orally.” [I recall this direction being given, but I also seem to recall that after emailing the presentation to the committee members as a work-around, the technical difficulty was solved, so the slides were visible to all during the broadcast.]

Page 2, last sentence: “He provided a brief overview of areas of savings in General Fund Expenditures including a \$3 million reduction in Salary & Benefits, a \$2.6 million reduction in Professional & Contract Services-~~and a~~ \$5 million in Maintenance & Repair, \$5 million in Supplies & Materials, \$6 million in Utilities, ...” [Wouldn’t these normally be written “\$0.5 million,” “\$0.6 million,” etc.??]

Page 3, paragraph 2 from end, sentence 1: “Director/Treasurer Matusiewicz provided an overview of the COVID-19 fiscal impact estimate and noted forecasting revenues will be exceptionally challenging due to widespread uncertainty of how long the virus will last, when a vaccine will be developed and when ~~will~~ widespread testing ~~for~~ **will** occur for antibodies.”

Page 3, last paragraph: “Director/Treasurer Matusiewicz presented the Morgan Stanley Data and **Project Projections** model and noted there will be some ongoing impact beyond the current crisis as there may be reluctance in consumer behavior.”

Page 4, paragraph 2: “Senior Accountant Schweitzer reported Property Tax ~~in~~ Scenario 1 keeps Property Tax at **the** original FY21 Budget Projection and estimates 5% **grown growth** in Secured Property taxes; ~~and~~ Scenario 2 reduces the estimated growth to 4% and accounts for potential unpaid taxes if there is a recession.”

Page 4, paragraph 4, last sentence: “She estimates TOT will be down 90% through the summer, 80% in the fall, 65% in the winter, and 50% in spring 2021.” [?? I don’t recall what words were spoken. The seasons stated make some sense and correspond to FY20-21, but they could be wrong. The slide used in the presentation says “-90% 3Q2020, -80% 4Q2020, -65% 1Q2021, -50% 2Q2021” without specifying if those are calendar or fiscal years. The

transcriber takes them to be calendar year quarters (Q1 = winter). But the Finance Department normally reports in fiscal years (Q1 = summer).]

Page 4, paragraph 6, sentence 1: “Director/Treasurer Matusiewicz reported General Fund Expenditures expenditure reductions for FY 2020-21 reductions are projected to be \$37 million.”

Page 5, paragraph 4, sentence 3: “Chair O’Neill noted it is important fact for City Council to understand the impact and recommended Director/Treasurer Matusiewicz dedicate an entire slide to this topic when it is presented to City Council as it is complicated for those who do not serve on the Finance Committee.”

Page 5, paragraph 5, last sentence: “Director/Treasurer Matusiewicz reminded the Finance Committee the Library Bonds that were refinanced with the Fire Station Civic Center would end and the debt service payment would be reduced by \$1 million.” [? It looks like “Fire Station” is what was said, but I suspect “Civic Center” or “City Hall” was intended. I do not believe there have ever been any fire station bonds (although an earlier paragraph suggests there could be in the future).]

Page 6, sentence 2: “In that event, he explained, the City is not drawing down its Contingency Reserves of an extra \$5 million, it is simply making a budget amendment to lessen expenditures to reflect the revenue which is the point of doing this in tiers.”

Page 6, sentence 4: “However, he also anticipates the budget will be reviewed in three (3) months at which time it can be amended and potential draw from each tier.”

Page 6, last paragraph, sentence 1: “Director/Treasurer Matusiewicz reported on that General Fund Expenditures including all five (5) tiered reductions shows the City would likely have a deficit of \$30,000 based on conservative projections and feels it is inconsequential.”

Page 7, paragraph 6, sentence 1: “In response to Council Member Tucker’s inquiry, Director/Treasurer Matusiewicz confirmed the Property Tax increase of 5% is due to the assessment date for the tax bills was being January 1st.”

Page 7, Item C, middle paragraph: “In response to Council Member Brenner’s inquiry, Chair O’Neill clarified there is no Ad-Hoc Committee meeting for local business advancement, only for bids BID’s (Business Improvement Districts).”

Page 8, Item VII, paragraph 1: “The Finance Committee adjourned at 4:30 p.m. to the next regular meeting of the Finance Committee on May 14, 2020 at 4:00 p.m.” [?? Since the April 16 meeting didn’t really get underway until 4:00 p.m., it seems unlikely it ended at 4:30. It would also be unusual for the May 14 meeting (which was ultimately canceled) to have been called for 4:00 p.m., since the normal starting time of Finance Committee meetings is 3:00 p.m.]