

June 4, 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 MAY 21, 2020

Changes to the [draft minutes](#) passages shown in *italics* are suggested in **strikeout underline** format.

Page 1, Item I: “*The meeting was called to order at 3:02 p.m. **in the City Council Chambers with some members attending** via teleconference.*”

Page 1, Item II. ROLL CALL – STAFF PRESENT: “..., Budget **and Payroll Supervisor** and Acting Budget Manager Shannon Espinoza, ...” [?]

Page 1, Item V.A – Summary: “Update on audit work performed to date **my by** Moss Adams ...”

Page 1, Item V.A – Recommended Action: “**~~Review the City Manager’s proposed budget and give recommendations to the City Manager in advance of the budget’s presentation to the City Council~~ Discuss and provide input for City Council consideration.**”

Page 2, first full paragraph, sentence 2: “He advised that **at** once completed, the Internal Audit Plan will be formulated and will guide the City’s audit activities moving forward.”

Page 3, paragraph 2, last sentence: “He provided a review of the budget in its totality including **the** new Capital Improvement Plan (CIP).”

Page 3, paragraph 5, first sentence: “Chair O’Neill clarified due **to** the variances the TOT is down almost 75% which is significant and the same is true for Sales Tax which is down \$7 million.” [or “**from** the variances”?]

Page 3, paragraph 7, sentence 2: “He reported it was initially thought \$10 million would need to be taken from Contingency Reserves but was lowered to \$2.3 million **which includes without suspending** the additional \$5 million payment to CalPERS.” [\$2.3 million could not, mathematically, “include” \$5 million. I assume the statement was that \$2.3 million was the projection with the \$5 million item left in the budget?]

Page 3, paragraph 10: “In response to Chair O’Neill’s inquiry, Director/Treasurer Matusiewicz explained the \$52.4 million **of General Fund Discretionary Reserves** is 25% of the Operating Budget less the Discretionary Payments Fund and clarified how the \$52.4 million was calculated for Committee Member Tucker.” [This seems to have been a reference to the item so-labeled in the “Tiered Short-term Budgetary Solutions” slide.]

Page 3, paragraph 11, sentence 1: “In response to Chair O’Neill’s inquiry, Director/Treasurer Matusiewicz clarified the Contingency **Reserved Reserve** is based on the General Fund Operating Budget.” [alternatively, if the verb was intended: “contingency reserved” (lower case)]

Page 4, complete paragraph 2, sentence 2: “She clarified **the transfer’s transfers** in and out on Page 45 of the Proposed Budget is included in the tiers Director/Treasurer Matusiewicz referenced to bridge the gap.”

Page 4, complete paragraph 7, sentence 1: “Chair O’Neill commented ~~the report~~ Proposed Budget shows FY 18/19 General Fund Revenues as \$229.8 million and the General Fund Expenditures ~~and as~~ \$208 million but knows there was not a \$21 million surplus for that year.”

Page 4, complete paragraph 7, sentence 2: “Acting Budget Manager Espinoza clarified the \$229.8 million represents all funds and the \$208 million represents General Fund Only Expenditures.” [note: the 229,812,593 appears on page 24 of the Proposed Budget book and is labeled “TOTAL GENERAL FUND” revenue. The 208,164,257 is from page 40 and labeled “General Fund Operating Budget”. Both are labeled “2018-19 Actual”.]

Page 5, paragraph 1, sentence 2: “Director/Treasurer Matusiewicz explained there are many moving parts with this Proposed Budget and he will work to develop a better interpretation.”

Page 5, paragraph 2, sentence 1: “Director/Treasurer Matusiewicz presented the proposed Capital Project capital projects that would continue and those that would be placed on hold until FY 21/22.”

Page 5, paragraph 2, sentence 3: “He explained the Proposed Budget includes transfers of \$1 million to the Facilities Maintenance Plan (FMP)), zero allocation to the Facilities Financial Plan (FFP), \$5 million to the Capital Improvement Program (CIP), and advised these transfers are not reflected as an operating expenditure.”

Page 5, paragraph 4, sentence 1: “Director/Treasurer Matusiewicz reported ~~on~~ Department Expenditures has increased mainly due to the Flores vs. City of San Gabriel case which increased overtime.”

Page 5, paragraph 6, sentence 1: “In response to Committee Member Collopy-Collopy’s inquiry, ...”

Page 6, paragraph 3, sentence 3: “Director/Treasurer Matusiewicz explained how the \$5 million ADP ~~and~~ is entered in the Proposed Budget.”

Page 6, paragraph 5, sentence 1: “Director/Treasurer Matusiewicz clarified the outlook was discussed in a November Finance Committee meeting and it was agreed up to review annually but is based on a five (5) year outlook.”

Page 6, paragraph 7, sentence 2: “Chair O’Neill suggested rescheduling the next meeting to June 4th to allow additional time for the Finance Committee to review the Proposed Budget and it was agreed upon by all.”

Page 6, paragraph 8: “In response to Committee Member Stapleton, Director/Treasurer Matusiewicz explained ~~the~~ he is unsure if the COVID-19 pandemic will be financially ~~similarly~~ similar to the Great Recession of 2008.”

Page 6, paragraph 9: “In response Committee Member Reed, Director/Treasurer Matusiewicz was unable to answer if City Council would provide any financial ~~assistant~~ assistance to local small businesses.”

Page 6, paragraph 10, sentence 2: “She reported the Orange County Board of Supervisor allocated Coronavirus Aid, Relief, and Economic Security (CARES) Act funding to reimburse

~~City's cities~~ from that funding and are in current discussions to determine what would be reimbursable."

Page 7, Item C, paragraph 1 of text: "*Chair O'Neill reported there may be a Finance Committee meeting on June 11th and 25th but that is dependent on budget review.*"

Page 7, paragraph 3, sentence 2: "*Chair O'Neill responded that the topic will be discussed at the next Finance Committee meeting.*"

Page 7, Item VII, paragraph 1: "*The Finance Committee adjourned at 4:53 p.m. to the next regular meeting of the Finance Committee on June 4, 2020 at ~~4:00~~ 3:00 p.m.*" [?]