

BUDGET, INVESTMENT & TECHNOLOGY COMMISSION MINUTES
WEDNESDAY, JANUARY 26, 2022 – 4:00 PM
ANAHEIM CITY HALL

MEMBERS PRESENT: Paul Dallura, Jorge Gavino, Leonard Lahtinen, Christopher Nguyen, John Noteboom, Rory Zaks

MEMBERS ABSENT: Rajesh Arora

STAFF PRESENT: Debbie Moreno, D'Anne Lee, Tania White, Charlene Unzueta, Marnie Hunter

CALL TO ORDER

The meeting was called to order at 4:06 p.m.

WELCOME NEW COMMISSIONER

The Commission welcomed Commissioner Rory Zaks of District 5. All Commission Members shared a bit of their background and history. Commissioner Zaks asked staff and fellow Commission Members questions about their understanding and experience on the Commission.

PUBLIC COMMENTS

None

APPROVAL OF MINUTES FOR NOVEMBER 17, 2021

Commissioner Lahtinen made a motion to approve the November 17, 2021 minutes. The motion was seconded by Commissioner Dallura. 4 Ayes; 0 Nays; 2 Abstentions

BUDGET UPDATE

Finance Director, Debbie Moreno updated the Commission on Transient Occupancy Tax (TOT) revenues. Preliminary results for sales tax revenues look strong. The Mid-Year Budget Update is being presented to City Council on March 1, 2022. It is expected that this year will end favorably compared to budget projections and that future years will continue to improve. More will be known over the coming weeks as the City receives reporting information. Commissioners asked about Convention Center numbers. Debbie advised that bookings are looking better and numbers have picked up.

BUDGET BASICS PRIMER

Commissioners discussed and gave feedback on the budget exercise presented during the November 2021 meeting. As part of this discussion Commissioners and staff talked about some of the budgetary challenges an exercise like this brings to light, as well as possible strategies and solutions to bridge competing interests for finite budget dollars. Commissioners discussed how real world challenges might differ from a simulation exercise and covered topics such as: personnel cuts; hiring freezes; pay reductions; collective bargaining; labor unions; assigning monetary value to things intrinsic in nature; borrowing from reserves; reduction in services to the community and; user fees.

Director Moreno and Budget Supervisor D'Anne Lee talked about the budget process which is built on a target basis for each department. Departments use this target number for their expenditure budget which is effectively their share of the general fund revenues that are available. It begins with labor assumptions and associated benefits.

The budget process then takes into account rates for internal services, debt service, operating expenses, and appropriate Consumer Price Index (CPI) adjustments should there be sufficient funding. The goal is to keep service levels the same. As revenue estimates become more defined, departments may have the opportunity to exercise budgetary discretion in some areas. Staff was asked whether departments are incentivized to look at their contracts as part of the budgetary process and as opportunities to preserve their budgets. Director Moreno shared that there is an incentive for departments to do this. For example, since the Great Recession many departments' funding has not returned to pre-recession levels in many areas. This means that departments have to find ways to save and make budgetary adjustments in order to enhance programming for the community or add a needed position. Additionally, the City goes to bid for many of its projects and needs in an effort to find goods and services at lowest bid and competitive pricing. Commissioners asked about funds that came from the state or federal government (specifically as relates to COVID). Commissioners also asked about grant funding. The bulk of the money the City received as part of COVID relief came as a result of the American Rescue Plan Act (ARPA). The City received approximately \$107 million in ARPA money which is being used as revenue replacement and helping the City reduce what it would have otherwise needed to borrow. Grant funding is a decentralized process- grants are researched and applied for at the department level. Director Moreno shared that many departments regularly go after grant funding. Constraints for revenue increases include fee increases or tax increases.

ITEMS BY COMMISSION MEMBERS

Commissioners asked briefly about: the City's investment portfolio management company which is FHN Financial Main Street Advisors. Commissioners also asked about: a Tax Equity and Fiscal Responsibility Act (TEFRA) hearing that came before City Council in November 2021; the most recent City Council Beach Boulevard project workshop and; receivables, collections and escheatment. The Commission opted to form a subcommittee to discuss various topics around Information Technology and requested that Information Technology and budget be the subjects of focus for the Commission's next full meeting. Subcommittee meeting Members will include Chair Noteboom, Commissioner Dallura, and Commissioner Zaks. The next full Commission meeting will be scheduled for February 23, 2022.

ADMINISTRATIVE ITEMS

None

ADJOURNMENT

Chair Noteboom adjourned the meeting at 5:44 p.m.

Respectfully submitted,
Marnie Hunter, Secretary