

BUDGET, INVESTMENT & TECHNOLOGY COMMISSION MINUTES
WEDNESDAY, MAY 25, 2022 – 4:00 PM
ANAHEIM CITY HALL

MEMBERS PRESENT: Rajesh Arora, Jorge Gavino, David Klawe, John Noteboom,
Christopher Nguyen, Rory Zaks

MEMBERS ABSENT: Paul Dallura

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

CALL TO ORDER

The meeting was called to order at 4:05 p.m.

PUBLIC COMMENTS

None

APPROVAL OF MINUTES FOR APRIL 27, 2022

Commissioner Zaks made a motion to approve the April 27, 2022 minutes. The motion was seconded by Commissioner Gavino. 4 Ayes; 0 Nays; 1 Abstention

ITEMS BY COMMISSION MEMBERS

Without objection, the Commission body opted to advance this agenda item, moving it toward the beginning of the meeting. Commission Members expressed their thoughts about recent City news surrounding City Council leadership and the Anaheim Stadium. Commissioners are concerned about how projects (which may have counted on stadium sale revenues) will fare; particularly West Anaheim projects such as Beach Boulevard and 39 Commons. Finance Director Debbie Moreno noted that any revenues that might have come from the Anaheim Stadium sale were not taken into consideration as part of the budget process. Accordingly, the proposed operational budget is not affected by the stadium dealings. Some Commission Members feel that the circumstances surrounding the stadium deal are a disappointment and have cast a shadow on the City but perhaps it is an opportunity to reevaluate the worth of this City asset. Commissioners feel that it was the right decision by Anaheim City Council to pause the stadium deal at this time so that what has transpired to this point can be investigated. Finance Director Moreno acknowledged that this has been a tough time for many and expressed gratefulness with the Commission for being supportive of staff- even through this period of uncertainty and frustration.

PRELIMINARY PROPOSED FY 2022/23 BUDGET PLAN

Finance Director Debbie Moreno went over the Preliminary Proposed FY 2022/23 Budget. The proposed budget is \$2.0 billion citywide. The General Fund makes up approximately 21% of that and is where discretionary funding is located. The remainder of the funds are generally restricted for specific purposes such as Enterprise Funds. Senior Budget Analyst Tania White discussed the City's economic outlook. There is not a lot of data on economic recoveries after a pandemic and there is a lot of uncertainty surrounding economic rebound as we've come out of the height of the COVID pandemic. The good news is that the fundamentals of the economy prior to this recent pandemic were strong. The invasion of Ukraine has also been a factor in trying to determine where the economy is headed. Economists are generally predicting slow growth. Orange County has essentially recovered from the pandemic. Unemployment in Orange County is around 3%. While international tourism is at a lull in our resort area, there has been a lot of pent up demand in domestic travel which is making up for the loss of international travel to the resort. Over 9,000 new

hotel rooms have been added in Orange County over the past couple of years. Home prices have been strong. Commissioners asked if there has been international travel from places other than Asian countries. The strongest segment of international travelers that visit the Anaheim Resort area are from Asia. International travel from regions other than Asia have not supplanted this segment. Budget Supervisor D'Anne Lee shared a summary of the proposed General Fund budget. The General Fund is the main repository of tax revenues which serves as the biggest source of discretionary funding. The largest three revenues of the General Fund account for 74% of the total General Fund sources. They are known as the "Big three" and are: Transient Occupancy Tax (TOT) which makes up 36% of the General Fund total; Sales and Use Tax which makes up 20% of the total; and Property Tax which makes up 18% of the total. The balance of the revenues come from fees and permits, other revenues, and transfers from other funds. The proposed FY 2022/23 TOT budget is about \$184.4 million. The proposed Sales and Use Tax budget for FY 2022/23 is approximately \$104.0 million. The proposed FY 2022/23 Property Tax budget is approximately \$93.0. Debbie discussed General Fund uses by category which includes: Safety, Quality of Life, Providing the Necessities, Administering Efficient Government, and Supporting Activities. Ms. Moreno shared a proposed General Fund five-year forecast. She also talked about proposed fee changes, and budget schedules for City Council workshops, public hearings, and district community meetings. Commissioners asked about the typical distribution curve of the TOT budget, hotel room occupancy and room rates, gas tax, federal grants, and budget community meeting interest.

BUDGET RECOMMENDATION TO CITY COUNCIL

The Commission opted to form a subcommittee to draft a budget recommendation letter to the City Council. Chair Noteboom made the motion with a second from Commissioner Gavino to nominate Chair Noteboom, Vice Chair Nguyen, and Commissioner Zaks to the subcommittee. 6 Ayes; 0 Nays; 0 Abstentions

FUTURE COMMISSION MEETING SCHEDULE

The next BIT Commission meeting will be June 8, 2022.

ITEMS BY COMMISSION MEMBERS

Newly appointed Commissioner David Klawe was welcomed to the Commission and shared a bit of his background with the group.

ADMINISTRATIVE ITEMS

None

ADJOURNMENT

Chair Noteboom adjourned the meeting at 5:43 p.m.

Respectfully submitted,
Marnie Hunter, Secretary