

**MINUTES – CITIZENS OVERSIGHT/FINANCE ADVISORY COMMITTEE
SPECIAL MEETING – January 31, 2017
VETERANS MEMORIAL HALL – 3:30 P.M.**

MEMBERS PRESENT:	Barbara Spagnola	Chairperson
	Bart Beckman	Member
	David Betonte	Member
	John Erwin	Member
ABSENT:	Betty Forsythe	Member
STAFF PRESENT:	Craig Schmollinger	Finance Director
	Monique Lomeli	Account Clerk

ESTABLISH QUORUM AND CALL TO ORDER

A quorum was established with four members present and the meeting was called to order at 3:30 p.m.

COMMITTEE MEMBERS ANNOUNCEMENTS & PRESENTATIONS

<https://youtu.be/QPcJiAESH5Q?t=1m14s>

Chairperson Spagnola welcomed new Member John Erwin to the Citizen's Finance Advisory Committee.

Member Erwin gave a brief introduction.

PUBLIC COMMENT PERIOD

<https://youtu.be/QPcJiAESH5Q?t=1m48s>

None.

A. CONSENT CALENDAR:

1. APPROVAL OF MINUTES FOR THE DECEMBER 14, 2016, REGULAR CITIZENS OVERSIGHT/FINANCE ADVISORY COMMITTEE MEETING

<https://youtu.be/QPcJiAESH5Q?t=2m10s>

MOTION: Chairperson Spagnola moved to accept the Minutes of the December 14, 2016 Regular Citizens Oversight/Finance Advisory Committee Meeting. The motion was seconded by Member Betonte and carried 4-0.

B. BUSINESS ITEMS

1. DISCUSSION AND INPUT ON FISCAL YEAR 2016-17 MID-YEAR BUDGET STATUS/PERFORMANCE

<https://youtu.be/QPcJiAESH5Q?t=2m55s>

No Public Comment.

Chairperson Spagnola thanked Finance Director Craig Schmollinger and City Manager Dave Buckingham for inviting CFAC members to a staff review of the City's 2016-17 budget.

Finance Director Craig Schmollinger presented the staff report and attachments with use of a PowerPoint presentation.

Mr. Schmollinger summarized the general fund and non-general funds for the first six months of the fiscal year, noting that the 48% of expected revenue does not include sales tax and Transient Occupancy Tax figures for the month of December or other revenues received in January 2017.

Mr. Schmollinger clarified the sales tax figures are 30% more than they were during the same period of last fiscal year, partly because they now include the property tax-in-lieu of sales tax amounts.

The presentation continued and Mr. Schmollinger reminded the Committee that there may be some requests to City Council for mid-year adjustments related to staffing, equipment, and supplies.

In response to inquiry by Member Beckman, Mr. Schmollinger clarified a significant increase in expenditures related to Measure Q can be expected based on the scheduling of road work. He stated by the end of June 2017 it is estimated that \$470k of rollover revenues, in addition to total related revenues from the current fiscal year will be expended.

Member Beckman requested information regarding the scheduled completion of the contract.

In response to inquiries by Member Beckman, Mr. Schmollinger stated a greater than normal decrease in water revenue is not expected. He confirmed all key performance indicators lead to a positive outcome for the fiscal year but are subject to change, noting that any adjustments to the budget should be prudent.

Mr. Schmollinger responded to inquiry by Member Erwin, stating the budget can be amended when appropriate and outlined the process.

Chairperson Spagnola provided clarification on the difference between exceeding the fiscal year budget and reallocating funds within the budget.

Mr. Schmollinger responded to inquiry by Member Betonte, providing clarification on the variances in year-to-date transactions.

Chairperson Spagnola requested information regarding the \$55K in unallocated funds which the Committee voted to reallocate to Measure Q.

Mr. Schmollinger responded to Chairperson Spagnola's inquiry stating the reallocated funds are pending Council approval and are not included in the current report.

Mr. Schmollinger confirmed the PowerPoint information is included in the agenda packet and available for review.

Member Erwin requested a copy of the budget and Mr. Schmollinger provided direction to the document center located on the City's website.

2. DISCUSSION AND INPUT ON THE DRAFT FISCAL YEAR 2017-18 CITY GOALS AND OBJECTIVES

<https://youtu.be/QPcJiAESH5Q?t=49m27s>

No Public Comment.

Finance Director Craig Schmollinger presented the revised goals and objectives for Fiscal Year 2017-18 and invited the Committee and the public to attend a goals and objectives workshop immediately following the CFAC meeting.

Member Beckman noted the effort and improvement to the revised goals and stated interest in seeing examples of appropriate steps in achieving and measuring progress of goals.

Member Erwin requested information on how trust and agency funds can contribute to the City. Mr. Schmollinger will provide the information personally.

Member Betonte spoke in favor of the reduced number of goals and voiced agreement with objectives.

Chairperson Spagnola stated she would like to see the specific objectives of each goal reflected in the City's performance management process on a managerial level.

Committee discussion continued regarding the completion of the water reclamation facility and the timeline of achieving water independence, stating no additional concerns with the revised goals and objectives.

Member Beckman commented that the achievement of each goal directly affects the ability to provide all the essential services stated in the City's mission statement.

3. DISCUSSION ON FISCAL YEAR 2015-16 "MEASURE Q" DISTRICT TRANSACTION TAX REPORT TO STAFF AND CITY COUNCIL.

<https://youtu.be/QPcJiAESH5Q?t=1h10m50s>

No Public Comment

Chairperson Spagnola presented a draft report, including the \$55k allocation to street repairs as discussed at the December CFAC meeting.

Member Beckman suggested the report include more clarification on the amount of street maintenance to be done in the fiscal year as well as a breakdown of the specific type of street repair expected, noting that a larger portion of funding designated to streets should go to major street repairs versus the miscellaneous repairs included in the category.

Member Erwin suggested a request for an annual memorandum from the Public Services Department detailing the use of Measure Q funds.

In response to Member Erwin's statements, Chairperson Spagnola provided a brief history of Measure Q funds and suggested staff schedule Public Services Director Rob Livick to attend a CFAC meeting and provide an overview of Measure Q funded work.

Following further discussion, Chairperson Spagnola reminded the Committee that staff typically involves the advisory body in the allocation of Measure Q funds.

In response to inquiry by Chairperson Spagnola, Mr. Schmollinger confirmed the draft should be final and ready for presentation at the February 14th Council meeting.

4. FUTURE AGENDA ITEMS

<https://youtu.be/QPcJiAESH5Q?t=1h38m57s>

Member Beckman requested a presentation item to provide an understanding of the City's IT systems.

Chairperson Spagnola reminded staff to schedule a review and update of the workplan and CFAC mission statement, goals, and objectives.

Chairperson Spagnola stated the community is interested in information regarding City legal expenses. She also requested information regarding the number of people accessing the budget friendly documents recently added to the website. Mr. Schmollinger will follow-up on her request.

Chairperson Spagnola announced 2 vacancies on the Committee and encouraged interested parties to apply.

Member Erwin requested follow-up on questions posed in prior meetings.

Mr. Schmollinger provided an update on the status of the goals and objectives, stating the item will be on a February Council agenda.

C. SCHEDULE NEXT MEETING

<https://youtu.be/QPcJiAESH5Q?t=1h48m31s>

MOTION: Chairperson Spagnola moved to cancel the next Regular Meeting of February 21, 2017. The motion was seconded by Member Betonte and carried 4-0.

D. ADJOURNMENT

The meeting adjourned at 4:50 p.m. The next regular meeting will be held on March 21, 2017, at 3:30 p.m. at the Veteran's Memorial Hall located at 209 Surf Street, Morro Bay, California.

Recorded by:

Monique Lomeli