

MINUTES  
MEASURE O CITIZENS' OVERSIGHT COMMITTEE

SPECIAL MEETING

Community Meeting Center, Founders Room,  
11300 Stanford Avenue, Garden Grove, CA 92840

Monday, March 6, 2023

CALL TO ORDER: 5:35 p.m.

ROLL CALL      PRESENT:      (6)      Chair Thomas, Vice Chair Sanders, Member  
Beard, Member Bischoff, Member Mackanic,  
Member Malo  
ABSENT:      (1)      Member Holst

OTHERS PRESENT: Lisa L. Kim, City Manager; Patricia Song, Finance Director; Alvaro Castellon, Finance Manager; Meena Yoo, Sr. Administrative Analyst.

Newly appointed City Manager Lisa L. Kim introduced herself to the Committee members. Ms. Kim stated that she looked forward to working closely with staff, elected and appointed officials in the next seven years to continue move forward as a leading city in the County.

ORAL COMMUNICATIONS:

None.

RECEIVE AND FILE MINUTES:

Members confirmed the receipt of the October 19, 2022 meeting minutes. Member Malo motioned to approve the minutes, seconded by Chair Thomas.

Ayes:      (5)      Beard, Bischoff, Mackanic, Malo, Thomas  
Noes:      (0)      None  
Abstained: (1)      Sanders  
Absent:      (1)      Holst

REVIEW CODE OF ETHICS:

Ms. Song walked the members through the Garden Grove Municipal Code Section 2.02, Code of Ethics for Public Officers and Employees. A few sections were highlighted:

- Section 2.02.040 Fair and Equal Treatment – no preferential consideration of request or petition shall be given
- Section 2.02.050 Use of Public Property – the property are not limited to equipment and vehicle, City employees are also considered public property. The Codes specifically says that “No public official or employee shall use the time of and City employee during working hours for personal convenience or profit.”
- Section 2.02.060 Subsection D, Conflict of Interest scenarios are defined in detail in this section.

REVIEW AUDITED FY 2021-22 ANNUAL FINANCIAL STATEMENT:

Ms. Song shared the following highlights of the FY2021-22 audited financial statements:

- We received a clean opinion from our independent auditor. A clean opinion means that at the conclusion of the audit, the auditor certifies that our financial statements were presented accurately, and the reports were compliant with the accounting principles and the Governmental Accounting Standards Board requirements.
- For fiscal year ended June 30, 2022, the City’s overall financial condition had improved by over \$70 million. For the General Fund, we had a surplus of nearly \$50 million. The primary driver of the positive operating result was the growth in tax revenues. For example, hotel taxes enjoyed a \$17 million increase comparing to the previous fiscal years. Total hotel visitors tax came in at \$23 million, and just about \$2 million shy from our pre-pandemic peak.
- With the help of the strong consumer spending as well as high inflation, sales tax revenue saw an increase of \$10 million from FY2021. Measure O alone brought in \$29 million for the year.
- Property tax remained the largest revenue source for the General Fund, and reported \$60 million. This was a steady increase of 8% from last year.
- On the expenditure side, public safety expenses continued to occupy over 70% of the total General Fund spending. As a reflection of the City Council’s emphasis on responsible financial management, overall General Fund expenditures for the year totaled \$134 million, which was just a little over 4% more than the prior year, lower than the average inflation rate of the same period.
- Of the total surplus of \$49 million, 86% was carried over to the current fiscal year to complete planned capital improvement projects such as the Civic Center/Public Safety Facility (\$25 million), and the Pavement Management Acceleration program (\$17 million).

Members and staff further discussed the progress of the Civic Center/Public Safety Facility project, including timeline, site selection, public input, capacity study to meet the projected population growth of the City, and how quality control is to be carried out for such major investment.

REVIEW FY 2022-23 MID-YEAR GENERAL FUND FINANCIAL PERFORMANCE:

Ms. Song presented an update on mid-year FY2022-23 General Fund performance:

- Despite the talks on possible recession, our revenue estimates are holding strong. Based on an update provided by our revenue consultant, revenue is expected to exceed the budgeted amount by \$3 million:
  - Sales tax is anticipated to finish the year with \$1.9 million above the amended budget;
  - Transient Occupancy Tax (TOT) came in \$1.3 million higher than expected; and
  - Property is projected to have a slight decrease of \$0.5 million compare to our budget due to anticipated drop in home sales.
- Actual year-to-date expenditures were in line with our adopted budget. Staff will continue to focus on efficiency and cost containment throughout the year.

FY2023-25 biennial budget process was also briefly discussed with the Committee members. A kickoff meeting was held on January 24th. We will continue to apply our general approach of baseline budgeting. Needs assessment will be done through the supplemental request process. Some of the operational changes were discussed with department personnel to ensure a smooth budget development. Our focus is to ensure a transparent, fair and comprehensive funding priority evaluation process across all city departments. Next week, we will have our Council workshop, where funding priorities will be discussed among the council members and the City Manager. These priorities will then be incorporate into the budget. We will bring a proposed budget to the City Council and public for review and discussion in May.

DISCUSS NEXT MEETING:

The next meeting will tentatively be scheduled in September/October 2023. Topics will include the review of adopted Fiscal Year 2023 through 2025 biennial budget, the preliminary General Fund FY2022-23 operating results, the draft 2023 Committee Annual Report to the City Council, and an update of the Public Safety Facility project.

MATTERS FROM COMMITTEE MEMBERS AND STAFF:

Member Malo asked about the progress of the Central Cities Navigation Center.

Member Beard inquired about the development agreement with the hotel projects, Nickelodeon and Site C.

Member Bischoff asked about the potential environmental impact of the Public Safety Facility project.

Member Beard, Member Mackanic, Vice Chair Sanders, and Chair Thomas asked for an update on the Public Safety Facility project in the next meeting.

Committee members complimented staff on their work of managing the City's finances and ensuring a balanced budget while promoting growth.

The Committee members thanked City Manager Kim and staff for the update and expressed that the good communication between City staff and the Committee ensured transparency and accountability of the use of the Measure O revenue.

ADJOURNMENT: At 6:42 p.m.