

CITY OF DANA POINT

FINANCIAL REVIEW COMMITTEE MEETING



**TUESDAY
JANUARY 23, 2018
4:00 P.M.**

ACTION MINUTES

Location: Public Works Conference Room, 33282 Golden Lantern, Suite 212, Dana Point, California 92629

CALL TO ORDER

ROLL CALL OF FINANCIAL REVIEW COMMITTEE MEMBERS:

Brian Porter, Chair
Buck Hill, Vice-Chair
Joseph J. Jaeger, Member
Larry Rolapp, Member (Absent)
Greg Wall, Member

STAFF PRESENT: Mike Killebrew, Assistant City Manager; Matt Sinacori, Director of Public Works and Engineering; Kate Lasso, Management Analyst; Robin Harnish, Accountant; DyAnne Weamire, Assistant Administrative Analyst.

PUBLIC COMMENTS

There were no Public Comments

NEW BUSINESS

1. MINUTES OF THE FINANCIAL REVIEW COMMITTEE MEETING, NOVEMBER 28, 2017

IT WAS MOVED BY MEMBER JAEGER AND SECONDED BY MEMBER WALL THAT THE MINUTES OF NOVEMBER 28, 2017 BE APPROVED AS MODIFIED TO INCLUDE REPLACING THE WORD "INCLUSION" WITH THE WORD "EXCLUSION" UNDER ITEM 4.C. AND FORWARD TO CITY COUNCIL WITH THE RECOMMENDATION TO RECEIVE AND FILE.

The motion carried by the following vote:

AYES: Member Jaeger, Member Wall, Vice-Chair Hill
NOES: None
ABSENT: Member Rolapp
ABSTAIN: Chair Porter

2. ANNUAL REVIEW OF INVESTMENT POLICY

IT WAS MOVED BY CHAIR PORTER AND SECONDED BY VICE-CHAIR HILL FOR STAFF TO CONSIDER MAKING CHANGES ON PAGE 10 TO REFLECT “A MINIMUM OF 6% NET WORTH IN 2018 AND 7% IN 2019”, AND REPLACE “CONTROLLER OF THE CURRENCY” WITH “FEDERAL RESERVE”, AND TO BRING POLICY BACK TO THE FINANCIAL REVIEW COMMITTEE AT A FUTURE MEETING; INCLUDE THE COUNCIL’S STANDING INVESTMENT PRACTICE POLICY AS A SUPPORT DOCUMENT TO INCLUDE IN THE INVESTMENT POLICY; AND, INCLUDE A STATEMENT THAT THE FINANCIAL REVIEW COMMITTEE REVIEW THE INVESTMENT POLICY, AFTER THE INDEPENDENT AUDITOR’S REVIEW, BY NOVEMBER TO PRESENT TO COUNCIL FOR ADOPTION.

The motion carried by the following vote:

AYES: Member Jaeger, Member Wall, Vice-Chair Hill, Chair Porter

NOES: None

ABSENT: Member Rolapp

3. OPEN ASSIGNMENTS

A. Financial Policies Project

a. Asset Management Policy

Staff Member Killebrew provided a staff report which was followed by questions and comments from the Financial Review Committee members.

IT WAS MOVED BY CHAIR PORTER AND SECONDED BY MEMBER JAEGER TO APPROVE THE CAPITAL ASSET MANAGEMENT POLICY WITH RECOMMENDED MODIFICATIONS TO INCLUDE ADDING A NEW SUBSECTION “D” TO ADDRESS INCLUSION OF A CRITERIA WITHIN CIP PROJECT IDENTIFICATION - NEW ASSETS AND ENTITLED “PUBLIC SAFETY”, AND ADDING A NEW SUBSECTION “I” WITHIN CIP PROJECT SELECTION TO INCLUDE THE LIST OF PROJECTS.

The motion carried by the following vote:

AYES: Member Jaeger, Member Wall, Vice-Chair Hill, Chair Porter

NOES: None

ABSENT: Member Rolapp

IT WAS FURTHER MOVED BY VICE-CHAIR HILL AND SECONDED BY MEMBER JAEGER TO RECOMMEND AN ADDITIONAL MODIFICATION TO CIP PROJECT IDENTIFICATION – NEW ASSETS TO REPLACE “AND/OR” WITH “INCLUDING”.

The motion carried by the following vote:

AYES: Member Jaeger, Member Wall, Vice-Chair Hill, Chair Porter

NOES: None

ABSENT: Member Rolapp

b. Operating Budget Policy

Staff Member Killebrew provided a staff report which was followed by questions and comments from the Financial Review Committee members.

IT WAS MOVED BY VICE-CHAIR HILL AND SECONDED BY MEMBER WALL TO APPROVE THE OPERATING BUDGET POLICY WITH RECOMMENDED MODIFICATIONS TO INCLUDE THE LEGAL CITATION OF THE CITY MANAGER'S AUTHORITY WITHIN THE "LEVEL OF CONTROL" SECTION, INCLUDE A LIST OF BUDGET ADJUSTMENTS MADE BY THE CITY MANAGER UNDER THE "INTERIM REPORTING" SECTION, ADD "EVERY EFFORT SHALL BE MADE TO PROVIDE THE MOST ACCURATE REVENUE AND EXPENDITURE PROJECTIONS" IN THE FIRST PARAGRAPH OF THE BUDGET PROCESS SECTION.

The motion carried by the following vote:

AYES: Member Jaeger, Member Wall, Vice-Chair Hill, Chair Porter

NOES: None

ABSENT: Member Rolapp

c. Reserve Policy Update (verbal report, no handouts)

An update will be provided at the next regularly scheduled FRC meeting regarding the Reserve Policy following a meeting with the FRC Subcommittee that has been scheduled for next week.

d. Long Term Financial Plan Policy Update (verbal report, no handouts)

Staff Member Killebrew stated that this policy is currently being drafted.

e. Facilities Management Policy Update (verbal report, no handouts)

Staff Member Killebrew stated that this policy is currently being drafted.

B. Rule 20A and Underground Power Lines Policy and Procedures

Member Jaeger provided a handout to the Financial Review Committee entitled: "Utilities Undergrounding Program" to be provided as an attachment to the agenda report at the next regularly scheduled FRC meeting.

IT WAS MOVED BY VICE-CHAIR HILL AND SECONDED BY CHAIR PORTER THAT THIS ITEM BE TABLED UNTIL THE NEXT REGULARLY SCHEDULED MEETING WHEN MEMBER ROLAPP COULD BE IN ATTENDANCE.

This motion carried by the following vote:

AYES: Member Jaeger, Member Wall, Vice-Chair Hill, Chair Porter

NOES: None

ABSENT: Member Rolapp

C. OC Sheriff Department Efficiency Study (verbal report, no handouts)

Staff Member Killebrew provided a verbal report update followed by discussion of the Financial Review Committee.

4. ITEMS FOR DISCUSSION

a. Vehicle Policy (Member Hill)

Vice-Chair Hill provided a handout to the Financial Review Committee letter dated December 11, 2017 from Toni Nelson addressed to the City Council and provided a brief report.

b. Existing Public Facilities (Member Jaeger)

A brief update of the facilities capital projects for the Calendar Year was provided by Staff Member Killebrew.

5. SETTING THE AGENDA FOR FUTURE MEETINGS

a. Quarterly Financial Report (Member Hill)

IT WAS MOVED BY CHAIR PORTER AND SECONDED BY VICE-CHAIR HILL TO ADD THE QUARTERLY FINANCIAL REPORTS AS ONE OF THE FIRST ITEMS OF THE AGENDA AFTER THE REPORT IS PUBLISHED, FOR THE FINANCIAL REVIEW COMMITTEE TO REVIEW FOR COMMENTS AND QUESTIONS.

This motion carried by the following vote:

AYES: Member Jaeger, Member Wall, Vice-Chair Hill, Chair Porter

NOES: None

ABSENT: Member Rolapp

b. City Attorney Fees (member Jaeger)

Member Jaeger provided the following report/motion regarding City Attorney Fees:

Given that:

- 1) Rutan & Tucker represents the cities of Dana Point and Laguna Beach. Under the retainer, Dana Point pays Rutan & Tucker a fee of \$247 per hour. Under Laguna Beach's retainer, Laguna Beach pays Rutan & Tucker an hourly fee of \$142 per hour. In summary, Dana Point pays Rutan & Tucker \$105 more per hour than Laguna Beach.

For services provided by Rutan & Tucker outside of the retainer, Dana Point pays a fee of \$253 per hour. For services provided by Rutan & Tucker outside of the retainer, Laguna Beach pays a fee of \$235 per hour. In summary, Dana Point pays Rutan & Tucker \$18 more per hour than Laguna Beach

- 2) The hourly fees paid to contract attorneys under either a retainer or fixed fee arrangement for the neighboring cities of San Clemente, San Juan, Laguna Niguel, Mission Viejo, Lake Forest and Laguna Hills are in all instances lower than the fees paid by Dana Point.
- 3) The Dana Point city attorney contract has not been competitively bid in approximately 15 years.

IT WAS MOVED BY MEMBER JAEGER AND SECONDED BY MEMBER WALL THAT THE CITY ATTORNEY CONTRACT BE SUBJECT TO A COMPETITIVE BIDDING PROCESS, AND PUT ON THE CITY COUNCIL'S AGENDA FOR THE NEXT REGULARLY SCHEDULED COUNCIL MEETING AS AN FRC RECOMMENDED POLICY TO BE ADOPTED BY COUNCIL.

This motion carried by the following vote:

AYES: Member Jaeger, Member Wall, Vice-Chair Hill, Chair Porter

NOES: None

ABSENT: Member Rolapp

c. Fiscal Year 2017 Comprehensive Annual Financial Report (CAFR) - Long-term Liabilities – Other Post-Employment Benefits Obligation and Pension Liability (member Jaeger)

IT WAS MOVED BY CHAIR PORTER AND SECONDED BY MEMBER WALL THAT THIS ITEM BE TABLED UNTIL AFTER MORE FEEDBACK FROM THE CITY'S ACTUARIAL CONSULTANT AND THAT A WORKSHOP BE ARRANGED.

This motion carried by the following vote:

AYES: Member Jaeger, Member Wall, Vice-Chair Hill, Chair Porter

NOES: None

ABSENT: Member Rolapp

d. Vote on Rotation of Chair and Vice Chair (member Jaeger)

Chair Porter stated that the Rotation of the Chair and Vice Chair will be placed on the next agenda and will take place at the next regularly scheduled Financial Review Committee following the approval of the minutes.

STAFF REPORTS

None

FINANCIAL REVIEW COMMITTEE MEMBER REPORTS

Vice-Chair Hill provided a handout to the Financial Review Committee entitled "Monthly Report to the FRC, January 23, 2017" and provided a verbal report to the FRC of his findings.

IT WAS MOVED BY VICE-CHAIR HILL AND SECONDED BY MEMBER JAEGER THAT THE HANDOUT VICE-CHAIR HILL PROVIDED TO THE FINANCIAL REVIEW COMMITTEE BE MADE PART OF THE MINUTES.

This motion failed by the following vote:

AYES: Member Jaeger, Vice-Chair Hill

NOES: Member Wall, Chair Porter

ABSENT: Member Rolapp

ADJOURNMENT

There being no further business before the Financial Review Committee at this session, Chair Porter adjourned the meeting at 6:18 PM

DYANNE C. WEAMIRE, ASST. ADMIN ANALYST

DATE