



April 26, 2018

TO THE HONORABLE CITY COUNCIL:

The Measure HH – Essential City Services Oversight Advisory Committee is pleased to have the opportunity to present to you its comments and conclusions concerning the usage of Measure HH revenues in the City's proposed annual budget for fiscal year 2018-19.

The Committee was established by the City Council on April 4, 2017 after passage of Measure HH on the November 8, 2016 ballot. One of the provisions of Measure HH was the creation of an Oversight Committee to review and make recommendations to the City Council to ensure that revenues from it are utilized in accordance with the City's Responsible Spending Pledge.

The Committee met on April 26, 2018 to review the Proposed Budget of Measure HH Revenues and Expenditures for 2018-19. The Committee also reviewed the 20-Year Financial Plan, which sets forth fiscal policy with a long-term goal for fiscal sustainability.

The Proposed Budget for 2018-19 includes approximately \$5.3 million budgeted towards maintaining essential City services. \$550,000 is budgeted for capital improvements related to residential road rehabilitation and park improvements. \$2 million is budgeted for an additional payment to CalPERS, which will save the City approximately \$3 million in interest expense. The balance of Measure HH Funds, at approximately \$4 million, is set aside for reserves.

CONCLUSIONS: The Measure HH Oversight Committee's conclusion to the City Council is that (based on information presented to the Committee by City Staff) the budgeted revenue and expenses for 2018-19 are consistent with the intent of the Measure HH ballot measure and the Responsible Spending Pledge.

We are thankful for the opportunity to serve and we look forward to continuing to serve the City Council and the residents of our great city.

Respectfully submitted,

CITY OF FOUNTAIN VALLEY MEASURE HH OVERSIGHT COMMITTEE

John Briscoe, Chair
Marjorie Drilling, Vice Chair
Michele Jensen
Jeffrey Stone
Matt Taylor
Stephen Schwartz, Alternate

Attachment:

1. Proposed Budget of Measure HH Revenues and Expenditures for 2018-19

CITY OF FOUNTAIN VALLEY
 PROPOSED BUDGET OF MEASURE HH REVENUES AND EXPENDITURES
 Fiscal Year Ended June 30, 2019

Measure HH Revenues	\$ 11,900,000
Measure HH Expenditures:	
Reoccurring Expenses Incurred on Essential City Services	5,290,000
One-Time Expenses (Capital Projects & Pension Paydown)	2,550,000
Financial Stewardship: Reserves Set-Aside in 18-19	\$ 4,060,000

Measure HH provided necessary funding in Fiscal Year 2018/19 that was used for the following in accordance with the **Responsible Spending Pledge**:

Reoccurring Expenses Incurred on Essential City Services:

Public Safety

Maintain 911 Emergency Response Times & Keep Fire Station No. 2 open.	1,505,236
<i>Without Measure HH, staff would have faced the challenge of closing Fire Station No.2, which would have been a gradual process spanning multiple years. The total cost attributable to 14-full-time equivalents (FTEs) within various classifications assigned to Fire Station No. 2 is \$2,005,236. Measure HH provided funding to keep Fire Station No. 2 open and maintain 911 emergency response times.</i>	
Police and Fire Pension Costs that are Legally Required to be Paid to CalPERS	1,097,268
Staffing Costs for Additional Dispatch and Police Support Services Associated with Organizational Changes Approved by City Council on March 20, 2018	116,652
Police and Fire Training Programs	102,000
Body Worn Cameras	65,000
Total Public Safety	2,886,156

Senior & Youth Programs

Amount associated with the cost to keep the Recreation Center, Community Center & Senior Center open.	557,935
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Employee Retention

Salary and benefit increases	1,845,909
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Total Reoccurring Expenses 5,290,000

One-Time Expenses:

Capital Improvements

Includes \$350,000 for residential road rehab and \$200,000 for park improvements.	550,000
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Additional Payment to CalPERS towards unfunded pension liabilities	2,000,000
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Total One-Time Expenses 2,550,000

Reserves Set-Aside in 18-19:

Pension Reserves

2018-19 Contribution to Pension Trust Fund	3,000,000
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Increase in Emergency Reserves from \$13M to \$13.7M	700,000
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Capital Reserves - Transfer to Fleet Management Internal Service Fund

Set-aside for Fire Apparatus	360,000
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Total Reserves Set-Aside in 18-19 4,060,000