MINUTES
MEASURE O CITIZENS' OVERSIGHT COMMITTEE

SPECIAL MEETING

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

Monday, March 10, 2025

CALL TO ORDER: 5:32 p.m.

ROLL CALL	PRESENT:	(6)	Members Beard, Luu, Mackanic, Malo, Sanders, Tran
	ABSENT:	(1)	Member Ferrer

OTHERS PRESENT: Patricia Song, Finance Director; Alvaro Castellon, Deputy Finance Director; Brandi Hart, Committee Secretary, and Meena Yoo, Risk Supervisor.

SELECTION OF CHAIR AND VICE CHAIR:

Member Beard nominated Member Sanders to serve as Chair of the Committee. The nomination was seconded by Member Malo. The motion was unanimously approved by all members present.

Member Malo nominated Member Mackanic to serve as Vice Chair of the Committee. The nomination was seconded by Chair Sanders. The motion was unanimously approved by all members present.

ORAL COMMUNICATIONS:

None.

RECEIVE AND FILE MINUTES:

Members confirmed the receipt of the October 7, 2024 meeting minutes. Chair Sanders motioned to approve the minutes, seconded by Vice Chair Mackanic.

Ayes:	(5)	Beard, Luu, Mackanic, Malo, Sanders
Noes:	(0)	None

Abstained:	(0)	None
Absent:	(3)	Ferrer, Tran*

* Member Tran joined the meeting after the approval of the minutes.

<u>REVIEW BROWN ACT</u>:

Ms. Song provided an overview of the Brown Act to the Committee members, emphasizing its role in ensuring transparency and public access to local government meetings. Enacted in 1953, the Brown Act was designed to prevent secret meetings and promote open decision-making by public agencies. The Act applies to committee meetings.

Ms. Song explained the definition of a "meeting" under the Brown Act and discussed how to avoid "serial meetings." She also outlined the six exceptions to the Act. Committee members were encouraged to consult City Attorney Omar Sandoval or Assistant City Attorney James Eggart for guidance in uncertain situations.

<u>REVIEW CODE OF ETHICS</u>:

Ms. Song provided an overview of Garden Grove Municipal Code Section 2.02, the Code of Ethics for Public Officers and Employees, highlighting key provisions:

- Section 2.02.040 – Fair and Equal Treatment: No preferential consideration shall be given to any request or petition.

- Section 2.02.050 – Use of Public Property: Public property includes not only equipment and vehicles but also City employees. The Code explicitly states that "No public official or employee shall use the time of any City employee during working hours for personal convenience or profit."

- Section 2.02.060 (Subsection D) – Conflict of Interest: This section defines various conflict of interest scenarios in detail. Members with questions were advised to contact Ms. Song, who will consult the City's legal counsel if needed.

<u>REVIEW FY 2023-24 AUDITED FINANCIALS:</u>

Ms. Song presented the audited FY2023-24 Annual Comprehensive Financial Report (ACFR) to the Committee, highlighting the following key points:

- **Independent Auditor's Opinion:** The City received a clean opinion from its independent auditor, confirming that the financial statements were presented accurately and in compliance with accounting principles and Governmental

Accounting Standards Board (GASB) requirements. A clean opinion is a standard requirement for municipalities to ensure financial transparency.

- **GFOA Recognition:** The City was awarded its 39th consecutive Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA), the highest form of recognition in governmental accounting and reporting. The City anticipates receiving this recognition again for the 2024 ACFR.

- **Communication to the City Council:** The auditor reported no material misstatements, no uncorrected misstatements, and no disagreements with management in the financial statements.

- **Net Position Trends:** Ms. Song presented a five-year trend on the City's net position, which reflects the difference between assets and liabilities. Despite the impact of the pandemic, the City's net position has grown at an average annual rate of 5.6% since 2020.

- **Major Expenditures in FY2023-24:**

  - A $21 million payoff of the 2015 Lease Revenue Bonds issued for the construction of Fire Station 6 (now OCFA Fire Station 86) at 12232 West Street, resulting in gross cash flow savings of $11 million.
  - A $12 million acquisition of an office building at the corner of Euclid and Garden Grove Blvd as part of the Civic Center Master Plan.
  - Increased capital outlay for street improvements.

- **Public Safety Spending:** Due to the above one-time expenditures, the percentage of Public Safety spending appeared lower in the financial statements. However, excluding debt payments and capital spending, Public Safety expenditures remain around 70% of General Fund spending. In FY2023-24, total Public Safety spending exceeded $108 million, an increase of $5 million from the previous year, with an average annual growth rate of 5% over the past three years.

- **Revenue Trends:** Following two years of strong post-pandemic growth, overall tax revenue showed a slight decline in FY2023-24. However, total General Revenue increased by $6 million from the prior year, attributed to higher investment earnings.

- **Measure O Revenue:** Measure O generated $29 million in FY2023-24, surpassing the City's hotel tax revenue.

REVIEW FY 2024-25 MID-YEAR GENERAL FUND BUDGET:

Ms. Song presented the General Fund expenditures and revenue for the current fiscal year as of January 31, 2025, to the Committee.

- Expenditures: Spending was on target and projected to remain within budget by the end of the fiscal year.

- Revenue Trends: Sales and use tax, as well as hotel tax, were both trending lower during the first half of the year. Staff has been closely monitoring market conditions and is prepared to make necessary adjustments if revenue fluctuations significantly impact the overall revenue base.

DISCUSS NEXT MEETING:

The next meeting is tentatively scheduled for September or October 2025. Agenda items will include a review of the Adopted Fiscal Years 2025-2027 biennial budget, preliminary General Fund FY2024-25 operating results, and the draft 2025 Committee Annual Report to the City Council.

MATTERS FROM COMMITTEE MEMBERS AND STAFF:

Committee members expressed interest in participating in the Topping Out Ceremony for the new Public Safety Facility, tentatively scheduled for April 8, 2025.

Members also thanked staff for the update and emphasized that the strong communication between City staff and the Committee helps ensure transparency and accountability in the use of Measure O revenue.

ADJOURNMENT: At 6:16 p.m.