

MINUTES
MEASURE O CITIZENS' OVERSIGHT COMMITTEE

SPECIAL MEETING

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

Monday, October 7, 2024

CALL TO ORDER: 5:36 p.m.

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| <u>ROLL CALL</u> | PRESENT: | (4) | Chair Thomas, Vice Chair Sanders, Member Mackanic, Member Malo |
| | ABSENT: | (3) | Member Beard, Member Bischoff, Member Ferrer |

OTHERS PRESENT: Lisa L. Kim, City Manager; Matt West, Assistant City Manager; Patricia Song, Finance Director; Alvaro Castellon, Deputy Finance Director; and Meena Yoo, Risk Management Supervisor.

ORAL COMMUNICATIONS:

None.

RECEIVE AND FILE MINUTES:

Members confirmed the receipt of the February 12, 2024 meeting minutes. Chair Thomas motioned to approve the minutes, seconded by Vice Chair Sanders.

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| Ayes: | (4) | Mackanic, Malo, Sanders, Thomas |
| Noes: | (0) | None |
| Abstained: | (0) | None |
| Absent: | (3) | Beard, Bischoff, Ferrer |

REVIEW DRAFT MEASURE O ANNUAL REPORT TO CITY COUNCIL:

Ms. Song walked the members through the draft report, which covered the Committee's proceedings and activities during Fiscal Year 2023-24. The audited financial information

for Fiscal Year 2022-23 and the adopted Fiscal Years 2023-2025 biennial budget and five-year capital improvement projects were highlighted in the report. The report ended with the Committee findings and recommendations. Vice Chair Sanders inquired about the percentage on Public Safety expenditures compared to the overall General Fund audited expenditures. Ms. Song explained that due to the unique nature of the FY 2022-23 and FY 2023-24 budgets, there were significant one-time capital expenditures reported in the General Fund where they would typically be accounted for in capital project funds. When calculating the share of Public Safety expenditures of overall General Fund spending, the one-time capital costs were excluded for consistency and transparency purposes.

REVIEW ADOPTED FY 2024-25 BUDGET (GENERAL FUND):

Mr. Castellon presented changes that were adopted in June 2024 to the Fiscal Year 2024-25 General Fund budget. The majority of the increases were non-discretionary, including CalPERS unfunded actuarial liability payment, debt service on the newly issued 2024 Lease Revenue Bonds for the construction of the Civic Center, and other necessary capital projects. Supplemental funding included in the amended budget mainly covered several position reclassifications in the Community Development and Economic Development departments. Vice Chair Sanders asked how the reclassification would help to streamline the plan check process. Mr. Castellon explained that additional plan check engineers will be hired, and the outsourcing of plan checks will be scaled back gradually. A five-year General Fund forecast was also presented to the Committee.

Ms. Song shared a few achievements in the financial management arena during FY 2023-24, including the receipt of the City's first Budget Award from the Government Finance Officers Association (GFOA), the successful issuance of the 2024 Garden Grove Public Financing Authority Lease Revenue Bonds Series A, and the AA long-term credit rating from Standard & Poor's (S&P). Chair Thomas recommended the rating report from S&P be published on the City's website to increase awareness of the City's excellent credit rating among our constituents.

REVIEW PRELIMINARY FY 2023-24 FINANCIAL PERFORMANCE (GENERAL FUND):

Ms. Song shared the unaudited Fiscal Year 2023-24 General Fund preliminary operating results. Revenue exceeded the adopted budget by about 10%, primarily due to higher property tax revenue, higher investment income-due to a high interest rate environment-, and higher than budgeted hotel visitor's tax. Expenditures are expected to be 5% lower than budgeted amounts. A significant portion of the budget savings was committed to capital projects, and will be carried over to future years.

DISCUSS NEXT MEETING:

The next meeting will tentatively be scheduled for February/March 2025. Topics will include the review of audited Fiscal Year 2023-24 annual financial statements and Fiscal Year 2024-25 mid-year budget update.

MATTERS FROM COMMITTEE MEMBERS AND STAFF:

Vice Chair Sanders invited Committee members and staff to attend a fund raising event for the Boys and Girls Club of Garden Grove on Saturday, October 12, 2024.

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 6:28 p.m.