



**FINANCE COMMITTEE MEETING MINUTES
JANUARY 28, 2020
City of Del Mar, Town Hall
1050 Camino del Mar, Del Mar, California 92014**

- CALL TO ORDER:** Chair McGreal called the meeting to order at 4:30 p.m.
- ROLL CALL:** Tom McGreal (Chair); Tom Tullie; Karen Lare; Judd Halenza; Scott MacDonald; Jeffrey Sturgis; Jas Grewal; Alan Lonbom
- COUNCIL LIAISONS:** Deputy Mayor Terry Gaasterland; Councilmember Sherryl Parks
- CITY STAFF:** City Manager Scott Huth; Assistant City Manager Kristen Crane; Administrative Services Director/City Clerk Ashley Jones; Finance Manager Monica Molina; and Assistant Management Analyst Kseniia Izgarskaia

PUBLIC ORAL COMMUNICATIONS

There were no oral communications.

CITY STAFF COMMENTS

Kseniia Izgarskaia advised the Committee that Form 700 is due by April 1st. She called attention to the statement of economic interest for completion including section 4 and to be sure and sign and date forms. Drop them at City Hall or give to Monica.

COUNCIL LIAISON COMMENTS

Councilmember Parks announced that Christa Johnson, the new City Manager, will assume the position in early February and a welcome event will be held on the February 20th late afternoon at the Powerhouse. The Fee study will go back to Council in February after some good feedback and some new suggested changes. The Art show for children's art on the topic of The Earth is Friday and Saturday this week.

Deputy Mayor Gaasterland announced that the new Ad Hoc Housing Element Committee has been formed and meetings will be held bi-weekly starting February 6 through May 7, 2020.

COMMITTEE COMMENTS

Chair McGreal thanked Scott Huth for his many year of working with the Finance Committee, the excellent working relationship and the effort invested into the finance advisory process, which has benefitted the community. He announced that Jas Grewal

will be joining the Measure Q Oversight Committee and the Affordable Housing Subcommittee. He also welcomed Alan Lonbom to the Finance Committee. Alan brings his many year experience as a Senior partner of Deloitte, which will be extremely valuable to the efforts of the Finance Committee.

APPROVAL OF THE MINUTES

On motion duly made and seconded, the minutes of the meeting of the Finance Committee held on November 26, 2019 were approved.

COMMITTEE DISCUSSION ITEMS

- A) FY 2019-20 Draft Mid-Year Financial Report: City Finance Manager Monica Molina reviewed the City's Mid-Year FY2020 financial results dated December 31, 2019. She also announced that the CAFR for FY June 30, 2019 contained no material differences from the figures reviewed by the Finance Committee in November 2019 and therefore the CAFR would not be further reviewed by the Finance Committee but would be presented to the City Council by the auditors in February.

Monica reviewed the Mid-Year results in detail with explanations of all revenue and expense changes to the most recent FY2020 Budget. Key takeaways are as follows:

- Legal costs increased by \$840,000 but offsetting Insurance Reimbursements are expected to increase by \$674,000. As a result, the Self Insurance Reserve is reduced to \$158,000.
- CIP costs increased to \$2.2 million after including the cost of the bluff slide on Durante. Eventual City costs are subject to a number of variables related to grants and insurance claims.
- Cash Flows after Operations totaled \$2.3 million but after including the Special Projects cost of \$.9 million and the CIP cost of \$2.2 million the net cash flow is a negative \$.8 million.
- The resulting General Fund Contingency Reserves are down to \$2.4 million or 15.8%. This is a significant decline from the Contingency Reserve of \$3.2 million or 20.8% established in the FY 2020 adopted budget.
- Staff also reviewed Unfunded projects totaling \$383,500, which the Finance Committee does not endorse as addressed in their Motion shown below.

Unanimously approved Motion - Finance Committee agrees with the staff report and the proposed changes to the budget as presented in the 6-month financial report for FY 2019-20 (mid-year report) and recommends that the City Council limit future spending that would further lower the Contingency Reserves, which are now well below the Contingency Reserve amount and contingency percentage set in the Adopted FY2020 Budget.

Chair McGreal also asked that staff revise the FY 2021 budget numbers. Finance

Manager Molina mentioned that this would be done as part of the June review of the budget.

- B) Pension Subcommittee Update: Chair McGreal reported for the Pension Subcommittee. A meeting was held with Bartel & Associates to review the prepayment issue. A summary memo was distributed to the Committee. The City has acquired pension modeling software that will allow Del Mar to model its pension obligations using member data. Finally, a meeting is scheduled in February to review the Section 115 Pension Trust offerings from PERS and PARS.
- C) Long Range Planning Committee Update: Chair McGreal reminded staff that the financial model for the Undergrounding Plan should be updated to reflect the most recent cost and timing assumptions.
- D) Affordable Housing Subcommittee Update: Karen Lare confirmed the schedule for the Ad Hoc Housing Element Committee of which she is a member. The timing is short for the task force (it will meet every two weeks through May 7th) in order to help give feedback and community involvement information to the Council. The Finance Committee's Affordable Housing sub-committee will now be Karen Lare, Jas Grewal, Scott MacDonald and Bob Gans and will meet after the upcoming February 6th meeting.

Chair McGreal reported that the Community Choice Energy Subcommittee had completed their work and would no longer continue to meet pending future assignments from the City Council. He thanked the members for their efforts.

NEW BUSINESS

There was no new Committee business.

ADJOURNMENT

Chair McGreal adjourned the meeting at 6:11 p.m.

NEXT SCHEDULED MEETING

The next meeting of the Committee will occur on **Tuesday, February 25, 2020 at 4:30 p.m.**, City of Del Mar, Town Hall, 1050 Camino Del Mar, Del Mar, CA 92014.