

I. CALL TO ORDER: 5:03 p.m.

II. ROLL CALL:

Present: Dean Kunicki, Darryl Nind, Greg Stratton, Lee Kennedy  
Absent: Richard Rogero  
Staff: Eric Levitt, City Manager; Samantha Argabrite, Deputy City Manager; Jody Kershberg, Administrative Services Director; Linda Swan, Deputy City Manager; Trevor Earle, Risk Manager; Carolyn Johnson, Budget Officer; Ky Spangler, Deputy Director/City Clerk

III. PUBLIC STATEMENTS:

There were no Public Statements.

IV. REVIEW AND APPROVAL OF MINUTES

Committee Member Nind moved, and Committee Member Stratton seconded, the approval of the minutes from the February 6, 2018 meeting. Committee Member Kennedy abstained due to not being in attendance at the February 6<sup>th</sup> meeting. The motion passed 3-0.

V. LEGAL BUDGET FOR OUTSIDE COSTS

City Manager Levitt gave an overview of the past 9 years of outside legal costs to the City. He explained that the City has four staff attorneys and utilizes outside attorneys for issues that require certain specializations. Past spikes in spending on outside attorneys were due to large cases as well as utilizing outside attorneys to fill the gap when there were staff attorney vacancies.

VI. REVIEW OF THE CITY'S ECONOMIC STRATEGIC PLAN

a) PENSIONS

City Manager Levitt informed the Committee that CALPERS has decided to reduce the amortization from thirty years to twenty years for all investment gains and losses. We don't have enough information yet to know exactly how this will impact City operations. The Committee discussed the possible pros and cons of the City issuing pension obligation bonds.

b) HOTEL TAX

City Manager Levitt provided the Committee with information on the past few years of revenue from the transient occupancy tax. The Committee discussed the idea of doing a targeted audit, as a way to make sure the City is receiving all the tax it should be receiving. They also discussed an audit of the business tax payers to ensure compliance with self-reporting, and the possibility of increasing the transient occupancy tax rate.

c) LANDSCAPE ZONES

The Committee agreed that if the service is to continue, the landscaping rates need to be increased to reduce or eliminate the general fund subsidy. The Committee discussed the possibility of the rates not increasing and phasing out landscaping services over a few years to ease the transition for the neighborhoods that don't have a formal HOA in place.

d) MARIJUANA

The Committee discussed possible income that might be generated by a commercial marijuana growing business. Committee member Kennedy stated that he knows someone from LAPD (retired) that is involved in regulating the marijuana industry in Los Angeles and he might be able to come speak to this Committee about the logistics of regulation.

e) WORKERS COMP. & LIABILITY INSURANCE FUNDS

City Manager Levitt gave an overview of the Workers Compensation and Liability Insurance, costs and fund balances, over the past seven years. Both funds are heading in the right direction with increasing fund balances. Risk Manager Earle explained that the City works with a broker and is in a JPA for both coverages and receives a good rate.

The Committee recommended checking rates on a regular basis to be sure the City continues to receive a good rate.

f) PASSPORTS

Deputy City Clerk Spangler gave a presentation on the past history and current status of the passport service. Committee member Kennedy presented the possibility of providing the service of TSA prechecks to generate additional revenue, but that would require an even greater staff commitment. The Committee agreed that, due to the service being extremely labor intensive, the revenue not as originally anticipated, and the unintended consequence of increased backload on core City Clerk's duties, the service should be eliminated.

VII. RECAP OF RECOMMENDATIONS

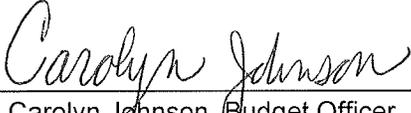
The Committee agreed upon the following preliminary recommendations to be discussed and fine-tuned for presentation to the Council in April, 2018:

- a) Staff to routinely reevaluate the cost and value of services provided by the JPA for workers comp & liability insurance (currently Alliant).
- b) Discontinue the provision of passport services; it is not revenue neutral and has resulted in too much work backlog.
- c) Increase the TOT by 2% and initiate an audit process of the establishments' self-reporting.
- d) Perform a Business Tax audit to ensure ongoing compliance and maximum collection of amounts due
- e) Landscape zones should be revenue neutral
  - a. Options
    - i. Put zones on notice, phase out services over a 3-year period
    - ii. Replace with drought resistant plants or hardscape

- f) Staff to present options regarding a commercial marijuana grow operation
  - a. Building & safety, zoning, security, taxation, etc.

VIII. ADJOURN

The meeting adjourned at 7:15 p.m. The next meeting is scheduled for Thursday, March 8, 2018, at 5:00 p.m. Location to be determined.

  
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Carolyn Johnson, Budget Officer