

Finance Subcommittee Meeting Draft Action Minutes

Meeting Date: December 17, 2015

Recording Secretary: Helga Foushanes

In Attendance: Tim Lilligren, Treasurer
Tony D'Errico, Mayor Pro Tem
David Lesser, Councilmember
Mark Danaj, City Manager
Bruce Moe, Finance Director
Henry Mitzner, Controller
Steve Charelian, Revenue Services Manager
Libby Bretthauer, Financial Analyst

Called to Order: 8:33 A.M. by Tim Lilligren, City Treasurer

Agenda Item #1 – Approval of Minutes from July 23, 2015 Finance Subcommittee Meeting

The Finance Subcommittee approved the minutes of the July 23, 2015 meeting.

Agenda Item #2 – Fiscal Year 2014-2015 Audit Timing Report

The Finance Subcommittee was advised that the FY 2014-2015 Audit Report will be delayed until February 2016 due to the implementation of GASB 68 and the resulting extraordinary accounting work it has caused. The New Pension Standards dramatically change the accounting reporting requirements with respect to defined benefit pension plans and the presentation in the City's financial statements. The standards were designed to improve and provide transparency. Whereas in the past pension liabilities were in the form of a note disclosure, unfunded pension obligations will now be reported on the balance sheet.

The Finance Subcommittee expressed concern that the new reporting may be misunderstood as new pension liabilities, and therefore recommended an overview of the new standard in conjunction with the issuance of the report to the City Council.

Agenda Item #3 – Consideration of Bad Debt Write-Off's for Referral to Collections from July 1, 2015 through September 30, 2015

The item was presented by staff. Finance Subcommittee members questioned the large amount of ambulance transport write-offs and asked if there were any unique methods of collections. Steve Charelian explained that there is a collection method through the Franchise Tax Board (FTB). The method is successful for collections of a large portion of outstanding citations by attaching the debt to individuals' tax returns. Staff will review with the City Attorney to see if the same FTB programs can be used for ambulance transport collections.

Committee members directed staff to report back on other municipalities' ambulance collection practices, and determine if miscellaneous collection debts can be attached to the Business License tax renewal process.

The Finance Subcommittee received and filed the report.

Agenda Item #4 – Buyers of City Receivables

In response to a previous request by the Finance Subcommittee, Steve Charelian reported that after contacting several outside collection agencies, and presenting to them the City's collection process, the feedback from the companies was that the best practices appear to already be in place, and that sale of the debt would be for pennies on the dollars, if any. Staff also checked with other municipalities for collection methods and write-off policies.

The Finance Subcommittee determined that selling City Receivables was not cost effective.

The Finance Subcommittee received and filed the report.

Agenda Item #5 – Fiscal Year 2015/2016 Monthly Schedule of Transient Occupancy Tax and Lease Payments and Miscellaneous Accounts Receivables

Staff presented the report. Councilmember Lesser inquired if the increase in Uber and Lyft business has had a negative impact on the taxi revenues. Steve Charelian reported that the taxi revenues are a flat dollar amount, and are not based on the amount of fares collected. As a result, staff does not track individual franchisee revenues. It was further reported that annual franchise fees are tied to an annual consumer price index or a fixed increase, whichever is greater, not to exceed \$25.00 per taxi. Mark Danaj informed the Subcommittee and staff that Uber and Lyft regulations will be added to the Legislative Agenda in the future and advised staff to keep an eye on Uber and Lyft at that point.

The Finance Subcommittee received and filed the report.

Agenda Item #6 – October Month-End Financial Reports – Fiscal Year 2015-2016

The Finance Subcommittee questioned if the Marriott Hotel percentage rent revenue should be part of public documents and directed staff to discuss the matter with the City Attorney regarding any legal consequences.

The Finance Subcommittee received and filed the report.

Agenda Item #7 Investment Portfolio for October 2015

The Finance Subcommittee received and filed the report.

Agenda Item #8 – Public Comments

None.

Agenda Item #9 – Adjournment

The meeting adjourned at 9:13 A.M.