



## City of La Habra

### Ad Hoc Fiscal Review Committee

#### MINUTES

Thursday, September 19, 2019

6:30 p.m. – 8:00 p.m.

La Habra City Hall – 110 East La Habra Boulevard  
Atrium Conference Room (1<sup>st</sup> Floor)

#### I. Call to Order

Chair Simonian called the meeting to order at 6:30 p.m.

All Committee members attended the meeting, except for Committee members Enriquez, Felix, and Sanchez, all of whom had who both had excused absences.

#### II. Approval of Minutes

The Committee approved the minutes of the September 5<sup>th</sup> Committee Meeting

#### III. Review of City Revenues and Expenditures

City Manager Sadro presented a review of City revenues and expenditures, including a recap of the City of La Habra FY19-20 budget that was approved by the City Council in June 2019 (a paper copy of the presentation was provided to the Committee and posted to the Committee's webpage at <https://www.lahabracity.com/1283/Fiscal-Review-Ad-Hoc-Committee>).

City Manager Sadro noted that the approved FY19-20 overall municipal budget is \$124.7 million, which includes a \$45.8 million General Fund budget. The budget is balanced (estimated revenues equal estimated expenditures).

As noted by City Manager Sadro, approximately two-thirds of the City's approved FY19-20 General Fund expenditures are devoted to public safety (police, fire, and ambulance). There was a discussion of the City's

revenue history for the past decade, as well as an observation that nearly three-quarters of the City's projected FY19-20 revenue comes from just two sources: Property Tax and Sales Tax.

City Manager Sadro then shared with the Committee measures implemented by the City Council to balance the FY19-20 General Fund budget, as well as prior year budgets, including reductions in staffing levels over the past 17 years. Approximately four-fifths of the City's expenditures are related to staffing costs.

A brief discussion of the City's pension obligations then followed, as well as a recap of cost-saving strategies previously employed by the City and potential strategies under consideration.

#### IV. City of La Habra Sales Tax and Property Tax

Representatives from HdL, the City's fiscal consultant, presented a brief overview of the City's two primary sources of revenue: property tax and sales tax.

HdL Consultant David Schey spoke first about property tax and described to the Committee how property taxes are applied in California and apportioned among the various taxing entities, noting that La Habra receives a fraction of each dollar paid in property taxes (approximately 17 cents on each dollar paid, the remainder being apportioned among local school/community college districts, the County of Orange, and other local government agencies).

Consultant Schey was followed by HdL Consultant Bobby Young, who shared insight on sales tax received by La Habra, and noted that La Habra receives just 1.5 percent of the 8.25 percent sales tax rate applied in La Habra. In addition, though sales tax revenue has experienced growth over the past decade, it just recently returned to "Pre-Great Recession" levels.

#### V. Cost-Saving Methods Previously Implemented by the City

Because the meeting was running long and many of the cost-saving methods implemented by the City had been addressed previously in the meeting, the Committee agreed to not hear this presentation. However, copies of the presentation were made available to the Committee and posted to the Committee's webpage.

VI. Public Comment

None

VII. Comments from Committee Members

None

The meeting was adjourned at 8:20 p.m.