CALL TO ORDER:

Chairman Pepper called the meeting to order at 3:30 p.m.

APPROVAL OF MINUTES:

There was a Motion by Chairman Pepper and a Second by Mr. Esping to approve the Minutes of the November 28, 2007 meeting. MOTION CARRIED (4-0-1). Mr. McNutt was not present at the time of the vote. Mr. Sachdev remarked that he would like future meeting minutes to have more detail included and to add more of the comments that are made by commissioners.

FISCAL YEAR 2008/09 BUDGET:

City Manager, Dave Morgan, spoke about how the current state of the economy is going to affect this budget season. He believes that the commission will play an important part during this difficult financial time, especially on the policy level by expressing their views to Anaheim’s elected officials to help them understand what is going on. Mr. Morgan said that although the City has experienced difficult financial times before, what we are currently experiencing feels different and more dramatic. He compared these times to operating in untested waters. Mr. Morgan gave an abbreviated account of what has played out since last summer in regards to the budget. He stated that the City’s revenues are about $3.5 million under where they were projected to be. As a reaction to this loss of revenue, the City Manager directed departments to reduce their expenditures this fiscal year by another 1% (for a total of 2%).

Mr. Morgan stated that the new budget includes funding for five additional officers. Crime in Anaheim is the lowest it has been in 20 years. He believes that crime may seem like it is increasing because of a rise in the amount of graffiti in the City, but that the crime levels have not risen. This is the reason why he went to the City Council to get funding to help defeat the graffiti problem. Mr. Morgan spoke about the main revenue sources for the City and told the commissioners that TOT is saving the City right now, but that it is too volatile of a resource to become dependent on TOT alone. Departments are going to need to be ready to cut even more, if necessary.
Mr. Sweeney gave a brief update on the economy. The sales tax numbers that recently came in are slightly higher than they were a year ago. Staff is projecting the next quarter to remain flat with possible improvement in the next fiscal year.

Mr. Bruney made a presentation to the commission regarding the City’s three main revenue sources and the budget revenue assumptions for FY 08/09. The presentation showed that sales tax projections compared to budget are under by $8.1 million, property tax is under by $2.5 million, and TOT is projected to be over budget by $7.1 million. This means that the City will be under budget by a total of $3.5 million. Mr. Bruney then spoke about the recent actions that the City Manager has taken to deal with the loss of revenue. These actions include a hard hiring freeze of non-sworn positions and directing departments to reduce expenses by an additional 1% for the rest of the fiscal year. Staff is also reviewing other various options as well. Some of the budget revenue assumptions include: modest sales tax growth, property tax growth per the Orange County Assessor, TOT revenue growth, and fee increases due to CPI. Fiscal year 08/09 budget expenditure assumptions include: salaries increased due to MOUs and Council approved amounts, burden rates increased due to MOUs and contracts, departments, except Police and Fire, asked to reduce their proposed budgets by 2.5 % based on net cost, and the salary savings credit increased by $1 million.

ITEMS BY COMMISSION MEMBERS:

Chairman Pepper had a recommendation to make regarding the wording used on sales tax growth for the next fiscal year. He suggested saying that there will be “slight” sales tax growth instead of “moderate” sales tax growth. Mr. Pepper also asked what the attrition rate for the City is currently. Mr. Sweeney responded that his staff will follow up with HRD to find out that information and will report back at the next meeting in April.

Mr. Pepper asked if there has been any progress on the creation of a fiscal impact report policy. Mr. Sweeney replied that staff will have a report for the commission regarding the policy at the next meeting.

PUBLIC COMMENTS:

None

AGENDA FOR NEXT MEETING:

FY 2008/09 Preliminary Budget

ADJOURNMENT:

Chairman Pepper adjourned the meeting at 5:05 p.m.

Respectfully submitted,

Tania M. White, Secretary