

RESOLUTION No. 9590

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FOUNTAIN VALLEY, CALIFORNIA DEFINING THE COMPOSITION OF THE MEASURE HH – ESSENTIAL CITY SERVICES OVERSIGHT COMMITTEE, PURPOSE, TERMS OF OFFICE FOR COMMITTEE MEMBERS, THE SCOPE OF THE COMMITTEE’S RESPONSIBILITIES AND OTHER RELATED MATTERS

WHEREAS, on November 8, 2016, Fountain Valley voters passed Ordinance No. 1519, also known as Measure HH, imposing a one-cent (1%) transactions and use (sales) tax for twenty years; and

WHEREAS, Fountain Valley merchants will begin collecting the tax on behalf of the City of Fountain Valley on April 1, 2017 and cease collecting the tax on March 31, 2037; and

WHEREAS, Ordinance 1519 states that, “the proposed measure includes tough fiscal accountability and transparency, including requiring annual independent financial audits, oversight committee and publishing the entire City budget online to make sure the City accounts for every dollar it spends”.

WHEREAS, this resolution establishes a Measure HH – Essential City Services Oversight Committee.

WHEREAS, this resolution sets the composition of the Measure HH – Essential City Services Oversight Committee, its purpose, the terms of office, and defining the scope of the committee’s responsibilities; and other related matters.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF FOUNTAIN VALLEY DOES RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. The Measure HH – Essential City Services Oversight Committee’s composition, terms of office, scope of responsibilities and other related matters shall be as described in Exhibit A to this resolution.

SECTION 2. This resolution shall become effective immediately upon its passage and adoption.

SECTION 3. That the City Clerk shall certify to the passage and adoption of this Resolution, and enter it into the book of original Resolutions.

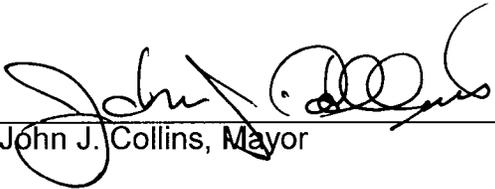
PASSED, APPROVED AND ADOPTED by the City Council of the City of Fountain Valley on the 21st Day of February, 2017 by the following vote:

AYES: Brothers, Nagel, Vo, Collins
NOES: None
ABSENT: McCurdy
ABSTAIN: None

ATTEST:



Rick Miller, City Clerk



John J. Collins, Mayor

APPROVE AS TO FORM:



Colin Burns
Attorney for the City

Attachment 1: Exhibit A – Measure HH – Essential City Services Oversight Committee Policies



City of Fountain Valley Measure HH – Essential City Services Oversight Committee

1. **Purpose:** The purpose of the oversight committee is to review, at a policy level, the City's annual audited financial statement; mid-year budget report and proposed annual general fund operating budget in regards to the receipt and expenditure of the fiscal year's one-cent (1%) transactions and use (sales) tax (Measure HH – Essential City Services) revenue in relation to the City's adopted "Responsible Spending Pledge". The committee will communicate its findings to the public and the City Council annually.
2. **Committee Responsibilities:** The oversight committee responsibilities for each of the years that the Measure HH one-cent (1%) transactions & use (sales) tax is collected is:
 - 2.1. Review at a policy level the audited annual financial report which will include Measure HH – Essential City Services tax revenue and expenditures.
 - 2.2. Review at a policy level the mid-year financial report of general fund revenues and expenditures.
 - 2.3. Review at a policy level the proposed annual general fund operating budget prior to adoption by City Council.
 - 2.4. Review the above reports at a policy level based on the City "Responsible Spending Pledge" and Measure HH – Essential City Services goals of maintaining essential city services including public safety.

The Committee shall produce a report that records the results of its review at a policy level of the City's audited financial statement, mid-year financial report and proposed annual general fund budget for expenditures of the revenue generated from the Measure HH – Essential City Services tax. The report shall be presented to the Council at a public meeting and shall be a public record. The Committee shall confine itself specifically to a high level review of revenues generated under Measure HH – Essential City Services and related expenditures that support the policies of the adopted Responsible Spending Pledge.

The Oversight Committee responsibilities do not include the following:

- Enterprise and other funds generated independent of Measure HH;
- Enterprise and other fund expenditures independent of Measure HH;
- Decision-making on spending priorities;
- No authority to direct, nor shall it direct City staff or other officials.

3. **Committee Lifespan:** The Measure HH Oversight Committee shall sunset (cease to exist) once it has reviewed and reported on all audit reports Measure HH revenue collection, which is anticipated to be completed by June 2038. No council action is required to terminate the Committee.
4. **Committee Composition:** The Committee shall consist of five members, at least one member must actively represent the business community representing a business located within Fountain Valley; at least one member must be an active senior resident (age 65 or older); at least one member must have voted for Measure HH; at least one member must have voted against Measure HH; the fifth member will be a community member at-large; and one alternate.

The following rules apply to all members:

- 4.1. All members shall be at least 18-years of age and reside within the State of California and be residents of the City of Fountain Valley. All members shall be a registered voter. (Confirmation can be made by the voter through the OC Registrar of Voters website.)
 - 4.2. Committee members may not be current Fountain Valley employees, Fountain Valley City Council members, or any vendor, contractor, or consultant with active contracts or agreements with the City of Fountain Valley.
 - 4.3. In making its appointment to the Oversight Committee, the Council may, at its discretion, consider various factors applicable to each candidate including, but not limited to, (i) residency in the City, (ii) whether the candidate is a registered voter within the City, and (iii) the candidate's professional (including financial or accounting experience) and educational background which supports or complements the purposes of the Oversight Committee.
 - 4.4. The alternate member of the committee shall be selected based on their overall ranking and can be from any of the five member categories. The alternate shall be chosen after the five member categories have been selected.
5. **Committee is Advisory:** Advisory bodies play an important role in City government by assisting and advising the City Council. The primary role of an advisory body is to provide judicious advice to the City Council, the elected policy making body of the City. The advisory body's role can include the review of written and financial information, facilitating the study of issues, assessing the alternatives regarding issues of community concern and ultimately forwarding recommendations through Staff Liaison to the City Council for its consideration.
 6. **Committee Member Terms of Office:** The Committee shall hold staggered terms of three years. The initial set of terms will be shorter than a full three year term in order to get the full three year rotation in place. All subsequent terms will be for three years until the Committee disbands in June 2038.

Member Slots*	First Term		Future Terms – 3 yrs	
	Appointment	Expiration	Appointment	Expiration
A, Alternate	April 2017	December 2017	January 2018	December 2020
B, & C	April 2017	December 2018	January 2019	December 2021
D, & E	April 2017	December 2019	January 2020	December 2022

**The initial member slots will be determined by random drawing at the time the Council selects the committee members.*

7. **Committee Organization & Use of Existing City Practices:** The Committee shall follow all relevant existing City practices in terms of organization and conduct. Specifically:
 - 7.1. Elect the Chair and Vice Chair;
 - 7.2. Operate in accordance with the Ralph M. Brown Public Meetings Act and shall conduct its meetings in accordance with the provisions thereof;
 - 7.3. A quorum shall consist of at least three (3) of the five (5) members of the committee. A copy of the approved minutes shall be forwarded to the City Clerk in accordance with the Public Records Act;
 - 7.4. Operate in accordance with City of Fountain Valley - City Council Policy, Commission/Committee Appointments, except where the Measure HH Oversight Committee Resolution (Policies) specifically addresses a topic;
 - 7.5. Operate in accordance with City of Fountain Valley Administrative Directives or Policies related to Ethics Training for Elected Officials; Appointees to Certain Boards, Commissions, and Committees; and Designated Employees;
 - 7.6. Comply with all State and local mandated conflict of interest/economic interest disclosure requirements;
 - 7.7. Receive no compensation for service on the Committee.

8. **Committee Appointments / Attendance / Removal / Vacancy:** The Committee shall be appointed through the normal Commission / Committee Appointments City Council Policy process. There will be a supplemental questionnaire for Measure HH Committee applicants. The power to make determinations as to appointments, attendance, removal and vacancies on the Oversight Committee is expressly reserved by the City Council.
 - 8.1. For committee's to function effectively and accomplish their goals, all members must be active participants. This means all members must be present at all meetings. Committee members must inform the staff liaison prior to the meeting if they are unable to attend. Two unexcused absences in one calendar year may be grounds for removal from the committee.
 - 8.2. The Council may remove any Committee member for any reason or for failure to comply with the City's Ethics Policies and Conflict of Interest requirements.

8.3. If a Committee member resigns or is removed by the Council, his or her seat shall be declared vacant. The Council in accordance with established appointment processes shall fill any vacancies on the Committee. First the vacancy shall be filled by immediately appointing the current alternate Committee Member. If no alternate is available, the vacancy shall be filled within 90 days from the initial date of each such vacancy based on the established procedures for committee appointments.

8.4.A Committee member may be removed as may otherwise be prescribed or required by law.

9. **Staff Support/Authority of Committee:** Staff from the Finance Department will have primary responsibility for providing administrative support to the Measure HH Committee as shall be consistent with the Committee's purposes. The City Manager or his/her designee may also act as staff liaison to the Committee. Oversight Committee members do not have the authority to direct staff of the City or other officials.

10. **Committee Meeting Schedule:** The City's budgeting occurs from January through June; the audited financial statement is complete by the end of December; and the mid-year financial report is normally completed in March. Consequently, the Committee shall be active from January through June each year. The exact meeting schedule (days/times/locations) will be dependent upon the budget preparation schedule, which changes slightly from year to year. All Oversight Committee meetings will be public and will be agendaized in accordance with the Brown Act.

11. **Committee Reports:** The Committee shall present to the Council, in public session, bi-annual written reports (3 years) which shall include the following:

11.1. A summary of the Committee's proceeding and activities during the most recent review period.

11.2. A response to the following questions will be addressed in the annual report:

11.2.1. Does the current audited financial statement reflect that the Measure HH – Essential City Services tax was collected and appropriately spent based on the City's adopted Responsible Spending Pledge?

11.2.2. Does the City's proposed General Fund annual budget and CIP plan protect and maintain the City's core services including public safety based on the City's adopted Responsible Spending Pledge?

11.2.3. Does the City's proposed General Fund budget rebuild the City's reserves, set-aside funds for OPEB and pension unfunded liability, and put funds aside for early payoff of existing debt to the extent that Measure HH – Essential City Services funds are available based on the City's adopted Responsible Spending Pledge?

11.2.4. Does the City's proposed General Fund budget make progress toward resolving the City's structural budget deficit that could exist when Measure HH – Essential City Services tax expires based on the City's strategic goals and plans?

The reports prepared by the Committee documenting their findings will be presented to the City Council at a public meeting, usually after the completion of the annual audit and prior to final adoption of the annual budget in June. These reports will be a part of the public record. The bi-annual reports will only be required during the first three years of the Measure HH tax period. Starting in 2020 will go to an annual report to City Council.

12. Amendment of Policy and Regulations: The policies and regulations of the Oversight Committee may be subject to later and further amendments by the City Council at its discretion.