

**CITY OF BEVERLY HILLS
MINUTES – SPECIAL BUDGET STUDY SESSION
May 5, 2015
2:30 p.m.
City Council Chambers**

PRESENT: Mayor Gold
Vice Mayor Mirisch
Councilmember Brien
Councilmember Bosse
Councilmember Krasne
Mahdi Aluzri, Interim City Manager
David Lightner, Deputy City Manager/Director of Capital Assets
Laurence Wiener, City Attorney
Don Rhoads, Director of Administrative Services/CFO
Don Harrison, Budget and Revenue Officer
Cheryl Friedling, Deputy City Manager (Public Affairs)
Byron Pope, City Clerk

A – DIRECTION

1) Introduction

Interim City Manager Mahdi Aluzri highlighted the City's 2014/2015 Accomplishments and recapped the Council's "A" Priorities that were established at the Council Priority Setting Session last December 9, 2014. Mr. Aluzri noted that each department used the Priorities as a guideline when drafting their budgets and enhancement requests for Fiscal Year 15/16.

2) Economic Overview and Revenues

Budget and Revenue Officer Don Harrison gave a proviso that the presented revenues were forecasted at a conservative level and the expenditures were projected at full funding under the assumption that all positions would be full for the entire year. Mr. Harrison stated that the combined approach provides for greater economic stability for the City and typically results in an excess of revenues over expenditures at the end of the year.

Mr. Harrison discussed the growth and stability of the GDP and the decline in California unemployment rates. He identified several economic conditions, trends, qualifiers and threats that may affect the budget. Council asked for clarification on the allocation of sales tax on new versus used cars.

Mr. Harrison compared the FY 14/15 and FY 15/16 projections for the City's major general fund revenue categories: Property Tax, Sales Tax, Transient Occupancy Tax (TOT) and Business Tax. Mr. Harrison and City Attorney Larry Weiner explained Triple Flip Deductions and its effect on FY 15/16 revenues. Councilmember Bosse asked for clarification on the connection between construction impacts and hotel occupancy.

3) Budget Overview

Director of Administrative Services/CFO Don Rhoads recapped the Fiscal Year 14/15's projected revenues and expenditures and reviewed where the excess funds were transferred and allocated into. Councilmember Krasne asked for clarification on the allocation of funds into traffic calming or mitigation and confirmed that the amount allocated for undergrounding utilities are placeholder funds. Mr. Rhoads indicated a positive ending projection of revenues over expenditures for FY 14/15.

Mr. Rhoads reviewed several charts to highlight, explain and detail the FY 15/16 budget and summarized the budget enhancement requests and recommended budget modifications. Mayor Gold asked for clarification on the amount difference if all of the enhancements are approved versus none. Mr. Rhoads provided the projected available general fund balance through FY 15/16.

Mr. Rhoads and Interim City Manager Mahdi Aluzri answered Councilmember Krasne's question about the impacts of paying down unfunded liabilities and clarified from where the funds for the City Hall building improvements came.

Mr. Rhoads reviewed the Parking Operations 5-year projection, unfunded pension liabilities and pension rates, presented the projected PERS rates and reviewed the Unfunded Liability next step options. Mr. Rhoads answered Council questions about the options and indicated that staff will return to Council with the Citizen's Budget Review Committee and Mayor's Finance Task Force recommended course of action for discussion and direction at a later study session.

Mr. Aluzri and City Attorney Larry Weiner answered Councilmember Mirisch's questions about propositions, taxes, etc. that may affect potential sources of revenue.

4) Departments (changes, work plan highlights, Enhancements, new CIPs)

a) Policy & Management

Deputy City Manager (Public Affairs) Cheryl Friedling presented the Policy and Management's budget changes from FY 14/15, FY 15/16 work plan highlights and budget enhancement requests. Councilmember Bosse inquired about the enhancement requests for the Ambassador Services and the Reclassification of the Public Information Manager Position. Don Harrison clarified the Budget Enhancement dollar amounts.

b) City Attorney

City Attorney Larry Weiner presented the City Attorney Department's budget changes from FY 14/15 and the FY 15/16 work plan highlights. Mr. Weiner stated that his department did not have any requests for enhancements nor had any Capital Improvement projects. Council did not have questions.

c) City Clerk

City Clerk Byron Pope presented the City Clerk Office's budget changes from FY 14/15, the FY 15/16 work plan highlights and budget enhancement requests. Mr. Pope clarified that although not listed in his presentation, his Office's budget difference between FY

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14/15 and FY 15/16 was \$76,577. Mr. Pope ended his presentation by announcing that each year, the first full week of May is Municipal Clerk's Week. Council thanked Mr. Pope for his services and did not have questions about the presentation.

d) Administrative Services

Item not discussed.

e) Police

Item not discussed.

f) Fire

Item not discussed.

g) Community Development

Item not discussed.

h) Information Technology

Item not discussed.

i) Public Works Services

Item not discussed.

j) Capital Assets

Item not discussed.

k) Community Services

Item not discussed.

l) Parking Authority

Item not discussed.

5) Budget Review Committee Presentation

Item not discussed.

6) CIP

Item not discussed.

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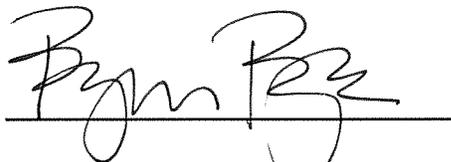
7) City Council Additional Priorities and Direction

Item not discussed.

The Budget Study Session adjourned at 4:04 pm to May 7. 2015 at 1:00 pm.

PASSED, Approved and Adopted

this 18th day of May, 2015

A handwritten signature in black ink, appearing to read "Byron Pope", is written over a horizontal line. The signature is stylized and cursive.

BYRON POPE, City Clerk

JULIAN A. GOLD, M.D., MAYOR

This meeting was televised on City of Beverly Hills Municipal Government Television Access,
BHN/10, Time Warner Cable.