



CITY OF FULLERTON FISCAL SUSTAINABILITY AD HOC COMMITTEE

COMMITTEE AND STAFF

Committee: Derek Smith, Committee Chair
Jack Dean, Committee Member
Tony Bushala, Committee Member
Jennifer Duong, Committee Member
Bill Brown, Committee Member

Staff: Eric Levitt, City Manager
Daisy Perez, Deputy City Manager
Kingsley Okereke, Interim Director of Administrative Services
Steven Avalos, Budget and Purchasing Manager
Cinndy Barrios, Senior Budget Analyst
Ellis Chang, Previous Director of Administrative Services
Noah Hyun, Administrative Assistant

BUDGET BALANCING OPTIONS VOTING SUMMARY

Below is a voting summary that has been conducted from the Fiscal Sustainability Ad Hoc Committee at the 03/13/25 and 04/10/25 Committee Meetings regarding Budget Balancing Options presented by Staff. These options for consideration covered Revenue Enhancements, Expenditure Reductions, and Other Budget Alternative Options. We would like to thank the Committee and Staff for their participation and their contributions.

3/13/2025 FISCAL SUSTAINABILITY AD HOC COMMITTEE MEETING

- **PENSION OBLIGATION BONDS** – This option is to issue a Pension Obligation Bond (POB) to pay down City's UAL obligation and finance debt service.

Committee formally voted: **"No" 4-1** on this option.

- **SUSPEND INFRASTRUCTURE FUND** – This option is to temporarily suspend Infrastructure Ordinance No. 3284, suspending General Fund allocation to Infrastructure Fund earmarked for infrastructure improvements, for 1 year or multiple years.

Committee formally voted: **"No" 5-0** on this option.

- **TRANSIENT OCCUPANCY TAX (TOT) INCREASE** – This option is to pursue a ballot measure to increase the City’s 10% TOT tax rate on hotel occupancies.

The Committee formally voted: **“Yes” 5-0** on this option. Consider how this impacts any other Measures.

- **ENHANCED INFRASTRUCTURE FINANCING DISTRICTS (EIFD)** – This option is to look into establishing an Enhanced Infrastructure Financing District (EIFD) within the city to support economic development and spur economic growth and activity. EIFDs are special districts with defined boundaries that use growth of local property taxes to issue bonds to fund infrastructure projects that regionally benefit the community.

Committee formally voted: **“Yes” 4-1** on this option to be explored further as a future economic tool. *This is not considered a budget balancing option.*

4/10/2025 FISCAL SUSTAINABILITY AD HOC COMMITTEE MEETING

- **EXPENDITURE REDUCTIONS** – Expenditure Reductions options were presented illustrating reduction scenarios’ by City service areas and fixed percentages (i.e. 2.5% or 5%) across-the-board reductions by department.

There was no formal vote conducted on Expenditure Reduction options, but Staff conveyed they are currently implementing cost containment strategies for FY 2024-25 and the upcoming FY 2025-26 budget development. Committee agreed to continue exploring further cost containment strategies before considering significant expenditure reductions. The Committee supported continuing to review reductions.

- **BUSINESS IMPROVEMENT DISTRICT** – This is an Other Budget Alternative option to establish a Business Improvement District (BID) in Downtown Fullerton.

Committee formally voted: **Agreed 4-0-1** (Bill Brown absent) that a possible BID for Downtown Fullerton should be explored that specifically: identifies services provided to BID, addresses any potential cost-savings to the General Fund, and analyze how affected businesses within the BID will be assessed charges to support BID costs of services. *Staff will need to review further and provide further specialized analysis and may consult with subject matter experts.*

- **REVENUE ENHANCEMENT: ADD-ON SALES TAX MEASURE OPTIONS**

There were three (3) Add-On Sales Tax Measure options presented to the Committee with two options voted upon:

- a) Two (2) Dedicated Add-On Sales Tax Measures: 0.5% Dedicated Add-On Sales Tax for Special Purpose/Infrastructure AND 0.5% Dedicated Add-On Sales Tax for Public Safety

Committee formally voted: **Split 2-2 vote** with Committee Members Bushala and Dean supporting this Add-On Sales Tax Measure Option.

- b) 1% General Add-On Sales Tax Measure for City General Purpose

Committee formally voted: **Split 2-2 vote** with Committee Chair Smith and Committee Member Duong supporting this Add-On Sales Tax Measure Option.

The Committee agreed to move forward and have staff present both Add-On Sales Tax Measure options (Options A and B) to the City Council for evaluation and consideration.

- **TRANSIENT OCCUPANCY TAX (TOT) INCREASE**

No additional vote taken on TOT Increase revenue enhancement option. Since the Committee voted to include two Add-On Sales Tax Measure options for City Council consideration, the Transient Occupancy Tax Increase option will remain on recommendations' list with Add-On Sales Tax options.

- **STREET FINANCING OPTION** – This Other Budget Alternative option is to do a prospective \$35 million bond issue to finance street improvements and infuse new funding into the City's street infrastructure.

Committee voted: **Agreed 4-0-1** (Bill Brown absent) that this is not an option for consideration right now. *This option should be evaluated after 2026 should an Add-On Sales-Tax Measure be placed on ballot and be passed, or another revenue option is identified.*

At conclusion of 4/10/2025 meeting, the Committee voted **4-0-1** (Bill Brown absent) to “conclude” and end the business and activities of the Fiscal Sustainability Ad Hoc Committee. Staff will present final list of Committee recommendations on Budget Balancing options for consideration to City Council at the FY 2025-26 Budget Study Session on May 13, 2025.