

**MEDIA ADVISORY**

**For Immediate Release**

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**Contact:**

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**Conference Call at 1 p.m. Tuesday with independent budget auditor**

**COSTA MESA** An independent audit authorized by the City of Costa Mesa has uncovered more than \$23 million that could be used by the general fund to protect vital City services, save jobs and also address the City Council majority's desire to increase capital expenditures.

The report was conducted by Steve Foti of Harvey M. Rose Associates, a preeminent public sector consulting firm in the state. Costa Mesa city employees retained the firm to analyze the city's budget and propose alternative solutions to the City's financial challenges.

**Foti will be available to answer questions about the audit during a conference call at 1 p.m. Tuesday to discuss the findings.**

The audit identifies hidden pots of money, challenges many of the City Council's budget priorities and refutes the repeated insistence by City Councilmembers that Costa Mesa is on the brink of insolvency. According to the audit, it's not.

"This report confirms that the Costa Mesa City Council majority has been hiding money to create a manufactured budget crisis – all to advance their political agenda," said Jennifer Muir, spokeswoman for the Orange County Employees Association. "And now it's been exposed: The fraud of their outsourcing program is that there is no budget deficit."

For example, the City carries unnecessary reserves in its equipment replacement fund, but one City Councilmember has expressed plans to expand the fund.

"Such action would further degrade services to the public," Foti writes in the report.

OCEA has requested time at the Costa Mesa City Council meeting to present the audit's findings, but it is not clear whether that time will be granted. A representative will be present at meeting to answer any questions.

The full report will be forthcoming.

The call-in number is 712-432-0080 (please note the area code is 712, not 714). Members of the press should contact Jennifer Muir for a call-in code.

### **About the audit**

Auditor Steve Foti of Harvey M. Rose Associates, LLC, spent nearly 100 hours, beginning the last week in April, analyzing the City of Costa Mesa's budget and interviewing key budget staff.

The audit is the product of interviews with Budget Director Bobby Young and reviews of the City's audited financial statements, published budget documents and selected working papers that were used as the basis for the City's budget. Mr. Foti also interviewed Costa Mesa CEO Tom Hatch and Richard Santos, an actuary with CalPERS.

### **About Harvey M. Rose Associates, LLC**

With over 30 years of public sector management consulting experience, Harvey M. Rose Associates, LLC assists cities, counties, schools, special districts, and regional and state agencies with operating in the most efficient, effective, and economical manner. This includes identifying ways to raise revenues, lower costs, and improve service levels. The company's client list spans the Western United States and includes the City of Los Angeles, where they have performed multiple management audits for the City Controller; the City and County of San Francisco; where they serve as the City's contract Budget and Legislative Analyst; and, Santa Clara County, where they serve as the County's contract Budget Analyst and Management Auditor.

### **About Steve Foti**

Steve Foti has devoted his entire career to the public sector - first, as a budget analyst for local government and then as a consultant with HMR since 1981. During his consulting career, he has managed major engagements for many large public sector organizations in several states, including projects for the City and County of San Francisco; the cities of Los Angeles and Oakland; the counties of Los Angeles, San Diego, Santa Clara, Maricopa (Phoenix) and Pima (Tucson) counties; and the State of Illinois. He has extensive experience in the areas of criminal justice, health care, finance, public employee pensions, public works, public transportation and general government operations.