



**FINANCE AND BUDGET COMMISSION
REGULAR MEETING
M I N U T E S**

**Location: City Council Chambers
23 Russell Blvd.
Monday, May 11th, 2009
7:00 PM**

Commission Members: FBC- Chair – Johannes Troost, Vice Chair - Jerry Beavers, Steven Ingram, Daniel Hoang, Chikako Takagi-Galamba, Don Palm, Regular – *vacant*, Alternate – *vacant*

Planning Commission Liaison– Lucas Frerichs; Park & Recreation Liaison – Nathaniel Leachman; Open Space Commission Liaison - Helena Chung

City Council Liaisons: Sue Greenwald; Ruth Asmundson-(Alternate)

City Staff: Paul Navazio- Assistant City Manager, Kelly Fletcher – Budget Manager, Gail Buller – Financial Services Manager, Bob Blyth – Financial Planning Specialist, Bob Clark – City Engineer

1. Open Meeting – The May 11th, 2009 Finance & Budget Commission meeting was called to order by Commissioner Troost at 7:03 pm.

2. Approval of Agenda

It was moved by Commissioner Palm and seconded by Commissioner Beavers to approve the Agenda.

AYES: Troost, Beavers, Ingram, Hoang, Takagi-Galamba, Palm

NOES: None

3. Approval of Minutes from the regular meeting of April 13th, 2009.

It was moved by Commissioner Beavers and seconded by Commissioner Hoang to approve the Minutes of April 13th, 2009.

AYES: Troost, Beavers, Ingram, Hoang, Takagi-Galamba, Palm

NOES: None

4. Public Comment

None

5. Commission and Staff Communications

- On Agendas, it was requested to show the vacancies
- Council ratified the request that Commissioner Palm become a Regular member
- Commissioner Troost is currently working on the Op.Ed. piece
- Information was provided regarding the upcoming budget forum sponsored by neighborhood associations of Davis on May 20th.

6. Selection of Commission Liaison to the Business and Economic Development Commission (BEDC).

The Finance and Budget Commission took the following action:

It was Moved/Second (Beavers / Hoang) to nominate Don Palm as liaison to the BEDC.

AYES: Troost, Beavers, Ingram, Hoang, Takagi-Galamba

NOES: None

Motion passed by unanimous vote

7. City Manager's FY2009/10 Proposed Budget Preview

The formal presentation has been postponed until May 26th.

Staff is working continuously on a fluid, challenging and rapidly changing budget, with contingencies that can affect the outcome of the final budget.

The Commission would like to schedule a special second meeting in May in order to have a second look at the budget prior to the regular meeting on June 8th.

Time-sensitive recommendations to Council should be expedited through to Council, and not be delayed through protocol procedure.

Paul Navazio provided a preview to the 09/10 budget.

Limited recommendations dealing with Revenue items. There are several items in the budget that are contingent on future events, for example:

- Revenue forecast still does not include any anticipated revenues from the Target store/Second Street project. *They are scheduled to open in the Fall of 2009 and there could be only one-quarter worth of revenue, if the store does open on schedule.*
- The Federal Stimulus legislation does provide, through the DOJ, grant funding for local law enforcement agencies that are facing budget reductions; however, Davis does not meet the DOJ funding criteria. The City has submitted an application to the DOJ for 100% grant funding for two positions for a three-year period. *Will know by the end of October if the City will be receiving the grant, and if those positions will be able to be removed from the reduction list.*

Other categories of the budget being reviewed on a continual basis are the following:

- Re-organization and restructuring can have the potential to yield significant budgetary savings. *There is less impact on City services and programs.*
- Position reductions and/or retirement
- Fire Department structure and operations
- Reduction in overtime, particularly in Police and Fire
- Current labor negotiations could have significant budgetary savings, depending on the outcome.
- Program and service reductions comprise the bulk of the \$3 million reduction list.
- Salary roll-backs, other layoffs not currently on the reduction lists

The preliminary budget will be presented to Council with a different set of contingencies that will address the \$3 million deficit, and another set that addresses the specific budget contingencies based on the State budget impacts (Prop 1A).

There are no substantial fee increases in the proposals other than what has already been built into the current plan.

The budget and contingency plan(s) are slated to be presented to Council on May 26th, 2009.

The Commission proposed to meet Thursday, May 28th, 2009 to have the opportunity to weigh in on the issues being presented. An email will be sent by staff to confirm availability.

8. CIP Update

Bob Clark, City Engineer, and Bob Blyth have been working together with City departments to expand the 5-year Capital Improvement Plan and Project Plan for long-range planning.

\$8.4 million in the Capital budget. These are projects funded by RDA capital funds, enterprise funds, Community Development Block Grant funds and impact fees.

Staff has applied for Federal Stimulus Funding for water projects and these are not included yet in current Capital Plan until a confirmation that the City has been awarded these monies. List of applications available and monetary totals are available and currently being updated.

I-Bank has recently approved a \$10 million dollar loan for the purpose of building the water tank. If this water project proceeds into a construction award contract, there will have to be a budget adjustment in the current fiscal year.

There is a Council workshop focusing on the Capital budget and Redevelopment Agency scheduled for June 9th. This workshop will provide more detail into each of the proposed projects in FY09/10:

- Detail project descriptions and schedules
- Project cost estimates
- Budget and funding sources

A method of monitoring and reporting of status and progress of projects need to be addressed. There is no such formal protocol/procedure in place at this time.

A set of guidelines for establishing the criteria for selecting projects would be helpful to have in place.

9. Master Fee Schedule

Gail Buller previewed the fee changes or new fees for adoption in the FY09/10 budget. Departmental fee revenues total \$6.3 million across all the funds, while General Fund fee revenues are approximately \$5.0 million.

Annually, every department reviews their fees and charges for accuracy. Fees increase traditionally due to increasing human resource costs, i.e. overhead cost allocations.

Some fees increase due to statutory requirements, such as State mandated fees.

New to the process of cost recovery is establishing cost recovery goals:

- *Low – recapture 0% – 40% of cost*
- *Medium – 40% - 80%*
- *High – recapture at least 80% (such as a special service)*

Council will be asked to refer the review of the cost-recovery methodology to the FBC for discussion.

There is a sharp decline in services that are fee supported, while there has been no reduction in cost. The revenue generated has not off-set the cost of the service provided.

When determining fees, it is important to make sure that staff has:

- A) assigned the right cost recovery level, and
- B) a representative example of how those fees are calculated.

10. Information Items

- a. *City Council Long-Range Calendar*
- b. *OP.ED Piece by Commissioner Troost*

11. Adjournment

The meeting was adjourned at 9:42 pm by Commissioner Troost.

Any writing related to an agenda item for the open session of this meeting distributed to the Commission less than 72 hours before this meeting is available for inspection at City Hall, 23 Russell Blvd., Davis in the Finance Office. These writings will also be available for review at the Finance and Budget Commission meeting in the public access binder at the left rear side of the Community Chambers.