



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

**Location: City Council Chambers  
23 Russell Blvd.  
Monday, January 11<sup>th</sup>, 2010  
\*\*7:00 PM\*\***

**Commission Members:** FBC- Chair – Johannes Troost, Vice Chair - Jerry Beavers, Steven Ingram, Chikako Takagi-Galamba, Don Palm, Talyon Sortor, Jeff Miller - Alternate

**Commission Members Absent:** Daniel Hoang

*Open Space Commission Liaison - Helena Chung; Planning Commission Liaison– Lucas Frerichs; Park & Recreation Liaison – Charlie Russell*

**City Council Liaisons:** Lamar Heystek, Ruth Asmundson (ALT)

**City Staff:** Paul Navazio – Assistant City Manager, Gail Buller – Financial Services Manager

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**1. Open Meeting** – The January 11<sup>th</sup>, 2010, Finance & Budget Commission meeting was called to order by Commissioner Troost at 7:04 PM.

**2. Approval of Agenda**

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

AYES: Troost, Beavers, Ingram, Takagi-Galamba, Palm, Hoang, Sortor, Miller  
NOES: None

**3. Approval of the Minutes from December 14<sup>th</sup>, 2009.**

It was moved by Commissioner Palm and seconded by Commissioner Sortor to approve the Minutes.

AYES: Troost, Beavers, Ingram, Takagi-Galamba, Palm, Hoang, Sortor, Miller  
NOES: None

**4. Public Comment**

David Greenwald expressed concern over the MOU negotiations and timing.

**5. Commission and Staff Communications**

Daniel Hoang has tendered his resignation to the FBC. He will be moving out of State.

Jeff Miller introduced himself as the new Alternate member to the FBC.

A staff organizational chart was requested by the Commission for informational purposes.

**6. Oath of Office for New Commissioners - Completed Friday, 1.8.10 prior to the meeting.**

**7. Review of Budget Calendar – Major milestones**

At this point, it is the beginning stages for planning for the FY10/11 budget. Specific topics and additional milestone dates are included in the staff report.

January 26<sup>th</sup>, 2010 – Council presentation of the budget contingency items.

February 2<sup>nd</sup>, 2010 – Mid-year budget report (primarily an informational report) with includes the 5-year forecast.

March 2010 – Council Budget Workshop / Balancing Plan & Capital Budget Priorities

May 2010 – Presentation of the FY2010/11 Proposed Budget

June 2010 – Adoption of the FY2010/11 Budget with Amendments

It was suggested that the Commission use this timeline to formulate discussions pertaining to budget deadlines.

A 2-year (multi-year) budget may be possible for FY11/12 & FY12/13 in order to align with the City Council two-year election cycle. The analysis, not the implementation, for a multi-year budget would need to be completed by the Fall. The Commission would like Council to vote on whether or not to pursue the research to have a tentative plan for the formation of a multi-year, performance-based budget. Commissioner Troost would like Paul to call the question to Council that staff believes that the FBC should prioritize on two topics of discussion:

- 1) Helping to explore the 2-year budget timeline, and
- 2) To take a strong look at performance based budgeting.

The Commission would like to agendize this topic for discussion during the February meeting. Copies of the directives given to the Department Heads for the development of their budgets would like to be provided to the Commission.

**8. General Fund Revenue Projections (FY2010/11 Budget)**

The revenue baseline begins in October/November and is based on the current year's budgeted revenues. Adjustments are made as needed, and revenues are monitored throughout the year. Late March - early April, revenues are locked down to establish projections for the current year.

The staff report provided in the packets provides a series of charts and graphs depicting the revenue trends and assumptions.

Two revenue sources make up over 60% of the General Fund:

- Sales & Use Tax
- Property Tax

Both have been downgraded in the out-years, reflecting 0% growth for FY09/10.

City wide assessed value (tax rolls) are split between the City and the RDA  
The General Fund receives approximately 18% of the property tax paid for properties not within the redevelopment area.  
The RDA project areas supply very little property tax revenue to the City's General Fund.

There are three main factors that affect Property tax revenue:

- 1) New Development - There is very little growth at this time.
- 2) Turn over and resale rate of residential properties.
- 3) Baseline growth factor, built in Prop 13, at a rate of inflation not to exceed 2%

The SBE calculates the CPI annually for Prop 13 assessments, and this year the statewide reassessment inflation factor is going to be a negative .25%. A deflationary index.

Sales tax data is received on a quarterly basis. Sales Tax trends have historically been driven by auto & auto related sales. There was a decrease of 8% growth this year, and there is a 0% growth forecast for next fiscal year for auto sales.

Top sales tax generators are the auto dealers, gas stations and restaurants. The City has not received the sales tax data from the Target store that opened in October of 2009.

#### **9. Status Update on Labor Negotiations**

The staff report included with the packet, included a list of all of the bargaining units and the current status of negotiations with each of the bargaining groups.

Two of the groups have a tentative agreement, while the DFFA has agreed upon a 3-year contract. The Department Heads are currently still in contract negotiations. The Management Group will be bringing forward their contract to the Council on January 12<sup>th</sup>, 2010.

There is one group that is currently undergoing impasse procedures.

Two groups are still under their existing contracts that run through June of 2010.

82% of the General Fund is personnel costs, primarily Police and Fire.

Total personnel cost on an All Funds basis is approximately \$52 million before the impact of the contracts that are under negotiation.

The City has a \$1.25 million General Fund savings target, approximately 4.75%, of the total personnel cost.

The Commission would like to see a monthly update of the contract negotiations, and have a list of FTE's aligned with each of the bargaining groups.

#### **10. Info Items - Transmittal Only**

- a) *Municipal Fiscal Health Contingency Planning – Western Cities Nov. 2009 Article*
- b) *Six Rules for the New Normal – Governing, Dec. 2009 Article*

#### **11. Adjournment**

The meeting was adjourned at 9:25pm by Commissioner Troost.