



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

**Location: City Council Chambers
23 Russell Blvd.
Monday, April 12th, 2010
7:00 PM**

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

Commission Members Absent: Steven Ingram

*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, Bob Blyth – Financial Planning Specialist

1. Open Meeting – The April 12th, 2010, Finance & Budget Commission meeting was called to order by Commissioner Troost at 7:00 PM.

2. Approval of Agenda

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

AYES: Troost, Beavers, Takagi-Galamba, Palm, Miller, Sortor

NOES: None

3. Approval of the Minutes from March 8th, 2010.

There was no action to approve the Minutes of the March 8th, 2010 meeting. A revised set of Minutes will be provided during the May meeting.

AYES: Troost, Beavers, Takagi-Galamba, Palm, Miller, Sortor

NOES: None

4. Public Comment

None

5. Commission and Staff Communications

- Chairperson Troost Requested an update on the status of FBC Commissioner Appointment process to fill vacancy
- Don Palm provided an update on the Business and Economic Development Commission's effort to establish Economic Indicator to assess the City's business climate
- Charlie Russell asked about efforts related to the sales tax renewal campaign.

6. FY2010/11 Budget Development

Staff provided the Commission with information from the recent City Council budget workshop – held on March 30th – to include an update on revenue and expenditure assumptions for the FY2010/11 budget as well as updated five-year forecast. In addition, the workshop covered the preliminary framework being developed for closing the FY2010/11 projected General Fund deficit (\$985,000) and restore reserves to the 15% policy level (\$785,000).

The foundation of the budget-balancing framework presented to the Council is the restructuring of City departments. The Parks and General Services department is being folded into several other city departments, which – combined with selected other re-organizations – is anticipated to yield all fund savings of approximately \$2 million, with as much as \$1.7 million in annual savings accruing tot the General Fund.

In reviewing the updated revenue and expenditure assumptions, the Commission asked whether the City had any current information on the sales tax impact of the Target development project and the extent to which these are factored into the updated sales tax projections. Staff reported that Q4 2009 sales tax receipts (covering sales from Oct – Dec 2009) had come in consistent with the most recent estimates, but that it was too early to report on whether sales tax from Target were consistent with projections, as detailed information was still pending from the Board of Equalization.

The Commission expressed some concerns over the expenditure assumptions related to personnel costs, noting that staff was building in anticipated savings from pending labor agreements. Commissioner Palm noted that this approach proved problematic in the current-year budget, and that staff should consider including additional budget reductions – instead of labor savings – and that these reductions could be “backed-off” if the City is successful in realizing additional savings from labor agreements. Commissioners generally agreed that the budget should not “depend” on the outcome of labor negotiations which – at this point – remain uncertain.

The commission again commented that the re-organization of city departments, aimed at better alignment of city operations and ongoing cost-savings was a preferred approach to “decremental budgeting” (i.e. specific reduction targets from each department), it was felt that additional details are needed to better understand the impacts and savings being proposed.

7. Council Workshop – Requirements for New Development Projects

Staff presented a recap of the information that was presented as part of a joint workshop with City Council and liaisons from the Business Economic Commission, Finance and Budget Commission, and Planning Commission related to the fees and obligations imposed on development in the City of Davis.

The workshop covered several topics that were within the purview of the FBC including the City Council goal related to fiscal neutrality, the application of the roadway impact fee and the applicability to a broader construct in relation to the City’s sustainability goals, and a review of impact fees and utility connection fees to explore consideration of differential fees for size of units and infill versus peripheral development.

The Commission reiterated their position that there should perhaps be different standards of fiscal neutrality based on the type of development. Developments that are primarily profit based should not

be held to the same requirements as an affordable housing development, for example, when determining its fiscal neutrality. Staff was asked if there it was possible to develop a way of quantifying what might be an appropriate way to address this item.

The Commission also indicated that they would be agreeable to beginning to look at ways that the City might begin the process of exploring current impact fees and the possibility of developing an alternate type of fee. Staff was asked to work with the Commission chair to develop a potential work plan to organize the discussion of the items brought forward at the workshop.

8. Info Items

- a) *March 16th, 2010 Council Item regarding Fire Restructuring*
- b) *BEDC Staff Report of March 22nd regarding economic indicators*
- c) *FBC Long-Range Calendar*

9. Adjournment

The meeting was adjourned at 9:00 PM by Commissioner Troost.