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Staff Report

June 3, 2005

TO: Mayor and City Council

FROM: Paul Navazio, Finance Director

SUBJECT: Finance and Budget Commission Review of Covell Village Fiscal Analysis

At its meeting of June 2, 2005, the Finance and Budget Commission took the following action related to the Covell Village fiscal analysis:

Motion: Moved/Second (Ochoa/Beavers)

“In the estimation of the Finance and Budget Commission, there are certainly a number of positive aspects contained in the proposed Covell Village Project. These include significant contributions to construction and operations of a fourth fire station, extensive park amenities that exceed current citywide standards, and contributions toward construction of a new Community/Recreation Center.

However, despite the project’s positive aspects, the Finance and Budget Commission cannot recommend moving forward with the project at this time due to the magnitude of the risk that this project poses to the City Council’s goal of fiscal stability.

Some of the specific concerns of the Finance and Budget Commission include (but are not limited to):

- Potential loss of property tax revenues if the project were to negatively impact appreciation rates of existing property values in the City.
- The impact that a small variation in future personnel costs (relative to the assumptions used in the base case analysis) has on the fiscal analysis.
- Lack of a formal plan to fully fund significant operating costs associated with the fourth fire station, above and beyond the share of costs covered by the project (including contributions proposed in the development agreement).

Finance and Budget Commission Action

Re: Covell Village Fiscal Analysis

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- Magnitude of potential costs of expanding capacity at the Wastewater Treatment Plant, regardless of whether this project itself (or some future project) is responsible for triggering the need for plant expansion.
- Reliance on the positive impact of the Property Tax-for-Vehicle License Fee Swap enacted by the State in the FY2004/05 Budget.
- Uncertainty surrounding the applicability of the current tax-sharing agreement between the City and Yolo County. “

Motion passed: 6-2

Ayes – Siegler, Perez, Beavers, Ochoa, Dixon, Troost

Noes - Mitchell, Moloney