



**FINANCE AND BUDGET COMMISSION  
REGULAR MEETING  
MINUTES**

**Location: City Council Chambers  
23 Russell Blvd.  
Monday, February 14<sup>th</sup>, 2011  
\*\*7:00 PM\*\***

**Commission Members:** FBC- Chair – Johannes Troost, Jeff Miller, Mark Siegler, Talyon Sortor, Robert Traverso, Jack Zhu, Alternate – Philip King

**Commission Members Absent:** Vice Chair - Jerry Beavers

*Open Space Commission Liaison - Helena Chung; Planning Commission Liaison– Paul Philley;  
Park & Recreation Liaison – Charlie Russell (Robert Glassburner, Alt.)*

**City Council Liaisons:** Sue Greenwald, Joe Krovoza (Alternate)

**City Staff:** Kelly Fletcher – Budget Manager, Gail Buller – Financial Services Manager

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**1. Open Meeting** – The February 14<sup>th</sup>, 2011, Finance & Budget Commission meeting was called to order by Commissioner Troost at 7:01 pm.

**2. Approval of Agenda**

It was moved by Commissioner Siegler and seconded by Commissioner Traverso to approve the Agenda.

AYES: Troost, Miller, Siegler, Sortor, Traverso, Zhu, King  
NOES: None

**3. Approval of Minutes from the regular meeting of January 10<sup>th</sup>, 2011**

It was moved by Commissioner Traverso and seconded by Commissioner King to approve the Minutes.

AYES: Troost, Miller, Siegler, Sortor, Traverso, Zhu, King  
NOES: None

**4. Public Comment**

None

**5. Commission and Staff Communications**

Kelly Fletcher reminded the Commission to turn in their Form 700 by April 1<sup>st</sup>. Commissioner Traverso inquired as to why Davis does not have a Real Estate documentary Transfer Tax, and the Commission would like to know how the City can implement it. The Commission would like to bring this back as part of the April tax discussion.

## 6. Sales & Property Tax Estimates

Gail Buller presented a summary of the estimated sales and property tax for FY10-11. The assessed valuation of property tax is based on the Consumer Price Index for all items, and not real estate valuations. It has been capped at 2% every year, except for 2004-05 which was 1.8%. The City does not expect to see a growth in property tax for FY11-12. There is no direct relationship between growth and assessed value and growth and revenues, it is a low correlation.

Current fiscal year sales tax estimate is \$7.8 million. Includes the 1% Bradley Burns and the local ½ cent Measure P combined. Two largest categories are Automotive and Restaurants, the others combined do not have a significant impact on the bottom line. When a vehicle is purchased in Davis, while residing in another city, 1% of that sale stays in Davis (Transaction Tax). The Commission would like to see both a dollar amount and a percentage value of each of the categories. Another quarter's worth of data will come in the middle of March, and staff will look at the current year to see any effects. Any growth will more than likely be from inflation.

The Commission would like to see a follow-up to the following questions from Consultants when possible:

- What is the basis/methodology for establishing sales tax leakage?
- How are they treating the student population in respect to the leakage report?
- What is the Davis sales tax per capita compared to the regional level?
- Provide definitions of the Sales Tax categories.

## 7. Budget Expenditure Projections (FY2011/12 Budget)

Kelly Fletcher discussed the FY2011/12 baseline budget expenditures. It is based on the current year service standard. Increases shown are in relation to Human Resources – MOU contracts. Salaries: FY11-12 budget are changes consistent with the contracts between the labor groups and the City Council currently in place.

125 Benefits: Cash-out caps have been instituted to keep the values at the FY09-10 levels. Medical insurance premiums increased 8%, dental premiums increased 7%. All bargaining groups, aside from Fire, are doing a 50/50 cost share of premium increases. Fire implemented an 80% cash-out cap.

Insurance: Includes Life and LT Disability which is unchanged; Workers Compensation increased 11.5% and Unemployment has increase significantly as shown in the staff report.

PERS: Rates will be increasing to 25.907% for Public Safety, while the rate for Miscellaneous employees are increasing to 18.018%. Employees pick up the first 3% of the increases, while the City will be picking up the balance of the PERS rate increase, as determined by the MOU.

Retiree Medical: Incremental increases to provide a total annual amount of \$1.1 million in additional funding toward future costs. No cash-out. Staff must retire from the City of Davis at age 50 in order to receive benefits and there is a graduated vesting period upon retirement for all employees.

Non-Personnel: Costs will remain flat with the exception of three areas:

- One-Time Expenses
- Internal Service Costs
- Citywide Indirect Overhead Costs

The percentage charged to different departments are based on the level of services provided.

CIP: Funding is “zero-based” pending identification of specific projects to be included in the FY2011/12 budget. Projects can be deferred; CDBG will allow them to be carried over.

The Commission inquired on how the 5-year plan fits in with the CIP. Tabled projects from last year are currently being updated by departments, with the addition of new ones for the next four years. No timeline has been determined when this will be fully completed.

#### **8. Intern Program – Work Plan**

An email was sent out to UC students, and received 18 responses. A one-page application was drafted and sent out to the applicants, with a focus on their experience, education, GPA, etc. A total of eleven applications were returned and reviewed. Five applicants were highlighted, and of those, three were selected. They were invited to attend the next FBC meeting.

A list of projects was requested of the Commission. Top three project ideas are to be emailed to Commissioner Troost, and he will send out a complete list to the rest of the Commission.

Criteria:

- 1 – Is the project a viable one?
- 2 – A final report provided, with two preliminary reports
- 3 – Will it have a significant impact on City revenues?
- 4 - Alignment with Council Goals & Objectives
- 5 – Project is to be completed by the end of the semester

The Commission decided on the three Projects below:

- 1 – Regional/State Agency assessment for types of Revenues collected; Total Tax Burden to Davis Citizens & Comparable Cites
- 2 – Public Utility rates/comparative trends & total City Fee comparisons
- 3 – Comparative Compensation Study – Department, City, etc.

A subcommittee made up of Commissioners Traverso, Philley and Troost will re-convene next month at 6:00 pm to direct the Intern Work Program.

#### **9. Info Items**

- a) *FY2010/11 Mid-Year Budget Update*
- b) *Long Range Calendar*
- c) *Updated Roster*
- d) *FBC-Rec & Park Commission Joint Meeting*

#### **10. Adjournment**

The meeting was adjourned at 9:40 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.*