



FINANCE AND BUDGET COMMISSION

SPECIAL MEETING

MINUTES

Location: City Conference Room

23 Russell Blvd.

Monday, September 28th, 2009

****7:00 PM****

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

Commission Members Absent: Vice Chair - Jerry Beavers

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

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

City Staff: Paul Navazio- Assistant City Manager

1. Open Meeting – The September 28th, 2009 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 Ingram to approve the Agenda.

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

NOES: None

3. Public Comment

None

4. Commission and Staff Communications

Status of Recruitment – The City is currently recruiting for all commissions

Follow up on the Commission's formal action to the Council regarding the fiscal analysis from 9.14.09.

- *Staff indicated that while the Council did not act on the specific recommendation made by the Finance and Budget Commission, staff has re-agendized consideration of related recommendation(s) for the City Council agenda of 9.29.09.*

5. FY09/10 Budget Update

Paul Navazio provided a summary of the latest information provided to the Council regarding the City Budget since June 30th, 2009.

Discussed the influence/impact the State budget may have on the City Budget

This item also contains a preliminary Budget Calendar for long-term planning.

Explained the updates to the following budget items on which staff have been working on a continual basis:

- Budget Balancing Plan: Revenue & Expenditure Assumptions
(including Grant revenues, Sales & Property Tax revenues, cost-saving measures, budget contingencies and budget reductions)

Possibly agendaize for the FBC a topic for recommendations to discuss broader, more structural changes to the budget process.

State Budget: \$7 – \$8 billion dollar deficit projection. The budget balancing plan has been adopted at the State level, however, \$10 – \$12 million of “one time” borrowing measures have been pushed off into the next fiscal year, including the proposal to shift RDA funds to the state general fund as well as the proposal to borrow local property tax revenues under provisions of Proposition 1A.

Cost-saving measures that may be implemented would initially be focused around restructuring proposals (Public Works Department), Fire/Police Staffing and outcome of pending labor negotiations.

Three key components of the long-term financial planning framework:

- Closing the current structural gap;
- Replace / renew voter-approved tax measures (Sales & Park Tax)
- Funding for priority unmet need within current City budget

Council Liaison Greenwald asked for a run-down of when the unfunded employee health liabilities will become due and the growing unfunded pension fund. Staff responded that an estimate, \$4 million per year (all funds) is currently set aside for retiree medical (approx. 8% of payroll), whereas the amount required to fully-fund the current benefits are approximately 16% - 17% of payroll. Staff and the Council have discussed moving toward full-funding over a 5 – 7 year period, and the City budget has been adjusted to reflect increased contributions over the past 2 – years.

In response to an inquiry regarding potential increases in City retirement costs, staff commented that PERS results on employer contribution rates reflect a 2-3 year lag between the PERS ‘real-time’ results and when you seem reflected in the rates – FY 2011 – 2012 would be the year that the City would see any impacts. General system wide PERS losses are approximately 28.6%.

Staff will be continuing to update the Council on October 13th, October 20th & on the First Quarter Reports in November.

6. Long-Range Financial Planning – Public Outreach

This item concerns the appropriate approach to Public Outreach and Community Engagement.

Paul Navazio shared some of the information from his research of other communities and their approach to citizen/community participation in regards to budget priorities.

- What programs and/or services would the community be willing to cut and what the repercussions of those cuts entail;
- Staff will be bringing forward a recommendation for the Sales Tax renewal within the next two to three months;
- What type of public information should be developed for community access, aside from the City budget document;
- The process of informing the community of important sunsets, measures and other information

Possible framework scenarios for outreach and engagement:

- Op-Ed pieces
- Community Forums

Commissioners discussed the possibility of participating or sponsoring a community forum on the City budget. Among the concerns expressed were the challenge in not putting the commission in the position of advocating for or against a potential ballot measure, as well as how to define the message that would be provided to forum participants. There was also some questions raised as to what the outcome of the forum would be (what are we trying to accomplish?), and that there would need to be a real effort address the perception that participants would have an expectation that public comments would be relevant in the City's budget deliberations, and that a public forum should entail more than public outreach for the sake of public outreach.

Another concern expressed is the time that would be needed in order to prepare for and coordinate an effective public forum, in contrast to the relatively short time-line for Council action on major budget issues such as a June 2010 ballot measures. There was some interest in continuing to discuss appropriate public outreach; however most likely with a focus on longer-term budget priorities rather than on short-term budget-balancing or tax measure considerations.

Staff recommended to agendaize for discussion at the commissions next meeting a review of the City's long-range planning framework.

7. Info Items

- a. Review of the fiscal model for new development projects & background information.

8. Adjournment

The meeting was adjourned at 9:15pm by Commissioner Troost.