



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

**Location: City Council Chambers
23 Russell Blvd.
Monday, October 12th, 2009
7:00 PM**

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

Commission Members Absent: Daniel Hoang

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

City Council Liaisons: Lamar Heystek

City Staff: Paul Navazio- Assistant City Manager, Kelly Fletcher – Budget Manager, Bob Blyth – Financial Planning Specialist

1. Open Meeting – The October 12th, 2009 Finance & Budget Commission meeting was called to order by Commissioner Troost at 7:01 PM.

2. Approval of Agenda

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

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

3. Approval of the Minutes from September 14th, 2009.

It was moved by Commissioner Beavers and seconded by Commissioner Ingram to approve the Minutes, as amended on page 4 (sp. Siegler) and on page 5 (sp. Council).

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

4. Approval of the Minutes from the Special Meeting of September 28th, 2009.

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

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

5. Public Comment

David Greenwald brought forth some suggestions to the Commission regarding the employee bargaining process & the how it could be brought forward to the Commission for their determination on what those fiscal impacts would be.

Commissioner Beavers inquired as to the follow-up regarding the 30 day public noticing period recommendation to Council pertaining to the City MOU agreements. Council did not take affirmative action on the recommendation.

6. Commission and Staff Communications

Introduction of Lamar Heystek, new Council Liaison to the Finance & Budget Commission. Council has taken action to proceed with the application of a civic engagement grant. The Commission expressed interest in being a part of the application process. It was requested that the application be forwarded to the Commission.

Commission discussed having possible ground rules and boundaries established for proper protocol with Council Liaison engagement.

Status of applications for Commission candidates to fill the vacancies. City Clerk is still advertising, but there are no applicants at this time.

7. Review of the Fiscal Model for New Development

Bob Blyth walked through the fiscal model, followed by general comments by Paul Navazio. Discussion and comments made by all Commission members followed the presentation.

The model presented for discussion was from a large development project and is the basis for all current development projects. The time frame used is approximately 15 years. One limit of the model is that it does not touch on one-time fees generated, such as construction taxes and development impact fees.

The model is broken down into three sections:

A) Assumptions – market rate valuation, interest rate valuations, etc.

- 1) Non-residential Section – square footage per employee. Reflects the number of additional bodies would expect to be using City services.
- 2) Project Specific – specific number of units the project is expected to produce, project timelines, etc.
- 3) Assessed values expected for the units being built.

B) Revenue – expected revenue the City should receive from the project.

- 1) Sales Tax
- 2) Property Tax
- 3) Municipal Services Tax
- 4) Park Maintenance Tax
- 5) Public Safety Tax
- 6) All other Revenues – TOT, business license taxes, etc.

- C) Expenditures – General Fund expenses based on a per capita basis, with the exception of:
- 1) Parks & General Services section has additional expenses related to park space and habitat.
 - 2) Public Works section has the addition of fees with lane miles & street maintenance.

A suggested time line for staff to present a fiscal analysis to the Commission and to Council for large projects well ahead of project approval would be helpful per Commission recommendation.

It was also suggested that staff provide an analysis for residential projects that show an actual tax and assessment burden on the people who are buying these units.

Summary of the Commission Recommendations/Observations:

- 1) Provide a review schedule of base assumptions used in the model
- 2) Alter the Model that would generate a range of numbers & not a single value
- 3) This model is more useful in the context of a general plan
- 4) For a future meeting, bring forth the model again with internal variations on the assumptions so that the Commission can see the range of results.

The Joint Meeting with the BEDC & Planning Commission is tentatively scheduled for February of 2010.

8. Budget & Long-Term Financial Planning

Paul Navazio overviewed the history of the long range planning framework.

The long-range planning component has typically been a focus for the Winter workshops, and Spring is generally focused on the following year budget process.

Issues for the Winter Workshop:

- Recommendations to Council regarding the Sales Tax Measure by the end of the Calendar year.
- The Parks Tax, which sunsets in June of 2012
- Unfunded Needs & Liabilities to maintain current service levels
- Unmet Needs and Priorities

The Commission suggested that a second meeting in November may be needed to address these issues, particularly the Parks Tax. A second meeting or the focus of the November meeting will be determined based on the direction and outcome of the Council during their next meeting.

9. Adjournment

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