



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

**Location: City Council Chambers
23 Russell Blvd.
Monday, November 9th, 2009
7:00 PM**

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

Commission Members Absent: Chikako Takagi-Galamba

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

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 November 9th, 2009 Finance & Budget Commission meeting was called to order by Commissioner Troost at 7:02 PM.

2. Approval of Agenda

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

AYES: Troost, Beavers, Ingram, Palm, Hoang

NOES: None

3. Approval of the Minutes from October 12th, 2009.

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

AYES: Troost, Beavers, Ingram, Palm, Hoang

NOES: None

4. Public Comment

None

5. Commission and Staff Communications

Kelly Fletcher announced that there were four applicants to the Commission to fill the two vacancies. These will be placed before the Council during their November 10th meeting. Council Liaison Heystek will provide copies of the applications to the Commission.

6. Fiscal Model Review

Bob Blyth walked through the examples of how the changes to components of the fiscal model impact the outlook of new developments – for best and worst case scenarios.

Examples shown, using adjusted single line items rather than several at once:

DUE – City uses 2.83 for a single family detached home

Personnel Costs – 1% over the base

Turn-over rate – currently a 7 year

Assessed value – 2%

Table 20 of this item reflected three different scenarios – base case/pessimistic/optimistic

There was a Commission consensus to recommend to staff to present a development project with a base case scenario, as well as an acceptable range (+/-) band for sensitivity.

The Commission has considered and reviewed the model as it was presented and feel that it is headed in the right direction. Council should be aware that the issue of fiscal neutrality needs further discussion.

The issue of fiscal neutrality will be brought back for discussion at a future Commission meeting, as well as the 15 – 20 year window for the length of the model.

7. Budget & Long-Term Financial Planning

Three main components of the budget and long-term planning:

- 1) Addressing the Structural budget shortfall
- 2) Tax Measure renewals and their effects on financial planning – Sales Tax in June 2010 and the Park Tax in 2012.
- 3) Identifying & recognizing that a budget will rarely address all of a the needs of the community

Various options for the Sales Tax measure or multiple measures were discussed. Park Tax options: 1) Eliminate 2) Renew without changes 3) Increase and/or restructure the tax.

If current taxes are renewed at the current level, annual adjustments to the budget are made to maintain a balanced budget.

Core focus of the plan is how the revenues and expenditures are managed; this is one component of budget planning, but is subject to variables such as State revenues, tax renewals, etc.

The Commission suggested that the Sales Tax be increased with a longer sunset, or, possibly convert the Park Tax, which is a Special Tax, into a general tax so that funding can be used for other needs as needed.

Park Tax can be removed by passing the Sales Tax with a quarter cent increase, replacing the Park Tax with the acknowledgement that the Park Tax would not be renewed in 2012.

Staff would have to determine if the City can legally increase the Sales Tax per State law.

Possible ballot measures:

½ cent Sales Tax renewal with a limited sunset period

¾ cent Sales Tax renewal, without the Parcel Tax, with no sunset

½ cent Sales Tax, with a ¼ cent add-on, with no sunset

Discussion to be continued at a proposed Special Meeting in November, contingent on the City's legal ability to increase the Sales Tax and urgency of a Commission recommendation prior to Council action in January.

8. Informational Items:

- a) Proposed Recreation Fees FY 2010/11
- b) Preview of the First Quarter Budget Update

9. Adjournment

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