



**FINANCE AND BUDGET COMMISSION
REGULAR MEETING
MINUTES
Monday, April 12, 2021**

1. Call to Order and Roll Call

Vice Chairperson Beeman called the meeting to order at 6:30 pm and took attendance by roll call vote, consistent with the requirements for a telephonic (or virtual) meeting.

Members Present: Commissioners Beeman, Buzbee, Jacobs, Salomon, Sandino, and Sufi.

Council Liaisons Present: Council Member Carson

City Staff Present: Finance Director Adair and Accountant II Theresa Borrelli

2. Approval of the Agenda

Vice Chairperson Beeman called for public comment. There was no public comment on the agenda.

Commissioner Salomon moved to approve the agenda and the motion was seconded by Commissioner Jacobs. The motion passed by the following vote:

Ayes: Commissioners Beeman, Buzbee, Jacobs, Salomon, Sandino, and Sufi.

3. Brief Announcements from Staff, Commissioners and Liaisons

Finance Director Elena Adair provided an update of early payoff on the water and sewer bonds, OPEB and Pension evaluation and estimated costs, and the anticipated funding per the American Recovery Act.

4. General Public Comment on Items not on the Agenda

Vice Chairperson Beeman called for general public comment. There was no public comment on items not on the agenda.

5. Consent Calendar

- a. Approval of the minutes from the regular commission meeting on March 8, 2021

Vice Chairperson Beeman asked for a motion to approve the minutes. The motion to approve was made by Commissioner Salomon and seconded by Commissioner Sufi.

The vote, by roll call, was as follows:

Ayes: Commissioners Beeman, Buzbee, Jacobs, Salomon, Sandino and Sufi.

- b. Letter from RWG Law regarding Summary of AB 992: The Brown Act and Social Media
- c. Staff report for 2020 Climate action and Adaption Plan Update.

Vice Chairperson Beeman recused himself due to conflict.

Commissioner Salomon called for public comment. There was no public comment on the letter.

Commissioner Salomon motioned to approve the report and move this item as a regular agenda item in May and seconded by Commissioner Sandino.

Ayes: Commissioners Buzbee, Jacobs, Salomon, Sandino, and Sufi.

- d. Letter regarding City Seeks Nominations for Environmental Recognition Awards

Vice Chairperson Beeman asked for a motion to accept 5b and 5d. The motion to approve was made by Commissioner Salomon and seconded by Commissioner Jacobs.

The vote, by roll call, was as follows:

Ayes: Commissioners Beeman, Buzbee, Jacobs, Salomon, Sandino and Sufi.

6. Regular items:

- a. Update regarding the Comprehensive Annual Financial Report or other financial reports.

Finance Director Adair introduced the item and provided the financial report packet and a brief overview. Commissioners Buzbee, Jacobs, Sandino, and Salomon asked clarifying questions.

Vice Chairperson Beeman called for general public comment. There was no public comment.

Commissioner Salomon noted the various issues identified by the independent auditors and stated that although he was unaware of any fraud or malfeasance, given the audit findings related to internal controls as well as other factors, such as staff turnover, the fiscal impact of the pandemic, and the significant amount of anticipated federal funding, he wished to make the following motion: that the Director of Finance obtain directional quotes for a comprehensive internal control review of the City of Davis. The FBC further recommends that the results of that review be submitted to review by the Finance and Budget Commission, and that the commission be involved in any ongoing recommendations should the engagement proceed.

Vice Chairperson Beeman called again for general public comment. There was no public comment.

The vote, by roll call, was as follows:

Ayes: Commissioners Beeman, Buzbee, Jacobs, Salomon, Sandino and Sufi.

Commissioner Sandino made the following motion: that the proposed revisions to the purchasing policy in the municipal code be circulated to the Finance and Budget Commission for review. The motion was seconded by Commissioner Jacobs.

Vice Chairperson Beeman called again for public comment. There was no public comment.

The vote, by roll call, was as follows:

Ayes: Commissioners Beeman, Buzbee, Jacobs, Salomon, Sandino and Sufi.

b. Proposal regarding City long-run-marginal-cost of service assumptions.

Vice Chair Beeman presented the ad hoc subcommittee's analysis of per capita costs. He indicated that the analysis, which looked at Davis and other towns in the area with similar populations, showed a strong correlation between rising per capita costs and population increases. He stated that the analysis contradicted the assumption that the marginal cost of new development was 75% and was more likely more than 100%.

Commissioner Salomon thanked the subcommittee for its report and offered his analysis of the cost of growth, looking at individual departments and estimating the additional costs attributed to new development by department.

Commissioner Jacobs commended the subcommittee for its effort but indicated his disagreement with its conclusions. He argued that the correlation shown in the subcommittee analysis did not show a cause-and-effect relationship—that as cities grow and revenues from higher property and sales taxes increased, the cities spent the additional money because of a backlog of needs.

Commissioner Beeman asked Finance Director Adair for her guidance on this issue. Finance Director Adair provided some additional background and suggested that instead of recommending that 100% be used, that the policy should be based on a sensitivity analysis that takes different scenarios into account.

Commissioner Buzbee indicated his agreement with Commissioner Jacobs, noting that it was the rapidly growing towns like Folsom that were increasing per capita spending most rapidly. He suggested that an alternative approach would be to request that development consultants provide a justification for whatever percentage they use when submitting marginal cost analysis to the city.

Commissioner Sufi asked if the 75% marginal cost estimate was an industry standard.

Commissioner Sandino asked to see a more specific analysis when a development comes forward and called for staff input.

Commissioner Salomon moved that the Finance and Budget Commission recommend that the City of Davis adopt a policy of allocating 100% of all departmental costs to future projects, unless there is a specific analysis supporting a different allocation, along with specific comments by the affected department managers. Vice Chair Beeman seconded the motion.

Ayes: Beeman, Salomon and Sufi. Nays: Buzbee, Jacobs, and Sandino.
The motion failed.

Commissioner Salomon moved that the Finance and Budget commission put this item on the agenda for the next scheduled meeting and the motion was seconded by Commissioner Sandino. No vote was taken on this motion.

Commissioner Jacobs asked that his memo, Vice Chairperson Beeman's memo, and Commissioner Salomon's spreadsheet be included in next meeting's agenda packet.

- c. Discussion of potential Commission task force topics.

Commissioner Salomon motioned to move this item to next meeting, which was seconded by Commissioner Sufi.

Vice Chairperson Beeman called for public comment on this item. There was no public comment.

Ayes: Commissioners Beeman, Buzbee, Jacobs, Salomon, Sandino and Sufi.

7. Commission and Staff Communication

- a. Subcommittee Reports:

Subcommittee for the Review of Police Department and Safety Contracts for Goods and Services

No update.

Subcommittee Related to Using Excess Water and Sewer Funds for OPEB/Pension Liability

Awaiting information from City staff

Subcommittee Related to Economic Impact of Major Development

Last meeting will be in May or June. City will be applying an inflation factor to the agency fees after Council's approval.

Subcommittee Related to Communications

Informative meeting with Kelly Stachowicz was conducted.

Vice Chairperson Beeman called for public comment on this item. There was no public comment.

8. Long Range Calendar:

Finance Director Adair requested to move the proposed budget review to a special meeting or June meeting. A special meeting to review proposed budget was preferred by commission members.

Vice Chairperson Beeman called for public comment on this item. There was no public comment.

9. Adjournment:

Vice Chairperson Beeman asked for a motion to adjourn. Commissioner Salomon moved to adjourn and the motion was seconded by Commissioner Sufi. The vote was as follows:

Ayes: Commissioners Beeman, Buzbee, Jacobs, Salomon, Sandino and Sufi.

The meeting was adjourned at 8:41 pm.