

Finance and Budget Commission (FBC)

Joint Discussion with City Council

January 28, 2020









Proposed Approach and Agenda

Council Members,

We are excited to meet with you to get direction and feedback for our commission. Given our limited time, we would like to focus on the discussion topics we structured. We have included plenty of other background materials that we put into an appendix.

- Proposed Agenda:
 - Short introductions
 - Discussion Topics
 - Brief close with current work

Member of the FBC

Michelle Weiss – Chair	
Paul Jacobs – Vice-Chair	
Ezra Beeman	
Doug Buzbee	
Donna Neville	
Ray Salomon	
Gurkern Sufi	
David Sandino – Alternate	

Subcommittees

Subcommittee	Members
Public Safety	David , Ray, Michelle
Parks, Community Services, Public Works, Capital Improvement	Ezra, Gurkern, Michelle
Administration, Information and Communications	Paul , Michelle
Fund Balance, Debt, Revenues	Ray , Donna, Gurkern
Enterprise Reengineering Project (ERP)	Donna , Paul
Community Development, General Plan Update/DPAC	Doug , Ezra, Gurkern

Bold indicates the lead for that subcommittee

Discussion Topics*

- **Ongoing Budget Deficits:** Including the growth in unfunded pension and OPEB liabilities, the city has a planned budget deficit exceeding \$10 million annually. This is of great concern relative to long-term fiscal health. (Ray)
- **Economic Development:** Unclear when FBC can or should be engaged to review assumptions on revenue or expense to the city for development projects and what the status is of the fiscal development model. (Doug)
- **Finance Director:** Need a high quality Finance director that will stay at least three years. (Michelle)
- **Capital Improvement Projects (CIP) :** It appears that the budget for CIP always exceeds our capacity so should we reassess our practice? (Gurkern)
- **Metrics:** Without a set of metrics that the city can use internally and externally it's difficult both for city leadership to do performance management and to communicate with citizens. These metrics need to be meaningful and also have some sort of outside measure of "goodness" (e.g. benchmark). (Paul)

* We have designated a member of the commission to present each topic

FBC Current work

- Reviewing each city department both to familiarize ourselves with the city structure but also to focus on the budget in action. We should be done by the end of the summer.
- Looking at metrics – starting with Public Works.
- Advising on ERP final selection and implementation.
- Reviewing work on fiscal impact of Downtown plan.
- Hope to be engaging with Aggie Research Campus.
- Recommended selection criteria for new Finance Director and hope to be engaged in selection process.

Latest FBC Calendar

<http://documents.cityofdavis.org/Media/Default/Documents/PDF/CityCouncil/Finance-and-Budget-Commission/Agendas/2020/2020-01-13/Item-8B-Long-Range-Calendar.pdf>

APPENDICES

FBC Function

- **Providing transparency of City Finances to the citizens of Davis.**
- Reviewing the spending outlined in the city budget in order to advise the Public that City Council/City Management is accountable for spending taxpayer dollars effectively and in keeping with important city priorities.
- Searching for and advising actions that could maximize city revenues and reduce governmental costs and help ensure municipal fiscal stability.
- Providing recommendations/special studies on financial and economic issues to the City Council.
 - **City Council Liaisons:** Dan Carson & Gloria Partida

Subcommittee Work Plans

- Work plans for subcommittees can be found here:

<http://documents.cityofdavis.org/Media/Default/Documents/PDF/CityCouncil/Finance-and-Budget-Commission/Agendas/20191010/6E-Finance-and-Budget-Commission-Workplan.pdf>

- Revised work plan for Fund Balance, Debt and Revenue sub:

<http://documents.cityofdavis.org/Media/Default/Documents/PDF/CityCouncil/Finance-and-Budget-Commission/Agendas/20191114/7A-Work-Plan-Fund-Balance-Debt-Revenue-Subcommittee.pdf>

Accomplishments

- Driving force behind the city taking an opportunistic look at refinancing of debt.
- Questioned the initial proposal for the Wells Fargo loan and advocated for the city to reopen bond consultant and bond underwriter contracts which the city did.
- Advised looking at hiring versus overtime for Fire Department.
- Supported taking a more aggressive position on fund balance investments to keep up with inflation and per the recent Treasurer's report this has improved.
- Pushed for new business software (ERP) and reviewed the RFP and responses.
- Encouraged the city to take a long view on city finances which has culminated in the Leland model and its subsequent refinements.
- Reviewed the city's fiscal development model and recommended changes as part of analyzing Measure J/R projects for fiscal impact.
- Promoted transparency in communications on city finances including the use of utility inserts.