

## STAFF REPORT

**DATE:** January 28, 2020

**TO:** City Council

**FROM:** Kelly Stachowicz, Assistant City Manager  
Pamela Day, Financial Services Manager

**SUBJECT:** Joint Discussion of the City Council and the Finance and Budget Commission

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### **Recommendation**

This staff report is for information only.

### **Fiscal Impact**

None.

### **Background**

The City Council schedules joint meetings with Commissions, with the intent of discussing the Commission's focus and activities to ensure that they align with the Council's goals and priorities. Joint discussions provide an opportunity for the City Council to give direction to the Commission and share with the Commission thoughts about potential projects/advice the Council wants or needs from the Commission. Tonight members of the Finance and Budget Commission (FBC) will meet with the City Council to discuss their accomplishments and work plan, and to get feedback and direction from them.

The purpose of the Finance and Budget Commission is to focus on independent analysis of the technical, financial and budgeting issues. Resolution No. 14-175, setting the structure and purpose of the FBC, was adopted on December 16, 2014. It states the functions of the Commission as:

- 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.

The topics that the Commission is interest in discussing are:

- Ongoing Budget Deficits.
- Review of Economic Development Projects

- Recruitment of a Finance Director
- Budgeting of Capital Improvement Projects
- Setting Meaningful Metrics

**Attachments**

1. Resolution No. 14-175
2. FBJ Joint Discussion Proposed Topics
3. FBC Attendance Log

**RESOLUTION NO. 14-175, SERIES 2014**

**RESOLUTION REGARDING THE STRUCTURE AND PURPOSE OF  
THE FINANCE AND BUDGET COMMISSION**

WHEREAS, this Resolution supercedes all previous resolutions related to the structure and purpose of the City of Davis Finance and Budget Commission; and

WHEREAS, the City Council relies on Boards and Commissions to provide advice and information on subjects within the Commission's scope.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Davis establishes a Finance and Budget Commission to achieve the following:

1. PURPOSE

The Davis Finance and Budget Commission is to focus on an independent analysis of technical, financial and budgeting issues.

As an advisory body of the Davis City Council, the commission is established and guided by the following documents:

- a. Davis Anti-discrimination ordinance; and
- b. Commission Handbook; and
- c. Commission Policy Guidelines

2. MEMBERSHIP

The Finance and Budget Commission shall consist of seven (7) members and one (1) alternate. All voting members of the Finance and Budget Commission, regular and alternate, shall be appointed by the City Council.

The alternate member shall not vote except upon one of the following conditions:

- a. Absence of one (1) or more of the regular members of the commission.
- b. Disqualification of a regular member of the commission because of an expressed conflict of interest.
- c. There will be one (1) non-voting liaison from three (3) separate commissions: the Planning Commission, Recreation and Parks Commission and the Open Space and Habitat Commission.

3. TERMS OF OFFICE

Members of the commission shall serve a term of four (4) years, or until their successors are appointed. For purposes of establishing staggered terms, appointments may be for terms varying between one (1) and four (4) years as the Council may decide. No members shall serve for more than two (2) consecutive terms, except under special circumstances.

4. TERMINATION OF APPOINTMENT

The term of appointment of any member of the commission who has been absent from three (3) consecutive regular or special meetings, or who has missed more than 1/3 of the meetings in a 12-month period, without the approval of the City Council, shall automatically terminate.

Members of the Finance and Budget Commission serve at the pleasure of the Council and may be removed from office by a majority vote of the Council.

5. VACANCIES

Vacancies on the commission shall be filled for the unexpired term in the same manner in which regular appointments are otherwise made.

6. OFFICERS OF THE COMMISSION

The members of the Finance and Budget Commission annually shall select one (1) of its members as Chairperson and one (1) of its members as Vice Chairperson. No chairperson or vice chairperson shall serve more than two (2) consecutive years as chair.

- a. THE CHAIRPERSON of the commission shall call the meetings to order at the appointed time, shall appoint all committees, subject to the approval of the commission, shall have all the powers and duties of the presiding officer as described in "Rosenberg's Rules of Order: Simple Parliamentary Procedures for the 21<sup>st</sup> Century," and shall perform such other duties as may from time to time be prescribed by the commission.
- b. THE VICE CHAIRPERSON of the commission shall have all the powers and perform all the duties of the Chairperson in the case of absence or inability of the Chairperson to act. The Vice Chairperson shall perform such other duties as may from time to time be prescribed by the commission or the Chairperson.

7. MEETINGS OF THE COMMISSION

The Finance and Budget Commission shall establish a regular time and place of meeting and shall hold regular meetings. Special meetings of the commission may be called by the Chairperson, or by any four (4) or more voting members of the commission, with permission of the Council liaison or the City Council. Personal notice must be given to all members of the commission. If personal notice cannot be given, written notice must be mailed to such members at least twenty-four (24) hours prior to said meeting, unless said notice requirement is waived in writing by said member.

8. QUORUM

For the purpose of transacting business, a quorum of the Finance and Budget Commission shall consist of four (4) of the seven (7) members. An alternate member shall be counted as a full voting member for purposes of attaining a quorum.

9. FUNCTIONS OF THE COMMISSION


The Finance and Budget Commission shall have the responsibilities as provided in this section and such other duties as the Council may, from time to time, decide:

- a. Providing transparency of City Finances to the citizens of Davis.
- b. 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.
- c. Searching for and advising actions that could maximize city revenues and reduce governmental costs and help ensure municipal fiscal stability.
- d. Providing recommendations/special studies on financial and economic issues to the City Council.

PASSED AND ADOPTED by the City Council of the City of Davis this 16th day of December, 2014, by the following vote:

AYES: Davis, Frerichs, Lee, Swanson, Wolk

NOES: None

  
Daniel M. Wolk  
Mayor

ATTEST:

  
Zoe S. Mirabile, CMC  
City Clerk

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

**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.

FINANCE AND BUDGET COMMISSION  
ATTENDANCE LOG FOR CALENDAR YEAR 2019

Meeting Date	Paul Jacobs	Raymond Salomon	Michelle Weiss	Ezra Beerman (alt)	Doug Buzbee	Donna Neville	Gerkern Sufi	David Sandino (alt)	Matt Williams	Bill Wood	Comments
January 17, 2019	X	AB	X		X	X			X	X	
No Feb. meeting											
March 11, 2019	X	X	X	X	X	X			X	AB	
April 8, 2019	X	AB	X	AB	X	X			X	X	
May 13, 2019	X	X	X	X	X	X			X	X	
June 3, 2019	X	X	X	X	AB	AB			X	X	
July 8, 2019	X	X	X	X	X	X			X	X	
August											Summer Recess - No Meeting
September 9, 2019	X	X	X	X	X	X	X	X			
October 10, 2019	X	X	X	X	X	X	X	X			
November 14, 2019	X	AB	X	X	AB	X	AB	X			
December 9, 2019	X	X	X	X	X	X	AB	AB			
Total Absent	0	3	0	1	2	1	2	1	0	1	