

MINUTES OF THE DAVIS CITY COUNCIL
Special Meeting of May 27, 2025

The City Council of the City of Davis met in special meeting session beginning at 3:35 p.m. in the Senior Center Valente Room, 646 A Street, Davis, California. The meeting was called to order by Mayor Vaitla.

Roll Call: Councilmembers Present: Josh Chapman, Linda Deos, Donna Neville, Gloria Partida, Bapu Vaitla

Councilmembers Absent: None

Other Officers Present: Interim City Manager Kelly Stachowicz, City Attorney Inder Khalsa

Approval of Agenda D. Neville moved, seconded by J. Chapman, to approve the agenda. Motion passed unanimously.

Workshop: Fiscal Years 2025/26 and 2026/27 Interim City Manager Kelly Stachowicz and Finance Director Elena Adair: Workshop is intended as a continued discussion of the proposed budget received by City Council on May 20, 2025.

Proposed Biennial Budget; Long Range Financial Forecast Bob Leland, Senior Advisor Baker Tilly Advisory Group, LP, financial consultant: Presented Long Range Financial Forecast Model. \$3M shortfall in FY26 and \$2.8M in FY27 to close gap and restore General Fund reserve to 15%. Expenses for FY27 proposed budget are \$11.9M higher than 2023 forecast. Revenues are \$1.7M lower. Major sources of increased expense: personnel, pension, internal service charges, insurance and workers compensation, other professional services contracts, operations and maintenance, Capital Improvement Projects. Forecast risks and uncertainties higher than in past years.

Recommended next steps: Even with new Measure Q sales tax, city needs to close average \$2.3M annual shortfall by reducing spending by \$3M starting in FY27 (-3% of total expense) to restore balance. Recommended approach:

- FY27 Budget is temporary; will have to be reduced
- Over next 12 months evaluate budget reduction options and implement starting July 1, 2026
- Go slow on filling positions to provide more flexibility in restructuring around vacancies
- Do not add additional spending
- Watch for adverse impacts on the economy and the university that may reduce revenues further, and update forecast to revise target level of cuts as needed prior to July 1, 2026

Public comments:

- Elaine Roberts-Musser: Budget does not allow for new programs and services. Need to address unmet infrastructure needs, increase General Fund reserve back to 15%, and pay down pension and OPEB costs.
- Margie Provenza: Need to fix roads and address deferred maintenance.
- Judy Ennis, Davis Community Action Network: Need to collaborate with other jurisdictions such as UC Davis and Davis Joint Unified School District to maintain social services.
- Lois Wolk: Interested in further discussion on urban forest.

Councilmembers provided individual comments, including:

B. Vaitla: Would like to see forecast 6 or 8 months before budget development, have time to evaluate options. Pavement management—interested in forecast results based on different funding scenarios. Interested in staff coming back with potential cuts in order to front load pavement maintenance so Council can evaluate tradeoffs. Long term solution is economic development; economy can't grow without additional housing.

G. Partida: Consider using other funds for infrastructure besides General Fund when possible. Interested in more information on what funding is restricted vs what is flexible for CIPs.

D. Neville: Support forecast discussion in "off" budget year. Interested in costs by program for General Fund, some type of breakdown by department.

Melissa Marshall, Principal Civil Engineer: Overview of FY 25/27 Capital Improvement Projects with funding allocations.

J. Chapman: Consider implications for deferred CIPs, such as future cost increases, and grants or other state or federal funding that may be lost. Interested in funding scenarios if Council wants to get back to 15% General Fund reserve in 4 or 5 years.

Adjournment Meeting was adjourned at 5:21 p.m.

Zoe Mirabile, City Clerk