

**CITY OF COTTAGE GROVE  
BUDGET COMMITTEE MEETING  
MINUTES  
May 26, 2015**

Mayor Munroe called the meeting to order at 6:00 p.m. in the Council Chambers at City Hall.

**ROLL CALL**

City Recorder Trudy Borrevik called the roll. The following were

Present:	Council:	Mayor Thomas Munroe, City Councilors Kate Price, Jeff Gowing, Jake Boone and Garland Burback
	Members:	Eugene Brown, Greg Ervin, Pam Reber, Kenneth Roberts, Brad Borigo and Gary Williams
Absent:	Council:	Councilors Heather Murphy and Mike Fleck
	Members:	Chris Holloman
Staff Present:		City Manager Richard Meyers, City Recorder Trudy Borrevik, Finance Director Bert Olsen, Public Works Director Jan Wellman, Police Chief Mike Grover, Police Commanders Conrad Gagner and Scott Shepherd, Community Development Director Howard Schesser, Community Services Director Pete Barrell and City Engineer Ron Bradsby
Media:		Cameron Reiten, KNND Matt Hollander, The Sentinel

**ELECTION OF BUDGET COMMITTEE OFFICERS**

Mayor Munroe advised the committee that the Chair position was on a rotation basis, one year the Chair was a Council member and the next year it was a Budget Committee Member. He said last year's Vice-Chair was Eugene Brown so he would be the Chair for this year.

**IT WAS MOVED BY COUNCIL BURBACK AND SECONDED BY COUNCILOR BOONE THAT JEFF GOWING BE NOMINATED AS VICE-CHAIR.**

**IT WAS MOVED BY COUNCILOR BURBACK THAT GREG ERVIN BE NOMINATED AS SECRETARY. IT WAS MOVED BY MEMBER ROBERTS THAT PAM REBER BE NOMINATED AS SECRETARY.**

**The vote for Secretary was 5 votes for Greg Ervin and 6 votes for Pam Reber. Pam Reber was elected Secretary.**

Mayor Munroe turned the meeting over to the Chair, Eugene Brown.

#### **ESTABLISH MEETING RULES**

**IT WAS MOVED BY COUNCILOR GOWING AND SECONDED BY COUNCILOR BURBACK THAT THE MEETING BE ADJOURNED NO LATER THAN 8:00 P.M.**

**The motion passed 11-0.**

#### **APPROVE MINUTES - May 27, 2014**

**IT WAS MOVED BY COUNCILOR BURBACK AND SECONDED BY COUNCILOR GOWING TO APPROVE THE MINUTES OF MAY 27, 2014.**

**The motion passed 11-0.**

#### **BUDGET MESSAGE AND BUDGET PRESENTATION**

City Manager, Richard Meyers, read the Budget Message for the 2015-2016 Fiscal Year.  
*(Attached as Exhibit A)*

#### **PUBLIC HEARING FOR PUBLIC INPUT ON POSSIBLE USES OF STATE REVENUE SHARING MONIES**

Richard explained what State Revenue Sharing funds were used for.

Chair Brown opened the public hearing.

No one appeared to speak.

Chair Brown closed the public hearing.

#### **PUBLIC COMMENTS AND REQUESTS FOR APPROPRIATIONS**

Richard said two letters had been received with requests for appropriation. One letter was from South Lane Wheels thanking the City for last year's appropriation of \$5,000 and asking for it to continue for the next fiscal year. He said the other letter was a request from the Cottage Grove Genealogy Society for \$1500 to purchase three new computers. He said the South Lane Wheels appropriation was included in the budget; however the request from the Genealogy Society was not included in the budget.

Nancy, the President of the Genealogy Society, spoke regarding their need for new computers. She said the society didn't have a lot of funds and the current computers were so old and the

programs needed to be upgraded. She said the Library currently paid for an ancestry membership however this was the last year they were going to do so and the society would be paying the \$450 a year cost. She said since they had moved into the Community Center building, people using their services had increased. She provided an example of how she had helped a citizen locate their family.

Member Gary Williams said he supported the request and had been a member of the local group and the Lane County Genealogy Society in the past. He said the request had merit to the extent that there were a number of opportunities that the City had in partnering with those people in the community that had a direct impact on the committee in economic development.

Mayor Munroe said the State Library did away with the genealogical section and gave the books away to numerous genealogical societies which the Cottage Grove Genealogical Society was one. He said they had so many books that they were having problems categorizing them all due to some of their computers not working. He said when they completed categorizing all the books; they would have a wonderful research area.

Councilor Boone asked if they had already selected computers that they wanted to purchase.

Nancy said LCOG had helped them in recommending computers that were around \$449 each.

Councilor Boone said he wasn't saying they shouldn't fund the computers; however he thought since they didn't have definite prices, they should wait until they did and then the Council could make a decision.

Richard said the letter did provide the price of each computer they were looking to purchase.

Member Pam Reber said kudos to the City and the Genealogical Society. She recommended approval of the request.

**IT WAS MOVED BY COUNCILOR BURBACK AND SECONDED BY MAYOR MUNROE TO GIVE \$1500 TO THE COTTAGE GROVE GENEALOGICAL SOCIETY FOR THE PURCHASE OF THREE COMPUTERS.**

Councilor Boone said he withdrew his suggestion due to the fact that the letter provided did have accurate pricing information.

Richard suggested that the money come from the Community Promotion Budget.

**The motion passed 11-0.**

Travis Palmer, Cottage Grove Area Chamber of Commerce Executive Director, thanked the City and the Budget Committee for supporting the Chamber through tourism dollars. He talked about what the Chamber used the funds for, commenting about the Bridges and Beyond campaign and how the room tax revenues increased with the campaign. He expressed his general support for the idea of the potential Eugene Symphony concert in Bohemia Park in July. He said the reason behind

the concert wasn't just to spend money to let everyone listen to classical music, it was about bringing something to Cottage Grove that we normally wouldn't have the opportunity to do. He said the bulk of the cost was being paid by the Bohemia Park Foundation and he thought the cost was a good tourism expense. He said in most places you couldn't see the symphony for free, so it was an opportunity to bring it to Cottage Grove for the citizens to enjoy. He said it might create something that was perpetual and wouldn't cost the City money every year and could be funded by fundraising, passing the hat, etc.

Carrie McCasline spoke regarding the pool. She thanked the Council and Budget Committee for their continuing support of the pool. She provided an overview of how the pool was owned and operated and what the pool offered for the community.

### **BUDGET REVIEW/ACTION**

Richard said on Page 16 the entire budget was on one sheet which included the funds and how they were broken out.

He went over the General Fund which was supported by taxes and included departments such as law enforcement, park maintenance, library and community center, planning and administration. He went over the revenues in the General Fund. He talked about the Mayors Conference which was scheduled for the end of July, first of August at the Village Green. He said the revenue line was for sponsorships and donations for the conference.

Richard covered the City Council budget which included the dues for membership in various organizations such as the League of Oregon Cities, National League of Cities, LRAPA and Lane Council of Governments.

Richard talked about the City Manager's budget and said changes in the department included adding under contractual services the legal services for legal representation and the codification services which was taking the City Ordinances and putting them into the Municipal Code. He said both of those were in the City Attorney budget in the past.

Richard said the Finance Department was almost fully staffed, it just needed to hire a part-time employee. He said the department took care of all the finances, audit services, budget, etc.

Richard went over Police Operations and said it was the major expense in the General Fund. He said \$562,000 transferred out of the General Fund into the Police Communications Fund, which was a separate fund because it received 9-1-1 money. He said the City only received around \$86,000 from the State to run the 9-1-1 service twenty-four hours a day, seven days a week, which made it necessary to supplement the fund with funds from the General Fund.

Member Williams asked about overtime issues in the past and inefficiency of the previous court and asked if everything was working better.

Chief Grover said yes, that it was working more efficiently.

Richard talked about the new animal shelter that was included in the Police Operations Budget and said it was a new service started this year. He said it provided better access to the kennel on weekends to reunite owners with their pets. He also talked about a Facebook page that was started to help reunite owners with their pets as well.

Richard said Municipal Court was running efficiently and the Judge was working well. He said there were a new Municipal Court Clerk and new Prosecuting Attorney. The Court Clerk position used to be full-time with part of the position coming out of Finance, but it was changed to a part-time position and only did Municipal Court.

Councilor Price asked which fund the Judge was paid from.

Richard said it was paid from contractual services in the Municipal Court Fund.

Richard said Municipal Court Support Services included the Prosecuting Attorney.

Councilor Boone asked about the line item for prosecuting attorney conflict and why it was zero.

Richard said the new Prosecuting Attorney's office was in Eugene and it's anticipated that he wouldn't have many conflicts. However his contract stated that if he had any conflicts, he would pay for another attorney to handle the case. He said the \$54,000 budget was the maximum he would be paid each year at \$4,500 maximum each month.

Mayor Munroe asked about court appointed attorney fees being recovered.

Finance Director, Bert Olsen, and Richard said what was recovered wasn't very much. They said on fine payments, the State was paid first for assessments, etc. and the City was paid last.

Richard said there hadn't been a lot of changes to Peer Court. He said Al Jarvis had retired as the Peer Court Coordinator and retired Court Clerk Kathy Kelty was the new Coordinator. He said she had significant experience with the court process and had brought a lot of professionalism to the position. He said the Court was limited under the agreements with the Department of Youth Services what they could do and how many times they could deal with a juvenile.

Richard said Building Maintenance maintained the Library, Community Center and City Hall and did as needed only maintenance at the Armory. He said there were several projects that were included in the General Reserve. He said City Hall was 30 years old and was still on the original heating and cooling system.

Richard said in the Parks Department, the part-time position was being changed back to a full-time position. He said there were too many issues over the last year with trying to use part-time workers. He said people had commented that the City wasn't doing park maintenance. He said at Coiner Park, there were none or limited swings because they were on back order and had been for several months. He said staff tried to purchase chains locally but they didn't meet the requirements for avoiding pinching of fingers and were wearing out regularly. He also mentioned that Woodson Park had been changed to Haskell Park.

Member Reber commented about the increasing garbage problem in parks and open space.

Member Williams commented that there were several volunteers who picked up garbage around town. He asked how pick-up of garbage in the parks was handled and if it was a fee that the City paid to the Franchisee.

Richard said it was part of the Franchise Agreement that the City received so much free service from the garbage company in the parks.

Discussion was held on garbage service in parks and on City properties.

Richard commented about the BMX track by the Water Treatment Plant and said it was abandoned by the Emerald Valley BMX last year. He said the City had been cleaning up the area and were looking for groups or people interested in the operation of the track.

The Budget Committee recessed for a break at 7:04 pm and reconvened at 7:10 pm.

Richard went over the Engineering Department Budget. He said they had been operating with one less staff person over the last year but next year's budget included the additional staff person.

Richard talked about the Broadband Services Budget which included operations for the fiber optic and WiFi system. He said there were currently five government customers and four business customers on the fiber system and the City was in the process of preparing a response for a bid for another business. He said the budget also included the expansion of fiber lines. He talked about the fiber lines and the size of the lines and the need for more fiber lines and about projects that were proposed for the next year.

Member Williams asked about credit card payments and who could pay by credit card.

Richard said court, building permit and SDC fees, WiFi and Middlefield Golf Course.

Bert talked about credit/debit card payments and said the hope was in the next year that option would be available to the City's customers. She talked about processing fees and how that could be handled.

Richard said the Community Development Budget encompassed planning, development, nuisance abatement and building permits. He said there weren't any major changes in the budget.

Member Brown asked about the transportation grant from last year.

Richard explained it was a South Lane Wheels grant and he showed where the grant funds were received and then spent to match the revenues.

Richard talked about the Library Budget. He said the Library continued to see increased uses and activities. He said next fiscal year the Library would be one of nineteen libraries in the country displaying the Human Origins exhibit from the Smithsonian.

Richard said the Community Center Budget included all the aspects of running the center. He said there weren't any big changes and the budget included continued repairs of the therapy pool which had increased usage.

Councilor Gowing asked if it were possible to move some of the community center activities to the Armory and expand the pool.

Richard said probably not because of the nature of the pool. He said it would require a significant remodel. He said the community pool continued to improve and they would have the capacity for larger groups. He said the building wasn't designed for a pool and continued to have issues.

Mayor Munroe commented about the Shepherd Room at the Community Center and how much it was used.

Richard said the Senior Center and their services continued to grow as well as the visitor's access to the building. He said the City had an agreement with the Chamber as part of their rent that they provide a staff person or volunteer for forty hours per week to provide information about the Chamber and the City and what was going on in the Community Center and Library.

Richard went over the Community Promotions budget. He said an expenditure had been added for the Genealogical Society in the amount of \$1500. He said it also included the Chamber of Commerce contribution which was one percent of the Transient Room Tax. Also included was the Rural Tourism Grant which the City received from the County and was meant to enhance and improve tourism in the community. He said the City was teaming up with the Chamber to reprint the Covered Bridge brochures; they went through 10,000 brochures in two years. He said he was proposing \$10,000 for Eugene Symphony from the Rural Tourism Grant funds.

Member Williams asked who tracked the room occupancy numbers.

Richard said Travel Lane County did a great job in collecting those numbers. He talked about events that were scheduled in the Eugene area that would most likely fill the motel/hotel rooms in Cottage Grove. He talked about Disc Golf tournaments that were held at the Disc Golf Course as well as Middlefield Golf Course. He mentioned the Gran Fondo and working with the coordinator to find something to keep the participants in town after the race.

Richard said the Non-Departmental Department included items that went across all borders in the General Fund. He mentioned some items included in the budget such as labor negotiations, insurance coverage, contractual services and transfers. He said the deductible for the jail had increased to \$10,000 due to claims.

Mayor Munroe asked about the BLM maintenance on the Row River Trail and where it was included in the budget.

Richard said it was included in the Bicycle/Footpath budget.

Bert said the contractual services line item included items such as Local Government Personnel Institute, Department of Administrative Services annual purchasing agreements, Cascade Health Solutions, an employee assistance program and LCOG Charter Franchise renewal.

Richard went over the Special Revenue Funds and said they were funds that had revenue that was received and earmarked specifically for a specific purpose under the Constitution, the City's law or State law.

He said the Street Fund brought in gas tax money which was under the State Constitution and had to go for road and street projects. He said it included street maintenance, street sweeping and capital improvements. He said under the State Constitution the City couldn't hold the gas tax money for more than three years which made it difficult to hold for large projects. He said the City would be spending about \$350,000 this year on street projects and were looking at South 6<sup>th</sup> and a process called "crabbing" where the surface was ground off and concrete was added and laid back down over the surface. He said it couldn't be done on a road where the base had failed. He said staff had looked at North 16<sup>th</sup>; however it had significant utility work that needed to be done underneath it which the City didn't have the funds for.

Member Williams asked how deep the crabbing was.

Public Works Director, Jan Wellman, said about two inches.

Richard said also included in the Street Fund was \$100,000 for patching and \$125,000 for a new street sweeper.

Richard talked about the Assessment Fund and said if an LID were formed, it included an estimate of \$1,193,000. He explained how it worked.

Richard said the Police Communication Fund was where 9-1-1- was funded.

Richard said also included in the Special Revenue Funds was the Narcotics Forfeiture Fund. He said the laws were changing and the fund continued to decrease.

Richard said the Bicycle Footpath Fund was where bicycle trails, footpaths and sidewalks were included. He said one percent of the gas tax money had to go into the fund and could accumulate for ten years. He said it also included the Row River Trail and revenue received from the BLM in the approximate sum of \$15,000 for the City taking care of the BLM portion of the trail. He talked about the City's relationship with BLM regarding the trail.

Richard talked about the Building Inspection Program Fund and said it took care of the implementation and enforcement of building codes. He said the City had contracted with a new building inspection firm. He said Lane County was exploring some kind of regional approach to building inspections.



Richard talked about the Housing Rehabilitation Program and said it was money from the old Community Development Block Grants (CDBG) for housing rehabilitation. He said there was currently about \$453,000 which had to be kept until the Federal government decided what they wanted to do with it. He said some of the funds had been de-federalized and could possibly be used for the Armory.

Councilor Boone confirmed that the Special Revenue Funds could put money into them but couldn't get money out.

Richard said that was correct. He said money from the General Fund was going into the Building Fund and 9-1-1 but the City couldn't take any of the money and move into the General or Utility Funds.

Richard went over the Enterprise Funds. He said they were the utility funds that were operated like a business; water, wastewater, storm drainage and industrial park operations.

He talked about the water rates and said the five year plan would go to before the Council on June 8<sup>th</sup>.

He said the wastewater fund was always a challenge trying to get the funding and expenses to match. He said the increase in rates for wastewater were significant but were preparing for capital improvements that needed to be made. He said the Golf Course was included in the wastewater fund and one of the benefits was using effluent from the wastewater treatment plant and spraying it on the golf course. He talked about DEQ requirements and how they changed. He talked about soccer golf which was now available at the golf course and the disc golf course.

Mayor Munroe asked about impervious surface fees and when the City was going to start charging for them.

Richard said they were included in the storm water fees as EDUs.

Richard went over the Industrial Park Operations Fund and said if Side Pockets had made good on their loan, the City would have received \$448,000 and had ample money to pay off the debt. He said next year if there was no property sold, the City would be looking at transferring from the General Reserve to fund the debt service.

Discussion was held on the debt service.

Richard talked about the Capital Project Funds which came from SDC fees. He said the funds could only be used for projects included in the project list. He said the entire amount of the fund had been budgeted to be spent so SDC eligible expenses could be paid from the fund. He said if the projects didn't happen, the funds weren't spent.

Richard went over the Reserve Funds and said it included a new computer server for City Hall and a storage facility for the Police Department. He said the Water Reserve was funding some major capital outlay improvements and rebuilding the Taylor Pump Station.

Richard said one thing to note was the budget was inflated and explained how that worked.

Councilor Boone said it was close to 8:00 and asked if the committee wanted to extend the meeting.

**IT WAS MOVED BY MEMBER WILLIAMS AND SECONDED BY COUNCILOR BURBACK THAT THE BUDGET COMMITTEE APPROVE THE BUDGET AS AMENDED.**

Member Williams recognized Lindsay Haskell who had been a member of the Budget Committee for years.

Councilor Boone said changes to the budget hadn't been addressed and he asked to amend the motion to reduce the \$50,000 for the swimming pool to \$40,000 and add \$10,000 into contingency for the Industrial Park debt. Motion failed for a lack of a second.

Discussion was held on the motion.

Councilor Price asked why the budget was being rushed. She said Richard had gone through the budget but there hadn't been any discussion yet. She said there was a second meeting scheduled and suggested they come back for discussion of the budget at that meeting.

Member Williams said if the Budget Committee adopted the budget, the City Council would have the opportunity to make changes to the budget.

Richard said the City Council could amend and change the approved budget by ten percent in any fund. If it were more than that it had to go back to the Budget Committee.

There was discussion on the pending motion and suggested amended motion.

Richard said if the committee wanted further discussion on the budget, then they should vote no to approve the budget.

Member Reber talked about her opinion of the budget process.

Member Borigo talked about the process and said he thought everyone needed to have time to voice their opinion and ask questions about the budget.

**The vote on the motion passed 6-5.**

Chair Brown adjourned the meeting at 8:12 pm.

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Chair

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City Recorder



May 20, 2015

Dear Mayor, City Council and Budget Committee:

Attached is the 2015-16 Proposed Budget for your consideration.

As always, the purpose of this budget message is to introduce the Proposed Budget, provide some background information and supply a brief overview of the document and how it will address the challenges of the coming year. I welcome a much more detailed discussion of the budget as the Budget Committee reviews the document.

The 2015-16 Proposed Budget for the City of Cottage Grove is, as required by Oregon Law, a balanced budget. Expenditures for all funds total \$26,432,466, an increase of \$2,964,853 from the 2014-15 Budget. That increase can almost be entirely accounted for in the funding of some major capital projects with more than half of those projects funded through capital improvement bonds.

The City's permanent rate continues to be \$7.2087/\$1,000 of assessed value. This Proposed Budget was prepared using the City's full permanent levy amount. The City may levy less than the full rate without jeopardizing future opportunities to levy the full rate. However, the revenue that could be generated cannot be recovered in a future year. The proposed full levy is estimated to generate \$4,050,000 of collectable tax revenue, \$165,000 more than the budgeted property tax revenue in 2014-15.

Another major portion of every annual budget for the City is the cost of personnel. We are a labor intensive organization. Many of our functions cannot be eliminated by automation, or we as citizens don't want the services to be automated. Every year we make efforts to attempt to reduce those personnel costs. In the current 2014-15 Budget we attempted to save funds when we replaced the full-time Parks Maintenance position with part-time employees. The attempt failed miserably. We could not keep part-time employees that would: meet our expectations of work, knew how to work, or would stay with the job once we got them trained. We were constantly training new employees which put a costly burden on other employees and the quality of our parks suffered. The Proposed 2015-16 Budget restores the full-time Park Maintenance position and reduces the number of part-time park employees.

Also discussed in the 2014-15 Budget was the Information Technology Director position. The position was not proposed in the budget but was to be created during the year if the General Fund carryover reached \$2,150,000. The General Fund carryover did not reach that mark, yet we began the recruitment. After the recruitment closed I was discussing our dilemma with Lane Council of Governments (LCOG) staff and we discussed the possibility of exploring using their staff and resources. LCOG currently

provides a variety of staff positions to smaller communities in the County on a contractual basis and provides some IT related services as needed to smaller communities. I explained that we needed something more than just an IT person to fix problems, but to become a part of the staff and help us catch up and move forward on IT issues. We worked out an arrangement to have a dedicated person in Cottage Grove as our staff at least two days a week and to provide remote assistance and special on-site assistance if needed the remaining days. The beauty of the arrangement is the City has not only secured an IT staff person but an entire IT department with the backup of the rest of LCOG's IT staff. We have already made use of other members of the LCOG staff and all for less than the cost of having our own full-time staff position. Next year I hope to report that this experiment was a success. So far, the first two months have been very successful and we have been making great strides at addressing our IT backlog.

We also made another change in the current budget that is reflected in the Proposed Budget. In October, 2014 it became necessary to change our legal counsel. After issuing a Request for Proposals (RFP) for City legal services and evaluating the responses, a new City Attorney and Prosecuting Attorney were selected. As a result of the selection, the need for a City Attorney Department in the General Fund was eliminated since all the costs for the new firm's representation were included in their contract rate. The cost for City Attorney services was relocated into the City Manager Department under "Contractual Services – Legal". The cost associated with the services for the Prosecuting Attorney remain in the Municipal Court Support Services Department.

The Proposed Budget includes wage adjustments for Bargaining Unit employees pursuant to the collective bargaining agreements. Police Guild members will receive a 1.0% increase, Public Works and General Unit employees will receive a 1.5% increase. Non-represented employees will receive a 1.5% cost of living increase to maintain parity with the employees they supervise.

The City's Enterprise Funds continue to improve because of the development of the previous 5-year financial plan. The plan expires with the current budget and a new 5-year financial plan has been prepared and the Council will be reviewing the plan for the utility funds (Water, Wastewater and Storm Drain Utility) with the consultant at the June 8<sup>th</sup> City Council meeting. The plan continues the efforts to meet the significant improvement costs for the aging infrastructure in the collection or distribution systems. This Proposed Budget incorporates the utility rate adjustments pursuant to the proposed 5-year financial plan. The proposed rates include the debt costs for projects completed two years ago and for projects that will be completed during the 2015-16 Budget Year through capital improvement revenue bonds.

	Water Base	Water Consumption /1000 gals.	Water Improvement	Wastewater Base	Wastewater Consumption /1000 gals.	Wastewater Improvement	Storm Drain /ESU	Storm Drain Improvement /ESU
Current Rates	\$16.44	\$1.31	\$23.51	\$7.28	\$3.74	\$17.11	\$3.37	\$5.15
<b>Proposed Rates</b>	\$16.74	\$1.33	\$23.93	\$8.04	\$4.13	\$18.91	\$3.65	\$5.58

The proposed rates result in a \$6.24 monthly increase for residential users using 5,000 gallons of water and a typically sized meter. The total increase will vary based on meter size, consumption and type of use. The rate increases are estimated to generate a total of \$51,300 in the Water funds (Water and Water surcharges), \$228,400 in the Wastewater funds (Wastewater and Wastewater surcharges) and a total of \$60,100 in the Storm Drain funds. Because we operate the utility funds with no profit margin, when electricity, fuel, supplies or other costs increase our rates must increase to continue to operate the service.

No other fee or rate increases are proposed in this Budget. During the year the City Council may review and adjust fees or charges but this Budget is not prepared relying on any increased revenues from other fees.

As I mentioned earlier, the Proposed Budget is significantly larger than the previous year. The major factor in that increase is a handful of capital improvement projects. Bond funds are being spent for: \$340,000 in fiber optic projects, \$378,000 in sewer system projects and \$1,176,712 in storm drainage system improvements. An additional \$390,000 is being spent for street projects from local and federal gas tax money and \$1,014,420 on water system projects from water reserve and System Development Charge money. All the projects total over \$3,299,211. In addition to the capital projects we are replacing \$485,000 in equipment.

Over all, this Proposed Budget continues the financial policies established by the City. Transfers to reserve funds continue, contingency funds and unappropriated ending fund balances continue to be maintained. Although it would be nice to have more revenue in all the funds to complete projects, make repairs or perform more of the services desired by the members of the community the funds are generally healthy and are able to continue current levels of service.

Only two funds warrant special notes; the Building Inspection Fund and the Industrial Park Operations Fund. The City should examine Building Permit fees. The Building Permit fees are used to cover the costs of enforcing the State established building codes. Once again, the General Fund is subsidizing the operation of the Building Inspection Fund by transferring \$3,080. The subsidy is actually more because the Administrative Fee that the Building Inspection Fund should be paying to the General Fund has been reduced to zero. The Council, during the year, should determine if we wish to continue to use tax funds to reduce the costs of conducting State required building inspections, want the Building Permit fees to cover the full costs for the State required inspection services or wish to discontinue providing the service and turn it over to the State or County. If the Council decides to pursue adjusting Building Permit fees, specific procedures must be followed with the State Building Codes Division.

The other is the Industrial Park Operations Fund. In last year's Budget Message I reported that we would be short money in the fund to pay existing debt on the park development unless we sold a parcel. The good news, we sold a parcel during the year that provided revenue creating a balance that will be able to pay the debt for the 2015-16 Budget Year. However, after paying the debt the fund will only have about \$1,800 as a remaining fund balance. That will not be enough to cover the 2016-17 debt payment of \$90,575. To reach that amount we will have to sell at least two of the remaining four parcels in the park. The debt payments drop to \$58,575 in 2017 and then drop again in 2021. The outlook is not completely bleak. The old SidePockets building was put on the market this year and it has quickly sparked interest and is all but sold. The City has been working with a party that is pursuing the purchase of the building. I can not reveal the potential purchaser, but they will be a major positive influence not only in the Industrial Park but also within the community. We will not see any direct benefit from the sale, but the new operation will revitalize the park and may help develop other sales.

I want to take a moment and express my appreciation to staff that spent countless hours putting this budget together. I also want to thank all the members of the Budget Committee for volunteering your time to review the 2015-16 Proposed Budget. Last year we were unable to fill all the seats on the Budget Committee. The preparation, review, approval and eventual adoption of the budget is very important. To illustrate the importance of what this Committee is doing and what this Budget means, I would like to ask each of you to conduct a little experiment. Take a walk outside in the next day or two and stop anywhere in the City and look around. Do you see anything that is a result of what you are doing here tonight? A street light, a park bench, a park, the sidewalk, a traffic light, a street sign, garbage cans, trees, a manhole cover, a catch basin, a clean street and even the street itself. Do you also

see the impact around you of having safe clean water to drink, brush our teeth with, bath in or even water our gardens. Do you see (or smell) the impact of a sewer system? Now take all that away. Take away everything that is done by the City. What will you have? The City you love would be gone. I may be getting too philosophical for a Budget Committee meeting but I think too often we lose sight of what we have, we take for granted the treasures that have been left for us to care for. We have them for but a brief moment before we hand them over to the next generation. \$26 million dollars is a lot of money. It is expensive to care for 43 miles of streets, 1,385 traffic signs, five bridges, 49 miles of water lines, nearly 46 miles of sewer lines and over 243 acres of park land. (All treasures left to us by those that were before us.) I can go on but I think you can see the magnitude of what local government does. Through this budget process and your efforts as the Budget Committee we can lay out the financial plan to protect and build on the treasures we have been given. You can help make sure we are filling the right potholes and make sure we are not filling potholes when we should really be building a road.

The 2015-16 Proposed Budget is big and there is a lot of stuff in here. Nothing is secret. Ask any question. Your careful review and consideration of the 2015-16 Proposed Budget is important and essential to make sure that this budget meets the needs and desires of this community. If there is any information that you need in order to review and consider this Budget document, please ask questions or contact me and we will provide the information needed. I hope the information contained in this Budget document is useful and helpful for you as you review and consider the 2015-16 Proposed Budget.

I look forward to discussing the Proposed Budget and answering questions regarding the budget document.

Sincerely,

A handwritten signature in black ink, appearing to read 'Richard Meyers', with a long horizontal flourish extending to the right.

Richard Meyers  
City Manager