

**CITY OF COTTAGE GROVE
BUDGET COMMITTEE MEETING
MINUTES
June 9, 2015**

Chair Eugene Brown 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, Garland Burback, Heather Murphy and Mike Fleck
	Members:	Eugene Brown, Greg Ervin (6:13), Kenneth Roberts, Brad Borigo and Gary Williams
Absent:	Council:	None
	Members:	Chris Holloman and Pam Reber
Staff Present:		City Manager Richard Meyers, City Recorder Trudy Borrevik, Finance Director Bert Olsen, Public Works Director Jan Wellman, 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

Chair Brown turned the meeting over to City Manager, Richard Meyers.

Richard explained that staff had been going through the budget rules and how to set up next year's budget process and realized that a majority of the Budget Committee hadn't approved the budget. He said the committee was made up of fourteen members and a majority was eight members. Since at the last budget meeting there were only six members who voted to approve the budget, there wasn't an approved budget. He said due to timelines for publication notices, the budget would need to be approved by 10:00 am on June 10, 2015 in order for it to go to the City Council for approval at the June 22, 2015 meeting.

He went over the proposed process for next year and provided copies of a draft agenda, draft resolution and draft outline of the budget deadlines. He talked about the resolution to adopt the budget next year.

Councilor Boone said he was in favor of the proposed process for next year's budget.

Member Ervin arrived at the meeting at 6:13 pm.

Richard said in reviewing the budget, staff had found some changes that needed to be made. He went over the changes and provided a new spread sheet that included the entire budget.

He said on Page 36, there was \$9,000 that wasn't brought into the General Fund as a transfer from the Bicycle Footpath Fund. He said the Bicycle Footpath Fund was receiving a grant from BLM for the City to take care of the Row River Trail. He said park employees were taking care of the trail and their wages came from the General Fund so the money needed to be transferred from the Bicycle Footpath Fund to the General Fund.

He said on page 96, the \$9,000 BLM Grant was put in contingency as extra revenue.

On Page 154, in the Water Fund, the personnel costs were reduced \$2,020 which wasn't fixed in the rest of the fund balance. He said by changing the contingency it balanced the fund.

On Pages 190 and 192, the Storm Drain and Wastewater System Development Charges (SDC), the entire amount of the fund was put in capital improvements. He said the contingency line item was being moved into the building improvements. He explained the reason for the change.

Richard said at the Council meeting last night, the FCS Group provided new rates and were able to reduce the Storm Drain rate increase by \$.04. He said the change was reflected on the spreadsheet provided to the committee and was about \$2,000 reduction in revenue and expenditures.

Member Ervin asked if Council could approve ten percent changes during the year if the revenue was over.

Richard said if the City received more revenue than budgeted, contingency money could be moved but only ten percent of the contingency.

Bert said if there was revenue that the City received over and above that wasn't anticipated, there could be a supplemental budget hearing and appropriate that money.

Councilor Boone asked if it were fair to say that the rates provided in the spreadsheet was the best guess of what was going to transpire.

Richard said the rates proposed were in the Five Year Plan by FCS Group. He said if Council adopted the FCS Five Year Plan, that was what the rates would be. He said the revenue included in the budget were listed and was the best guess based on the number of customers, usage, etc.

Chair Brown asked if the committee wanted to discuss the changes or leave it to the City Council.

Councilor Boone said he was okay with amending the budget now to include the changes.

IT WAS MOVED BY COUNCILOR BOONE AND SECONDED BY COUNCILOR GOWING THAT THE BUDGET COMMITTEE AMEND THE BUDGET DOCUMENT TO INCLUDE THE UPDATED INFORMATION PROVIDED.

Ervin asked when the errors were noticed.

Richard said after the budget was approved by the committee, staff reviewed the budget to see if anything was missed that didn't get caught and that was when the errors were noticed.

The Motion passed 12-0.

Richard went over the General Fund. He said over half the General Fund came from property taxes, about \$4,000,000. He said most of the General Fund was Law Enforcement and Public Safety.

Councilor Ervin asked about the Industrial Park and why the fund was going to be short. He asked if money could be transferred into the Industrial Fund from the General Fund.

Richard said money could be transferred from the General Fund to any of the other funds, but the other funds couldn't move money back into the General Fund. He said he received a call from a realtor who was the representative of the company purchasing the Side Pockets building and were inquiring about the vacant lot next to the property with a current price of over \$100,000. He said that money would go into the Industrial Park Fund and would be more than enough to make next year's loan payment.

Councilor Price said since they were talking about the Industrial Park, she asked what the plans were if the lot didn't sell.

Richard said if it didn't sell in the next fiscal year, there would have to be a transfer into the Industrial Park Fund. He said for the proposed budget it was funded.

Bert said FY15/16 was covered and FY16/17 was when the shortfall would have to be addressed if there were one. She referred to Page 96 which showed transfers.

Member Ervin asked about the ending balance in unappropriated funds.

Bert explained that the debt for the Industrial Park decreased next year and again in 2021.

Member Ervin asked a question about the General Fund carry over balance.

Richard and Bert explained.

Richard said property taxes weren't received until November/December so in order to pay expenses beginning July 1st, the City needed a significant balance in the General Fund for cash flow.

Discussion was held on the carry over balance and cash flow and the Industrial Park Fund.

Richard briefly went over the General Fund accounts.

Member Borigo asked about worker's compensation in the City Manager's Account on Page 42.

Bert said it might have been low last year with a 6% increase this year. She said it might have also had to with rate changes for different positions within the City.

Councilor Price asked if the City had to have worker's compensation for volunteers.

Richard said the City wasn't required to but the City Council had adopted a Resolution to provide coverage. He said the City didn't provide compensation for inmates.

Councilor Price asked if the City Council had ever been asked if they wanted to sign a waiver to not provide worker's compensation. She asked how much the City spent on worker's compensation just for volunteers.

Bert said it wasn't broken out just for volunteers, however she could get that information.

Councilor Boone asked if the General Fund was where the Genealogical Society contribution would go.

Richard said it would go into Community Promotions on Page 93.

Councilor Fleck said since they were on the Community Promotions Fund he wanted to let it be known that he was the Director of Community Sharing.

Councilor Garland asked about the Community Foundation and if it were a regular donation.

Richard said the City hadn't received a request but put the money in the budget in anticipation of a request.

Bert said there wasn't an expenditure for Community Foundation in the FY12/13 budget but there was in FY13/14.

Councilor Boone said he remembered in FY13/14 that they asked for \$2,000 for computer equipment and last year was the exact same request. He said nothing had been spent in the current fiscal year.

Member Roberts asked if \$10,000 was earmarked from the \$25,000 Rural Tourism Grant funds for the Eugene Symphony.

Richard said the City was trying to get donations and sponsorships to help pay for the \$10,000 for symphony.

Mayor Munroe asked if there was any portion of the \$10,000 that was paid from room tax.

Richard said the room tax was four percent and \$28,500 went to the Chamber of Commerce. He talked about the room tax and how it was figured.

He said the Rural Tourism was from Lane County and went for tourism projects, \$9,000 to the Chamber for the Visitor Center, \$4,000 for Covered Bridge brochures and \$10,000 for the symphony.

Councilor Fleck asked where iPhone app was paid from.

Richard said it was funded from Contractual Services.

Member Roberts asked if the \$25,000 would be included in the FY16/17 Budget. He said he would like to see different concerts come to Bohemia Park.

Richard said that was correct.

Bert said she researched and no request for funding had come from the Community Foundation.

Councilor Ervin asked about organizations who requested funds and how it was tracked from year to year.

Richard said the non-profit organizations, Community Sharing, Family Relief Nursery and South Lane Wheels, were established as continued line items. He said they used the City's contribution as matching funds for other funding sources.

Member Ervin asked if the pool funding was the same.

Richard said the pool wasn't a non-profit organization and the City was funding the operations for the community use of the pool. He said it could actually be moved under Parks and Recreation and out of Community Promotions.

Richard said the Chamber of Commerce had an agreement with the City to receive one percent of the room tax so it would always be included in the budget unless one party was to terminate the agreement.

Richard said Arbor Day, Urban Forestry and Community Events expenses were internal items for City departments and committees.

IT WAS MOVED BY MAYOR MUNROE AND SECONDED BY COUNCILOR ROBERTS THAT THE BUDGET COMMITTEE APPROVE THE BUDGET REQUEST PRESENTED BY THE GENEALOGICAL SOCIETY.

IT WAS MOVED BY COUNCILOR BOONE AND SECONDED BY MAYOR MUNROE TO AMEND THE PREVIOUS MOTION TO DELETE THE LINE ITEM FOR THE COMMUNITY FOUNDATION IN THE AMOUNT OF \$2,000 AND APPLY \$1,500 TO THE GENEALOGICAL SOCIETY AS A ONE TIME EXPENDITURE AND PUT THE OTHER \$500 BACK IN CONTINGENCY.

The vote on the Motion to Amend passed 12-0.

The vote on the original Motion passed 12-0.

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

Member Ervin said the amounts contributed to non-profit agencies had been the same for several years and suggested giving notice to those agencies to come to a Budget Meeting to present numbers and request funding. He said some agencies may not need the entire amount of what they had been given in the past or may need more.

Councilor Murphy said she was the former Executive Director for the Family Relief Nursery and all the funds they received from the City were used each year.

Councilor Boone said if an agency wanted more funding, he would prefer they came and asked for it.

Discussion was held on non-profit agencies and the funding they received.

Councilor Price talked about pool funding and asked the committee if they wanted to continue to support the pool and if so, in what fashion. Did they want to continue contributing \$50,000 per year or reduce it so much a year over a five year period?

Member Ervin said the pool was beneficial to the community. He liked the idea of Carrie coming to talk to the committee each year and providing information on what the money would be spent on.

Richard said the City funded the Library and there were a lot of citizens who didn't use it. He said the City provided services that not all citizens used.

Councilor Murphy said Carrie McCasline presented to the City Council each year a report on the pool and the money received from the City and how it was spent the previous year.

Mayor Munroe said citizens felt they were being doubled dipped on their property taxes by supporting the pool through property taxes that went to the school district and the City.

Richard said the city was funding the after hour use of the pool only, no maintenance or upkeep of the pool.

Councilor Price said if someone used the pool and paid to do so, the School District received that money. She said if someone purchased a library card at the Library, the City received that money.

Richard said the amount the City contributed for the pool didn't cover all the expenses of after hour programs, so the fees charged helped to make up the difference.

Councilor Fleck recommended funding the pool while the City still could and said if it came down to funding public safety or the pool he would go with public safety.

Councilor Boone asked Carrie McCasline if the School District was providing lessons for the kids.

Carrie McCasline said yes, it was part of the P.E. curriculum. She talked about the City's contribution and what it was used for.

Councilor Boone commented about the pool funding and said if the money didn't go to the pool, the same amount could be set aside for several years in order to repair, replace, etc. water or sewer lines or roads. He thought the money could be used directly for things that needed to be done.

Fleck commented on the pool and said the committee needed to look at the big picture, not just the dollar and cents.

Councilor Murphy said the pool funding had been discussed every year. She thought the \$50,000 to fund the pool was a tiny piece of the budget however the benefit was huge and numbers had increased over the years.

IT WAS MOVED BY COUNCILOR BOONE TO REDUCE THE POOL CONTRIBUTION BY \$10,000 AND PUT IT IN CONTINGENCY.

Motion failed for lack of a second.

Councilor Price asked where he came up with \$10,000 to cut.

Councilor Boone said he didn't want to remove the funding altogether, it was a weaning process.

Member Ervin asked Carrie what programs would have to be cut if funding was decreased.

Carrie said it wasn't a decision she could make right now. She said they did have a contingency fund which was mainly used for maintenance but could be used for other things if needed. She said they had been able to cover all staffing costs with the \$50,000 from the City, however with increased payroll costs, they were no longer able to meet that.

Member Ervin asked if the Budget Committee decided to reduce the pool contribution but not reduce the public programs, would the School District be willing to step up and foot the bill for it.

Councilors said that conversation had been had and the School District wouldn't contribute any more funds.

Mayor Munroe asked how much input the Friends of the Pool had as far as funds.

Carrie said they were a group of community members who raised awareness about the pool and did events and fundraising. She said their fundraising had increased their contingency fund. She said they didn't have any influence on the programs or budget.

Councilor Gowing said when the pool funding first came up, he was skeptical but thought things had gotten better since Carrie had started managing the pool. He said there were more people that came before Council who were in support of funding the pool than not.

Councilor Price said the City had hired LCOG for IT development and asked if they were going to update the City's website.

Richard said LCOG had been working for the City for about two months and provided a list of items that they had completed to date. He said they were working on a new email system and a new website and the more serious items were being handled first. He said a new website would take three to six months to develop.

Richard said the budget included general counsel services and Municipal Court prosecuting attorney services. He said using the Local Law Group as the City's general counsel actually saved the City money as they were the general counsel for other cities and had access to numerous documents that could be changed for Cottage Grove's needs.

Richard went over the Special Revenue Funds. He said under State law they could only be used for specific purposes. He said it included several funds such as road funds, gas tax money, narcotic forfeitures and 9-1-1 funds.

Councilor Boone asked about the narcotics forfeiture on Page 124 and said there were a couple of line items that didn't have a number next to them. He asked if they were supposed to be zeros or was it a number that had gotten dropped off.

Bert said it should be zeros and she would take care of adding those.

Richard talked about proposed road improvements.

Councilor Price asked about recreational marijuana going into effect July 1st and if it would affect the City budget.

Richard said the City wasn't anticipating any affect on revenues or expenses. He said the new drug dog wasn't being trained to locate marijuana, only narcotics.

Member Roberts said he recently heard that the State approved cities putting up to a three percent tax on recreational marijuana.

Councilor Boone suggested the meeting be opened up to any questions about the budget.

Member Borigo asked about Page 42 and said it looked like the Master Plan was being pushed back and asked if it was because the City was trying to come up with federal or matching funding.

Richard said the Five Year Plan was in place to address \$46+M in projects. He said under the Five Year Plan, the City had been whittling away at the projects as funds were available.

Richard showed the committee an old water pipe from the early 1960s water line that had failed on Hays Avenue.

City Engineer, Ron Bradsby, commented on the water improvement map and projects that needed to be done.

Richard talked about the Taylor Pump Station replacement. He said Council approved going forward with the final design on the property where the replacement would be built.

Councilor Roberts confirmed that the plan from last night's Council meeting was planned over the next five years.

Richard talked about Five Year Plan.

Councilor Roberts asked what percentage of the City still had the old pipe running through it.

Ron said in the 1999 Master Plan there was over 33,000 feet of undersized water lines of two, three and four inch lines which should be a minimum of eight inches.

Brad Borigo asked if the City could charge Fire District's hydrant standby to offset some of the costs for delivering water that wasn't used.

Richard said it was an interesting question. He said when the Fire District fought a fire within the City limits, they were already paying the tax and fee. He said the City had a good partnership with the Fire District and wanted to maintain that.

Councilor Price asked about the overall process and if council could see things throughout the year on how the budget was doing.

Richard said staff would be able to provide that with the new finance software.

Councilor Murphy thanked Richard for his introduction in the budget document and encouraged everyone to review it.

IT WAS MOVED BY COUNCILOR BOONE AND SECONDED BY MAYOR MUNROE THAT THE BUDGET COMMITTEE ADOPT THE RESOLUTION APPROVING THE FISCAL YEAR 15/16 BUDGET AS AMENDED.

The motion passed 12-0.

Chair Brown adjourned the meeting at 8:06 pm.

Chair

City Recorder