

City of Creswell
Budget Committee Meeting
June 9, 2009

The annual Budget Committee meeting was called to order by Mayor Bob Hooker and the pledge of allegiance given.

Budget Committee Members Present:

Bill McCoy	Robert Campbell
Bob Millam	Mike Dubick
Jean McKittrick	Keith Morgan
Jane Vincent	Martin Heymann
David Case	Pete Nelson
Jack Gradle	

Budget Committee Members Absent

1 Vacant Position

Staff Present:

Mark Shrives	City Administrator
Roberta Tharp	City Recorder
Roy Sprout	Public Works Director
Layli Nichols	Finance Director
Shelley Humble	Airport Manager

Press: 1

Audience: 0

1. Budget Committee Elects Chair

Mayor Hooker opened nominations to elect a Budget Committee Chair. Bob Millam nominated Mike Dubick as Budget Committee Chair. No other nominations were received. Bob Millam moved Bill McCoy seconded to appoint Mike Dubick as the Budget Committee Chair. Voted on and carried unanimously.

2. Review and Approval of last year's minutes

Committee Chair, Mike Dubick reviewed the minutes of the June 4, 2008 Budget Committee Meeting. Keith Morgan moved Bill McCoy seconded to approve the minutes as presented. Voted on and carried unanimously.

3. Review Proposed FY 2009-10

Committee Chair Mike Dubick asked City Administrator Mark Shrives to review the budget with the committee. City Administrator Mark Shrives thanked the City Council and members of the Budget Committee for the opportunity to present the Fiscal Year 2009/2010 budget. Mr. Shrives stated the overall budget for FY 2009-10 is \$19,193,246.00, with expected property tax revenue of \$661,456.00, and all other revenue totaling \$18,531,790.00. Total Appropriations for this year budget is \$15,585,159.00 which is projected to leave an unappropriated ending fund balance of \$3, 608,087.00. Mr. Shrives addressed and touched on significant points within each fund.

General Fund:

The General Fund Mr. Shrives said does not have any significant changes. Pacific Power & Light and the EPUD franchise revenues reflect a 7.7 percent rate increase which will generate higher revenue but the expenditures for these utilities throughout the budget will reflect the increased costs for the utilities.

The Hotel/Motel tax has a projected increase due to the new Comfort Inn Suites which is due to open later this year.

The anticipated moving date for the City Hall will be scheduled for September 2009 and has been budgeted for under Materials and Services, Lease Payments and Moving Costs.

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Cultural and Recreation in the General Fund reflects a budgeted amount for the RARE (Resource Assistance for Rural Environments) program partnership with the University of Oregon under the line item of Cobalt Lane Building. During the FY 2008-09 this program was very successful in Creswell and will continue next year with the work on the Downtown Plan update and the implementation of the proposed uses for the Cobalt Building that 2008-09 RARE intern Raja Shah has been working on.

Mr. Shrives said the 2008-09 fiscal year marked the last year of a four year stipend to the Lane Library District and has chosen two important community programs that provide service within the City to share evenly the \$3,000.00 donation during the next fiscal year, the Family Relief Nursery and Community Sharing.

Planning Land Use in the General Fund reflects the budgeted contractual services of \$85,000.00 for the planning assistant from Lane Council of Governments (LCOG) to keep office hours at City Hall two days a week. A new line item this year is the Contractual Services Community Development which will provide for services which are not part of the general planning budget such as research on right-of-ways, easement issues, water and sewer issues as well as work on stimulus funding opportunities.

Public Safety Personal Services has an increase in overall cost due to the new line item of Code Enforcement Officer which the Bryne Grant will pay if the City is awarded the grant. The Code Enforcement Officer will deal with sign code violations, noxious vegetation, oversize vehicle parking, clear visionary issues and municipal code violations. There is a small increase under City Administrator who will oversee this position. The police contract is the same as it was last year with two full time deputies and a one-third time sergeant at an increase of 2.9 percent over last years cost.

Transfers within the General Fund reflect a budgeted amount of \$215,000.00 to the Capital Improvement Fund for future City Hall construction. These funds will allow for the installation of the elevator, equipment and furnishings as well as awnings for the facade of the new building. The budget also shows a transfer to the Airport fund of \$65,946.00 to provide additional funding for anticipated costs and small operating contingency and unappropriated ending fund balance.

Water Fund:

Mr. Shrives said due to the scheduled rate increase for water users approved by Resolution 2006-30, the budgeted revenue for that line item is increased slightly.

Debt Service:

Mr. Shrives said he has budgeted \$229,673.00 for principal and interest to be applied toward the first payment of the newly constructed water treatment plant which is expected to be operational in September 2009. This fund also reflects a scheduled transfer of \$375,000.00 to the Capital Improvement Fund which he will address when he reviews that fund.

Water Reserve Fund :

Mr. Shrives said the bulk of the \$3,224,940.00 that has been budgeted to Capital Outlay of the Water Reserve Fund should carry forward into the next fiscal year in order to save for future improvements within the enterprise fund.

Sewer Fund:

Mr. Shrives said the Debt Service for the Sewer Fund reflects an additional \$200,000.00 payment per loan in order to buy down debt on the new sewer treatment plant. Finance Director Layli Nichols told the budget committee if the City continues to pay these loans at the advanced rate, the RUS loan will be paid off in 10 years and the DEQ loan 12 years rather than the 20 & 30 years as scheduled.

Mr. Shrives said he will touch on the \$200,000.00 transfer scheduled to the Sewer Reserve Fund and the \$375,000.00 transfer to the Capital Improvement Fund when he reviews the Capital Improvement Fund.

State Highway Street Fund:

Mr. Shrives said the revenues from the Highway Street Tax are funded by fuel taxes and this years budgeted amount is showing a decrease from last year as people are buying less gas.

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In the Capital Outlay section of the Street Fund Mr. Shrives pointed out the \$696,075.00 budgeted for the 5th & A Street Improvement Project under the line item Road Construction. Funding for this project will also come from the Bicycle Foot Path Fund, the Local Improvement District and potentially the Transportation Enhancement Fund.

Building Fund:

Mr. Shrives said resources from building and electrical permits for new construction were based on the anticipated build out of 15 units for the upcoming year, a significant reduction from a few years past. All System Development Charges were budgeted as well based on the same number of building permits.

Airport Fund:

Mr. Shrives pointed out the line item for fuel sales under resources reflects a reduction in fuel sales. Mr. Shrive said in looking at fuel sales for this past year up through May, we are at \$226,344.00 and with fuel costs dropping below \$4.00 per gallon the expenditures as well as revenues reflect the market fluctuation. A discussion ensued regarding the rising cost of fuel prices and the possibility of running out of fuel at the end of the fiscal year like what happened in the past. Councilor McCoy proposed to increase the budgeted Fuel Sales for resources and expenditures by \$50,000.00 each making the fuel sales \$300,000.00 and the expenditure for fuel \$275,000.00.

Mr. Shrives said a budgeted transfer to the Airport fund from the General Fund of \$65,946.00 is proposed and would only like to transact this if necessary. Every year the airport fund has a very small ending fund balance due to various things. The Airport Waterline Project required by the Fire Marshall in order to lift the building moratorium at the airport is one factor, and this project is done through grants but requires matching funds. Another ongoing issue is Legal Services regarding the Airport Skydiving Drop Zone. Mr. Shrives said in the past few years the Airport has spent approximately \$32,000.00 for legal services related to the issue of the Airport skydive drop zone, and an additional \$13,000.00 for legal services on issues such as thru-the-fence permits, hangar repossession and other non-operative legal issues at the Airport.

Mr. Shrives said not included in the proposed budget is an impact which will affect the Airport budget due to the action of the City Council at last nights meeting. The Council voted to respond to the Federal Aviation Association, coordinate a safety plan and hire a consultant to address the ongoing Airport Skydiving Drop Zone issue which will constitute an increase in legal service fees. Therefore, Mr. Shrives recommended increasing the legal fees in the Airport Fund from \$65,000.00 to \$100,000.00 by a transfer from the general fund.

A discussion ensued with the budget committee amending the proposed budget by increasing the operating contingency in the Airport Fund to \$30,000.00 and increasing the line items of Legal Services from \$15,000.00 to \$22,027.00 and Planning & Consulting Services from \$3,000.00 to \$10,027.00 in the Airport Fund.

Capital Improvement Fund:

In the Capital Improvement Fund Mr. Shrives said he has segregated the moneys for separate projects under the Capital Outlay Section. Equipment – Land and Building Improvement will continue to be used for the purchase of large equipment and he has set aside \$215,000.00 for Phase II of the City Hall project. During the 2010-11 fiscal year the City will begin planning for Phase III of the project. Mr. Shrives pointed out in last years budget \$300,000.00 had been set aside for a new public works shop and since then a potential facility has become available and the Council has authorized staff to further investigate this opportunity so the Water and Sewer Fund have each scheduled a transfer of \$375,000.00 which will increase the total budgeted amount to \$1,050,000.00 for the future purchase of a shop.

Discussion ensued regarding the possibility of selling the existing facility to help offset the cost of a new facility should the Council choose to purchase one and this would be paid for from water and sewer funds as public works spend the majority of their time working in those areas.

Local Improvement District Fund:

The Local Improvement District Fund reflects a transfer of \$80,000.00 to the State Highway Street Fund and is scheduled as warrant proceeds in anticipation of the future improvement project of curb, gutters and sidewalks on

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North 5th Street and A Street. Mr. Shrives said when an improvement district is created loan proceeds received from the bank will be receipted into this fund which will in turn reimburse the state highway street fund for the cost of the improvements. Debt Service should cover the anticipated payments on any new LID that will be created during this fiscal year.

State Revenue Sharing Fund:

Mr. Shrives said the anticipated revenues for the State Revenue Sharing Fund for the 2009-10 fiscal year is \$36,755.00. On the expenditure side of this fund under contractual services, \$7,500.00 has been budgeted for the Grant Match to Rural Business Economic Grant to conduct a business plan and feasibility study for the Airport. This match funding is the only scheduled expenditure in the State Revenue Sharing Fund this year.

Bicycle/Foot Path Fund:

Mr. Shrives said every year 2% of the State Highway Use Fund is transferred to this fund and we are required by state statute that there be expenditures from this fund every ten years. The majority of the reserve in this fund will be spent during construction on the North 5th Street and A Street improvements.

Parks Development Fund:

Mr. Shrives said this fund shows a reduced amount of revenues in anticipation of the reduction of new construction.

Transportation Enhancement Fund:

Mr. Shrives said the ability to spend out of this fund is very limited as you need to match up the methodology. Being able to do that, \$227,078.00 has been budgeted as an additional source of funding for the North 5th and A Street Improvement Project.

Discussion ensued about tax revenue coming in with the economic situation as it is this year and Mr. Shrives said he feels the City is very well prepared as we always try to make sure there is enough in the general fund that will get us through the first six months of the year as the first tax revenue doesn't come in until November.

4. Formal Recommendation to the Governing Body to Adopt the Budget as Presented or Amended:

Martin Heymann moved Bob Millam seconded the recommendation of the Budget Committee to the Creswell City Council to adopt the budget as amended. Finance Director Layli Nichols read off the amendments to the proposed budget as follows:

1. Increase the transfer from the General Fund to the Airport Fund from \$65,946.00 to \$100,000.00.
2. Increase Operating Contingency in the Airport Fund from \$10,000.00 to \$30,000.00
3. Increase Legal Services within the Airport Fund from \$15,000.00 to \$22,027.00
4. Increase Planning and Consulting Services within the Airport Fund from \$3,000.00 to \$10,027.00.
5. Increase Fuel Sales revenue within the Airport Fund from \$250,000.00 to \$300,000.00
6. Increase Aviation Fuel expenditure within the Airport Fund from \$225,000.00 to \$275,000.00

Voted on and carried unanimously.

Bill McCoy moved Bob Millam seconded the approval of the ad valorem tax rate of 2.6705% to be certified by the tax assessor as presented. Voted on and carried unanimously.

Budget Committee Chair Mike Dubick asked if there was any other business. There being none Mr. Dubick adjourned the meeting.

Robert A Hooker, Mayor

Roberta J Tharp, City Recorder