

Council Present:

Mike Anderson  
Bob Hooker  
A.J. O'Connell  
Jacob Daniels

Jack Gradle  
Jean McKittrick  
Jane Vincent

Staff Present:

Mark Shrives  
Roberta Tharp  
Layli Nichols  
Shelley Humble  
Ken Jones

City Administrator  
City Recorder  
Finance Director  
Airport Manager  
City Attorney

Council Absent:: None

Press: Creswell Chronicle

Audience: 11

The Special City Council meeting and Budget Hearing is called to order by Mayor Bob Hooker at 7:00 PM.

**1. Fiscal Year July 1, 2012-June 30, 2013 Budget**

**A. Proposed Changes to Budget Document**

Finance Director Layli Nichols went over the proposed changes to the FY 2012-13 Budget.

- Water and Sewer Reserve Funds were renamed and Resolutions prepared to re-establish those funds. When recreating the Water and Sewer SDC Reserve Funds, the City's legal counsel suggested adding verbiage to the upper left hand corner of the budget page to outline that the fund is established by resolution for capital improvements by ORS 223.291-223.314.
- With regards to the budget column titled "Adopted This Budget Year 11-12" there are changes that reflect revised numbers as a result of the passage of three resolutions by the Council. Over the course of the year; the RTMP grant, the Safer Communities Grant and a transfer to the Airport Fund were the direct result.
- The third change staff is proposing is the OEDD Note Payable & Interest line items in the Water Fund. The budget committee approved the appropriation for the G06001 OEDD Note Principle at \$175,000 and the interest at \$275,000. Ms. Nichols said she is proposing to change the OEDD Note Payable (Principle) to \$295,000 and the interest to \$155,000 after corresponding with OEDD. The note payable is an interim financing loan that doesn't have an amortization schedule for repayment and they haven't gone out for bond yet. The overall total appropriation stays the same amount and doesn't trigger the necessary ten percent change which would require taking this back to the budget committee.

**B. Public Hearing – Fiscal Year 2012-13 City of Creswell Budget**

At the May 29<sup>th</sup> Budget Committee meeting the Council received recommendation from the committee to move forward in approving the 2012-2013 budget as presented. Mayor Hooker opened the FY 2012-13 Budget Hearing in order to receive public testimony on the budget and the City's use of state shared revenues which are identified in the budget for use of acquiring fiber optics.

There being no public testimony, Mayor Hooker closed the Public Hearing.

Jane Vincent said the people in the audience have no idea what to ask about in regards to the budget as they did not get a copy of the budget. Finance Director Layli Nichols said they have been available for public review at City Hall as required by state statute.

**2. Annual Budget and Resolutions**

**A. Resolution 2012-10 – Water SDC Reserve Fund**

Jack Gradle moved Mike Anderson seconded to approve Resolution 2012-10, A Resolution Re-establishing the Water Reserve Fund and renaming the fund to the Water SDC Reserve Fund as presented.

Jane Vincent asked if the Council should repeal Ordinances 461 and 462 that re-establishes the Water and Sewer Reserve Funds for a period of ten years before adopting the Water and Sewer SDC Reserve Fund Account Resolutions. City Attorney Ken Jones said that state statute ORS 294.346 indicates that municipalities may create reserve funds by ordinance or resolution and the city is required to maintain the SDC funds separately as those funds can only be used for specific purposes. In the January 19, 2012 letter from the city auditor, it was requested that the Ordinance creating the Water and Sewer Reserve

Funds be modified to show the break-out of SDC funds. Mr. Jones said it is his recommendation to repeal Ordinances 461 and 462 at the next meeting.

Further discussion ensued regarding whether or not the Ordinance should be repealed before adopting the Water and Sewer SDC Reserve Fund Resolutions and Ken Jones said he did not believe that was a legal requirement because the city is creating four new reserve fund accounts. Ms. Vincent asked if a resolution can replace an ordinance. Ken Jones responded in this particular case, the resolution is supplementing the ordinance based on what the auditor is requiring. The auditor was not in favor of the way the accounts were established and requested the City set up those accounts in a separate manner.

Voted on and the motion passes 5-2 with Councilors Anderson, Gradle, Daniels, McKittrick and Mayor Hooker voting in favor and Councilors O'Connell and Vincent voting in opposition.

**B. Resolution 2012-11 – Sewer SDC Reserve Fund**

Jack Gradle moved Mike Anderson seconded to adopt Resolution 2012-11, A Resolution Re-establishing the Sewer Reserve Fund and renaming the fund to the Sewer SDC Reserve Fund as presented. City Attorney Ken Jones recommended the City Council repeal Ordinance 462. Voted on and the motion passes 5-2 with Councilors Anderson, Daniels, Gradle, McKittrick and Mayor Hooker voting in favor and Councilors O'Connell and Vincent voting in opposition.

**C. Resolution 2012-12 – Water Capital Improvement Reserve Fund**

Jean McKittrick moved Jacob Daniels seconded to adopt Resolution 2012-12, A Resolution Establishing a Water Capital Improvement Reserve Fund as presented.

Jane Vincent asked for clarification on capital improvement for the water fund. Layli Nichols responded this fund is strictly for capital improvements within the water fund. Ms. Vincent said she would like to see money in the water fund be used exclusively on water projects. Ms. Nichols said the only way it could be used for anything but a water project would take an action by the council or the budget committee.

A.J. O'Connell said "he agrees that the city needs to be segregating these funds having clear delineation, with where water and sewer sdc funds are going which he fully supports; however he is very leary of doing any sort of changes to water and sewer while we still have audits pending with questions regarding disbursements of those funds and that is why he is voting against these and he would like the record to show that".

Voted on and the motion passes 5-2 with Councilors Anderson, Daniels, Gradle, McKittrick and Mayor Hooker voting in favor and Councilors O'Connell and Vincent voting in opposition.

**D. Resolution 2012-13 – Resolution Sewer Capital Improvement Reserve Fund**

Jacob Daniels moved Jean McKittrick seconded to adopt Resolution 2012-13 A Resolution Establishing a Sewer Capital Improvement Reserve Fund as presented. Voted on and the motion passes 5-2 with Councilors Anderson, Daniels, Gradle, McKittrick and Mayor Hooker voting in favor and Councilors O'Connell and Vincent voting in opposition.

**E. Resolution 2012-14-Adopting a Budget Making Appropriations and Levying Taxes**

Jacob Daniels moved Jean McKittrick seconded to adopt Resolution 2012-14 A Resolution Adopting a Budget Making Appropriations and Levying taxes at 2.6705 per thousand as presented.

A.J. O'Connell commented that last years audit has not been completed yet and is very surprised that the Council would want to move forward with a \$17 million budget. He would like to compromise by shelving the budget, take the last fourteen months spending and average it out and pass that as a budget, and once the audits are completed and staff has provided a plan of action to address the concerns brought about by the auditor, then the council will have his support in passing a budget.

Jacob Daniels asked to call this vote to question. Mayor Hooker proceeded by asking the Council to vote. Voted on and the motion passes 5-2 with Councilors Anderson, Daniels, Gradle, McKittrick and Mayor Hooker voting in favor and Councilors O'Connell and Vincent opposing.

**F. Resolution 2012-15 – A Resolution Declaring The City's Election To Receive State Revenues**

A.J. O'Connell moved Jacob Daniels seconded that the Council approve Resolution 2012-15, A Resolution Declaring the City's Election To Receive State Revenues. Voted on and the motion passes unanimously.

**G. Resolution 2012-16 – A Resolution Regarding State Revenue Sharing Funds**

Jacob Daniels moved Jean McKittrick seconded to adopt Resolution 2012-16 A Resolution Regarding State Revenue Sharing Funds. Voted on and the motion passes unanimously.

**H. Resolution 2012-17 A Resolution Extending the City of Creswell's Workers' Compensation Coverage To Volunteers of The City of Creswell**

A.J. O'Connell moved Jack Gradle seconded to adopt Resolution 2012-17 A Resolution Extending the City of Creswell's Workers' Compensation Coverage to Volunteers of the City of Creswell.

A discussion ensued regarding the assumed wage of \$800.00 per month for volunteers. Layli Nichols said the insurance company uses \$800.00 as an assumed monthly wage, it serves as a baseline in the calculation of workers compensation benefit should an event arise for volunteers.

Voted on and the motion passes unanimously.

**I. Resolution 2012-18 – Adopting Salaries for 2011-12 Fiscal Year**

Jacob Daniels moved Jean McKittrick seconded to adopt Resolution 2012-18 A Resolution Adopting Pay Scales For the 2012-13 Fiscal Year For the City of Creswell as presented.

Jane Vincent pointed out that the total budgeted salary amount for the City Administrator is \$94,397 and step eight on the resolution pay scale is \$85,737 and asked for an explanation. Layli Nichols said within his contract he opted out of medical insurance coverage which makes up \$7500 of that amount. Also, approximately two years ago, the Council adopted a cell phone policy due to legislation changes that require certain employees to be on call 24 hours a day; the stipend for the cell phone is also included in the \$94,397.

Councilor Daniels asked if the steps were longevity or merit based and Mark Shrives said they were merit.

Voted on and the motion passes 5-2 with Councilors Anderson, Daniels, Gradle, McKittrick and Mayor Hooker voting in favor and Councilors O'Connell and Vincent voting in opposition.

**3. Consent Calendar (Annual Contracts)**

Jean McKittrick moved A.J. O'Connell seconded to approve the consent calendar as presented. Voted on and the motion carries unanimously.

**4. Airport**

**A. Resolution 2012-19 – A Resolution Providing For An Interfund Transfer of Appropriations From the General Fund to the Airport Fund For the Purpose of Maintaining Airport Operations Through June 30, 2012**

Jack Gradle moved Mike Anderson seconded to adopt Resolution 2012-19 A Resolution Providing For An Interfund Transfer of Appropriations From the General Fund to the Airport Fund For the Purpose of Maintaining Airport Operations Through June 30, 2012.

A discussion ensued regarding the use of this transfer for maintenance and operations at the airport. Layli Nichols said the transfer will help with the projected fund balance as it is always a negative. Ms. Nichols said she is not entirely convinced that the whole \$20,000 needs to be transferred and may only move what needs to be. City Attorney Ken Jones said once a transfer of money has been passed by the Council, the entire amount approved needs to be moved.

Voted on and the motion passes 5-2 with Councilors Anderson, Daniels, Gradle, McKittrick and Mayor Hooker voting in favor and Councilors O'Connell and Vincent opposing.

**Upcoming Meetings**

- July 9, 2012 – City Council Meeting

**Adjournment**

There being no further business to come before the council, Mayor Robert Hooker adjourned the meeting at 7:44 pm.

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Robert A. Hooker, Mayor

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Roberta J Tharp, City Recorder