

City of Creswell
Budget Committee Meeting
May 6, 2014

The annual Budget Committee meeting was called to order by Mayor Dave Stram at 7:04 PM and the Pledge of Allegiance was given.

Budget Committee Members Present:

Adam Pelatt	Robert Grand
Holly Campbell	Jonathan Woodland
Jane Vincent	Sue Sturgess
Dave Stram	Lacey Risdal
Jacob Daniels (by phone)	Gary Schweitzer
Brent Gifford	Keith Morgan
	Seth Clark

Budget Committee Members Absent

One Vacant Position (Council)

Staff Present:

Michelle Amberg	City Administrator
Roberta Tharp	City Recorder
Layli Nichols	Finance Director
Cliff Bellew	Public Works Director
Madeline Phillips	RARE Intern

Press: 0

Audience 2

Mayor Stram welcomed everyone to the Budget Committee Meeting and announced that Councilor Daniels will be joining us by cell phone.

Mayor Stram reviewed with the committee the handout from the Oregon Department of Revenue titled "Local Budgeting in Oregon". He touched on the following areas:

- Page 2 – Public Records and Meeting Laws
- Page 10 – Budget Committee officers – All members of the budget committee have the same degree of authority and responsibility
- Page 10 – Budget Committee’s main function – In public meetings, the committee meets to review, discuss, make additions or deletions, and approve the proposed budget presented by the local government’s budget officer.
- Page 10 – What happens at the first budget committee meeting – The committee elects a chair, receives the budget message, listens to public input, set dates for future meetings and adopts rules of order. Mayor Stram recommended using the adopted City Council Rules, Resolution 2011-119.
- Page 10 – What happens at subsequent budget meetings – The time between meetings allows the committee members to make inquiries about specific budget items, request additional information or indicate areas of interest they believe should be highlighted at future meetings.
- Page 11 – Can I consult with other budget committee members about details in the budget other than at budget committee meetings – Discussion of the budget committee must always take place in the forum of a public meeting.
- Page 12 – Governing Body changes the budget approved by the Budget Committee in ways that the Budget Committee does not approve – The governing body (City Council) has that right. However, the amount of the estimated expenditure for each fund may not be increased more than ten percent unless a summary of the revised budget is again published and another public hearing is held.
- Mayor Stram touched also on public records including the notes taken by the committee members.

Budget Committee Elects Chair

Mayor Stram opened nominations to elect a Budget Committee Chair.

Adam Pelatt nominated Brent Gifford to serve as Budget Committee Chair.

Brent Gifford nominated Adam Pelatt who respectfully declined to serve as Budget Committee Chair.

No other nominations were received.

Jonathan Woodland seconded Adam Pelatt’s nomination of Brent Gifford to serve as Budget Committee Chair.

The committee voted unanimously to appoint Brent Gifford to serve as chair of the Budget Committee.

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At 7:17 pm the committee took a brief recess so the Budget Committee Chair could take his place. Councilor Gifford reconvened the meeting at 7:24 pm.

Chairman Gifford amended the agenda to move Public Comment forward.

Linda Warner, Creswell resident addressed the Council to advocate for children and the Cobalt Building.

Chairman Gifford reviewed rules:

- Only one person speaks at a time
- Please raise your hand and wait to be called on
- Address your question directly to Ms. Amberg or Ms. Nichols

Review and Approval of Last Year's Minutes

Chairman Gifford asked if everyone has reviewed the minutes of the May 21, and June 5, 2013 Budget Committee Meeting.

City Recorder Roberta Tharp asked to have the May 21, 2013 minutes amended to correct the FY Date to read 2013/14 and revise the signature line for the budget committee chair to sign after approval instead of the Mayor on both sets of minutes presented.

Adam Pelatt moved Keith Morgan seconded to approve the May 21, and June 5, 2013 Budget Committee minutes as amended. Voted on and carried unanimously.

Receive the Budget Message

Ms. Amberg read aloud the Budget Message for the FY 2014/15 proposed budget. (Budget message is attached).

The overall budget for FY 2014/15 is \$17,712.538.

Ms. Amberg noted three changes she would like to make to the proposed budget:

- Page 29 – Planning and Land Use Requirements – The proposed budget reflects a 1.5 FTE. She would like to move the .5 budgeted amount (\$35,000) out of personal services and place it into Materials and Services under Contracts.
- Page 32 – Add \$8,000 to Capital Outlay for Street Light Project on Harvey Road
- Page 38 – Reduce the Water Treatment Plant Capital Outlay by \$12,000 – That amount reflects the cost of a storage shed anticipated to be built during the 2014-2015 Fiscal year, but was completed during the current fiscal year.

Review Proposed FY 2014-15

Ms. Amberg noted the budget documents new look. It now includes an introduction with graphs and data. The goal was to create a very transparent and informative document. Ms. Amberg and Ms. Nichols walked the committee through the budget.

General Fund

Ms. Amberg said she provided an overview of this fund in her budget message and asked for questions. Chair, Brent Gifford pointed out the proposed budget includes retaining a third deputy through our contract with Lane County. The Council will be seeking to gather fees to offset the expense of the additional deputy by imposing a Public Safety Fee on the utility bill. The fee will be collected from every household/business within the boundaries of Creswell as outlined in the LCSO contract as service area. The fee is expected to be around \$8.00 to \$8.25.

Seth Clark asked why the budgeted amount for property taxes is increasing if the tax rate stays the same. Ms. Amberg said Oregon Tax Law has set a specific rate we can charge; it takes into consideration a market value and assessed value with a gap between the two. Taxes go up three percent every year so long as your assessed value is below your market value. When the two become equal is when taxes won't increase. Ms. Nichols noted page 11 provides information on Property Taxes.

Expenditures for General Fund

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Administrative Requirements – Ms. Amberg noted this fund is being reduced by approximately two percent due to the last years cost for the recruitment of a City Administrator and some retirees have become Medicaid eligible. Ms. Nichols also noted part of the reduction is due to the fact that we had interim City Administrators during the past budget cycle.

Councilor Pelatt asked about the reduction of the Economic Improvement and Development line item and Ms. Nichols explained the City used to work with Rick Dancer on the Video project and that is no longer budgeted.

Robert Grand asked where in the budget it shows staff's wages not broken out by fund. Ms. Amberg said it doesn't but she will include the salary resolution that outlines the ranges.

Lacey Risdall inquired on the line item City Hall Inspection; since there is work being budgeted for the second floor shouldn't we budget money for inspections. Ms. Nichols responded that line item was added when the City was working with the contractor to work through construction defects on the City Hall shell.

Mayor Stram asked about the election line item and Ms. Amberg noted that if the City chooses to have an election we could bring forward a budget change to the Council. Ms. Nichols noted regardless of whether or not we budget for an election, should the City have an election; the City is responsible for the costs.

Seth Clark asked for an explanation as to why the line item Electric, Phone & Utility has a history of \$0 and this budget it is proposed \$21,375. Ms. Amberg responded that those expenditures in the past were included in City Hall/Shop Utilities; and have been removed from that fund and placed into their own line item. She feels this is a more transparent way of showing what they cost.

Cultural & Recreation Requirements

Ms. Amberg noted the big changes in this fund. She recommends rather than place specific non-profits in our budget, guaranteeing them a certain level of funding from the City, they be compressed into one line item and those amounts be awarded through a competitive grant program. The non-profit will have to develop a grant package that explains what they do for the citizens of Creswell and provide metrics to measure their work. Councilor Pelatt asked for clarification on which line items this encompasses. Ms. Nichols responded this would affect South Lane Wheels, Senior Meals, Family Relief Nursery, Community Sharing and the Creswell Food Pantry (\$11,900). Chair Brent Gifford asked if that also includes Summer Recreation. Ms. Nichols responded that it does not; Summer Reaction is summarized under Cultural Activities which includes Summer Recreation, Earth Day, Tree Lighting and Movies in the Park, and a \$500 contingency for an unanticipated increase (\$11,500). Chair Brent Gifford reiterated there is not a separate fund like last year for Community Contribution Grants. Councilor Pelatt asked if there has been any conversation with the non-profits to explain the change, and he feels that since they have not been notified, the City should do the same match as we have done in the past for this fiscal year and set the expectation that next year they will have to begin a grant process. Ms. Amberg said the change is not towards funding to these organizations, it just changes the process for receiving the money; it will no longer be an automatic guarantee.

Councilor Vincent inquired about Parks Maintenance and Supply. She noted the Parks Advisory Board (PAB) is working towards bringing a recommendation to the Council on a skate park project and she is not seeing any funds for this and is wondering if they would need to wait another year to budget for the project. Ms. Amberg said a skate park would be a capital project and the board would need to look for grants to complete their project.

A discussion ensued with Councilor Vincent remarking how the PAB is looking to put the skate park in Harry Holt Park. Ms. Amberg noted a proposal for a skate park has not come forward and the proposed budget reflects on what we need for the next fiscal year. It has been budgeted for resurfacing of the tennis and basketball courts. Cliff Bellew noted the resurfacing has been budgeted for because of the amount of interest in using the courts. He went on to say the courts on Emerald Parkway are not available for the general public's use. Keith Morgan asked why the Emerald Parkway courts are not available for use because when the Planning Commission approved that PUD, it was presented to the Commission that would it would be available for the general public in order to meet the Parks and Open Space requirement. Councilor Campbell said she hopes there is a lot more discussion on the placement of a skate park in Harry Holt Park. The park, including the basketball and tennis courts are heavily used by the public.

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Councilor Pelatt asked of the \$7,000 allocated for Community Contributions last year how much of that was used. Councilor Campbell responded the committee meets later in the week to review three more grants which should use up the remainder of the balance of that account. Councilor Pelatt responded that he would like to increase the Community Contributions from \$11,900 to \$16,000 or \$17,000.

Mayor Stram asked what is included in the \$11,000 budgeted for Parks Equipment in the Capital Outlay. Ms. Amberg responded a portion of a dump truck, and a mower. He then asked for identification of funds for Park & Land Improvements in Capital Outlay and Ms. Amberg replied the resurfacing of the tennis and basketball courts at Harry Holt Park. The funding for Cobalt Lane Building & Equipment is for installing heat and air as well as tables and chairs.

Public Safety

Ms. Amberg noted under Contractual Services for Police Protection, the line item reflects the third deputy to Creswell's contract. As Mr. Gifford noted earlier the expenditure for the third deputy was budgeted on the assumption a fee or some other way to raise revenue will come to light to offset the cost. She also noted the largest decrease in this fund is under Contractual Services Emergency 911; those funds go directly to the dispatch center instead of using the City as a pass through.

Mayor Stram asked for an explanation on the Animal Control line item. Ms. Amberg said the City houses animals who are picked up for various reasons. Ms. Nichols added this line pays for the feeding and care of the animals while in our possession and per contractual agreement with Greenhill when we transport them. Greenhill charges the City for housing of animals for up to twenty days after they are transferred. She also added that the City also operates their own licensing program.

Neighborhood Watch/Emergency Preparedness Plan

Mayor Stram suggested using the \$5,000 budgeted for Neighborhood Watch as an addition to the Community Contributions Grant instead. Ms. Amberg noted the \$5,000 budgeted for Emergency Preparedness Plan is there to put together a plan for the city as well as supplies and communication materials.

Chairman Gifford asked about Street Light Maintenance. Ms. Nichols said a couple of years ago, we began contracting with Emerald People's Utility District (EPUD) for maintenance of street lights the City took over ownership of on Emerald Valley. The \$20,300 is budgeted for lamps or sensors that may go out, or an auto may hit a light and we may have to contract those services out to EPUD for repair. Mr. Bellew said those lights are near the street and could be hit by an automobile. Ms. Amberg thought this may be a place where we could find some money for the Community Contributions fund. She noted if someone was to hit the light and they had insurance we would go for reimbursement through their insurance company.

Robert Grand asked about Nuisance Abatement. Ms. Amberg stated we have properties in Creswell that we have to abate or clean up; when that is done a lien is placed against the property but the City may have to wait until the property sells to be reimbursed our cost for clean-up.

Planning and Land Use

Ms. Amberg reiterated that we will be cutting a .5 FTE and adding \$35,000 into contractual services for planning. We will be adding a planning technician. By doing this we will reduce our planning costs and provide better customer service.

Gary Schweitzer asked if the City has a Planning Commission. Ms. Amberg replied we do, and they meet once a month to decide various land issues. One of the upcoming issues they will be making decisions on is marijuana dispensaries and whether or not we are going to regulate them and how.

Lacey Risdal asked about the Comprehensive Plan Update. Ms. Amberg said the Comprehensive Plan is held up on a couple of things that have to be done for master planning. The \$50,000 is carried forward as we are anticipating some level of work to be done in that area. Ms. Risdale asked if you are adding a planning staff member will that help with some of the master planning or is that too large of project and need consultants. Ms. Amberg replied it is not the size of the plans but the expertise that is needed so you will need engineering assistance.

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Councilor Pelatt asked for an explanation as to why medical insurance and PERS both jumped. Ms. Amberg said it is the result of adding a person to staff.

Mayor Stram asked for an explanation of Community Development. Ms. Nichols explained they are planning projects that are outside the scope of Land Use Applications and Development permit applications (ex. Annexations, zone change apps. Etc.) Ms. Amberg used the U of O Golf Course as an example.

Transfers

Ms. Amberg pointed out the General Fund has two scheduled transfers to other funds:

- \$150,000 to the Capital Improvement Fund for the City Hall Parking Lot
- \$90,000 to the Airport Fund

Ms. Amberg also noted the healthy operating contingency of \$220,000. She went on to explain that contingency money is not available to be spent; it is set aside for unanticipated emergencies and expenditures.

Street Fund

Ms. Amberg asked Ms. Nichols to explain State Exchange. The first year were eligible to receive the funds was 2012/2013. The funds amounted to \$53,000; too small to complete a project with. We were able to roll the money forward to the 2013-2014 budget year for a total of \$110,292 which allowed us to complete a small project. This year the budgeted amount of \$55,398 reflects one years' worth of state exchange money. Mr. Bellew will be using those funds for engineering services for the next street project.

Materials and Services reflect the expenditures for the Storm Water Master Plan (\$75,000) and the Transportation Plan (\$45,000) both which need completed before the Comprehensive Plan can be done. Ms. Amberg noted this is where the \$8,000 would be added in for the street light project on Harvey Road as discussed earlier this evening. Also included in capital outlay is the dump truck and mower.

Bicycle/Foot Path Fund

This fund is a very small fund that can only be used for bike and pedestrian paths. The majority of funds for this come from transfers from the State Highway Street Fund and we are not proposing any funding for projects out of this fund within the next fiscal year.

Building Department Fund

The money that comes into this fund is from development and based on an estimated guess of what we anticipate building to be within the next fiscal year. Ms. Amberg said this year we had a great deal more development than anticipated and we are not able to pay the bill to the Building Department because the appropriation is too low, so next week a supplemental budget will be presented to the Council which will raise the appropriation level in order to pay the bills. We have the revenue coming in but if we don't have the appropriation we can't make the expenditure. Mr. Woodland asked how many projects are projected for the 2014/2015 year. Ms. Nichols said there are eight single family dwellings on Harvey Road, a development on the east side of the freeway that has been sitting dormant and has recently sold, and a couple of commercial developments that are being discussed. This is basically guesswork.

Councilor Campbell asked about building and electrical inspections. Ms. Nichols explained the increase in this years proposed budget is based upon growth and the anticipated number of building and electrical permits issued. Ms. Nichols went on to explain the contractual arrangement with the Building Department is seventy five percent of the permits we take in in revenue cover service inspection and code compliance and twelve percent of the remaining is required to be turned over to the state.

State Revenue Sharing Fund

Ms. Amberg explained the State Revenue Sharing Funds are provided by the State and it must be clearly defined as to where we are going to use them otherwise you cannot spend them. After much discussion, it was decided to transfer the revenue to other funds:

- \$75,000 to the General Fund for Cobalt Building
- \$150,000 to Capital Improvement Fund for improvements to the second floor at City Hall
- \$150,000 to the Airport Fund

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Ms. Risdal asked if the \$150,000 was in addition to the \$90,000 outlined in the General Fund transfers. Ms. Amberg replied that it is. She went on to say the \$90,000 transfer from the General Fund is to help offset operation costs. The \$150,000 is money she is proposing to give to the Airport to use as seed money to find a solution to create revenue to begin weaning themselves off the General fund transfers.

Councilor Pelatt asked if any of those funds could be used/moved for/to the Community Contributions grants. Ms. Amberg said technically yes, but these are one time funds and you need to be very careful how you use them. At any point the State can discontinue providing them. Ms. Amberg said this would be a great place to transfer \$7,000 to the Community Contributions Grant fund line. She asked if this transfer would be in addition to the already budgeted \$375,000. Ms. Nichols said we would reduce Capital Outlay by \$7,000 and transfer that to the Community Contributions Grant line.

Councilor Vincent inquired as to whether or not the \$75,000 transfer to the General Fund was changed to \$60,000 for the Cobalt Building. Ms. Amberg responded that \$60,000 goes directly into capital and the rest was distributed to various building improvements/maintenance and referred her back to Cobalt Building Maintenance line items.

Water Fund –

Ms. Amberg stated this fund is pretty straight forward. She reminded the Council there isn't a fee increase included in this budget. Chair Gifford stated it was his recollection that during a work session it was agreed upon to allow the automatic July 1st increase. Ms. Amberg responded that she was unclear as to whether or not the Council agreed to do the 0.5 or 1 percent. She asked the Council for discussion on the amount of rate increase to be included if any. Councilor Pelatt stated that at the very least the Council should direct staff to include the automatic one half of one percent. He went on to say that since the Council placed a one year moratorium on the increase, he feels we need to bump the rate increase to one percent to make up for the loss during the past year. Chairman Gifford asked what it would take to increase the rate by one percent and Ms. Amberg stated it would have to go before Council, she could include it in the budget but that doesn't mean we would have to raise the rate a whole percent. A discussion ensued that the annual rate increase of one half of one percent to both water and sewer services has already been noticed as outlined in our Resolution and anything more than that would have to go before the Council. As it stands currently if the budget committee chooses to recommend the automatic rate increase or anything in addition to that, they will need to make a recommendation to that affect.

A discussion ensued regarding the possibility of three separate rate increases during the next fiscal year; the annual rate increase, a public safety fee added to the utility bill and possibly an increase based on the results of the water rate study.

Mayor Stram moved, Councilor Campbell seconded to increase the budget to include a water rate increase of one half of one percent and a sewer rate increase of one half of one percent. Water Fund in the budget to include the automatic water rate increase of one half of one percent for both water and sewer. Voted on and the motion carries unanimously.

Water Fund Expenditures

Ms. Amberg explained a proposed increase in Shop Facilities Maintenance as a result of metal doors and bins, roof maintenance and a gate. The increase in postage is budgeted to send out arsenic and backflow notices this year. Water Analysis is increasing due to State required additional testing. Ms. Amberg noted that she will be removing \$12,000 budgeted in Capital Outlay for the Storage Shed as that project has already been completed.

Ms. Amberg noted we are proposing to pay off a loan of \$2,500,000. Ms. Nichols stated that the City has two loans for water improvements; one is a \$4,000,000 loan at one percent (long term debt service), the other is an interim financing note (\$5,825,000) with interest at 2.91 percent interest. It is anticipated that Business Oregon will pool together a number of projects from around the state during the 2015-16 year and send them out for bond. At that point in time our project would be included and it is anticipated that the interest rate would then be 4.25 to 4.5 percent for the next twenty to twenty five years (length of note). In anticipation of reducing the financing costs to the City and rate payers, we proposed buying down that debt at a lower interest rate so when we roll an amount over into long term financing the interest is greatly reduced.

Sewer Fund

Ms. Amberg said as a result of the council's decision, she will modify the additional one half of one percent increase to sewer revenue.

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At 9:30 pm, Chairman Gifford recessed the meeting for a short break. At the break, Mayor Stram checked to see if Councilor Daniels was still participating by telephone but he had left the meeting. Chair Brent Gifford reconvened the meeting at 9:40 pm.

Sewer Fund

Ms. Amberg noted the budgeted amount for Contractual Services for Engineering has risen significantly due to the City's new engineering firm and their rates. Seth Clark asked why the budgeted amount for the Wastewater Master Plan has increased for next fiscal year and Ms. Amberg explained that during this past year with the turn over in the City Administrator's position, nothing was accomplished on the plan. It is her goal to complete this plan in its entirety during the 2014-2015 year. A brief discussion ensued in regards to conducting a sewer rate study.

Airport Fund

Ms. Amberg reported the Airport Commission met last night and had a very good discussion on how to take the \$150,000 proposed budgeted amount and find a strategy to help make the Airport self-sufficient. A few of the ideas discussed were:

- To attract more aviation business
- Address water and sewer issues
- Study the possibility for increasing fees
- Purchase hangars, upgrade and rent out
- Sell the Airport
- Make the Airport a destination
- Operate the Airport under a contract with the Airport Commission or an Owners Association
- Establish a port authority and have the State run it

Councilor Vincent asked and Ms. Amberg replied we are selling more fuel at the Airport and the cost of fuel is on the rise. She went on to report the Airport has applied for a Connect Oregon Grant V to work on master planning to provide sewer services to the Airport and for upgrades to the taxiways.

Local Improvement District

Ms. Amberg reported the City is planning to do North 5th Street between Oregon Avenue and A Street. Ms. Nichols reported the City typically does Land Improvement Projects for curbs, gutters and sidewalks where they aren't typically provided.

Capital Improvement Funds:

Ms. Amberg reviewed the following Improvement Projects and Funds outlined in the proposed budget:

- Capital Improvement – City Hall 2nd Floor Improvements and City Hall Parking Lot Project
- Water Capital Improvement – Arsenic Treatment and Storage Tank for future growth
- Sewer Capital Improvement – Sewer Line Renovation/Replacement Program
- Water SDC (System Development Charges) – Collected from developers on new properties to pay for their share of future improvements to the system
- Sewer SDC – Same as Water SDC only for sewer
- Parks Development Fund – Mayor Stram asked what the Parks SDC's can be used for and Ms. Amberg replied it depends what is in the methodology when the charge was put into place. She will provide a report at the next meeting.
- Transportation SDC – Same as water and sewer only for streets

A discussion was held on the budgeted money for Neighborhood Watch. This program is ran through Lane County Sheriff's office and the \$5,000 could be used for additional money to the Community Contributions funds.

There being no other discussion, Ms. Amberg reiterated the changes presented, discussed and approved tonight to the proposed budget for the second meeting.

- (Page 28) Eliminate funding for Neighborhood Watch and move the \$5,000 into the Community Contributions line item for a total of \$16,900
- Increase to the Water and Sewer Fee revenues
- Provide a salary range table

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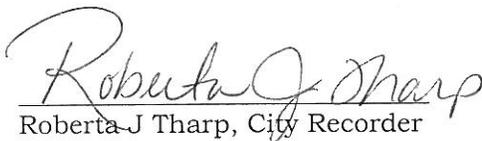
- Provide the Parks Master Plan project list
- Provide a report on the Sewer Line Project as to what it entails

Mayor Stram moved, Lacey Risdal seconded to eliminate the funding for Neighborhood Watch and place the \$5,000 into the Community Contributions line item. Further discussion ensued with Councilor Pelatt asking if that would be a sufficient amount of funds in Community Contributions. He noted that when we removed the funding for our previous beneficiaries we removed about \$7,000 worth of funding and are only replacing it with \$7,000. Michelle Amberg reported that Community Food for Creswell has other funding sources and are doing pretty well. Voted on and the motion carries unanimously.

After further discussion, Adam Pelatt moved, Jane Vincent seconded to increase the Community Contributions fund to \$20,900 with a \$4,000 transfer from Revenue Sharing Funds. Mayor Stram asked if this would have any impact on a Special Revenue Fund; Ms. Amberg stated we don't have a capital improvement fund allocated. Voted on and the motion carries unanimously.

The next budget committee meeting is scheduled for May 20, 2014 at 7:00 pm.

Budget Committee Chair Brent Gifford asked if there was any other business. There being none, Chairman Gifford adjourned the meeting at 10:15 pm.


Roberta J Tharp, City Recorder


Budget Chair

Budget Message FY 2014/15 Proposed Budget

Welcome to the budget meeting for the Proposed Budget for Fiscal Year 2014/2015. Thank you for your interest and for taking your personal time to help craft a very public planning document.

The FY 2014/15 Proposed Budget has been prepared in accordance with Oregon Revised Statutes (ORS) 294 as well as the appropriate Oregon Administrative Rules (ORS). The Budget is a financial plan that guides how the City will manage its resources over the period of one fiscal year (July 1st through June 30th). It is a guide to the financial management of the City. It is a public document and any person is welcome to review it if they have an interest.

The Proposed Budget being presented to you tonight is balanced: the revenues and expenditures in each fund are equal. All revenues and expenditures have been prepared as good faith estimates of what we expect for FY 2014/2015. The total budget estimate for FY 2014/15 is \$17,712,538.

The City of Creswell's annual budget is comprised of sixteen separate funds and organized as shown in the following table:

Fund	Appropriation	% of Budget	% Change from FY 13/14
General	\$2,553,537	14.42%	-2.60%
Street	\$1,079,823	6.10%	14.52%
Bicycle/Footpath	\$58,020	0.33%	4.99%
Building Department	\$186,960	1.06%	25.82%
State Revenue Sharing	\$452,810	2.56%	33.33%
Water	\$4,469,345	25.23%	-1.39%
Sewer	\$1,642,225	9.27%	3.83%
Airport	\$953,313	5.38%	8.58%
Local Improvement District	\$19,115	0.11%	14.29%
Capital Improvement	\$406,685	2.30%	79.43%
Water Capital Improvement	\$1,180,275	6.66%	4.82%
Sewer Capital Improvement	\$943,700	5.33%	5.99%
Water SDC	\$2,200,450	12.42%	4.17%
Sewer SCD	\$876,060	4.95%	7.29%
Parks Development	\$428,015	2.42%	7.20%
Transportation Enhancement	\$262,205	1.48%	4.70%

Proposed Fiscal Policy

Discussions were held with the City Council Finance Committee regarding development of a Beginning/Ending Fund Balance Policy which would establish limits on the use of Fund Balance to offset costs or lack of revenue. This proposed policy has been included with your budget information and will require further development and review by the City Council. I would welcome any comments from the Budget Committee regarding this proposed policy.

The General Fund

The General Fund receives revenues from many different sources including Taxes, State Revenue, Licenses and Permits, Fees for Service, Fines and Forfeitures, Grants, Donations, Investment Income, Transfers from other Funds, and Miscellaneous. Additionally, General Fund revenues which weren't expended during the previous fiscal year are added to the proposed revenue estimate. This is called the Beginning Fund Balance. The City expects to receive General Fund Revenue as shown in the following table:

Revenue Source	Revenue Estimate	% of Proposed FY 2014/15 General Fund Revenue	% Change from FY 2013/14 Adopted Budget
Property Tax	\$823,175	52.51%	2.55%
Franchise Fees	\$274,805	17.53%	1.60%
Other Tax/Assessments	\$72,070	4.06%	6.02%
State Revenue	\$74,275	4.74%	-23.96%
Licenses and Permits	\$12,805	0.82%	0.16%
Fees	\$179,662	11.46%	2,186.20%
Fines	\$28,400	1.81%	-9.70%
Grants/Donations/Misc	\$19,945	1.27%	13.79%
Transfers from other Funds	\$75,000	4.78%	There were no budgeted Transfers in FY 2013/14
Investments	\$7,575	0.48%	-1.05%
Beginning Fund Balance	\$985,825	-	-24.47%

Noteworthy increases or decreases between the Proposed Budget for 2014/2015 and the Adopted Budget for 2013/2014 revenues include:

- **6.02% increase** in Other Tax/Assessments due to anticipated increases in hotel/motel tax and telecommunication tax revenues.
- **23.96% decrease** in State Revenue due to the loss of 9-1-1 tax revenue which is no longer sent to cities but is now sent directly to public safety communication centers.
- **2086.20% increase** in Fees due to the addition of a third deputy during 2013/2014. The costs of the additional deputy are offset by fees for in the FY 2014/2015 Proposed Budget.
- **9.70% decrease** in Fines due to an anticipated decrease in fees, licenses, fines, bail, reimbursement of administrative court costs, penalties and less interest earned on delinquent accounts.
- **13.79% increase** in Grants, Donations and Miscellaneous due to anticipated increased grant and miscellaneous revenue.

One significant indicator of fiscal health is the General Fund's projected Beginning Fund Balance which dropped 24.47% when compared with the FY 2013/2014 Adopted Budget. This significant drop is due to the use of Contingency during the FY 2013/2014 to fund a third deputy position provided via a contract with Lane County Sheriff. The third deputy was an unanticipated expenditure and was therefore not

budgeted for in the FY 2013/2014 Adopted Budget. When an expenditure is made from Contingency it will have an adverse impact on the Beginning Fund Balance the following year.

Overall, the General Fund has decreased by 2.60% in the Proposed Budget for FY 2014/2015 when compared to the Adopted FY 2013/2014 Budget.

The 2.60% decrease in revenues is reflected in General Fund expenditures in the Proposed Budget for FY 2014/2015. General Fund expenditures are broken into four programs areas: Administrative, Cultural and Recreation, Public Safety and Planning and Land Use.

Program	Expected Expenditures	% of Proposed FY 2014/15 General Fund Expenditures	% Change from FY 2014/14 Adopted Budget
Administrative	\$348,264	13.64%	-7.58%
Cultural & Recreation	\$330,641	12.95%	27.14%
Public Safety	\$804,703	31.51%	-1.17%
Planning & Land Use	\$266,600	23.76%	23.76%

Capital Improvement projects included in the General Fund for the Proposed FY 2014/2015 Budget include resurfacing the tennis and basketball courts at Harry Holt Park and improvements to the Cobalt Building.

Other expenditures budgeted in the General Fund include Transfers and Contingency and are shown in the table below:

General Fund Line Items	Expected Expenditures	% of Proposed FY 2014/15 General Fund Expenditures	% Change from FY 2014/14 Adopted Budget
Transfers	\$140,000	5.48%	-40.00%
Contingency	\$220,000	8.62%	186.91%
Ending Fund Balance	\$412,337	16.97%	-25.10%

Noteworthy increases or decreases between the Proposed Budget for FY 2014/2015 and the Adopted Budget for FY 2013/2014 expenditures include:

- **7.58% reduction** in Administrative Program costs due to reductions in Materials and Services associated with recruitment of the City Administrator.
- **27.14% increase** in Cultural and Recreation due to an anticipated increase in Capital for the Cobalt Building and resurfacing the tennis and basketball courts at Harry Holt Park.
- **23.76% increase** in Planning and Land Use due to the addition of 1.5 FTE (some of the increase will be offset by reductions in the contract between Lane County Council of Governments and the City of Creswell).
- **40.00% decrease** in Transfers from the General Fund to the Airport Fund.

- **186.91% increase** in Contingency which reflects the use of Contingency during FY 2013/2014 to add a third deputy in Public Safety – the Proposed Budget for FY 2014/2015 appropriates Contingency consistent with historic levels.

Another significant indicator of fiscal health is the General Fund’s projected Ending Fund Balance which dropped 25.10% when compared with the FY 2013/2014 Adopted Budget. This means that the City’s expenditures are actually exceeding revenues and that fund balance is being used to make up the difference. If you compare the actual revenue with operating expenditures you can see the problem very easily:

Actual Revenue (excluding one-time revenue, Transfers and Beginning Fund Balance)	= \$1,472,767
Operating Expenditures (Personnel, Materials and Services, and Capital)	= \$1,750,208

Even though the budget proposal is balanced in FY 2014/2015 the City will be using \$277,441 more than it is bringing in as revenue. This is not sustainable in the long term and the City will need to either increase revenue or reduce expenditures to maintain a healthy General Fund.

Special Revenue Funds

Special Revenue Funds are funds that receive revenue for a specific purpose. They are not part of the General Fund and cannot be used for general operations. These revenues can only be expended for the purpose specified and are not available for any other purpose. Special Revenue Funds include Street Fund, Bicycle/Footpath Fund, Building Department Fund, and State Revenue Sharing Fund.

The Street Fund is used to maintain the street system within the City. It is balanced in the Proposed Budget for 2014/2015 and represents 6.10% of the total budget. The Street Fund’s estimated revenue and expenditures are \$1,079,823. Anticipated revenues include \$350,848 from Oregon State Highway revenue sources and have decreased 10.20% from FY 2013/2014 due to a decrease of \$54,894 from the State Exchange Program.

Noteworthy changes in expenditures include:

- 6.08 % decrease in personal services due to salary and benefit savings.
- 23.04% decrease in Capital Outlay due to smaller projects proposed in the FY 2014/2015 Budget.

Capital purchases include an articulated mower for mowing right-of-way and a dump truck (the cost of this item will be shared equally with the Water and Sewer Funds).

Overall the Street Fund increased by 12.68% in the Proposed Budget for FY 2014/2015 when compared to the Adopted FYT 2013/2014 Budget.

Street Fund Capital Projects scheduled for FY 2014/2015 include:

1. North 5th Street Overlay - engineering
2. Scott Lane Improvements

Bicycle and Footpath Fund is used to fund bicycle and footpath projects within City Limits. It is balanced in the Proposed Budget for 2014/2015 and represents 0.33% of the City’s total budget. There are no

noteworthy changes in revenues or expenditures anticipated in the Proposed Budget for FY 2014/2015. There are no projects proposed for FY 2014/2015.

Building Department Fund supports the building and safety functions for the City of Creswell. The Fund is balanced in the Proposed Budget for 2014/2015 and represents 1.06% of the total budget. The budget figures for this fund are based on estimated building and development in the coming fiscal year. There is a 20.52% increase in this fund which reflects an optimistic projection for development within the City.

State Revenue Sharing Fund accounts for revenues distributed from the State of Oregon. The revenue can be used for a purpose that is fully disclosed in the budget and once the revenue has been assigned a purpose it cannot be used for any other purpose during the fiscal year. The Fund is balanced in the Proposed Budget for FY 2014/2015 and represents 2.56% of the total budget.

Noteworthy changes from the Adopted FY 2013/2014 Budget include:

- **12.11% increase** in overall revenues due to increased Beginning Fund Balance
- **411.48% decrease** in Materials and Services and capital Outlay to offset increases in transfers
- **100% increase** in Transfers to other Funds as follows:

General Fund	\$75,000 – to be used in the Cobalt Building.
Capital Improvement Fund	\$150,000 – to finish off an upstairs conference room and add a second bathroom upstairs in City Hall.
Airport Fund	\$150,000 – to be used to develop new revenue streams with the intent of eliminating the Airport Fund’s dependence on the General Fund.

Enterprise Funds

Enterprise Funds are used for programs that operate like a business. These programs generate their own revenue and operate independently within the overall City budget. Enterprise Funds include Water Fund, Sewer Fund, and Airport Fund.

Water Fund receives 98.27% of its revenue from water payments. Water Fund revenues can only be used to support the activities associated with collecting, treating and delivering water to customers. The Water Fund is balanced in the Proposed Budget for FY 2014/2015 and represents 25.23% of the total budget. It is the largest Fund with the City of Creswell’s Proposed Budget for FY 2014/2015 primarily due to debt payments for past improvements to the system and upgrades to the water treatment plant.

Noteworthy changes from the Adopted FY 2013/2014 Budget include:

- **151.93% decrease** in Capital Outlay.
- **85.14% decrease** in Contingency due to the need to allocate resources to pay off debt.
- **252.95% increase** in Debt to repay financial obligations.
- **512.28% decrease** in Ending Fund Balance due to the need to allocate resources to pay off debt.

Capital projects included in the Proposed Budget for FY 2014/2015 include removing asbestos in the vacant residence at the reuse irrigation site, construction of a storage shed at the Water Treatment Plant and half the cost of the Radio Read Meter Replacement Program. The Fund will also contribute to the purchase of a dump truck.

In FY 2013/2014 the City Council did not increase water rates and contracted for a water rate study and will most likely consider a rate increase sometime during the 2014/2015 fiscal year. The Proposed Budget for FY 2014/2015 does not include any increase in water rates.

Sewer Fund receives 98.56% of its revenue from sewer payments. Sewer Fund revenues can only be used to support the activities associated with collecting, treating and disposing of waste water. The Sewer Fund is balanced in the Proposed Budget for FY 2014/2015 and represents 9.27% of the total budget.

Capital projects included in the Proposed Budget for FY 2014/2015 include half the cost of the Radio Read Meter Replacement Program and a third of the cost of the dump truck.

Noteworthy changes from the Adopted FY 2013/2014 Budget include:

- **14.81% increase** in Materials and Services due to increased costs for engineering services as well as projected costs for a Sewer Rate Study and Wastewater Master Plan.
- **45.75% decrease** in Capital Outlay because there are no major capital projects budgeted in the 2014/2015 fiscal year.
- **16.67% decrease** in Contingency.
- **78.35% increase** in Ending Fund Balance.

In FY 2013/2014 the City Council did not increase sewer fees. The Proposed Budget for FY 2014/2015 does not include any increase in sewer rates.

Airport Fund receives 43.89% of its revenue from the sale of fuel, 22.09% of its revenue comes from grants, miscellaneous sales, and donations and 8.39% comes from rentals. A full 25.61% of its revenue is provided through transfers from the General Fund. Ideally, the Airport Fund should be self-supporting and receive no funding from the General Fund; however, the Airport Fund is not able to fully fund operations at the Airport at this time.

There is only one capital improvement project in the Proposed Budget for FY 2014/2015 and that is the completion of the Automated Weather Observation System (AWOS) at the Airport.

Noteworthy changes from the Adopted 2013/2014 Budget include:

- **11.25% increase** in Fuel Sales.
- **27.35% increase** in Rental Income.
- **33.45% decrease** in Grant revenue.
- **37.50% increase** in transfers from the General Fund.
- **15.65% decrease** in Materials and Services due to an anticipated decrease in legal fees.
- **33.99% increase** in Capital Outlay for the installation of the AWOS and building and land improvements designed to increase revenues to enable the Airport to become substantially more self-sustaining.

- **16.67% decrease** in Contingency.

Attention should be drawn to the change in the Airport Fund's Beginning Fund Balance which decreased from the Adopted FY 2013/2014 Budget by 81.54%; however, the Ending Fund Balance is anticipated to improve by 35.07% in FY 2014/2015.

Overall the Airport Fund is expected to grow 7.90% in FY 2014/2015.

Debt Service Fund

The City of Creswell has only one Debt Service Fund and that is for Local Improvement Districts (LID). This Fund receives revenue from payments assessed against property owners benefitting from a local improvement and uses this revenue to pay back debt issued for the local infrastructure improvements. Overall the Local Improvement Fund is expected to increase 12.50% due to an increase in assessments and a decrease in debt payments.

Capital Projects Funds

Capital Projects Funds are used to collect revenue to be used for capital projects. Most all of the revenue in these Funds come from transfers from other funds or from system development charges (SDC). The City of Creswell has seven funds that fall into this category and which represent 35.55% of the Proposed Budget for FY 2014/2015. These funds are the Capital Improvement Fund, Water Capital Improvement Reserve Fund, Sewer Capital Improvement Reserve Fund, Water SDC Reserve Fund, Sewer SDC Reserve Fund, Parks Development Fund and Transportation Enhancement Fund. The projects in the Proposed Budget for FY 2014/2015 include:

1. City Hall Parking Lot Construction
2. Second Story Improvements to City Hall
3. Water Line Renovation/Replacement Program
4. Sewer Line Renovation/Lining Program

Conclusion

This concludes my budget message for the Proposed Budget for FY 2014/2015. I would like express my most sincere thanks to Layli Nichols who worked days, nights and weekends to put together the budget document you received. There would be no budget without her. I would also like to thank the department heads for their contributions to the budget document. They have taken great care to craft budget proposals that meet the needs of the City while also economizing on costs whenever possible. Finally, I would like to thank all of you again for giving up your personal time to help the City develop a plan that will provide services to our community in the coming fiscal year. Thank you everyone.