

Council Present:

Holly Campbell
Brent Gifford
Dave Stram

Jacob Daniels
Adam Pelatt
Jane Vincent

Staff Present:

Michelle Amberg
Roberta Tharp
Cliff Bellew
Shelley Humble
Layli Nichols
Madeline Phillips

City Administrator
City Recorder
Public Works Director
Airport Manager
Finance Director
RARE Intern

Council Absent: 0

Press: 1 - Creswell Chronicle - Scott Olson

Audience: 11

The Creswell City Council's Special Meeting/Budget Hearing was called to order by Mayor Dave Stram at 7:04 pm and the Pledge of Allegiance was given.

Fiscal Year July1, 2014- June 30, 2015 Budget

Public Hearing – Fiscal Year 2014-15 City of Creswell Budget

Mayor Stram opened the Public Hearing on the Fiscal Year July1, 2014 to June 30, 2015 Budget.

Susan Blachnik, addressed the Council to speak in favor of the proposed budget. As manager of the Food Pantry she spoke of the necessity of keeping the proposed budgeted amount of \$60,000 for maintenance to the Cobalt Building. To date the Food Pantry has made approximately \$9,000 worth of repairs to the building. She reported there to be about five leaks in the roof on their side of the building and no heating or cooling mechanism. Last winter the temperature inside the Cobalt Building went as low as forty seven degrees. The pantry is obligated to keep the food protected from extreme temperatures and in order to attract future tenants, the building needs to be maintained.

Todd White, Creswell resident spoke in opposition of the proposed budget. He agreed with Ms. Blachnik, that we should take care of a building that could be a future revenue generator. He feels that due to other allocations, the Council is proving to the Citizens that public safety is not the top priority and it should be. He suggested rethinking some of the allocations and priorities.

Susan Schweitzer, Creswell resident addressed the Council to speak in opposition of the proposed budget. She feels that some of the proposed items included in the budget are wanted items and not necessarily needed items. A Public Safety Officer is much more important than the frills and fluff that is included, and she thinks the budget needs to be reworked in order to shift funds around to eliminate the proposed public safety fee.

Maddie Phillips, RARE Intern for City of Creswell addressed the Council to raise awareness that the proposed budget helps to set the stage for discussion this evening. The proposed budget reflects a number of things addressed in the recent visioning process. There are two themes from the visioning process apparent in this budget: economic development and keeping young people here or encouraging them to return. During the community visioning process the question was posed to participants "Which project would be most catalectic to Creswell's future success"? The fourth, sixth and seventh responses given to that question were: Airport Long Term Financial Sustainability, Economic Development and Youth and Family Recreation respectively. Another question posed was "What will Creswell's identity be defined by in the year 2040"? One citizen responded "Good political leadership to help bring more ideas, jobs and businesses into town and to do something besides just thinking about it".

Proposed Changes to Budget Document

Ms. Amberg called upon Finance Director Layli Nichols to review the proposed changes to the budget.

Ms. Nichols reviewed the eight changes, noting the first three are within the limitations outlined by budget law for changes after the Budget Hearing and the last five are additions of supplemental information only and do not change the budget resources or requirements.

- Addition of Operating Contingency in the Street Fund
- Continuation of Drinking Water Protection Grant
- Addition of transfers from Capital Improvement Fund
- Addition of Fund Balance Activity
- Addition of Financial Policy Overview
- Change in the name of Fund Balance & Reserves Policy to "Fund Balance Reserves and Contingency Policy"
- Addition of fixed asset resolution within the Appendix section
- Addition of a Glossary

Annual and Budget Resolutions

Resolution 2014-11 A Resolution Adopting Budget, Making Appropriations and Levying Taxes

Holly Campbell moved Brent Gifford seconded to approve Resolution 2014-11, A Resolution Adopting Budget, Making Appropriations and Levying Taxes as presented. Mayor Stram asked for Council discussion and debate.

Councilor Daniels began the discussion by saying he is troubled with this budget. He feels it is the citizen's priority that the City provides police protection, streets and lighting along with other essentials. He feels the proposed budget does not prioritize public safety in the sense that the City is trying to pass the buck off to the ratepayers by implementing a fee to fund the additional deputy. Councilor Daniels proposed the consideration of transferring \$25,000 of the \$75,000 allocated to the Cobalt Building, as well as \$75,000 of the allocated \$150,000 for work on the second floor of City Hall, and \$75,000 from the \$150,000 allocated to the Airport from State Revenue Sharing transfers to pay for the third deputy. The transfers equal \$175,000 which is the amount needed to fund the extra deputy for the next year. He is not sure whether or not this proposal would fall within Budget Law and may mean reconvening the budget committee and creating a supplemental budget after July 1st. He went on to say, he is against adding a tax to the citizens and the City needs to find a way to provide the core essential services.

Councilor Vincent responded that due to budget timelines she is not sure there is a way to rearrange the budget in order to not implement the \$6 monthly fee. She said the Council needs to come up with ideas that will help generate revenue. She suggested either a historical district that will provide industry and jobs, or a safety district that will include more than the city boundaries. She doesn't want to have to ask the citizens to pay a monthly fee for public safety. The Council needs to look for a long term funding solution for this issue rather than a fee.

Councilor Pelatt responded that he feels the time to make a plan is now. He is in agreement that public safety needs to be the single most important thing. He agrees wholeheartedly to move the State Revenue Sharing funds as presented by Councilor Daniels. He continued that the State Revenue Sharing funds come from the State so they are not necessarily our citizen's tax dollars, and the funds we are discussing do not come at the expense of current operations or programs. He is in support of Councilor Daniels proposal.

Councilor Gifford responded that since we do have a tenant lease at the Cobalt Building he would like to hear from Cliff Bellew as to what the impacts for maintenance would be if we transferred the money as proposed. He also noted that he only sees \$60,000 budgeted for the Cobalt Building as outlined on page 55 of the budget.

Councilor Daniels called for a point of order. Mayor Stram asked Ms. Nichols for clarification. Ms. Nichols said \$60,000 is budgeted for capital improvements to the Cobalt Building and \$15,000 is budget for maintenance all of which is State Revenue Sharing Funds.

Mr. Bellew stated bids would be required to know how far the \$60,000 would go. It is of his opinion that \$60,000 would not complete both a roof and a heating mechanism project. It may be enough to do one or the other but if you reduce the amount to \$35,000, it would take away both projects.

Councilor Gifford continued that the Airport, as an enterprise fund is legally supposed to be self-sustaining. For the past five to seven years the general fund has been helping to support the Airport Fund through transfers. By continuing to allow it to accept transfers and drain City resources, the Council has a legal obligation to change this practice. The proposed \$150,000 is to give the Airport a chance to become legal and get to a point where it could support itself. If the Council continues to kick the can down the road, they might have legal personal liability in the future.

Mayor Stram asked what the Airport has cost the City in recent years. Councilor Gifford estimated about \$90,000 a year. Ms. Nichols responded over time the transfers from the general fund are in excess of \$600,000, the amount varies from year to year.

Councilor Campbell said she is very concerned and feels we have an obligation to have a budget before July 1st. The Council is responsible for the City moving forward and we need to be able to continue paying the bills and honoring commitments. She is worried that there isn't enough time to go through the legal process of noticing and hearings if the Council chooses to change it at this late date. She asked Ms. Amberg what the process would be if the Council doesn't approve the budget tonight. Ms. Amberg replied that if there is a recommendation to change the budget this evening, we would be required to notice and hold another public hearing. If an adopted budget is not in place by June 30th, the City would be closing on July 1st. Councilor Campbell reiterated her feelings that she didn't care for the idea that these changes are being presented at the very last minute and urged the Council to adopt the budget.

Councilor Daniels urged the Council to consider the option of an additional public hearing on Saturday, June 28th.

Councilor Campbell reiterated that the proposed budget is neutral; the Council will be considering the adoption of Ordinance 480 and a Resolution at the Special Meeting scheduled for the 23rd that addresses the funding for the third deputy. Ms. Amberg clarified the budget is revenue neutral regarding the third deputy. What enacts the fee for the funding of the third deputy is the Ordinance and Fee to be considered next week. If the Council chooses not to adopt the Ordinance and Resolution, we will still have a budget that includes funding for two deputies.

Mayor Stram asked about State Revenue Sharing Funds. Ms. Amberg replied historically the funds have been used for capital improvement projects. Those funds are not a reliable stream of monies. It is best practice when budgeting to take operational costs and balance them with revenues that are an ongoing revenue stream. The amount of money being discussed is a result of ten years of savings and we are not guaranteed to receive any money from the state. The City on average has been receiving approximately \$40,000 a year in State Revenue Funds but at any point the State can stop distributing the money (there have been discussions about discontinuing this revenue). There isn't a way to recover the funds should they be used for operation expenses. Ms. Amberg went on to say that should we pass a levy or a tax, the City would not collect those funds until next November and we would have to finish next fiscal year depleting our capital reserves and not having sufficient funds for July through November. Mayor Stram reiterated Ms. Amberg's explanation and stated the proposed budget expresses large picture priorities and goals. The budget committee voted to approve the budget and feels it would be difficult to explain the changes.

Councilor Daniels explained this is why we have a budget process and this option was not presented to the budget committee. Police funding needs to be the number one priority and the funds are available in the budget. In November we can go out for a levy and ask voters if they are willing to pay for the additional deputy through property taxes. Mr. Daniels went on to say the City is sitting on \$11.5 million dollars in reserve funds and those could be used.

Ms. Amberg commented that the budget has reserve funds that are dedicated for specific purposes. There is a perception that the budget is open and you can just move money around from fund to fund and that isn't the case. Water funds come from water fees and can be only used for water; sewer funds come from sewer fees and can only be used for sewer related projects and so forth. Public Safety is funded from the general fund and there is not \$11 million worth of reserve funds in the general fund. Councilor Daniels asked how many reserves do we have in the General Fund. Ms. Nichols responded in the proposed budget, the ending fund balance, which basically delineates what we anticipate to have as reserves at the end of the year is a little over \$450,000. A discussion ensued that the ending fund balance is set aside for the operations of the city until tax revenue are received in November.

Councilor Pelatt said the City must have its operating funds, but he feels the State Revenue Sharing Funds are in the budget and available. He went on to ask if there are current capital projects that are currently budgeted for that we could possibly use the state revenue sharing funds to fund thereby freeing up the budgeted project funds for public safety. Ms. Amberg said you could use State Revenue Sharing Funds to pay for other capital projects, but those projects are in special revenue funds which means that the revenues that are "freed up" could stay within those funds and are not available to the general fund. Mr. Pelatt went on to say if we pass a fee, it does not force us to deal with the issue and it is easy to let the fee snowball if we don't find other funding.

Councilor Gifford asked that should the Council decide to have another meeting what would be required of staff. Ms. Nichols responded that she would need to have the changes spelled out, make the changes to the budget, recalculate the entire budget, come up with another summary (LB 1 Form) and get the notice to the Register Guard by noon tomorrow for publication on Sunday in order to meet budget law deadlines.

Councilor Vincent asked about using some of the \$44,700 budgeted in capital outlay for the Cultural and Recreation fund along with the \$60,000 to complete the roof and heating at the Cobalt Building. Ms. Nichols

responded that the Parks Equipment is a shared cost between more than one fund that Public Works has slated to purchase equipment with. Ms. Amberg expressed concern that you are looking at pushing off the work on capital outlay improvements. Some of them are important to maintain so they will last longer and keep costs down in the future. It is like changing the oil in your car or waiting until the engine seizes up.

Mayor Stram spoke in support of the budget. He feels it represents the big picture of the community. He feels that once the State Revenue Sharing funds are spent those monies are gone. He read from the budget message that the beginning fund balance has dropped 24.47% due to the contingency funding of the third deputy this fiscal year. When an expenditure is made from contingency, it has an adverse impact on the beginning fund balance the following year. He feels this budget is in the best interest of the community.

A discussion ensued that should the Council choose not to approve the budget, the Council will need to be very clear on what changes they want. Whatever is noticed in the paper for the next budget hearing will be what you will vote on at the next meeting. Ms. Amberg is very concerned that a single issue (that will be voted on next week) is holding up the entire budget tonight. She went on to explain that based on the vote next week, the budget can be amended with a supplemental budget after adoption.

Councilor Pelatt urged the Council to fund \$178,000 for the third deputy from State Revenue Sharing Funds. He proposed the State Revenue Sharing budgeted funds be reflective of the following changes:

- \$75,000 for the Cobalt Building
- \$50,000 for the Airport Fund
- \$72,000 for the second floor of City Hall
- \$178,000 for Public Safety funding of the third deputy

Councilor Daniels called the motion to question. Mayor Stram asked Councilor Campbell to restate her motion. Councilor Campbell moved to approve Resolution 2014-11, A Resolution Adopting Budget, Making Appropriations and Levying Taxes as presented. Councilor Gifford seconded the motion. Voted on and the motion carries with Councilors Campbell, Gifford, Vincent and Mayor Stram voting in favor and Councilors Daniels and Pelatt voting in opposition.

At 8:52 p.m. Mayor Stram called for a five minute recess as Councilor Daniels has left the dais.

Mayor Stram reconvened the meeting at 8:55pm and announced that Councilor Daniels has left the meeting and his absence is deemed unexcused.

A. Resolution 2014-12 A Resolution Declaring the City's Election to Receive State Revenues
Adam Pelatt moved Brent Gifford seconded to approve Resolution 2014-12, A Resolution Declaring the City's Election to Receive State Revenues as presented. Voted on and the motion carries unanimously.

B. Resolution 2014-13 A Resolution Regarding State Revenue Sharing Funds
Brent Gifford moved Holly Campbell seconded to approve Resolution 2014-13, A Resolution Regarding State Revenue Sharing Funds as presented. Voted on and the motion carries unanimously.

C. Resolution 2014-14 A Resolution Extending the City of Creswell's Worker's Compensation Coverage to Volunteers of the City of Creswell
Brent Gifford moved Adam Pelatt seconded to approve Resolution 2014-14, A Resolution Extending the City of Creswell's Worker's Compensation Coverage to Volunteers of the City of Creswell as presented. Voted on and the motion carries unanimously.

D. Resolution 2014-15 A Resolution Adopting Salary Ranges for the 2014-15 Fiscal Year
Adam Pelatt moved Brent Gifford seconded to approve Resolution 2014-15, A Resolution Adopting Salary Ranges for the 2014-2015 Fiscal Year as presented. Voted on and the motion carries unanimously.

Adjournment

There being no further business to come before the council, Mayor Stram adjourned the Special Meeting at 9:00 pm.


Roberta J Tharp, City Recorder


Dave Stram, Mayor