

**Budget Committee Meeting
Minutes
February 18, 2010 6:00 PM
Civic Center Council Chambers, 1175 East Main Street**

CALL TO ORDER

The budget meeting was called to order at 6:08 PM on Thursday February 18, 2010 in Council Chambers at 1175 East Main Street, Ashland Oregon.

ROLL CALL & INTRODUCTIONS

Mayor Stromberg was present. Committee members Baldwin, Douma, Everson, Jackson, Runkel, Silbiger, Slattery, Voison and Navickas were present. Committee members Boenheim, Chapman, Lemhouse, and Thompson were absent.

The Budget Committee went around the room to do introductions. David Runkle and Keith Baldwin are new members to the Committee. The Committee spoke to being able to have open discussions with each other and feel comfortable even if situations arise where not everyone will agree.

ELECTION OF CHAIR & VICE-CHAIR

Douma stated that Lynn Thompson had a preference that another Budget Committee member be selected as chair this year.

Silbiger/Jackson ms Slattery as chair. All ayes.

Voisin/Douma ms Everson as vice chair. All Ayes.

APPROVAL OF MINUTES

Approval of minutes from previous Budget Committee meetings dated:

4/30/09 Budget Committee Meeting

5/06/09 Budget Committee Meeting

5/11/09 Budget Committee Meeting

5/13/09 Budget Committee Meeting

5/14/09 Budget Committee Meeting

Everson/Silbiger ms approval of the minutes. All Ayes

PRESENTATION BY STAFF

Lee Tuneberg, Administrative Services and Finance Director spoke to the packet and the schedule. The tentative budget calendar was discussed and approved by the Committee. This year there will be seven Budget Committee meetings with an extra meeting scheduled to be used if need be. There will also be a Budget Law training meeting which will be focusing on the budget law, budget process, and fund accounting.

The Committee questioned the length of the meetings. Ms. Bennett answered that each meeting will be approximately three hours, depending on departments. Mr. Tuneberg stated that the Budget Training meeting should be less than two hours depending on how many questions arise. The Budget Training meeting time will remain at 7pm February 25, 2010.

The Committee questioned if there is any documentation regarding the rules and regulations for the Budget Committee. Mr. Tuneberg answered that there is documentation provided by the Department of Revenue (DOR). On the DOR website you can find the Budget Law Book as well as many links with extended information.

Mr. Tuneberg discussed the Economic and Cultural grants process. The Committee questioned if the criteria for the Economic and Cultural grants will be revised. Ms. Bennett stated that the Council did not make many changes to the criteria. The Committee questioned if there would be conflict for those who are affiliated with organizations involved in the Economic and Cultural grant process. Ms. Bennett suggested leaving it up to the Committee to decide whether or not to allow individuals that are affiliated with a certain grantees to be a part of the grant process.

Mr. Tuneberg spoke to the Quarterly Financial Report and Council Goals (See attached).

Ms. Bennett discussed the FY 2010 projections to budget (see slide). The City would like to use 2011 to prioritize the upcoming years.

Mr. Tuneberg went over the major funds and expenditure projections (see slide). The first two sets of columns are what the City budgeted for revenue the second column is what the City budgeted for expenditures. Many funds are up and many are down. There are also some disconnects. The general fund is about \$500,000 short. Enterprises are where the City does capital borrowing. He stated that the City is not anticipating much borrowing.

Mr. Tuneberg spoke to the chart on Ending Fund Balance Condition. He stated that the City is not in a great condition but not as bad as we budgeted. Mr. Tuneberg stated that this chart shows where issues may be in certain funds. The reserve fund was added last year and is at about an \$185,000 range. Each year in the budget process the City looks at if and how money is used (See chart).

Ms. Bennett discussed recommended overarching assumptions from FY 2010 (see slide). Ms. Bennett explained that cuts, freezes, and reduce spending is not leading to the results that the City wants. The City will review all vacant positions to see if any could be eliminated.

Ms. Bennett spoke to the screening criteria (see slides). There are three criteria's: high, medium and low. Each department has two kinds of mandates. One is services mandated by Federal or State law and the other is services mandated by City Charter or Code. Ms. Bennett stated that if something is placed in lowest criteria it does not mean it isn't important it is just less important than something else. Each department should sort and prioritize.

For this year Ms. Bennett stated how we can improve policy making through the budget. (See slide). One way to do this is to describe outcomes and performance measures, and to describe what is given for money that is spent. Ms. Bennett described an example with the fire department. If the Fire Department was to go to four minutes response time how much will it cost, or if the Fire Department was to go to six or seven minute response times what would be saved. Ms. Bennett stated she wants Departments to be willing to say if something is cut how much will be saved.

The Committee suggested discussing what the different outcomes for different situations are in the Budget Meetings.

Ms. Bennett discussed the sample idea (see slide). First each department needs a Council Value. Next each department needs budget criteria, desired outcome and action/performance. Ms. Bennett explained that the Administration Department is more difficult because it has many pieces whereas other departments have fewer pieces.

The Committee stated their interest in the chart and thinks it's a great idea. Ms. Bennett discussed that in the first year it may just be about getting the outcomes right. The prioritizing process may take a few years before it will work but it will get there. The Committee stated the importance of the chart and the outcomes. Currently Council is in the process working on the values. The Committee felt that the Council has prepared the ground work much better then ever before.

The Committee commented on delivery and project work. This year the City is starting a two year comprehensive study for the water system. Planning is important in order to implement and reflection is also one of the most important parts of the budget.

Ms. Bennett spoke to the specific FY 2011 assumptions (see slide). She discussed Councils direction on Classification and Compensation. The Committee questioned the COLA index. Ms. Bennett stated the City uses the Consumer Price Index for Urban Consumers (CPI-U) out of Portland.

The Committee stated that last year the City asked all unions to forgo COLA's and questioned if we will do that this year. Ms. Bennett answered no and prediction fiscal year 2012 will be harder then fiscal year 2011. Some felt this is a trade-off and worth doing. Ms. Bennett explained that the two unions both rejected forgoing COLA's.

The Committee questioned if someone was faced with having a 3% COLA in 2011 that results in 0 in 2012 could the City split it in half and have 1.5% each year. Ms. Bennett stated that she is not that familiar with a union but could ask them. The entire contract will be open in the next year. Everything will be looked at even benefits.

The Committee questioned communication among Budget Committee members. Ms. Bennett stated that there are to be no virtual quorums. Staff can send material and the Budget Committee can write to staff. The Committee suggested staff provide the Budget Committee with a list of do's and don'ts.

Departments must live with a base operating expenditure for the FY 2010. Meaning each department will remain with what they have now. For urgent situations recommendations in the budget message will be "add packages"

The Committee questioned if the City has gotten to the point where we are in a situation where we may have cut too much. Ms. Bennett stated that we are very lean in most all functional areas. The Committee questioned solutions in case of emergency. Ms. Bennett answered that there is no easy answer. Mutual aid is available to borrow and shift to address the emergency.

The Committee continued to discuss assumptions (see slide) The Committee questioned the CIP. Ms. Bennett stated that Council approved the CIP to the extent that we do some capital projects in the debt service.

The Committee questioned how much longer the AFN allocation has to go on. Mr. Tuneberg answered until 2024 at the highest level of payment.

The Committee questioned if interest rates are sufficiently low can the City refund that debt. Mr. Tuneberg answered that if everything lines up the City can refinance virtually all debt service and there will be an amount that can be saved. The City is always looking for options.

The Committee asked Staff to explain residential property. Ms. Bennett stated that when the market dropped 30% market value was still above the assessed value for residential properties. Not nearly the gap between commercial value versus assessed value. For some commercial properties assess values decline, which will affect tax.

The Committee questioned when the County gives the City property tax if the County says whether or not it is residential or commercial. Ms. Bennett answered no they put all in a pool and do a calculation and split up the pool based on a percentage. The City is affected by the entire pool. It is Jackson county practice.

Everson/Baldwin ms to approve assumptions as presented. All ayes.

PUBLIC INPUT –None

DISCUSSION BY COMMITTEE-

Mr. Tuneberg discussed the rules and regulations for the Budget Committee once the proposed budget is distributed. Mr. Tuneberg stated that the proposed budget is released before the Budget Committee meeting not intended the Committee get together by person telephone or via email to deliberate on the proposed budget. The Budget Committee meetings are properly advertised and are an open public process where people can participate. Any other meetings violate the basic rule. The document can be given out early but if so it has to be made available to the public. The Budget Committee cannot discuss the budget document one on one until the budget message is delivered.

The Committee discussed ways to have the budget process run smoothly. Ms. Bennett stated that if any of the Budget Committee members would like to learn about a service to call Lee or Martha and set up a meeting. The Committee suggested focusing on the assumptions that have been agreed upon and to continue to look at them while going forward.

Adjournment

Meeting adjourned at 7:56 pm.

Respectfully submitted,
Melissa Huhtala
Administrative Secretary