

**MINUTES OF THE CITY COUNCIL/PARKS AND RECREATION COMMISSION
AD HOC COMMITTEE MEETING
MARCH 28, 2013 @ NOON
PARKS OFFICE ♦ 340 S. PIONEER STREET**

Meeting was called to order at 12:30 p.m. in the Parks Office of 340 S. Pioneer Street.

Councilors Rosenthal, Marsh and Voisin, Park Commissioners Seffinger and Landt, City Attorney Dave Lohman were present.

Councilor Pam Marsh was elected as Chair of the Ad Hoc Committee.

Discussion by group began by recognizing the need for an immediate recommendation based on Parks & Recreation Department Ending Fund Balance.

Discussion points included budget assumptions included in a February 21 memo from City Administrator Dave Kanner, provisional approval of proposed budget by Parks Commission, how comfortable the Parks Commission was with the proposed Parks Ending Fund Balance, the theoretical and traditional process used for establishing the 2.09 rate for Parks Department and proposed in budget and how all is contingent upon the recommendation of this committee.

It was stated that no assumptions had been adopted by the Budget Committee and clarification was requested on how the Budget Committee determines assumptions for the budget. Concern was raised that the “white paper” which was identified as “Working Draft – November 12, 2012 – Parks & Recreation Funding for FY2013-15” was being used by the City Mayor and City Administrator to base assumptions on for the Parks Department Budget. City Attorney Dave Lohman stated that he was unaware if the City Administrator was using this document as a tool for the budget.

Committee discussed the need to understand the reasoning on how the 12.5% Ending Fund Balance (EFB) was determined, which was based only on operating expenditures rather than on the entire Parks budget, and how the Ending Fund Balance is determined. It was understood that the 12.5% EFB assumes the City would guarantee any short comings in the Parks budget. It was also noted that the Parks Department has a current policy to provide 30% ENF but may be supportive of changing it to 25% ENF.

It was recognized that a policy should be made that rewards and supports incentives for strong fiscal management.

Discussion was directed to recognizing any positives that the Parks Department may experience under the “city umbrella” which may include access to the Reserve Fund. Concern was raised on how accessible funds would be to the Parks Department through the City General Fund and how clarity would need to be made on the difference between Ending Fund Balance and Reserve Fund.

Suggestion was made that set rules and regulations would need to be established on how the Reserve Fund would be used.

Clarification on the policy for EFB was provided to the committee through Resolution #2010-05 which outlined the City policy for Ending Fund Balances.

Continued debate and discussion on why the issue of EFB for Parks Department was happening at this time pointed to the expense associated with PERS (Public Employees Retirement System). There was concern raised that this is a one-time issue and that it was being used to set a process for all future Parks budgets.

Challenges faced by the Budget Committee were acknowledged for the current budget as it pertains to the City General Fund. Comment was made that the committee should not assume what direction the Budget Committee may take.

Long-term issues were identified as “autonomy” and “organization control” for the Parks Department.

It was suggested that a “dedicated” Parks Reserve Fund be considered for the Parks Department. Mr. Lohman clarified that a “dedicated” Reserve Fund would require a continued revenue source through a 5-year levy or become a separate “district.”

JoAnne Eggers/221 Granite/Spoke regarding the atmosphere of mistrust and voiced concern with direction on Park Funds being transferred to the City General Fund and the issue of the Ending Fund Balance. She felt it would be better if there was trust and if there was the same ease and conditions for access to funds.

The importance of the Park Commissioners being comfortable with the current budget proposal and that the budget was adequate for operations and deferred maintenance. It was understood that it may not be adequate for the long-term. It was noted that the Meals Tax has been renewed and can be used for rehabilitating which is an opportunity now that wasn't present previously.

Additional long-term issues included the need to expand the existing park system and the need to continue with many projects that have not been completed.

It was pointed out that the Parks Department had contributed to the City Reserve Fund in the past and it was questioned on how or if these funds could be returned to the Parks Department. Concern was raised on transferring Parks funds to the City General Fund and if the citizens were aware of these issues facing the Parks Department.

Councilor Rosenthal/Park Commissioner Seffinger m/s to support current budget allocated for the Parks & Recreation Department and to establish an Ending Fund Balance of 12.5% for this biennial budget and that the City guarantee the Park & Recreation Operation Budget. To establish Parks Reserve Fund “total” commiserate to contribution made by Parks Commission to City Reserve Fund.

DISCUSSION: Suggestion that \$1million could be placed in the City General Fund, need to establish a long-term Reserve Fund, important that committee provide a recommendation, confusion on how Ending Fund Balances are being determined, recommendation that a Reserve Fund be established for the Parks Department in the amount of \$750,000, concern with providing working capital, confirmation on amount of

Ending Fund Balance and difficulty with projecting future revenue based on county projections by tax assessor.

Commissioner Landt/Councilor Voisin m/s to amend main motion that \$500,000 be transferred to a Parks Reserve Fund with funds coming from either past Parks contribution to City Revenue or reallocation of Parks Ending Fund Balance.

DISCUSSION: Statement that there is still time to work on a policy for Parks Department Ending Fund Balance. Concern raised with the resistance that may result from an additional \$500,000 Reserve Fund over and above proposed. Concern was voiced regarding the risk associated with funds being taken away from deferred maintenance

Voice Vote: Rosenthal, Landt and Voisin, YES; Seffinger and Marsh, NO. Motion passed 3-2.

Councilor Marsh/Commissioner Seffinger m/s to amend motion to include “or the projected 12.5% Parks & Recreation Department Ending Fund Balance or the current biennial Parks & Recreation Department Ending Fund Balance.”

Voice Vote: Rosenthal, Marsh, Seffinger and Landt, YES; Voisin, NO. Motion passed 4-1.

Councilor Voisin left the meeting at 2:15 p.m.

Commissioner Landt/Commissioner Seffinger m/s to amend motion to include “or the current biennial Parks & Recreation Department Ending Fund Balance.”

Voice Vote: all AYES. Motion passed.

Amended Main Motion:

Councilor Rosenthal and Park Commissioner Seffinger motion to support current budget allocated for the Parks & Recreation Department and to establish an Ending Fund Balance of 12.5% for this biennial budget and that the City guarantee the Park & Recreation Operation Budget. To establish a \$500,000 Reserve Fund based on either what has already been contributed to the city Reserve Fund by Parks & Recreation Department in the past or the projected 12.5% Parks & Recreation Department Ending Fund Balance or the current biennial Parks & Recreation Department Ending Fund Balance.

Committee agreed to allow Chair Marsh to summarize the discussion leading up to the recommendation made by the approved motion and submit to the City Administrator with a request that it be placed on the agenda for the Council Study Session on April 15.

A future meeting was set for April 22 at 3 p.m. in the Parks Office.

Meeting was adjourned at 2:25 p.m.

Respectfully submitted,
Barbara Christensen
City Recorder