



MINUTES

Coburg Budget Committee

September 26, 2006 - 7:00 P.M.

Coburg Municipal Court
32694 East Pearl Street - Coburg

MEMBERS PRESENT: Jerry Behney, Chairperson; Jim Broughton, Bill Judd, Bob Meyers, Don Nelson, Brian Pech, Gary Rodgers, Dave Schull, Michelle Sunia, John Thiel, Judy Volta

MEMBERS ABSENT: Chad Minter, Mike Watson

STAFF PRESENT: John Bosley, Sammy Egbert, Craig Gibons, Clark Hanson, Jack Harris, Milo Mecham, Don Schuessler, Petra Schuetz

RECORDED BY: Dan Lindstrom

I. CALL TO ORDER

Chairperson Jerry Behney called the meeting of the Coburg Budget Committee to order at 7:05 p.m. He noted that it was the 39th Birthday of Mayor Judy Volta. City Staff Sammy Egbert presented cake to be shared in celebration.

Mayor Volta stated that the purpose of the meeting was to receive a status report on the financial condition of the City and make recommendations for correcting problems. She expressed appreciation for work preparing for it completed by the Financial Oversight Committee and Finance Director Craig Gibons.

Chairperson Behney determined that a quorum was present, that there were no requests to change the Agenda. He explained that members were invited to ask questions and discussion concerns as they were identified, but that time had been set aside for citizen input at the end of the meeting.

II. AUGUST FINANCIAL REPORTS

Mr. Gibons referred to an Agenda Item Summary entitled "August 31, 2006 Financial Reports" and attached Charts, Tables, and Reports, as follows:

- Chart 1 – "General Fund Revenue FY 2007"
- Table 1 – "General Fund Revenue Status"
- Chart 2 – "General Fund Expenditures FY 2007"
- Table 2 – "General Fund Expenditure Status"
- Report 1 – "Revenue and Expenditure Summary"

- Report 2 – “Revenue Report”
- Report 3 – “Expenditure Report”
- Report 4 – “Bank Balance Report”

Mr. Gibons explained that the packages of reports had been prepared to facilitate monitoring of City finances and would be published each month. He reviewed highlights identified in each. He suggested they were “flashing lights” indicating possible worrisome trends that could indicate the need for budget adjustments.

Members asked questions and discussed the presentation:

- Why are “Fines and Bails” revenue not included? (Judd) *Their revenue are placed in a trust account from which the City revenue portion is periodically transferred. (Clark Hanson)*
- Why does the Finance Director have “less confidence” in projections of expenses than of revenue? (Thiel) *It is too early in the fiscal year to identify yearlong expense trends; revenue reflects a trend continuing from previous years. (Gibons)*
- What is “TAN” revenue and expenditures? (Nelson) *An acronym for Tax Anticipation Notes, a method used, in the past, to allay cash flow problems. (Gibons)*
- It appears that the most significant cause for the current financial crisis is the lack of available Contingency funds and lower than anticipated revenue. (Volta)
- Two months seems to be a short-time to draw long-range, budget adjusting conclusions. (Meyers)

Director Dave Schull joined the meeting at 7:40 p.m.

III. BUDGET ISSUES

Mr. Gibons referred to an Agenda Item Summary entitled “Budget Issues” and explained that it identified FY07 Budget items that appear to have been incorrect, as follows:

- An unbudgeted request from the State of Oregon for Coburg for \$17,507 to replenish its Unemployment Insurance Trust Fund.
- A \$7,000 shortfall in the Planning Department budget, incorrectly anticipated to be funded from other sources.
- The Water Debt Service Fund is used to pay debt service on three loans related to water system improvements, creating a questionable situation where loan proceeds are budgeted to pay debt service.

Director Nelson stated that he had investigated the status of City Franchise Fees. He said he believed an additional \$50,000 revenue could be raised by increasing them to the limits allowed by law. He said it had also been pointed out at the last meeting of the City Council that Transient Room Tax revenue was being incorrectly calculated and paid to the City.

City Administrator Don Schuessler stated that the current meeting had been originally designed to discuss creating new and additional revenue sources, but that the emergency nature of issues raised by revenue shortfalls had led to the decision to consider only immediate budget adjustments and consider long range solutions with new revenue sources at the October Work Session of the City Council.

Director Nelson said he appreciated the Bank Balance Report, but that he was unsure of how revenue from various state sources was allocated. Mr. Gibons replied that funds on hand designated as State Pool accounts did not reflect any regular revenue from the State, but were holding repositories for various funds – Department of Environmental Quality Loan resources (for wastewater system), current funds not required for regular cash flow, and required debt service reserves. He said State tobacco and gasoline taxes were deposited directly into the Coburg General Fund and Street Fund on a monthly basis. He said it was impossible for him to report accurately fund balances because starting balances had still to be verified by the FY 2005 audit, which was only scheduled to be received at the October City Council meeting.

Mayor Volta asked if it would be possible for Coburg to adjust the aggressive repayment schedule for reserve funds established by the FY 2006 Budget. She requested that discussion of such an option be investigated with appropriate State agencies. Mr. Gibons replied that he would research the applicable regulations and report to the City Council. He said eliminating all remaining transfers to reserve accounts in the current Budget would reduce the anticipated deficit by approximately \$100,000. He suggested that there were other “big fish to fry” to also deal with in the revenue shortfall.

Director Nelson stated that it was his understanding that timelines for refunding reserve funds had been mandated by the State. He said he supported maintaining the aggressive repayment schedule and suggested that it was therefore appropriate to consider additional revenue resources such as a City gasoline tax.

Mr. Gibons referred to an Agenda Item Summary entitled “Rebuilding the Fund Balances” and reviewed information it contained about transfers from the General Fund to other funds included in the FY 2006 and FY 2007 Budgets.

Director Michelle Sunia said she was concerned that over-reaction to the current situation could lead to consideration of actions that would negatively impinge upon the future of the City unnecessarily.

City Attorney Milo Mecham stated that the City Council was responsible for the use of funds in the City Budget, and if it determined a sufficient need superseded a reserve designation, “borrowing” the funds could legitimately be authorized. He said provisions for the funds being used as they were originally designated at a later time would need to be made. He said Special Fund obligations needed to be balanced with legitimate current needs.

In response to questions from Mayor Volta, Mr. Mecham explained that designations of the use of certain funds were decided by the State, lenders, and citizens. He said he would seek verification of his interpretation that “borrowing” was possible in certain cases and provide it to the Council.

III. GENERAL FUND BUDGET REDUCTIONS

Mr. Schuessler reviewed information contained in a packet of material regarding staff, Financial Oversight Committee, and City Council actions taken to meet revenue shortfalls that could reach as high as \$300,000 for the year, and prepare recommendations for General Fund expenditure reductions. He noted that an e-mail response to the material from absent Budget Committee member Chad Minter had been distributed. He said each City department had been assigned a specific target reduction amount based on its percentage of the General Fund Budget.

Mr. Schuessler reviewed the September 20 memorandum of Mr. Gibbons that presented his recommendations for City Hall budget reductions, as follows:

- 1) Use the Finance Director's time to perform administrative and financial duties on capital projects, reallocating 40 percent of its cost to the Capital Improvement Fund and the Urban Renewal District. He said the work was currently being done by outside contractors at a higher pay rate.
- 2) Reduce the Office Support position from full to half time, reducing its salary and eliminating health insurance for the position.
- 3) Add a half time accountant position, freeing up the time of the Finance Director for re-allocation to capital projects.
- 4) Reduce Administrative Materials and Services expenditures.
- 5) Reduce Lane Council of Governments (LCOG) and engineering expenses in all relevant funds.

Members of the Committee discussed the recommendations at length.

Mayor Volta moved, seconded by Director Brian Pech, to approve the recommendations for City Hall budget reductions and present them to the City Council for adoption as a FY 2006 Budget Amendment. The motion was adopted, 10:1, with Director Gary Rodgers voting no.

Mr. Schuessler reviewed information contained in a document entitled "Coburg Police Department – Proposed 2006/07 Budget Reductions," as follows:

- 1) Eliminate one traffic enforcement position effective November 1, 2006 – \$48,552 savings
- 2) Eliminate the remaining balance of budgeted police overtime, enabling payment of "straight time" compensatory over time – ~~\$9,275~~ savings (corrected to \$5,540)
- 3) Return BMW motorcycle, eliminating payment, service, maintenance, and fuel costs - \$4,193 savings
- 4) Eliminate use of Reserve Police to cover shifts of officers on vacation or sick leave - \$4,100 savings
- 5) Reduce Travel/Education/Training budget by 50 percent - \$750 savings
- 6) Reduce Miscellaneous budget by 50 percent - \$2,500 savings
- 7) Eliminate Reserve Officer Training Program budget - \$1,500 savings
- 8) Reduce Non-capital Equipment budget by 50 percent - \$1,500 savings
- 9) Return State Leased Car, eliminating payment, service, maintenance, and fuel costs - \$4,000 savings
- 10) Reduce Police Clerk position to 30 hours per week - ~~\$2,400~~ savings (corrected to \$2,720)
- 11) Reduce Salary of Police Chief, to be restored in 2007/08 fiscal year - \$2,231 savings

Members of the Committee discussed the recommendations at great length.

Director Judd moved, seconded by Director [REDACTED], to approve the recommendations for Police Department budget reductions and present them to the City Council for adoption as a FY 2006 Budget Amendment. The motion was adopted, 8:3, with Directors Meyers, Pech, and Sunia, voting no.

Mr. Schuessler reviewed information in a September 14 memorandum from Jack Harris, regarding Public Works Department budget reductions, as follows:

- 1) Eliminating repair of Pavilion roof, creating eventual additional repair expense.
- 2) Reducing Landscaping expenses by 50 percent, impacting the planting of new and replacement of existing plants.
- 3) Reducing scheduled Vehicle/Equipment Maintenance and Repair.
- 4) Reducing Equipment Replacement budget by 50 percent, saving \$250.
- 5) Eliminating scheduled Capital Improvement Projects.

Members of the Committee discussed the recommendations.

Mayor Volta moved, seconded by Director Myer, to recommend no Public Works Department budget reductions to the City Council for adoption as a FY 2006 Budget Amendment. The motion was adopted, 10:1, with Director Broughton voting no.

Mr. Schuessler reviewed information in a document prepared by Court Administrator Clark Hansen entitled "Effects of Proposed Budget Reductions on Municipal Court Operations," as follows:

- 1) Reduce Court Administrator Salary - \$4,317 savings
- 2) Eliminate Bailiff Position – \$14,473 savings
- 3) Eliminate Probation Officer Position - \$16,944 savings
- 4) Miscellaneous Other Personal Services Savings - \$2,529 savings
- 5) General Materials and Services Savings - \$7,483 savings
- 6) Eliminate Interpreter Services - \$667 savings
- 7) Reduce Days of Court Operation - Prosecuting Attorney Services - \$1,467 savings
- 8) Reduce Days of Court Operation – Municipal Judge Services - \$8,640 savings
- 9) Reduce Days of Court Operation – Court Appointed Attorney Services - \$667 savings

Members of the Committee discussed the recommendations at length.

Director Rodgers moved, seconded by [REDACTED], to approve the recommendations for Municipal Court budget reductions, except not eliminating the Probation Officer position, and setting the reduction to the Court Administrator at \$2,231; and to present them to the City Council for adoption as a FY 2006 Budget Amendment. The motion was adopted unanimously, 11:0.

IV. FUTURE AGENDA ITEMS

Mr. Schuessler noted that concerns raised regarding the Planning Department budget would need to be faced within the next three months.

V. COMMENTS FROM CITIZENS

None.

The meeting adjourned at 9:30 p.m.

DRAFT