

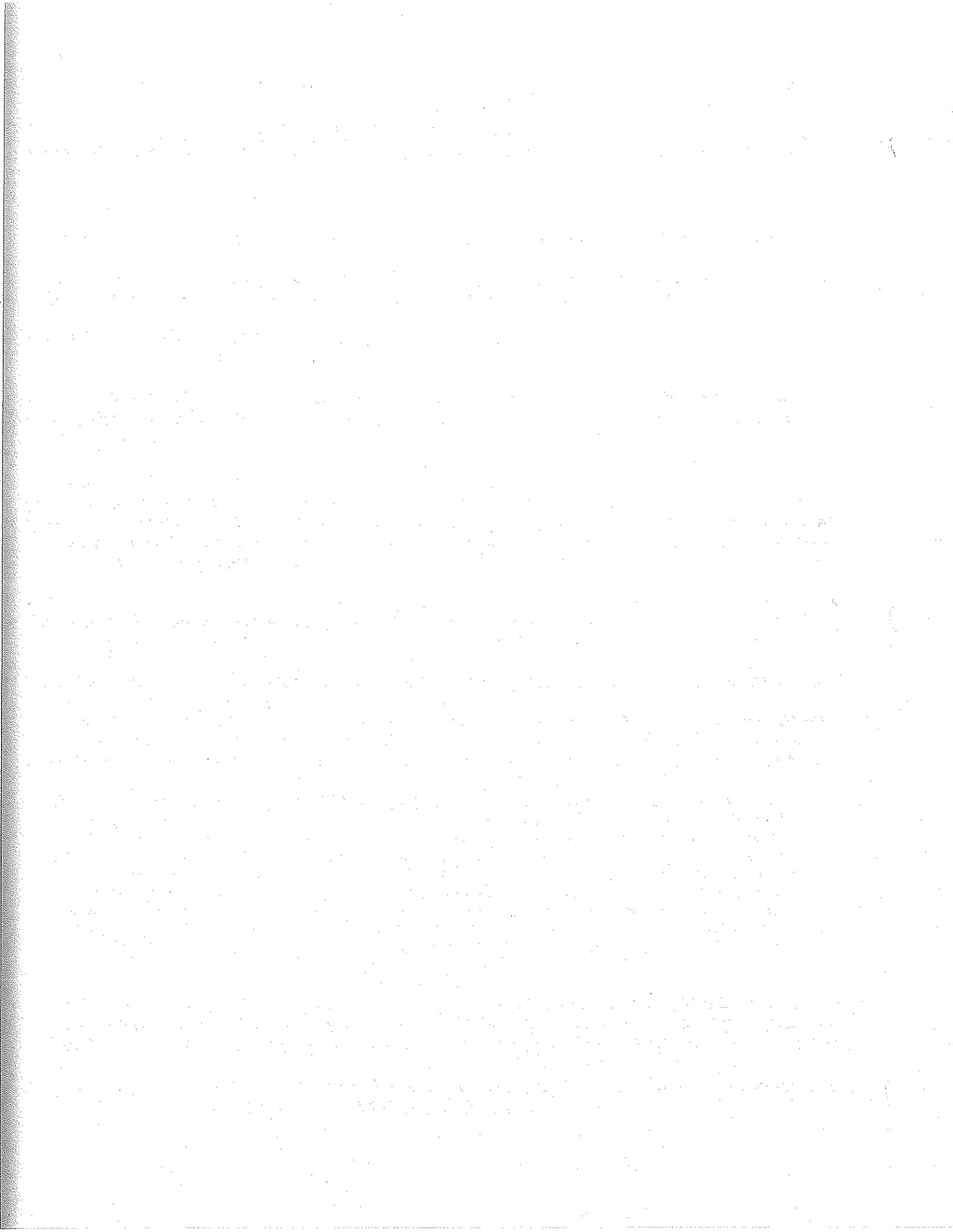
City of Cascade Locks  
BUDGET COMMITTEE MEETING  
Wednesday, May 16, 2012, 6:30 PM, City Hall

**PURPOSE:** The purpose of the Budget Committee is to develop the 2012-13 Budget for the City of Cascade Locks.

**AGENDA:**

1. **Call to Order / Pledge of Allegiance / Roll Call.**
2. **Election of Budget Committee Chair and Vice-Chair.**  
Immediately upon selection, the conduct of the meeting will be turned over to the elected chair.
3. **Approval of Minutes of June 10, 2011, June 14, 2011 & June 15, 2011 Budget Meetings and May 2, 2012 Budget Workshop.**
4. **Approval of Budget Committee Meeting Guidelines for Fiscal Year 2012/2013 Budget Process.**  
The Guidelines were reviewed at the May 2 meeting and are provided as adjusted to the Committee for formal adoption.
5. **Approval of proposed work plan.**  
The Proposed Work Plan was presented to the Committee on May 2 and there was agreement to adopt the Work Plan and work accordingly. The Committee is asked to formally adopt the Work Plan as submitted. It is recognized that the Work Plan gives us a place to start and may be modified or changed at any point by the Budget committee.
6. **Municipal Corporate Budget Message**  
The full budget document and budget message will be given at this meeting. The documents will be distributed to Committee Members prior to the meeting.
7. **Approval of Property Tax Rate of \$2.7050 per 1,000 of Assessed Value for Fiscal Year 2012/2013**
8. **7:30 PM – Open Public Hearing on Possible Uses of State Revenue Sharing.**  
The State requires that the City Budget Committee hold a public hearing on proposed uses of State Revenue Sharing funds. This is the time in your work for that hearing to occur.
9. **Review & Discuss the following budget elements at this May 16, 2012 meeting:**

General Fund (1)	SDC (2)
Planning (1-2)	911 (6)
Property (1-4)	Museum Trust Fund (16)
Beautification (1-5)	Cemetery (17)
Museum (1-7)	Cemetery Trust Fund (25)
Gov/Community Relations (1-8)	Sewer Bond (40)
Recreation (1-9)	OEDD Loan (45)
Police (1-19)	OIB Loan (16)
	Capital Reserve (56)
10. **Additional opportunity for public comment.**  
A second opportunity for citizen input has been included in this agenda so as to facilitate maximum opportunity for local citizens to share their comments, suggestions and concerns.
11. **Continuance of Meeting to May 23, 2012, 6:30 PM, City Hall.**  
**PUBLIC IS WELCOME**



1. **Call to Order / Pledge of Allegiance / Roll Call:** BCC Kelley called the meeting to order at 6:30. BCM's present were George Fischer, Laura Fisher, Tiffany Pruit, Tom Cramblett, Sandra Kelley, Kevin Benson, Darlene Sullenger, Shawna Hasel, Gyda Haight, and Don Haight. BCM's Lance Masters, Eva Zerfing, and Bobby Walker arrived late. BCM Karen Sype was excused. Also present were Budget Officer Richard Carson, Finance Officer Marianne Bump, Accounting Clerk Shirelle Price, and Camera Operator Betty Rush. Audience member present was Rob Brostoff.
  2. **Approval of Minutes of May 25, 2011 Budget Meeting with Changes:** BCM Don Haight asked how long a bill is shown as uncollectible before it's written off. FO Bump said certain portions are written off throughout the month. She said that would be a question she would have to ask Springfield. BCM Don Haight said there're no billings shown for the month of May. BCC Kelley said the minutes need to be approved. BCM Laura Fisher said the correction she mentioned was not shown. AC Price said she listened to the tape and what was in the minutes is what she heard and that BCM Laura Fisher's comment would be reflected in the June 8, 2011 minutes when she suggested the correction. BCM Zerfing arrived at 6:35 PM. BCM Walker arrived at 6:38 PM. **Motion:** BCM Pruit moved, seconded by BCM Benson, to approve the minutes of May 25, 2011. The motion passed with BCM's Hasel and Kelley opposing and BCM's Walker and Sullenger abstaining.
  3. **Loans – Discussion:** BCC Kelley said the Fire Station loan is fully budgeted in the proposed General Fund budget. She asked if the \$13,000 Mimi Morissette loan was going to be paid off and asked BCM Benson his opinion. BCM Benson said he recalled that staff was going to review the resolution and get back to the Committee. BCM George Fischer said he recalled the same thing. There was some discussion on the loan. BCC Kelley said her understanding from previous discussions was that it was going to be budgeted from the General Fund to pay it off. BCM George Fischer said the last thing he remembered was that Staff was directed to research to see if the City is legally obligated to pay that off. BCC Kelley said since the Fire Truck loan debt service was removed from the General Fund, that money could be used to partially service the \$13,000 loan. BCM Pruit said the amount was \$13,587.25. BCC Kelley asked if SDC funds can be used when SDC funds are going to be used for another purpose before the debt is paid off. She said you would have to pay the \$13,000 debt first.
- BCC Kelley said the other loan she could think of was the \$61,500. BCM George Fischer said that is something that will be brought up to Council. He said the only expense they know for sure is Electric's amount which is around \$28,000 and the Committee needs to budget that since they know that's coming up. BCC Kelley asked how he would propose to do that. BO Carson said the part that is in Electric is \$28,000. He said the rest is being covered by lease and Water SDC's. BCM George Fischer said the only thing that needs to be funded is the \$28,000. BCC Kelley said if the SDC's are involved, then that has to be reflected in the budget as well. BO Carson said the \$28,000 is budgeted in the General Fund to be paid. BO Carson said the project isn't going to start until July 1<sup>st</sup>. He said the loan won't start until they complete the project. BCC Kelley asked is the SDC transfer is reflected. BO Carson said no because it's a credit.
- BO Carson read section 2 from Resolution 1059 (Exhibit A). BCM Benson also read from the last "whereas" in the exhibit. BCC Kelley said it's over due and it needs to be taken care of this year. She said it needs to be worked into the General Fund. BO Carson said there is \$10,480 in SDC's that can be used for repayment and fund the remaining \$3,000 from General Fund. BCM George Fischer asked if interest should be accrued. BCM Sullenger said there's no interest stated in the resolution. BCM George Fischer said according to budget law, an inter-fund loan must include interest. BCC Kelley said the \$450,000 loan interest free. BCM Benson said the law has been changed. BO Carson said he talked to the Department of Revenue and the law was changed in 1999. BCM Sullenger said the Department of Revenue said it's

because of the tough economic times. BCM Laura Fisher said since there's no interest rate set, why do it. BCC Kelley said it's in the best interest not to charge interest. BO Carson said \$10,480 can be paid from SDC's and the balance can be paid out of General Fund. **Motion:** BCM Benson moved, seconded by BCM Don Haight, to direct staff to make the appropriate transfers and allocations from the General Fund to put this debt to rest. BCM Masters arrived at 7:00 PM. BCM George Fischer asked if it's good budget practice to zero out an SDC Fund. BCM Sullenger said it's worse budget practice to leave a debt that should have been paid off years ago. The motion passed with BCM Masters abstaining.

BCC Kelley asked if there was anything else that needs to be addressed. She asked about the resolution for the loan payment for the Fire Truck. FO Bump \$309 is the amount of the accrued interest, not the payment amount.

BCM Walker said there was improvement made on the lot the City owns that the old fire hall sits on. He said if the improvement was done through a grant from the Forest Service and if the City sells that lot the grant was going to be prorated. BCC Kelley said that would be reflected in the revenues expected for the sale of the Fire Hall.

BCC Kelley said there have been a lot of changes and the Committee needs an accounting of all the changes that have been made.

**4. Discussion on the following funds:** These items were discussed throughout the meeting.

**EMS Fund (5), pg. 14-17**

**General Fund (2) pg. 1-9**

**Department 21 of the following funds:** BCC Kelley said in order to handle the General Fund, the Committee needs to address some issues with Department 21. She said it's been a topic of conversation how the distributions are made. She said the Committee received a memo from BO Carson suggesting that be addressed by Council and for the Committee not to address it right now. BO Carson said there are a number of items that can be handled by the Committee after the budget cycle. He said staff needs to take a thorough look and bring it back for the Committee to look at. He said there was not time right now. BCM Sullenger said the Committee has been going through scrutinizing and making cuts as they can and this shouldn't be any different. She said she would like to see a reduction in administration of 10% across the board. She said by leaving it alone, it's not in line with what the Committee has been doing so far. BO Carson asked if by "across the board" she meant salary. BCM Sullenger said administration in Emergency Services, Water, Sewer, CATV, Broadband, Light, Streets, General Fund, and Planning. BO Carson said administration is also Materials and Services and Capital Outlay. He asked if she meant she wanted to reduce salaries 10%. BCM Sullenger said yes, 10% across the board. BCM Hasel said the Committee hadn't cut from all Funds. She said the Committee added to the Tourism Fund. **Motion:** BCM Sullenger moved, seconded by BCM Gyda Haight, to reduce administrative costs by 10%. BCM Walker asked about changing the recruitment for the City Administrator. He said wouldn't it be assumed that it would be up to that manager to manage the budget. BO Carson said the job was advertised for at \$70,000 and with the motion it would be reduced by \$7,000. BCM Walker said what he understood was that the total amount of administration was cut and it would be up to the new City Administrator to manage that cut. He gave an example. BCC Kelley said the suggestion wasn't that positions would be cut, but the overall cost would be cut. BCM Sullenger said that would go to Council and Staff and they would determine where those dollars went. She said the Committee has received letters from the auditors and Dave Griffin saying there's maintenance that needs to be done. She said there's a lot of administrative cost coming out of the Enterprise Funds. She said that 10% isn't that much but it's a fair place to start. BO Carson said you can't move

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money from one place to another. He said when you make that cut, you can't move that money around from category to category. BCC Kelley asked for a suggestion on how to illustrate that many members of the Committee think the cost of administration is out of proportion for this town. BO Carson said you have to go into each category and make cuts, which is what the Committee has been doing. He said doing it across the board is going to have a lot of unintended consequences. BCM Sullenger said it will go to Council as to where those dollars are spent. She said take 10% out of Water Department Administration of \$6,295, CATV \$4,828, Sewer \$5,918. She said Administration cost out of light is \$206,741. She said there are a lot of administrative costs coming out of utilities. She said asking 10% is not too much. BO Carson said the staff proposed freezing wages and increasing staff participation of health insurance 2.5% this year and 2.5% next year. BCM Sullenger said there haven't been any freezes in expenditures and that's how the problem came about. She said if you look at freezing expenditures, maybe we wouldn't be in this situation. She said there's been over expenditures year after year and over projected revenues and deferred maintenance. She said we're only paying the debt service that has to be paid. She said we need to be proactive and think of what's going to happen next year, not just "knee jerk mentality." She said we need to have savings and reserves. BO Carson said Dave Griffin's contract would have to be cut 10%. BCM Sullenger said that's up to Council. She said it's a dollar amount in the budget.

BCM Gyda Haight said the property taxes are going to be going down. She said there have been reductions in the County and State. She said the City hasn't paid "one cent" on the debts it has occurred for the past three years.

BCC Kelley said new positions have been added in the last few years. FO Bump asked what positions have been added. BCC Kelley said the Administrative Assistant. FO Bump said the Deputy Recorder was brought in after the RARE Student was here. BCM Benson said the history is not going to forward the conversation. BCC Kelley said that was sold as a bonus.

BCM Masters asked BO Carson if the motion carries, and there's not enough money to pay salaries for administrative staff or a contract, what would be the method for getting money into those line items. BO Carson said there isn't. BCM Masters asked if there could be a supplemental budget. BO Carson said yes, you would have to pull money from capital outlay and materials and services. BCM Masters asked if the Committee should just do that now. BO Carson said if Council wanted to change it, they would have to do a supplemental budget. BCC Kelley said it's something to be conformed to not gone around. She said once it's been decided by the Budget Committee, you can't do a supplemental budget. She said a supplemental budget is for unanticipated things. BCM Walker said there's staff on that the City is contractually obligated to. BCM George Fischer said Dave Griffin, Larry Epstein, and Andy Jordan are currently under contract. BCM Cramblett said he's not sure of the ramifications. He said from what he understood is it's a 10% cut and it would be up to Council what that cut would be: a person, across the board, or 20% to a few people, or a lay-off. BCM Sullenger said her motion was to reduce 10% of administration cost in each of these funds. She said it's Council and Staff's job to make those decisions. BCC Kelley asked BCM Sullenger if she would feel comfortable going through each fund. BO Carson said the Museum, Parks and Rec and Police are in Personnel. BCC Kelley said the Committee should be more selective. BCM Sullenger said that's still Council's responsibility. BCC Kelley asked if BCM Sullenger was talking about Materials and Services as well. BCM Sullenger said Personnel, Department 21. BCM Cramblett said the reason for cutting 10% is because it's putting a burden on the fund's materials and services. BCM Cramblett asked how police is in administration. BO Carson said Fund I is General Administration whereas Department 21 is administration in the other funds. BCM Don Haight asked BCM Walker how the state is handling reducing costs. BCM Walker said he can only say what his experience is. He said they prorated furlough days based on salary.

He said his worked out to be 14 unpaid days off in a year. He said it boiled down to a savings and that money could be used elsewhere. He said the work still has to be done. He said some of those furlough saving were ate up by overtime and administration so its not total savings. BCM Laura Fisher said it's similar to medicare and private insurance. BO Carson said the Committee should say it's up to Council and Staff to make that decision. BCC Kelley said a 10% reduction in the entire fund is more significant than a 10% reduction in administration because then you're talking about materials and services. BO Carson said that's what "across the board" means. BCC Kelley said that's not what BCM Sullenger was talking about. BCM Laura Fisher said she thought they were looking at administration cost in relation to Department 21. BO Carson asked if the Committee is asking for 10% in Department 21. BCM Sullenger said \$48,768 of administrative cost is coming out of CATV. BCM Masters asked if anyone knew how that \$48,000 is being spent. He asked BO Carson to explain what the impact would be of cutting 10%. BO Carson said if we're talking about Department 21, you're talking staff and contracts. BCC Kelley asked BCM Sullenger if she would like to amend her motion to include some exceptions such as the attorney. BCM Sullenger said she would amend her motion to not include the contracts like the attorney or contractual employees. FO Bump asked if the Committee was talking about Personnel or Personnel and Materials and Services. BCM Sullenger said both, but it's still open for discussion of the Committee. BO Carson gave an example of Department 21 expenses. BCM George Fischer said the bottom line is that Council would have to take care of it. BCM Benson said administration costs have risen to a point that it's destroying the funds they're coming out of. He said he would suggest that the Committee recommend to the Council to direct staff to reduce administrative cost by 10% in the next budget year. BCM Benson said most people would support a 10% reduction where it affects the utilities. BCM Sullenger said she would normally agree, but she doesn't have that trust right now. She restated her motion of a 10% reduction in administrative cost in Department 21 through the funds evenly. She said that's not a lot of money, but it's a start. BCC Kelley said there are some things that can't be reduced. BO Carson said the Committee could say leave it the way it is and leave it to Council to address. BCM Don Haight asked what the total of Department 21 is. BCC Kelley said it's spread out. BCM Sullenger said if you go through, it's not only where it says Department 21. BCM Masters said his concern is that no one knows how this is going to play out other than to say "it's up to Council." He said it's a blind cut. BCM Sullenger said Budget Committee doesn't cut positions. There were many people talking at once. Master said he doesn't support a blind cut. BCC Kelley called for a break at 7:48 PM.

BCC Kelley called the meeting back to order at 8:00 PM. BCM Zerfing said the staff had already proposed a 2.5% increase in participation of medical benefits and to add another 10% cut would be a total of 12.5%. FO Bump said yes. BCC Kelley said that's a misconception. She said 10% doesn't mean 10% off each employee, but off the total. She said it can be handled a number of ways. BCM Zerfing said a lot of people know this is serious. She said staff usually gets increases each year. BO Carson said there has been no COLA increases in a couple of years, but there has been merit increases. He said in the current budget, there's no COLA or merit. BCM Zerfing said money needs to be cut, but does it all have to be done so fast. BCC Kelley said cost of administration has increased and seeing the financial situation, you can't keep adding on to costs "without killing your golden goose." BCM Gyda Haight said many people are paying 20% on medical insurance where the City is only paying 5%. BO Carson said staff is proposing a 2.5% increase bringing it up to 7.5%. BCM Pruitt asked BCM Sullenger if she was proposing a cut in Personnel and Materials and Services. BCM Sullenger said she was looking at Department 21 Personnel and Materials and Services. BCM Pruitt said during the break she went through and figured out how much is in Materials and Services less contracts. She said \$23,000 would have to be taken out and if 10% is taken out, you'd be cutting about half if contracts are included. BCM Sullenger said she took out the auto allowance

under personnel and took out 10% of Personnel and Materials and Services in Department 21. BCC Kelley said if you look at Materials and Services that half is contracts and it leaves only 50% left. BCM Sullenger amended her motion to exclude contract services. AC Price asked if that meant contract employees. BCC Kelley said to exclude the amount of their salaries from the overall 10%. BCM Gyda Haight amended her second. BCM Walker asked BCM Fruit for clarification. BCC Kelley said excluding contract services. BO Carson asked if it was 10% in Department 21 excluding contract services. BCC Kelley said yes. BCM Fruit asked if that was Personnel too and there could be two motions. BCM Sullenger retracted her motion if BCM Fruit would like to make the motion. **Motion:** BCM Fruit moved, seconded by BCM Sullenger, to reduce Materials and Services excluding contract services by 10%. BCC Kelley asked for a roll call vote. The motion passed with BCM's Laura Fisher, George Fischer, Fruit, Cramblett, Kelley, Benson, Sullenger, Gyda Haight, Walker, and Don Haight voting in favor. BCM's Hasel, Masters, and Zerfing opposed.

**Motion:** BCM Sullenger moved, seconded by BCM Gyda Haight, to cut 10% out of administrative 21 personnel expense. BCC Kelley called for a roll call. Motion passed with BCM's Laura Fisher, George Fischer, Fruit, Cramblett, Kelley, Sullenger, Gyda Haight, Walker, and Don Haight voting in favor. BCM's Hasel, Benson, Masters, and Zerfing opposed. BCC Kelley said this is going to change every fund. She said that takes care of Department 21 in Fund 5, 21, 31, 41 and 51.

BCC Kelley asked where the sale of the modular and old fire truck is budgeted. BO Carson said he would recommend to budget \$10,000 for the sale of the modular and \$300,000 for the sale of the old fire hall. BCC Kelley said the fire hall is budgeted for \$450,000 in capital reserve. BCC Kelley asked if those would all be reflected as a realistic amount in the Capital Reserve. BCC Kelley said according to budget law it has to be a good faith estimate in what is expected. There was some discussion on the payback to the Forest Service if the Fire Hall property was to sell. BCM Sullenger asked why was the property divided. BCM Cramblett said he understood the reasoning for the partition is to create more value. BCC Kelley asked how it should be budgeted. BO Carson said it could be left the way it is. BCM Sullenger asked if the resolution said that the loan was due and payable upon the sale of the fire hall. BCC Kelley said that had been changed. She said the revenue would be "applied" to the loan. **Motion:** BCM Walker moved to be more conservative and fix a value of \$250,000 for the sale of the fire hall and the adjoining property, which would include the amount that would be due to the Forest Service. BCC Kelley said she agreed and it should be adjusted, but she would like it to be \$300,000. BCM Walker amended his motion. BCM Sullenger seconded. The motion passed with BCM Masters opposing.

**Fund 5, EMS, pg. 17:** BO Carson said an issue that needs to be addressed is the amount of the deficit in fund 5. He said the estimate through 6/30 is approximately \$45,000. He said there was also discussion on doing a five year loan, but you can't on an operational loan. He said after talking to the auditor and the Department of Revenue he found you could carry a deficit. He said you can't have a negative beginning balance, but you can carry a deficit on the books. He said you could set aside money each year in contingency so it doesn't get spent. He suggested setting aside \$9,000 per year in contingency for five years. He said Sandi King and Ken Onstott said it would be fine. He said they said it was legal, but not good budget practice. BCM Haight asked where that money would come from. He said it would have to be explained better. BCM Gyda Haight read from the email from Sandi King. BCM Fischer said he read the budget law and his understanding was that if you're carrying over a deficit and paying it off at \$9,000 per year, that's in essence, a loan. He said if there's an operational loan, it has to be paid off the next budget year. He said it's an operational loan and he didn't agree with it. BCM Sullenger said the revenues are going to be off because we're short two paramedics. She said you should under project your revenues and over project you expenditures. BCC Kelley said last year there was overtime and extra paramedics. She

said she understood budgeting 10% more in revenues, but you shouldn't budget against that 10%. BCM Masters said losing the on call paramedics did impact the revenue. He said the reason given for the revenue calculation was that a lot of hours were spent servicing grants and a building project. He said that it can be expected to grow because almost all the hours can be focused more on generating revenue. He said that was the explanation the Committee received.

BCM Benson explained that this fund is starting out \$60,000 in the hole and we're over estimating the revenues again. He said with spending more than we're bringing in over the last three years, how are we going to repay the \$60,000. He asked how this has happened in the last three years. He asked what assurance there was when we're spending in a deficit. He said there's a City Policy that you can't spend money out of a fund that's in a deficit. BO Carson said that is a policy, but there's an exemption that a department head can spend up to \$1,000 per occurrence. BCM Benson said that doesn't mean you can go \$32,000 in the hole and keep spending \$1,000 at a time. BCC Kelley said there are supposed to be checks along the way. She said three people are doing this; it takes three people to make an expenditure. She said the budget committee is not equipped to handle how city employees handle business. BO Carson explained the approval process. BCC Kelley said you have the Department Head, the Finance Officer, the City Administrator and the Council. BCC Kelley said Sandy King said continued scrutiny will have to be made to accomplish the task of eliminating the deficit. BCC Kelley said the committee needs to make a recommendation to the Council to establish a committee to work with FO Bump on a semi-weekly or monthly basis to give a report to Council on the revenues and expenditures of this department. BCM Don Haight said we're at the point to get the budget balanced. He said we have to find a bunch of money and how are we going to find it. **Motion:** BCM Sullenger moved, seconded by BCM Gyda Haight, to reduce fire and ambulance service fees from \$126,000 to \$110,000 out of revenue and reduce Fire Chief personnel expense from \$49,000 to \$33,000. BCC Kelley said in essence that's only funding that position for a portion of the year. BCM Laura Fisher said that won't fix the problem. BCM Sullenger said that's just a portion and someone else can do the rest. BCM Sullenger said that would give six months to investigate a solution. BCC Kelley said there are also other funding alternatives. BCM Sullenger said this is a way to maintain a level of coverage and allow Staff and Council to come up with some options. BCM Hasel said you should then further cut the revenues because we're not going to have billable runs a fire chief would do. BCM Benson said he would like to see the actual beginning balance reflected. BO Carson said we've been told that you can't budget a negative. BCM Benson said if it's not reflected in the beginning balance then it needs to be a line item in the budget as previous year's debt for \$59,000. BCM Gyda Haight said it should be reflected as a line item because we are in the red. BCC Kelley said she doesn't like the idea of taking 3-5 years to pay off a deficit. BCM George Fischer said according to budget law it has to be paid off in one year. BCC Kelley asked BCM Sullenger to restate her motion. BCM Sullenger restated her motion. BCC Kelley asked BCM Sullenger if she could split it into two motions. BCM Sullenger said sure. BCM Sullenger Moved, seconded by BCM Gyda Haight, to reduce revenue fire and ambulance service fees from \$126,000 to \$110,000. BCM Master said he didn't think the committee dealt with the issue of reducing the fire chief to half a year, you also have to adjust the revenue way down since that's the position that brings in the revenue. BO Carson said if you take it out of salary, it also takes it out of benefits. He suggested taking that amount out of the total personnel expense rather than out of the position. BCC Kelley said she understood BCM Masters' point. BCM Sullenger said we don't know what the outcome of that is, that that would go to Council. She said this is the only option she sees except for \$100 here and \$100 there. BCC Kelley called for a roll call vote. BCM's George Fisher, Laura Fischer, Pruit, Cramblett, Kelley, Benson, Sullenger, Don Haight, Bobby Walker, and Gyda Haight voted yes. BCM's Masters, Hasel and Zerfing opposed. **Motion:** BCM Sullenger moved, seconded by BCM Gyda Haight, to reduce the total personnel

expense from \$75,244 to \$59,244 which is a \$16,000 reduction. BCM Masters said he was still unclear how it impacted the revenue. He said it concerned him to make a vote on something that they didn't know the impact of. He said we're voting on making a cut so the position can't be run the way it currently is. He said it is a reasonable expectation that we're going to lose revenue. BCC Kelley said no one is suggesting to reduce his salary but it may be necessary to reduce hours or find other revenue. She said a solution has to be found. BCM Masters said if you reduce hours, you have to assume a reduction in revenue. BCM Benson said this proposal is a moot point. He said we still have the \$60,000 question that hasn't been addressed. He said it is still going to have to be addressed by Council. He said we should support the fire hall with the same amount of property taxes as we always have which is 45% or \$80,000 and after that it goes to Council. BCM Hasel asked if there was something we could do about the percentage of property taxes or if we can raise our taxes. BO Carson said the actual number is 32%. BO Carson said how it's allocated is totally up to you. BCC Kelley said that percentage is incorrect if you consider the loans the General Fund is servicing. **Motion:** BCM ? moved, seconded by BCM Walker, to continue the meeting for 15 more minutes. The motion passed with BCM's Benson and Maters opposing.

BCM Sullenger said it's a small band aid and she would hope someone else could come up with the rest. BCC Kelley said there can be another tax. She suggested to take it to the voters. BO Carson said you could create another levy tax and tax separately. BCM Hasel said by reducing the personnel services you are taking away wages that would attract a good quality employee and you will lose employees. BCM Sullenger asked if anyone else had a option on where to cut \$59,000 from the budget. BCM Kelley said she doesn't believe we should be giving the Volunteer Association \$3,000 under the circumstances. BCM Laura Fischer said she would like 45% of property taxes. BO Carson said the percentage has changed, but the general fund is paying loans. FO Bump said the property tax revenue was raised in General Fund, but not proportionately raised in the fire department, so the percentage went down. BCM Benson asked if the split was set by resolution. FO Bump said not that she had found but she will look for it. BCM Walker said we could lock the doors at the fire hall and that still wouldn't solve the \$59,000 to pay back the shortage from last year. BCM Sullenger said the intent was to fund it for enough time for Council to review possibilities. BCC Kelley asked AC Price to read the motion and asked for a roll call vote. The motion passed with BCM's George Fisher, Laura Fischer, Cramblett, Kelley, Benson, Sullenger, Gyda Haight, Don Haight voting in favor. BCM's Masters, Hasel, Pruit, Zerfing, Walker opposed.

BO Carson said if you put the deficit in a line item then you need to balance that. **Motion:** BCM Benson moved, seconded by BCM Sullenger, to include a line item in fund 5 reflecting the actual negative cash balance of \$59,938.96. BCM Masters asked for clarification on the math used to arrive at that number. He asked about the \$10,000 check that was to be received in 10 days. BCM Benson said he's been hearing about that check since January. He said we're not going to get to the revenue that was budgeted either. FO Bump said Multnomah County was cutting a check. BCM Benson modified his motion to add that on whatever date to enter the actual negative cash balance of the fund. BCM Sullenger seconded the modification. The motion passed with BCM Masters opposing.

**Fund 21, Water, pg. 32**

**Fund 31, Sewer, pg. 37**

**Fund 41, CATV/BB, pg. 44**

**Fund 51, Light, pg. 53-54**

**If time allows:**

**DC Fund (2), pg. 10**

**JIB Loan Fund (46), pg. 45**

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**Capital Reserve (56), pg. 58-59  
Property Tax Rate Approval**

**5. Continuance of Meeting to Tuesday, June 14, 2011, 6:30 PM, City Hall. Motion:** At 9:18 PM BCM Benson moved, seconded by BCM Walker, to continue the meeting. The motion passed with BCC Kelly and BCM Pruitt opposing.

Prepared By:

Shirelle Price, Accounting Clerk

Approved By:

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Sandra Kelley, BC Chair

Minutes  
Budget Committee  
June 14, 2011

1. **Call to Order / Pledge of Allegiance / Roll Call:** Chair Kelley called the meeting to order at 6:35 PM. BCM's Laura Fisher, Masters, Pruitt, Cramblett, Benson, Zerfing, Sullenger, Hasel, Syde, Gyda and Don Haight, Walker, and BC Chair Kelley were present. BCM George Fischer arrived at 7:10 PM. Others present were BO Carson, FO Bump, AC Price, and Camera Operator Rush.

2. **Approval of Minutes of June 3, 2011 Budget Meeting:** BCC Kelley tabled the approval of the minutes until later in the meeting.

3. **Discussion on the following funds:**

**Fund 5, EMS, pg. 14-17** BCC Kelley said she believes there was a misunderstanding at the last meeting. She said she has not had a change of heart as to what she thinks should happen but she did misinterpret an action that was taken. She said a lot of Budget Committee members may have misinterpreted this action. She said the action led to a decision that essentially annihilated any possibility of funding for the Fire Department for the next fiscal year. BCC Kelley asked AC Price to read the motion that was made at the last meeting and who voted in favor of that motion.

AC Price restated the motion: **BCM Benson moved, seconded by BCM Sullenger to include a line item of \$59,938.96 as a deficit in the EMS Fund.** AC Price continued reading, "After some discussion he modified his motion to say, to enter the actual negative balance of the deficit." BCC Kelley asked BO Carson the result of that action. BO Carson said to balance the budget \$60,000 in expenditures had to be eliminated from personal services and material and services. He said this completely eliminated the Fire Chief position. BCC Kelley said you can't count on the revenue source if you don't have the labor. She asked if the revenue would have to be taken out of the budget also. BO Carson said the revenue was decreased by 50 percent and the other impacts are evident in the Budget Worksheet for Fund 5. He said this made an approximate \$140,000 hit to the budget. BCC Kelley said every Budget Committee Member with exception of BCM Masters voted for the motion. She said she didn't think that was the intention of some of the Budget Committee members. BCC Kelley said she tends to explain things in detail but hasn't done that lately as she has been criticized for it. She said from now on she will be detailed to make sure she and everyone else understands what they are voting on and what the ramifications of the vote will be. She said now that there is an understanding as to what the impacts will be is there any objections to bringing this motion back to the Budget Committee to vote again. BO Carson said he spoke with the Department of Revenue today and said an alternative is not to enter as an expenditure but to list as a note that the budget does not reflect a \$60,000 deficit. He said if the beginning balance is at zero you would not have to offset the \$60,000 but it would become a part of the budgetary record.

BCM Masters asked where the \$60,000 figure came from as the motion stated a specific dollar amount and that repeatedly a \$45,000 deficit had been predicted by BO Carson. BO Carson said \$60,000 should be used as a placeholder and that he had estimated it at \$45,000. BCC Kelley said it was her understanding that this was to be used as a placeholder as the Budget Committee had been discussing how to reflect the deficit so it would not get lost.

**Motion:** BCM Masters moved, seconded by BCM Zerfing, to remove the line item on page 15 that is listed as a deficit balance. BCM Benson said through this budget process there has been the standard that expected expenses have to be budgeted for. He said apparently that isn't so for money already expended. He said the Budget Committee is just going to pretend this never happened and go on with this \$60,000 hole in the budget being carried on to perpetuity. BCC Kelley said she didn't think that was anyone's intention and this budget has been cut significantly to where it is more realistic. She said if monitored correctly there will be a declining deficit. BCC Kelley said without that cut there is enough money to allow the City Council some alternative. She said something needs to be in place until that happens. BCC Kelley said it isn't allowed for

Minutes  
Budget Committee  
June 14, 2011

in this budget and it also doesn't allow for any kind of replacement to occur. She said the Budget Committee was given the rules for supplemental budgets and it is anticipated that the City will need fire protection for the next year and it is the Budget Committee's responsibility to budget for that. She said the only other thing that will trigger a supplemental budget is a new source of revenue. BCC Kelley said if this money is taken out of Fund 5 and do not allow enough for some other program or this program to continue there will be no supplemental budget to fix it. She said this is our responsibility and is a foreseeable expense. BCC Kelley said if it is to be a new program that is not the Budget Committee's responsibility but the Council's.

BCM Benson asked if the deficit balance can be carried over but paid the next year. BO Carson said if a loan is made out of the operating budget it has be paid within a year. He said a deficit can run indefinitely. He gave an example of a credit card vs. no money in the bank. He said he received confirmation from Department of Revenue and the Auditor that a deficit can be carried over. He said it is off the budget but still an obligation to that fund. BO Carson said State law does not allow a deficit to be carried over as a deficit. BCM Benson said like a credit card there would have to be approval from the authority to borrow the money. He said money isn't spent and then ask for the money to be charged to charge cards. BCM Benson said there has been no authority to borrow the \$60,000. He said there was a set amount of money appropriated to Fund 5. He said the \$60,000 was spent from Fund 5 that wasn't appropriated to Fund 5. He said it was misappropriated funds spent through Fund 5. BO Carson said he wouldn't say "misappropriated." BCM Benson said \$60,000 was never appropriated into Fund 5. BO Carson said Fund 5 went into deficit and shouldn't have but he can't find anything in writing, told by the Auditor and the Department of Revenue that that isn't illegal. He said a deficit can be carried.

BCC Kelly said a credit card user could be told no more credit. She said the credit limit on a credit card would be monitored and if gone over the card could be taken away from the customer. She said she didn't see the example of a credit card applying to the situation. BCC Kelley said there is more than one side and this isn't just the failure of one Department. BO Carson said the City's resolution states that there can't be any expenditures from a fund that doesn't have a positive fund balance but also has an exemption that the Department Heads can write checks for anything \$1,000 and under irrespective of the deficit. BCC Kelley asked if the resolution specifically states "irrespective of a deficit." BO Carson stated the language in the resolution. BCC Kelley said she spoke with some Department Heads and Finance Officers in other municipalities and was told that as soon as even a line item is violated a notification is given by their Budget Officer or Finance Officer. She said this City has been run like this for decades and now we are trying to fix it. She said it is not her intention to encourage over expenditures in departments and that department should pay for the deficit. BCC Kelley said the budget has been cut to a realistic point where the Department Heads don't have the leeway they used to have. She said it now takes supervision from the top side, which is the Finance Officer, the City Administrator and from the Council to make this system work right. She said all the blame can't be put in one spot as there is plenty of blame to go around.

BCM Sullenger asked if it was true that the Fire Department is still spending money. FO Bump said that was true. BCM Sullenger said she heard the Water Department asked to purchase parts or something and was told no. FO Bump said that is not true. BCC Kelley asked if FC Pricher had acquired a new motorcycle. BO Carson said he has his personal motorcycle.

BO Carson reiterated that a fix would be to list the deficit in the footnotes of the beginning balance or to set aside \$9,000 for five years in contingency. CM Benson asked what would guarantee that the Fund would not be overspent again this year. BO Carson said it is a new administration, a new Council, and a new Budget Committee. He said there is going to be a new City Administrator that better get it straight that the budget is not going to go into deficit and it is the Council's job to say if the budget does go into deficit he better look for another job. BCC Kelley said to put the safeguards in that are necessary to make sure the funds operate

Minutes  
Budget Committee  
June 14, 2011

openly and within budget. BO Carson said that safeguards are there and that there wasn't the oversight that was needed.

AC Price read the motion again for the Budget Committee at BCC Kelley's request. BCM's Laura Fisher, Masters, Pruitt, Cramblett, Zerfing, Hasel, Sype, Gyda and Don Haight, and BCC Kelley voted in favor of the motion. BCM Benson opposed and BCM's Walker and Sullenger abstained. BCM Walker said he was upset. He said the Budget Committee spent the better part of the last meeting talking about this one issue. He said that the information given at that time was that "this is the right thing to do." He asked what the right thing tomorrow would be. BCC Kelley said what is happening now has nothing to do with yesterday or tomorrow. She said it has to do with a misunderstanding of what was going to happen. BCM Walker said that BCC Kelley is telling the Budget Committee about budget law time and time again and there is an Interim City Administrator telling the Budget Committee about budget law time and time again. He said this is a moving target. He said it is very frustrating to go through hours and hours of debate just to have it tossed out at the last meeting. BCC Kelley said we're talking about the last ten minutes of the last meeting and not the hours of discussion before that. BCC Kelley said this is a legal option and yes she does talk about budget law. She said if this was not a legal option she wouldn't have brought it up. BCC Kelley this was a miscommunication as she thought the City would be showing the negative balance. She said she didn't know the Budget Committee was asking for the \$59,000 to be taken from this budget leaving the operating capital of \$21,000 to operate the Fire Department for the whole year. BCM Walker said he believed that was explained at a different time during the meeting. He said he didn't want people to think he was defending what was done but that he was defending the Budget Committee jumping to conclusions. He said he believes the issue was explained to the Budget Committee earlier in the meeting and he voted for it and is just as much to blame as anybody. He said he is operating on information that was given to him by staff at that time. He said it seems that information changes and then changes again. BCM Hasel said there is no subject matter expert in this room and it is frustrating.

**Motion:** BCM Masters moved to change the line item on page 14 listed as total personnel expense. There was a question about a motion on the floor. BCM Masters explained there was a vote. BCC Kelley asked if the motion failed. BCM Masters said there was one no vote and two abstentions. There were several people speaking at the same time. BCM Laura Fisher said she wanted to abstain. She said she would like more discussion. BCC Kelley said there are more people that would like to change their vote and BCM Laura Fisher would like more discussion. BCM Fisher said she understood there was always a deficit in the EMS Fund. She said then someone was hired who said they could help the City afford the Fire Department. BCM Fisher said she didn't think the City could afford the Fire Department. BCM Sullenger said reinstating the revenue is going to create further deficit because the spending has never been stopped. She said BO Carson said the expenditures will continue. BCC Kelley said it is up to the Council to address that. She said it is up to the Budget Committee to put money in place so that this can be addressed. She said this is the City Council's responsibility and they need to handle this. She said they need to have another plan or straighten out the one they have.

BCM Don Haight asked if putting in \$9,000 would keep it going. BCM Masters said it was BO Carson's recommendation to add \$9,000 in contingency, each year for the next five years. BCC Kelley said she was not in favor of other departments bailing out the Fire Department. She said she isn't in favor of the EMS Fund running in a deficit every year either and something has to be done. BCC Kelley said she doesn't think she is qualified to say that this community does not need fire protection for the rest of the year. BCM Sullenger asked if the \$60,000 was cut from the EMS Fund would there be another option to partner with someone. She asked if there would be any other option to provide fire and ambulance if this Fund was cut to \$26,000. BO Carson said there are organizational options but Council would have to explore and approve

Minutes  
Budget Committee  
June 14, 2011

and then a supplemental budget to achieve it. BCC Kelley said there can't be a supplemental budget unless there is another revenue source. She said this is a foreseeable issue as the City knows they will need fire protection in the next year. BO Carson said it isn't known if there is going to be a new organizational structure to finance. BCC Kelley said it is known that it is going to cost money to do that and the money isn't there to handle it. BCM Sullenger said that Council has directed staff to come to Council with other options. She said if the Budget Committee reduces the Fund to \$21,000 there will *have* to be other options. BO Carson said he made a presentation to Council at their meeting and no action was taken. He said Council discussed having a town hall meeting.

BCM Laura Fisher said some sort of policy needs to be put in place. BCC Kelley said she hopes there will be other options to be considered but the Budget Committee knows that those are going to cost money. She said she isn't saying put the money back in the Fund and everything remain status quo. She said the money is there to do something with if it is needed. BCM Sullenger asked if legally the Budget Committee had to budget for that right now. She asked if Council could by supplemental budget or resolution budget for any other options. She asked if the Budget Committee does not fund for any options can the Council put more revenue into the EMS Fund to pay for any other options. BCC Kelley suggested BCM Sullenger read the ORS that was provided by BO Carson. BCM Sullenger asked if anyone could answer her questions. BCC Kelley said she has answered the question a dozen times. BO Carson said the Council could change the structure of the EMS Fund but there are no guarantees that an IGA could be agreed upon with Hood River, an operational levy, or the creation of a fire district. He said all those things are not up to the Council solely. He said there has to be some other organization to agree. He said there are possibilities, all questionable, and the Council doesn't have sole jurisdiction. BO Carson said this is not a decision the Council can make on their own and guarantee it. BCC Kelley said if the Budget Committee foresees fire services are needed for the next fiscal year now is the time to budget for it, figure out a new source of revenue, or do a supplemental budget for unforeseeable things according to the ORS.

BCM Zerfing said she had misunderstood the motion made at the previous meeting. She asked if it is right for the Budget Committee to cripple the budget to where there is no recourse. She said there has to be something that is workable. BCM Masters said managing the funds rests with staff rather than with the Budget Committee. BCM Fisher said the Budget Committee has to deal with it. BCM Masters said he was responding to BCM Zerfing's comment and said it is not the role of the Budget Committee to dictate how the funds are spent. He said it is the role of staff to manage the budget. BCC Kelley said she has been reminded time and time again about some things being Council policy. She said that she didn't see how funding fire protection totally could be a budget responsibility. She said this is also the role of the Council.

BCM Benson said everyone keeps saying that money is being taken out of this fund. He said that isn't what is happening. He said the Budget Committee is voting to ignore this fund has been overspent. He said no action has been taken by staff. He said it would stand to reason that the same practices will continue because no action has been taken by anybody. BCM Benson said the Budget Committee is willing to move the negative money out of the EMS Fund by the Budget Committee action and not willing to cut any money from that fund. He said they are getting 100% of the money that they received last year, 100% of the money from the year before, and 100% of what they got the year before that. He said CM Cramblett made a good point at the Council meeting that the dollars per thousand being dedicated to the fire hall is soon to exceed the entire property tax being collected by the City. He said the Budget Committee is adding to that. He said adding another \$60,000 to that and ignoring it. He said and to pretend that money was never spent. BCC Kelley said the Budget Committee is not adding \$60,000 and it is there as a deficit. BCM Benson said the expended money is being ignored. BCC Kelley said the debt is not being paid all in one year. BCM Sullenger said not only is the EMS Fund being funded at 100% of what it has received but the estimated

Minutes  
Budget Committee  
June 14, 2011

property tax revenues have been raised in the General Fund and asked if the EMS Fund would be receiving even more money from those property taxes.

BO Carson said in order to cut the \$60,000 the Fire Chief position was eliminated. He said the ambulance revenues were cut by half. He said revenues are being lost. BO Carson said he hasn't increased the General Fund contribution. He said it is the same as in the original budget. BCC Kelley said she knew the revenues were cut but there isn't a dramatic cut. BO Carson said the dramatic cut was the ambulance service fee as there will no longer be a paid person to do that.

BCM Don Haight said he asked for a report in January on the 911 grant project. He said it is now June and has yet to receive that report. He said as of yesterday the \$35,000 has not been received from the County. He said the Council doesn't even know what the long term liabilities are for that project.

BCM Sype said there is a motion on the floor. She said there has been a call for a vote and there has been a lot of discussion. She said usually when calling for a vote there is an end to the discussion. She asked if the Budget Committee could get back to the vote.

BCM Sullenger said the Budget Committee is talking about the revenue that impacts the budget and that is an important topic. She said she did talk to the 911 Commander about the \$38,000 that is supposed to be received by the EMS Fund. She said she was told by the 911 Commander that there are no guarantees on receiving that \$38,000. She said that a board has to vote on that. FO Bump said the \$38,000 is a grant and has nothing to do with the EMS Fund 5. BCM Sullenger said it is revenue going into that fund. FO Bump said it is a grant. BO Carson explained the grant stating everyone has paid their portion of the grant except the County. He said this has nothing to do with the EMS Fund. He said it is money in and money out. BCM

Don Haight said the Sheriff told him that *someone* would have to pay the \$38,000 and it ends up with the contract. BCM Walker said the Sheriff attended a Council meeting and it was understood that the responsibility stays with the City of Cascade Locks as it is the grantee. He said if the County does not pay their portion the City of Cascade Locks will have to. BO Carson said he had discussion with the Sheriff, 911 Commander, and the GM Meriwether. He said the Sheriff said he was more comfortable with the 911 system than he was when the project first started.

BCC Kelley said it wasn't her intention to open up an hour long discussion. She said she thought people may not have understood what they voted on and not to rehash it. BCC Kelley said now that everyone understands the Budget Committee needs to vote on it. Several people said, "We did vote." BCM Masters said he was told by the Budget Committee Chair that he couldn't make another motion as the vote had not been announced for the previous motion and that she wanted further discussion. BCC Kelley said she would like the Budget Committee to vote again with a roll call. BCM George Fischer asked for the motion to be restated and BCM Masters restated the motion. BCM's Laura Fisher, Masters, Pruitt, Cramblett, Zerfing, Sullenger, Hasel, Sype, Gyda Haight, Walker, Don Haight, and BCC Kelley voted in favor of the motion to remove the line item listed as deficit balance from page 15. BCM's Benson and George Fischer opposed the motion. BCM Gyda Haight said she would like to see alternatives.

**Motion:** CM Pruitt moved to enter a note in the budget to reflect the actual deficit. BCM Walker seconded the motion. BCM's George Fischer, Laura Fisher, Pruitt, Cramblett, Zerfing, Sullenger, Hasel, Sype, Haight, Walker, Don Haight, and BCC Kelley voted in favor. BCM's Masters and Benson opposed the motion.

BCC Kelley said she would like to review the proposed budget that was presented at the June 8, 2011 meeting. She said the changes made were to reduce revenue to a realistic amount and took the \$16,000 deficit from the personnel expense portion of the fund. She said the Budget Committee has not scrutinized any of the other line items. She said she thinks there is still money that can be saved. She named contract services; \$3,000 to the Volunteer Association, and awards for \$600 could be less or nothing at all. She said

Minutes  
Budget Committee  
June 14, 2011

there are line items that can be cut and applied to this deficit. BCC Kelley said line items have been scrutinized in every department. BCM Zerfing gave the history of the \$3,000 to the Volunteer Association. BCC Kelley said this is way past the point of talking to the volunteers. She said it is time for everyone to share and sacrifice. She said the Budget Committee is either going to save money or not and asked for suggestions. BCM Sullenger said there were never many lights turned on in the old fire hall and wondered why there are so many lights on in the new one. She suggested putting \$8,000 in utilities and telling the Fire Chief to turn the lights off. AC Price said she just wanted to mention that line item is for utilities for the new fire hall, the old fire hall, and the modular unit behind the old fire hall. BO Carson said there are recommendations for possible new cuts in the new proposed budget due to anticipation of loss of the \$60,000 dollars.

BO Carson explained the salary for the Fire Chief would be minus \$16,000 and the \$126,000 would go down to \$110,000 in revenues. He said the next page lists cuts to materials and services that the Fire Chief is proposing. BCC Kelley said there has to be a shared sacrifice and a good will attempt to pay back this debt.

BCM Sullenger said it has been stated the Fire Chief's wages have been reduced by 50% but has only been reduced by 21%. She said a reduction would be to reduce the wages by 50%. BO Carson said \$16,000 came out of revenues and \$16,000 out of personal services.

BCC Kelley asked if the new proposed budget reflected the bill for the fire truck. FO Bump said it is in inter-fund transfers on page 16. BO Carson said this proposed budget given to the Budget Committee tonight reflects everything the Budget Committee has said. He said everything is balanced and up to date except the \$60,000.

BCM Masters said it was addressed at the last meeting that when cutting salary there will be an impact on revenue. He said if the salary is going to be reduced even more then the revenue will have to be reduced also or the budget will be out of balance again. BCM Masters said he didn't believe anyone in the room had the expertise to know how that would impact the revenue. BO Carson said the suggestion was to take out dollar for dollar from salary and revenue. BCM Masters said he didn't see \$49,000 from salary and \$80,000 from revenue as dollar for dollar.

BCC Kelley said when looking at the proposed budget dated 6/8/11 it is a more realistic approach before the \$60,000 was taken out. She said changes have been made and one is that \$16,000 was taken from one place and put into another. She said another change not reflected is the inter-fund interest payment of \$12,400 is reflected and the fire engine inter-fund interest payment of \$310. She said those are expenses that no longer apply and will be replaced with the fire hall truck payment of \$2,400. BCC Kelley said that leaves a large excess of \$10,000 that the Budget Committee can apply toward the deficit. BCM Masters said the Budget Committee said on 6/8/11 after FC Pricher voluntarily took a pay cut at a full time fire chief position that revenue of \$126,000 wasn't realistic so the revenue was then cut to \$110,000. He said that didn't change the expectation that the Fire Chief would be working less hours. He said if making a more drastic cut then you have to assume the Fire Chief is not going to be answering as many calls and therefore will not have the same revenue. He said to be realistic the revenue will have to be reduced. BCC Kelley said that would be a ramification of a further reduction. BCM Masters said the Budget Committee didn't do that. He said it was done dollar for dollar to balance it out. BCM Masters said the \$16,000 out of personal services is in addition to the \$4,500 that FC Pricher voluntarily took. He said the document given to the Budget Committee shows that FC Pricher is taking a \$4,500 cut to his salary and then \$16,000 has been added to that without addressing the revenue. BO Carson said the \$16,000 was voted on but the \$4,500 was presented to the Budget Committee and not voted on. He said the \$16,000 cut in salary is reflected in the \$16,000 cut in revenue.

Minutes  
Budget Committee  
June 14, 2011

BCM Sullenger said she made the motion and was told to make the motion from \$75,244 total personnel expense. She said this reduced that by \$22,387 with a total of \$59,244. She said those numbers were read into the record at that time. BCM Sullenger said she heard the Fire Chief's wages were being cut 50% but this only cut 21%. BCM Masters said there still has not been an assessment as to what that cut does to revenue particularly if discussing a further cut to salary. BCC Kelley said the Budget Committee is not budgeting for the whole year but budgeting till the Council to handle some problems and find a solution. She said that will either be new revenue or a reduction in service. She said she didn't think the Budget Committee had to cover a full year of expenses while waiting for this to happen. She said if there is new revenue the Fire Chief's wages can be restored.

BCM Sullenger said it hasn't been brought up but the Budget Committee also gave \$50,000 or \$60,000 to the Fire Department by covering the \$450,000 loan so that is also money that the City is paying for this department for the loan of the fire hall. She said let's not forget that. She said 100% funded, no revenues were cut, plus an addition of \$50,000 for payment on the fire hall that was built three years ago.

BCC Kelley said she would like to consider other line items. BCM Masters said he objects to the idea of not budgeting for the entire fiscal year. He said he believes the Budget Committee is budgeting for the entire fiscal year. BCC Kelley said the \$60,000 has been restored and all things are on the table for reduction of expenses in EMS Fund 5 with the expectation to reasonably fund the department to keep it running. She said the Council will have to consider alternatives. She said the important question is how many services could be performed for a certain amount of money.

**Motion:** BCM Sullenger moved, seconded by BCM Gyda Haight, to accept changes on page 15 on the 6/8/11 worksheet, with the exception of the deficit balance of \$60,000 and to accept the reductions submitted by FC Pricher. BCC Kelley asked if the money is to be put into the debt. BCM Sullenger said yes. BCM Masters asked if it would go into contingency. BCM Sullenger amended her motion to accept the changes on page 15, except the deficit balance of \$60,000, and the uncollectible accounts of \$25,600 and apply that to the current deficit. BO Carson said that the motion could be to accept all FC Pricher's recommendations for reductions except Springfield billing, except for the \$60,000, and except for the uncollectible accounts. BCM Masters asked about vehicle maintenance. BCC Kelley asked if all revenues are put back at \$110,000. BO Carson suggested accepting the motion with the three exceptions, the other ones will be taken out, and whatever that number is will go into contingency to pay back the deficit unless as a transfer to the General Fund. He said putting it in contingency balances everything out. BCM Masters said it would be better to go down each line item and analyze it. BCC Kelley said she would be willing to do that if there isn't a huge hour long argument on every single line item. BO Carson said he would like to sit with FC Pricher based on his new status and work through the numbers. BCM Sype stated there is a motion on the floor. AC Price restated the motion. BO Carson said another way to do this is for the Budget Committee to change the collectibles and give him an amount they would like cut from material and services. BCM Masters said he thought \$9,000 was a reasonable target. BCM's George Fischer, Laura Fisher, Pruit, Cramblett, Benson, Sullenger, Gyda Haight, Walker, Don Haight, and BCC Kelly approved the motion. BCM's Masters, Zerfing, Hasel, and Sype opposed the motion.

**Motion:** BCM Sullenger moved, seconded by BCM Don Haight, to apply the changes on page 15 to the deficit in Fund 5. BCM's George Fischer, Laura Fisher, Pruit, Cramblett, Benson, Sullenger, Gyda and Don Haight, Walker, and BCC Kelley voted in favor. BCM's Sype, Hasel, Zerfing, and Masters opposed the motion.

Fund 1, General, pg. 1-9  
Fund 2, SDC, pg. 10

Minutes  
Budget Committee  
June 14, 2011

Fund 46, OIB Loan, pg. 45  
Fund 56, Capital Reserve, pg. 58-59  
Fund 3, Street, pg. 11  
Fund 21, Water, pg. 32  
Fund 31, Sewer, pg. 37  
Fund 41, CATV/BB, pg. 44  
Fund 51, Light, pg. 53-54

BO Carson said he included a memo with the new budget and all the funds are balanced, reflecting everything the Budget Committee recommended. He asked if everything was done that the Budget Committee wanted. BCC Kelley asked if the 10% reduction had been made to administration and what was done with the money. BO Carson said item 7 on the memo is 10% personal services and materials and services was taken out of Department 21 and moved back to the General Fund. He said now the General Fund is supporting all those positions in terms of that 10% and not the street, water, and sewer fund. BCC Kelley said it was supposed to be cut and not moved. BO Carson said that would mean that every one of the staff will have a salary cut. BCC Kelley said however BO Carson wanted to handle it but that decision would be up to Council. She said there was discussion of furlough days, half of a position, or any number of ways. She said there could not be a cut in administration at all. She said the Budget Committee asked for a 10% cut across the board. BO Carson said a 10% cut has been made to the funds that were requested. BCC Kelley said she wants 10% cut from this budget. She said all the other funds are balanced. She said the purpose of the 10% cut is to get the City headed in the right direction as administration costs are going up dramatically every year. She said they need to be kept in tact. BCC Kelley asked BCM Sullenger to clarify the motion she had made regarding the 10% reduction. BCM Sullenger said her intent was to reduce 10% of administrative costs of materials and services and personnel in each fund that administrative is in. BO Carson said she wanted it added to Department 21. BCM Sullenger said she didn't want those funds to have that expense to be able to use that revenue in their fund. BCC Kelley said BO Carson interpreted that as there has been no reduction in administrative costs as a whole. She said the burden of paying for them has been transferred to the General Fund. She said she is sure the intent was to reduce the administrative costs by 10%. BCM Sullenger said the Budget Committee talked about building stability in those funds and leaving the revenue for those funds to have the stability. She said to cut that 10% expenditure and move it to revenue. BO Carson said that is what was done. BCC Kelley asked if BCM Sullenger intended for the expense to be born by the General Fund or did she intend a 10% reduction. BCM Sullenger said a 10% reduction of administration. She said not out of the General Fund is already being cut to fund a \$450,000 fire hall. BO Carson said the General Fund and administration is the same. He said if you cut administration you cut the General Fund. BO Carson said the salaries for the employees were kept in the General Fund in tact and had to pick up the difference in the General Fund. He said they are getting the same amount of money but the General Fund is taking the hit to compensate. BCC Kelley said there hasn't been an overall reduction in the cost of administration. BO Carson said there has not been an overall reduction in the salaries. He said, "We have compensated and taken the hit." BCM Sullenger said that wasn't the intent of the motion but thinks that is a Council action and not staff action to determine when that administration gets cut by 10% then they make the recommendation to staff as where those expenditures will come out of. BO Carson said staff salary reduction is Council's job. BCC Kelley said there was a lengthy discussion on furlough days, half time, etc. BO Carson said the funds are balanced and the money has been taken out that the Budget Committee has asked. He said it is the prerogative of the Budget Committee to recommend to the Council to make a decision in the General Fund to take out of salary or material and services. He said personal services/salaries is their responsibility. He said the Budget Committee could not tell him to cut salaries. BCC Kelley said the direction was to cut administration. BO Carson said he did. BCM Masters said it isn't appropriate for the Budget Committee to

Minutes  
Budget Committee  
June 14, 2011

make salary cuts. He said cutting Department 21 is fine but it does rest with the Council to reduce salaries. He said there was discussion of furlough days, contracts, etc. but not up to this Committee to make those decisions. BCC Kelley asked if anyone was confused about their vote. BCM Masters said he wasn't confused about his vote. She said she understood the vote was to cut the cost of administration by 10% with the exception of contract services. BO Carson said administration is everything in every fund. He said cut the cost in streets, water, and sewer by 10% in personal services and 10% in materials and services and that has an impact in the General Fund but you didn't cut the entire General Fund. BCM Sullenger said "across the board" and that means every fund with Administrative Department 21 costs. BO Carson said that is what was done. BCM Sullenger said it wasn't taken out of the General Fund. BO Carson said there is no Department 21 in the General Fund. BCM Sullenger said there is also Department 21 in training and planning. BCM Laura Fisher said she thinks BCM Sullenger thinks 21 is administration. BO Carson said the vote was for Department 21 no matter what was intended and that has been done. BCM Pruitt said that means each department now has more revenue. BCC Kelley said the difference is born by the General Fund.

BCC Kelley declared a break at 8:10 and reconvened at 8:24 PM. BCM's Hasel and Sype left the meeting.

BO Carson referred to his memo and said everything on that list has been reflected in the new budget. He asked the BCM's to review. BCC Kelley said that she and BCM Laura Fisher went through minutes and tried to mark everything that was changed. She said she wasn't able to finish. She asked everyone to go through their original papers to make sure everything has been changed.

BCC Kelley went through the list of changes saying she didn't think the Budget Committee is done with number 7. She asked if there was a change for use of property from the street fund. BO Carson said that was done just not on the list. BCC Kelley went through changes that have been made by the Budget Committee. BCM Don Haight questioned the inter-fund transfer on page 11 going from \$1,722 to \$2,122. BCC Kelley said contingency was changed from \$1,722 to \$2,122. She said this is on page 31. She said \$400 was added and asked where it came from. BO Carson said when all the changes were made to Department 21 it increased the contingency. He explained the money that was freed up, not knowing where the Budget Committee wanted it, was put into contingency. BCC Kelley said the Budget Committee made a change of \$400 and that change had nothing to do with the 10% out of Department 21 or administration. BO Carson said two things happened. He said a note was made of the increase and it had to be increased even further. He said the Budget Committee or the Council can redistribute some other way but he thought it was better to leave it as is.

BCC Kelley said there is a change in the Sewer Bond Fund because the \$20,000 payment has been serviced. BO Carson said that is why it is showing a negative \$20,000 and was reduced. Someone asked about the flowers. BO Carson said the flowers were removed from the transient room tax and moved to the General Fund under a new line item. FO Bump said it is a Department called Beautification in the General Fund. BCC Kelley said the Sewer Bond Fund has been reduced to \$60,300 on page 38.

BCC Kelley asked if there is a line item that could be used to accommodate a special election. She said she checked into the cost and was told that it could be up to \$1,500 but it would depend if other governmental agencies would be putting something on the ballot. BO Carson said if running something in a general election there wouldn't be a cost.

BCC Kelley said she is in favor of a town hall meeting and asked if there was enough money in the budget to allow for that. BO Carson said it was going to cost \$750 for a facilitator and that money would come out of the General Fund. He said he would rather take the money out of Government/Community Relations. There was a majority of the Budget Committee giving consensus for money allocated for a special election and a town hall meeting. BCM Masters opposed.

Minutes  
Budget Committee  
June 14, 2011

BCM George Fischer asked if there is enough money to recoat the gymnasium floor. BO Carson said there isn't even enough money to fix a toilet. BCM George Fischer said it would cost \$3,000 for materials and the labor would be donated. The Budget Committee discussed money coming out of property.

BCM Sullenger said on page 44 there were changes made but there is not a total. FO Bump explained the formula didn't go over to that page and she would correct that.

BCM Sullenger asked about the street lights. FO Bump said that's ES Hupp's recommendation.

**Motion:** BCM Pruitt moved, seconded by BCM Gyda Haight, to add Beautification Department to the Property Fund. The motion passed with BCM's George Fischer, Laura Fisher, Pruitt, Cramblett, Benson, Zerfing, Sullenger, Gyda and Don Haight, Walker, and BCC Kelley voted in favor. BCM Masters opposed.

BCM Sullenger said administration has to be clarified. BCC Kelley said her understanding was there would be a 10% reduction with exception of contract services. BCM Laura Fisher said she thought Budget Committee made the recommendation of 10% and Council would decide where. BCC Kelley said that is the way it should be. She asked for a show of hands from the Budget Committee when they voted did they think they were voting for an across the board of 10%. She said obviously that is what was intended by the Committee.

**Approval of Minutes of June 3, 2011 Budget Meeting: Motion:** BCM Don Haight moved, seconded by BCM Walker, to approve the June 3, 2011 Budget Committee minutes. The motion was passed by BCM's George Fischer, Laura Fisher, Pruitt, Cramblett, Benson, Zerfing, Sullenger, Gyda and Don Haight, Walker, and BCC Kelley. BCM Masters abstained.

**4. Property Tax Rate Approval** BCM Pruitt moved, seconded by BCM Don Haight, to approve the tax rate of \$2.705 per \$1,000 assessed value. The motion was passed unanimously.

**5. Continuance of Meeting to Wednesday, June 15, 2011, 6:30 PM, City Hall. Motion:** BCM Pruitt moved, seconded by BCM Don Haight, to continue the meeting to Wednesday, June 15, 2011. BCM Walker said he would not be at that meeting.

Prepared by  
Kathy Woosley, City Recorder

APPROVED:

\_\_\_\_\_  
Sandra Kelley, Budget Committee Chair

**Call to Order / Pledge of Allegiance / Roll Call:** BCC Kelley called the meeting to order at 6:31 PM. BCM's present were George Fischer, Laura Fisher, Lance Masters, Tiffany Pruit, Sandra Kelley, Darlene Sullenger, Shawna Hasel, Karen Sype, Gyda Haight, Bobby Walker and Don Haight. BCM's Eva Zerfing and Kevin Benson arrived late. Also present were Budget Officer Richard Carson, Finance Officer Marianne Bump, Accounting Clerk Shirelle Price and Camera Operator Betty Rush. Audience members present were Brad Lorang, Tina Tarani, Larry Cramblett, Rob Brostoff, Megan Webb, Jeff Helfrich, Gary Munkhoff, Ralph Hesgard, Laurie Madrigal and Randy Mislick.

**2. Approval of Minutes of June 8, 2011 Budget Meeting:** BCM Pruit asked for corrections to the minutes including on Page 3 in the second to last paragraph that the phrase "where the money comes from" should be "where the money comes", on Page 4 that the second paragraph from the bottom should read "recent repairs" instead of "recent repair." BCM Kelley asked if the time could be inserted under Loans/Discussion for the length of the discussion. She said she wanted to know how long the discussion lasted. AC Price explained that the discussion took place later in the meeting and she should have put a statement in to that effect but it may have simply been an agenda item. BCC Kelley asked if there was a motion to approve the minutes with the corrections. BCM Pruit moved, seconded by BCM Haight to approve the meeting minutes as corrected for June 8, 2011. The motion passed with BCM Sullenger abstaining from the vote.

**3. Discussion on the FY 11/12 Budget:** BCC Kelley went over items from the last meeting. BCM Pruit said on Page 15, that the Springfield billing, line item 62111, should remain at \$4,000 and come out of the contingency. BCM Pruit said Supplies and Materials for Fire and Ambulance, lines 50 and 51, should remain at \$9,000. She said on Page 16, under Vehicles and Tires that it was wrong to not include tires for vehicles. BCM Sullenger said they didn't make any changes to Page 16. BCM Pruit referred to a document presented by FC Pricher that the Committee had reviewed and said they would implement it. She said the committee had not looked at those changes very clearly. BCM Sullenger said when she made the motion she did say the Services on Page 15, not Page 16. BO Carson said the Volunteer Association contract under Contract Services should be put back in because it is a contract so can't be changed. BCC Kelley said she disagreed. BO Carson said if the change is made, the City violates the contract and the City could be sued. BCC Kelley asked him to prove it and provide the contract. There was discussion on where the contract was located and if it was a written document or an oral agreement. FO Bump left the room to look for the contract.

BCM Masters asked about the cut in Building Maintenance on Page 15 and wanted to know if BO Carson had discussed those cuts with FC Pricher. FO Bump re-entered the room with a copy of the Volunteer Association contract. BCM Masters said some of the cuts may have been made on the assumption there was not going to be money to have an employee. BO Carson said many of the cuts related to the full-time position being cut but FC Pricher had not had a chance to take a look at those and make a new recommendation. BO Carson said following the meeting of the night before that FC Pricher had advised him some of the cuts would need to be restored. BCC Kelley said BO Carson had recommended those cuts be made across the board as suggested by FC Pricher. BO Carson said the recommendation was based on the fact that the position was eliminated but was added back the night before. He suggested adopting the budget with those changes as FC Pricher had gone on vacation and was not available to consult. He said he could not answer the question about the building. BCM Masters asked about Equipment Vehicle Maintenance. He said if fewer trips are being made that it would make sense to cut that line item. He said there was an agreement with Life Pak, Radio Maintenance and Replacement, Travel and Training that could be looked at being added back since the step proposal the previous Friday. BCM Sullenger asked if money can't be moved within the fund between line items. BCC Kelley said that is done here but not most other places. BCM Sullenger said with the exception of the Springfield Billing item, she would like to see the cuts stay in place as voted on by the Budget Committee. BCM Masters said if the City is going to address that deficit the Fire Department needed to be allowed to generate revenue to help address the deficit. He

said if the motion stands then the committee is setting the department up to have another deficit because they are not being realistic about expenses that will be incurred while the department operates. BCC Kelley said the committee was assuming there would be a solution presented by Council before the end of the budget year as there were not enough funds dedicated for salary to go for a whole year at the same pay. BCM Masters said the discussion is on contingency not on salary. BCC Kelley said there is still \$2,500 budgeted for Uniforms, which is excessive. She said she supported restoring money for supplies for the Ambulance and Fire Truck by reducing the Uniform Allowance.

BCC Kelley said she wanted to return to discussion of the Volunteer Association Contract. She read from the contract and said it could be terminated in writing with 60 days prior notice by either party. She said the contract was for \$3,000, was signed by Bob Willoughby and she didn't know if he had authorization from Council to enter into the agreement. BCC Kelley asked if there was a corresponding resolution. BO Carson and FO Bump said they did not know. BCC Kelley said they had the date. BO Carson said 60 days went beyond July 1. BCC Kelley recommended the committee pro-rate the contract as it was above that person's (former CA Willoughby) spending limit. She said she couldn't see leaving that in the budget under the present circumstances. BCM Haight asked what a uniform costs. BCC Kelley said the Budget Committee all voted to cover the negative fund 100 percent this year. She said they had backed off after a lot of discussion but that doesn't mean they back off all the expenses. She agreed with CM Masters and Pruitt about the supplies for the Ambulance and the Fire and to correct the \$3,000 for the Tires that were not intended to be reduced. She said that changed the contingency and the service of that debt considerably. BCC Kelley said to restore that she wanted to see a cut in the Uniforms, and the (Volunteer Firefighters Association) contract could be covered for the first 60 days. BO Carson asked what the contract stated for length of term. BCC Kelley read from the contract "It says effective date and term. This understanding shall be effective when fully executed and shall remain effective, until terminated by either party in writing 60 days prior to notice." She said if there is no funding in place, the contract has to be terminated.

BCM Sullenger asked how much would the Fire and Ambulance Supplies be. CM Pruitt said she would suggest the \$9,000 that was originally budgeted. BCM Walker asked about the benefits of the Volunteer Association because in some governments that run associations they receive a price break or insurance rates or anything else. BCC Kelley said it was a way to compensate the volunteers but a lot of fire departments charge their volunteers for training and uniforms. She said she had researched this issue and felt the City did a lot for the volunteers already by providing these things plus expensive radios. She said they were more than welcome to join us for the flipping of hamburgers this year. BCM Walker said in his work, they used a lot of personal protective equipment and radios that are similar to the Fire Department. He said the radios aren't provided to the volunteers for their benefit but for the service. He said the Volunteers Uniform was in some places part of the personal protective equipment. BCM Walker said the committee should take a hard look before they cut something that is basically tools of the job. BCM Hasel said the committee should leave the \$3,000 for the Volunteers Association alone and not touch things like Equipment. BCM Fischer said the committee needed more information on the Volunteer Association and it might affect the City's mutual aid agreements. BCC Kelley said the committee had already cut the item but they are talking about restoring it. There was a discussion on the recommendation made by FC Pricher and the contract with the Volunteer Firefighters Association. BCM Hasel said the committee needs to have the person in charge of their department present so they can ask questions about the proposed cuts. She said she understood there was something prepared for the record that was emailed to BO Carson that would explain some of these things. BO Carson said no. He said it was unfortunate that FC Pricher was out of town but could not be here as he had already scheduled his vacation. BCM Hasel asked if he wanted a copy of it because she had it. There was an interruption from the audience. BCC Kelley asked the individual to sit down. BO Carson said he didn't know that was sent out. BCM Hasel said perhaps BO Carson should take his department heads and follow through with what they request. BCC

Kelley reprimanded BCM Hasel and said she was out of order for speaking out of turn. She said BCM Hasel could not have dialogue whenever she felt like it. BCM Hasel said she had to listen to her the whole time. BCC Kelley said she was the Chairman. BCM Masters said he was going ahead with his comment since he had the floor. He said one of his concerns was the cuts in Travel and Training that the volunteers are working on their training to advance in their EMT levels. He said that was beneficial to the community to have increasing levels of certification in their volunteers. BCM Masters said he would like to preserve the money for Training, that maybe they could take it from Travel. He said that he supported it because it helped the volunteers advance, helped retain volunteers and helped to keep the community safer.

BCC Kelley said the committee needed to move along as they were going to be accepting public testimony at 7:30 p.m. She asked that committee members keep their comments short. BCM Pruitt said in the minutes that were just approved that BCM Walker asked about uniforms and that FC Pricher had replied that included pants, t-shirts, sweatshirts and rain jackets. She said that meant it didn't include firefighting equipment, which was budgeted for separately. **MOTION:** BCM Pruitt moved, seconded by BCM Sype to restore the Springfield Billing to \$4,000, Supplies and Materials for Fire and Ambulance restored back to \$9,000, Vehicle Tires restored to \$3,000 and to reduce the Contingency by \$10,000. **Discussion:** BCM Haight said he did not agree with lowering the Training but it needed to be monitored. BCM Cramblett said he went through the checks for 2009-2010 for what the City paid out and \$7,000 was spent but less than \$1,000 was spent on the volunteers' training. He said most of this money is going to somebody else. The motion passed with BCC Kelley, BCM's George Fischer, Laura Fisher, Pruitt, Cramblett, Sullenger, Sype, Don Haight, Walker, and Gyda Haight voting in favor. BCM's Masters and Hasel were opposed. BCM Benson abstained from the vote.

CM Pruitt said on Page 4, under Planning, Contract Services that there was \$40,000 instead of the \$15,000 that was discussed. She said this was for City work alone. She asked BO Carson to explain. BCC Kelley said she wanted to read a motion. She referred to Page 6 of the May 25 minutes and said she was upset that the committee passed the motion and it was removed. BO Carson said there were two kinds of planning that the City did: long-range planning and current planning. He said the current planning is all development review and that money was still in the budget under Contracts. He said long-range planning is something the City hasn't been doing and he doesn't have anything on the schedule for the next year that he knows of so it was taken out. BCC Kelley said the City was anticipating a project eventually. BO Carson explained that was current planning, for example development review such as Cascade Meadows. There was a discussion on comprehensive review and code amendment review. BO Carson said there was nothing scheduled for the Planning Commission or planner to do. BCC Kelley said she hated to think the Planning Commission wasn't going to accomplish anything this year as the code needs work. BO Carson said at the Commission's last meeting in June that the Planning Commission Chairman was come to Council and present. BO Carson said he had nothing scheduled and nothing for a person to do. BCC Kelley said it didn't change the fact that the Budget Committee had made a motion to do it and it has been omitted. BCM Walker said as the Planning Commission Chairman, he would come to Council to present and say because of the McCoy issue the Commission was given to take care of. He said they got through some of those but there was still work to be done. He said he was going to ask Council to look at that schedule and make sure they still accomplish those goals. BCC Kelley said it was a motion made by the committee, passed and that be added and reflected in the budget. She asked BCM Fischer if he had any intention of having the Planning Commission continue what they have been doing. BO Carson said the Planning Commission already has internal services, support staff. He said this is a separate person. BCC Kelley asked why BO Carson included it in the initial budget if it was unnecessary. BO Carson said that was the way it was and he remembered that they wanted it separated. BCC Kelley said that was correct. BO Carson said that as he realized, that \$15,000, there wasn't anything for that person to do. BCM Gyda Haight asked if the old Fire Hall is sold would that be some money for it. BCM Walker said that money would be present, not long-range. BCC Kelley said the City owns the Fire Hall so the costs (for planning) would be the city's costs. BCM

Walker said this money is for the long term. BO Carson said the Fire Hall didn't need any planning services. said if someone purchased it and wanted to convert it that they would pay to go through Development Review process. There was a discussion on how costs would be triggered and who would pay what.

BCC Kelley asked BO Carson if there were other motions that he had felt weren't necessary and had changed. BO Carson said he had overlooked the motion and it had seemed a simple change. BCM Sullenger asked if the City plans to lease out the old Fire Hall that there could be some costs incurred. BO Carson said no and that while an Attorney would be involved in the legal document portion that he couldn't foresee the need for a Conditional Use or Zone Change but that would not involve a planner. BCM Benson said current planning has to do with building permits especially as that property is in the Downtown Zone and there would have to be a Downtown Plan review. BCC Kelley said she wanted to see the money put back in. She said assuming the City is going to stand still and not make progress in the next year is not productive. BCM Laura Fisher asked if that was the \$15,000? BCC Kelley said yes. There was a discussion on where the money was going to come from. BCC Kelley said she didn't know, she assumed the money was there but someone brought it to her attention that it had been removed. BO Carson said that was one of the things that got cut as they were looking to balance the budget in Administration. BCC Kelley said to assume the City isn't going to make progress in the next year is pretty negative outlook. BCM Laura Fischer asked where the \$15,000 went? BCC Kelley said it went away. BO Carson said there were certain things that were kept and certain things that were taken out, it wasn't just the Planning line item. He said there was a whole bunch of things to preserve and a whole bunch to cut. There was a discussion on the difference between the City making progress and the need for projects for long-range planning efforts. BCM Walker said there were several items including the Transportation System Plan, the closure of ECLI, a number of items associated with the resort/casino. There was discussion on the resort/casino and the wait on the decision about the casino before the planning needs to take place and is on hold for the current time. BCM Fischer asked about the beginning balance of \$58,000 on Page 1. He said he was confused because the number had changed several times from \$17,000 to \$33,000 to \$58,000. BO Carson explained the number changes as the City receives updated numbers closer to the end of the fiscal year. He said the same thing had occurred with the property taxes as the numbers kept improving closer to the end of the fiscal year. BCM Fischer asked FO Bump about the \$17,200. FO Bump said the \$17,200 was the construction deposits that had been reconciled that was a liability in their balance sheet but had nothing to do with the operational budget. BCC Kelley said the City's potential expenses had also been taken away for the City Engineer, which is what the committee had asked for based on the previous recommendation from staff that there was a need for that. BO Carson said the City Engineer is in Public Works. He said that is in Streets, Water & Sewer and for a contract engineer where they need City Engineer services. He said the only other place for an engineer is in reviewing development where it says Planning, Engineering Pass Through. BO Carson said it is where if there is a planning project that they would pay an engineer in regards to a development project. BCC Kelley asked about a situation where it is the city's own property. BO Carson said there is an engineer under separate Contract Services for infrastructure for Public Works. He said those are two different types. BCC Kelley said if these were unnecessary expenses then why were those items in the budget as necessary expenses as presented to the Budget Committee. She said when the committee asked about them they were told they were justified and needed and that is why they were added to the budget. BCC Kelley said either that is true or this is true and if it is needed then we need to allow for it. BO Carson said it was a preliminary estimate put out in the Budget. He said during the time the Committee has met, several things have changed and he found that this item needed to be changed as it wasn't really needed. BCC Kelley said the difference is she doesn't make personal determinations that undo motions this committee has passed. BO Carson said he had already said he understood that. BCC Kelley said personally she thought they needed to go back in there and asked where they should come from. BO Carson said he had no idea.

BCC Kelley said the committee needed to decide whether they want to restore them and look at the expenditures in order to restore them. The committee turned to Page 4. There was a brief discussion. BCC Kelley asked for suggestions to restore the line item. BCM Haight asked if there were any funds in that last year. BCC Kelley said the two were combined as a pass-through account and the committee asked that those be separated, which was done as motion and not by consensus. BCM Masters suggested taking the advice of staff given tonight based on a more thorough analysis of the budget. BCC Kelley asked if there was anyone whom had a motion. BCM Sullenger said she didn't see any place where the committee could legally take the funds from. She asked if it could be taken from the Contingencies, Department 22 on Page 5 for \$5,128. FO Bump said it wasn't there anymore, to look in the recommendation column it showed it's gone. BO Carson said it could be a recommendation to the City Council to look at the line item but leave it as it is for now. **MOTION:** BCM Masters moved, seconded by BCM Gyda Haight that the Budget Committee recommend that the City Council look at this during their part of the process. The motion passed. BCM's George Fischer, Laura Fisher, Masters, Pruitt, Cramblett, Benson, Sullenger, Hasel, Sype, Gyda Haight and Don Haight voted for the motion. BCC Kelley voted against the motion. BCM Walker abstained from the vote. He said he abstained because of his role as the Planning Commission Chairman.

BCM Benson had a question on the Museum Fund Utilities. BO Carson said he asked the Port if they would take over the utilities as the Museum is housed in one of their buildings and the \$10,000 for a salary. He said the Port said they would take a look at that and decide before it gets to Council. BCM Benson asked about the Street Light Revenue fee being reduced by \$28,000. BO Carson said that was what was being projected by Electric Light Department Head Tracy Hupp as a pass-through. BCM Benson said it wasn't a pass-through. He said because each department gets the revenues from the street light fee of \$18,200. He said the Electric Department has to adjust either the rate they are charging or the electricity that the street lights use or somehow finance the balance. BCM Benson said this fund will never have that \$10,000 and that it would cause a problem for this fund to do this. BO Carson said the Council just passed a resolution saying that what comes in goes out. BO Carson said prior to that some of the money was being separated off and now it is not. BCM Benson said that \$10,000 was being given to the department that it wasn't going to receive. He said they are going to get \$18,200 but it was showing \$28,000. He said the problem later on would be that \$28,000 would be taken out of Streets. There was a brief discussion on the Street Light Fee. AC Price said if \$18,200 is collected then \$18,200 will be spent and it will be a wash. She said but ES Hupp had projected that \$28,000; however, nothing more is going to come out than what is collected by the citizens. BO Carson said if it is high and comes in lower then there is no harm. BCM Benson said there is harm under inter-fund transfers there is a transfer to the Electric Department of \$28,536. He said the City hasn't changed the streetlight fee since last year and how could it generate twice as much as last year. FO Bump said in the original proposed budget it said \$28,800 as the amount Electric was to receive. She said the amount being transferred to Electric was \$2,400 a month and the Street Lighting Fund had to make up the difference, which was the reason for the \$18,200. BO Carson asked if the committee wanted to reduce both to \$18,200.

FO Bump said then the amount going into the Electric Department Fund had to be reduced as well. BCC Kelley said that didn't make sense. She said \$28,000 is the amount the Electric Company is charging for the streetlights. FO Bump said the City only received \$18,200 in revenue. BCC Kelley said there is a \$10,000 deficit. BO Carson said staff is saying the City is going to collect more money. BCC Kelley said why. Several people spoke at once. AC Price said in the City's old accounting system that they had to use a spreadsheet to determine how much money comes out of the line item. She said on the bills, street lighting used to be out of Electric. She said they would put in the total amount and take out a percentage based on a formula. She said with the new software that Electric has its own service rate, which is reflected on the bills. AC Price said so they are getting exactly the amount that is charged and in the old system they weren't getting the correct amount coming through. BCC Kelley said so there have been errors for years and Streets have been offsetting Electric

for years. AC Price said because of a bad formula and a spreadsheet. BCM Benson said is Streetlight Fee set resolution? AC Price said yes, by 1157 but the formula and the spreadsheet wasn't right. BCC Kelley said the entire amount should go to Electric so it never goes through Streets. BO Carson said that can't be done unless Council modifies the Resolution.

BO Carson said he had something he needed to cover. BCC Kelley said no they had to stop and take public testimony. BO Carson said he wasn't talking about that, he was talking about a memo from FC Pricher that was going to come up in public testimony. He said he wanted to address it before then. BO Carson said he had asked FC Pricher to address changes in a memo, which was sent only to BO Carson. He said that the \$3,000 needed to be restored to the Association, which had been brought up but there were other items that needed to be restored including a full-time person. He said how a memo that was sent to him and was made public is amazing and personally pretty upsetting. BCC Kelley said she appreciated being told that. She said she was just concerned because it was past 7:30 p.m. BCM Sullenger asked if that was the same thing that had happened with a memo from FC Jim Trammel and expressed concern that someone was getting into BO Carson's office and taking his memos. Someone from the audience said it was part of public record. BO Carson said if someone had asked for the memo then the City would have, by law, given it to them. He said no one asked for the memo. BCC Kelley said a public record would have been accessed by a public information request, which wasn't made. She said that means that it came through another means.

#### **0 PM – Public Comment on the FY 11/12 Budget:**

BCC Kelley opened the public comment period at 7:39 p.m. She said there weren't that many people so she wasn't going to limit their time but said she would not tolerate political commentary tonight only testimony regarding the budget or the process. BCC Kelley said if people wanted to mention individuals that this was not a Council public segment. She said anybody attempting to use it for any other purpose would be stopped.

Brad Lorang said the Budget Committee was looking at the numbers and making changes without understanding the complete impact of those changes especially to the Fire Department. He said the budget that reflects most closely what will work for the Fire Department is the proposed budget from 6/10/11 that was never submitted as it was pulled by the Mayor before it was looked at. He said this budget most closely reflects a working budget. Mr. Lorang said it has the lowest dollar amount and was the lowest amount the Fire Chief would accept without leaving. He said the current budget was not workable because they had not adequately figured out the amount of impacts to loss of service. He said what would happen when they take out the contract with the volunteers. Mr. Lorang said there are 21 volunteers and that is about \$275 a month, 30 cents an hour for the amount of time that they donate. He said the committee was not looking at the revenue impacts that would happen when the volunteers all walk out. BCC Kelley said there will be no threats at this forum. Mr. Lorang said did it sound like a threat, he was just stating a fact. BCC Kelley said she took it as a threat. Mr. Lorang said it wasn't a threat, he was just saying that was a possible reality. He said just as if you cut someone's wages by a third. He said the committee was also not allowing enough money in the budget to replace a person if they happen to leave because there is not a wage that is even half of the going rate for someone. Mr. Lorang said the committee had not looked at the impact to their services or their revenues. He said the 6/10/11 budget was the one that was the most workable with FC Pricher looking at a \$13,500 voluntary cut and overall of \$18,000. He said that said a lot for an employee being willing to take that amount of a cut. He said for the committee to cut further is shortsighted and a lot of side effects. Mr. Lorang said a lot of changes in this budget such as taking 10 percent from employee wages, many in funds that were already approved. He said there will be impact to those funds that are unnecessary and that it was an arbitrary action.

Jeff Helfrich said the committee should reach out and talk to the staff ahead of time so that you can have answers to help streamline the process. He said poor preparation and poor planning means unorganized meetings. He said leadership is important.

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Jary Munkhoff said he wanted to thank the committee for having the fortitude and nerve to start a process that should have been started years ago when the City became busy building empires and administrators that paid no attention to budgetary or state laws. He said there were puppet councils right along with it. He said this has been a painful process and it may have looked disorganized but that nobody was prepared to have documents and information ready for this thorough of a look at the budget. He said he hoped they continued to do it this way every year.

Larry Cramblett said he supports the committee and that balancing the budget is hard within the means of their own department. He said his budget concern is things that have happened through a process of two administrators, a Fire Department, previous mayors and Councils. He said before that a new Fire Hall was planned, everyone was interested in it but there were concerns. Mr. Cramblett said a community person brought a bid to the Council for a lower price, suggesting the Fire Hall be built in phases. He said if the City grew or development such as the resort/casino came then additional phases could be built as the City could afford to do it. He said there was a hose tower built that wasn't needed. Mr. Cramblett said the fire hall and equipment affiliated with it left the City with a \$450,000 inflated budget. He said this was not being paid for within state guidelines. Someone from the audience asked if this was part of the budget. BCC Kelley told the audience to stop it, that Mr. Cramblett was speaking. BCC Kelley said if people continued to speak from the audience they would be asked to leave. Mr. Cramblett said this (Fire Truck) was rejected by some people because of the shortfall in the fund. He said it was added and the money taken from the Water Fund. He said the shortfall of funds was not corrected and the pattern continued when the Fire Department committed to the 9-1-1 grant. Mr. Cramblett said if the County doesn't receive the proper paperwork, then they won't pay their share of \$38,000. He said if the Fire Department continues using reserves then Cascade Locks will become bankrupt and Hood River County will take us over. He said the word on the street is if the City loses the Fire Department, then the City will die. Mr. Cramblett said the City will still be covered by mutual aid either by Hood River County or the City of Stevenson. He said there are many examples of excellent volunteer fire departments in towns of this size. He said he appreciated the time the Budget Committee had taken with their work and it was for the betterment of the people of Cascade Locks.

Randy Mislick thanked the committee for reform and accountability. He said the committee had shown intelligence in their handling of the subject. He said he had lived in town for more than 21 years and this was the first time he knew of that the Budget Committee had been so thorough and questioning. He said previously they had relied on staff in coming up with a budget balance but when it was looked into it was found to not be balanced. Mr. Mislick said there was a multitude of problems that needed to be addressed. He said he was disappointed with a few committee members who have consistently said these weren't budget issues. He encouraged them to resign and said they needed those positions open. Mr. Mislick said the Fire Department was completely out of control. BCC Kelley said the comment period now was for budget data or budget process. Mr. Mislick said the majority of citizens want things cleaned up.

Laurie Madrigal said the town needs protection. She said as a resident of Cascade Locks, the City needs protection and that everyone has homes. She said she lived here during the 2003 fires. BCC Kelley said this was not the time, this is the time for comments on the budget. Ms. Madrigal said it may not be the time but she didn't know how to make a speech because she didn't speak very often. She said there has to be a way to have a budget for a professional fire department with the volunteers in the community. She said "she lived next door to Mr. Munkhoff and down the street from a lot of different forests, undoc..." BCC Kelley interrupted her and asked if she had any suggestions on the process or on the data. Ms. Madrigal said she didn't have the process, she didn't have the data. She said she was just trying to say she could not believe that anybody would ever consider not having a professional fire department in this community if they wanted to build the community. She said she understood that they didn't want to build the community that they wanted to keep it the way it is.

BCC Kelley said that was it and to go to Council. Ms. Madrigal and BCC Kelley spoke at the same time. Ms. Madrigal said how many times did someone tell BCC Kelley that was it when she had spoken at public meetings. She said she was just saying she had concerns about the community. BCC Kelley said to speak at the right forum. Ms. Madrigal said she didn't know the right forum, she was simply a citizen. BCC Kelley told CO Rush to turn off the camera. Ms. Madrigal said "pardon me." BCC Kelley said Ms. Madrigal was no longer on television and it would be turned back on in a minute. Ms. Madrigal said thank you for your time. BCC Kelley interrupted her. Ms. Madrigal continued speaking. She said there are some great people on the City Council as a whole but she is worried about the safety as residents that pay taxes. Ms. Kelley said you are welcome. BCC Kelley asked CO Rush to turn the television back on now that control has been gained. There was a gasp from the audience. BCC Kelley said "insults were." Ms. Madrigal interrupted and said BCC Kelley was the only one who had ever (inaudible). There was an outburst and several people speaking and laughing at once. BCC Kelley asked if there were any more comments from the public.

Tina Tarani asked about the Fire Chief's salary if it means the position is being reduced to a part-time position and if the \$36,000 is a recommendation then would the Council make the decision to authorize it or the Budget Committee? She said she was asking because she didn't know how the process worked. BO Carson said the original reduction came at the request of the Fire Chief to leave money in Materials and Services. He said he still considered it to be a full-time position because the Fire Chief did not intend to go to part-time. There was a discussion on the amount and several people talking at once. Ms. Tarani asked if the decision was done by the Budget Committee or Council?

##### **5. Discussion and approval of the FY 11/12 Budget:**

BCC Kelley said Ms. Tarani had brought to their attention something that needed to be corrected. She said it wasn't supposed to be that much, it was supposed to be a total of \$16,000 adjusted from Personnel Expenses and the budget shows \$16,555 out of the Chief's salary and an additional \$6,000 taken out of the Benefits. BCC Kelley said this wasn't decided as the Chief's salary for the year but until the Council could decide what Level of Service to provide and to come up with additional funding. BO Carson said to clarify the number and that staff was asked to reduce the salary by \$16,000 and that \$79,000 minus \$16,000 is \$55,000. BCC Kelley said what staff was asked to do was to reduce the Personnel Expense by \$16,000. BCM Sullenger said that is what she originally understood but then she was told it had to come out of the total so it brought it down to \$59,000 so that is the correct number. She said \$59,244 from the \$81,631 and that is a 20 percent reduction. BCC Kelley asked BCM Sullenger to repeat her explanation as she understood the Committee had only decided to reduce the fund by \$16,000. Ms. Sullenger said it was because they were reducing it that (prior) evening from a different set of numbers. BCC Kelley said now it stands at \$59,244 and it was at \$81,631 so there had been a total reduction of \$22,387. She said it was not intended to reflect the Chief's salary for an entire year but to allow enough time to come up with a plan to either supply permanent funding as it is or change the structure of the operation.

BCM Masters said on top of all of the worksheets it states Fiscal Year 11-12 budget. He said this is a budget starting for the fiscal year starting July 1<sup>st</sup> and going until June 30<sup>th</sup>. He said it seems odd that they wouldn't budget for the entire year for one fiscal line item. BCC Kelley said it is also odd they wouldn't clear up the deficit that is owed in this year. BCM Masters said that doesn't answer his question and is a separate issue but doesn't address the issue of not budgeting for the entire year. BCC Kelley said "we are". BCM Masters said the comment was just made that this is not intended to cover the whole year. BCC Kelley and BCM Masters both spoke at once. BCM Sullenger recommended that if the majority of the Budget Committee didn't want to pursue the discussion that they should move on. BCC Kelley called for consensus to move forward. There was majority consensus. BCM Masters and one other (inaudible) dissented. BCC Kelley said she did think it was important that the public understand what they do. BCM Sullenger said before we move on, she had a list of

changes she would like to review. BCM Masters said the committee just voted to move on. BCM Sullenger said she had the floor. BCM Masters repeated that they just voted to move on and now BCM Sullenger was continuing. BCC Kelley reprimanded BCM Masters and said he should leave if he wasn't going to be a productive member of the committee. BCM Masters said there was a vote of the majority to move on. BCM Sullenger kept talking. BCM Masters interrupted. BCC Kelley told BCM Masters to shut up. BCM Sullenger said if BCM Masters wanted to continue this discussion they could go out in the hallway. BCM Masters said he thought they said no threats. BCM Sullenger said she said they could go out and discuss it. She asked if BCM Masters felt threatened. There was laughter. BCM Sullenger said there was a loan for Mimi Morissette as per a verbal agreement for \$13,587 and asked if it was reflected in this budget. Someone said yes. BCM Pruitt said she had a question on Page 47. She said it has been reflected in the City's audit report for several years that Southbank does not make money and there is no beginning balance reflected in the budget. BCM Pruitt said when she looked at it that it doesn't show the true numbers and that they have a problem with city residents augmenting Southbank's rates and utility payers. She said she wants to see this reflected in the budget somehow. BO Carson said Southbank is a subset of the Light Fund, which is why there is no beginning balance. He said there can only be one beginning balance per Fund and the Light Fund shows that. He said it could be correct that it is not paying for itself but there is about a \$200,000 difference between revenues for Northbank and Southbank. BCM Pruitt said \$200,000 which way. BO Carson said \$200,000 less for Southbank. BCM George Fischer asked FO Bump if it was possible to have a subsection of the Light Fund to show a subtotal of the Light Fund for Southbank. FO Bump said it does show a subtotal. BO Carson said if it's possible to show more expenditures than revenue. BCM Cramblett said so Southbank is losing \$200,000 per year. BO Carson said he was saying that the expenditures exceed the revenues by \$217,000. BCM Laura Fisher said it is a program issue happening throughout and needs to be reviewed. BCM Don Haight asked if the new program with charges going out for time, material and equipment would show actual costs. He said it seems like it should. FO Bump said not if the staff doesn't tell her the figures. She said that is what the time, material and services program is supposed to do but it is not in operation yet. BCM Don Haight said that is what the auditor has advised for years. FO Bump said yes, it should.

**MOTION:** BCM Benson moved, seconded by BCM Pruitt to have the Committee recommend to the City Council to investigate the deficit in the Southbank operation by a rate study to prevent the citizens of the City who own the utility from subsidizing people outside the City limits for their power rates. BCC Kelley asked for discussion. BCM Laura Fisher asked if they were asking to pay someone to do something. BCC Kelley said we're recommending to the Council. BCM Laura Fisher said she would like to see the formatting done and the numbers before she would vote on something. BO Carson said it is an issue the City Light Superintendent has brought up in the past and this is an appropriate action to recommend it to Council so that he can explain it to them. BCM Benson said that would be part of it but he wanted it on the record so it gets on the agenda. BCM Masters said they have had the discussion several times over the past few years and if there is a class of customer type then there can not be a different rate. He said residential is a class and in the Southbank area it is entirely residential. He said if the rate is changed for Southbank then it has to be changed for the entire classification. BCM Laura Fisher said during ES Hupp's presentation previously to the committee that he had already informed them of Southbank's deficit. She said first they need to go to the format, separate the numbers so they know which ones they are working with. BCC Kelley said they had just heard it was approximately \$200,000 in the red. She said as far as rates went there was an ORS that deals with Municipal Utilities that states a provider can't turn services off once they have been provided but that a rate can be charged for what it costs to provide the service. She said she did not believe what CM Masters said was correct. BCC Kelley said she hadn't read the law in the last 24 hours that she wasn't going to quote it but it needs to be looked into. BCM George Fischer said he had spoken with ES Hupp about this and what was said was correct as to his understanding recently. He said a month ago ES Hupp had put a flyer in each mailbox for the Council about the

possibility of raising the rate. He said it was a good thing to re-examine the rates to get more revenue into Cit Light. BCC Kelley called for the vote. The motion passed with BCM's George Fischer, Masters, Pruitt, Kelley, Sullenger, Hasel, Sype, Gyda Haight, Walker, Don Haight and Benson voting for and BCM Laura Fischer voting against. BCM Laura Fisher said she was opposed because she wanted to see the numbers.

BCC Kelley asked if any committee members for any additional ideas or substantial suggestions. She said the committee had already made the decision regarding the Fire Department that they are going to make. She said it was important to tell the citizens that never did the committee think that they wouldn't have fire protection or that it wasn't important. She said they have to look for other alternatives than what they are providing currently. BCC Kelley said if there is another revenue source then a supplemental budget could be triggered at any time so that it could be reviewed at that time. BCM Don Haight said in 2008-2009 that the City's beginning balance was \$200,970.73 and this year it is \$58,000. He said that is one of the City's problems. BO Carson said to clarify, that is the General Fund not Emergency Services. BCC Kelley said there have been declines in a substantial number of our funds in order to support the effort of financing a Fire Department we can't afford. BCM Gyda Haight said she wanted to add to a recent article in the Hood River News where FC Pricher said "This budget deficit is nothing new, it has been here a long, long time." She read "Interviewed after the meeting, he stated the Council has known about this problem and done nothing." BCM Haight said how long did other Councils know about the problems, the deficits and they did nothing. She said the new Council is taking a big hit for Councils and administrators of the past who just passed everything. She said she wished that everyone had stopped and had better planning from the beginning. BCM Haight said there wasn't enough and the issue was not defined and resolved so there is a mess. BCC Kelley said there have been politics at play, making it an emotional issue and stretching to create a picture that would provide certain people with appropriate political platforms. She said there were public statements made at Monday's Council meeting that the Budget Committee had given the Tourism Committee \$40,000 to \$60,000. BCC Kelley refuted those statements as being untrue. She said there was discussion of a 70/30 split that the committee did not consider or talk about. She said if the false information is removed and the political opportunists that this community would have a lot better chance of solving its problems.

BCC Kelley asked if BCM Masters or Hasel wished to comment. BCM Masters began to speak. BCC Kelley interrupted. There were several people talking at once. BCM Masters asked if he had the floor or not. BCC Kelley said direct that at BCM Hasel because she was the one who asked a question while he had the floor. BCM Masters asked if BCC Kelley was asking him to give BCM Hasel the floor. BCC Kelley said no, to say what he wanted to say so the committee could move on and quit being an obstructionist. BCM Masters said BCC Kelley had just asked him if he had something to say. BCC Kelley said he was spending more time arguing about it than just saying. BCM Masters said he thought BCC Kelley said no name calling but then she had called him an obstructionist so he was beginning to get confused. BCC Kelley said she doubted it. BCM Masters said there is a state law that requires the Budget Committee to consider public comment. He said he would like to consider restoring the funding for the Fire Chief position and the 10 percent across the board cut to Fund 21 as both of those things were brought up during public comment. He said those are not necessary cuts as there was a balanced budget on April 27<sup>th</sup> that didn't have those cuts in it and that could be restored. BCM Masters said he thought they should consider it. BCC Kelley called for consensus of the committee as to how many people would like to restore those two things. There was majority consensus with BCM Masters dissenting. BCC Kelley said okay, we've considered it.

BCM Pruitt asked if they needed a motion to approve the budget. BCC Kelley said there were still problems with the budget. BCC Kelley said the committee still needed to look at Streets and the pass-through. BCM Hasel said BCC Kelley called her name earlier. BCC Kelley apologized and said go ahead. BCM Hasel asked if

he had been pointing them out for a reason. BCC Kelley said that BCM Hasel usually had something to say and it's negative. BCM Hasel said that wasn't fair. BCC Kelley said she had been giving her a specific opportunity to speak. BCM Pruitt said let's go, where were we. Everyone agreed they were on Page 11. BCC Kelley said is there any reason this couldn't be taken totally out of the Streets Department and moved to City Light. She asked if that was a fairly simple adjustment. BO Carson said if they make a recommendation to Council then staff can prepare a resolution or an ordinance. **MOTION:** BCM Benson moved, seconded by BCM Pruitt to recommend to Council that this be entirely removed from this fund and returned to the other fund where it currently is to begin with. BCC Kelley called for discussion. BCM Sullenger asked if that would create the pass-through effect where they previously had a refund. BCC Kelley called for the vote. The motion passed with BCM's George Fischer, Pruitt, Kelley, Sullenger, Hasel, Sype, Gyda Haight, Walker, Don Haight, Benson and BCM Laura Fischer voting for and BCM Masters voting against. BCC Kelley asked BCM Benson for advice. BCM Benson said he thought if it wasn't funded in this particular fund then it could be funded in the Light Fund to accomplish that.

BCM Laura Fisher said that during ES Hupp's presentation that he said was working by a resolution so needed a resolution to change things. BCC Kelley said there would have to be a new resolution. BCM Benson asked BO Carson for his advice on accomplishing the change in order to adopt the budget tonight. BO Carson asked instead of making a recommendation to the Council? BCM Benson said if the committee removes this, they don't need the Council's approval to remove this funding. BO Carson said the committee would direct staff to make those changes in the budget in terms of the placement of the funds then they will do it. BCM Benson said then the Council can approve the changes? BO Carson said that was correct. BCC Kelley asked if there was a motion. **MOTION:** BCM Benson moved, seconded by BCM George Fischer to direct staff to remove the revenue and the expenses related to Street Lights from Fund 3, the Street Fund and to put those revenues and expenses in the Electrical Fund, Fund 51. BCM Laura Fisher asked if it will still show as a line item as a pass-through. FO Bump said no. BCM Laura Fisher asked if it would be shown at all. FO Bump said that is not what is being suggested. BCM Benson said direction was given a few meetings ago that Street Lighting was to have its own line item in the Electrical Fund. FO Bump said it does. BCM Benson asked if that was for both revenues and expenses? FO Bump said it does.

BCC Kelley said unless there is additional revenue expected it would show as almost a pass-through. BO Carson said it will show as revenue coming in and expenditure going out. BCM Walker said because of the new system, the amount shows up on their light bills. He asked if Council passes this by resolution would it still show on the ratepayer's bill of how much of their light bill goes to pay for street lights. BCM Sype said is there something that would happen if the resolution is not approved as typically the committee tries to follow resolutions that are already approved. She said if the resolution isn't passed or doesn't happen right away does that do something with the budget. BCC Kelley said they (Council) can change it. BO Carson said it doesn't stop the committee from making recommendations to the Council. BCM Sype said she understood the recommendation but if they go ahead and approve the budget and the changes is made with the revenue and expenditures being taken out of Street Fund totally. BO Carson said if the committee approved the budget he didn't think it was a problem. BCC Kelley said she thought things should be done according to resolution but if they (Council) wanted to they could make changes in the fund without notice at their hearing so it could be restored. BO Carson said Council can alter the budget within limits. BCC Kelley said that limit is 10 percent of each fund. BO Carson said the limit is also or \$5,000, whichever amount is greater. BCC Kelley called for the vote. The motion passed with BCM's George Fischer, Pruitt, Kelley, Sullenger, Hasel, Gyda Haight, Walker, Don Haight, Laura Fischer and Benson voting for and BCM's Masters and Sype voting against. BCM Masters said Council can move things around if it's less than 10 percent and doing the math he comes up with \$28,000 so that would be greater than the 10 percent. He said that means Council can't move it around so that is why he voted no. BCC Kelley said the motion carries.

BCC Kelley said she thought the Planning issue was unresolved concerning the Planning fees and Engineering estimates. BCM Masters said there was a motion and a vote at a previous meeting to make a recommendation that Council take this issue up. BCC Kelley said so that is taken care of. BCM Masters said until Council takes it up. BCC Kelley asked if there were any other issues with the budget to go over. BCM Sullenger asked BO Carson asked when the Police Contract Services is signed or renewed. BO Carson said Hood River County just sent it to the City so they are most likely on the same fiscal year and the contract will start July 1. BCM Sullenger said she had a recommendation to Council that there is a line item for Expense for Police but not a line item for Revenue. She said she had spoken to a citizen who had suggested that when the City pays for a certain number of hours for a policeman that he is their employee. She said so the revenue that he (the policeman) brings in while he is the City's employee should also be brought to the City. BCM Sullenger said any tickets that he writes, the revenue should come to the City. She said it was just brought to her by a citizen and she thought it should be passed along.

BO Carson said he would suggest the committee make a recommendation to Council to ask the Sheriff how much revenue is being generated by the Sheriff's office within the City limits. He said then the Council can take that issue up. BCM Sullenger said it is something a citizen brought up. BCC Kelley said there is a citizen in the audience who believes he can briefly answer that question. Mr. Helfrich said the question is concerning citations and the revenue being brought in being split up. He said he had asked the question several years ago about the Justice Court having jurisdiction over that and there was no way to account for that through Justice Court and having those things put back into the City. He said that was the answer that was given to him several years ago. Mr. Helfrich said he was told that when an item is heard, it goes back into Hood River County's general budget. He said there has to be a mechanism in place and he doesn't know how much money that Justice Court has for that. He asked if that was brief enough. BCC Kelley said yes, that was nice. BCM Sullenger said whether or not they have done a citation even with dates or hours of the citation. Mr. Helfrich said the citation does have that information but as far as the revenue, a portion goes to the state, a portion to DPPST and a portion back to the municipality or the organization that generated the citation. BCM Sullenger asked so a portion could come back to the City. She said she thought it was something that should be pursued.

BO Carson said if the committee wants to ask the question to the Council to ask of the Sheriff. BCC Kelley said she thought the question had been asked before and the Sheriff's response was that a portion goes to Administration, a portion to Cars and that the City is not being charged the entire cost of the whole operation. BCM Don Haight said he understood the Sheriff to have said that he is counting on that income and if he doesn't receive that (citation revenue) as income then the Sheriff will raise the City's rates. BCC Kelley said that was part of the equation. BCM Sullenger said that when the Sheriff brings the contract forward that he prove it and that the Council not just take the Sheriff's word that they are getting a really good deal. BCM Benson said BCM Sullenger was suggesting a line item for Revenue to Council under Police should that pass. BO Carson said that could also be part of the recommendation to Council. BCM Benson said even if there isn't a line item now to receipt Revenue, it could be added later on. BCC Kelley asked if everyone agreed. There was total consensus on the item. BCM Pruitt said on Page 9 under Vehicle Maintenance there used to be \$1,000 for the City car and where did that go? BO Carson said it went away. FO Bump said \$500 went into the General Fund. She said it had to be cut because of the additional \$2,000 for Special Election and \$800 for a mediator. CM Pruitt said so there is nothing for equipment maintenance of the city car. FO Bump said not in the General Fund. There was a brief discussion on who drives the OEO car now that there is not an Ordinance Enforcement Officer. BO Carson said his recommendation was to sell it. BCM Benson said the car is used to go to Hood River to the bank and how many trips are being taken at 50 cents a mile to make that trip. He said they need to see the calculations to justify getting rid of the car. He said if the car is sold then they will have to find the mileage in the General Fund to pay for running City errands. BCC Kelley asked if the committee could look through some funding to restore that money because it's not realistic to try to have a vehicle without some

money for maintenance. BCM Benson said General Fund would have to absorb the cost but he wasn't personally worried about it. BCC Kelley said there was money in Contingency as well. She said no, the Contingency has been removed as well. BCM Gyda Haight asked if there had been any major expenses with the car. BO Carson said just because there isn't money in the line item doesn't mean it can't be accomplished. He said what happens with it (the OEO car) in the future is up to the Council.

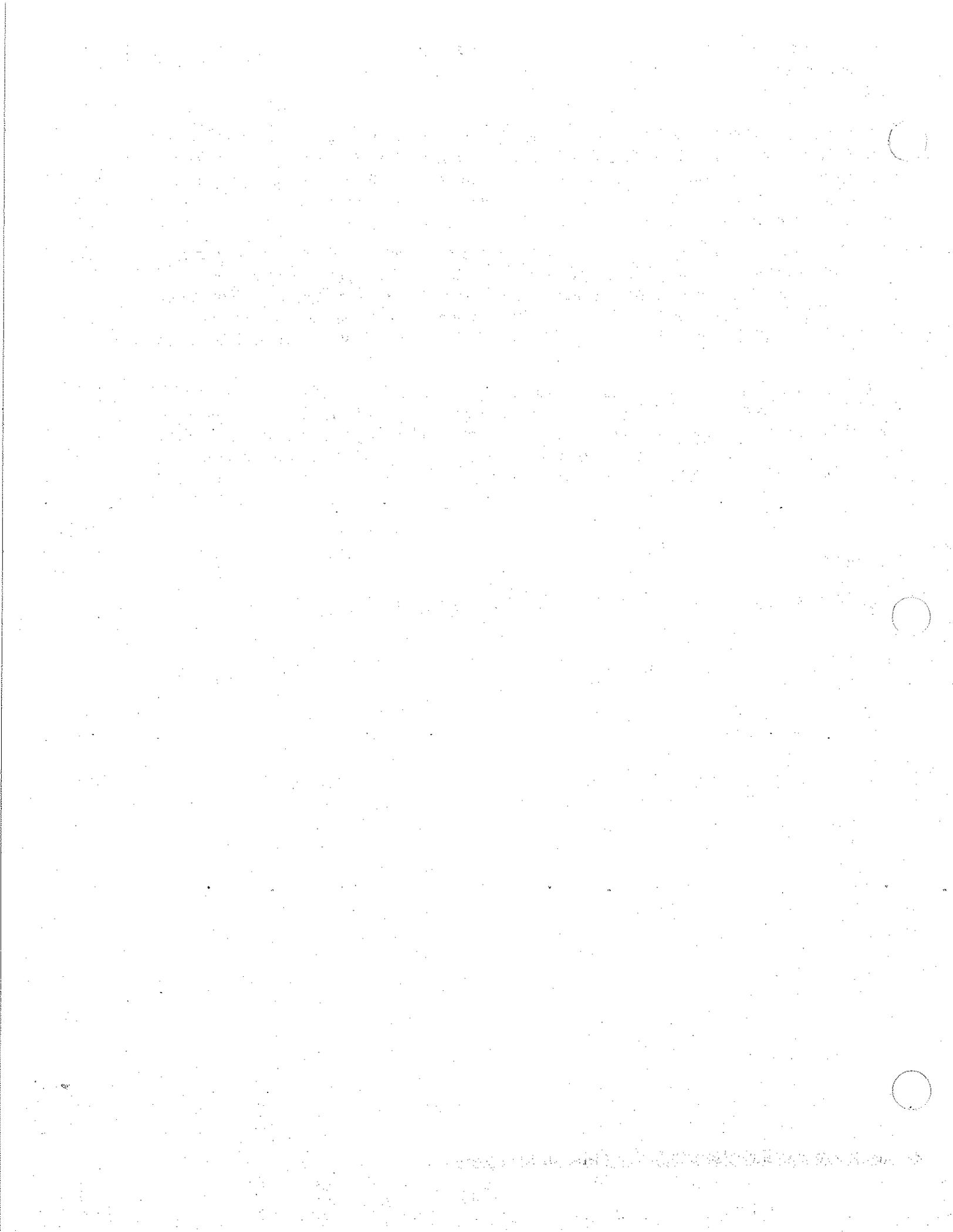
**MOTION:** BCM Benson moved, seconded by BCM Pruit to accept the budget with the corrections that staff has been directed to make. BCC Kelley asked for a roll call vote. BCM George Fischer voted yes. BCM Laura Fisher voted Yes. BCM Lance Masters voted No. BCM Tiffany Pruit voted Yes. BCM Tom Cramblett voted Yes. BCC Sandra Kelley voted Yes. BCM Kevin Benson voted Yes. BCM Darlene Sullenger voted Yes. BCM Shawna Hasel voted No. BCM Karen Sype voted Yes. BCM Gyda Haight voted Yes. BCM Bob Walker voted Yes.

**6. Continuance of Meeting to Thursday, June 16, 2011, 6:30 PM, City Hall if Necessary: MOTION:** BCM Benson moved, seconded by BCM Don Haight, to adjourn the meeting. People began talking all at once. Someone asked about Property Tax approval. Someone else said it had been approved. BCC Kelley said Thank You. AC Price asked if there was a vote. BCC Kelley said there had been a motion and a second to adjourn and not to continue and asked for a vote. There was consensus to adjourn.

Prepared By:  
Sue Ryan  
Deputy City Recorder

Approved by:  
Sandra Kelley, BC Chair

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**5:30 PM – Orientation for new/returning Budget Committee Members:** ICA Koch opened the meeting at 5:32pm. He asked for everyone to introduce themselves. Present were BCM's Karen Sype, Tina Tarani, Randy Holmstrom, Bobby Walker, Sandra Kelley, Brad Lorang, Mark Storm, Darlene Sullenger, and Gail Lewis. Also present was Interim City Administrator Koch, Finance Officer Marianne Bump, Accounting Clerk Shirelle Price and Camera Operator Betty Rush. Audience members present were Ken Hutton and Kayla Carron. BCM's Shawna Hasel, Rob Brostoff, Lance Masters, Tom Cramblett, and Jeff Helfrich were not present.

- **The Budget Process (Budget Committee Handbook):** ICA Koch summarized the handbook and highlighted some changes. He talked about the schedule and explained there was no set number of meetings, but there are deadlines set by the state that they have to abide by.
- **Budget Policies FY 2012-2013:** ICA Koch summarized the Budget Policies.
- **2012-13 City Council Budget Priorities:** ICA Koch read the 2012-13 Budget Priorities.
- **Pre-Meeting Topics for Budget Committee Discussions:** FO Bump summarized the Topics for Budget Committee Discussions.
- **Budget Committee Guidelines:** FO Bump read the guidelines and explained that they would be voted on at the first meeting of the committee.
- **Overview of 2011-2012 tentative budget schedule:** ICA Koch suggested that the committee adopt a work plan at the first meeting. He gave the committee a suggested work plan.

BCM Walker clarified that the committee would receive line item information. ICA Koch said they would receive that.

BCM Kelley said she would like some clarity provided regarding the percentage of contingency that can be drawn out by council. FO Bump and ICA Koch confirmed there is a set percentage of contingency that can be used.

ICA Koch asked if there were any suggested changes to the work plan. BCM Lewis said the committee could always schedule more meetings if necessary.

- **Review of sample program budget format and its use:** ICA Koch summarized the program budget working sample and explained how it will work.
- **Identification of questions and issues:** ICA Koch asked for questions/comments. BCM Kelley said she would like to see state law as far as transfers talked about in length so everyone knows what's expected of them. She said she heard the contingency being referred to as a slush fund and she would like that clarified.

BCM Sullenger said she would like to see the anticipated revenues not over projected. She said she would like a copy of the budget law for everybody. She said the committee should be able to pass a budget that doesn't violate Oregon Budget Law. She said the budget should reflect all debt and revenue in realistic numbers.

BCM Kelley said last year the committee asked department heads if there was any unknown debt and the committee was definitively told no, then when an employee quit he collected a lot of comp time the committee was not aware of. She said comp time is an outstanding debt and it should be considered during the budget process. BCM Lorang said that was brought up prior to the approval of the budget

(last year) and it was explained that if an employee resigned (inaudible). BCM Kelley said the committee was never presented with a figure for comp time. FO Bump said comp time comes out of the wage line item and is not shown as a liability. She said there is a cap of 40 hours on comp time, but the employee that was being discussed was a contracted service, not an employee so he did not have a cap. ICA Koch said a report can be made to show unfunded liabilities.

BCM Sullenger asked what kind of liability and protection the City has for the FEMA Grant if the city has to reimburse the FEMA Grant. ICA Koch said to his knowledge the City did not have insurance that would cover that. BCM Sullenger said there is an insurance the City can buy that would cover that. FO Bump said the City already had employee fraud insurance but she didn't know if there would be coverage of that. ICA Koch said he would investigate it, but he didn't foresee the City having to pay that back.

BCM Walker said the committee received an "audit" that's validity was questioned. He said he was hearing some of the same issues this year. He said there were changes (last year) and they were trying to hit a moving target. He said he would like to have information that is going to remain constant. There was some discussion on which "audit report" the committee received last year.

BCM Tarani asked if this was a new Budget Committee to move forward for the City or a place for the old Budget Committee to justify itself. ICA Koch said this is a new committee. BCM Kelley said she was here to work on the new budget and asked what she was there for.

BCM Holmstrom asked if there was a FEMA investigation going on. ICA Koch said to the best of his knowledge there was not. BCM Sullenger said to her knowledge there is. She said it's talked about in the auditor's report. BCM Holmstrom said that's different than an investigation.

**Motion:** At 7:30pm BCM Lorang moved, seconded by BCM Walker to adjourn. The motion passed.

Prepared By:  
Shirelle L. Price  
Accounting Clerk

Approved By:

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Budget Committee Chair