

# Budget Committee Meeting Minutes

---

THURSDAY, MAY 4, 2011

CITY HALL COUNCIL CHAMBERS

CITY OF COLUMBIA CITY, COLUMBIA COUNTY, OREGON

**AGENDA ITEM 1**      **CALL TO ORDER/ROLL CALL:**

**CONVENED:**

The meeting was called to order by Mayor Cheryl A. Young at 6:04 p.m.

**MEMBERS PRESENT:**

Cheryl A. Young  
Lyle Bluhm  
Shannon Fitzgibbons  
Barbara Gordon  
Karen Ladd (arrived 6:21 p.m.)  
Sally Ann Marson  
Casey Wheeler (by telephone)

**MEMBERS ABSENT:**

Josh Fromm  
Alexander Reed

**ALSO PRESENT:**

Michael McGlothlin, Chief of Police  
Micah Rogers, Public Works Superintendent  
Leahnette Rivers, City Administrator/Recorder

A quorum was present and due notice had been published.

**AGENDA ITEM 2**      **ELECTION OF OFFICERS:**

Council President Mayor Young opened the nominations for the position of Chair.

MOVED (MARSON), SECONDED (GORDON) AND CARRIED UNANIMOUSLY TO NOMINATE LYLE BLUHM AS CHAIR.

There being no further nominations for the position of Chair, Mayor Young closed the nominations and called for a vote. All voted in favor of Lyle Bluhm serving as Chair, and Mayor Young declared him duly elected.

Mayor Young turned the meeting over to Chair Bluhm.

Chair Bluhm opened the nominations for the position of Vice-Chair.

MOVED (MARSON), SECONDED (GORDON) AND CARRIED UNANIMOUSLY TO NOMINATE SHANNON FITZGIBBONS AS VICE-CHAIR.

There being no further nominations for the position of Vice-Chair, Chair Bluhm closed the nominations and called for a vote. All voted in favor of Shannon Fitzgibbons serving as Vice-Chair, and Chair Bluhm declared him duly elected.

Chair Bluhm opened the nominations for the position of Secretary.

MOVED (GORDON), SECONDED (BLUHM) AND CARRIED UNANIMOUSLY TO NOMINATE BARBARA GORDON AS SECRETARY.

There being no further nominations for the position of Secretary, Chair Bluhm closed the nominations and called for a vote. All voted in favor of Barbara Gordon serving as Secretary, and Chair Bluhm declared her duly elected.

### **AGENDA ITEM 3**

#### **BUDGET MESSAGE 2011/12:**

Leahnette Rivers reviewed the 2011-12 budget message at length with the Budget Committee. She described the impacts of the continued economic downturn on Columbia City's financial condition. She said revenues have fallen off more than anticipated, especially in the area of licenses, permits and fees, fines and interest earnings. She noted there were no new housing starts during the 2009 or 2010 calendar years, and uncollectible accounts in recent years reached an all time high. She said vacant housing, water conservation, a poor economy, a focus on resource efficiency, and mild weather conditions contributed to an 8% drop in the amount of water sold in 2010. She said these factors also played a role in the reduction of revenue from franchise fees, which fell by 11% in the current year.

At the same time, she said expenses continued to increase. To name just a few, in December 2010 wholesale water purchase prices increased by 12%, following a 38% jump the year before, and sewer treatment rates went up by 32%, on top of a 32% rate hike in the prior year. She said the City's employment tax liability was over 10 times higher in 2011 that it was in 2010, and PERS rates will increase by an average of 7% in July 2011. She said federal and state mandates require the analysis of, modifications to, and monitoring and permitting associated with, the City's storm system, all at a significant, unfunded cost to the City.

Leahnette said the City has implemented several cost-cutting measures in 2010, including a reduction in staffed hours and voluntary pay reduction for the City Administrator. She said the July 2009 employee cost of living adjustment (COLA) was reduced by 50%, no COLA was provided in July 2010, and employee health insurance plans were downgraded. She said the frequency of some routine maintenance tasks were reduced, annual contributions to many worthwhile services and organizations were withheld, all but essential capital purchases were placed on hold, and capital projects were delayed.

She said the Council identified police protection and street/storm water maintenance as critical services that were seriously under-funded, and a 3-year local option levy was put before the voters during the General Election in November 2010. She said the levy request involved a tax rate of \$1.10 per \$1,000 assessed value, with \$0.67 supporting police protection services, \$0.23 for street system maintenance, and \$0.20 for storm water system maintenance. She said the levy effort failed.

Still facing a bleak financial forecast and a continued decline in fund balance, she said the Council held several workshops with staff during the first quarter of 2011 to discuss further cost-cutting measures and service-level reductions. She said these workshops resulted in the elimination of the City's financial support for the

Community Library, a one-year hold on contributions to the Equipment Reserve Fund, a significant reduction in park maintenance services, and further tightening of department budgets. Once again, she said no COLA will be given in July 2011, and all but absolutely critical capital purchases will be postponed.

She said the proposed budget is conditioned upon a fee increase in the Community Hall rental rates effective in July 2011, and a new grant award from ODOT in October 2011. She noted that the ODOT grant funds 0.50 FTE within the Police Department.

Leahnette said financial projections show that further service level cutbacks will be required unless additional resources are secured. She said the Council has submitted a second levy proposal to the voters, which requests approval of a \$0.67 levy for a period of five years. She said the levy will appear on the May 17 ballots. She said the proposed budget does not rely upon the levy passing in May - the impacts of the levy failing will be realized during the following fiscal year.

Leahnette noted that projected fund balances are in compliance with the City's financial policies, with the exception of the Sewer Fund, which is over \$70,000 short of meeting the policy requirements. She said an unanticipated emergency sewer repair project led to the near depletion of the fund balance, which triggered a \$10.00 increase in monthly sewer rates in February 2011. She said additional revenues collected under the new rate structure are projected to correct the fund balance deficiency during the next year.

Leahnette said the final debt payment on the sewer system will be made in the 2011/12 budget year.

Budget Committee members discussed the proposed budget at length with staff.

**AGENDA ITEM 4**

**PUBLIC HEARING: To receive comments from the public on the proposed budget for fiscal year 2011/12.**

Public Hearing opened.

No comments were heard from the public.

Public Hearing closed.

**AGENDA ITEM 5**

**PUBLIC HEARING: To receive comments from the public on the proposed use of revenue sharing funds for fiscal year 2011/12.**

Public Hearing opened.

Leahnette said the City expects to receive \$13,000 from revenue sharing funds, which have been appropriated for park maintenance purposes.

No comments were heard from the public.

Public Hearing closed.

**AGENDA ITEM 6**

**REVIEW OF PROPOSED BUDGET FOR FISCAL YEAR 2011/12:**

Budget Committee Members said they had reviewed the proposed budget, which they had received in advance of the meeting.

4 - Budget Committee Meeting  
May 4, 2011

**AGENDA ITEM 7      APPROVAL OF BUDGET OR ANNOUNCEMENT OF NEXT MEETING DATE,  
TIME AND LOCATION:**

MOVED (WHEELER), SECONDED (MARSON) AND CARRIED UNANIMOUSLY  
TO APPROVE THE 2011/12 PROPOSED BUDGET.

MOVED (YOUNG), SECONDED (MARSON) AND CARRIED UNANIMOUSLY  
TO LEVY A PERMANENT TAX RATE OF \$1.1346 PER THOUSAND, AND TO  
LEVY \$40,559 FOR THE SEWER DEBT LEVY AS PROVIDED FOR IN THE  
2011/12 PROPOSED BUDGET.

**AGENDA ITEM 8      ADJOURNMENT:**

There being no further business to come before the Committee, the meeting  
adjourned at 6:47 p.m.

APPROVED:

---

Lyle Bluhm  
Budget Committee Chair

---

Barbara Gordon  
Budget Committee Secretary

ATTEST:

---

Leahnette Rivers  
City Administrator/Recorder  
Budget Officer