



City of Lyons

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MINUTES LYONS BUDGET COMMITTEE MEETING JUNE 5, 2012

OPEN MEETING 6:00 P.M.

The Lyons Budget Committee Meeting was called to order by Mayor Doug Morgan. Present were City Councilors Mike Lucas, Troy Donohue, Lon Conner and Dan Burroughs. Budget Committee Members present were Ed Jones, Clastine Ritchie and Steve Baldwin. Budget Committee Member Leanne Lail was excused. Budget Committee member Aerial Castillo's absence was unexcused. City Staff in attendance were City Manager Mary Mitchell and Assistant City Manager Audrey McNerney.

Guests

Gary Alkire.

Morgan opened the meeting and called for nominations for Budget Committee Chair. Baldwin nominated Mayor Doug Morgan. Mayor Morgan declined to act as Chair because he felt that the chairperson of the meeting should be other than a member of Council. After discussion Conner nominated Baldwin to act as Chair of the Budget Committee (Committee). Jones seconded the nomination. Voice vote. Baldwin was unanimously elected to act as Chair of the meeting and assumed the role of Chair.

Baldwin deferred to Mitchell who discussed the process and procedure for review and approval of the Budget Document. She stated that a policy decision needed to be made by the Committee as to whether or not public comments will be taken during the meeting, at the end of the meeting or at a subsequent meeting. After discussion Morgan made a motion that public comment be allowed *after* the review of the Budget Message. Jones seconded the motion. Voice vote. Motion carries.

Baldwin inquired as to whether there were any declarations of conflict of interest or ex-parte contact regarding the agenda. There being none the meeting continued.

Baldwin requested that the Budget Message be presented. Mitchell stated that the Budget Message contained explanatory statements which clarify the rationale behind the reductions and some of the difficulties presented in putting this year's budget together. Mitchell began the presentation of the Budget Message and suggested that the Committee review the Budget Document itself as she went through the

Budget Message. She said that it is easier to look at the line item referred to as she presents the Budget Message. Baldwin then requested that before reviewing the Budget Message Mitchell present highlights of the other material presented for the Committee's information.

Baldwin referred to Mitchell's memo regarding the SRS monies which stated that in working on budget preparation she had reviewed the statutes associated with the City's receipt of State Revenue Sharing (SRS) moneys. The statute states in pertinent part that "***The officer responsible for disbursing funds to the cities*** under ORS 323, 455, 366.785 to 366.820 and 471.805 ***shall***, in the case of a city located within a county having more than 100,000 inhabitants according to the most recent federal decennial census, ***disburse such funds only if the city provides four or more specific services***" City officials recognize the desirability of ***assisting the state officer responsible for determining the eligibility of cities to receive such funds in accordance with ORS 221.760.***

The memorandum goes on to indicate that, in Mitchell's opinion, since the law enforcement levy did not pass, the City no longer provided the four (4) required services necessary for receipt of not only SRS funds but also cigarette taxes, liquor taxes and gas taxes. The loss of these funds would cost the City roughly \$90,000.

After significant research and lengthy conversations with the Department of Administrative Services and the legal department of the League of Oregon Cities to clarify requirement specifics Mitchell was advised that the State Attorney General had rendered an opinion stating that "It is not the place of the state to govern the determination of service provision for cities."

It was determined that the most practical manner in which to provide the additional service needed to qualify for state funding would be to contract with the Linn County Sheriff's Department. Mitchell and Lucas met with representatives of the Sheriff's Department and negotiated a proposed contract for supplemental services to be provided to the City for an annual fee of \$10,000. By entering into this proposed contract with Linn County Sheriff's Office the City will be providing the four (4) required services to qualify the City to receive the SRS funding.

Mitchell stated that the proposed contract, which is almost identical to previous contracts with the Sheriff's Office, had been received today and required review and approval by the Committee. Mitchell stated that she would like to request that the payment date be amended to read January 1, 2013 to allow for the receipt of property taxes by the City prior to such payment.

After review of the proposed contract and discussion regarding the services being contemplated by the contract, Jones made a motion for the City to enter into the contract for law enforcement services with the Linn County Sheriff's Office and Linn County as submitted with the exception that it be amended to read that one payment in full will be made on January 1, 2013. Lucas seconded the motion.

Lucas then stated that the discussions with the Sheriff's office had indicated that the City anticipated that the services to be provided by the Sheriff's Office would include those areas determined to be most beneficial to the community such as (1) "high visibility patrols" in and around Lyons, including presence in and around Mari-Linn School during morning arrival and/or afternoon departure of the students; (2)

periodic nighttime patrols through Lyons; and (3) officer presence (upon our request and their availability) at Council meetings periodically throughout the year to update Council as to activities within the community and to answer citizen's questions. The details regarding the times and dates of the patrols would be determined by the Sheriff's office. He suggested that a letter accompany the executed contract reiterating the fact that these supplemental services should be based upon those discussions to the degree possible.

There was also discussion regarding the fact that during the previous law enforcement contract periods the City was provided with monthly reports of their activity within Lyons. The Committee felt that it would be beneficial if the Sheriff's office could continue this practice since having this information would enable the City to better inform the community of the benefits provided by this additional service.

Lucas made a motion to amend the motion made by Jones so that the motion now reflects that the City is authorized to enter into the contract for law enforcement services with the Linn County Sheriff's Office and Linn County as submitted with the exception that it be amended to read that one payment in full will be made on January 1, 2013 and to advise via letter to the Linn County Sheriff's office that the services to be provided should include those areas determined to be most beneficial to the community including but not limited to (1) "high visibility patrols" in and around Lyons, including presence in and around Mari-Linn School during morning arrival and/or afternoon departure of the students; (2) periodic nighttime patrols through Lyons; and (3) officer presence (upon our request and their availability) at Council meetings periodically throughout the year. The details regarding the times and dates of the patrols would be determined by the Sheriff's office. The Sheriff's Office should also be advised that the City is requesting monthly reports of their activity within the City. Jones seconded the amended motion. Voice vote. Motion as amended carries.

Baldwin asked if there were any further questions with regard to the material presented to the Committee. There were no further questions and Baldwin directed that Mitchell discuss the Budget Message.

- Mitchell referred to the Budget Message and explained how the financial information is set forth on the Budget Document (Part 1).
- She stated that Part 2 – Property Taxes and the Permanent Rate sets forth the basis for determining the estimated property taxes for 2012-2013. There is a potential to receive approximately \$134,340 barring additional reductions due to defaults and unpaid taxes.
- Mitchell explained "per capita" distribution of revenue.
- Mitchell referred to the Management Opinion which set forth an explanation of the difficult decisions facing the City and discussed the, precautionary measures taken to achieve a secure financial future for the City.
- She discussed contingency balances (reserves) and explained that expenditure line items had minimal buffer amounts included in this year's budget. Any additionally budgeted monies are intended to cover unanticipated expenses and are to act as ceilings for expenditure and not to be construed as absolute expenditure amounts.
- The section entitled Law Enforcement Levy & Services discussed the history of the failed levy which would have provided supplemental law enforcement services. This section also discusses

the decision to reinstitute a reduced (supplementary) level of coverage for the citizenry, the cost of which will be borne by the General Fund.

- Part 3 – entitled Changes in Personal Services Categories. Mitchell discussed the personnel changes which have taken place over the past few years and the manner in which most employees' hours are being reduced. There was discussion regarding whether or not it was necessary to add an additional employee to replace the second Public Works employee no longer in the employ of the City.
- Also noted was the fact that no cost of living adjustments (COLA) or raises for employees are included in the budget nor were they provided last year. There was discussion regarding how the personal services costs are reflected on the budget document (projected vs. actual).
- There was discussion regarding the amounts reflected for CET Tax in Part 4 and after reviewing the line items relating to the CET in the Budget Document it was decided to reflect the sum of \$5,000 rather than \$3,000 on line 14 of page 1.

The Committee moved on to review of the actual Budget Document and Baldwin inquired as to whether there were any additional questions with regard to Page 1. There was discussion regarding the cash on hand reflected on Page 1, line 1 and Mitchell explained the difference between anticipated beginning cash on hand and actual cash on hand.

In response to Lucas' inquiry as to what "miscellaneous resources" set forth on line 29, page 1 covered, Mitchell responded that the miscellaneous category covers any resources received that don't fit into a specifically listed category. For example "miscellaneous" could refer to funds received from the Citywide Cleanup project or monies collected for copying or fax services.

The next question was with regard to the increase between the 2011-2012 adopted budget and that proposed by the Budget Officer in the 2012-2013 budget as shown on Page 4, line 23 setting forth the transfer of funds to the Cemetery Fund. Mitchell explained that rather than sharing the transfers to the Cemetery Fund between the General Fund and the SRS Fund she opted to take majority of the transfers from the General Fund. It was an administrative decision as to whether to transfer funds from the General Fund or the SRS Fund. There was discussion regarding the contingency amount budgeted for the SRS fund and Mitchell explained that she wanted to replenish that fund since the beginning cash on hand in that fund was low.

There was discussion regarding the funding of expenditures from the Cemetery Fund and Mitchell explained that any shortfall in income from the sale of lots and donations has to be transferred from another fund for operating expenses.

There was discussion regarding whether the grant fund resource set forth on Page 5, line 7 of the Street Fund should be reflected as a contingency under expenditures or as a capital outlay for streets and improvements. After discussion it was determined that it should be reflected under capital outlay rather than contingencies. This change should also be reflected on Page 6, line 9.

Baldwin commented that the Library Fund projected figure was lower than the actual. Mitchell explained that the reason was that caps (not to exceed) were placed on employees' allotted hours rather than reductions in the overall budgeted amount alone.

There was a discussion regarding the reasoning behind the reductions in the Library Fund (see Lyons City Council Minutes dated May 22, 2012). Mitchell stated that she and Morgan had met with Brenda Harris to determine how best to make the reductions to the Library Fund as mandated by Council. The resulting line items reflect the manner in which Harris decided the available money should be spent.

Morgan commented that the I-Serve project would be taking place near the end of the month and that he anticipates that, among other things, cemetery maintenance will be performed by their volunteers.

Mitchell stated that she had budgeted \$2500 for cemetery maintenance and she was anticipating utilizing those funds to have the historical markers reset and the bases restored.

There was discussion regarding the Cemetery Perpetual Care Fund and Mitchell noted that one-third of the monies received from the sale of cemetery plots were allocated to this fund.

There being no further discussion regarding the Budget Message or the Budget Document Baldwin opened the floor for public comments. There were none.

Jones moved that the City of Lyons Budget Committee approve taxes for the 2012-2013 fiscal year at the rate of 1.8926 per \$1,000 of assessed value for operating purposes. Conner seconded the motion. Voice vote. Motion carries.

Burroughs made a motion to accept the Budget Document as amended and forward it the City Council for approval. Jones seconded the motion. Voice vote. Motion carries.

Lucas stated that he would like to commend Mitchell and staff for the preparation of a very "readable" document which represented many hours of work and hard decisions to be made.

There being no further business to come before the Budget Committee the meeting adjourned at 7:45 P.M.

Audrey McNerney
Assistant City Manager