

CITY OF ALBANY  
CITY COUNCIL  
Council Chambers  
Wednesday, November 2, 2011  
7:15 p.m.

**MINUTES**

**CALL TO ORDER**

Mayor Konopa called the meeting to order at 7:15 p.m.

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Mayor Konopa led the pledge of allegiance to the flag.

**ROLL CALL**

Councilors present: Jeff Christman, Ray Kopczynski, Floyd Collins, Dick Olsen, Bill Coburn, and Bessie Johnson

**SCHEDULED BUSINESS**

Business from the Public

Jim Clausen, 14488 Geary Circle SE, referenced the agenda and the use of ICMA reporting. He was concerned about the use of sustainable development throughout the City. He said foreign governments, through the United Nations, are too influential towards the City. Sustainable development is a concept from Agenda 21 and is part of the United Nations language. He would like foreign governments out of Albany.

Reports

Annual Performance Benchmarking Report/Citizen Survey.

Management Systems Director Bob Woods reported on benchmarking. He provided an example of fleet activities and how they are tracked. The tracking program is progressing, but is not complete. He walked through the information available and how Directors access the information.

Budget options.

City Manager Wes Hare described how the City got to where it is regarding the budget. He discussed projections, revenues, and compression. He said the unexpected decrease in property tax revenues recently reported by the Linn County Assessor leaves the City with approximately \$1 million less than projected in the General, Public Safety levy, and Parks funds. He described the three options provided in the agenda memo:

- Option 1: Lay off approximately 15 employees as soon as possible, and eliminate some services.
- Option 2: Dedicate the \$750,000 for Water and Sewer in-lieu-of franchise fee, currently being transferred into the Street Fund, to the General Fund, to partially offset the reduced property taxes. It would still require some layoffs.
- Option 3: The City has the ability to use PepsiCo settlement resources to pay off General and Parks Funds debt amounting to about \$2.3 million in principal and interest. If that were the choice, the City could reduce expenses in the General Fund by approximately \$240,000 annually and the Parks Fund costs by \$179,000. Settlement fund resources could also be used to reimburse the Public Works funds for the approximately \$1.5 million that was spent to design the 53<sup>rd</sup> Avenue overpass associated with the PepsiCo project. This money would offset the transfer of utility franchise fees for two years. Option 3 would preclude moving forward with either the Police or Fire facilities. It would also require additional personnel cuts, although it would reduce the number from the previous options.

Hare is hoping the Council will provide direction regarding which option to use as the basis to build the next budget on. He mentioned that there has been a reduction of around 30 people in the last three years. He explained designated funds and the restrictions put on them. They usually come from or through the state and can only be changed by a vote of the people or by the State Legislature. The money available for discretionary decisions by the Council is the local property tax money. Albany is fortunate to also have discretionary use of the settlement funds.

City Attorney Jim Delapoer said that regarding the final settlement, unencumbered funding was one of several settlement offers. The one the City chose was because it gave the Council the most flexibility. He mentioned that if the Pepsi Corporation had built, the City would be worse off. Avoiding laying off public safety employees is now a high priority. Delapoer asked the Council to consider paying off debt, as recommended in Option 3, thus freeing up funding to maintain the current service levels. He assured the Council they would be able to replenish the settlement fund.

Councilor Collins asked about reserves and if the short fall is reflected in the beginning balance. Finance Director Stewart Taylor said the shortfall does reflect an actual loss to the General Fund. Taylor explained the adjustments to the beginning balance. It has been going down around one-percent a year.

Collins said any fix will need to be for the long term.

There followed discussion regarding compression and the percentage of loss to the budget. Projected losses are currently being calculated with the assumption of a one-percent increase in taxes with an 11% decline in the public safety levy.

Councilor Coburn said he would like to get the Budget Committee involved. He said if the City were a business, it would slowly be going broke. He is not in favor of laying off people at this time. He would like to consider using the contingency fund and reserves. He said the Council needs to prioritize what the City can do.

Councilor Kopczynski asked, can any reduction in employees be accomplished through retirements, not filling vacant positions, or combining jobs? Hare said yes and the City has been doing that. The concern is that some critical positions are being vacated. There followed a discussion of positions that are already vacant.

Councilor Johnson commented about employee reductions leaving others to take up the slack and would encourage keeping the Police and Fire employees. She agrees with Coburn and would want to “save” the employees.

Councilor Christman agreed that they needed to make a decision for the short term. For him to support any of the Options, the condition would be to have a detailed plan to replenish the funds and reserves. He believes that services will change and departments will have to determine what “slack” gets dropped.

Hare said Option 3 does give staff some time to come back with a detailed plan. He asked Taylor to explain what using the contingency does.

Regarding using the contingency, Taylor said he would be very uncomfortable going under the five-percent policy adopted by the Council. If the City is in violation of its Financial Policies, it could be a disclosable event for City bonds. As for a plan, he said he foresaw meeting with the Budget Committee in January, providing a forecast for one year, and suggesting to the Budget Committee assumptions that are compatible with what the Council wants.

Kopczynski asked, how would the conversation be going, if the City did not have the settlement funds? Hare said the options would only be 1 or 2.

Coburn said it doesn't make sense to lay off people and reduce services significantly, and keep the settlement money.

Collins supports a combination of Options 1 and 3. He opposes Option 2 as he doesn't want to take from Streets Fund. He feels the streets are the City's biggest capital asset and they need to be maintained. He suggested holding tight to vacant positions.

Konopa said if the Council decides on borrowing, it should be borrowing from the settlement. She encouraged the Council to support tax reform. She said the compression that hit the City's Police and Fire levy is unfair, as later levy's aren't being touched. She suggested the Council figure out how to replace the franchise fee if Streets ends up losing it.

Johnson had questions about restricted and unrestricted funds, and what they are used for. She asked staff to provide a report on those funds. There was further discussion regarding budgets.

Collins suggested staff use Option 1, Coburn's suggestion, and Option 3. He explained for the staff to use the reserves to the policy level, back fill with some sort of loan from the Pepsi money, and hold the line on operational expenses. Collins doesn't want to use the franchise fee from the Street Fund.

**DIRECTION:** Hare repeated that the direction to staff was to fill positions that are absolutely critical, continue to reduce materials and services expenses, budget contingency and reserves to the lowest levels, and use elements of Option 3.

Christman said he would support a plan with those elements, but reminded the Council that this is a band-aid. He would like staff to bring back a schedule to prioritize services and would like the January meeting to be expanded to more than one day, however that looks, to thoroughly review and make decisions that can be incorporated into a long-term plan.

BUSINESS FROM THE COUNCIL

Coburn said he had been told that the Lehigh neighborhood is being considered for a historical area. He was concerned how that would affect the Oregon Department of Transportation (ODOT) planning for the area. Hare said as far as he knows there is no effort to make that a historical area.

Management Assistant/Public Information Officer Marilyn Smith reported on the Homeless Enhancement and Rehabilitation Team (HEART) Summit. She said participation by the West Albany High School Leadership students was very successful. She mentioned that Mayor Konopa received the 2011 HEART Award for her many years of service to the homeless.

Planning Director Greg Byrne reported that he and Transportation Systems Analyst Ron Irish were working with others in the region to evaluate changes to the Oregon Highway Plan brought about by two bills in the last legislature. It's likely that there will be changes to certain ODOT tables that will give more capacity to intersections, and more frequent spacing of access points. These changes may make development along state facilities easier and cheaper.

NEXT MEETING DATE

The next scheduled meeting of the City Council is a Work Session, on Monday, November 7, 2011, at 4:00 p.m., in the Municipal Court Room of City Hall.

The next scheduled Regular Session of the City Council is on Wednesday, November 9, 2011, at 7:15 p.m., in the Council Chambers of City Hall.

ADJOURNMENT

There being no other business, the meeting was adjourned at 9:15 p.m.

Respectfully submitted by,

Reviewed by,

Betty Langwell, MMC  
City Clerk

Stewart Taylor  
Finance Director