

CITY OF ALBANY
BUDGET COMMITTEE MEETING
Council Chambers
Wednesday, May 7, 2008

MINUTES

PRESENT: Mayor Dan Bedore and Councilors Jeff Christman, Floyd Collins, Dick Olsen, Sharon Konopa, Bessie Johnson, and Ralph Reid Jr., and Budget Committee Members Susan Folden, Wendy Kirbey, Colleen Keller, and Steve Terjeson

ABSENT: Budget Committee Member Bill Coburn, Doug Moore, and C. Jeffrey Evans

CALL TO ORDER

Chair Susan Folden called the meeting to order at 7:15 p.m.

PUBLIC COMMENT

George Van Heulen, 1108 38th Avenue, wished to speak. Van Heulen has lived in Albany since 1984 and is involved in soccer. He noticed in the newspaper an article which explained that outside agencies can apply for grants. He said he figured out the process last night and he doesn't think the process is very transparent. It seems if someone applied previously then they have another shot at getting funding for a new year, but the City Manager is reluctant to open the door up to new applicants. He said, it sounds like "good ole' boy" politics. He has been with Mid Valley Soccer (MVS) since the 1980s and should be able to apply. MVS needs new soccer fields. They play at Linn Benton Community College, but the field is soaking wet and North Albany Middle School's field is horrendous. So instead, they have to play in Corvallis. They have nice fields, but MVS has to pay. They also have to pay in Eugene and other cities. MVS has nothing; they are at the mercy of Albany Parks & Recreation Department and for 20 years, nothing has happened. They can't play at TimberLinn because it is not safe for the kids. It is not right for the Boys & Girls Club to get funding at the exclusion of others. What happened to Little League and other teams? This is not a fair process.

MINUTES

MOTION: Mayor Dan Bedore moved to approve the January 7, 2008, Budget Committee minutes. Member Steve Terjeson seconded the motion and it passed 11-0.

ANSWERS TO ANY QUESTIONS POSED AT PREVIOUS MEETING

In response to a question from the previous meeting, City Manager Wes Hare said that the total increase to Director salaries is \$29,344.

Councilor Jeff Christman said that the Building Inspection budget lists 14.5 FTE although four positions are vacant. Should the number be changed to 10.5, so as not to inflate the total FTE's Citywide? Hare said Interim Building Manager Melanie Adams wanted to keep those positions listed to keep them on the radar, though it probably does not matter which way they are listed. Christman thinks it is a matter of perception and the number should be changed.

CONTINUE DEPARTMENT BUDGET REVIEW

Parks

Parks & Recreation Director Ed Hodney focused on three funds: 202 - the primary operating fund, 203 - grants & projects, and 701 - facilities maintenance. There are 16 programs total. The mission of Parks & Recreation is to promote healthy living through healthy living experiences. The City's Strategic Plan is the guide as goals

are established for the department. Hodney will share a number of actions he believes are directly connected and will further the Council's objectives in the plan.

Great Neighborhoods

Hodney said Parks & Recreation has established and sustains a system of parks and recreation facilities to meet citizen needs. Services have been established through new park acquisitions and development projects, which are incorporated Parks System Development Charge (SDC)s, the Parks Capital Program which is a new program this year, and in the grants program. These do not increase services but sustain what we already have established as our service levels.

Hodney said the City's partnership with the Albany Boys & Girls Club for the new Oak Street Park is possible with grants and gifts, and no tax dollars other than staff salary. The YMCA is also another developing partnership. Together, Parks & Recreation and their partners are reaching more citizens with more recreation opportunities. Hodney facilitates partnerships with several businesses as well, including private businesses. These are symbiotic relationships. The Budget proposes a .475 FTE to help build these partnerships and services and to expand opportunities. The FTE is significantly supported by the fees we raise. The position will increase outreach efforts to groups that are traditionally underserved, such as teens, ethnic and cultural minorities, and citizens with mental, emotional, or physical disabilities. The position will also work to sustain the existing programs we already have to reach more people in a more cost effective manner. We will aggressively pursue grants for capital projects and programs and pursue new donors. They plan to bring a cost-recovery project to the Council for pricing related to a revenue enhancement plan which will help to diversify and strengthen non-tax revenue sources.

Safe City

Parks & Recreation has various capital projects and maintenance programs to continue the scheduled replacement of elements of older park playgrounds. They are involved in the preparation of emergency response plans in collaboration with public safety for large gatherings of people at events such as Northwest Art & Air, River Rhythms, and Monday's at Monteith. They also make efforts to address unsafe conditions in City buildings in their Facilities Maintenance program.

Healthy Economy

To meet this goal Parks & Recreation will make improvements to parks and landscape beds to better promote Albany as a great place to play, visit, or live. They have nationally recognized programs that attract thousands of visitors each year, as well as their money.

Effective Government

Effective government can be achieved by controlling operating costs with the installation of energy efficient lighting and water saving irrigation systems. It is paying dividends. Forestry and park capital funds focus on the preservation of trees, another important resource for Albany. They also plan aggressive development of non-tax revenue sources.

In summary, Hodney said the total Parks & Recreation budget of \$9 million includes capital projects, SDCs, and grants. The operating budget is \$5.5 million which is less than one half of one percent increase, so essentially it is a status-quo budget. They hope to receive \$390,000 in gifts and donations; \$330,000 in programs and sponsorships; \$1.4 million in state, federal, and private grants; \$760,000 in fees and charges for services; and \$102,000 in earned revenues, for a total in earned revenues of \$3 million. This is funding that was not provided by the tax payers. There were \$200,000 of in-kind services; and 25,000 hours worked by volunteers, for a savings of \$404,000.

Budget Committee member Steve Terjenson asked Hodney to describe his relationship with non-profits and the process used to award grant money, in response to Van Heulen's questions about how to obtain soccer fields. Hodney said the City Clerk sends out invitations to the grant recipients from the previous year, and the *Democrat-Herald* solicits applications. Departments do not make direct solicitations. Applications that relate to a function that falls under the parks and recreation category comes to Hodney, and then he makes a judgment as to whether the applicant delivers services which are cost effective and valuable to citizens.

Councilor Sharon Konopa asked Hodney what he thinks of the soccer fields in Albany. Hodney agrees with Van Heulen's assessment; Albany's soccer facilities are inferior to other communities. They maintain the fields as best they can given their design, engineering, and age, but the facilities need to be improved and the City needs more fields overall. The capital budget includes acquisition costs to support 15-20 soccer fields. They are looking for property now. They will be paid for by SDCs along with grant funds - but, the City is years away from having a soccer complex.

Konopa asked, can the City upgrade the existing fields? Hodney said most fields are at TimberLinn Park. They were put in after the park was designed and were never engineered for soccer. They are not irrigated and the fields don't drain. The improvements made so far have been paid for by American Youth Soccer Organization (AYSO). The Timberlinn Park improvement plan calls for moving soccer fields to a new site, so it doesn't make sense to put money into them now when improvements would be completed just in time for the new fields to go in anyway. The only resources the City has for improvements are SDCs and grants, not property tax monies.

Folden noted that the beginning balance is \$254,000, which is less than half of the current year-to-date. She asked, are you expecting a big drop? Hodney said there is revenue shortfall this year in many categories in part due to the economy.

Councilor Bessie Johnson asked for an update on both pools. Hodney said Recreation Programs Manager Rob Romancier is proposing a status-quo budget. He is doing a good job managing the pools. They were worried about revenues at both facilities because they started to slow down, so the budget is conservative in revenue projections. The cost recovery is at about 50 percent for both. Romancier successfully solicited gifts to buy equipment to launch a teen program.

Johnson asked the status of negotiations with the YMCA. Hodney said the YMCA needs to secure a purchase option on another piece of property which they would offer as trade to the City as like-value. The capital campaign is ongoing and in large part depends on selling their existing property. They still need state approval for the land swap. There is a ways to go before the transaction is finalized.

City Manager & City Council

City Manager Wes Hare said a major change in this budget is the new director position which accounts for the increase in personnel and supplies costs. Another major change is for City Attorney fees which are based on an increased level of activity over the past year. He is not sure what level legal fees will continue at in the next year, but recognizing the potential for litigation in 2008-09, he wanted to budget adequately.

Christman asked for an update on laptops for Councilors. Hare said money has been budgeted under Minor Equipment. Staff awaits the Council's discussion and direction on this issue.

Economic Development

Hare said the passing of Economic Development Director Dick Ebbert was a great loss to the City. He had a unique range of experience and talents that cannot be easily replaced. His duties have been redistributed.

Public Works will oversee Transit, Projects Coordinator Guy Mayes will oversee the Airport, and the City Manager's Office will oversee Economic Development.

Hare said the Albany Visitors Association (AVA) requested the same grant amount that they received last year. Last year they received \$100,000 to launch new programs. This budget was put together with a recommended \$25,000 reduction to that request. An option not considered at the time was using a portion of the vacant Economic Developer Director position funds for the AVA, in consideration that they are the marketing arm of the City. Every business struggles with the question of how much to spend on marketing, and how to measure the return on that investment. Hare said, if we measure marketing success by transient room tax revenue, then we are doing well. Essentially it is up to the Budget Committee if they want to override staff's suggested award to AVA and honor their full request.

Konopa asked, should a portion of the salary for the new proposed position of Management Systems Director come from Economic Development rather than being paid in full from the City Manager's budget so that central service charges can be reduced for all departments? Hare said he will evaluate that and bring it back to the Council for discussion.

Folden asked, did you consider an increase to Albany Millersburg Economic Development Corporation? Hare said they didn't ask for an increase so we honored their status-quo request.

Johnson asked, should the Economic Development Director duties to be disseminated to other departments or would they be better under one umbrella? Hare said Ebbert was originally hired by the City to work with the Airport and Transit. Later the City Manager at the time decided to create the Economic Development Director position and moved Ebbert into it since he also had experience in that realm. Special Projects Coordinator Guy Mayes worked closely with Ebbert so has a good understanding of airport issues, and Hare has experience locally and internationally with economic development. He thinks this arrangement makes sense for now and given the City's current financial position, it is a reasonable plan. The management team supports the distribution of duties.

Christman likes the idea of not replacing the Economic Development Director position right now, but thinks the City should include the position in the budget in the event we do fill the position in the future.

Christman asked, what is the financial status of the Airport? Hare said it is not making money. Councilor Floyd Collins said that in 1998 the Council asked staff if the Airport would ever make money, and the answer was no. Hare said Ebbert was adept at tracking resources and there is an active group of volunteers that support the facility. A high priority in the years ahead is to look at the economic future of the Airport. We do spend more than we make at the Airport, which is not a sustainable path. Property tax is not included in the Airport revenues. Staff could take each parcel and calculate the tax revenue, though some of that revenue supports other General Fund activities as well.

Councilor Ralph Reid said the Airport, like streets, is neither sustainable nor profitable. Such is the case any time a government entity is a providing service. Hare clarified that the path we are on is not to full sustainability, as that is not realistic.

Collins said that several years ago a study was conducted about Airport relocation and the conclusion was that given land use laws, it would be nearly impossible to relocate. The question for the Council is, do we want an Airport? There used to be \$150,000 set aside in the General Fund for it, but now there is not that much.

Konopa asked for the status of the restaurant property sale revenues. Hare said the revenues are reflected in the budget as well as the motel property sale. Those funds went towards significant improvements to the Airport. Staff met with Airport volunteers this morning. There was great progress made under Ebbert's stewardship and they are committed to continuing on a forward path.

Collins reminded the Committee that Northwest Art & Air Festival revenue is a result of the Airport, even though it is not reflected directly in the Airport's budget.

MOTION: Committee Member Wendy Kirbey moved to grant the Albany Visitors Association an additional \$26,300. Konopa seconded the motion and it passed 11-0.

Finance

Finance Director Stewart Taylor gave credit to the Finance Department staff for doing an amazing amount of work and providing support throughout the City. Assistant Finance Director John Stahl has a command of numbers that Taylor has not seen before. Senior Accountant Mike Murzynsky manages much of the Eden Software financial package and City Clerk Betty Langwell coordinates with departments to make sure budget documents reflect department themes and goals.

Bedore complimented staff on the new Budget format. It is so much easier to find things with the new organization.

Great Neighborhoods

Taylor said the Budget document provides accessible and full disclosure of information.

Safe City

Municipal Court has an important role in meeting this goal.

Healthy Economy

Taylor said the Finance Department has a number of partnerships. Staff is evaluating creative ways we can take and provide tools to promote partnerships further and support a healthy economy.

Effective Government

The Finance Department is audited annually. This provides accountability and reconciliation of the work being performed by a third party.

Taylor said there are some duties in Finance that overlap such as Payroll, Accounts Receivable, Accounts Payable, the City Clerk's Office, the purchasing function, the audit, and the budget. During this past year in addition to regular work performed, Finance identified a need to try to better incorporate the Strategic Plan into the Budget document and to create reports that would better present detailed information. We have changed banks by utilizing a Request For Proposal, implemented Purchase Cards, arranged for a transient room tax audit, switched investment advisories, and changed reporting methods of continuing disclosure. There has been a tremendous amount of work accomplished by staff.

Taylor is a strong advocate of the performance measurement initiative, to be reflected in the budget policy. He hopes the Committee finds it to be a useful tool. He would like to move towards periodic reporting and accountability, create a five-year financial forecast, and performance measurements.

Taylor said a Payroll Accountant was reclassified to Payroll Supervisor. Prior to the Eden implementation the legacy system was maintained by Stahl. With Eden, those duties have shifted. The Payroll Supervisor deals directly with Eden regarding modifications and programming. Taylor said the City still has not paid Eden in full for the Payroll module because they still have not met some of the contractual commitments. Taylor is

impressed with the diligence Payroll Supervisor Debra Chase has shown to make sure the commitments are met.

The capital in the Municipal Court budget provides for a remodel to create greater security and improve customer service, with two customer service windows instead of one. Preliminary design of the remodel is currently underway.

Taylor said the increase in wages is in preparation for succession planning pending future retirements. When the retirements happen we will need some overlap funding to allow for training costs.

Collins asked, what is the level of delinquencies for Municipal Court fines? Taylor is not sure but he knows they just received a \$45,000 check from a collection agency. Typically collection agency checks are about \$30,000 each month.

Collins asked, what is the City's current bond rating? Taylor said Moody's rating is A2 and Standard & Poor's rating is A. Taylor noted that the insurance companies that insure our bonds have been downgraded, but our bond counsel advised us that it does not impact our bonds, although it must be disclosed. Discussion followed.

Public Works

Public Works Director Diane Taniguchi-Dennis introduced Assistant Public Works Director/City Engineer Mark Shepard and Assistant Public Works Director/Operations Manager Mike Wolski. Taniguchi-Dennis will be discussing six different funds.

There is \$12.69 million programmed for the Street Fund, representing a 17.41 percent reduction that is reflective of street projects completed this fiscal year that have reduced capital reserve available for FY 09. This fund supports eight full-time employees (FTEs). There are no personnel changes this fiscal year.

In the Sewer Fund, there is \$35.25 million programmed, representing a 30 percent reduction that is reflective of the construction progress made on the wastewater reclamation facility project. There are 21.5 FTEs. There are no personnel changes for this fiscal year.

In the Water Fund, there is \$29.88 million programmed, representing a 2.3 percent decrease. There is a net increase of one FTE, for a total of 23.5 FTEs. There are two personnel changes. The first change is the additional position for a Water Treatment Plant (WTP) Operator to be shared by Vine Street WTP and the Albany-Millersburg WTP to allow for evening monitoring of water operations. The position will be housed at the new control building at the Wastewater Reclamation Facility where they can monitor and control the two water treatment plants in addition to the wastewater reclamation facility from a single location. A lead Water Canal Operator position was added to be responsible for canal maintenance and the Facilities Maintenance Coordinator management position was deleted.

In the Public Works Services Fund, there is \$7.35 million programmed, representing a 4.65% increase. This fund supports a total of 55 FTE and provides support services for sewer, water, and streets. There is a personnel change to add one FTE for a Customer Service Representative in Utility Billing.

In the Grant Fund, there is a planned \$72,000 grant to construct pedestrian islands on Santiam Highway and on Pacific Highway to improve pedestrian crossing safety.

Great Neighborhoods

Taniguchi-Dennis said that Public Works has three goals for Great Neighborhoods. The first goal is for an efficient transportation system with safe streets and alternative modes of transportation. The good news is that 79 percent of Albany's streets are in good or very good shape. The strategy is to keep these streets in good condition by being proactive and performing preventative maintenance. However, twenty one percent of streets, primarily residential streets, are in poor or very poor condition. The focus is on finding solutions for these streets. The recent community survey indicated that citizens believe that overall, streets are improving but there is a growing concern for the condition of residential streets. The biggest challenge is living within current budget constraints yet trying to improve streets. The state gas tax revenue is flat even with the increase in gas prices. We rely heavily on water and sewer in-lieu-of-assessments (ILAs), which at \$978,000 comprises 25 percent of the Street Fund budget. As water and sewer lines are replaced staff also evaluates the street condition for improvement with an overlay. Fortunately, utility bids are coming in competitively and we can afford the overlays with the utility projects.

Taniguchi-Dennis said there are many projects in the planning stage, including the structural repair to the bridge over the Calapooia River, the Water Avenue streetscape, and a pedestrian path to link Bowman Park to Simpson Park. Staff plans to explore the concept of an inner city rail service as well as the coordination effort with ODOT as they work on the environmental impact study for widening the I-5 corridor from the Santiam River to Highway 34. This is the key ODOT project to accomplish the goal of getting a south bound ramp at the North Albany Interchange, for the community. Staff will continue to coordinate with Portland and Western on the rail crossing impacts on the community. Staff will evaluate federal process to position Albany projects for a future transportation bill. Staff will continue to engage and involve the community and other stakeholders as we continue work on the Transportation System updates. The community wants to be move involved in the transportation planning and we have developed a focused community involvement process that has proved to be very successful. In December, staff will be working with the Council and the community to prioritize projects and to consider financing options. The goal is to adopt the new transportation SDCs to be implemented in July 2009. Following that, we will look at the needs of the operations and maintenance programs and work on developing a funding strategy.

The Airport and Transit programs have been reassigned to Public Works.

The second goal under Great Neighborhoods is to provide environmental stewardship of our significant natural resources. The Wastewater Reclamation Facility capacity will be expanded from 20 million gallons per day to 68 million gallons per day to provide the flow capacity to control raw sewage overflows we have during the winter to meet state standards that the City is not currently in compliance with. The Facility will provide a higher level of summer treatment that will meet more stringent water quality standards that we are also not currently meeting. The project will be complete in August 2009, in time to meet the Department of Environmental Quality (DEQ) compliance deadline. The liquids process will start-up by the end of 2008 and the solids process will start up in April 2009. There is a new regulation on the Willamette River for Total Maximum Daily Load (TMDL) requirements for temperature. The wastewater reclamation facility only deals with the organic loads and not temperature. In response to the new regulation, we are in the concept design stage for a wetlands treatment sight near Simpson Park to provide temperature cooling and it will also further reduce contaminants that are discharged. We are working in partnership with Millersburg, WahChang, and WeyCo. The first phase of the project will likely be implemented first with a partnership between Albany, Millersburg, and Wah Chang. A second phase could add WeyCo at a much later date in the 2015-17 timeframe. Currently we are looking into land acquisition for the first phase of the project. Staff is also beginning storm water planning for TMDL. We are required to enhance public education programs to control non-point source pollution, so we are working with our watershed councils on the Calapooia and Santiam Rivers. The hydro generation facility is currently under construction and will start up in October 2008 to provide an alternative source of power generation. We are exploring the business energy tax credits that could be sold for the project and have worked with the Energy Trust for a grant on the project. We also continue to

work with Benton County and Adair Village for joint water planning for the regional area and we are implementing our agreements with the Dumbeck Water District and the City of Millersburg. The City is continuing the water audit program to help citizens to reduce their water bills with conservation tips and kits.

The third goal is to create and sustain diversity of recreational, educational, and cultural opportunities that enriches the lives of our citizens. This fits well with requirements for TMDL and our community programs. Down By the Riverside is coming May 17 and Taniguchi-Dennis invited the Committee. The Storm Drain Stenciling Program and the Procession of Species are community education pieces. We have a partnership with Memorial Middle School to create a service learning program. We are directly involved in the program which promotes sustainability and water quality. This program has already served 11 classrooms with 330 students. Taniguchi-Dennis described some of the school events. There has been great response and the hope is this can be a model for the program in other schools. The conceptual design of the treatment wetlands incorporates nature walking trails and interpretive aspects to bring folks to the Willamette River and Simpson Park for education about the impact of water quality on urban areas.

Safe City

Taniguchi-Dennis said, the Public Works Goal for Safe City is to provide safe, efficient, and reliable drinking water, sewage disposal, and drainage systems. The Water Fund is heavily focused on canal maintenance such as dredging, nutria management, debris removal, bank stabilization, development of a right-of-way access management plan, water quality monitoring, and a flow management plan to make sure we are meeting Federal Energy Regulatory Commission (FERC) requirements necessary to start the hydro generation plant. We are focusing on optimizing the treatment operations between the Vine Street WTP and the Albany-Millersburg WTP for a seamless operation. Staff will be conducting a corrosion study and a taste and odor study. The capital program is focused on replacement of aged and leaking water mains, canal structures, and canal bank stabilization projects. The Vine Street WTP will be evaluated for seismic upgrades to be partially paid for with a federal grant. We will be finishing a project on the Valley View reservoirs. Two Community Development positions are funded out of the water and sewer Economic Development Funds. One is a position for ADA compliance and other is a position that reviews utilities and annexations.

The focus of the Sewer Fund is the start up of the new Wastewater Reclamation Facility and the biosolids environmental management system. We have attained national recognition for our programs. Capital projects in sewer are treatment-plant focused and includes construction of the 34th Avenue lift station, wetlands design, the Calapooia Interceptor project, the rain-drain separation project, and the sewer lateral separation program.

Staff will begin the validation of the information in the GIS mapping and inventory in the Maintenance Management System on the City's storm drainage infrastructure. In street capital, utilizing the water and sewer franchise fees, we have budgeted for the start of the storm drainage master planning.

Healthy Economy

The goal is to create transportation, water, sewer, and drainage systems that have the capacity to meet the needs of a healthy Albany economy. In support of this goal, we are updating the Transportation System Plan and are implementing the Oak Creek Refinement Area infrastructure needs.

Effective Government

This goal is to provide cost effective public infrastructure services that address Albany's issues, with its aged and obsolete systems, in a timely manner and to minimize interruptions in service. We are committed to implementing the Asset Management Program which is a benchmark for all well-run utilities. Albany is on the leading edge of this national initiative. There is never enough money to fix everything, so we prioritize needs based on the condition that the systems are in, the risk of failure, and the consequence of the failure in terms of

the impact of the service interruption in a community. We finished condition assessments at all of the water and sewer pump stations and at the Vine Street Water Treatment plant. The next focus will be on the water mains and sewer mains. The methods are being developed by the American Water Works Association and the Water Environment Federation. We are also participating in the American Public Works Association self-accreditation and assessment program to document internal work processes, practices, and policies. We also must begin our succession planning because approximately 42 percent of Engineering staff and 31 percent of Operations staff will be retirement-eligible soon. Operations has instituted a customer satisfaction survey to measure how customers feel about our service.

Committee Member Colleen Keller asked, what criteria is used in the decision to pave a particular street? Taniguchi-Dennis said the streets in the worse condition are prioritized the highest. Keller asked, what about 4th Avenue and Lyons Street? Taniguchi-Dennis said those streets are on the list, but for example, Jackson Street and 6th Avenue are in worse condition so they are higher on the list.

Folden said last year there was discussion about the Geographic Information Systems (GIS) software in correlation with water meters and the efforts being made to make sure billing is accurate. Taniguchi-Dennis said that we have validated where the meter locations are between the Utility Billing and GIS system. We suspect that there may be an issue with not metering all of the water that is used in the City. . We are using the maintenance management system, the Cartagraph System, to institutes a water meter testing program so that we can audit the water used on larger meters and identify if there is any water usage on the fire service meters. We have a 24 percent water loss which is high; a reasonable goal is 10 percent. Albany's is high in part due to old leaking pipes, but the other unaccounted water usage needs to be identified.

Konopa asked for an update on the Archibald property sale. Taniguchi-Dennis said the revenue from the sale was not anticipated when the budget was prepared. It is the Council's discretion on how to use the money. It will be reflected as an increase in the Beginning Balance.

Konopa said she located the \$135,000 Stokely Van Camp (SVC), or PepsiCo, revenues in the Economic Development funds but wants to know where the \$65,000 and \$710,000 payments show in the Budget. Taniguchi-Dennis said the \$710,000 is being used towards the repayment of the State Revolving Fund under the Sewer Debt Service account. Discussion followed. Hare pointed out that the \$710,000 allows us to live in the rate plan because if this project had not presented itself, we would have come to the Council to ask for an increase to sewer rates because the sewer revenue collected is less than planned. This money was never intended for infrastructure payment. Konopa asked, could the \$710,000 go towards other infrastructure for other properties? We need to make sure we have enough revenue from the Urban Renewal District to be able to pay for the infrastructure and to make sure it is not an unfair financial burden for neighboring property owners. Taniguchi-Dennis said this money was negotiated specifically because of the impact of SVC's delay in constructing the Pepsi-Co plant and the amount the City incurred in debt capacity due to that delay. Konopa wants regular updates on this subject.

Keller said, anticipated revenue from public facility construction permits used to be much less. She asked, is that an estimate? Taniguchi-Dennis said it could be more but because of the economy, we are seeing a decrease in subdivisions and that is where that money resource comes from. It includes commercial and private construction.

Christman asked, how much revenue will PepsiCo bring to the Water and Sewer Funds when it is online? Taniguchi-Dennis said it will bring in over \$1 million in each fund.

Collins said, the original water plan was built around a nine percent increase in sewer rates. How much were water rates? Taniguchi-Dennis said the water rate was based on a projected average rate increase of four percent. The actual annual rate adjustments are based on the inflation index for construction, the index is currently near 0%, and the Council adopted the minimum 2.5 percent increase. Discussion followed about

using the unanticipated revenue to mitigate the high utility rates based on the survey results. Discussion followed regarding cost of service analysis and rate responsibility to residential customers.

Olsen asked, how much does a nine percent increase to sewer rates generate? Taniguchi-Dennis said it is approximately \$1 million. Olsen asked, if SVC does come can we forgo one of the nine percent increases? Taniguchi-Dennis said yes, if this large user connected to the sewer system and contributed in rates the amount we are anticipating; it would stabilize the rates for everyone.

DELIBERATION AND COMMITTEE RECOMMENDATION

Taylor distributed a list of changes made from the proposed Budget to the approved Budget (see agenda file).

Folden is concerned that the Building Department did not ask for all they needed. Hare said he believes they have the resources necessary to maintain current levels.

MOTION: Bedore moved to approve the FY 2008-09 Budget as proposed, with a \$20,000 transfer from the General Fund Contingency to Planning for Goal 5 and the Comprehensive Plan, and an additional \$26,700 to be awarded from Economic Development to the Albany Visitors Association. Reid seconded the motion and it passed 11-0, and was designated Budget Committee Resolution No. B-2008-1.

OTHER BUSINESS

Christman said this budget document has had so few changes that he does not need another copy. Terjeson agreed. Staff pointed out that the final document will also be online.

Johnson liked the format used this year of scheduling the Budget Committee meetings on consecutive days. Terjeson agreed but prefers the meetings start earlier than 7:15 p.m. Discussion followed.

CONSENSUS: The consensus of the Budget Committee was to schedule future meetings for consecutive days with a start time of 6:30 p.m.

NEXT MEETING DATE

There were no additional meetings necessary for this fiscal year.

OTHER BUSINESS

There was no other business.

ADJOURNMENT

There being no other business, the meeting was adjourned at 9:27 p.m.

Submitted by,

Mary A. Dibble, CMC
Deputy City Clerk