

CITY OF ALBANY
BUDGET COMMITTEE MEETING
Council Chambers
Thursday, May 20, 2010

MINUTES

PRESENT: Mayor Sharon Konopa and Councilors Jeff Christman, Bill Coburn, Bessie Johnson, and Dick Olsen, and Budget Committee Members Raymond Lusk, Colleen Keller, Steve Terjeson, and Wendy Kirbey.

ABSENT: Budget Committee Members Susan Folden, Bruce Peters, and Doug Moore, and Councilors Floyd Collins and Ralph Reid Jr.

CALL TO ORDER

Vice Chair Steve Terjeson called the meeting to order at 6:30 p.m.

PUBLIC COMMENT

There was no comment from the public.

CONTINUE BUDGET REVIEW

On the dais was an e-mail from Russ Allen (see agenda file) and a petition titled "Save Our Fitness Programs" (see agenda file.)

Finance Director Stewart Taylor said that Information Technology Director Jorge Salinas asked him to address the question from yesterday's meeting about spending in contractual services in the Information Technology budget. On an annual basis they set aside about \$30,000 for aerial mapping, and in the fourth year the mapping is performed; so it shows a large amount for mapping this year with substantial reductions in future years as the money begins to accrue again.

Taylor noted that at the last meeting Budget Committee Raymond Lusk had asked about applying the transient room tax fee to smaller hotels/motels in Albany. Taylor looked up definitions in the Albany Municipal Code (AMC) and it identified a structure with fewer than six units as exempt. Bed & Breakfasts usually have 2-5 rooms so in order to encourage them in our community the AMC was written to exempt them.

Taylor said there are some sources of confusion in the state law. He read: "a unit of local government that imposed a transient lodging tax on July 1, 2003, may not decrease the percentage of total local transient lodging tax revenues that are actually expended to fund tourism promotion, or for tourism related activities or facilities, on or after July 1, 2003".

Taylor said, that would suggest we need to look at expenditures of room tax revenues in 2003 and maintain tourism-related activities at that level. The 2003 funding included the Albany Visitors Association (AVA), Albany Millersburg Economic Corporation (AMEDC), and Albany Downtown Association (ADA). The AVA, AMEDC, and ADA received 45.22% of the tax and 44.8% went towards the debt on the Linn County Fairgrounds (Expo Center), which total 90%. So, if all those activities promote tourism, then Albany should continue to use 90% of the transient room tax revenue for promotion of tourism related activities.

Taylor said folks often hear that 70% of transient room tax must be used for tourism activities. That applies to any new or increased tax imposed after the July 2003 date. State statute says that any new or increased tax from that date requires at least 70% to be applied to tourism-related activities and 30% or less could be applied towards general city services. However, Albany has not increased the rate since 2003. The current rate was established in 1999 so under that definition, Albany is still at the 2003 rate for tourism-related activities.

Taylor gave the definition of “tourism-related”. “Tourism” means economic activities resulting from tourists; and “tourism promotion” means any of the following: advertising, publicizing, or distributing information for the purpose of attracting or welcoming tourists; conducting strategic planning or research necessary to stimulate future tourism development; operating tourism promotion agencies; and marketing special events and festivals and conducting those festivals.

Mayor Sharon Konopa said that the law allows spending the transient room tax on the Northwest Art & Air Festival or the concerts in the park (River Rhythms and Monday’s at Monteith). Taylor said yes; in fact the Parks & Recreation Director gave an example during his Budget presentation at the May 19, 2010, meeting, that Northwest Art & Air Festival was 52% supported with property taxes from the General Fund. Taylor said there are communities in Oregon that use transient room tax for police and other support for events. Taylor said he verified with the City Attorney that the City of Albany falls under 2003 rule, since we have not had an increase. The 2003 rule is what is proposed in the Fiscal Year (FY) 2010-11 Budget. However, Taylor pointed out that there is flexibility in the how to best maximize the use of transient room tax revenues, and the City’s economic activities may also qualify.

Konopa suggested forming a work group and getting the outside agencies involved with Parks & Recreation to discuss future transient room tax dollars, since the bond for the Expo Center is going to be retired soon. They can discuss which way is the best way for those dollars to be spent.

City Manager Wes Hare noted that he is not sure AMEDC is part of the 90% because their focus is on recruiting new business, not tourism. He said we should pull them out of the 90% which would consequently drop the percent.

Public Works

Public Works Director Diane Taniguchi-Dennis answered the six questions that were posed at the meeting May 19, 2010, meeting:

1. In response to Councilor Bessie Johnson’s questions about the North Albany Park & Ride, staff provided a memo dated May 20, 2010, on the dais (see agenda file). The proposed Park & Ride is 1.26 acres.
2. Councilor Dick Olsen had asked why the revenue line item 43009, page 251, for the Fixed Base Operator, shows \$15,000 income. Taniguchi-Dennis said that Eden, the City’s accounting software, is accrual-based so it shows an unpaid bill as outstanding revenue. If it is not collected it can be assigned as a bad debt.
3. Olsen had also asked the cost per ride for Albany Transit System (ATS). For FY 2009-10 the budget shows \$6.11 but that included the capital grant received for bus shelters, which should not be included. Taniguchi-Dennis said staff will amend it to \$5.30 for the final Budget document. The FY 2010-11 cost shows \$5.75 and includes a grant match reserve, which again is not part of the operating cost so they will amend it to \$5.52.

Taniguchi-Dennis also confirmed that \$6.09 for FY 2007-08 and \$5.23 for FY 2008-09 were actual numbers. The difference in cost between the two years resulted from the 22% increase in rides during FY 2008-09; in other words, more riders bring the cost per ride down.

4. Konopa had asked the sewer YTD revenue, because the operating revenue seemed high. Taniguchi-Dennis explained that when the budget was prepared they didn’t account for the transfer to make the first debt payment to the State Revolving Fund (SRF) loan. The current accounting shows that in April there was a transfer to debt, leaving \$5.631 million in the operating fund.
5. Olsen had asked about the Sewer Equipment Replacement Fund. Staff looked at the funds for both Water and Sewer. The combined total was \$1.5 million on March 31, so 22% of the value of the equipment had been capitalized. There is a fair amount of equipment coming due for replacement in the next few years. The

average life expectancy is calculated 10-15 years, but each year staff makes a decision if something can be saved and if so, they extend its life and do not transfer money for that particular piece of equipment.

6. Olsen had asked about the population number staff was using when master planning for water and sewer utilities. Taniguchi-Dennis said the Urban Growth Boundary build-out is 109,000 for Albany and 6,845 in Millersburg for a total of 115,000. However utility planning calculations also consider the commercial, light industrial, and heavy industrial components; so the total is 170,000.

Taniguchi-Dennis continued the Public Works review, beginning with the Water Fund.

The Water Fund budget has been prepared with no proposed water rate increase for the next fiscal year. The total proposed Water Fund budget is \$28,281,300, which is a reduction of \$2,177,700 or 7.15%. There is a reduction of 1.0 FTE or a 4.35% in staff in water distribution.

The reduction in staff is related to the retirement of the Water Superintendent, though not as part of the Voluntary Separation Incentive Program (VSIP). Jeff Kinney was promoted to that position after he competed with candidates from a nationwide search. His previous position as Field Supervisor is being eliminated and in its place, they are going to provide an opportunity for one of the existing Water Maintenance workers to be promoted to a lead worker in order to develop the leadership skills in that work unit.

The Operating Budget is found on pages 307 - 317. The operating budget is proposed for \$8,887,000, which is a reduction of \$262,000, or 2.86%. Taniguchi-Dennis gave a summary of the five operating programs:

- Water Administration (pages 308-309): The proposed budget is \$3,807,200, which represents a \$255,000 or 6.28% reduction. This is the budget where Kinney's position is and also the general administrative duties of the water fund. It pays for engineering services and other groups that work on general water operations.
- Water Canal Maintenance (pages 310-311): The proposed budget is \$780,800, which represents a 1.67% reduction. Focus for the next FY is continued maintenance and repair of the canal banks and flow control structures.
- Vine Street Water Treatment Plant (WTP) (pages 312-313): The proposed budget is \$882,700, which represents a 10.52% reduction. They will be focusing on keeping the filtration plant operating and evaluating the technology at the WTP in preparation for some future water quality standards
- Albany-Millersburg WTP (pages 316-317): The proposed budget is \$1,515,000, which represents a 5.13% increase. Materials & Services was reduced by 1.4% to accommodate the increase in Personnel costs. The increase was for COLAs and wages and benefits. They are also budgeting for two seasonal temporary employees to perform the backlog of facilities maintenance projects.
- Water Distribution (pages 314-315): The proposed budget is \$1,901,300, which represents a \$36,000 or 1.94% increase. There are 10 FTEs with a reduction of one FTE. Materials & Services were also reduced in order to be able to purchase leak detection equipment for \$70,000.

Olsen said that the Albany-Millersburg WTP is only at partial capacity now. He asked, can't more cartridges be added to get it up to a higher capacity? Taniguchi-Dennis said they could add a tank; but first they would consider adding a new cartridge in the existing tanks to get an increase of 20%. Olsen is surprised that this new plant has less capacity than the old plant. Taniguchi-Dennis said that this is the size they started with but it can be added on to. The total possible production is 20 million gallons per day.

Budget Committee Member Colleen Keller asked, for Vine Street WTP, contractual services on page 313 has increased dramatically. Staff said they are paying for the temporary control building as well as two temporary employees.

Taniguchi-Dennis said the Water Capital and Economic Development program budgets are found on pages 318 -322, and 327-336. These implement the Capital Improvement Program (CIP). She pointed out that they still have some remaining water bond funds. Because they are not raising water rates they are utilizing those remaining funds of about \$3.36 million to build canal projects. There are also a lot of pipeline replacements scheduled for Shortridge Street, Water Avenue, Columbus Street, Baker Street, and many others.

The remaining budget in Water Debt Service is to pay for the water bond debt. They have adequate reserves created after the sale of the Archibald property for the Certificate of Participation (COP), and the fund also provides rate stabilization during this time when the Council wants to give citizens a break on water rates.

Taniguchi-Dennis said the total proposed Public Works (PW) Services Fund budget is home to PW Administration, Engineering Services, Operations Administration, Water Quality Control Services, PW Customer Services, and Facilities Maintenance Engineering. The proposed budget is \$7,269,800, which is a reduction of \$138,800. This has been reduced by efficiencies and there were also several people that participated in the VSIP program. Peter Harr's position will be classified down to a CE II position but they are not budgeting for it this year. Guy Mayes is also in that budget. Terry Sturdevant retired and Kim Daniels was promoted to her position. Daniel's former position will be reclassified from a Clerk III to a Clerk II and will be authorized and budgeted this year. Elizabeth Young took part in the VSIP and her position will be reclassified to an Inventory Clerk and will be authorized and budgeted. Chris Bailey's former supervisory position was reclassified to WWTP Lab Technician since there are future water quality standards expected but it is not budgeted this year. Jason Whittle retired under the VSIP program and that vacant position will be down classed to an Instrumentation Technician, and is authorized and budgeted.

A major change is in PW Customer Service. In Utility Billing they are adding money to buy software to give citizens a web interface so they can pay online. Olsen asked, will that reduce the number of employees? Taniguchi-Dennis said no, though it will improve efficiencies since customers can look up the information themselves. Olsen noted that they went from eight FTEs to nine FTEs. Taniguchi-Dennis said as the community grows the number of utility accounts grows too.

Taniguchi-Dennis said they received \$1.25 million for FAA grants, a Title XIX Grants for Paratransit, and three ARRA grants that paid for bus shelters, the Linn-Benton Loop, and the Albany Station Park and Ride.

Christman asked what the runway improvements entail. Taniguchi-Dennis said they are pavement maintenance, or overlays, on the runway.

Councilor Bill Coburn said there was a project that was recently bid but the funds were not allocated yet. Taniguchi-Dennis said for FAA projects, the City has to go out for bid first and then the FAA will allocate the funds. It will show as a carryover in the following year.

BUDGET COMMITTEE DELIBERATION

Hare noted the Parking Lot list (see agenda file) is a list of items the Budget Committee brought up during discussions and asked to consider at the last meeting. The list includes the public safety positions, the Parks & Recreation positions, and the Albany Visitors Association (AVA). This is the same format that was used last year.

Johnson asked why the PepsiCo money (page 221) shows there is a balance forward. Hare said the \$18.5 million was deposited in short-term investments so it shows \$10,000 more for the interest earnings. They expect to earn \$150,000 in interest during the next FY.

Terjeson asked if the Budget Committee members wanted to add other items to the parking lot list. Lusk asked for capital projects to be added to the list, specifically potential funding for a new downtown fire station and police facility.

Coburn spoke to the repayment of money borrowed from various funds to pay for the City's defense in the PepsiCo litigation. He thought the Council agreed to pay back the various funds. Hare said about \$270,000 was used from the Risk Management reserve fund. Taylor said page 217 shows the two funds that were used. The existing funds maintain a balance equal to the City's greatest liability consistent with a major event in the community. Still, it is his recommendation to follow the financial policy.

The Budget Committee began to review the list.

Public Safety Positions

Coburn said he needs to better understand the need for the positions when both Chiefs said they could live with things as they are, and Hare's suggestion for a funding source. Hare clarified that the Chiefs said they could live with the budget if the public safety positions were restored. Both Chiefs are opposed to losing the positions. In fact Fire Chief John Bradner had explained that losing the positions would drop the availability of an ambulance unit. The assumption of the two Chiefs is that the Budget Committee would do their best to fund these positions. Unless funds are transferred, these positions will be laid off. The funding source Hare recommends using is the Facilities Reserve fund. This is money set aside for facilities improvements, and up to now it was used for Library improvements and to purchase land for the police station. There are some PW funds in there also that should not be used, but there is enough money in there to fund these three positions for the next FY. Coburn asked how much the positions cost. Hare confirmed it would cost \$195,000 for two EMTs and \$95,000 for the Community Services Officer (CSO), for \$290,000 total.

Coburn asked how using funds from the Facilities Reserve Fund affects future buildings. Hare said the cost would be \$6-8 million for a police station and more than that for a fire station, so comparatively \$290,000 is a small amount.

Olsen asked, what happens next year? Hare said the City will realize some savings by not filling vacancies in departments, including the Albany Police Department (APD). They will also be negotiating with collective bargaining units. On the other hand, Albany is beginning to experience some new construction so eventually he expects to realize additional tax revenues. This is an on-going problem that they need to manage.

Olsen asked, what is the longevity of the people in the three public safety positions? Are they long-term employees? Hare said they are the most junior employees in the department, although the person in the CSO position has been with the City for ten years.

Terjeson said there seems to be two issues: they need to determine how important the positions are and secondly, figure out how to fund them. He hesitates to take money from a different fund, but pointed out that the only reason the positions are not budgeted for is because of the policy to not fall below the 5% level for reserves. Terjeson said, one option is to use General Funds even if it means falling below the 5% level, and tasking management to save money throughout the year to earn those funds back. If they don't earn it back, then the following year will be even tougher and they would have to lay off more employees. He would rather leave the General Fund alone and put the onus on management rather than take from that fund.

Olsen said the long-term trend is that payroll is rising faster than revenue. The only way to solve that is to decrease personnel, not drain other funds.

Lusk said the primary function of City government is public safety. He said if the Budget Committee is not willing to use the funds available to fund police officers and firefighters, then another option is to reduce hours at the Library and close parks and use that money to provide public safety for this community.

Johnson agreed with Lusk. She said, we have to keep public safety levels up. As Albany grows they can't keep the same levels of service. She agrees that if they have to cut other places it may be necessary, but it is too dangerous to go without public safety.

Budget Committee Member Wendy Kirbey asked, isn't crime down this year? Police Chief Ed Boyd said that property crime is down 3.6% but violent crime is up 2.8%. Kirbey asked what the staffing levels were during that timeframe. Hare said the one position APD may cut is in addition to the vacant positions they already have. APD was fully staffed at one time but by the end of the year they will be down six positions due to vacancies and leaves. This one CSO position is critical and going without would handicap APD's ability to respond to service calls. Hare said the willingness from both Chiefs to leave positions vacant is because there has been a reduction in calls for service. However, Hare said, they cannot predict with any certainty that crime levels will drop or stabilize; much has to do with demographics.

Kirbey said it sounds like APD is doing a lot of things right given the amount of people they have, but they are already going to have two captains instead of three. Boyd said that is correct; it will require a two-division format instead of a three-division format. Kirbey asked, is the CSO position you want restored critical? Boyd said the CSO does non-field work and saves the officers from having to do it, so they can focus on field work only. He said if they lose the CSO position then he will have police officers coming in from the field to do that same work.

Konopa said Boyd has already reduced from the top end. They used to have an Assistant Police Chief and three captains. When Albany went out for the public safety levy it was to fulfill service levels, which is what they promised the voters. The administrative side has been reduced already; so the City needs to fulfill the service levels for the community. Adding the CSO positions was specifically to ease the workload for patrol. What they get from this position goes a long way. Konopa commended Boyd for restructuring the department. Konopa said her comments pertain to Fire as well; they too should have staff levels adequate for the community. She trusts staff and they do well cutting costs and watching budgets.

Johnson recalled that Bradner said ambulance calls are down. She said it could be that folks are losing their insurance along with their jobs. It bothers her to have neighboring cities covering Albany's calls because it would create longer response time. For her that would be unacceptable. She said, we have to restore these public safety positions in order to keep our promise to the voters.

Christman said, this is tough because by just shifting money around we would be putting a band aid on a bigger problem. This is a long-term problem that will probably not go away soon. He agrees that public safety is a top priority, but what has to happen is for the Council to schedule a work session to set priorities. The only other options are to reduce other services or lay people off. Personnel expenses are not going to go down.

Coburn agrees with Christman that they need to prioritize. It will be painful. The priorities may change when the economy turns around but they don't know when that will be. He is in business in the private sector and they too are watching the economy.

Hare said he has witnessed difficult times in local government in the past. He was in Oakridge when they fell into compression because the assessed value of the community declined year after year. But they managed their way through it and eventually saw things rise again. He has also lived through Measures 5 and 50, which led to reductions. More adjustments were made. It was not painless. During that time LaGrande closed their pool and dropped their recreation programs. They eventually were able to restore them. So what Albany faces today, could be an even more serious challenge. If so, Hare said, we will have to continue to make adjustments over time. He said that if next year things are not better, they may have to cut an entire program for the good of the others. His point is that there is a way to manage this year that does not put them in a more precarious position for next year than they are likely to face. He said, we would be using reserve funds, but that is one of the reasons we keep reserves. The Budget Committee has the discretion to do this and as your City Manager, I support that it is a reasonable course to take. We could also take the funds from contingency if the Budget Committee so directs. Also the PepsiCo settlement is coming, which is a one-time revenue source that the Council will allocate. Hare said they are seeing measurable positive signs, like transient

room tax revenues and new construction projects; but how they will weigh against the negative signs, is unknown.

Johnson is on the LOC Taxation Committee and said that since 1995, tax base rates for cities have been frozen. The Committee will be presenting ideas to the LOC board for what to lobby in the next legislative session. If they are successful it would also help Albany.

Christman said the City has signed into long-term union contracts. He asked, is this an opportunity to negotiate those at a shorter term so we can react to fluctuations in the economy? Hare said yes, it could be put on the table with unions, but the two parties would have to agree. The non-financial portions could be long-term and financial portions could be short-term.

MOTION: Lusk moved to approve the City Manager's recommendation to fund, including the recommended funding source, the three public safety positions (one Police FTE and two Fire FTEs) at \$290,000. Johnson seconded the motion.

Olsen asked how Albany compares to other cities in the state for officers per thousand of population. Boyd said Albany is low. They are currently at 1.28 officers per thousand and most departments in Oregon run 1.4 -1.5 ranges and in the Willamette Valley specifically, Salem is at 1.30 and Eugene is at 1.34. Corvallis is even lower than Albany; though overall Albany is low. Boyd said that he doesn't think officers per thousand is the best measure of how big a police department should be; rather the question that should be asked is, is the police department doing everything it needs to be doing and should be doing? If the answer is yes then it is the right size; and if no, it is not the right size.

Bradner said for firefighters per thousand, Albany is average comparatively. They use Corvallis, Bend, and Springfield as comparators.

VOTE: A vote was taken on the motion and it passed 9-0.

Terjeson proposed that the money be taken from the General Fund and reduce the 5% policy level, with the idea that staff will work on making that savings up. Discussion followed about what the motion included for funding. It was pointed out that the City Manager's recommendation included the funding source.

Taylor explained how the funding recommendation by the City Manager was allowable according to Albany's financial policies.

Hare explained why the policies were important. Although Albany does not plan on issuing new debt, a small variation in rating can have a huge impact in cost.

Lusk asked the City Manager to look for additional savings to replenish the City Facilities Replacement Fund throughout the year.

Terjeson asked if all the members understood that the motion included that funding would come from the City Facilities Replacement Fund. There were no objections.

Parks & Recreation

Johnson said that one position suggested to be cut in Parks & Recreation costs \$102,000, even though the police and fire positions cost less. She asked if that was correct. Parks & Recreation Director Ed Hodney said yes, because it is a supervisor position and the employee has been here for 14 years.

Lusk said he is comfortable with staff's recommendation for cutting the Parks & Recreation positions.

Kirbey is also comfortable with what Hodney proposed.

Konopa said she will accept Hodney's recommendation but said to please look through the budget and try to save the positions if possible. She wants to get all the players together to take a good look at transient room tax options since they can be used for parks related items.

Olsen asked if the employee in the supervisory position is eligible for retirement. Hodney said no. Hare said that a person can retire at age 58, or after 30 years, in the PERS system without penalty. Olsen said he is not comfortable letting this person go if they can be held on to for a short amount of time before they can retire. Hare explained how PERS and retirement works; cutting this position would not prevent the person from accessing their retirement fund.

Olsen said the Committee has also received heavy comment from the public and he would hate to lose this employee. He does not want to terminate this person.

Christman said Hodney's recommendation was making reductions that impact eight positions, not just one. He said, to single out this one because we got petitions about them is a disservice to staff. Also, the age conversation is not appropriate. He said, if we are going to put positions back in, we should be talking about the positions, not the people in them. He too is comfortable with Hodney's recommendation.

CONSENSUS: There was consensus of the Budget Committee to accept the budget recommendation of the Parks & Recreation Director, including position cuts.

Albany Visitors Association

Coburn said the proposed budget cuts the AVA by \$17,000. He wants to restore \$12,000 to them. There is a value to advertising Albany.

Konopa asked Coburn, are you comfortable waiting six months to see what the Transient Room Tax Committee recommends? Coburn said yes. Konopa said that in 2008 the AVA wanted more money because the room tax revenues were higher and so they were given it, but then the revenues dropped and there was a deficit. She thinks waiting six months to see how the revenue trends would be the right time to consider their request.

Johnson said the AVA is an asset to the City and does a great job. They market Albany which is important, but she is okay waiting six months to review it again.

Christman asked, were all the outside agencies notified that their amounts were going to be reduced? Hare said yes. Christman said it is important to understand that they are not picking on the AVA. All the outside agencies were cut 5%, just like all City departments were at 5%. These are tough decisions that have to be made. For Christman it is difficult to talk about reducing positions; and while this \$12,000 to AVA wouldn't cover a position anyway, he still has trouble with AVA's request philosophically because all others took a 5% cut and the City is laying people off. All budgets across the board have been reduced and while he fully supports the AVA, it is a fairness issue. Everyone has been asked to do this.

Coburn said the difference for him is that AVA is in the economic development fund. It is an activity that can generate revenue. He said reducing AVA is like laying off the salesman and waiting for the phone to ring.

MOTION: Coburn moved that the Budget Committee authorizes the City Council to consider the Albany Visitor Association's request for additional funding in six months, in consideration of the transient room tax revenues received by that time. Johnson seconded the motion.

Kirbey pointed out that the AVA already took a cut last year that the other two agencies did not.

Hare said the AVA received less than what they requested on their application last year, but they did not get a reduced amount from the year before. There was confusion among staff and the AVA representative as to what was granted in the last fiscal year.

Konopa said this is a good example of why they should create a group to discuss transient room tax revenue use, including using it for Parks & Recreation.

AMENDED MOTION: Coburn agreed to add to his motion to create a group to be formed at the direction of the City Council to discuss transient room tax revenue, and it was agreeable to the seconder.

It was suggested that the other two agencies, ADA and AMEDC, take the same cut this year and that that money be given to AVA. The Budget Committee discussed trash collection for the ADA that the City pays on their behalf.

VOTE: A vote was taken on the motion that the Budget Committee authorizes the City Council to consider the Albany Visitor Association's request for additional funding in six months, in consideration of the transient room tax revenues received by that time; and to create a group to be formed at the direction of the City Council to discuss transient room tax revenue use, and it passed 6-3 with Kirbey, Lusk, and Christman voting no.

Hare reviewed all the grants from a Grants Worksheet (see agenda file). Hare said the AVA is correct that they got \$10,000 less than what they did in the previous year. Hare pointed out that \$10,000 was transferred from the AVA line item to ADA line item, for payment to Allied Waste for trash collection downtown. Discussion followed.

MOTION: Lusk moved to take \$10,000 and distribute it among all the outside agencies currently receiving funding from transient room tax revenues, including the AVA.

Lusk said that the intent of his motion is so that neither the AVA nor the ADA has to absorb the \$10,000, but rather it is equally distributed.

Hare pointed out that AVA got a special grant for \$97,000 the year before the \$10,000 reduction. This was a very large increase. Also the AVA budget is ten times that of the ADA. He does not recommend taking away from the other agencies since they are comparatively so much smaller than AVA.

The motion died for lack of a seconder.

MOTION: Kirbey moved to restore \$10,000 to the Albany Visitor's Association from transient room tax revenues.

Hare pointed out that the money can't come from the transient room tax revenue because that revenue has already been allocated and balanced. The \$10,000 would have to come from another source which Kirbey would need to identify.

Kirbey withdrew the motion.

Konopa would also like to consider restoring \$10,000 to the AVA, but not until the task force meets.

City Council Travel

Konopa thinks it is great that Councilor Ralph Reid Jr. travels on the behalf of the City but thinks the work can be done with electronic communication. Last year the travel budget for Reid's activities was \$9,400. It is an advocacy group, not a policy making group. She thinks he has done a wonderful job but with these economic times, they have to cut back too. She supports the staff's budget recommendation for this program.

Coburn asked why the budget shows a 4.4% increase in wages and salaries when the Council did not get a raise. Hare said that was \$600 added as a stipend for internet connections. Using a stipend is the easiest way to administer that reimbursement.

Capital Projects

Lusk said the downtown fire station is seismically unsafe and likely to collapse. The Police station is inadequate for the

police force. He asked if the Council has identified a funding source.

Konopa said police and fire stations will be on the table when the Council considers the PepsiCo money. If they don't use PepsiCo money, maybe they can go out for a bond. Lusk thinks the chance of getting a bond passed by voters is low. He urged the Council to use the PepsiCo money for those two projects.

ADOPTION OF RESOLUTION

MOTION: Coburn moved to approve the City of Albany FY 2010-2011 Budget as modified, including the funding of three public safety positions (one Police FTE and two Fire FTEs) and Kirbey seconded it. The motion passed 9-0.

Taylor thanked the Budget Committee for their participation and diligence in the process. It helps staff to do a better job to recognize what is useful. With their approval, the Budget is now forwarded to the City Council. Once adopted its format will look different than this Proposed Budget document. The proposed is organized by department since that is the order of presentation during meetings. The final Budget will include the Strategic Plan and the three financial policies, and is organized by type of fund according to Government Financial Officers Association (GFOA) preference. Also this year, they will be removing the line item detail. It is useful for the Budget Committee but not useful in the adopted Budget and removing it saves pages. Summaries will be included instead. Taylor said staff would appreciate the Budget Committee's feedback on the final Budget document.

Taylor said the Budget will come to the second Regular Session in June for adoption. Discussion followed about scheduling it for the first Regular Session in June instead.

Terjeson thanked the staff for their work. They have made difficult cuts. He said he has been on the Budget Committee for awhile now but this was the toughest, and yet the best, discussion so far.

Konopa pointed out that Hare and Taylor formed a Budget Task Force early on and spent a lot of time working out the cuts ahead of time.

NEXT MEETING

The next meeting will be scheduled in January 2011.

OTHER BUSINESS

There was no other business.

ADJOURNMENT

There being no other business, the meeting adjourned at 8:41 p.m.

Submitted by,

Mary A. Dibble, MMC
Deputy City Clerk