

## **BUDGET COMMITTEE MEETING AGENDA**

**May 3, 2012 – 7:00 PM**

A reconvened meeting of the Wilsonville Budget Committee from April 30, 2012 was held at Wilsonville City Hall beginning at 7 PM on Tuesday, May 3, 2011. Chair Núñez called the meeting to order at 7 PM followed by roll call and the Pledge of Allegiance.

Tim Knapp, Mayor  
Celia Núñez, Councilor/Chair  
Scott Starr, Councilor  
Steve Hurst, Councilor  
Richard Goddard, Councilor

Wendy Buck, Committee Chair  
Anne Easterly, Committee Member  
Tony Holt, Committee Member  
Lonnie Gieber, Committee Member  
Alan Steiger, Committee Member

Staff present included:

Bryan Cosgrove, City Manager  
Gary Wallis, Finance Director  
Chris Neamtzu, Planning Director  
Kirsten Retherford, UR Project Manager  
Sandra King, City Recorder  
Pat Duke, Library Director  
Holly Miller, IS Manager  
Cathy Rodocker, Asst. Finance Director  
Stephan Lashbrook, Transit Director  
Delora Kerber, Public Works Director  
Arnie Gray, Public Works Supervisor  
Steve Allen, SMART Operations Mgr.  
Keith Katko, Finance Operations Manager  
Kourtni Kersey, Finance Admin.  
Jen Massa Smith, Program Manager  
Jeff Owen, SMART

Dan Knoll, Public Affairs Coordinator  
Dan Stark, GIS Manager  
Martin Brown, Building Official  
Patty Brescia, Community Programs Mgr.  
Steve Munsterman, Water Operations Chief  
Scott Simonton, Fleet Services Manager  
Floyd Peoples, Public Works Operations Mgr.  
Martin Brown, Building Inspector  
Steve Adams, Interim City Engineer  
Mark Ottenad, Public Affairs Director  
Matt Baker, Public Works Supervisor  
Andy Stone, IS  
Vania Heberlein, Senior Accountant  
Brian Stevenson, Recreation Coordinator  
Eric Mende, Engineering  
Kerry Rappold, Natural Resources Mgr

### **PUBLIC HEARING/CITIZEN INPUT**

Chair Núñez opened the public hearing and requested that any party interested in commenting provide a speaker card to the clerk. As a courtesy, she requested that comments be kept to no more than three minutes.

Paul Bunn, 7251 Lynwood Court, former Budget Committee member, expressed appreciation for the quick response from Finance Director Gary Wallis to his comments on April 30th.

- In the memo he submitted on April 30th, he had called for an audit of the contract and budget between the City and Chamber of Commerce, and Mr. Wallis indicated that Staff had already started that process. He acknowledged City Manager Cosgrove for starting that process and expressed his appreciation.
- He noted that his memo also requested that the Council and Budget Committee direct Staff to put the entire TDC program process out to bid.

- No other item had been in the budget for more than 12 years without someone reviewing it and qualifying how the money is spent to determine that the money was being spent right for the citizens. He was not aware that the TDC program had been reviewed in the past 12 years. The program's estimated budget for FY 2012-13 was \$90,000, which was coming out of the General Fund.
- He repeated his request to have the TDC program go out to bid and reiterated comments made about the importance of transparency. He did not believe any other issue deserved more transparency than this issue.

Councilor Starr:

- Inquired if there would be a loss of cooperation between the way the program is currently run and someone independently running it.
  - Mr. Bunn explained that putting it out to bid did not mean he would prejudge and say the Chamber was still not the best group to do the program. To get the best deal for money on a service in the private sector, it makes sense to put out a bid to see what others can do; if for no other reason than to help the existing party reevaluate and improve their services.
  - He assured his comments were not an indictment against the Chamber, but he believed going out to bid would be a good learning experience for the Chamber and the City. He noted that existing synergies could be protected by contract.
- Acknowledged that Mr. Bunn's suggestion to assess the current program was indeed fair. He noted his biggest concern was that tens of thousands of dollars could be lost. The incoming bidder could find themselves benchmarked at \$45,000 and behind the eight ball starting out because of the synergies that were occurring now.
  - Mr. Bunn noted Staff had been through the bid process before, and the lowest bid is not necessarily the winning bid. If the Chamber is the best choice in the end, no one could argue.

Anne Easterly:

- Appreciated Mr. Bunn's comments, and noted that if funds are allocated and then taken away, it could be challenging to rebuild that into a budget.
- Suggested that the funds be allocated and considered for distribution on a timeline. Later in the budget year, City Council could consider a proposal from the economic development groups; the focus groups that would be contributing to tourism within the community. Perhaps some type of pay schedule could be put into place.
- Agreed on the importance of accountability and asked if a statement is provided in advance showing where the funds are being spent and that type of a timeline is implemented, or that expectation set, then perhaps other resources could be considered.
  - Mr. Bunn agreed and said that ideally something like this should be out before the start of the fiscal year, which might be unrealistic. However, things could be put in the budget to start the process in the second or third quarter.
  - All the different players in the city who benefit from or contribute to tourism for Wilsonville should be given an opportunity to participate in that review process. The end result would be a better product, they would all have ownership of it, and it would probably make the process better.

- The world has changed dramatically since the contract was signed in April 1999, especially for Wilsonville. So many more things were happening and there was so much that Council wanted to accomplish. The expectations of the city were higher, too.

Wendy Buck clarified that the City review was underway prior to Monday's Budget Committee meeting and even prior to the Council meeting. The Chamber was working cooperatively with the City. Irrespective of the City review, the Chamber was going to conduct its own self-audit, so that saved the Chamber some money since the City is now paying for it.

Councilor Goddard:

- Noted the Committee was considering a \$160 million budget and asked if Mr. Bunn had other concerns besides the \$90,000 tourism expense.
  - Mr. Bunn replied that the TDC program was the issue he was focusing on.
- Asked if he had any conversations with Chamber leadership about his concept or proposal.
  - Mr. Bunn answered no, adding that it was discussed at the December Budget Committee meeting when he was on the Committee.
- Was grateful for the businesses that make up the Wilsonville Chamber of Commerce, an entity made up of employers who care a great deal about and do a great deal for the community in terms of providing revenue and employment opportunities for citizens. He believed the dollars paid by the City to the Chamber of Commerce to support tourism had been paid back many times over.
- Believed if Mr. Bunn took time to visit with the Chamber leadership and understand how the dollars were spent, he would have a different opinion about the relationship between the Chamber and the City. Building partnerships with partners in the community should be the focus rather than building division.
  - Mr. Bunn responded that was certainly his intent; he did not believe a fair observer would interpret his remarks otherwise.

Lonnie Gieber thanked Mr. Bunn for his observations and noted that many had merit. He reminded that the Economic Development Advisory Committee was currently working on a policy, part of which would develop ways for the City and Chamber to collaborate more closely given the dramatically changed environment. He suggested waiting until June to see what the City's audit would yield, and then forward those results to the City Council and have the Council reconvene. As a citizen, he appreciated Mr. Bunn's due diligence; however the Budget Committee had many other issues to address.

Tony Holt suggested that perhaps some Committee members did not understand the situation and clarified this was no criticism of the Chamber, but the citizens of the city needed to know how their money was being spent. He agreed with the suggestion made about going for bid to see what other options were available.

Hearing no further comments or public testimony, Chair Núñez closed the public hearing at 7:17 p.m.

## QUESTIONS FROM THE BUDGET COMMITTEE

Alan Steiger noted that Wilsonville had a population increase of 40% between 2000 and 2010, and 46% of Wilsonville's assessed value was business and commercial, which was significantly higher than other communities and likely the result of the infrastructure implemented. The third-quarter financial report expenditures evidenced that people in various funds were more cognizant of the expenses, which were significantly lower than the effective revenue of those funds. There has been no rush to spend appropriations as in other governmental entities, including the federal government. Forthcoming results of the citizens' survey currently out would be interesting, but performance measures in the current budget document were outstanding.

Ms. Buck:

- Referenced the economic development strategy work currently taking place, but said she did not see anything funds related to implementing that strategy.
  - Mr. Cosgrove explained that he was unwilling to prejudge what may come out of that work or how the Council would prioritize the most important course of action. Capacity was available in the budget to do minor things, as well as some staffing capacity. He preferred bringing policy choices to the parties served and have them direct the priorities. The budget would then be built based on those priorities.
- Noted that from a community standpoint, the City was putting in a lot of effort and engaging a lot of people. She would have preferred seeing a line item for implementing the strategy. Some designated funds would be needed, whether for staffing or contract services.
  - Mr. Cosgrove commented a limited capacity was available to do some things with the budget as presented.

Mr. Gieber stated he was on the Economic Strategy Advisory Committee, co-chaired by Councilors Hurst and Starr. The Committee was relatively early in the process, having only met twice. Until there is a definitive policy beyond the discussion phase, the Committee would not come to any conclusions in terms of making a recommendation relative to a dollar amount. He acknowledged Ms. Buck's suggestion did resonate and was part of the current discussions.

Councilor Goddard echoed Ms. Buck's comments. If there was to be a commitment to implementing an economic development strategy, now was the time for the budget to move forward with that implementation.

- The budget document contains a number of placeholder projects with less-than-perfect certainty in terms of cost. One example discussed recently was the realignment of Boeckman Creek, which was originally approximated to be a \$550,000 project but included in the budget at \$800,000. Staff recognized that as a placeholder number that may decrease as the City gets closer to completing the detailed design and contracting.
- One way to demonstrate commitment to the process of developing a comprehensive economic development strategy would be to put a placeholder line item in the budget for implementation. Having it unrecognized in the budget was a gap that needed to be addressed.

Councilor Starr agreed. As the policymaking body making a recommendation to the Council, and looking forward to where the City wants to go, now was the right time and place to budget for

some type of economic growth process. The entire amount may or may not be spent, but he encouraged the Committee to put funds in the budget to be invested along those lines.

Mr. Cosgrove responded that to satisfy the concern, a supplemental budget could be created. Without knowing the strategies or action plan, the dollar amount would be uncertain. Supplemental budgets can be approved by Council without having to reconvene the Budget Committee. The Committee could simply state that they would like to move in the supplemental budget direction.

Ms. Easterly agreed with the discussion and shared that she had observed other communities where economic development has gone in innovative and exciting directions. She hoped to share those ideas with the Budget Committee. As a participant on the Economic Development Focus Group, she saw an opportunity to bring money to the group as they develop policies, process, and ideas, and develop creative means of building in the community. She believed placing a dollar figure in the budget might be premature.

Mayor Knapp stated that based on prior years' practice, if the Committee adds a line item, they were also responsible for identifying the source of funds on that item. Those thinking about adding a line item should be thinking about where to find the money.

- He noted former City Councilor Kirk's earlier suggestion with regard to assigned balances on Pages 282 and 283, adding he had not seen a Staff comment on the affect of that proposed change.

Mr. Holt stated that several things in the budget not intended to be discussed. He proposed that the Budget Committee meet again in July before Mr. Wallis leaves the City to discuss four items:

- Alternative solutions to better fund the General Fund should be resolved before Mr. Wallis' departure.
- The possible closure of the Year 2000 Urban Renewal District.
- The assigned balances question posed by former Councilor Kirk pertaining to amounts set aside for reserves, etc.
- Review the results of the independent audit of Tourism funding, which was expected to be complete in June.

Mayor Knapp stated in the last couple years, the Budget Committee had begun to meet six months off schedule rather than once a year to review the CIP's 5-Year Plan. He posited whether the City would benefit long-term by meeting at some point to entertain discussion of a five-year strategic financial plan, a concept he believed to be in the budget document. He was not sure the City had actively pursued having a strategic financial plan that looks five years out as a priority. He speculated that challenging financial times may prompt its addition to Mr. Holt's list of items meriting attention.

Mr. Holt agreed such a review should be done every year, adding that he has always been a big supporter of the five-year plan.

Ms. Easterly noted the chart on page 97 that reflects the FTE for City Staff and commended Staff for doing a great job multi-tasking, being creative and crossing lines to bring great things to the

citizens and businesses in Wilsonville. She also thanked Mr. Cosgrove and Mr. Wallis for maintaining the FTE limits in difficult economic times.

- Council had discussed increasing contracted work for efficiency and price, and that number had not increased as much as she expected.
- She was excited to see the City pursue development of a skateboard park, an idea brought before Council by some young members of the community, who have not lost their empowerment or creative nature. Of the 26 communities in Oregon that built a skateboard park 25 noted a reduction in crime.

Councilor Starr noted that people in town could still be hired for contracted work and not be paid benefits. He suggested keeping the door open and remaining open-minded about contracted work.

- He agreed with the Mayor and Mr. Holt who suggested that strategic planning was important. Those cities that spent the time to strategically plan ahead would be successful. He agreed the Budget Committee should meet quarterly to make sure the City is focused on strategic plans.
- He expressed concern about the General Fund Reserve being large and unallocated to a degree. A better job could be done of narrowing it down and culling uses of some monies within that fund and segregate it a bit better. He referenced a conversation he had with City Manager Cosgrove about the matter and invited his comments.

Mr. Cosgrove stated that in conversations, not only with Councilor Starr but also with Mr. Wallis, the top priority would be to contract with Mr. Wallis to update the City's financial policies which have not been updated for several years. Dealing with financial policies means also addressing General Fund contingencies and reserves. He preferred to adopt a reserve policy by resolution, where funds are allocated according to specific purposes as indicated in the budget book. He suggested opening that discussion to the Budget Committee and City Council to ensure agreement with long-term fund allocation plans.

Chair Núñez:

- Asked if the total amount for the 2012-13 General Fund operating budget was \$13 million as referenced on Page 352. She was uncertain where else the actual figure was noted in the budget document.
  - Mr. Wallis replied that the 5-Year Financial Plan presented to Council in November began at about page 330. This information was included in the budget document at the request of reviewers so that users of the document would have that information as well.
  - Information about the General Fund was on Page 50 within the Fund Summaries, and the total ending balance was \$12.1 million as shown in the column "Proposed 2012-13". That figure included everything that would be carried over. Those amounts put into the reserves were the lines titled, Restricted, Committed and Assigned. The Unassigned line was the contingency, which could be used for unexpected/one-time expenses.
    - Restricted funds had a legal or contractual requirement that the funds only be spent for specific uses.
    - Committed funds regarded existing financial policy that dictates 5% would be set aside into the Unappropriated Ending Fund balance, essentially funds that are set aside for a future year.

- Assigned funds were listed in detail under the Debt and Other section on Page 283. These funds are set aside for future expenses, such as upgrades, repairs, etc.
- The Councilor expressed concern that people in general think money in reserves could be spent. She wanted to clarify in a public hearing the City does not have \$13 million to spend.
  - Mr. Wallis replied that while some of the General Fund was committed or reserved, the City of Wilsonville was projected to have \$12 million at the end of next year; a large portion of which has been earmarked for specific uses.

Mr. Gieber:

- Asked what portion of the \$13 million was dedicated in reserve and what percent was available for contingencies as needed by City Council.
  - Mr. Wallis replied the non-reserved portion was about \$1.2 million or 10%, which was indicated as Unassigned on page 50.
- Understood the figure on Page 283 under Assigned balances and Designated Purpose for the July 1, 2012 balance was inclusive of all funds.

Mr. Wallis stated Page 283 shows the individual funds that have reservations.

Councilor Hurst:

- Reiterated the importance of having the viewing audience understand the breakdown of the General Fund. The Unassigned portion of the \$13.4 million General Fund for the current fiscal year was about \$4.1 million. The 2012-13 General Fund ending balance was predicted to be \$12.1 million with the unassigned portion being only \$1.2 million. It was important to be aware that the General Fund, though budgeted and used well, was still decreasing. The Unrestricted amount that could be used on anything needed in an emergency situation was shrinking rapidly.
  - Mr. Wallis agreed the General Fund balance was decreasing and noted that was partly related to the \$700,000 loan to the Stormwater Fund to allow for capital improvement projects. Another \$400,000 was one-time money for one-time capital improvement projects. The General Fund was being used for one-time costs as opposed to recurring. The preference was to balance recurring costs against equal or greater recurring revenue. The balance had been struck, but those were being used for other purposes.
- Councilor Hurst assured that his comments were not a criticism; only that a lot of thought would be required before any cuts were made to the budget.

Councilor Goddard highlighted the need for a potentially difficult discussion about the General Fund, its progressive decrease and how the dollars are being used. A proposal had already been made to pull money from Contingency to close the gap between General Fund revenues and expenses. Part of the conversation should focus on additional clarity concerning the Reserve Fund, such as how much is enough, where the funds should be spent, and what criteria or benchmarks would be used to determine when the funds should be spent and when they should be kept in reserve. The Committee was not as clear on those issues as it should be.

Ms. Buck supported Councilor Goddard's statements. She noted for the audience that Page 10 of the budget highlights the gap of \$26,000 between revenue and cost. Opportunities discussed to fill the gap were having a parks maintenance fee, increasing franchise fees and potentially a local

option levy. She did not believe the City could sustain raising any more rates and should look toward other alternatives to address that gap.

Mr. Gieber agreed with Council Goddard and Ms. Buck, but respectfully disagreed with Mayor Knapp's assessment that Wilsonville was not as challenged as other communities. According to the Chamber, 2,000 jobs had been lost and household incomes declined from approximately \$84,000 to \$78,000. Non-profit entities in the community were helping with an increasing frequency with situational poverty as layoffs continued and stress had created dislocation in family units.

- Tough discussions should commence now rather than be delayed further. Opportunity existed to bolster the General Fund, and as discussed, the City was working to create an economic policy reflective of the economic environment.
- He reiterated the necessity of helping Wilsonville citizens who were in distress and pointed out the need to do things differently. Now was the right time for difficult discussion regarding next year's budget, how much money needed to be placed in a rainy day fund, and how those funds were allocated, etc.

Ms. Easterly stated the Budget Committee faced these difficult discussions year after year. The Committee and City Council have put great tools in place, such as the Economic Development Committee and the community survey, to help with those discussions and decisions. The Committee and Council were responsible for listening to the citizens and the Economic Development Forum for guidance and direction.

- She emphasized that the budget was a guideline, and year over year, Staff beats the guideline. She did not see anything in the budget document showing that the City was in dire straits, but in a time of transition which should be handled in a positive manner.
- Making any immediate decisions and changes tonight would not be appropriate because further information was coming.

Mr. Steiger agreed with the discussion regarding the General Fund that activity should be undertaken, but not necessarily with the 2012-13 budget. He reminded that raising funds would not be entirely the responsibility of individual taxpayers, as 46% falls to business and commercial. The Unassigned Reserve set by fiscal policy has been approved by Council. It required 5% of the Operating Fund to be held in contingency for unknown expenses as noted on Page 379.

Mayor Knapp appreciated the thoughtfulness of the discussion. As stated earlier, a 5-Year Strategic Financial Plan would be a rational approach to the challenges of the City. He did not believe the City was in a crisis mode in need of a crisis response; the City continued to have a thoughtful approach to the budget, which has stood the City well for a long time. He supported suggestions made to meet at other times throughout the year to consider the issues, options and best course of action as an appropriate response to problems on the horizon. Having spoken with mayors from other cities, he learned that Wilsonville had not had the impacts the some other cities have had, which could be credited to the quality of planning in past years and that should continue in the coming years. Wilsonville continued to be exemplary in the way it is planned and managed, and had full capability to continue doing so.



Mr. Gieber commented from a strategy perspective, one does not wait until they were in dire straits to make proactive changes. He agreed with Ms. Easterly's observations that the citizens' survey and information from the Economic Advisory Committee would be very beneficial in informing budget decisions. Results of the citizens' survey were expected in June and the Advisory Committee hoped to present some sort of policy to Council shortly thereafter.

Councilor Starr commented that the future might not be as bright economically, but he did not believe the City would need to make radical changes from a strategic standpoint, but measures should be put in place to prevent such changes. The City of Salem was cutting jobs and would have to cut more in the following years. He suggested a gradual slowdown in spending to prepare for the possibility that next year's numbers might not be close to those projected. He noted the \$26,000 gap could have been higher had the City not made \$1 million in cuts last year. Continuing with such actions would enable the City to avoid having to make the significant cuts experienced by Salem.

Mr. Holt believed it would be wrong to prejudge what the Committee would discuss. He suggested that a time be set up with Mr. Cosgrove or Mr. Wallis in July or August for a discussion with no pet projects or set rules to talk about the General Fund and any other things; that discussion could be held separate from the strategic plan.

Mr. Cosgrove appreciated the references to strategy. He agreed with Mr. Holt that as policymakers, the Committee would need several different pieces of information to determine where they would want the City to be in five years. The Committee had a balanced budget that provided a high level of services to the residential and business community. The place to have that strategic conversation was separate from budget adoption process. Long-term fiscal policy should dictate how the budget was built every year.

- He noted his memorandum distributed to the Committee dated May 3, 2012 put forth some encouraging signs about looking for new revenues and continuing to look for efficiencies to keep operating costs down. From a policy standpoint, the City should always be able to show that they have been responsible stewards of public resources in the event that they would need to ask for new revenues. This factor needed to be considered when looking for new resources. Several things were noted in the memorandum that the City was doing well and suggestions were provided about other things that would benefit that discussion as well.
- Mr. Wallis would be presenting a PowerPoint titled, "A Look Ahead." The comprehensive update to the financial policies mentioned earlier was the only missing piece of the conversation and those policies would tie into the budget, operations and strategy. Those were the important pieces, other than the discussion about urban renewal and the General Fund, but those discussions should occur outside the budget adoption process.
- He suggested the Committee focus on whether the proposed budget was responsive to the level of service the City was expected to provide Wilsonville citizens and the business community.

Councilor Starr noted the term "balanced budget" meant different things to different people; some understand it as expenses equal revenues, while others think it is expenses equal revenues plus the General Fund total. The Budget Committee should make a policy decision as to how they would define balanced budget.

- Mr. Cosgrove noted that in municipal budgeting, and what has historically happened in Wilsonville, was that 100% of resources are allocated for programs and services, but the City never hits full expenditure. He was fairly confident the City would not expend 100% of its operating budget based on past performance.

Councilor Goddard appreciated that Mr. Cosgrove noted the importance of continuing to look for efficiencies. The City Council and Budget Committee have a strong record of operating the City with a balanced budget. However, there were multiple ways to balance the budget, one was to decrease costs; another was to increase revenues. The budget document recognized that the City must continue to balance, and the solution would be found either in new revenues or the reduction of programs; however, the budget outlined several options for increasing costs and revenues. No suggestions were made in the General Fund discussion about service reduction options. While not suggesting cuts, he noted the importance of discussing trade offs and continuing to find opportunities for efficiencies.

- He acknowledged Mr. Cosgrove and City Staff for challenging themselves during the last budget process and accommodating the Council's request to find \$1 million in efficiencies. The majority of the Council demonstrated leadership and took a proactive step to challenge the Staff to find efficiencies. That was the first step and opportunities likely existed to continue that effort going forward.

Mr. Gieber commented that in his industry, past performance was not indicative of future results. He recalled that whispers about the General Fund began during the 2011-12 budget conversations, and it became more widely discussed last year. Now, at a third round, the Committee was again being asked to delay that conversation, which he believed directly informed the budget process. If that conversation was deferred until after the fiscal year, the General Fund issue relative to the budget process would not be addressed.

Ms. Easterly stated it was very difficult. In conversation over the past four years, the temperament of the General Fund was a bigger concern. Considering what Staff has done over the past year in reducing the budget, making hasty decisions now without full disclosure about the knowledge and concerns of citizens and businesses would lead to program cuts. The chart on Page 97 proposed reducing nine FTE, a substantial percentage when comparing the size of Wilsonville compared to Salem and its cuts. This was not mandated on Staff, but something they adopted as a responsibility because of the difficult economic times. The Committee should wait to hear what citizens and businesses want and then apply creative nature to what would bring success in future years, rather than rushing into things.

Mr. Gieber noted that Beaverton Public Schools was hoping for change and was now faced with laying off 334 staff positions. He agreed that no one wants the City to be in that situation. While not in dire straits at this time, now was the time to make necessary changes, so that when and if faced with a less robust economic situation, the City would not be forced into multiple layoffs and outsourcing services to other municipalities. He agreed with Mr. Cosgrove that strategic planning would cure those ills if executed and implemented.

Ms. Beck supported Councilors Starr and Goddard and Mr. Geiber in that they were asking for a discussion about making small changes and to be able to implement that strategy. They were not

looking at significant, substantial changes, but small changes to prevent significant ones later. She did not believe they were acting in haste, but seeking thoughtful discussion now about being responsible with the fiscal dollars of the community.

Mr. Steiger stated there was no question the General Fund was an issue. From a fiscal management standpoint, the Committee should look to Mr. Cosgrove rather than try to get into detail themselves. There was not enough detail in the budget document to make intelligent choices on the spur of the moment. He supported asking Mr. Cosgrove to return with additional information, but he did not have enough information to make those decisions.

Councilor Starr:

- Agreed, adding if the Committee could propose any changes being considered, and have Staff study them and return with any potential results.
- Did not see the reduction of nine jobs, but status quo with FTE.
  - Mr. Wallis explained there were two totals on Page 97. One was an FTE count including contracted employees, which indicated status quo. The line below showed only City employees, excluding those contracted, and City FTE decreased by about nine positions. The majority of those positions went to contracted services for wastewater treatment and was reflected in the contracted line. Other reductions included 1.5 FTE in the City Manager's department, a reduction in Engineering and Fleet, as well as a variety of reductions throughout other programs.
- He understood that for people who left, those positions were still in the budget and could be filled.
  - Mr. Cosgrove clarified those positions that were eliminated were no longer in the budget. Some positions throughout various departments were budgeted but unfilled, however the reductions were true reductions.
- Noted the Proposed 2012-13, 187.35 FTE looked to be the same as the previous column.
  - Mr. Wallis reiterated that figure included the contracted positions, not only with CH2M Hill, but the 2.5 FTE expected with Veolia because of Sherwood receiving water.
  - He directed attention to the top line noting the City Manager's office was budgeted at 6 FTE and would be 4.5 FTE next year, reflecting a reduction that was no longer in the budget as a Personnel Service line item.

Councilor Goddard commented that Mr. Cosgrove set an example for others to follow in finding efficiencies beginning with his own office. In that reduction, the good news was that no jobs were lost. A position was voluntarily vacated and eliminated and Mr. Cosgrove decided he could continue functioning with fewer people.

Mr. Holt believed the Committee needed to come together for some discussion and decisions on the General Fund. He suggested the Committee agree to have a discussion on the General Fund by the end of the first half of the year. The strategic plan discussion could be held at a different meeting.

Councilor Goddard agreed it would be a good idea for the Budget Committee to reconvene and address some of these issues. In light of everyone's busy schedule, he suggested the Committee

come to some agreement about the agenda, specific topics to address and desired conclusions, so everyone was prepared and could make the most productive use of the time.

Mayor Knapp:

- Asked if Mr. Cosgrove or Mr. Wallis had any suggestion about how to address these issues.
  - Mr. Cosgrove reiterated the Committee was presented a balanced budget that provided the same level of service as last year; there was no crisis. Staff was aware of the warning signs on the horizon, not the least of which included the troubled housing market and the job situation, and would manage the budgets appropriately.
  - He advocates for having a strategic perspective. Updating the City's financial policies was critical.
  - Beyond that, having strategies for figuring out how to address the structural imbalances in the General Fund was critical.

Mayor Knapp asked when that information, analysis and the recommendations would be presented so the Committee would have a clear picture of the timeframe.

- Mr. Cosgrove replied the financial policy information could be presented in July or August, and the Budget Committee meeting could be scheduled the following week or perhaps that same night. He anticipated the discussion on financial policies to be fairly robust and suggested the strategic plan and financial policy discussions be addressed separately.
- A follow-up meeting would be to talk about the General Fund. What programs and strategies should the City be considering to address the current, ongoing structural imbalances.
- Shortly thereafter those two meeting, the urban renewal issue should be addressed.. Shutting down one of the urban renewal districts would provide additional capacity to the General Fund.
- Confirmed the Committee would be able to address financial policies and have a discussion about the General Fund in the fall. Addressing Urban renewal would likely come later.
- Believed there was a sense that the General Fund bears discussion in the fairly short term, so he was pleased to hear they could reasonably expect enough background, information and analysis by fall to have that discussion.

Councilor Goddard noted the Budget Message recognized the need for a long-term solution for the General Fund. The Budget Message urged the Committee and City Council to discuss alternatives and provide guidance. He was pleased Mr. Cosgrove and City Staff supported the need to have that discussion soon.

Chair Núñez called for a brief recess at 8:26 p.m. and reconvened the meeting at 8:37 p.m. noting that Councilor Goddard was excused.

**MOTION:** Councilor Hurst moved to approve the 2012-2013 Budget as proposed in the total of amount of \$135,946,711 and levying the full amount of the City general tax rate of \$2.5206 and establishing a levy for General Obligation Debt Service in the amount of \$340,000. The motion was seconded by Alan Steiger.

Mayor Knapp noted it was very helpful to have such an active Budget Committee and so much discussion. He supported the need for further discussion regarding the General Fund and budget policy. Staff's commitment to that discussion affirmed his decision to move forward with the proposed budget at this time. There were a sequence of questions to address, and it was important that the Committee received recommendations and background information about those questions as they were brought forward for discussion.

Councilor Hurst agreed with City Manager Cosgrove there were warning signs on the horizon, and the City needed to plan accordingly.

- The 2012-13 budget represented a balanced budget, and a continuation of the services the city currently enjoys. The response yielded by the city survey would inform what services were substandard and where the city is over served. Changes to the budget would be best saved until the survey is returned and the Economic Development Committee currently in session comes back with its findings and suggestions for Council.
- He agreed that the Budget Committee should convene more often than once a year, as it was important that the Committee discuss certain budget items in greater detail. He supported Mr. Holt's suggestion to convene sometime in mid to late summer to discuss what might be done about the General Fund in further detail, and perhaps later in the year, to consider a five-year plan adjustment.
- He commended City Staff for being talented and thoughtful. He noted that in his discussions with Staff, it was apparent that Staff has taxpayers' best interests at heart. While it seemed many governmental agencies were underperforming and letting citizens down, the City was not that way; Wilsonville's City Staff excelled at looking out for the taxpayers' well being and stretching those dollars as far as possible. He appreciated City Manager Cosgrove, who had the same philosophy, and commended his ability to step in as "CEO of the City Corporation" and effectively and efficiently performing his duties with an eye toward continual improvement.
- For these reasons, he was comfortable with the budget before the Committee. He looked forward to meeting throughout the year to discuss certain items associated with the budget.

Councilor Starr agreed with Councilor Hurst and believed the operating budget should stay flat and according to the budget, it was not.

- Until the surveys were received back from the community and the Committee had a better understanding of what the citizens of the community were seeking, he would reserve making any changes.

Chair Núñez stated that after listening to the comments and discussion, she wanted to share the following:

- Wilsonville was a community that provided a high level of service, and was a big reason people chose to live in the city.
- Selecting the City Manager was one of the best things they had done as a community and she believed City Manager Cosgrove has been listening. Finance Director Wallis has also listened to this conversation for years. It was important to recognize the Committee wanted some thoughtful consideration and a fair approach to what the City would like to provide for the community and what it can afford, so as not to tax the city's residents to a point that it was difficult to live in Wilsonville.

- Having a conversation and a good understanding about the General Fund Reserves was important.
- She concurred with Councilor Goddard about the importance of having a rainy day fund and like Councilor Starr was eagerness to see the results of the community survey.

Chair Núñez asked if there were any further contributions or questions. Seeing none, she asked if a small modification was needed due to the City Council change in the Stormwater Fee Schedule.

- Mr. Wallis explained that the budget was prepared before City Council adopted the stormwater fee; however there was no harm to leave it as written.

Chair Núñez called for the vote on the 2012-13 Budget as presented.

**Vote:** Motion carried 9-0

Councilor/Chair Núñez	Yes	Lonnie Gieber	Yes
Mayor Knapp	Yes	Alan Steiger	Yes
Councilor Starr	Yes	Anne Easterly	Yes
Councilor Hurst	Yes	Tony Holt	Yes
Councilor Goddard	Excused	Wendy Buck	Yes

## **ADJOURN**

The Budget Committee Meeting was adjourned at approximately 8:59 p.m. and the Committee continued to the Urban Renewal Agency meeting.

Respectfully submitted,

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Paula Pinyerd, ABC Transcription Services, for  
Sandy King, MMC, City Recorder