CITY OF CORVALLIS
BUDGET COMMISSION MINUTES
January 12, 2016

The City of Corvallis Budget Commission meeting was called to order at 7:00 p.m., in the Madison Avenue Meeting Room, 500 SW Madison, Corvallis, Oregon, with Chair Curtis Wright presiding.

ROLL CALL

Present: Curtis Wright, Mark O'Brien, Mark Kalmar, Joel Hirsch, Barbara Bull, Penny York, Frank Hann, Bill Glassmire, Zachariah Baker, Mike Beilstein

Excused: Karyle Butcher, Janet Gambatese, Roen Hogg, Deb Rose, Judson McLure, Hal Brauner, Shirley Chow

Staff: Nancy Brewer, Mark Shepard, Janet Chenard

Visitors: Biff Traber, Carolyn Gardner

SUMMARY OF DISCUSSION

Agenda Item	Information Only	Held for Further Review	Actions/Recommendations
Budget Commission Orientation	X		
Adjourn			The meeting was adjourned at 8:03 p.m.

CONTENT OF DISCUSSION

I. BUDGET COMMISSION ORIENTATION

Finance Director Nancy Brewer gave an overview of Local Budget Law, Guidelines for Meeting Management, Council Code of Conduct, the FY 16-17 Budget Commission meeting dates and City Financial Documents using a PowerPoint presentation (Attachment A). She also distributed the League of Oregon Cities 2015 State of the Cities report (Attachment B).

Ms. Brewer noted that there was a handout for Oregon Revised Statutes (ORS) Chapter 294, which establishes the purposes and requirements of Local Budget Law (LBL). The City is required to follow LBL to legally expend monies and levy taxes.

Ms. Brewer reviewed the LBL budget process, which includes four phases: propose the budget, approve the budget, and adopt the budget, and changing the budget after it is adopted. The LBL requires designation of a Budget Officer; by Charter; the Corvallis Budget Officer is the City Manager.

LBL requires the budget to be proposed by fund. Ms. Brewer reviewed each of the City's funds as noted in the presentation and explained that the City uses the Department organization unit within each fund, and appropriates to that level. She discussed how the fund schedules in the Appendix section of the budget document meet LBL requirements.

Ms. Brewer said LBL creates the Budget Commission and defines its responsibilities. The Budget Commission will receive the Budget Message on April 12. The Proposed Budget becomes a public document at the time it is given to the Budget Commission. She reviewed the required noticing and public process for approving the budget. The Budget Commission also holds a public hearing and makes a recommendation to the City Council on the use of State Revenue Sharing monies. After Budget Commission action, a summary of the Budget is published. The City Council usually adopts the Budget following a public hearing in early June. The City Council may make changes of up to 10% of expenditure appropriations in each fund. Changes in excess of that amount would require that the Budget be republished and the Budget Commission be reconvened. Minimal changes are allowed after the Budget is adopted.

Questions and responses to commissioner questions throughout the presentation included:

- *Does the City budget conservatively or do we try to be exact?* Revenues tend to be quite accurate, but slightly conservative. Expenditures are a bit more challenging. Personnel services are budgeted based on current incumbents and filling all approved vacancies; however as people leave unexpectedly it's hard to predict where under-expenditures may occur. Projects are also challenging to accurately estimate due to lower/higher bid costs than anticipated or grants not coming through or unforeseen delays in starting/completing capital construction, etc.
- *When are the Pension Obligation Bonds fully paid off?* One issue will be completed in 2028, and the second, larger issue in early 2030. This timing coincides however with an anticipated increase in PERS employer rates in 2029 due to the continued underfunded liability, so debt service falling off will likely be offset by those increased costs.
- *What other entities do we sell fleet services and fuel to?* Benton County and ODF&W are some who have used the City's garage services in the past. City gas must be sold to a government entity since we don't pay gas tax, so we can't sell to private businesses or the general public.
- *Is there flexibility on the use of the new Marijuana state revenue sharing tax?* It is still not clear what the level of State oversight will be. However, it is known that funds may only be spent on law enforcement related activities. The City is considering using the initial turnovers for drug testing, since dollars are not expected to be significant this first year (estimated at $34,000).
- *What are the challenges with transferring monies between City Funds?* Needs to be a *bona fide* use (i.e., water fees cannot be used for police services) and the transfer must have been budgeted OR if an unforeseen need arises during the fiscal year, a supplemental budget that is less than 10% of appropriations already budgeted can be approved by Council.
- *What will the Jan.28th meeting be about?* Electing officers, a "heads up" on some conceptual ideas about where the budget process is going, information on items like PERS liabilities, and an update on Council Goals, etc. Note: Bill Glassmire will not be able to attend this meeting. (There will be an audio tape posted for those who cannot attend.)
- *Can non-public employees (i.e., casuals or contracted) be hired to reduce the City's PERS costs?* This is challenging on a number of fronts. A casual or non-unionized employee will be subject to PERS if they hit the 600 hour mark (after six months for initial eligibility) each calendar year. However, current retirees are the biggest cost component of the PERS unfunded liability, and there is nowhere to offload those costs by contracting out, etc. Also, labor laws do not permit contracting out a service that could be performed by a government employee(s) simply based on lower cost (i.e., to avoid paying benefits).

- *Given that there have been different approaches to preparing the budget over time, will the Jan.28th meeting provide an opportunity for Budget Commissioners to provide input on this year's process?* CM Shepherd will advise the Budget Commission of his plan at the meeting, and look for feedback on his approach. The discussion will largely be conceptual though, not specific details/numbers, due to timing of information not yet known to the staff or public; the agenda will be the extent of the "packet".

Ms. Brewer reviewed some of the many financial documents and resources available on the City's website. Commissioners were encouraged to contact staff with any additional questions.

II. ADJOURN

The meeting was adjourned at 8:03 p.m.

Respectfully Submitted:

Budget Commission Chair

Finance Director