

**City of Rainier  
Work Session Minutes  
February 7, 2011  
6:00 p.m.  
Rainier City Hall  
106 West "B" Street**

Meeting called to order by Mayor Cole at 6:00 p.m.

**Council Present:** Mayor Jerry Cole, Sloan Nelson, Bill Vilardi, Scott Cooper, Phil Butcher, David Langford and Mike Avent

**Absent:** Russ Moon

**City Staff:** Lars Gare, Gregg Griffith and Debbie Dudley

**Visitors:** Terry Deaton, Rob Piercy, Paul Rice, Margaret Ross, Michael Carter, Vernae Christophersen, Debbie Hazen, Clatskanie Chief and Cheryll Borgaard, Longview Daily News

**Budget Strategy Discussion:**

Mayor Cole announced that he will be appointing a small group composed of Council members and Budget Committee members "to look at our budget and make sure the product we are delivering is what we want, ...there has been some discussion and talks of changes people would like to see in the delivery of the budget document, what it looks like, and instead of everybody kicking their thoughts in, if we just have a small focus group, if somebody's got a idea of... it could be anything, pie charts instead of line graphs, whatever, that group would decide that it was feasible", "it's a way to funnel all that information down". The earlier we start looking at budget the better it will be.

Gare identified the situation is similar from last year only worse, (last year's goal was to make the Sewer Fund solvent), decreasing property taxes revenue, looking at revenue problems, debt issue in the Sewer Fund 2.7 million dollar revenue bond which we borrowed the money without anyone requiring us a way of paying it back, that puts pressure on rates, what we would like to do tonight is to get a feel from you what the priorities would be with regard to budget, our goal is to cut next year's budget 3% to 5% from last year's budget, need input from you, man power shortage in Police and Public Works, capital purchases that need to be made, this building continues to deteriorate, we haven't put any money into it and we need to decide at what point we do or if we can afford to continue letting it go, basically we are talking about what cuts we can make, where should the sewer rates be, water is OK if we do the CPI we do every year, sewer, public property, park and marina are issues, marina generates a little bit of money, parks don't generate any, so how do we pay for all of that, host of issues out there, we are going to come up with a straw budget with cuts based on your input, will build a budget schedule, will work with the group on any suggested changes but need to comply with legal requirements.

Dudley presented suggested topics for budget discussion; revenue projections and potential sources, expense projections, debt service requirements, environmental issues, capital improvement, maintenance issues, personnel and budget calendar.

Provided Financial Reports;

Revenue and Expenditure Budget Variance Report

The current report includes a summary of YTD income and expenditures with explanations for significant variances. For your convenience I have summarized the 2010/2011 budget revenue projections and expenditure appropriations and year to date revenue and expense totals, with percentages through December 31, 2010.

All year to date income variance amounts of 50% or less are on track with the current budget. All year to date expense variance amounts of 50% or more are on track with the current budget. Significant variances of under revenue or over expenditures are detailed as follows:

General Fund – Revenue; The City will see a reduction in the property taxes received due to the tax assessment appeal filed by USG. The County will retain tax revenues from all agencies until a determination is made by the Oregon Department of Revenue.

Sewer Fund - Revenue; this variance can be attributed to the reduction and delay of budgeted sewer rate increases.

Timber Fund – Revenue; this variance can be attributed to the completion of and higher than anticipated revenue from the timber harvest. Materials & Services; this variance can be attributed to seasonal expenses relating to the timber harvest.

Public Properties Fund – Revenue; this variance can be attributed to the budgeted transfer of funds from the General Fund to offset the deficit in this fund. The final transfer is completed at year end.

Sewer Capital Improvement Fund – Revenue; this variance can be attributed to the receipt of the final WWTP loan disbursement funds received in this fiscal year instead of prior fiscal year.

Sewer and Water Fund Income and Expense Summary through December 31, 2010

- The Sewer Fund shows a YTD loss of \$72,699, with the debt service annualized over 12 months. The recent rate increase is reflected in these income totals.
- The Water Fund shows a YTD income of \$74,492, with the debt service annualized over 12 months.

The debt service allocated by month over a 12 month period allows us to see where we are at without the distortion of the semi-annual debt service payments.

Revenue vs. Expenses Summary for all Funds through December 31, 2010 is a one page snapshot of where we are at in all funds with regard to income and expenses only, no beginning cash. (P & L, Income statement) In this report it's important to note that the General Fund and Street Fund receive property tax revenue and the Public Property Fund is supported by transfers from the General Fund. The Debt Service Fund is supported by transfers from other funds.

General Ledger Fund Balance Reconciliation and Account Reconciliation Report through December 31, 2010, show the reconciliation between the bank statements and ending fund balance report for all funds. The General Ledger Fund Balance report identifies all the various funds, and shows the beginning balances, revenue and expenses, and the ending balances.

The Payables Register for the months of December 2010 and January 2011 was presented.

2004 through 2011 Historical Fund Analysis; General Fund, Sewer Fund, Water Fund, Timber Fund, Street Fund and Public Property Fund. This report shows the historical trends, but it is important to note that allocation of costs by fund may not be consistent in all years.

Additional budget discussion included the reduction of property tax due to the appeal filed by USG and Cascade Kelly, projected property tax receipts, and the increased expenditures from 2006 to 2010.

Meeting Adjourned at 7:00 p.m.

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Jerry Cole, Mayor

Attested: \_\_\_\_\_  
Debra Dudley, Recorder