

**City of Rainier  
Work Session Minutes  
March 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, Russ Moon and Mike Avent

**Absent:**

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

**Visitors:** Debbie Hazen, Clatskanie Chief and Cheryll Borgaard, Longview Daily News

**Budget Strategy Discussion Summary:**

Mayor Cole started the meeting with a round table discussion by asking for input from the Council;

Mayor Cole started by stating that the City is looking at around a \$200,000 reduction in property taxes from General Fund, tough decisions need to be made, had asked all departments to cut 10% and show projections with the 10% cut. In the Police Department a 10% cut would result in a reduction of staff, asked for budget direction, "is there a consensus with Council, yes or no can we even cut Police Officers? The Council unanimously agreed a Police Officer cut is not an option.

Moon; requested that Council direct Griffith to move forward and hire the lateral Police Officer, Council agreed to move forward on hiring the lateral Police officer.

Butcher; mentioned that the Street Fund debt service payment shows it will be paid off by next year's budget.

Langford; requested that the information provided at the meeting be distributed earlier to allow for review and the information be provided in a simpler format.

Avent; it's hard to make any promises or commitments, want to do the best we can to provide quality of life in the community, need to look at all the numbers, maybe the Police Department can't do 10% maybe 7%, maybe another department can do 12%, the problem is not going away, look at revenues, look at 10%, if that doesn't work then the next step is positions, look at where biggest expenditure growth has been, try to reduce those areas.

Nelson; some time ago administration ran a lot leaner, how did that work?

Avent; did not have the positions we have now, before each Council member had a department and worked with Mayor to run the City.

Nelson; in throwing out ideas, in an effort to reduce costs maybe some positions could be reduced until financial condition improves. Do we need to have somebody here full time, maybe we can't afford it?

Avent; these issues need to be discussed, tough issues, care about the people in the community and the people who work here, but can't be afraid to discuss these issues.

Cooper; Council hired department heads to manage departments, maybe we don't have 10% we can cut, need to task managers to go back and show council what the impact will be even if we don't do it, show Council what 10% will look like, what it will cost us in services and people, managers should have the first say in what to cut, have the managers work together for an accumulative 10% cut, look at what it would cost to contract water and sewer services, part time employees versus full time employees, is it viable to hire an outside group to run the City, all these things need to be looked at before the Council can make decisions.

Vilardi; what can the departments cut and what will it look like.

Butcher; approach things differently, what revenue increases could we look at, grant funds, positive approach increase revenue to offset shortfall.

Griffith; can't cut without cutting staff, looking at a grant from ODOT for truck inspection, estimated revenue is \$11,000, vest grant will cover 50% of cost, planning on actively seeking other grants.

Avent; no matter what happens staff needs to know Council cares; these decisions don't come without sleepless nights.

Moon; has health insurance plans and matches been looked at, you have 95%/5% that can be changed to 85%/15%, where the \$13,000 we saved on the City Attorney's medical insurance, where is the unappropriated funds of \$450,000, where's the \$93,000 from the payment that we're not paying, what about the 6<sup>th</sup> officer we're not paying, other things we're not paying, there's a surplus there, we're a long ways from settling the budget situation.

Butcher; we have extra money from the timber harvest to offset some of the budget short fall.

Dudley; On Wednesday management met to discuss potential 10% reductions. The data and graphs in the information provided show estimated revenue and expenses and the departments with the potential 10% reductions. The Police Department was excluded from any reduction. In some cases, specifically Library reductions may result in reduced staff hours. Most of the revenue in the General Fund comes from property tax, the beginning cash balance is an estimate and changes weekly. The unappropriated funds of \$450,000 are included in the 2011/2012 expense budget as unappropriated; the \$93,000 reduction of debt in the Street Fund will reduce the amount transferred from the General Fund necessary to cover the Street Fund deficit. The transfers to other Funds have decreased from \$167,000 to approximately \$95,000. The budget is an ongoing process and we are continuing to look at other reductions and revenues. The Sewer Fund expense projection shows a reduction of 4%. Lockard stated that he didn't think 10% reductions in this department were possible. The Health Care benefit's are covered under contract and can be changed at the expiration of each contract. The salary proposal estimate includes estimated health insurance costs, the actual costs will be revised when we receive the new rates. The Public Property Fund was reduced by 22% and requires an estimated transfer from the General Fund of \$85,000. This proposal does not show any transfer to the Sewer Fund due to anticipated rate increases and expenditure decreases. Additionally it does not include the 5% reserve requested by Lockard or allow for any unanticipated expenditures. If the Sewer Fund is not self-supporting, a revenue source will need to be identified. The information presented identifies the Funds that have a direct impact on the General Fund.

Cole; the Timber Fund has been used for capital projects. To keep sewer rates low we need to look at a dollar amount that we can take from the Timber Fund and put in capital that can be used for sewer, which would be an easier way to balance Sewer Fund without putting the burden on the citizens.

Cooper; isn't that a mandate, don't we want all these funds to bank enough money so that capital projects or repairs are covered, we raise the rates but not to what we need, be honest and upfront with the citizens and say what it's going to cost to be successful.

Avent; government growth needs to be at a sustainable rate, 3% to 4%.

Butcher; balance the Sewer Fund with rates and Timber Fund, no Water Fund increase, fund police out of timber fund for a year, try to find a balance some where, look for grants.

Dave - using the Timber Fund is a Band-Aid, need to look at cuts, what if timber prices go down.

Cole; use Timber Fund for capital.

Vilardi; where would money come from if there was an emergency?

Dudley; any emergency would need to be funded from the Timber Fund, because there is no other revenue available. Originally, Lars had announced that we were looking at 3% to 5% reductions. With the reduction of county property taxes Mayor Cole asked us to look at 10% reductions. We will continue to go through all the items for additional reductions. We need to recognize that the level of service the City can provide may be affected in order to achieve the necessary cuts. We haven't looked at cuts for Funds that are not operating at a deficit, the Water Fund for example, with enterprise funds, the money must stay in the fund.

Cole; to honor the request of getting the information earlier we will put it on the next agenda under unfinished business; bring your packet to the next meeting. One thing about the budget, this is the earliest we've started, we started looking at it in January, and we're ahead of the game of making the numbers line up.

Dudley; this is information for you to review, if you have questions please give me a call. The other information in the packet includes salary projections taking into consideration the existing contracts. At this point we do not know what the health insurance rate increases will be so this is an estimate. The historical information is from 2004 to 2011. Also included in the packet is a revenue analysis, this identifies all revenues in all funds.

Langford; We spoke about uncollected balances about a year ago, have we done anything, how much is property taxes?

Dudley; several procedures are utilized when handling past due accounts, notices are sent, service is terminated, if the balance is unpaid it is sent to collection. Delinquent property taxes are handled by the County. There is information in your packet about current and historical uncollected rates for all counties.

Moon; health care is by contract, does that mean the 95% & 5%, what else does it mean.

Dudley; we currently have three different types of health care coverage thorough the City. The contracts identify what type of coverage is provided and at what percentage.

Moon; The Public Works and Clerical contract is coming up for renewal it expires on 06/30/2011, so the City can change the benefits.

Dudley; I'm going to defer this discussion to Gare; he has met with the Union Representative as part of the contract negotiations.

Meeting Adjourned at 7:00 p.m.

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Jerry Cole, Mayor

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