

**CITY OF SPRINGFIELD
BUDGET COMMITTEE MEETING**

Tuesday, May 21st, 2013, 5:30 p.m.
Library Meeting Room, Springfield City Hall
225 Fifth Street
Springfield, Oregon

AGENDA

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| A.) COMMITTEE OPENING REMARKS | | 10 minutes |
| 1. Welcome from the Chair | Chair Paul Selby | |
| 2. Roll Call | Staff | |
| B.) OLD BUSINESS | Chair Paul Selby | 5 minutes |
| C.) NEW BUSINESS | | |
| Department presentations | | |
| 1. Development & Public Works | Len Goodwin | 60 minutes |
| BREAK | | |
| | | 15 minutes |
| D.) BUSINESS FROM THE AUDIENCE | | 5 minutes |
| E.) NEW BUSINESS (CON'T) | | |
| Financial Review | | |
| 2. Committee Questions from Department Presentations | Chair Paul Selby | |
| 3. Errata Summary | Bob Duey | |
| Conclusion | | |
| 4. Motions and Deliberation Process | Bob Duey | |
| 5. Budget Committee Discussion and Deliberations | Chair Paul Selby | |
| 6. Budget Committee Approval of Budget | Chair Paul Selby | |
| F.) ADJOURN | | |

Citizens' comments are normally scheduled under the agenda item "Business from the Audience" and are limited to three (3) minutes each. All subsequent meetings will have time scheduled for citizen input and anyone wishing to make a longer presentation should contact the City Manager's Office at 726-3700, so that the presentation can be included separately on the agenda.

ATTACHMENTS

- 1) May 21th, 2013 Agenda Memo
- 2) 2013-2014 Erratum Worksheet
- 3) Committee Motions Required

To: Member of the Springfield Budget Committee
Gino Grimaldi, City Manager

From: Bob Duey, Finance Director
Several Other Contributors

Date: May 17, 2013

Subject: Fourth Budget Meeting Scheduled May 21, 2013

The attendance numbers might have been a bit low on Tuesday but the quality factor was high. At this time we are expecting a full committee for next Tuesday. The agenda for the fourth meeting is being structured as if it will be the final meeting for the 2013-2014 Proposed Budget. We will begin the evening with the one final department presentation from Development & Public Works. The remainder of the evening is for the Budget Committee deliberation process. During this last phase the committee deliberates and approves a budget which is then sent to the City Council. The approved budget can either be the budget as proposed by the City Manager or one that has several changes made by the Committee. The City Council is then charged with holding a public hearing on the approved budget prior to final adoption. There is ample time between now and the scheduled June 17th public hearing that if the Committee elects to carry-over any decisions to an additional meeting it would not cause any disruption in the schedule for the final adoption.

This week's packet contains several different types of information for you to consider. They are:

- Sharing of management's targets and process in preparation of the FY14 Proposed Budget
- Responses to two remaining questions that Committee members have previously asked that required research by staff prior to responding
- Erratum recommendations and Summary Chart (Attachment #2) that identifies likely points of deliberations to assist in the discussion by the Committee
- Motions for necessary final action (Attachment 3)

City Manager's Proposed Budget Targets

As Gino discussed with the Budget Committee at the first meeting, the budget as recommended" is a budget that is fiscally prudent and responsive to today's economic challenges. It makes high priority investments in the community, continues moving us forward in the direction established by our citizens through the Mayor and Council and positions the organization to be responsive to improvements in the local economy. High priority services are maintained without the need for significant new revenue sources."

A goal of the budget preparation process was to present an operating budget to the Committee that was in balance between current resources and requirements. The budget as presented is able to accomplish that but there are areas where the resources needed to continue current services are not as stable or reliable as we would like. Trending expected service costs and available resources into the next several years shows a continued issue of economic stress in several areas. Some of the areas that were discussed at the first meetings overview are:

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- General Fund – major revenue sources in this fund went down in the 2008-2010 period and has generally trended upward since but a slow rate over the past several of years. Estimated expenditures in the current year are lower than 2008 but the fund balance projections still shows a negative trend line. The proposed budget under consideration for FY14 does require the use of additional funding to balance but these resources are coming from the current year savings specifically for this purpose and not past cash reserves. Consideration may have to be given in FY15 to identifying additional resources to meet service demands (from the first evening handouts Attachment 2 Page 5-15 addresses the General Fund).
- Street Fund- our street maintenance and repair budget is primarily supported by a combination of state and local fuel use taxes. Growth for this resource is fairly sporadic where some years there may be a significant increase in the collections and accompanied in other years by a negative growth rate or a very low rate. The inability of this revenue source to keep pace with the current needs and backlog of street maintenance has required for the City to delay many of the lower cost repairs that should be done today. This is resulting in higher costs later. The Council has held several work sessions on Street maintenance funding and staff is currently working on alternative funding options for addressing street maintenance (from the first evening handouts Attachment 2 Pages 16 & 17).
- Building Fund – this fund is supported solely from revenues generated from our building permit and inspection program and has not shown a positive resources to requirement ratio since 2007. The fund has no cash reserves at this time. Staffing levels have been reduced to what staff considers a bare minimum to meet current activity levels and maintain credential employees in key inspection roles. If necessary, management would likely consider providing a subsidy to this fund rather than additional reductions. Revenues are beginning to pick-up in the building area and if this continues this fund could build itself back to financial stability in a relatively short time. If activity does increase above a certain level the City would likely need to increase staffing to meet the needs of the builders (from the first evening handouts Attachment 2 Page 18).
- Ambulance Fund – the services provided from ambulance generated resources are considered an “enterprise” activity as the service was established to be a total self-supporting operation. This once profitable enterprise has had funding difficulties for the last decade now as the federal government has continued to adjust the federal Medicare and Medicaid allowable charges downward. The funding issue facing the City for the provision of ambulance services is not unique to our City as this is the situation faced by many cities across the country. The annual FireMed campaign and the highly effective ambulance program administered by the City have helped tremendously in keeping the fund solvent. The last 2 years have experienced a little bit of a financial recovery by the fund but not enough to be considered healthy nor does it appear to be sustainable. (Attachment 2 Page 19)

As the Budget Committee begins deliberations on the budget as proposed and is considering either increasing or decreasing recommended appropriations there are several ways that these changes can be accomplished. Oregon budget law requires that any budget approved by the Budget Committee remains balanced, with any increase in an expenditure requirement accompanied by a qualified offsetting change within the same accounting fund. An example of how to increase an expense line item in the General Fund by \$20,000 would be to:

- Decrease another expense line in the General Fund by \$20,000

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- Increase resources in the General Fund by changing a projected revenue account
- Decrease the projected cash balance in the General Fund for 6/30/14 and re-appropriate these funds to the desired account
- Consider other appropriate funding resource other than the General Fund and then review the similar options as prior

When the Budget Committee identified last week their first 3 possible changes to the proposed budget it also asked that staff be prepared to review with the Committee the City Manager's Budget Message. Include in the message was the results of management's budget preparation effort to assist the Committee in placing into context some of the competing service needs of the departments. This information is the result of several months of work by staff to establish different levels of funding for departments and attempting to address as many of the funding requests as possible. The status of this effort would be summarized by:

- The final three projects or services that received additional funding over last year's budget and are in the proposed budget for recommended funding in FY14
 - The Information Technology project to implement a Virtual Private Network (VPN) that would allow off-site access through the City's firewall for access to the City's network. This phase would not be full scale VPN and would be limited to IT staff and a few select other managers. Cost in the FY14 Proposed Budget is \$11,398.
 - Increased funding in the Development and Public Works (DPW) for the City's emergency management program. Responsibility for the program is moving from the Fire Department to DPW and management is attempting to respond to the need of improved pre-planning in the anticipation of a disaster. Included in this effort is more involvement in the regional effort and a better equipped EOC (located in the Justice Center). Cost in the FY14 Proposed Budget is \$30,000.
 - The Library is receiving support to reconfigure its technology to convert library collections from barcode to Radio Frequency Identification Tags. The first phase of this project is to purchase and install the tags on all Library materials in preparation for the next phase of acquiring the necessary equipment and minor remodel to fully implement. Increase efficiencies and opening up additional service options are the goal. Cost in the FY14 Proposed Budget is \$35,000
- The items that departments identified that in the short term they would first include in their budget if funding was available but were not able to be included in the Proposed Budget for FY14 are:
 - City Manager's Office
 - Increase funding for economic development efforts to increase the number of jobs in the community
 - Increase funding for human services including sobering services
 - Restore funding for part-time clerk
 - Finance
 - Funding to allow continued movement towards a paperless environment that would improve staff efficiencies and effectiveness
 - One additional position to provide back-up to the existing payroll position
 - Legal/Judicial
 - Increase funding for indigent representation in the Municipal Court
 - Fire & Life Safety
 - Restoration of the Fire Marshal position eliminated in the recommended budget
 - Human Resources

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- One additional position to handle the increased workload related to additional duties/programs taken on by the department over the last several years.
- Information Technology
 - One additional position to allow the investments in technology that will improve the efficiency and effectiveness of city services as well as allow citizens to perform business with the City, without having to come to City Hall
- Library
 - Restore book/materials budget
 - Increase Library hours
- Police
 - Discontinue vacancy management of 2 police officer positions
- Development and Public Works
 - Restore one to two positions to phases to able to respond to increased activity as the result of an improving economy
 - Establish consistent funding for the current backlog of street preservation projects
- Citywide
 - Re-establish adequate funding for computer equipment reserves

Answers to Outstanding Questions from the Budget Committee

Does the City need additional services of a forensic specialist to help with Police investigations?

The challenge and demand for Computer Crimes response and Computer Forensics is growing rapidly. A typical Computer Forensics program professionally handles the collection, preservation, and analysis of computers and digital evidence at crime scenes. They may also support the investigation of major computer incidents. Sworn personnel within the law enforcement department are typically preferred for this role, so they can participate in the execution of search warrants. Springfield does not have a computer forensics officer but utilize the services of a semi-retired professional on a contractual basis.

Acting Police Chief Rick Lewis and IT Director Rod Lathrop recently met to explore the role and potential duties of a Springfield Computer Crimes and Computer Forensics investigator. Because Springfield does not need a full-time expert we discussed whether a new position could additionally accommodate some Police IT needs while handling Computer Forensics duties. Due to the cost of hiring and training a sworn investigator, Chief Lewis expressed a preference for using this position for additional investigation work. This is reasonable due to the significantly lower compensation provided to IT technicians (\$17.90 – 25.07/hour) vs. Police Investigators (\$25.73 - \$34.03/hour).

At this time the current contractual services are adequate. Knowing that the need for expertise in the area is growing and that contractual arrangement is likely not long-term, it would be prudent to begin the planning for a move in the next couple of years.

Since age has deteriorated the current downtown holiday decorations, what would it take repair or replace them for a more decorated downtown during the holiday season?

Springfield's traditional downtown holiday decorations were retired in 2011 when they were deemed no longer safe to install. Little funding was available to replace the old decorations, which typically cost \$500 - \$700 for each location. In 2012 the City Manager's Office purchased 20 holiday themed street banners for \$1,800. These are temporary replacements as planning for new street lighting options in downtown continues.

However, an intermediate option the city could provide includes hanging lighted garland on the street lights that have installation brackets for holiday banners. Two 14 foot sections of lighted garland would wrap around the pole and accent the holiday banners on approximately 18 poles. This would provide a similar feel and look to the old decorations. A storefront decorating contest could also accompany the

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new lights with a small prize for the participating businesses. Cost estimate #1 - \$2,000 - \$3,200 for materials with additional cost for labor.



Erratum Changes Requested by Staff for Consideration by the Budget Committee

- Remove the \$50,000 currently included in the proposed budget for the Olympic Trials 2012 in the City Manager's budget in #208 Transient Room Tax Fund. This is actually from the previous 2 years commitment (2 years at \$50K each) that the City budgeted to help with the Olympic Trials 2012. The source is the hotel/motel transient room tax collected from room stays. This amount should not have been re-budgeted for the FY14 year. Council will have a discussion in the future concerning future involvement in major meets held in the community. The funds will be re-assigned to the transient room tax reserve.
- Increase of \$25,000 to the City Manager's budget in the General Fund for the funding of the Metro Partnership. The City Manager's recommendation to support the organization for this amount (compared to \$50K last year) was made intended to be included in the proposed budget for next year but missed the print deadline for inclusion. Both the City Manager and the Assistant City Manager made not of this unintended exclusion during their presentation. The funding source at the time of budget preparation was to be General Fund available cash resources and by missing the deadline these funds were moved to the general reserve account. The recommended funding source would be to remove the funds back from the general reserve account to the Metro Partnership account.
- Increase of \$30,000 to the DPW in the SDC Administration Fund to complete the necessary funding for the SDC Transportation Methodology update planned for FY14. The Transportation SDC Methodology update will analyze the recommended projects in the updated and revised Transportation System Plan (TSP) to determine the SDC cost basis for growth during the 20-year planning horizon. The total project is expected to cost \$60,000 with \$15,000 already budget for next year and anticipating an original \$15,000 already budget in the current year to

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remain available for next year. The recommended funding source would be to utilize existing SDC Transportation reserves.

- Add \$1,075,000 budget for the Regional Fuel Facility in Response to the Auditors Request for Change in Accounting Practice. This request does not change the cost of the regional fuel facility, only how it is accounted for, but does increase the City's overall budget by this amount. The facility, which provides for fuel used by the City, School District 19, Willamalane Park and Recreation district and Rainbow Water District. The City manages the facility, including accounting for purchases of fuel, and reimbursements from the external agencies based upon their usage of fuel. It provides the several agencies with significant economies of scale in fuel costs.

In past years, the fuel facility activity was recorded through the Agency Fund using a liability account. While this process captured all activity, it required separate reconciliations at year end, and was not clearly visible for City staff to monitor. With our auditor's encouragement, Finance staff has determined that a more appropriate accounting method would be to budget and record receipts and costs through an internal service fund. This improved process will show all revenues and expenses for each fiscal year on our regular posted reports for any City staff member to be able to review on a monthly basis. This also provides Finance with the ability to break out revenues between external and internal customers. The actual activity for FY13 has already been reclassified to the appropriate accounts, and the current activity is being posted to these new accounts in Fund 713

Budget Committee Requests for Funding Options

- LRAPA has made request of Springfield, as a partner agency, to continue to receive funding from the City of Springfield. The Budget Committee approved funding in the current year for \$21,224 and LRAPA's request is to receive at minimum the same amount for next year. LRAPA did not receive any funding from the City in FY12 and \$56,760 in FY11. Staff would recommend that if the Committee chooses to fund LRAPA in FY14 that the funds would come from the General Fund Reserves.
- The IHSC does not fund the Buckley House as one of its regular programs and it is currently not included in the City's proposed budget for next year. The Buckley House also was not included in the City's adopted budget for FY13. During FY13 partner agencies, including the City, worked together to provide funding outside of the regular budget process to keep the Buckley House open. The estimated cost for this service is approximately \$24,000 a month. There has not been any formal request for a specific dollar amount needed to maintain this program through next year. Staff would recommend that the City takes no action at this time and waits until all the partnering agencies can come together and discuss possible funding options for next year's service.
- A response to a request for improved holiday lighting for downtown was described in this memo earlier. Staff looked at a couple of different options and believe that an intermediate option is available that would help restore a more festive look during the holiday time. If the Committee chooses to proceed with this addition to the budget staff would recommend that an appropriation of \$3,200 is included in Fund 208 Transient Room Tax for this project.

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Attachment 2 FY14 Budget Erratum Worksheet

Attachment 2 is a worksheet strictly intended to capture the conversation that has occurred so far into a one-stop visual document. Nothing on the sheet has been decided but should be viewed as including those items that an eventually would have either would be closed out with an action or no-action response. The document is meant to be active in that as many new items can be added to the sheet as the Committee wants and individual members can takes notes and keep track of actions taken.

Attachment 3 Motions Necessary for Final Approval of FY14 Budget

Attachment #3 in the Budget packet is actual motions that would need to be passed that approves the budget and forwards it on the City Council. The first motion starts with the budget as proposed by the City Manager and allows the Committee to articulate every change they would like make in the proposed budget to reach the final recommendation.

The second, third and fourth motions, described in Attachment 8, will not be changed through deliberations as they are authorizing the County, on behalf of the City, to levy each of the City's operating levies to the fullest amount. The fifth and final motion may vary slightly from one year to the next but will not change this year as a result of the deliberations. This is the amount determined necessary to levy outside of the Measure 5 \$10 cap for the payment of all bonded debt next year on the City's outstanding general obligation bonds.

Again thank you for your time and effort in the City's budget process this year and staff is longer forward to your discussion and decisions at this final meeting. As always, if you have questions prior to Tuesday evening, please call myself at 726.3740 or Paula Davis at 726.3698

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The following chart summaries the FY14 Proposed Budget in comparison with the current FY13 Adopted Budget.

OPERATING BUDGETS	FTE <u>FY13</u>	Operating <u>FY 13</u>	FTE <u>FY14</u>	Operating <u>FY 14</u>
City Manager's Office	7.00	1,511,061	7.00	1,477,085
Finance	9.50	1,126,549	9.50	1,215,670
Fire & Life Safety	101.00	17,820,448	100.00	16,777,521
Human Resources	6.00	1,214,915	6.00	8,905,685
Information Technology	10.00	1,535,217	10.00	1,658,627
Legal & Judicial Services	8.84	1,821,588	8.84	1,834,475
Library	12.60	1,488,108	12.60	1,621,748
Police	123.00	18,951,023	123.00	19,703,673
Development & Public Works	<u>130.55</u>	<u>37,421,134</u>	<u>129.75</u>	<u>37,069,380</u>
Total	408.49	82,890,043	406.69	90,263,864
CAPITAL PROJECTS	0.00	43,873,905	0.00	28,658,694
NON- DEPARTMENTAL				
Contingency	0.00	600,000	0.00	600,000
Debt Activities	0.00	16,393,046	0.00	17,040,246
Interfund				
Transfers	0.00	27,179,666	0.00	22,144,059
Reserves	0.00	116,296,066	0.00	137,137,423
Statutory Payments	0.00	15,894,120	0.00	10,778,067
Unappropriated Balances	<u>0.00</u>	<u>475,642</u>	<u>0.00</u>	<u>514,495</u>
Total	0.00	176,838,540	0.00	188,214,290
TOTAL PROPOSED BUDGET	408.49	303,602,488	406.49	307,136,848

**CITY OF SPRINGFIELD BUDGET COMMITTEE
 FY14 BUDGET ERRATUM WORKSHEET
 MAY 21, 2013**

TITLE & DESCRIPTION		INITIAL COST	CHANGE	ERRATUM	SOURCE	YES	NO
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OUTSIDE AGENCY REQUEST FOR ADDITIONAL FUNDING

6. LRAPA							
A.	Add requested budget for LRAPA	-	21,224	21,224	General Fund Reserves		
B.	Leave funding level as proposed	-	-	-			

BUDGET COMMITTEE REQUESTS

1. Holiday Lights							
A.	Add amount to CMO operating budget to address holiday lights.	-	3,200	3,200	Transient Room Tax Reserves		
B.	Leave funding level as proposed	-	-	-			
2. Buckley House							
A.	Add amount to Human Services for support of sobering center.				General Fund Reserves		
B.	Delay decision of funding level to later date	-	-	-			

Other Actions

1. Operating Expense Correction							
A.	Remove error in funding in Fund 208 for Olympic Trials	50,000	(50,000)	-	Transient Room Tax Reserves		
B.	Leave funding level as proposed	50,000	-	50,000			
2. Operating Expense Correction							
A.	Correct funding error for Metro Partnership	-	25,000	25,000	General Fund Reserves		
B.	Leave funding level as proposed	-	-	-			
3. SDC Transportation							
A.	Establish necessary budget for SDC Transportation updated plan	-	30,000	30,000	SDC Transportation Imp Reserves		
B.	Leave funding level as proposed	-	-	-			
4. Fuel Facility							
A.	Auditors requested a change in accounting for Regional Fuel Facility	-	1,075,000	1,075,000	Vehicle & Equipment Fund		
B.	Leave funding level as proposed	-	-	-			

Budget Committee Action Required for Approval of FY14 Proposed Budget

Motions:

- ↳ A motion to approve the budget as proposed by the City Manager with the following changes: (person making the motion should, or can ask staff to, recite the changes identified on the master Budget Committee Deliberation Worksheet and as captured in the meeting minutes)
- ↳ A motion to direct Council to levy a property tax for the 2013/14 fiscal year at a rate of \$4.7403 per thousand.
- ↳ A motion to direct Council to levy a special operating local option property tax for the 2013/14 fiscal year at a rate of \$0.36 per thousand. (The Fire Local Option Levy)
- ↳ A motion to direct Council to levy a special operating local option property tax for the 2013/14 fiscal year at a rate of \$1.28 per thousand. (The Police and Court Local Option Levy)
- ↳ A motion to levy an additional \$3,389,306 for the retirement of the City's bonded indebtedness.