

MINUTES
Troutdale Budget Committee – Work Session
Troutdale City Conference Building
223 Buxton Avenue
Troutdale, OR 97060-2099

Wednesday, November 16, 2005

I. WELCOME AND INTRODUCTIONS.

- A. Preparations for 11/16/05 Budget Committee Work Session
- B. Committee Members
- C. Work Session Guidelines

Jim Jensen called the meeting to order at 7:00pm.

PRESENT: Mayor Thalhoffer, Councilor Ripma (7:30pm), Councilor Canfield, Councilor Kyle, Councilor Daoust, Jim Jensen, Chris Bell, Gregg Christenson, John Wilson (7:03pm), and John Edwards.

ABSENT: Councilor Gorsek (not excused), Councilor Thomas (excused), Dave DeGraff (excused), and Robert Dix (excused).

STAFF: John Anderson, City Administrator; Kathy Leader, Finance Director; Debbie Stickney, City Recorder; Jim Galloway, Public Works Director; and David Nelson, Chief of Police.

GUESTS: Mathew Wand, Budget Committee applicant.

Chair Jensen stated the purpose of this meeting is to start working with the City on the preparation for the budget and the budget process that we're going to establish and follow. It isn't necessarily to go through this item by item but to go over the goals of the City and how the staff is going to try and put together a budget to meet those goals. Then, how we're going to possibly be designing a methodology for constructing the budget itself. We are going to be touching initially on the 3 to 5 year budget projections. Last year we discussed how the City of Gresham had put together their prioritization program and it's something that Troutdale is going to be doing. This is something that Mayor Thalhoffer has been encouraging for probably 12 to 15 years.

II. REVIEW OF FY 2004-05 YEAR END FINANCIAL STATEMENTS AND THREE YEAR PROJECTIONS.

- A. Review General Fund revenue and expenditure situation and projected labor contract costs.

B. Review Waste Water Treatment Plant (WWTP) debt service revenue situation.

Kathy Leader, Finance Director, stated one of the packets of information before you is titled Budget Committee Work Session Resource Materials. A lot of the graphs that will be in my PowerPoint presentation to you are detailed data taken out of this resource packet. I will be referring you back to where you can find the detail. Inside the second packet, the Agenda packet, is a copy of the presentation which begins on page 5.

Leader began the presentation. A copy can be found in the meeting packet.

Chris Bell asked do you see an increase in franchise fees for natural gas since the large increase has been approved by the Public Utilities Commission?

Leader replied when we go further into the presentation I'll show you some of the assumptions that we made and franchises are one of the bigger General Fund revenues. We did some projections but franchise fees are hard to predict. We did some increase projections.

Councilor Daoust asked what was the main reduction in expenditures last year?

John Anderson, City Administrator, replied we had a couple budgeted positions that were vacant for a good portion of the year.

Leader stated we also had a freeze on materials and services.

Councilor Daoust asked will some of those positions will be filled this year then?

Leader replied for this budget year the Human Resources (HR) position was hired at half time. We also eliminated the position that hadn't been filled for the Recreation Program. We added 1.5 grant positions that were funded through outside sources. The only other increase in staffing was for the Building Inspection Program. We hired 2 individuals basically replacing contract services.

Anderson stated there's a summary of the authorized and vacant positions on page 21 of the Resource packet.

Councilor Daoust asked why do our expenditures rise so much?

Leader replied in 2005-06 we had a significant increase in the fire contract. We also had a significant increase in PERS. In the budget we usually appropriate at a higher lever than we will usually expend.

Chair Jensen stated you have the City Attorney at 1.25 FTE but the two things only add up to 1.0.

Anderson replied that's a typo, it should be 1.0.

John Wilson asked does this also project the build-out of Troutdale and the new taxes that we're going to be getting?

Leader replied yes. I will be talking about some assumptions on property tax and what we've been doing.

Anderson stated we have a detailed worksheet in the Resource packet on page 26. It tries to estimate the amount of buildable land going forward in the future. As the buildable land shrinks, revenue from building permits will shrink. On the other hand there'll be more structures, paying more property taxes.

Leader stated these slides are supported in the detail in your Agenda Packet on page 32.

Councilor Daoust asked would a fair summary be that we're not in as bad of shape for next year as we thought we might be?

Leader replied as long as we keep our expenditures in line. We have some opportunity to sit back and think strategically in how we want to address the issue. We still have to address the issue that our revenues aren't meeting our expenditures. We were originally talking about doing a levy in November of 2006. Fortunately it looks like we're going to have an opportunity to sit back and wait until 2008 or pursue other options.

David Nelson, Chief of Police, asked at what point in time do we need to increase the \$1,000,000 in reserves?

Leader replied I went back and did some figures on the cash flow and at this point \$1,000,000 is still an alright number. If we want our General Fund reserves to stay at a certain level we may want to make a policy decision to move that bar up.

Nelson stated personnel is a good chunk of the budget and the personnel cost is beginning to rise. To fill that gap, at what point in time do we have to raise that bar?

Leader replied we will definitely be looking at that. It's probably a good policy to establish some adequate reserves.

Councilor Kyle asked we have had maybe a 15% appreciation in property value in East County, is that going to affect our tax base next year? If the County bumps those property values up to market value are we capped?

Leader replied they can only do a 3% increase. What's happening when they're adjusting the real market value is they're reducing that factor of compression. Not only is there a limit to the increase but there is also Measure 5 that limits the overall tax to \$10 per \$1,000 which is based on the real market value. Cities are interested in the real market value because as they're reaching close to compression, where your real market and your tax assessed value are getting close, you could reach over that \$10 limit and then every

jurisdictions tax receipts would be adjusted down to that \$10 level. That's the benefit of looking at the real market value factor. They limit it to the 3% unless you did some improvements to your property and then they may do an assessment and adjust for that.

Councilor Daoust asked do you actually incorporate all the assumptions in out years?

Leader replied I look at the most recent building when I look at what I'm going to estimate for my increase in my tax assessed value for the next year. It's hard to say what type of development is going to happen in the future years. I really only have the current year to look at. In future years I think about how much build out we have available and try to be conservative in the increase. We start with the 3% and then try to estimate what portion we're going to add in for construction.

Leader stated this slide is not in your packet. This is showing you historically, what's happened with our tax assessed value. In 1998 they reduced down our tax assessed value under Measure 50. It's showing you that it hasn't always been an upward trend adjustment in our value growth. It's been pretty volatile. That's why in outer years I try to keep it fairly conservative. In 2006 there is quite an increase. You can see from last years building permit revenues that we had a lot of construction and development happening in the City. Similarly with business income tax, you see it start happening in 2000 & 2001. There was a slow decline, then a bit of a pick-up. We had a pretty slow 2005.

Leader continued on with the PowerPoint presentation which can be found in the packet.

Matthew Wand asked is the franchise fee a percentage of the total bill or is it a flat rate per customer?

Leader replied it's a fee on each customer. As we increase population, we would see an increase.

Wand asked what about in a year where we have a huge build out of houses and everybody gets a one time \$100 charge for hook up? Is that a percentage of the one time charge as well as the franchise fee?

Leader replied no. It depends on the individual agreements. Telecom is very specific in the charges, it's only for the line charge that they can assess that fee. It depends on the utility and what portion is in that gross revenue base that the fee is applied to.

Wand stated for Northwest Natural, I believe their franchise fees are a percentage of net revenue that they collect. With the increase in gas prices you should also see an increase in franchise fees.

Leader replied we had a significant increase in revenues in 2002 or 2003 and had a 33% increase for customers. There really wasn't a big increase in our revenue collections. We did have some warm winters in there where maybe heat use wasn't significant. It's difficult to project. We have franchise audits going to evaluate the accuracy of the revenues being

provided. PGE was completed a few years back. We didn't participate in Northwest Natural's but some other local cities did. In talking with them, there weren't a lot of findings in that area but they did a good job of identifying areas within the City limits and also the gross revenue that the fee is tied to. We are now in the process of doing the Verizon audit. We've found some issues there of not only identifying properties in the City boundaries but also what they include in the direct revenue source that they apply the fee to. Some initial numbers from the audit are that Troutdale could see between \$60,000 and \$80,000. They are still working on discussing what is included in gross revenue. We have been evaluating whether the revenues we're receiving are accurate.

Mayor Thalhofer asked how firm are our building permit agreements with Wood Village and Fairview?

Leader replied we just negotiate two new contracts, one with Fairview and one with Wood Village. I believe they were 5 year contracts. They were satisfactory agreements.

Gregg Christensen asked are all PERS programs run by the State?

Leader replied yes.

Christensen asked local jurisdictions have no control?

Leader replied no. Once you elect to participate in PERS you can not leave. Those that opt not to participate in PERS have to report and show that their plan is as good as or better than PERS.

Mayor Thalhofer asked have we put our health insurance out for bid or do we just stay with City County Insurance Services (CCIS)?

Leader replied the issue with this City is that we're so small and we don't have our own experience rating for our employee group. So it's hard to go out to bid. We're grouped in under CCIS's rating pool. We are looking at options of changing our plans offered. Right now we probably have the richest plan offered by CCIS, Regence plan V-A. We've look at adding a preferred provider component to that or offering another plan. That would be a union related issue. We've also looked at increasing participation by employees.

Councilor Daoust asked are all employees under the same identical plan?

Leader replied no, we offer two plans, Regence plan V-A and Kaiser. We have a mixed participation for both plans.

Chris Bell asked is the cost to the City for employees only or does it pay for employees and family?

Leader replied all. For plan V-A, employee only, is \$430 per month minus the 5% employee contribution. For employee and family it's \$1,209 per month. For Kaiser it's about a \$100

less for employee only, it's about \$200 less for employee + 1, and about \$300 less for employee and family.

Chris Bell asked does the City pay for the employee only?

Leader replied we pay 95% for the employee and family and the employee pays 5% of that.

Anderson stated this is pretty typical for most public sectors.

Chair Jensen asked a lot of this is in negotiations right?

Leader replied these are all things that have to be negotiated through the union agreement.

Chair Jensen asked in addition to their cost, do they also have a copay?

Leader replied they have deductibles and copays.

Gregg Christensen stated an increase of 20% seems kind of steep. I think nationally it's 7 or 8% per year? Were there a lot of babies born?

Leader replied on the health insurance side, I'd say that the actual increase in premium was around 8% but that 20% figure includes the changes in staffing.

Chair Jensen asked is there any reason why the fire increase was not included in the dollar amounts that showed paid to other taxing authorities?

Leader replied we provide it through our permanent rate, just like police service. Where we talked about looking at a potential fire district, that would be a separate taxing jurisdiction that would have its own levy and be outside the General Fund.

Leader reviewed the spreadsheet on page 32 of the Agenda packet.

Councilor Kyle asked regarding the projections for 07/08, what did you say the \$150,000 under Debt Service was for?

Leader replied when we need to relocate the Parks and Facilities building that's down at the old Sewer Treatment Plant site. That would be some form of debt service on the building construction.

Councilor Daoust stated I thought it was \$50,000 per year for a total of \$150,000.

Leader replied no, the estimate to construct a new building is \$400,000. Our hope is to put it on a City site so we don't have land costs.

Councilor Kyle stated we couldn't use SDC's because it's an improvement?

Anderson replied it would be borderline because it's a replacement.

Matthew Wand asked who did the estimate on that?

Anderson replied we asked our Parks Superintendent, Clyde Keebaugh. He put together some estimates based on replacing the square footage. They have more square footage down there than they need right now.

Mayor Thalhofer asked is there some way to save the big building at the Sewer Treatment Plant site?

Anderson replied that could be evaluated when we find a new location.

Mayor Thalhofer asked where do we stand with Parks SDC's?

Anderson replied they are running at 35% after a third of the year. We're just a fraction ahead of where we ought to be. The dollar amount is \$194,000.

Leader stated for the budget we projected the beginning fund balance at \$700,000.

Councilor Daoust asked could you explain the large debt service for next year?

Leader replied that includes paying off the City Hall future land site, the COP debt currently outstanding which is about \$283,000, and the first initial payment if we were to relocate the Parks and Facilities Department.

Anderson stated if we chose to do none of that, the number could go down to about \$98,000.

Leader stated we mainly put this in so we could see what would happen with the ending fund in the worst case scenario that you're spending that money.

Jim Galloway, Public Works Director, stated please refer to the memo on page 33 and the spreadsheet on page 34 of the Agenda packet. The spreadsheet will be the most helpful. We have two debts currently that are associated with the Sewage Treatment Plant. One is the Oregon Economic Development Department (OEDD) loan that was taken out in 1990 or 1991 for roughly \$3,000,000 to make improvements at the prior Sewage Treatment Plant site. The General Obligation (GO) Bond to construct the new treatment plant that went into operation in 2001. We also have three potential sources of funding. We have the Sewer Fund, which are made up of the monthly fees that our customers pay; the Sewer Improvement Fund, which is the one time System Development Charges (SDC's) that a new development pays; and Property Tax, which is only applicable to the GO Bond. At the time that we set up the GO Bond some assumptions were made as to what percentage of the bond debt service payments would come out of property tax, what percentage from the Sewer Fund, and what percentage from the Sewer Improvement Fund. Footnotes 1 and 2 on the spreadsheet show that last fiscal year and our current fiscal year, we increased the

anticipated amount of the property tax levy because the SDC revenues were lagging and there was a chance that we wouldn't have enough to make the debt service payments. For the proposed 2006-07 year, as indicated in footnote 3, we currently have a good portion of that payment already in the Revenue Bond fund for the OEDD loan. That's money that was set up early on when that debt was incurred over a decade ago because we were required in the terms of the revenue bond to maintain a certain amount of reserve. Also that fund has earned a little bit of interest over the years. Because we've had some concern about raising sufficient SDC's to meet it's share of both debt payments, the recommendation that we'll be making is that the full amount sitting in the revenue bond fund be used in lieu of SDC's to help make that OEDD loan payment. The total amount that we're paying is going to be in the \$500,000 range. The estimate of annual SDC revenue is a bit of a crap shoot. It varies widely depending upon economic conditions and how much development occurs. I went back for the last 5 years of know SDC revenues, averaged them, and that's where the \$448,000 came from and said as of today that's probably the best guess of what the next few years are going to bring. That does not equal the amount that we'd need to raise to make that portion of the GO Bond payment. I would recommend that we go back to the original tax figure for proposed voters in the Voter's Pamphlet and raise some additional funds via the property tax to help build up the balance in the Debt Service Fund so that we eventually get to a point where we have the following years payment already in hand so we don't have to play a guessing game each year. I have a correction to make from the memo about half way through the large paragraph, I mention the tax rate of originally \$0.68 per \$1,000, that figure should actually be \$0.715. The effect that has is about a \$30,000 difference in the figures that I put forth in this memo.

Chair Jensen asked before page 35 is there a page that's missing?

Anderson replied there isn't a page missing for the purposes of this meeting. I just took a copy of page 2 of 5 of the proposed agreement with Gresham so I could show you the 10 year schedule for paying for fire service.

Chair Jensen called for a 10-minute break at 8:20pm and reconvened the meeting at 8:30pm.

- III. REVIEW POTENTIAL LOCAL LEVY OPTIONS FOR FUNDING THE MULTI-YEAR INCREASE IN OUR FIRE SERVICE CONTRACT WITH GRESHAM.**
- A.** Review expected contract increases (we have negotiated a draft 10-year agreement).
 - B.** Review future Three City options for funding fire service.
 - C.** Review timeline and cost for a November 2006 levy election.

John Anderson, City Administrator, stated item III A is on page 35. You'll see two tables at the top of the page. The top table for the first 5 years represents the amounts that the 3 Cities would pay the City of Gresham under the proposed contract. The 3 Cities have approved the principal elements of this contract. It's been drafted by our Attorney and it's being reviewed by Gresham and after talking to the City Manager, it looks like it should pass. We're hoping their City Council will act on the contract before the end of the year and then we'd bring it back to our 3 City Councils' for approval. The Troutdale amount for the 5 years

has a \$200,000 increase in it from 2005-06 to 2006-07 and then a 3.5% increase. The second 5 year category has an annual increase of 4%. This would be a proposed 10 year contract. There is a clause in the contract that says if Gresham's uncontrollable costs increase more than 9.5% in 1 year, Gresham can reopen the contract. That isn't particularly likely.

Anderson stated III B is to bring you up to date on the negotiations that the 3 Cities have had with Gresham. To try to build our case and to keep our options open the 3 Cities talked about creating their own fire district. Even though we have a tentative agreement with Gresham, the Committee that worked on it voted to reconvene once the 10 year contract is signed and seriously look at creating a special district. That could be done two ways. One is you could create the special district without any taxing authority in which case the 3 Cities would still use their General Fund money or either initially once it's set up or sometime later in existence, that fire district could go to the voters within their boundary and ask to create a new permanent levy. The reason that's being considered is because under State law, Measure 5, if you go out for an operating levy it only has a 5 year life and every 5 years you have to go out again. The only way a City or County can get around that is to create a brand new district. Across the State, a lot of Cities have looked at either annexing to an existing fire district to get that new base or create a new one themselves. It would look like the external boundary of the 3 Cities and as soon as it's proposed to have taxing authority, you'd have to take it to the voters. That's what the committee will be studying. Whether or not the 3 City Councils' decide to pursue that seriously is open for debate.

Anderson stated III C has a timeline on page 36. I think 3 months ago we were convinced that in November 2006 we were going to have to put a measure on the ballot to get at least a 5 year operating levy to help pay for the increase in fire service. We actually thought that instead of two \$200,000 jumps there would be three \$200,000 jumps in the cost for service taking it up to \$600,000 before it leveled off. Through the negotiations we held it to about 2/3.

Anderson went over the possible levy timeline with the Budget Committee.

Anderson stated we wanted to coordinate with Fairview and Wood Village. Neither one of them think that they'll go out in 2006 to fund fire service. They think they'll probably wait until 2008.

Gregg Christensen asked is it all or nothing, either we all go into the election or none of us can?

Anderson replied no, we could go by ourselves.

Gregg Christensen asked could we create our own fire district then?

Anderson replied that's another option.

IV. ESTABLISH STAFF BUDGET PREPARATION GUIDELINES. A. Review draft 2006-07 budget calendar.
--

- B.** Review staff capacity for May 16, 2006 Urban Renewal Election
- C.** Discuss options to be presented to the Budget Committee to obtain a recommended balanced budget
 - ♦ Small city zero based budget process exploring a blend of increased fees and reductions in expenditures (same process as last year).
 - ♦ Program reduction by creating program packages and establishing service level priorities.
 - ♦ Discuss potential levy and a potential target date for an election (November 2006 or November 2008).
 - ♦ Pursue a Three City Fire Service District and set a target date.

Kathy Leader, Finance Director, discussed item IV A with the Council which can be found in the Agenda packet, page 37.

John Anderson, City Administrator, stated for item B, I wanted to go over staff's availability during the budget process. Next Spring staff will be working with City Council on preparations for a May 16th election on the Urban Renewal Plan for the Redevelopment of the old Wastewater Treatment Plant. There is a schedule on page 38. That's one big task that's normally not there during budget time. The second task would be negotiations for a potential renewal of our 3 year labor contracts. We have two bargaining units, Police and AFSCME. Usually they take a long period of time that's not that intense with two to three weeks between meetings. That usually absorbs quite a bit of staff time as well. The third item is if we're starting to ramp up for a November 2006 election for a levy. I don't think in staff's mind we feel we can do a really adequate job of trying to juggle all of three of those. It doesn't necessarily look like we'll have to go for a levy in November 2006.

Anderson stated for item C, these are similar to last year only with examples. Page 39 is what we call the small city zero based budgeting. This is similar to the process last year. We brought this list to the Budget Committee as staff recommendations for balanced revenues and expenditures for the fiscal year we're in now. The top right had corner states a 4% General Fund reduction. On page 40 we had agreed with the Budget Committee that we'd create options and show our recommendations from the options. If you look at the top right corner, we had 8% worth of General Fund reduction options. The items in grey were items that we chose not to cut out of the budget. This was the tool that this Budget Committee had when it sat down. You got a balanced budget recommendation from us and this showed you what the options where that we looked at to get to that balanced budget. That is one option to look at for the guidelines you want to give us for next year. The second option is program reduction, the process used by Gresham.

Anderson discussed the Gresham process which is on pages 41 through 44.

Anderson stated the third bullet under IV C is to discuss a potential levy for the fire service and pick a target date of November 2006 or November 2008. The fourth one is to pursue a three City fire service district and set a target date. Those are the questions that are open on the table for the Budget Committee to give us some guidelines on how you'd like to have us approach putting the budget together for next year.

V. MEETING WRAP UP.

- A.** Summarize budget preparation guidelines for staff budget preparation.
- B.** Discuss the possible need for additional communication or meeting between now and the regular Budget Committee meetings.

Chris Bell stated my recommendation is to do what we've been doing in the past where the City Departments come together and figure out the budget priorities.

Mayor Thalhoffer stated I agree.

Councilor Daoust stated with the Gresham model, if you have each department prioritize their own worth, there has to be some point where we get together as an entire City and prioritize everything.

Anderson replied after each department prioritized, then the City Manager had a team where they had to prioritize across all departments. It's a huge one time investment and then if you can keep it going it's not that significant in subsequent years.

Councilor Daoust stated I don't see how the Budget Committee would have the wherewithal to challenge staff's prioritization. The process we've been using, to build the bottom list which is the opposite of what Gresham did, seems to work for us.

Anderson replied that's the methodology behind the small city zero based budget.

Chair Jensen stated I think it's something that we're going to have to do in the not too distant future because we are running into points where we just don't have enough money for everything. I thought part of our charge as a Budget Committee is to help establish the priorities based on the goals set out by the City Council. This is a very intense process and I think it's something that we're going to take a serious look at.

Anderson replied perhaps people could take a look at this when we finish off the budget in April. If you decided you wanted us to tackle that for the following year, then we gear up and have a couple of meetings to set the criteria.

Mayor Thalhoffer stated if we're going to do it, I'd recommend that we do it next year.

Anderson stated it looks like most people are satisfied with the small city approach that we used last year.

Budget Committee agreed.

Anderson stated the next question here is do you want us to seriously entertain building a budget that would anticipate a November 2006 vote for an operating levy to begin paying for fire service?

Councilor Canfield replied I don't think that's a good idea, it would over tax the staff.

Councilor Ripma stated it's a terrible way to pay for fire.

Mayor Thalhoffer stated there'll be so many issues on that ballot.

Anderson stated we'll leave the 2008 on the table but we don't have to make a decision on that. Does the Budget Committee want to talk about setting a target for the three City fire service district?

Chair Jensen replied I don't think we really could make an intelligent recommendation until people have sat down and put together some ideas, cost, options, and so on.

Mayor Thalhoffer stated at some point it'll be good for the three City AD Hoc Committee, at least our members of the committee, to report to the Budget Committee.

Anderson stated staff got pretty aggressive about putting new potential capital expenditures into these projections. When we prepare the budget that you'll be seeing next Spring, paying off the debt service is a reasonable proposal and should at least be in there but you could always take it out.

John Wilson asked would we be better off investing that money into something else and paying the interest or just paying it off?

Leader replied my preference is to utilize the one time money for a one time expense. We're on the back end of the loan so the amount of interest we're paying on it is fairly low. Normally you don't like to take one time monies to meet normal operating expenses because of the fact that they are a one time money.

Anderson stated we could build a list of other potential major capital expenditures that have some merit and you could look at the list and decide if debt service is more important or one of the other things are more important.

John Wilson replied that's what I'd like to see.

Chair Jensen stated we're going to have declining revenues and we might be better off getting rid of a debt now while we have the money so we don't have to cut things down the road to continue to pay that debt. There are some things coming up that we may be able to take more advantage of now. This would be upgrades of computer systems, police and other vehicles, and things of this sort. I think we might have a hard sell to the citizens that we have this extra money so we're going out to buy new things.

John Wilson replied you're doing the same thing by upgrading. You're taking care of something that you're either going to have to pay for later or you pay for now and if the cost is cheaper to do it now than later then I think it's an option to look at.

Councilor Daoust asked is this the last time that we're going to meet before the Budget Committee meetings?

Anderson replied yes.

Councilor Daoust asked is that too much work to give options like that? I assume you're going to have to build the budget two ways or is there an easier way to show options?

Anderson replied we can have some basic capital outlay type options whether they're vehicles or debt service. We now have a capital equipment list that prioritizes police and other vehicles.

Councilor Daoust asked it won't be a list of things to cut, it'll be a list of things to add?

Anderson replied yes but they'd be one time things.

Councilor Daoust asked how do you build the budget if you have a list of what you could add or what you could take away? You've got to have some assumptions in there.

Anderson replied we could put an assumption in there that it's \$300,000 and then you could pick and choose or you could just decide we want \$150,000.

John Wilson asked could we have a list of what projects could be done with that \$350,000 on a separate sheet so we know what the costs are?

Anderson replied yes.

Anderson stated last year you wanted us to review whether or not there was any new revenues or increased revenues that ought to be researched. Do you want us to do that again this year?

Budget Committee replied that they would.

Chair Jensen stated one item to discuss is whether or not we should have additional meetings between now and the beginning of the formal Budget Committee hearings. We can get ourselves into discussions that last a long time. Would it not be smart to sit down after you've drawn up the lists of how to possibly use up \$350,000 and the list of possible additional revenue to see if this is the direction that we want to go so those numbers could potentially be plugged into the final budget.

Anderson replied staff's open to that if the committee wants to do something like that.

Chris Bell stated I think it could be done at the Budget Committee meeting in April. We know its \$350,000 we just don't know where it's going to end up.

Councilor Ripma stated a concern is we can't bind ourselves to agree. If we have a spirited discussion about what to do with that money and we direct staff to prepare a budget along those lines, as soon as we reconvene everyone will disagree. Then we'll be re-discussing it. I think we need to make a decision at budget time.

Mayor Thalhoffer stated instead of trying to get it done in the second night and go until midnight, we should have a third or fourth night.

Anderson replied Kathy has that planned.

Chair Jensen stated my only concern is that this is something that I don't know if we're achieving the goal of getting the Budget Committee more involved in the budgetary process with the City or if we're reverting back to what we've historically done, wait until we're given the budget in April and it's debated at that stage. We've been given an opportunity by the City to become a lot more proactive. I'm hearing that is not particularly what we want to do.

John Wilson stated we should let them put together the list and if John and his staff think that we need to meet because this list is extensive or they want to try to prioritize some things, let them decide whether or not we need to get back together.

Chair Jensen replied that's fine.

Anderson asked is there anything else that the Budget Committee members would like to talk about?

Mayor Thalhoffer asked is the Police Vehicle Replacement Policy still in effect?

David Nelson, Chief of Police, replied it was never really a policy but more of a guideline. We tried to replace two vehicles a year. Over the years we've went away from that and started going to one vehicle a year, then to buying some used cars, and then we got a new car. A couple of months ago we had some mechanical issues with a car that wasn't worth spending \$5,000 to \$6,000 to put a new engine in so we got money from contingencies. We're trying to build our fleet back up. We ideally need to get back to the two new cars a year, which is outlined in the capital expenditure report in the Resource Materials packet. If that's something that the Budget Committee isn't going to agree on, then we'll have to make reductions in that area or elsewhere to maintain that fleet. We have a lot of vehicles with high mileage and it's listed on a spreadsheet what the mileage is, how we use the vehicle, the estimated time that it's going to be taken out of service or if its going to be taken from patrol and go into a secondary use. Typically our new cars go to patrol, Sergeants and administration usually get the leftovers after they've been ran from between 80,000 to 100,000 miles. In some cases we have patrol cars that are on the road now with 90,000 to 112,000 miles. We're not going to use them as a secondary car, we're just going to send them to auction. Over this fiscal year I think we're taking 4 or 5 vehicles to auction with 2 new replacement vehicles that we're getting around the first of the year.

John Edwards stated look at how many miles are on those cars and multiply that by two because they get a lot of idle time. The one thing that the Police Department should change is the idle time that they sit in front of the office.

Nelson replied you'll start to see more and more cars are shutting down. Some times they'll leave their car running, with the MDT and the radio on, in case they don't remember to turn that stuff off and they go in for an extended period of time and come out. In some cases the equipment will drain the battery. If they forget to turn off the radio or MDT and have all of this equipment running, it drains the battery. What some of them have been doing is leaving the vehicle running with the door locked and then go into the building. We're trying to address that not only for the length of the vehicle but also the fuel costs.

Chair Jensen stated I'd like to thank staff for the information that they've put out, particularly the City Council goals which we really haven't seen in writing up to this point so we can do our job right.

VI. ADJOURNMENT.

Chair Jensen adjourned the meeting at 9:21pm.

Jim Jensen, Chair

Approved June 13, 2006

ATTEST:

Sarah Skroch, Office Support Specialist