

*Minutes approved by the Budget Committee on May 23, 2012.*

1. **ROLL CALL:** The meeting was called to order by Chair Rod Fuiten at 7:00 pm. The following members were present: Tom Beck, Tom BeLusko, Jr., Meredith Bliss, Rod Fuiten, Jeff Hill, Tom Johnston, Jonathan Kipp, Victoria Lowe, David Maisel, Camille Miller, Chere Sandusky, Ron Thompson, and Peter Truax. Absent: Elena Uhing. Staff present: Michael Sykes, City Manager; Paul Downey, Administrative Services Director; Susan Cole, Administrative Services Assistant Director; Jeff King, Economic Development Coordinator; and Bev Maughan, Executive Assistant to City Manager.

2. **CITIZEN COMMUNICATIONS:** None.

3. **ADDITIONS/DELETIONS:** Chair Fuiten introduced and welcomed Tom Beck as a new member to the committee.

Downey noted that this was an informational meeting only and that there would be no discussion of the details of the proposed budget for FY 2011-12.

4. **APPROVAL OF BUDGET COMMITTEE WORK SESSION MINUTES OF NOVEMBER 29, 2010:** Hill moved, seconded by Bliss, to approve the minutes as presented. With all those present voting in favor, the motion passed.

5. **RECAP SWOT RESULTS FROM NOVEMBER WORK SESSION:** Sykes reviewed the results from the SWOT analysis included in the packet which reflected the items that received the majority of priority of the members.

6. **STRATEGIC ACTION ITEMS FROM SWOT:**

- **Levy Strategies and Draft Schedule; Contingency Plans:** Sykes referred to the proposed strategy for a levy campaign and Downey explained the timing of actions needed. In response to Beck's inquiry, staff explained the purpose of the polling was to get the feel from the electors for support of the rate, what is the right amount to match the mood of the citizens with the City needs, and gives the City an idea of what is needed in an educational campaign. Downey distributed an updated discretionary revenue breakdown to put the levy in context with the discretionary revenue needed in the General Fund. In response to Kipp's inquiry regarding when the Budget Committee would be involved in planning the contingency plan, Downey responded that the Budget Committee would be involved during the budget process between November and May 2013 when the levy would need to be eliminated from the budget. Discussion ensued around the need for the contingency plan information to be included in the campaign message as well as the polling questions. There was consensus to schedule a Budget Committee work session after the polling to discuss the results and to determine the proposed levy tax rate and to proceed with the May 2012 election date for the levy ballot.
- **Economic Development Expansion Efforts:** King presented an overview of the core areas of economic development which have heretofore been extended through leveraging, grants,

fundraising and partnerships due to limited resources. He noted the core areas: Business Recruitment and Attraction, Business Retention and Expansion, New Business Creation/Start-ups; Tourism, Downtown; and the pros and cons of the current economic trends and activities in the metro area such as offering incentives. He presented the proposed industrial/commercial marketing plan to meet economic development expansion efforts which included developing a marketing package, identifying demographic and market data, designing economic gardening program, assisting with business signage, and assisting entrepreneurs with start-up counseling. In response to Kipp's inquiry regarding the investment needed to successfully meet the marketing proposal, staff noted that \$40,000 would be proposed in the Economic Development budget compared to the limited resources that have been available in the past. Beck noted the financial impact information would be very helpful as part of the presentation. Johnston suggested that meetings between staff and local landlords and banks to work with businesses could be helpful. BeLusko suggested expansion include knocking on doors to grow businesses. Bliss noted that any program implemented needs to include an evaluation to measure performance and demonstrate achievements of the program. Lowe commended the actions of hiring an economic development coordinator and establishing the Economic Development Commission that have brought value from limited funds.

- **Manage Cost of Personnel:** Downey explained that three union labor negotiations are currently underway and bargaining will include retirement plan changes for new employees which will result in long-term benefits; a lower CPI than expected, and insurance plan changes. Cole distributed a handout showing the breakdown of deductible in CIS benefit plans which reiterates that the City has already moved to the higher co-payment plans so there is not much opportunity for cost savings in insurance plan changes. In response to Kipp's inquiry of expected cost savings or increased revenue from this strategic action, Downey noted the economic package has not been proposed in negotiations at this point and it is anticipated that the City will not see reduced employee costs from the standpoint of salaries and benefits next year but the City will try to control the increase of the cost per employee; if there isn't enough revenue to cover costs, decisions based on headcount will be discussed. In response to Kipp's request that the budget committee have a broader influence on the budget, Sykes noted that staff is working to put the numbers together but the intent of this meeting was to present ideas and take general feedback from the committee to get affirmation on the ideas and then put the numbers into the budget. In response to Johnston's inquiry as to discussing issues such as what level of service for what amount of money can be provided, Downey replied that the 2011-12 plan for economic development was presented so that during the proposed budget meetings the committee will know what the dollars are tied to. At the end of this discussion, there was concurrence that the City did not have the ability to lower personnel costs substantially but that managing the costs keeps the City competitive and able to hire and retain good employees and the cost of benefits is information needed to education the citizens.
- **Working with Legislative Partnerships:** Sykes noted that the Mayor serves on the board of directors of the League of Oregon Cities (LOC) and a number of councilors serve on various committees. He reported that through this collective effort priorities have been identified to promote financial stability for the cities such as: retaining the alcohol and cigarette tax and other state shared revenue; creating the opportunity for local governments to pursue 10-year

levies as opposed to just 5-year levies; and promoting the addition of about 700 acres to the Urban Reserve for Forest Grove. Mayor Truax noted efforts to get a partial distribution to cities from the hotel/motel tax revenue to help fund city operating costs related to tourism activities; noted Councilor Lowe's involvement in water-related committees and discussions such as the supply of water for cities under water rights certificates; noted Councilor Thompson's involvement in transportation and energy committees; noted Councilor Johnston's involvement in the finance and taxation committee; and noted discussions with Metro and Congressmen regarding transportation and CDBG projects. Bliss commented that there seemed to be a disparaging difference within the Metro region relating to fair policy decision and shared revenue from those regional programs.

7. **INFORMATIONAL REVIEW OF GENERAL FUND:** Cole distributed the General Fund Financial Plan and Downey reviewed the updated forecast for 2011-12 noting that the deficit is going to be higher than forecasted due to decreasing revenue trends in franchise revenue, assessed value of industrial property and water revenue from industrial customers and noted that a balanced budget will be presented to the budget committee. Beck requested that the forecast and other information include percentages as another way to compare and evaluate the information.
8. **ADJOURNMENT:** The meeting was adjourned at 8:53 p.m. The next meeting is scheduled for May 18, 2011, for the presentation of the budget message and review of the proposed budget.

Respectfully submitted,

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Beverly Maughan  
Executive Assistant to City Manager