CITY OF ELLENSBURG, WASHINGTON

Minutes of Council Meeting, Special Session

Date of Meeting November 12, 2001

Time of Meeting 6:30 p.m.

Place of Meeting Council Chambers, 100 North Pearl Street

Councilmembers Present: Barry, Bassett, Bennett, Collins, Sowards and Mayor Perrie.

Others present were City Manager Barkley; City Attorney Pidduck; Finance Director Carpenter; Budget & Accounting Supervisor Snider; Deputy Clerk Keno; Daily Record Reporter Muir; and approximately 15 members of the audience.

The purpose of the special session is to review the timetable for seating newly elected councilmembers as well as proposed changes to the 2002 preliminary budget.

REVIEW OF SEATING TIMETABLE FOR NEWLY ELECTED COUNCILMEMBERS

City Attorney Pidduck advised that Councilmembers-elect Savidge and Lillquist as well as current Councilmember Sowards will assume their new seats on the City Council at the December 3, 2001 meeting following certification of the election results by the County Auditor on November 21.

PRELIMINARY 2002 BUDGET

Staff has prepared proposed changes to the 2002 preliminary budget for Council review. The proposed changes are the result of adjustments made as cost figures for items such as health insurance became more definitive. Additionally, changes in funding requests made by community groups at Council’s October 22, 2001 special meeting as well as items raised by City Department Heads are included. The public hearing on the proposed budget is scheduled for November 19, 2001.

Council expressed concern over the decrease in General Fund reserves from over 1.8 million dollars to .8 million dollars over the last four years. City Manager Barkley presented the history of this issue. Starting in 1997 General Fund expenditures have exceeded revenues. Starting with the 2001 budget the City has started to gradually close that gap. The gap is not of immediate concern for several reasons. First, the State Auditor has recommended that the City reduce the amount of unbudgeted carryover in the General Fund, and second, the fund balance was accumulated for certain capital purposes, including improvements to the City’s information technology systems and the part of capital equipment replacement that historically has been done through the General Fund. Balancing of the General Fund is usually accomplished by sales tax transferred from the Sales Tax Reserve Fund. The Sales Tax Reserve Fund has been built up partly for this purpose. The 2002 preliminary budget leaves responsible balances in all funds.

The City’s General Fund revenues are projected to increase only slightly for fiscal year 2002. The
Projected revenue for fiscal year 2001 is $8,674,387, and the projected revenue for fiscal year 2002 is $8,790,539. Combined with a General Fund carryover from 2001 projected at $1,238,526, total available resources in the General Fund for 2002 are forecast to be $10,077,419. The preliminary budget proposes expending $9,279,924, leaving an unbudgeted contingency reserve balance of $739,624. Historically, the City has carried between 7-10% forward each year to manage cash flow.

In answer to Council inquiry, 1.2 million dollars was transferred from the Sales Tax Reserve Fund in 2000. In 2000 General Fund revenues exceeded expenditures by $55,000. In 2001 General Fund expenditures are projected to exceed revenues by approximately $68,000. The General Fund receives greater proportional support from the Sales Tax Reserve Fund in 2002 due to the disappearance of the motor vehicle excise tax, and the proportional decline in property tax revenues. By design, the City is taking advantage of opportunities for capital improvements and spending that have been several years in the making. As a result, several major funds will show declines in their ending balances for 2002. All funds project cash balances at responsible levels.

Some councilmembers expressed interest in looking at a zero-based budget for the 2003 fiscal year and requested this item be placed on the Council’s Spring 2002 retreat agenda.

Finance Director Carpenter summarized the proposed changes to the 2002 preliminary budget:

The cost of health insurance coverage has been brought down to a 10% increase; this decrease ($23,327 total) will be spread throughout the General, Street, Gas, Light, Water, Sewer, Shop and Fire Relief and Pension Funds.

Changes in General Fund expenditures include: 1) $3,000 increase in Alcohol Program (ADDS) support for a total of $7,000; 2) $364 increase in Childrens Museum support for a total of $9,000; and 3) $6,500 addition for Central Washington Disability Resources.

Police Department expenditures in the K-9 Division are increased $8,037 for costs related to a new K-9, and $17,200 is

In answer to Council inquiry, these funds are being budgeted for future acquisition of a second dog when one becomes available.

Sewer Department expenditures are decreased $216,340 as the result of an error in calculations.

In answer to Council inquiry, these changes will not significantly affect the General Fund balance. The proposed changes will result in a net gain to the General Fund in the amount of $18,000.

In answer to inquiry, budget authority still exists for the remote meter reading system although this is a project the City will not be moving forward with quickly. Council briefly discussed removing these funds from the budget until they are needed.

Councilmember-elect Lillquist suggested reviewing the proposed budget in six months and not
changing the 7-10% carryover from reserves at this time. Councilmember-elect Savidge suggested the City review its health care costs and consider eliminating double coverage for those employees with spouses insured through outside employers and/or place a ceiling on the City’s contribution. This issue will be discussed at Council’s 2002 spring retreat in connection with forming a group to look at escalating health care costs.

In answer to public inquiry, Council did not indicate a desire to cut funding for community program support.

**ADJOURN** Adjourn at 7:30 p.m. Collins

Affirmed

Mayor

ATTEST:

City Clerk