

OCTOBER 4, 2017, FINANCE COMMITTEE MEETING MINUTES - filed as OCTOBER 1

2 p.m. Council Chamber. Members present: M. Hraban, R. Moore. Absent: M. Platteter. Others present: A. Christianson, K. Gorsegner, L. Klink, A. Lobermeier, M. Reynolds, T. Verdegan.

Call to Order:

Committee Chair R. Moore called the meeting to order and presided, noting that the focus of this meeting is to put forward a 2018 Budget that is the best it can be under the circumstances.

2018 General Operations Budget:

Comptroller Verdegan provided handouts that:

- Listed the City's undesignated fund balance as a percentage of the annual budget from 1983 to the present.
- Indicate the current status all outstanding City debt for both utilities and general obligations.

A lively discussion ensued during which a motion was made by Hraban and seconded by Moore to take the budget to the required public hearing as it is currently formulated. Discussion followed during which the Mayor stated that he has more concern how the 2019 budget is going to be balanced.

Future Street Work:

The day of reckoning is here as the City deals with underground utility shortcomings that should have been dealt with years ago during previous street rebuilds. Noting that residents use streets daily, Mr. Hraban advocated holding a public referendum on the question of whether to increase taxes to increase monies available to rebuild streets. He explained that adoption of such referendum would provide \$500,000 annually for the sole purpose of paying for street rebuilds. The following were among comments offered:

- Medford passed a referendum a number of years ago that provides that city \$1,500,000 annually for street work. Before the State imposed levy limits on municipalities, Ladysmith budgeted \$600,000 for street work. [Asphalt costs have gone up considerably.]
- Ladysmith has made progress in replacing outdated PW equipment with new pieces that have improved efficiency. A better grader remains a need.

Back to Budget:

The Mayor advocated applying \$67,912 more of the fund balance to the 2018 budget in lieu of the modest tax increase proposed. He stated that with a City-wide reassessment pending a tax increase this year and next might be very confusing. He asked what the purpose of the fund balance is and then more or less answered that by stating that it provides a cushion to fall back on in times of need.

Mr. Hraban stated that the City didn't build up a surplus in its general fund balance by overtaxing, but by underspending. He went on to say that the City may have been better off if the purposes for which these taxes were levied had been used for those purposes at the time.

Adm. Christianson will plan to write an explanatory narrative about changes from the 2017 budget to the proposed 2018 budget. An effort will also be made to begin educating the public about the need for a referendum to raise needed monies for street work. Comptroller Verdegan was asked to list out actual tax increases for City purposes for about the past 25 years. Taxpayers also need to understand that what the City collects is apportioned among all the taxing jurisdictions.

If that portion of the fund balance which exceeds the 25% of budget amount recommended is used now it will not be available to help balance the 2019 budget.

It was reported that, owing in part to the Chief's retirement, LPD is likely to exceed its 2017 budget by about \$50,000.

The earlier motion to move the 2018 budget to public hearing was then carried by voice vote.

Hearing Date:

It was decided to hold the public hearing on the proposed 2018 budget on Monday, November 13th rather than on November 27th, which would be during the week of Thanksgiving.

Adjourn:

The meeting was adjourned at 3:34 p.m.