

**MINUTES
BUDGET COMMITTEE
LANE COUNCIL OF GOVERNMENTS**

Thursday, April 10, 2008
Large 4th Floor Conference Room
Lane Council of Governments Office
99 East Broadway, Suite 400
Eugene, Oregon

Greg James, Budget Committee Chair in 2007, called the meeting of the LCOG Committee to order at 5:35 p.m. Committee members in attendance were: Wayne Lottinville, Ric Ingham, Dennis Shine, Susie Johnston, Don Hampton and Chris Pryor. Staff members present were Bob Swank, Kay Metzger, Byron Vanderpool, Jamon Kent, Ann Mortenson and George Kloeppel.

Committee members and staff introduced themselves.

Approval of Minutes

The minutes of the May 10, 2007 meeting of the Budget Committee had been distributed with the meeting agenda. Greg James asked for any additions or corrections. There being none, Don Hampton moved, seconded by Chris Pryor, that the previous year's meeting minutes be approved as prepared. The motion passed unanimously.

Election of Officers

Nominations were sought for the office of Budget Committee Chairperson. Don Hampton was nominated. There being no further nominations, Mayor Hampton was elected Chair. Nominations for the position of Secretary were opened and Dennis Shine was nominated. There being no further nominations for the office of Secretary, Dennis Shine was elected.

Budget Background and Trends

Associate Director Bob Swank outlined the budget process, approved by the LCOG Board of Directors in December. He noted that there were expected to be two meetings of the Committee. This first meeting, he said, would include a consideration of the proposed *Revised Budget* for fiscal year 2007-08, and a

presentation of the proposed budget for fiscal year 2008-09. Swank called the attention of the Committee to four graphs depicting the agency's financial circumstance over time. Included were graphic representations of revenue by source, expense by year, staffing (FTEs) since 1990, and budget size by division since 1993.

It was noted that most of the activities in the work program are supported by very specific grants and service contracts. Swank contrasted temporary significant swings in the graphs with the long-term patterns. He noted that events such as the refinance of the Schaefers Building in 2007, the "Bus Pass" program in 2006 and 2007, or the receipt of a large grant to capitalize the Business Loan program tended to confuse the message of the graphs; but he encouraged Committee members to focus upon the long-term trends for the best indication of the status and financial health of the agency. Questions were asked and answered about the trend lines in the graphs.

Recommended 2007-08 Revised Budget

The recommendation for a current year budget revision had been provided to members of the Committee in the advance mailing. George Kloepfel noted that his observations about the patterns of change that necessitated a budget revision before the end of the fiscal year were included in his two and a half page "Comment and Recommendation" narrative. He stressed that the change that was recommended, while a substantial increase (34 percent) from the annual budget that was adopted by the Committee and the Board of Directors ten months previous, the increase was primarily attributable to the recently completed refinance of the agency-owned Springfield office building and a new loan for the purchase of the Park Place Building in Eugene, which did not impact agency operations or staff size. Kloepfel noted that the proposed revision would increase the agency's budgetary authorization for the current fiscal year by \$9,058,289, to a new total of \$35,349,556. He called the attention of the Committee to the Budget Summary on page 7 of the proposal and noted that resources from the federal government were now expected to be somewhat higher, and that state revenue in support of the agency's work in the current fiscal year would be somewhat lower than originally anticipated. The substantial increase in "Local Revenue" was primarily the result of the two real estate transactions, noted above. On the expense side, Kloepfel noted that the Revised Budget proposes a decrease in "services by other organizations" and in "undesignated revenue." He noted that all of the operating divisions of the agency would see a modest increase in their 2007-08 budgets under the proposal, and that the substantial expenditure increase in the "Board and

Executive Management” service area was a reflection of the building purchase. Questions were asked and answered regarding the increased reserves.

After some discussion, it was moved by Ric Ingham, seconded by Chris Pryor, that the proposed Revised Budget for fiscal year 2007-08 in the amount of \$35,349,556 be recommended for adoption by the LCOG Board of Directors. The motion carried unanimously.

Proposed Fiscal Year 2008-09 Budget

Bob Swank distributed the staff-proposed budget for the year which would begin July 1. He noted that no decision was requested of the Committee at that point, but that the Committee would be asked to approve the proposed budget at its May 8 meeting. The approved budget would then go to the Board of Directors for public hearing and action in June. The format of the document was described. Kloepfel described an organizational change, reflected in the chart on page 5 of the proposal and in the work program narrative for each service. He pointed out that the significant contraction (16.7 percent) from the current year’s Revised Budget was primarily the reverse outcome from the refinance and building acquisition activities that had spiked the Revised 2007-08 Budget. For comparison, he noted that the proposed 2008-09 Budget was approximately 12 percent above the agency’s original 2007-08 Budget, adopted in June 2007. Swank drew the Committee’s attention to the Budget Assumptions, approved by the Board of Directors and found beginning on page 44. Pursuant to those Assumptions, he noted that a two percent cost-of-living adjustment had been applied to personal services in the proposal. Committee members discussed and asked questions about the proposal.

Public Input

No members of the public were present.

Adjournment

It was noted that the next (and final) meeting of the Committee was scheduled for May 8 at 5:30. The business of the Committee being completed, the meeting was adjourned at 6:25 p.m.