

**MINUTES
BUDGET COMMITTEE
LANE COUNCIL OF GOVERNMENTS**

Thursday, April 14, 2011
Fifth Floor Small Conference Room
Lane Council of Governments Office
859 Willamette Street, Suite 500
Eugene, Oregon

LCOG Executive Committee member Tony McCown called the meeting of the LCOG Committee to order at 5:35 p.m. Committee members in attendance were: Sherry Duerst-Higgins, Tony McCown, Mark Shrives, Jon Hiltbrand, Joann Ernst, and Sharon Hobart-Hardin. Staff members present were Bob Swank, Byron Vanderpool, and George Kloeppe.

Committee members and staff introduced themselves.

Approval of Minutes

The minutes of the May 13, 2010 meeting of the Budget Committee had been distributed with the meeting agenda. Tony McCown asked for any additions or corrections. There being none, Sherry Duerst-Higgins moved, seconded by Mark Shrives that the previous year's May meeting minutes be approved as prepared. The motion passed unanimously.

Election of Officers

Nominations were sought for the officers of the Budget Committee. Nominations for the position of Secretary were opened and Sherry Duerst-Higgins was nominated. There being no further nominations for the office of Secretary, Sherry Duerst-Higgins was elected. For the position of Chair, Tony McCown was nominated. There being no further nominations, Mr. McCown was elected Chair.

Budget Background and Trends

At the request of the Chair, Associate Director Bob Swank 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 2010-11 and a presentation of the proposed budget for fiscal year 2010-11. Swank called the attention of the Committee to three graphs depicting the agency's financial circumstance over time. Included were graphic representations of expense by year, staffing (FTEs) since 1991, and budget size by division since 2001.

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 purchase of the Park Place Building in 2008 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 2010-11 Revised Budget

The recommendation for a current year budget revision had been provided to members of the Committee in the advance mailing. George Kloepfel called the Committee's attention to his two and a half page "Comment and Recommendation" narrative. He stressed that the change that was recommended was a modest (\$922,700—2.76 percent) increase from the original budget that was adopted by the Committee and the Board of Directors in June 2010. The increase was primarily attributable to increased resources from the state and federal governments and a slight increase in local contract revenue. Kloepfel noted that the proposed revision would increase the agency's budgetary authorization for the current fiscal year to a new total of \$34,294,733. Kloepfel noted that the increased authority under the proposal would be applied to "materials and services" and "designated reserves," with an anticipated reduction in "designated reserves." He stated that the agency's authorized staffing level would increase under the Revised Budget by 11.53 FTE, primarily in the Senior and Disabled Services Division. He called the attention of the Committee to the Budget Summary on page 8 of the proposal. After some discussion, it was moved by Sherry Duerst-Higgins, and seconded by Joann Ernst that the proposed Revised Budget for fiscal year 2010-11 in the amount of \$34,294,733 be recommended for adoption by the LCOG Board of Directors. The motion carried unanimously.

Proposed Fiscal Year 2011-12 Budget

Associate Director Bob Swank distributed copies of the proposed budget for the year which would begin July 1. Kloepfel called the Committee's attention to his "Comment and Recommendation" beginning on page 1. Bob Swank 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 12 meeting. The Committee-approved budget would then go to the Board of Directors for public hearing and action in June. Kloepfel pointed out that to an even greater extent that is normally the case, the proposed budget was based upon unknown factors—guesses. The State Legislature would ultimately make decisions that would substantially impact the agency's ability to deliver services in the coming year. Similarly, local jurisdictional members were struggling with their budgets and the likely contract work for FY 2011-12 remained uncertain. Proposed was a decrease of \$267,869 from the current year's Revised Budget, with a very modest reduction in authorized staffing levels. Committee members were reminded that the

COG's budget was very fluid and that changes were a constant reality with new contracts and grants being made available. Hence, changes would inevitably be needed as the year progresses.

Swank drew the Committee's attention to the Budget Assumptions, approved by the Board of Directors and found beginning on page 44. He noted that under assumption 3 a 1.0 percent cost-of-living-adjustment (COLA) had been budgeted (not zero percent). Committee members discussed and asked questions about the proposal. Kloepfel stressed that reliable data regarding the revenues that will be available to the agency will not be available until after the fiscal year begins.

Committee members asked about that agency's expectations for personal cost changes. It was noted that the employer's contribution to PERS would increase, as would premiums for employee in health care—the latter up approximately ten percent. However, negotiations were yet to be completed with one bargaining unit. The agreement with the other bargaining unit was in the middle of a multi-year package, and represented staff members would receive the agreed upon 1.0 percent COLA. Kloepfel stated that LCOG management was well aware of the fiscal circumstances being imposed on member jurisdictions and the related need for cost containment. Swank indicated the importance of rebuilding the agency's general fund reserve. He suggested that more would likely be known regarding personal services costs by the time the Committee meets in May.

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 12 at 5:30. The business of the Committee being completed, the meeting was adjourned at 6:40 p.m.