

MINUTES OF THE MAY 5, 2011 SPECIAL CITY COUNCIL MEETING
City Hall, 135 East Johnson Avenue, Chelan, Washington

ELECTED OFFICIALS PRESENT: Mayor Goedde (arrived at 6:45 p.m.); Councilmembers Cooney, Harper, Isenhardt, Lingard and Morehouse. Absent/Excused: Councilmembers McCardle and Morse.

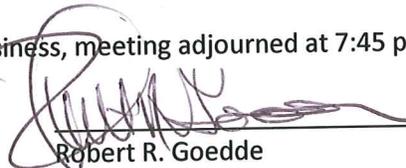
STAFF PRESENT: Administrator Reinbold, Clerk/Administrative Assistant Liles, Finance Director Grant and Parks & Recreation Director Sablan.

At 6:00 p.m. Reinbold called to order a special City Council meeting to review the City's budgeting process.

Grant distributed a "Workshop Agenda" (attached) listing the talking points for her presentation on the municipal budgeting process. Grant then proceeded with the presentation, answering Council questions and entertaining Council comments throughout.

There being no further business, meeting adjourned at 7:45 p.m.


Linda Allison-Liles
City-Clerk


Robert R. Goedde
Mayor

Date Approved by City Council:

5/26/11

Budget Workshop Agenda – May 5, 2011

Discussion of Funds – What is a fund?

- Who decides – State restricts revenue usage
 - Lodging tax money
 - REET money
 - Motor Vehicle Fuel Tax (new 20% rule)
- Council as a management decision
 - Parks & Recreation
 - Library
 - Longevity

Why have funds?

- User fees pay for operations
- General taxes support other uses

Who cares?

- Ratepayers – Don't want to pay for other services in rates
- Investors – Sufficient funds to pay off debt

Discussion of Budgets

Why do we budget?

- State law says we have to
- To set out a plan (the budget is a planning tool)
- To allow the community input into the spending of their dollars
- To make sure we have funds to carry out the plan

How do we budget?

- By Fund
- Annual budget process
- Budget M & O to keep what we have operating well
- Budget capital to carry out planning process

Where do budgets go wrong?

- Revenues and expenditures are budgeted too precise (no wiggle room)
- No cash reserves in funds that have cyclical revenues (cash flow problem)
 - Budgets can alleviate this by lowering expenses to build reserves

Capital Planning

- Gives staff direction to move forward
- Taking care of what you have
- Making sure staff has tools to do their jobs
- Building for the future
- Most large capital projects should be in the comp plan
- Once the plan is laid out, it should be followed to the extent possible
- Know when it's not working/when to pull the plug (is it on the list but there is NO way you can ever afford it?) Know what you're getting into
- PLAN for the unknown and unplanned