



**Special City Council Meeting
July 9, 2014 - 2:00 PM
City Hall Council Chambers
MINUTES**

I. CALL TO ORDER

Mayor Nancy Backus called the special meeting to order at 4:30 p.m.

Councilmembers in attendance included: Deputy Mayor Rich Wagner, Wayne Osborne, Claude DaCorsi, Largo Wales and John Holman. Councilmember Yolanda Trout arrived at 2:30 p.m. Councilmember Pelosa was excused.

Department directors and staff members present included: Finance Director Shelley Coleman, Public Affairs and Marketing Liaison Dana Hinman and Deputy City Clerk Shawn Campbell.

The purpose of the meeting was to discuss the 2015 - 2016 Biennial Budget. This is the first of five budget workshops.

II. DISCUSSION ITEMS

A. 2015 - 2016 Budget 101

Director Coleman explained to Council the budget process. There will be five budget workshops to help Council understand the budget process, review the different types of funds in the budget and come to a balanced budget.

Director Coleman provided a brief overview of each fund in the City's budget. She explained the City adopts a biennial budget. This process saves time and allows the Finance Department time and resources to complete other projects. By adopting a biennial budget the Council must consider future expenditures and appropriations. At the end of the first year staff will bring forward a mid cycle budget amendment for any mid term corrections or changes to the budget.

Director Coleman explained the General Fund is where the City Departmental budgets are funded. The General Fund can help other funds but the City does have restrictions on moving funds from other funds into the General Fund. The General Fund is allowed to tax the other funds.

Director Coleman explained the Special Revenue and Debt Service

Funds are generally restricted on how they can be used. How they operate is typically mandated by the State. Debt Service Funds are for Government Bonds that are not proprietary in nature. The funds are all budgeted for and transferred in to pay the obligation.

The Council reviewed the City's responsibility to LEOFF 1 members. The LEOFF claims are paid out of the City's General Fund.

Director Coleman explained each fund is monitored and budgeted for by a department director. Councilmember DaCorsi asked how Council would know when a department is asking for additional staff. Director Coleman explained it is part of the program improvement request form. Councilmember Osborne stated the Council sees what the Mayor has approved. He asked how the Council would add or remove items from the proposed budget. Director Coleman stated a Councilmember could make changes on the floor or Council could bring items forward during the next four budget workshops. Mayor Backus said when the budget is before Council for final approval there should not be any surprises. Director Coleman stated Council would have the proposed budget at the August 12, 2014 Budget Workshop.

Director Coleman shared the challenges the City will face in the next budget cycle including sales taxes being required to fund additional items, additional demand for services, unfunded PERS 1 liability, the loss of the sales tax annexation credit, property taxes, reduction in the Streamlined Sales Tax, and state legislated budget cuts.

Mayor Backus reminded Council local government is required to have a balanced budget. Councilmember Wales requested directors present their budgets including what new items they are asking for and items they have cut. Councilmember DaCorsi stated the City has limited resources and must remain fiduciarily responsible. Deputy Mayor Wagner noted the City of Auburn is currently in a good financial position. It is important to remain vigilant with the taxpayers money. Councilmember Osborne stated the Mayor had previously proposed evaluating the budget with performance standards. He asked if performance standards will be a part of the new budget. Mayor Backus said a performance based budget takes time to develop. The City will start converting to a performance based budget and an outcome based budget. The City will not be able to adopt a budget solely based on performance and outcome. Councilmember Osborne stated the Council must decide how to divide up the available funds to best serve the citizens of Auburn. Mayor Backus noted the Council cannot make everyone happy, her goal is to provide information to educate the citizens.

Council thanked Director Colman for providing the budget information in a clear and concise manner.

III. **ADJOURNMENT**

There being no further business to come before the Council, the meeting adjourned at 4:03 p.m.

APPROVED this _____ day of August, 2014.

NANCY BACKUS, MAYOR

Shawn Campbell, Deputy City Clerk