

**MINUTES OF THE FINANCE AND ADMINISTRATION
COMMITTEE MEETING
April 14, 2009**

PRESENT: President Jeff Buettner; Vice-Mayor Michael Butler; Councilor Evan Clark, John Hill, Milt McInturff, Les Veach and John Willingham; Vice-President Art Major (8)
ABSENT: Mayor Elizabeth Minor (1)

President Buettner called the meeting to order at 5:33 p.m.

Finance & Administration Report

a) FY10 Budget – Brannon Godfrey & Mary Blowe

Mr. Godfrey stated the budget summary changed slightly in that the deficit number is smaller. The previous number did not include the amount from United Way. If any of the other agencies are funded through the United Way, the amount will have to be added back in.

Mayor Minor arrived at 5:35 p.m.

Mr. Godfrey suggested funding \$600,000.00 for the police department salary increases approved by the previous council out of the fund balance. If done, a balance of \$150,000.00 would still need to be balanced. During the regular council meeting, several capital improvement projects are being considered and will need to be funded out of fund balance as well.

Mr. Godfrey stated some of the personnel cost saving measures need to be resolved. The Budget Committee looked at several options but his recommendation is to do furloughs only. The other issue to be resolved is the Outside Agencies funded through the United Way. Patrick Barker of the Winchester-Frederick County Economic Development Commission was present at the meeting. The funding for the ECD was recommended for elimination. The recommendations from staff and the Budget Committee for the marketing position and the college incentives were also different.

President Buettner stated when council approved the pay increase for the police department last year there was a discussion of a tax increase this year. This council has decided not to do a tax increase. He recommended paying the increase out of the reserves this year and hope next year is better.

Councilor Clark asked how far the city could go into the reserves before hitting the floor with the bond rating. Ms. Blowe stated the city could not go below \$14.6 million. The current level is about \$22 million.

Chairman Major stated there is no other option. He is not ready to talk about a tax increase this year.

Councilor Willingham stated council needs to commit today that this will be fixed next year. Council doesn't have a choice this year but it needs to be fixed next year.

Chairman Major stated staff did a great job laying out the options of furloughs versus a furlough/winflex combination. He recommended going with the furloughs if staff thinks it is the best option.

Councilor Willingham expressed his concern regarding the number of structural issues that will exist next year if the economy is still bad. He stated he still likes the combination but will support only furloughs.

After further discussion, the committee agreed on only furloughs.

- Chairman Major began the discussion on the outside agencies.

Patrick Barker of the Winchester-Frederick County Economic Development Commission stated the commission was designed to foster development for both localities. The EDC has given a return on investment (ROI) of 423% for the city. The EDC can help achieve the goals set by this council.

Chairman Major stated the Frederick County Board of Supervisors recently voted not to pursue total consolidation with the city. That says we are in direct competition for businesses and sales tax. He asked how the EDC works with businesses and deciding where they locate.

Mr. Barker stated the EDC goes through the business' want list to see what property fits their needs the best. Most of the businesses are into office and industrial properties instead of retail.

Chairman Major requested more specific information on businesses even if a closed session was required for the discussion.

Councilor Clark stated even if the ROI is discounted, the EDC is helping to retain businesses.

Vice-Mayor Butler stated council wants to increase the household income, salaries, education and VoTech in the city. He sees the EDC as an ally in these areas. Council needs to contact them to say this is what we want, how can you help us.

Chairman Major asked Mr. Barker to come back with the requested information at the next Finance Meeting.

Chairman Major questioned if any other United Way entities would be funded this year. He stated the Budget Committee suggested coming up with a number first and see what could be funded. However, he recommended looking at the agencies that helped with Council's mission and that will not cost more in the long run if they are not funded.

After further discussion, Chairman Major moved to fund the Boys & Girls Club of Northern Shenandoah Valley, Fremont Street Nursery, Winchester Day Nursery, and the Youth Development Center for \$10,000.00 each. *President Buettner seconded the motion.*

Councilor Clark stated the motion would give more than last year in some cases and moved to amend the motion to offer flat line funding at the same rate as last year.

After further discussion to include more agencies, Councilor Clark repeated his original motion to amend and added the Apple County Head Start, Healthy Families NSV, and the Shelter for Abused Women to the list of agencies to be funded at a total amount of \$40,000.00. *Vice-Mayor Butler seconded the motion. The motion was unanimously defeated.*

The main motion presented by Chairman Major was then unanimously defeated.

Vice-Mayor Butler moved to limit the non-profit agencies to an amount not to exceed \$40,000.00 total. *The motion was seconded by Councilor Willingham then unanimously approved by voice-vote.*

Chairman Major moved to provide level funding to Apple County Head Start, Boys & Girls Club of Northern Shenandoah Valley, Fremont Street Nursery, Healthy Families NSV, the Shelter for Abused Women, Winchester Day Nursery, and the Youth Development Center. *The motion was seconded by Councilor McInturff then unanimously approved by voice-vote.*

- Marketing Coordinator – Sharen Gromling stated the position began in OTDB until the previous city manager Ed Daley moved it to a city wide function to promote revenue programs in the city. The position is currently funded out of Administration so it comes out of the general fund. Staff is proposing cost allocating the position to keep the level of service the citizens enjoy. Outsourcing the position would be too expensive. Parks and Rec is the largest user of the marketing program and is also a large revenue generator for the city. Ms. Gromling also suggested cutting the contribution to the community television.

Councilor Willingham asked if there was a capacity to help the redevelopment team with marketing. Ms. Gromling stated absolutely. In the past, departments have contacted Administration when they wanted help with marketing but that could change.

Chairman Major moved to fund the marketing program minus the contribution to the community television. *The motion was seconded by Mayor Minor then unanimously approved by voice-vote.*

- College Incentives – Mr. Godfrey stated the proposal is to suspend the incentives for one year saving \$113,750.00. The amount is included in the total personnel cost savings.

President Buettner moved to suspend the incentives for this year. *The motion was seconded by Vice-Mayor Butler then unanimously approved by voice-vote.*

Mr. Godfrey stated he will have updated information to review at the next meeting.

Adjourn

With no further business to discuss, the meeting adjourned at 6:39 p.m.