



Storm Drain Oversight Committee
January 17, 2007 Meeting Summary

Attendees:

SDC Members Present		City Staff	
John Melton, Chair	John Tarlton, Vice-Chair	Matt Brunnings	Joe Teresi
Stephenny McGraw	Richard Whaley	David Ramberg	Dale Wong
Rod McNall		Matt Raschke	

Agenda Item I – Roll Call

The meeting opened with roll call at 8:30. John Melton, Stephenny McGraw and Rod McNall were present. John Tarlton and Richard Whaley arrived later after the meeting was in progress. Joe Teresi introduced David Ramberg, the City’s budget manager.

Agenda Item II – Old Business

Stephenny McGraw moved to approve the minutes from December 13, 2006, and Rod McNall seconded the motion. The minutes were approved unanimously (3-0).

Agenda Item III – Oral Communications

No members of the public requested to address the Committee.

Agenda Item IV – New Business

1. John Melton indicated that Joe Teresi’s updated memorandum on the inflationary scenarios and project priority list was what the Committee expected. He clarified that the Alma Street project’s escalation to a higher position on the priority list was not reflective of a priority change, but more of a timing change to coordinate the drainage improvements with the schedule for the resurfacing of the road. John Melton also noted that inflationary scenario 4B would allow for the construction of 68% of the original program, while inflationary scenario 6 would allow for 56% of the work to be done.

At this point, Richard Whaley arrived and expressed his belief that the scenarios were both based on somewhat speculative construction cost predictions. Because no one can predict the future with a high level of certainty, he advocated that the Committee identify scenario 4B as a worst case and not mention scenario 6 in their report to Council. Rod McNall expressed a preference for presenting both cases with the percentages of total work that can be accomplished under each scenario. John Melton said that he wants the Committee to forward their best collective assessment of the situation to Council. Therefore, he believes that the Committee needs to take ownership of the numbers that Joe prepared at the Committee’s request.

The Committee asked David Ramberg about the schedule for the storm drain budget hearing. David said it was targeted to go to the Finance Committee on May 17, 2007. However, he cautioned that the schedule is not yet approved and is subject to change. John Melton said that the Committee should prepare a memo for that meeting to present the details of their financial scenarios to the Finance Committee. He also told the group about a planned February meeting between City Council and executive staff to provide guidance on the Council’s priorities. John

suggested that the Committee prepare a brief memo for that meeting to convey the “big picture” issue of only being able to accomplish two-thirds of the work with existing funding and projected construction costs. He said that Council must ultimately make the decision as to which projects get dropped completely. John Melton offered to draft the memo and circulate it to the other Committee members.

John Melton then pointed out that there are alternatives to reducing the scope of projects, such as supplemental funding from the General Fund, another election to raise the Storm Drainage Fee even more, or the formation of assessment districts to fund specific projects. Joe Teresi said that none of those options were likely to happen, but did not object to including them in a report to Council.

2. Joe Teresi described the memo on the year-end report and noted that the format is similar to the budget presentation given to the Committee in April 2006. Richard Whaley pointed out that the Storm Drainage Fund spent less than allocated. Rod McNall asked what happens to the unspent surplus. Joe said that any operating budget surplus goes back into reserves, and that unspent capital budget moves forward to the next fiscal year. John Melton asked why items 1 and 2 didn't reflect the Budget Amendment Ordinance (BAO) that transferred money from the rehabilitation project to the Gailen-Bibbits Storm Drain Improvements project. Joe explained that the BAO occurred in the current FY 06-07, while the memo summarizes FY 05-06 actuals.
3. John Melton noted that the Committee has the complicated task of overseeing the revenue from the increased fee, but not the original \$4.25 fee. He said that the overall Storm Drainage Fund financial report needs to be dissected in a way that will allow for the comparison of the fee increase revenue to the money that was spent on fee increase projects, which will require some assumptions to accomplish. David Ramberg confirmed that the funds (revenue from the original \$4.25 fee and the \$5.75 fee increase) are commingled now and agreed that it would take some assumptions to separate the funds. Rod McNall pointed out that the staff implementing the storm drain program need to know how the separate “fee increase” amount is being spent, and that the requested financial report is not just a reporting tool.

John Melton then mentioned that one of the uses of the fee increase was to eliminate the Storm Drainage Fund deficit that was previously closed by annual General Fund transfers. John Melton indicated that the year-end financial report would need a separate line item for this expenditure. Rod McNall asked for an explanation, because he did not recall that use of the funds being explicitly stated on the ballot. Rod expressed concern that the general public would not understand this concept. John Tarlton arrived at this point in the meeting. John Tarlton then asked Rod if he thought the general public expected the subsidy to continue.

John Melton asked David Ramberg if the Budget staff had enough information to provide a separate accounting of how the funds from the fee increase were spent. He asked that David work out a format for the report. David said that staff could accommodate the Committee's request, and that the new report would be a separate page added to the memo packet.

For the benefit of John Tarlton, John Melton summarized the earlier discussions. He noted that the Committee will report to the Finance Committee in May. Prior to that, John Melton will draft a short memo outlining some of the Committee's key findings and submit it to Council for their review prior to the February meeting with senior staff.

Agenda Item V – Adjournment

At 9:54 am the meeting was adjourned.

Matt Raschke
January 29, 2007