

City of Rainier
REDCO Budget Committee Meeting Minutes
June 16, 2021
5 p.m.
Rainier City Hall

REDCO President Mike Kreger called the meeting to order at 5:06 p.m.

REDCO Budget Committee Members Present: Connie Budge, Scott Cooper, Terry Deaton, Kris Guist, Mike Kreger, Jan Rich and Levi Richardson

Staff Present: Sarah Blodgett, Debbie Dudley and W. Scott Jorgensen

- A. *Motion to approve the 2021/2022 Budget by the Budget Committee.**
- B. *Motion to authorize Option 3 (Standard Rate) Amount From Division of Tax \$300,000.**
- C. If needed, announce time and date to reconvene next budget meeting**
Or, *Motion to adjourn if budget is approved.

Scott Cooper moved to approve the budget. That motion was seconded by Kris Guist. Visitor Candis Forrest said she had concerns about some of the historical data in the budget. She thinks the beginning balance should be higher. Finance Officer Debbie Dudley said she can correct the historical data before publishing the notice of the REDCO budget hearing. This current budget addresses expenditures for the upcoming fiscal year. Those numbers are estimates. The beginning fund balance can be different, depending on what gets spent. The budget is prepared in advance based on projections. There's no way to know what the balance will be because it depends on expenditures. Terry Deaton said she had some concerns about the budget. She said that three taxing districts are no longer paying into REDCO and worries about the affect that will have on the ability to continue paying the USG lawsuit settlement. Dudley said that the amount received in 2020 was enough to cover the debt service. There was a discussion about projects being identified in the budget. Dudley said projects have to be consistent with the goals listed in the urban renewal plan. If the opportunity presents itself to expend funds on a feasibility study to bring a business to the urban renewal area, that's budgeted for. Grant funds could become available and REDCO could contribute matches, based on the budget. Those funds can't be spent if they aren't in the budget. But you don't know what the costs for projects are until there's a request for proposal. However, she can include a narrative in the budget message. Connie Budge suggested that the funds in the capital outlay line item be moved to general operating contingencies. Any proposed expenditures could then be brought before the REDCO board. Dudley said there's a limit of what can be spent out of the contingency, based on the amount of the fund. REDCO's ability to complete projects may be limited as a result. A reserve fund for double payments had been developed at one point, but the REDCO board decided to use those funds to support projects. Deaton mentioned that audit services are budgeted for. But reviews

have been conducted instead of audits. Dudley said it's similar. The difference is the amount of expenditures. An entity that receives over \$500,000 in federal funds or that spends over a certain amount is required to do an audit. Neither of those scenarios apply to REDCO. The need for an audit is driven by the amount of expenditures and grants received. But if the REDCO board wants to do an audit instead of a review, that line item can be adjusted. Deaton asked why annual reports haven't been filed with the taxing districts that pay into REDCO. Dudley said that was an oversight that will be addressed and corrected. The reports are filed with the state, but this can be rectified. Cooper asked what the committee was trying to accomplish. Budge said she wants to see an operations audit done of REDCO. It could be a forensic audit or a multi-year audit conducted after the city consults with its auditing firm. Jan Rich said that a review is not an audit. Deaton recommends that a certificate of impairment be filed with the county assessor's office to reflect the revenues lost from the taxing districts that are no longer paying into REDCO. Dudley said these things have been overlooked but can be rectified. Kreger called the question to force a vote on the motion and second that had previously been made. All were opposed to the motion. Budge moved to accept the budget with the proposed change of moving the funds in the capital outlay line item to the general contingencies line item and that an audit be conducted. That motion was seconded by Kris Guist and adopted on a 6-1 vote, with Deaton opposed. Budge moved to authorize Option 3 (standard rate) amount from Division of Tax \$300,000. That motion was seconded by Cooper and adopted unanimously.

Kreger adjourned the meeting at 6:10 p.m.

Jerry Cole, Mayor

Attested by: _____
W. Scott Jorgensen, City Administrator