

Bits and Pieces 5_18 City Council Meeting

Goals 5: Long Term Financial Sustainability.

The budget presented to the budget committee this week shows a \$1,071,457 deficit for FY2026-28. That goes up to \$1.6MM each of the next two years. Going forward, reserves are depleted and fall below policy levels in just 2 years. The only project in the goals statement is to maximize TOT tax. The hotels are uncertain, will not create sufficient revenue to address the deficits.

- Should there be a project to examine new revenue sources including tax increases, reorganization or significant cuts in services?
- The hope that a hotel is completed and plugs the gap is not likely. The hotel is in the 5-year forecast, and the deficit is still \$600,000 in FY32. An agenda item tonight makes it clear that the TOT tax from the Barlow hotel is going to be ½ the amount currently expected.
- Sales tax remains the primary revenue problem. Sales tax use increased by 4-6% in the past. After Covid it declined for three or four years. It is budgeted to be flat next year. There has never been a public explanation for why sales tax revenue is down. The Annual audit report this year didn't even report on sales tax revenue sources as it has every year in the past. Something so important just gets ignored. **It is the job of the City Council to direct staff to fix the problem.**

CUSP Grant Application

The recent presentation by the Rotary to Planning Commission resulted in a pretty animated debate about the future of Ives Park. The Planning Commission was pretty specific that the proposed changes in the Rotary plan conflicted with a 2013 approved plan for IVES park. It was pretty clear that there is no agreement between the community and the Planning Commission. Why is the issue not before the City Council. How can the council agree to move forward with a grant process that was approved four years ago. How can you propose to move forward with a 13-year-old plan without any discussion. What happened to the Rotary Club proposal. It

was their 150th anniversary project, the anniversary is just about done. My guess is you don't want the projects going on during the summer when the park is being used at the peak. It looks like another opportunity lost to continued dysfunction in the city.

Gravenstein Common Report

The report is welcome. The project is obviously moving along. The reported finances are the same as last time. Not enough money to finish construction, a line of credit available and seeking donations.

Councilmember Zollman reported that funding for Elderberry and Gravenstein Commons is looking very bad. Why is that not being discussed in this report out? What is the budget for the first year of operation? How is that being financed? If there is insufficient funding to open when does HUD come asking for their money back?

Barlow Hotel Report

Welcome to high stake negotiations. You have made a hotel the solution to the city's financial emergency. Unfortunately, if you want a hotel you may have to give up ½ of the TOT tax for 10 years. Maybe you can negotiate. Have you been in touch with Piazza? They might do it for ½ the TOT for five years?

There is an inference that there is a deal behind the scenes. Barney said he would not come to the meeting unless the city agrees to his terms. It is on the agenda. Is there an agreement behind the scenes?

Most cities have a financial plan that ensures sufficient sales and property tax revenues to cover core operating expenses. You need a financial plan even more than you need a hotel.

Downtown STG project

Residents came out in large numbers to give input to this project. One person on the Planning Commission decided what the residents were going to get. The City

Council voted for the recommended “walkable two way” proposal without out seeing a map, a diagram, or a traffic study. This data was available for the other options, they were well thought out and vetted by the public.

This is a disaster waiting to happen. Our only hope now is that this does not happen for years and by then a City Council will be elected that actually studies these problems and resists the impulse of one planning commission member and maybe the largest businessperson in the city.

Approval of special event waver for Micah’s Hugs

If the city is going to survive it needs to consider cost and benefit. A full staff report was written. It is a regular agenda item which takes up council time. The waver is \$275. Why not consider a waver budget and only come to council if the waver budget is used up?

City Council Salary Increase

Probably at the next meeting you will be discussing a budget next year with a \$1MM deficit. Why not increase city council salaries by 300%? It is less of an issue than some might think. The Water rate payers are paying for 60%+ of city council expense so \$24,000 of your raise will be paid for by rate payers. Of course that is \$24,000 less available for capital projects.

Note: There is a goal to restore public trust. Do you think putting this salary increase at the end of the meeting is restoring public trust?