

**CITY OF PHILOMATH
BUDGET COMMITTEE
MINUTES
May 6, 2015**

Chair Jerry Jackson Sr. called the meeting to order at 7:00 p.m.

1. ROLL CALL

City Council Members: Mayor Rocky Sloan, City Councilors Angie Baca, Doug Edmonds, Sean Manning and Eric Niemann.

Citizen Members: Robert Boss, Jack Duren, Ashley Hall, Jerry Jackson Sr., Candy Koetz, David Low and Scott Weaver.

Staff: Chris Workman, City Manager; Joan Swanson, Finance Director; Ken Elwer, Chief of Police; Kevin Fear, Public Works Director; Ken Rueben, Police Sergeant; and Ruth Post, City Recorder.

Absent: Council Member: Jason Leonard

2. APPROVAL OF MINUTES

MOTION: Councilor Edmonds moved, Councilor Niemann second, to approve the minutes of May 6, 2015, as presented. Motion APPROVED 12-0.

3. VISITORS/PUBLIC COMMENTS

None.

4. PUBLIC HEARING

Possible uses of State Revenue Sharing: Chair Jackson opened the public hearing at 7:01 p.m. Ms. Swanson reviewed the sources of state revenue funds and the process to receive them. She noted that, per City Council policy, 35% of the City's share is allocated to fund local social service agency requests. She stated the remaining 65% is used to support other General Fund expenditures. Mr. Weaver questioned if the Committee is deciding what to do with that 65%. Ms. Swanson stated the requirement is to hold the public hearing to take public testimony on the use as allocated in the proposed budget. There was discussion about the allocation in the General Fund. Seeing no public testimony, Chair Jackson closed the public hearing at 7:06 p.m.

5. REVIEW PUBLIC WORKS BUDGET

Street Fund – Ms. Swanson reviewed revenues for the Street Fund, including state highway taxes, street utility fees, and franchise fees from Republic Services, Pioneer Telephone and Comcast. There was discussion about the franchise fees. Ms. Swanson stated she forecasts based on the trends she sees from each entity. She explained that the franchise fees from Consumers Power, Northwest Natural Gas and PacifiCorp are assigned to the General Fund.

Mr. Fear stated that the crack and seal line item has been reduced this year because significant progress was made last year on improving the standard of the streets. He explained that Benton County loaned staff and equipment to the City last year and will be doing that again this year. He described the benefits of sealing to extend the life of the surface. Councilor Baca questioned who was responsible for the striping on the Main and Applegate sections of the highway. Mr. Fear stated that ODOT is responsible for that.

There was discussion about the good relationship Public Works has with Benton County which leads to this arrangement. Mr. Fear explained that Philomath cleans catch-basins on the County roads in the City and, in turn, they loan the sealing equipment.

Water Fund – Ms. Swanson explained the City Council's decision to increase water rates to prepare for major long-term improvements to the water delivery system. Councilor Niemann

reviewed the City Council goals related to water and sewer improvements. Ms. Swanson explained that many of the budget decisions are driven by the Council goals. She reviewed revenues, including a potential CDBG grant to assist in updating the Water Master Plan. Mr. Fear explained the purpose of the Water Master Plan and the need to update it periodically. Chair Jackson explained the relationship between an up-to-date master plan and the potential development of lands in the Urban Growth Boundary.

Mr. Fear explained the construction projects proposed in the Water Fund, particularly extensions to connect dead end lines to create loops and the installation of hydrants in locations identified with the Fire Department. He stated that the radio read meter project has now been completed and the entire City's water meters can now be read in about three hours. He explained the many benefits of the radio read meters. Mr. Black explained the ability to retrieve 35 days of reading history in an hour-by-hour format and what a great tool this is to identify customer leaks and issues. There was discussion about the utility billing clerk identifying unusual readings that Public Works follows up on.

There was discussion about line items related to engineering, bad debt write-off, and Rock Creek water purchase from Corvallis. Ms. Swanson explained different tools used to collect on bad debts. There was discussion about the City's contract with Corvallis to purchase the Rock Creek water and negotiations to establish a new long-term contract. Councilor Manning questioned if there is concern about the water level in the Marys River due to low snow packs this year. Mr. Fear explained different methods the City has of meeting water needs. There was a brief discussion about water rights.

Sewer Fund – Ms. Swanson reviewed revenues in the Sewer Fund and noted an increase in SDC funds available to pay towards the bond debt. Mr. Fear explained the 1952 sewer lines that are failing and result in multiple emergency repairs throughout the year. He explained that many of the sewer lines are at a deep depth and require contracting out for repairs. He noted there is a City Council goal related to the replacement of the remaining old lines. There was discussion about the computer support line item. Mr. Weaver requested an update on the EPA discharge permit status. Mr. Fear reviewed the history of the discharge permit. Mr. Black stated that the permitting requirements for testing seem to be pretty flat right now. Mr. Fear described the efforts by our wastewater treatment operators to determine the correct chemical levels for treatment.

Storm Drain Fund – Ms. Swanson explained the availability of SDC funds to pay the storm drain loan and that the Storm Drain Fund will not need to transfer as much to make that loan payment this year. Mr. Fear explained the relationship between improvements to the storm drain system and the lack of substantial flooding during high river levels this winter. Mr. Black explained some of the methods used to provide consumer education that are now being duplicated by larger cities in this area. Councilor Baca described the scenario of the new FEMA flood maps that now require her to carry flood insurance despite the fact that flood water never makes it to her house. Councilor Edmonds questioned if Public Works would be doing the educational door hangers again. Mr. Fear summarized some of the public educational plans that will probably be outlined in the new DEQ discharge permit. Councilor Edmonds questioned the reduction in the education and training line item. Mr. Fear explained how the department's monthly training and safety meetings and the use of on-line and video training materials help control that cost.

Land, Buildings & Equipment Fund – Ms. Swanson explained that last year's Applegate Street project was a major project and that there will be limited projects this year. Mr. Fear reviewed the anticipated purchases of a new mower and utility truck. He noted that the parks are not flat ground and the mower gets a lot of wear and tear. He stated that the 2004 Ford utility truck is beginning to have mechanical issues which warrant its replacement. He explained that the riprap of sewer lagoon cell #2 may get completed before the end of the 2014-15 budget year but it is budgeted for in case it isn't completed.

Systems Development Fund – Mr. Workman explained the budget of \$5,000 to create a better North 11th Street park plan to use in applying for a State park grant.

Other -- Ms. Swanson provided a brief update on the PERS ruling last week. She explained the system for setting rates over two year periods and that it could impact the City's budget in the 2017-2018 fiscal year.

6. ADJOURNMENT:

There being no further business to come before the Budget Committee, Chair Jackson adjourned the meeting at 7:58 p.m.

SIGNED: Jerry Jackson Sr., Chair

ATTEST: Ruth Post, MMC, City Recorder