

**CITY OF PHILOMATH
BUDGET COMMITTEE
MINUTES
May 4, 2017**

Chair Robert Boss convened the meeting of the Philomath Budget Committee at 7:18 p.m. at City Hall, 980 Applegate Street, Philomath.

1. ROLL CALL

Present:

City Council Members: Mayor Rocky Sloan, City Councilors Doug Edmonds, Charla Koeppe, David Low, Sean Manning and Eric Niemann.

Citizen Members: Robert Boss, Marion Dark, Ashley Folgate, Murl Meredith, Scott Weaver, and Terry Weiss.

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

Absent: City Councilor Candy Koetz and Citizen Member Brian Noakes.

2. APPROVAL OF MINUTES

Ms. Weiss corrected the second motion under Section 2. Election of Chair to read that she only voted Yes and did not vote No.

MOTION: Councilor Edmonds moved, Ms. Folgate second, to approve the minutes of April 20, 2017, as amended. Motion APPROVED 12-0 (Yes: All No: None).

3. VISITORS/PUBLIC COMMENTS

3.1 Robert Turner, Philomath, OR -- Mr. Turner stated he has lost confidence in his local government because the general fund fee is included in this budget. He stated inserting the fee was an arbitrary decision after the fee was tabled by the City Council. He stated including the fee in the budget shows bias by the City Council and the Budget Committee should not be placed in the position of violating the City's Charter. He stated spending should be controlled.

3.2 Robert Ponder, Philomath, OR -- Mr. Ponder stated his concern that the proposed fee is punitive by taking out the fee first from utility payments. He stated his concern that the Committee doesn't know the numbers.

3.3 Mel Whittier, Philomath, OR -- Mr. Whittier read quotes from State and other governmental agencies regarding budget cuts. He stated the increased revenue from the general fund fee is inexcusable until the budget is cut.

3.4 Janice Stanger, Philomath, OR -- Ms. Stanger stated this fee has been the subject of several City Council meetings and wanted to ensure that the Budget Committee is aware of the extensive public testimony in opposition of the fee. She summarized testimony that had previously been provided at those meetings and noted that transfers to save for future buildings should be done away with. She stated that physical libraries are going away and will eventually only be virtual libraries. She asked the Committee to give careful consideration prior to approval of the fee.

3.5 Mark Weiss, Philomath, OR -- Mr. Weiss stated his opposition to the fee due to the citizen opposition to the fee. He stated the community would be equally outraged by the cutting of a patrol officer. He stated that a high percentage of the employees are in management and described the benefits the managers receive. He recommended letting managers either cut their department budgets or cut a management position.

3.6 Keith Murphy, Philomath, OR -- Mr. Murphy stated the Committee doesn't seem to be listening to the people just like Sweet Home. He described construction methods for sewer line replacement that would be cheaper than putting in new pipe. Mr. Murphy wanted to discuss the ballot measure regarding the formation of a special district for OSU Extension and 4-H. Mayor Sloan directed him to contact Benton County regarding that measure.

3.7 Steve Cyr, Philomath, OR -- Mr. Cyr stated he is on a fixed income and his experience in the private sector with declining revenue is that cuts and efficiencies are made. He recommended prioritizing and being creative with a solution.

4. PUBLIC HEARING

Possible uses of State Revenue Sharing

Ms. Swanson explained that state revenue sharing comes from liquor tax and a public hearing is required by the State in order for the City to receive a share. Ms. Weiss questioned if the City takes the full amount and what it has been historically used for. Ms. Swanson stated it goes into the General Fund and has not been allocated in the past by the Budget Committee for any specific purpose or project. Chair Boss opened the public hearing at 7:43 p.m.

Jeff Lamb, Philomath, OR -- Mr. Lamb requested that the Budget Committee consider using the money to help solve the funding issue before the Committee.

Michael Sprouse, Philomath, OR -- Mr. Sprouse stated that he understood that 35% of the funding was earmarked for charitable contributions to local agencies and wanted to know why that wasn't brought up.

Seeing no further public comment, Chair Boss closed the public hearing at 7:51 p.m.

Ms. Swanson explained that the City Council has a policy to provide 35% of state revenue sharing towards charitable contributions but it is not dedicated funding. Councilor Manning clarified that the state revenue sharing funds are already included in the General Fund budget and are not new revenues. Ms. Folgate requested more information about the charitable contributions. Ms. Swanson explained the use of the funds to provide assistance to organizations that provide services to the Philomath community that helps fill service gaps. She explained the types of services provided by organizations such as ABC House and PYAC.

5. PROPOSED GENERAL FUND FEE

Ms. Swanson requested any new questions from the Committee since the last meeting. Ms. Weiss stated her concerns that the Budget Committee is involved in the process of

the fee discussion and felt that the City Charter directs a decision of this type solely to the City Council. Ms. Swanson stated the charge of the Budget Committee is to present a balanced budget to the City Council; and if it includes a fee, the City Council will then pass an ordinance for that fee.

Ms. Weiss had concerns that testimony has been presented to the City Council that the entire Budget Committee hasn't received. She stated concerns that the fee is included in the budget when it is not collectible because no ordinance for it has been passed yet.

Ms. Swanson asked the Committee for feedback regarding options other than the proposed \$17 fee. Mr. Meredith stated he would like to see a budget without any fee at all. Councilor Low stated that there is a revenue problem and that the City has for years instituted cost cutting measures. Mr. Meredith stated the City needs to make do with what actually exists. Mr. Weaver stated it is an inflationary issue; and if you look out five years, we'll be having this discussion again next year and every year after that until something major is done. Mayor Sloan stated that the costs of keeping a town running are constantly going up beyond the City's control. Mr. Meredith stated the personnel expenses are too high.

Ms. Dark stated she disagreed with imposing the \$17 fee and felt there are expenditures that can be cut. She suggested eliminating deferred compensation and longevity pay from the General Fund and Public Works Funds and \$7,5000 of miscellaneous in the City Council budget along with transfers to Land, Building & Equipment (LB&E). She stated support for a \$5 general fund fee to be re-evaluated in one year, predicated upon adoption of the cuts she'd proposed. Further, she proposed that there be no fee on any house making less than \$28,000 per year. She stated that step increases for management need to be re-evaluated. She stated that an alternative way to decrease the budget shortfall would be to go back to the 2015-2016 budget totals and let the Department Heads make allocations as they know best. Ms. Swanson stated that the focus of the discussion was on the General Fund and that funds from the Public Works funds cannot be transferred to the General Fund or vice versa.

Ms. Swanson suggested choosing a fee amount and working forward, such as the \$5 proposed by Ms. Dark. Ms. Workman explained that monies transferred into LB&E are still earmarked for capital expenditures that benefit the fund that those monies came from. As an example, transfers from the General Fund are limited to uses by only those departments in the General Fund or the three buildings: City Hall, the Library or Police Department.

Ms. Weiss stated her opposition to a budget including the fee. Mr. Workman stated that everything in the budget is subject to the Budget Committee's consideration. Ms. Weiss stated the City Council didn't vote on this and it is being dumped on the Budget Committee.

Councilor Niemann suggested a compromise to consider a \$10 fee. Ms. Folgate suggested considering a \$10 fee and review cuts. Mr. Meredith requested no fee. Ms. Swanson distributed possible scenarios for cuts. Mr. Meredith requested the DH's recommend cuts in their departments. Ms. Swanson stated that the department heads have reviewed their budgets and recommended the budgets presented. Mr. Meredith

questioned amounts saved towards future buildings. Mr. Weaver suggested beginning listing cuts towards no fee.

There was discussion about cutting the \$78,400 in transfers to LB&E for buildings. Mr. Weaver questioned the impacts of cutting the bus. Councilor Niemann stated that the bus would impact low income residents. Councilor Edmonds stated that ridership has decreased in recent years. There was discussion about the potential of cutting the bus or not. Ms. Folgate stressed the importance of considering alternative bus options.

Ms. Weiss stated it is difficult to talk about salaries with people sitting in the room. She stated that it is unusual for an entity to never go through salary freezes. She recommended no raises. She cited use of a business tax and gas tax in Florence to fund their 1% salary increases. Mr. Workman stated that step salary freezes would not affect his salary and union police officers. He stated that his contract has been negotiated and agreed upon by the City Council for the coming year. He described the long tenure of the remainder of the management staff and that a salary freeze would have minimal affect.

Ms. Dark stated it sounded like benefits were off the table but that was one place where monies could be cut. She described her experiences with salary freezes and felt the additional deferred compensation should be considered for cuts. Councilor Manning questioned why some of the salary cuts were not considered. Ms. Swanson stated that many of the employees make less than comparable positions at other cities and benefits cost less to offer. Ms. Dark stated that the mantra needs to be to do more with less. She stated that fiscal responsibility starts at the top.

Mr. Workman stated there isn't a large amount of money in salaries to be saved without renegotiating union contracts or his contract. He reviewed the adjustments made in the total compensation package to stay in the middle of the pack and retain quality employees.

Councilor Niemann questioned if the City Council miscellaneous line item could be struck for \$10,000. Ms. Swanson reviewed the expenses that have been paid this year out of that line item.

Councilor Niemann questioned if the flower basket program could be cut. There was discussion about the revenue raised pays for the program. Mr. Meredith stated that it would be nice to have the best employees but we need to pay for what we can afford.

Ms. Weiss stated it is unreasonable to examine the budget and make judicious cuts in one evening. She stated the salary and benefits should be looked at. She stated that this is not a community where many people make \$96,000 per year and management doesn't want to cut their own salaries. Councilor Low stated that staff did invite the Committee to come in and ask questions. He recommended a balance but didn't recommend balancing the budget on the backs of staff.

There was discussion about the number of citizens who have and have not made their sentiments known regarding a potential fee. Ms. Dark requested that the contribution to the Frolic be eliminated. Councilor Koeppel noted that the Frolic contribution is included with the social service funding figure on the list provided by Ms. Swanson.

Councilor Edmonds stated concerns about the decisions being made this year looking forward to next year. He reviewed the proposed cuts in the Parks Department and stated concerns about the parks being closed. He stated he is concerned about the future. Mr. Weaver stated he did a 5-year projection and described concerns for the future also. He stated that with the General Fee at \$22 per month, it would cover the 7.1% increase for five years. Mr. Meredith stated the City doesn't need to contribute the employees' PERS share.

Councilor Edmonds questioned what a zero fee this year and next year would look like. Ms. Swanson explained that the Police Department is the largest budget. Ms. Weiss stated the people who manage the departments should make the cuts and choices to reach a 6% reduction. Ms. Swanson explained that the department heads have reviewed the budgets and it is now a matter of cutting services by the Committee. Mr. Meredith stated that retirement benefits should be considered. Ms. Folgate described value in human capital and concerns that cutting those benefits would have a negative effect. Mr. Meredith stated that a combination of both cuts and a reasonable fee might be palatable.

Ms. Swanson polled the Committee for each cut that had been proposed during the evening to identify those that had a majority of support. The results of that polling identified cutting the LB&E transfers for buildings (\$78,000), eliminating City Council Miscellaneous (\$10,000) and Frolic funding (\$3,500), and reducing Contingency (\$50,000) for a total of \$141,500

There was discussion about how many people might apply for a low income fee discount. Ms. Swanson stated that she estimated 5% could apply for a discount as a starting estimate for this year. Ms. Weiss stated concerns about low income residents who rent being subject to the fee. Ms. Swanson stated that there may be need for adjustment next year. Ms. Weiss stated that salary freezes should be considered because those people have jobs.

Mr. Weaver stated his concerns about just getting through this coming year and considering inflation next year. Ms. Swanson suggested at least getting through the first year with difficult decisions. Ms. Weiss suggested the City Council vote on the fee at the next City Council meeting. Councilor Manning stated the Council had no intention of sliding anything though without adequate notice. Ms. Swanson polled the Committee for support of a \$10 fee, with less than half of the Committee supporting it.

Ms. Swanson requested the Committee come to the May 11 meeting with proposed cuts.

6. **REVIEW PUBLIC WORKS BUDGET** – Tabled.

7. **ADJOURNMENT:**
Chair Boss adjourned the meeting at 9:39 p.m.

SIGNED:
Rocky Sloan, Mayor

ATTEST:
Chris Workman, City Manager