

**CITY OF PHILOMATH
BUDGET COMMITTEE
MINUTES
April 15, 2020**

The Budget Committee of the City of Philomath was called to order by Noelle Cummings on Wednesday, April 15, 2020, at 6:30 p.m. Due to the Oregon Governor's Executive Order 20-12 requiring social distancing due to the COVID-19 pandemic, the meeting was held via video conferencing technology with the public also allowed to attend in limited capacity in the Philomath City Hall Council Chambers, 980 Applegate Street, Philomath, Oregon.

1. ROLL CALL

Present:

City Council Members: Mayor Eric Niemann, City Councilors Ruth Causey, Doug Edmonds, Chas Jones, Matt Lehman, David Low, and Matthew Thomas.

Citizen Members: Catherine Biscoe, Margie Brown, Julie Conner, Noelle Cummings, Robert Glathar, Chris Kastella, and Brian Noakes.

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:

2. ELECTION OF CHAIR

MOTION: Mayor Niemann moved, Councilor Edmonds second, to appoint Noelle Cummings as 2020 Philomath Budget Committee Chair. Motion APPROVED 14-0 (Yes: Biscoe, Brown, Causey, Conner, Cummings, Edmonds, Glathar, Jones, Kastella, Lehman, Low, Niemann, Noakes, and Thomas. No: None).

3. MINUTES

MOTION: Councilor Low moved, Councilor Edmonds second to approve the minutes of May 15, 2019 as presented. Motion seconded and APPROVED 14-0 (Yes: Biscoe, Brown, Causey, Conner, Cummings, Edmonds, Glathar, Jones, Kastella, Lehman, Low, Niemann, Noakes, and Thomas. No: None).

4. VISITORS/PUBLIC COMMENTS

Catherine Biscoe – Ms. Biscoe read her letter into the record regarding concerns of the impact of COVID-19 on the community and the budget (Supplemental Agenda Item 4.01). She requested that the Budget Committee take a conservative approach.

5. BUDGET MESSAGE

Mr. Workman provided the budget message as included in the proposed budget document.

1 **6. REVIEW GENERAL FUND BUDGET**

2
3 General Fund Revenues – Ms. Swanson reviewed the General Fund revenues, including
4 cash balance forward being higher than previously expected due to both increased
5 property tax growth and reduced expenditures in the current year. She reviewed
6 estimated property tax revenues which are up due to growth and state shared revenues
7 also being up because they are based on population and that has also gone up. She
8 reported that the good forecast has resulted in the City Council approving a reduction of
9 the General Fund Fee down to \$5 effective July 1. Ms. Swanson reviewed the forecast
10 for building permit fees which are estimated to be down next year, although construction
11 is still going strong. She noted total General Fund revenues are estimated at \$4.4 million
12 for the budget period.

13
14 Ms. Swanson reviewed the transfers in the budget, including finally being able to set
15 money aside for building improvements; the contingency allocation and the ending fund
16 balance. She discussed the goal for the ending fund balance in meeting the financial
17 needs until property taxes are received in November.

18
19 Councilor Causey questioned the waiver of the bus fares due to COVID-19 and whether
20 that revenue line should be reduced. Ms. Swanson explained that the new budget
21 begins in July and recommended leaving it as is but added that if the economy doesn't
22 recover, action may need to be taken at the appropriate time. She described the benefit
23 of property taxes being more stable than sales or lodging tax reliant cities in a situation
24 such as this. There was discussion about the status of the budget when the November
25 property taxes are received.

26
27 Councilor Lehman questioned the impact if revenue is underestimated. There was
28 discussion about staying the course on this budget and taking that into consideration on
29 the next budget because revenue that is not allocated cannot be spent. There was also
30 discussion about the impact if people fall behind on payment of their mortgages and the
31 escrow funds to pay property taxes that are frequently collected at the same time.

32
33 Administration/Planning Department

34 Mr. Workman reviewed the staffing and functions performed in the
35 Administration/Planning Department, with not much change from last year to this year.
36 He noted the PERS Side Account funds that were allocated last year and that most
37 departments will have a reduction because that was in last year's budget.

38
39 Councilor Causey had a question about decreases in line items such as workers'
40 compensation, PERS and planning expenses. Mr. Workman addressed planning activity
41 levels impacting the planning expense. Ms. Swanson summarized the recently approved
42 new three-year union contracts and the negotiations that occurred pre-COVID-19. She
43 also noted the minimal increases in health insurance and the benefits comparison to
44 comparable cities that was completed. After the deposit into the PERS Side Account,
45 Ms. Swanson explained that the recalculation of the City's PERS rate resulted in an
46 overall 5% reduction.

47
48 There was discussion about the use of City County Insurance for workers' compensation
49 coverage, including the method of rate calculation, the City's good claims history, safe
50 work practices, and the impact one bad accident can have.

1 There was discussion about salary increases included in the budget but that the city
2 manager and department head salaries will have no raises until the COVID-19 situation
3 indicates a review of that status is appropriate. Mr. Workman addressed this action as
4 appropriate based on the impact to the local economy and not because of any budget
5 indications.

6
7 Building Permits Department

8 Mr. Workman described the estimates based on development potential in the upcoming
9 year. Councilor Causey questioned a reduction in the part-time clerk allocation. Ms.
10 Swanson explained the fine-tuning process in budgeting with this being the second year
11 for that position and having a better indication of actual hours to be worked. She added
12 that her approach to budgeting is conservative and cited the Lepman project as an
13 example of a variable that could impact the building permits budget.

14
15 Finance Department

16 Ms. Swanson explained that the recording fees have seen an increase due to
17 developments deferring system development charges that must be recorded against the
18 property but also noted that the developer pays those fees and they are reflected in the
19 revenue line.

20
21 Municipal Court Department

22 Ms. Swanson described the effect of police department personnel changes impacting
23 the number of citations coming to the court.

24
25 Police Department

26 Chief Rueben reviewed the impact of the new 9-1-1 Service District and the fixed fees
27 associated with much of the budget, such as equipment replacement, training and
28 records retention. He described the new report writing program in partnership with other
29 local agencies and noted that the department is fully staffed for the first time since 2018.

30
31 Councilor Causey questioned the tires line item increase. Chief Rueben explained this
32 was a case of creating a line item to better identify specific expenses. Councilor
33 Edmonds supported the expenses associated with accreditation. Ms. Conner questioned
34 the decrease in custodial expense. Chief Rueben explained the re-assignment of those
35 duties to the custodian whose expenses are paid out of a different department. He
36 expressed appreciation for the extra efforts of Shelley Bartlow in taking extra steps to
37 reduce officer exposure during the COVID-19 situation.

38
39 Councilor Jones questioned if comparable cities spend 47% of their general fund budget
40 on police services. There was discussion about the cost of police departments
41 comparative to other cities of similar size and the level of service the community
42 expects. Mr. Workman noted it is comparable and Mr. Noakes stated his research a
43 couple of years ago indicated 50% was an average.

44
45 Chair Cummings requested a review of the purposes for the Youth Services line item.
46 Chief Rueben explained the types of donation requests, Safety Town expenses, and
47 publications paid for out of that line item. Chair Cummings noted it is a small line item
48 but pays for good things.

49
50 Councilor Low described his research into the costs for the department and that the
51 community gets a good return on the investment, including low crime rates, relationships

1 with other area law enforcement agencies and as a resource for the schools. Mayor
2 Niemann noted that Philomath is comparable to the 2.5 officers per thousand population
3 metric and is a 24/7 operation, unlike other City departments.
4

5 Buildings & Grounds

6 Mr. Fear summarized the expenses in this fund keep buildings in good repair and there
7 are no major projects expected for this department this year.
8

9 Parks

10 Councilor Edmonds questioned if the addition of two new parks is going to affect the
11 level of services. Mr. Fear summarized increases in utility expenses and the addition of
12 two new parks but explained they are looking at opportunities to increase efficiencies.
13 Mayor Niemann described the progress on the Cochran Park. Mr. Fear stated they are
14 looking at ways to free up hours and use part time hours to allocate to parks.
15

16 City Council

17 Ms. Swanson noted that the City will be the beneficiary of federal COVID CARE funds
18 that will result in additional funds to operate the bus service. The CARE Act funds will
19 cover the City's 50% contribution towards the bus expense as long as the emergency
20 situation exists. Ms. Swanson reviewed the special services included in the City Council
21 budget. Mr. Workman summarized the grant funds contributing towards the expense of
22 the Comprehensive Plan update and described progress on that project.
23

24 Ms. Swanson reviewed changes this year in the process for allocating contributions to
25 local social service agencies and changes to the network IT services provider. There
26 was discussion about the proposal, review and selection of a provider and that there
27 may be additional technology updates necessary. Ms. Swanson stated this was a line
28 item that will be more fine-tuned in next year's budget.
29

30 Ms. Kastella questioned where expenses are allocated for Music in the Park, and Ms.
31 Swanson explained there are no direct expenses for that program. Mr. Workman
32 described the efforts by Public Works to make sure the park area at the gazebo looks
33 good for both Music in the Park and other events but there are no direct expenses
34 associated with putting that program on.
35

36 Chair Cummings questioned what the Mid-Valley Partnership line item is for. Mr.
37 Workman explained this is a regional economic development consortium of eight mid-
38 valley cities. He described the grant funding that created the entrepreneurial catalyst
39 effort and the line item is for the City's portion of any matching funds needed for any
40 grants that the consortium would apply for. He explained that a grant application to
41 USDA was submitted today for that program.
42

43 Councilor Edmonds returned to the IT Services discussion, describing the research he
44 had conducted on the company that was chosen and his concern about exposure to
45 ransomware attacks. He stated support for the company the City has contracted with.
46 Ms. Swanson discussed the importance of security for the City's technology systems.
47

48 Mayor Niemann thanked Ms. Swanson, Mr. Workman and all of the departments for the
49 efforts to put the budget together. Ms. Swanson and Mr. Workman invited any questions
50 regarding the budget to be directed to them or the appropriate department head in
51 advance of the next meeting in two weeks.

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8. ADJOURNMENT:
Chair Cummings adjourned the meeting at 8:04 p.m.

SIGNED: Noelle Cummings, 2020 Chair

ATTEST: Ruth Post, MMC, City Recorder

**CITY OF PHILOMATH
BUDGET COMMITTEE
MINUTES
April 29, 2020**

The Budget Committee of the City of Philomath was called to order by Chair Noelle Cummings on Wednesday, April 29, 2020, at 6:00 p.m. Due to the Oregon Governor's Executive Order 20-12 requiring social distancing due to the COVID-19 pandemic, the meeting was held via video conferencing technology with the public also allowed to attend electronically and in limited capacity in the Philomath City Hall Council Chambers, 980 Applegate Street, Philomath, Oregon. Instructions with opportunities for the public to comment were provided on the meeting agenda, City's website, and media notice.

1. ROLL CALL

Present:

City Council Members: Mayor Eric Niemann, City Councilors Ruth Causey, Chas Jones, Matt Lehman, and David Low.

Citizen Members: Catherine Biscoe, Julie Conner, Noelle Cummings, Chris Kastella, and Brian Noakes.

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

Absent: Margie Brown, Robert Glathar, Doug Edmonds, and Matthew Thomas

2. MINUTES

MOTION: Councilor Jones moved, Mr. Noakes second to approve the minutes of April 15, 2020 as presented. Motion seconded and APPROVED 10-0 (Yes: Biscoe, Causey, Conner, Cummings, Jones, Kastella, Lehman, Low, Niemann, and Noakes. No: None).

3. VISITORS/PUBLIC COMMENTS

None.

4. PUBLIC HEARING

4.1 Possible uses of State Revenue Sharing – Chair Cummings opened the public hearing at 6:07 p.m. Ms. Swanson summarized the sources of state revenue sharing funds and possible uses as allocated in the budget. In compliance with Governor Brown's Executive Order 20-16, public comment methods were posted and no comments were received. Seeing no public testimony, Chair Cummings closed the public hearing at 6:08 p.m.

5. REVIEW PUBLIC WORKS BUDGET

Ms. Swanson reviewed state highway tax revenues in the Street Fund that are projected to increase due to the increase in population. Mr. Fear reviewed the primary project in the fund to chip seal Mt. Union Drive before the surface fails. Mayor Niemann supported the project on Mt. Union and questioned if the COVID-19 situation would impact the state highway tax revenues. Ms. Swanson described the source of the state highway tax revenues and explained she has not seen any projections being presented at this time

1 based on an impact from COVID-19. She noted the revenue in this budget is for the
2 period from July 1, 2020 to June 30, 2021.
3

4 Councilor Lehman questioned the expectations for the year-end balance. Ms. Swanson
5 reviewed the increase budgeted for transfers and noted if the revenue does not come in
6 as high as projected, the transfers would be adjusted correspondingly. She explained
7 the target is to have two to three months' worth of expenses in the ending fund balance.
8

9 Mr. Fear explained that projects are performed on a planned basis and based on
10 available funds. Councilor Low questioned other methods of highway tax collection
11 based on mileage instead of gas purchases. Mr. Fear explained the collection of
12 revenue through licensing and registration for vehicles that do not consume as much
13 fuel.
14

15 Water Fund

16 Ms. Swanson reviewed the revenue expectations in the Water Fund. Mr. Fear explained
17 the primary project in the Water Fund is to keep the current aging water treatment plant
18 operating. He noted higher maintenance costs involved in keeping it operational.
19

20 Mayor Niemann described the Council decisions related to water rates, including
21 providing relief to low income water users. Ms. Swanson reviewed measures that have
22 been taken during the COVID-19 pandemic, including not charging late fees and not
23 turning water off for non-payment. She described plans to work with customers to catch
24 them up over ensuing months. Ms. Swanson reviewed online bill pay numbers for recent
25 months and noted there had not been a major decline in payments. Mr. Black stated the
26 water treatment plant operator had noted a significant decrease in water usage in recent
27 months. There was discussion about possible reasons for that decrease, including the
28 School District and possibly Georgia-Pacific curtailing usage.
29

30 Ms. Swanson reviewed the increase in transfers earmarked for the new water treatment
31 plant. Ms. Biscoe questioned if there was any chance that the lending rates for the water
32 treatment plant would change. Ms. Swanson explained the funding was coming from
33 existing State funding sources and didn't anticipate any change. Councilor Lehman
34 questioned if any shortfall would result in a decrease in transfers. Ms. Swanson
35 explained yes, but those would ultimately have to be made up for by rate increases.
36

37 Councilor Causey questioned when the treatment plant funding would be secured. Mr.
38 Workman described the timeline for the project. Ms. Swanson explained the difference
39 between federal lending rates and the rates to be obtained through Business Oregon.
40 Ms. Biscoe questioned what the debt service expectation is for the treatment plant. Ms.
41 Swanson reviewed the funding package Business Oregon had previously provided. Mr.
42 Workman described the impact of the final construction cost on the amount to be
43 borrowed and that only the amount needed for construction would be borrowed. He
44 reviewed the contingency allowance built into the engineer's estimate.
45

46 Sewer Fund

47 Ms. Swanson reviewed the rate increase approved by the City Council and the capital
48 projects that are funded out of the revenues. She reviewed the increase in transfers from
49 the System Development Charge Fund to pay towards the debt service on the existing
50 sewer bonds.
51

1 Mr. Fear reviewed deterioration of the aging sewer lines in South 17th Street and the
2 capital improvement project to replace aging lines in that street. Mr. Workman explained
3 the projects that are designed to replace underground lines before spending money on
4 improving the street surface. He explained that several of the projects slated are multi-
5 step projects including sewer, water and street improvements. There was additional
6 discussion about the aging infrastructure and 1950's era pipe that needs to be replaced.
7 Mr. Fear described the challenges of replacing the aging concrete pipe that can no
8 longer be lined due to deterioration and must now be trenched and replaced.
9

10 Ms. Biscoe questioned if the cost to residents is known for local improvement districts
11 (LID's) referred to in the Strategic Plan. Ms. Swanson explained no LID's are planned
12 strictly to replace aging sewer lines. She described the identification of complete projects
13 using funds that have been saved for that purpose. There was discussion about the
14 projects identified in the capital improvement plan. Mr. Workman explained that some
15 sections of North 11th Street that have seen recent development will be paid for by the
16 property owners who have made those developments. There was discussion about the
17 City paying for street improvements and adjacent property owners paying for sidewalk
18 improvements.
19

20 Mr. Fear described efforts to identify failing areas to be combined into efficient projects.
21 Mr. Workman explained the expectation to continue to knock off projects every year
22 based on accumulated funds and to continue to pay debt service on the sewer lagoon
23 project. Councilor Causey noted that the only LID the Council has recently discussed is
24 on Landmark Drive. Ms. Swanson agreed it is not a tool the City has historically used
25 very often.
26

27 Storm Drain Fund

28 Ms. Swanson noted the only Storm Drain Fund revenues are from user fees. Mr. Fear
29 reviewed ongoing work towards renewal of the National Pollutant Discharge Elimination
30 System permit (NPDES) and efforts to keep the City in compliance with permit
31 requirements. Regarding COVID-19 employee safety, Mr. Fear reviewed testing
32 protocols, mandatory employee training and personal protective equipment policies
33 Philomath has in place and noted that Philomath has been ahead of some cities in
34 implementing higher safety standards.
35

36 Councilor Causey described reports of testing sewer discharge in Albany to attempt to
37 identify the presence of COVID-19 in the community. There was further discussion about
38 local circumstances.
39

40 Land, Building and Equipment Fund (LB&E)

41 Ms. Swanson reviewed transfers into LB&E, including savings for the water treatment
42 plant and savings towards municipal building improvements. She explained the
43 budgeting for loan proceeds to meet the water treatment plant engineering expense
44 needs during the 2020-21 fiscal year and that additional loan proceeds for construction
45 will be budgeted into the next fiscal year. She noted the engineering is expected to be
46 completed early in 2021. She reviewed allocations towards projects and noted that the
47 Timber Estates sewer line extension is actually beginning within the next month and also
48 came in substantially below the budgeted amount based on the engineering estimate.
49 Mr. Black reviewed projects to repair the damaged Public Works parking lot and disposal
50 station for debris from storm drain clean outs.
51

1 Mr. Workman described conversations to be held regarding a possible library expansion.
2 Mayor Niemann questioned if the City gets reports on usage at the library. There was
3 additional discussion about library usage.
4

5 Councilor Causey questioned what the maximum loan expectation is for the water
6 treatment plant project. Ms. Swanson explained the \$14.2 million loan pre-approved by
7 Business Oregon is on the high end and includes a substantial contingency fund.
8

9 Ms. Swanson reviewed City Hall renovation needs and the intent to save towards
10 performing a remodel in approximately four years and also saving towards a remodel
11 project at the library to be constructed in approximately five years.
12

13 Ms. Biscoe questioned where the budget could be conserved, in particular identifying the
14 engineering costs for the North 11th Street project. Mr. Workman reviewed the aged
15 sewer line in North 11th Street and the intent to bring the street up to City standards.
16 There was additional discussion about the street project and whether an engineering
17 study on upgrading North 12th Street should be piggybacked onto it or not. There was
18 further discussion about the involvement of the North 12th Street Road District and
19 whether the District supported improvements or not. Mr. Workman described past
20 interactions with individuals from that area and feedback received in meeting with
21 members of the District that indicated a majority were not in favor of improvements. Both
22 Councilor Lehman and Ms. Biscoe identified themselves as living within the District and
23 provided viewpoints about history of the road and possible future improvements.
24

25 There was discussion about the capacity of Pump Station A currently handling all of the
26 City's west side sanitary sewer requirements.
27

28 System Development Fund

29 Ms. Swanson reviewed available Park SDC funds. Mayor Niemann discussed the State
30 Parks Grant application that was submitted towards the Paul J. Cochran Veterans
31 Memorial Park and noted that award of grant funds has been put on hold at this time. He
32 reviewed the current status of the project, including volunteer and in-kind donation
33 commitments that have been received.
34

35 Ms. Swanson reviewed the funds allocated towards engineering costs for the water
36 treatment plant and a smaller project to update the Storm Drain Master Plan. Ms. Biscoe
37 questioned if a reimbursement of SDC's for The Boulevard Apartment would be paid for
38 out of this fund and what that amount would be. Mr. Workman offered to review that
39 information with her. Ms. Biscoe questioned how a reimbursement from the System
40 Development Fund to The Boulevard Apartments would impact this budget. Ms.
41 Swanson suggested that could be addressed at the next meeting.
42

43 **6. ADJOURNMENT:**

44 Chair Cummings adjourned the meeting at 8:03 p.m. with the next meeting scheduled for
45 May 13, 2020 at 6:00 p.m.
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49 _____
50 SIGNED: Noelle Cummings, 2020 Chair

_____ ATTEST: Ruth Post, MMC, City Recorder

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**CITY OF PHILOMATH
BUDGET COMMITTEE
MINUTES
May 13, 2020**

The Budget Committee of the City of Philomath was called to order by Chair Noelle Cummings on Wednesday, May 13, 2020, at 6:07 p.m. Due to the Oregon Governor's Executive Order 20-12 requiring social distancing due to the COVID-19 pandemic, the meeting was held via video conferencing technology with the public also allowed to attend electronically and in limited capacity in the Philomath City Hall Council Chambers, 980 Applegate Street, Philomath, Oregon. Instructions with opportunities for the public to comment were provided on the meeting agenda, City's website, and media notice.

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1. **ROLL CALL**

Present:

City Council Members: Mayor Eric Niemann, City Councilors Ruth Causey, Doug Edmonds, Chas Jones (6:15 p.m.), and David Low.

Citizen Members: Catherine Biscoe, Margie Brown, Julie Conner, Noelle Cummings, Robert Glathar, and Brian Noakes.

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

Absent: Councilor Matt Lehman, Councilor Matthew Thomas and Chris Kastella.

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2. **MINUTES APPROVAL**

MOTION Councilor Edmonds moved, Councilor Causey second to approve the minutes of April 29, 2020 as presented. Motion seconded and APPROVED 10-0 (Yes: Biscoe, Brown, Causey, Conner, Cummings, Edmonds, Glathar, Low, Niemann, and Noakes. No: None).

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3. **VISITORS/PUBLIC COMMENTS**

None.

GENERAL FUND UPDATE

4.1 **General Fund** – Ms. Swanson recapped the effect of decisions made by the City Council at their May 11 meeting regarding donations to local social service agencies and the Chamber and dedication of revenue received from Benton County's transient lodging tax towards tourism related expenses. She identified the corresponding effects on the cash carryforward, ending fund balance, and addition of a tourist related activities expense line. She noted that replacement pages reflecting those changes had been distributed to the Committee.

Mr. Workman briefly reviewed upsized service lines that the City required The Boulevard developers to install to prepare the infrastructure for future additional development in the area and the SDCs they paid in full in order to to proceed with construction.

(Chas Jones joined the meeting at 6:15 p.m.)

1 Ms. Swanson explained that supplemental information had been received that impacted
2 three funds and replacement pages had been prepared; however issues with the City's
3 email system prevented distributing them prior to the meeting.
4

5 4.2 Street Fund – Ms. Swanson reviewed the updated projections now available from
6 ODOT on the City's share of State Highway Tax revenue and the corresponding
7 adjustment to the Street Fund State Highway Tax revenue line to be \$351,000. She
8 noted this would reduce transfers to the Land, Building and Equipment Fund by \$31,900.
9 She reviewed the page adjustments to affect the adjustment. Councilor Causey
10 reviewed the information available from ODOT and agreement with the changes
11 proposed by staff.
12

13 There was discussion about the forecast and the impact of additional adjustments to the
14 projections. Ms. Swanson described the consistent review of the budget throughout the
15 year and that any additional adjustments necessary would likely impact transfers to the
16 LB&E Fund. Mr. Workman described the capital improvement projects that are already
17 funded in the budget. Ms. Swanson provided an overview on the use of the contingency
18 funds that are in each fund to address unanticipated expenses throughout the budget
19 year. There was discussion about mitigating potential further reductions in the revenue
20 and methods of handling those, such as through further reductions in transfers or in
21 expenses.
22

23 Mr. Workman reviewed the Small City Allotment Grant from ODOT that is budgeted to
24 pay for chip sealing on streets. There was discussion about the effect on population in
25 qualifying for the Small City Allotment Grant and that the City may soon exceed the
26 upper threshold.
27

28 4.3 System Development Fund – Ms. Swanson reviewed the addition of a new line
29 section for materials & services to reimburse water and sewer SDCs that had been
30 previously paid by the developer of The Boulevard Apartments. Mr. Workman reviewed
31 the prepayment of the SDCs prior to final calculation of the amount of credit they should
32 receive for the larger infrastructure the City required them to install. There was
33 discussion about there being no interest owed on the reimbursement.
34

35 Mayor Niemann noted that the reimbursement calculation should be finalized prior to
36 final approval of the budget by the City Council in June. There was discussion about the
37 public nature of the discussion and the remaining calculations to be finalized. There was
38 discussion about the timing of determining a reimbursement and the benefit to the City of
39 having a developer upsize a line while they are installing infrastructure. There was
40 discussion about any other developments that are underway that could result in a
41 reimbursement or a reduction in SDCs due to upsizing. There was discussion about the
42 audit trail of the reimbursement over multiple budget years. There was discussion about
43 the effect on the cost of SDCs for residential construction with a credit involved and the
44 infrequency of developments receiving them. There was discussion about the
45 justification for the City's calculations process to come to a final agreement.
46

47 **5. REVIEW**

48 5.1 **Community Development Fund** – Ms. Swanson reviewed the status of the
49 outstanding Community Development Block Grant loans and noted no loans had been
50 paid off this year. She explained the proposed budget estimates two loans to be repaid
51 and that there are no expenditures anticipated. Ms. Swanson explained the no interest

1 nature of the loans and the typical type of payoff that occurs on those loans. There was
2 discussion about the cash carryforward being the basis for the interest earnings.
3

4 **5.2 Economic Development Fund** – Ms. Swanson reviewed the State loan that
5 paid for the infrastructure installation at Millpond Development Park and the annual
6 payment made by the owner so the City can then make payment to the State. She noted
7 that the loan now has ten years remaining and the owners have made all annual
8 payments to date. There was clarification about the location of the property on the north
9 side of Highway 20/34 west of Clemens Mill Road.
10

11 **5.3 Development Review Fund** – Mr. Fear reviewed the purpose of the
12 Development Review Fund to reimburse the City for actual expenses related to having
13 the City’s engineer review and oversee developer projects. Ms. Swanson reviewed the
14 process of accounting for expenses and collection of fees from developers. Councilor
15 Edmonds described the value of the program.
16

17 **5.4 Final Discussion** – Ms. Biscoe stated concerns about a lack of opportunity to
18 make changes to the budget and about trickle down funding reductions from the State.
19 She stated concerns about rising unemployment and described increases in need she
20 has seen at the Gleaners. She requested a reduction of one to three percent across the
21 board in the budget. Ms. Biscoe requested the Committee have a discussion about
22 pairing down the budget and eliminating projects and vehicle purchases.
23

24 Ms. Cummings and Councilor Jones stated appreciation for Ms. Biscoe’s comments.
25 Councilor Jones stated concerns about the cost to the community of the City’s financial
26 position. He suggested Ms. Biscoe make a motion with regard to her request to gauge
27 the Committee’s position. Councilor Causey described the concrete evidence of the
28 revenue reduction in the transportation tax but that that was the only area of specificity
29 she found to address. She suggested that expenses could be reduced and contributions
30 made to more organizations. She requested final approval be postponed.
31

32 Mr. Glathar suggested identifying expenditures that could be postponed. Mr. Noakes
33 agreed he would like to see reductions and to postpone a decision. Ms. Swanson
34 described the uncertain nature of the situation and adjustments that would be made as
35 the year progressed if and when they became warranted. Councilor Low clarified that the
36 expenses presented in the budget are not required to be spent. He described the
37 Council’s dedication to development of the Strategic Plan. He stated the budget is
38 conservative; and if things become worse, adjustments would be made. He stated he did
39 not support across-the-board cuts.
40

41 Ms. Swanson reminded the Committee of the quarterly budget reports that she
42 distributes to them that identify fluctuations from the budgeted amounts and keep them
43 informed of the budget’s performance. Councilor Edmonds agreed that money cannot be
44 spent that the City doesn’t have and there are controls in place. He described relief
45 programs to assist customers who need assistance with utility bills. He stated he was not
46 in favor of making changes at this time.
47

48 Councilor Causey noted there is \$6,800 allocated towards a library expansion this year.
49 She stated the expectation that any reductions in revenue would be reviewed by the City
50 Council. Mayor Niemann described the need to receive the updated pages and to
51 identify any specific reduction proposals.

1
2 Chair Cummings stated understanding of the positions presented. Ms. Biscoe stated she
3 would like to see a two to three percent reduction in each fund. She described impacts
4 on future budgets of a depression and the value of finding places to cut now, including
5 wish list items. Councilor Edmonds stated he didn't feel there were wish list items in the
6 budget. Ms. Biscoe suggested waiting to spend money and having a proactive stance.
7

8 Mr. Workman stated the budget is built conservatively and the maximum amount that
9 could be spent. He stated this budget provides for both a negative and positive revenue
10 forecast. There was discussion about the timing of the budget preparation and changes
11 that have been proposed since the COVID-19 outbreak. Councilor Low stated he didn't
12 believe a 3% reduction would have an actual impact on the bottom line if things became
13 a worst case scenario. He recommended watching the budget over the course of the
14 year.
15

16 Mayor Niemann noted the bulk of the revenue is from property taxes and impacts on
17 those is undetermined. He described the impact of Oregon State University on the
18 community and recommended holding projects until later in the year to determine if they
19 should proceed. Chair Cummings stated that allocation doesn't mean the funds should
20 be spent immediately. She noted that the Committee does receive the quarterly reports
21 and Ms. Swanson monitors the budget constantly. She recommended the Committee
22 vote on whether to hold another meeting for Committee members to come prepared with
23 specific items to discuss. Councilor Low requested that any recommendations be
24 prepared and distributed in advance.
25

26 Ms. Biscoe recapped budgeting history and didn't feel the City had taken a conservative
27 course since the 2008 recession. Ms. Swanson offered the option of the Committee
28 passing the budget to the Council, with the Council having more information on impacts
29 by the end of June.
30

31 Councilor Edmonds described the conservative course of budgets from 2008 to present
32 and money isn't spent if the City doesn't have it.
33

34 **6. MOTION TO APPROVE BUDGET AND TAX RATE**
35

36 **MOTION:** Ms. Brown moved, Councilor Edmonds second, the Budget Committee
37 approve the 2020-21 budget for the City of Philomath as amended by the changes to the
38 General Fund, Street Fund, Land Building & Equipment Fund, and System Development
39 Charge Fund as presented on May 13, 2020, and further moved the Budget Committee
40 approve the tax rate of \$5.3005. Motion APPROVED 9-2 (Yes: Brown, Causey, Conner,
41 Cummings, Edmonds, Glathar, Low, Niemann, and Noakes. No: Biscoe and Jones).
42

43 Councilor Edmonds thanked the Committee and staff. Councilor Low stated appreciation
44 for the use of local art on the Summary Budget. Chair Cummings thanked everyone for
45 serving on the budget and providing all of the perspectives. She encouraged anyone
46 with comments to submit those to the Council for the June 8, 2020 public hearing.
47

48 **7. ADJOURNMENT**
49

49 Chair Cummings adjourned the meeting at 8:23 p.m.
50

51 SIGNED: Noelle Cummings, 2020 Chair

ATTEST: Ruth Post, MMC, City Recorder

