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CITY OF PHILOMATH
Finance/Administration Committee
February 4, 2020

Chair David Low called the meeting to order at 4:03 p.m. in the City Hall Council Chambers, 980 Applegate Street, Philomath, Oregon.

ROLL CALL:

City Councilors Matt Lehman, Chas Jones and David Low.

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

Guest: Melissa Murphy, Business Oregon.

MINUTES:

Councilor Jones moved, Councilor Low second, to approve the minutes of August 27, 2019 as presented. APPROVED 3-0 (Yes: Jones, Low and Lehman; No: None).

NEW BUSINESS:

3.1 Election of Chair

MOTION: Councilor Jones moved, Councilor Lehman second, to re-appoint David Low as Chair. APPROVED 3-0 (Yes: Jones, Low and Lehman; No: None).

3.2 Water Treatment Plant Project financing

Mr. Workman provided an overview of the one-stop process to bring all of the governmental lending options to the table on a large municipal project like this. He explained that the City held that meeting about a year ago. There has been some change in the financing since then and the project numbers have also changed. Ms. Murphy was invited to attend the Committee's meeting to provide answers to questions about the financing process.

There was discussion about the city of Jefferson's new water treatment plant. Ms. Murphy described some of the local municipal projects Business Oregon has worked with recently. She explained that some funding options are only available if there is a compliance issue or if the census demographics support better rates. She noted that proactive projects like Philomath's don't always get the best deal. There was further discussion about the funding options available.

Ms. Murphy explained the project summary has been updated based on the \$16 million project cost estimated in December 2019 and nothing has changed since then in terms of the financing. The Business Oregon loan package has a current interest rate of 2.15%. There was discussion about the rate lock-in process and timing.

There was discussion about the formula used to derive the interest rate. Ms. Murphy explained these are revolving Safe Drinking Water federal funds that are disseminated through the a Oregon Health Authority. There was discussion about whether the amount of the City's loan would require funding through a bond bank. She noted the immediate \$100,000 grant to the project, resulting in a total financing estimate of \$14.1 million.

There was discussion about the timing of construction and the actual funding of the loan. Ms. Murphy described the steps through the loan process and the timing of availability of funds. She described project reporting requirements. Because the loan is coming from federal dollars, we must use American-made steel and prevailing wages. She added that we could receive additional grant money to pay for the specialized oversight the federal funds require.

1
2 There was discussion about submitting the application in Summer 2020 with funds being
3 awarded by Fall 2020. Ms. Swanson confirmed that timeline would meet the City's plans for the
4 project.

5
6 There was discussion about the payment schedule. Ms. Murphy confirmed there is no accrual of
7 interest until funds actually begin being dispersed and it only accrues on funds as they are
8 drawn.

9
10 There was more discussion about the City Council involvement.

11
12 There was discussion about utility rates being sufficient to make the annual debt service
13 payments. Ms. Swanson confirmed that rates are being incrementally adjusted to meet that
14 requirement.

15
16 Mr. Workman questioned if the 2020 Census came back with a revised median household
17 income (MHI) that is lower than the Oregon MHI, would there be an opportunity to review for
18 additional funding options. Ms. Murphy confirmed if the City MHI changed, that discussion would
19 be held. There was further discussion about the ramifications and possibilities of revised census
20 data.

21
22 Ms. Swanson reviewed the options available for the City to finance the project, including using
23 the Business Oregon option and the City itself selling different forms of municipal bonds. She
24 noted that the Business Oregon option allows a 30-year repayment schedule, while most bond
25 options would be limited to 20 years and higher debt service payments. She described
26 additional expenses involved in bond sales.

27
28 There was additional discussion about the funding package that the City of Jefferson received,
29 including rates based on disadvantaged per capita income. She stated the Philomath project
30 would not go to a bond bank because they are EPA funds. She added that the rate would be
31 locked in at application; but if it goes down, adjustments would be made.

32
33 *(Public Works Director Kevin Fear left at 4:40 p.m.)*

34
35 **MOTION:** Councilor Lehman moved, Councilor Jones second, to move forward with the
36 financing package through Business Oregon. Motion APPROVED 3-0 (Yes: Jones, Lehman and
37 Low; No: None).

38 39 **3.3 Transient Lodging Tax (TLT) discussion -- Council Objective 2.3.4**

40 Mr. Workman explained that the City has never had a TLT with only The Galaxy Motel in town;
41 but with a new RV park coming in, circumstances have changed. He explained that the City of
42 Corvallis collects the current TLT for Benton County and we would need to ask them to collect
43 funds on behalf of Philomath. He distributed the LOC Guide to TLT's and reviewed the
44 statewide regulations related to TLT's.

45
46 Mr. Workman described the efforts made in Corvallis to get Airbnbs, cabins and other small
47 rental operations to comply with their TLT. There was discussion about how many of these
48 types of entities are in Philomath. Mr. Workman explained that the City ordinance would require
49 registration of those units. He reviewed the LOC guidelines that cover how funds can be used,
50 emphasizing tourism efforts that draw people in.

1 Mr. Workman explained that the City sets the rate, and they vary between cities. He stated the
2 City Planner found that they range between 4-6%. He added that these are taxes that are
3 charged to visitors from outside the area. He noted that the customer has to pay more to stay
4 there but the argument can be made that the funds go back into tourism amenities.

5
6 Councilor Jones asked if long-term stays are charged a TLT. Chris explained that statute allows
7 only collecting TLT on the first 30-day stay. He estimated that somewhere in the \$30,000 to
8 \$40,000 per year could be gained and would be able to benefit local events and efforts. He
9 explained that the current County TLT does provide the City with \$5,000 per year to be used
10 towards local tourism and that the majority of the \$600,000 Benton County TLT is directed to the
11 County Fairgrounds.

12
13 There was discussion about next steps, including reviewing sample ordinances, polling similar-
14 sized communities for their rates, and bringing it to the Council. There was discussion about
15 expectations to pay a TLT when staying at hotels does not typically deter visitors.

16
17 Mr. Workman stated he would have staff perform more research and bring it back to the
18 Committee. Councilor Lehman stated it would be helpful to know if Benton County would
19 change their current \$5,000 allocation to the City if the City has its own TLT.

20 21 **3.4 City Manager's evaluation format and process discussion**

22 Mr. Workman distributed an ICMA Manager Evaluation handbook. He suggested a formal
23 review of the three positions specifically employed at the Council's discretion: City Manager,
24 City Attorney and Municipal Court Judge. He stated he did not anticipate any issues in
25 evaluating the other two positions.

26
27 There was discussion about options to review formats and timing of evaluations. Mr. Workman
28 suggested an easier format such as fillable PDF or on-line. There was discussion about the
29 format and the consolidation of repetitive questions.

30
31 There was further discussion on the history of evaluating the City Attorney and Judge. Councilor
32 Jones advocated for getting feedback from some members of staff, in more of a 360 format.
33 Councilor Lehman suggested doing that but not on an every year basis. Mr. Workman
34 emphasized that whatever the tool being used is, it should create enhanced communication
35 between the parties.

36
37 Councilor Lehman questioned how citizen feedback impacts evaluations. There was discussion
38 about how citizens provide feedback. Mr. Workman emphasized that the Council is the City
39 Manager's boss. Councilor Jones felt there were plenty of opportunities for Councilors to
40 communicate the public feedback they receive in the current evaluation format. Councilor Low
41 stated that public interactions such as coffee with a Councilor give opportunities for that
42 feedback to be submitted.

43
44 Councilor Lehman questioned if there are tools on the website for the public to use in providing
45 feedback. Ms. Post explained there is a City Council email group that allows citizens to provide
46 information to the Council all at one time.

47
48 Mr. Workman suggested the Committee review the information in the ICMA Handbook and
49 come back at the next meeting. Councilor Jones described his recent experience in developing
50 a similar evaluation. He requested sample evaluations to review.

1 There was further discussion about evaluation of the Judge and the City Attorney. Ms. Swanson
2 encouraged Councilors to attend court proceedings to observe Judge Blake's communication
3 style and processes first-hand.
4

5 Councilor Jones suggested modification of some of the existing questions. There was
6 discussion about timing for doing the evaluations. Mr. Workman stated he would email the
7 current format out to the Committee.
8

9 **3.5 Setting next meeting**

10 Ms. Swanson requested the Committee set a date for the next meeting to review the General
11 Fund Fee. A meeting was tentatively set for 3:30 p.m. on February 28, 2020. Ms. Swanson
12 stated the City Manager's evaluation process would be added to that agenda.
13

14 Ms. Swanson explained that the calendar for the Budget Committee is being finalized.
15

16 Meeting adjourned at 5:30 p.m.
17

18 Meeting recorded by Ruth Post, MMC, City Recorder

DRAFT