

**CITY OF PHILOMATH
BUDGET COMMITTEE
MINUTES
April 24, 2019**

Chair Doug Edmonds called the meeting of the Philomath Budget Committee to order at 6:00 p.m. on Wednesday, April 24, 2019, in the City Hall Council Chambers, 980 Applegate Street, Philomath.

1. ROLL CALL

Present:

City Council Members: Mayor Eric Niemann, City Councilors Marion Dark, Doug Edmonds, Chas Jones (via teleconference at 6:10 p.m.), and David Low.

Citizen Members: Catherine Biscoe, Margie Brown, Ruth Causey, Noelle Cummings, Robert Glathar, Matthew Lehman (via teleconference), 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: Councilors Terry Weiss and Matthew Thomas.

2. VISITORS/PUBLIC COMMENTS

None.

3. PUBLIC HEARING

Ms. Swanson briefed the Committee on the requirements for the public hearing to receive state revenue sharing funds.

Possible uses of State Revenue Sharing – Chair Edmonds opened the public hearing at 6:02 p.m. to receive public comment on the possible uses of State Revenue Sharing. Seeing no public wishing to testify, Chair Edmonds closed the public hearing at 6:02 p.m.

4. REVIEW GENERAL FUND BUDGET

Administration/Planning – Mr. Workman explained the contract planner position that provides the City with additional hours. He added that this position was created in a partnership with Monroe, Adair Village and Benton County and that Benton County is the actual employer. He also noted the addition of a building permit clerk to absorb some of the building permit processing performed by the city recorder. Councilor Dark questioned if part-time employee benefits are pro-rated. Mr. Workman stated the planner is a Benton County employee and receives no benefits from the City and the building permit clerk does not work enough hours to receive additional benefits.

Building Permits – Mr. Workman reviewed the contract with Benton County for building inspection and plan review services which results in them receiving 70% of revenues and the City retaining 30%. Mayor Niemann questioned if this was related to the fees the City Council has recently reviewed. Mr. Workman confirmed that the code compliance investigation fee is within the same program.

(Councilor Jones joined the meeting by teleconference at 6:10 p.m.)

Mr. Workman reviewed the approved subdivisions and described the infill housing that is still ongoing.

Finance – Ms. Swanson reviewed the staffing in the Finance Department, particularly the part-time utility clerk who currently works the equivalent of 2.5 days per week. She stated the budget proposes to increase that position from 19 hours per week to 32 hours per week due to the workload of the position. She noted that credit card fees are up. She described the functions performed by the Finance Department. There was discussion about the option to add a fee for credit card use and electronic bank transfers that do not have fees. Ms. Swanson explained the advantages of customers paying by credit card. She also explained the administrative overhead transfer from water and sewer funds that covers the expense of the utility billing clerk because all of the work for the position is directly due to providing services for those funds. There was discussion about the long-term costs of an employee position becoming eligible for benefits. There was discussion about using two half-time positions to fill one full-time position. Chief Rueben noted this would be an unfair labor practice in violation of state statutes.

Municipal Court – Ms. Swanson reviewed the Municipal Court operations. There was discussion about the reduction in citations issued and Judge Blake's use of diversion programs to encourage people to keep a clean driving record and his programs to help people get their licenses back.

Police – Chief Rueben reviewed the new reporting system that provides direct connectivity with both Benton and Linn County law enforcement and the expenses in the budget for that, particularly the fiber optic hookup and the records management system. He described the planned purchase of a new police car to replace the used cars that are incurring large maintenance costs. He described the categories of equipment and services that are budgeted for. Chief Rueben explained his recent retirement and the impact on the deferred compensation line item. There was discussion about the incentive pay for passing the annual physical fitness test. There was discussion about the number of sworn officers in the department.

There was discussion about the 9-1-1 Center costs and the effect of the proposed 9-1-1 Center special service district. He explained that citizens who live within Philomath pay 9-1-1 Center costs through their City, Benton County and Fire District property taxes. He described the impact if the service district is approved in November; and, if so, that it would be effective January 1, 2020.

Buildings and Grounds – Mr. Fear explained the Buildings and Grounds Department covers the expenses for City Hall, the Police Building, and Library. There was discussion about the landscaping expense that is contracted out and the additional services the contractor provides free of charge.

Parks – Mr. Fear reviewed the status of construction of the new North 11th Street Park. He stated no additional staff is anticipated to maintain the new park. He described the makeup of the Public Works Department staff and that they cover all types of tasks. There was discussion about the newly donated Skirvin Park having no effect on the Parks Department budget. There was discussion about the cost of vandalism, particularly people who drive through the park grass. There was discussion about the lease agreement between the Frolic and Rodeo and City for the use of the Skirvin Park.

City Council – Ms. Swanson explained the types of services and fees included in the City Council Department budget. Mr. Workman explained the consultant fee for beginning the update of the City's Comprehensive Plan. There was discussion about the different aspects of the plan that are outdated and the process involved in updating. There was discussion about the Council policy to provide funding for social service agencies from a share of the state revenue sharing revenues. There was discussion about the services provided by the social service agencies that meet service gaps the City does not

provide. There was discussion about the election fees line item. Ms. Swanson explained the donations received for the flower basket fund closely offset the expense for that program. She also noted the line item for a labor consultant for union negotiations next spring.

Mr. Workman reviewed the Rural Business Development Grant that has been applied for to continue funding for the RAIN venture catalyst position. He explained the City will be taking the lead this year in managing the grant funds for the 8-city collaboration that supports this position. Mayor Niemann stated this program fits well with the Strategic Plan healthy economy goals.

Transfers and Contingency – Ms. Swanson explained the original amount of General Fund transfer to Land, Building & Equipment (LBE) shown in the Capital Improvement Program has been reduced to only transfer monies needed for equipment. Mr. Workman explained this was an area where it made sense to divert dollars to the PERS side account funding instead of completing any updating projects at City Hall, the Library or Police Department. Councilor Low stated concerns about not setting aside funding for future expenses and the need for next year's budget to resume fully funding that line item.

Chair Edmonds called a break at 7:17 p.m., and the Committee reconvened at 7:24 p.m.

Ms. Causey stated she has been very impressed with the accuracy and thoroughness of the budget document. She commended the work of the Finance Director and stated the City is lucky to have someone of her caliber on staff. She stated the public is sensitive to the benefits of employees and suggested the City contract with a third party to perform a thorough benefits package analysis. She stated she believed the salaries are probably where they should be. She also suggested next year's union negotiations include a freeze on COLA's.

Councilor Dark questioned when the appropriate time to was to recommend changes to the budget. Ms. Swanson explained that changes are best made at the time each section is reviewed.

Ms. Biscoe stated her calculations for the PERS side account total \$1.322 million instead of the stated \$1 million. She questioned what the discrepancy was. There was discussion and Ms. Swanson reviewed the allocations for the PERS side account in each department, referencing the list of allocations that was provided in the meeting packet as requested by Mr. Glathar at the previous budget meeting. After review, Ms. Biscoe agreed that the \$1 million was correct and thanked Ms. Swanson for the clarification.

5. REVIEW OF PUBLIC WORKS BUDGET

Street Fund – Ms. Swanson reviewed revenues from the state highway tax, street utility fee and franchise fees. She explained the effect of the PERS side account on the individual funds in the Public Works budget.

Councilor Dark recommended not making a \$40,000 transfer from the Street Fund to the LB&E Fund and instead, making a transfer to the General Fund. Ms. Swanson explained that the revenues in the Street Fund from the street utility fee and state highway tax must be used for street purposes and cannot be transferred to the General Fund. There was discussion about the funds having to be used for street projects or expenses. There was discussion about the correlation between the Capital Improvement Plan and the transfers to LB&E. There was discussion about the contingency balance retained in each fund to cover an emergency and the process of the City Council approving any allocation from contingency in any of the funds.

Water Fund – Ms. Swanson reviewed the Water Fund revenues, particularly the increase to the metered water sales to prepare for the water treatment plant construction. She reviewed the loan program that has been offered by the Oregon Finance Authority for construction of the new water treatment plant and new reservoir. Ms. Swanson noted that the engineer’s estimate for the project includes both contingency and allowance for inflation. Councilor Dark suggested separating the portion of water sales earmarked for the new plant to track the funds gained over and above the usual. Ms. Swanson clarified that, other than the one-year effect of the PERS side account on the budget, the other Water Fund expenses are essentially flat, resulting in the increased revenue being devoted to the treatment plant project as shown in the \$500,000 transfer to the LB&E for infrastructure. There was discussion about the contingency being available for an emergency. There was discussion about the incremental water rate increases scheduled to reach the necessary funding to meet the debt service for the water treatment project. There was discussion about the use of the City newsletter to communicate the rate increases to the community.

Councilor Dark stated opposition to the process the City Council used to increase the water rates and the preference to put a levy out to the voters. She requested increasing the water per unit rate instead and taking a levy to the voters next year. Mayor Niemann stated the decision was made by a vote of the City Council and is not a decision within the Budget Committee’s purview.

There was discussion about the contract with the City of Corvallis for water usage from the Rock Creek intertie. Mr. Workman explained the usage fee for the first five years after which the fee will go to a significantly higher monthly charge and that the intent is to have the water treatment plant constructed before that point is reached. There was discussion about meeting water quality standards now and in the future, the effect of turbidity in the Marys River, and testing to see if the North 11th Street well would have any potential as a future aquifer storage recovery system.

Sewer Fund – Ms. Swanson reviewed revenues, including the transfer of Sewer SDC funds into the Sewer Fund to help pay annual bond debt service payments. There was discussion about the replacement of 1950’s sewer pipe and the transfers being accumulated to complete projects in larger segments. Mr. Fear noted the Strategic Plan goal to make the annual transfers and continue to replace the old sewer pipe.

Storm Drain Fund – Ms. Swanson noted the storm drain user fees are basically flat. Mr. Fear discussed the new statewide storm drain discharge permit requirements and the financial impact it is having on other area cities. He stated the goal in Philomath is to manage the new State requirements without any added expense if possible. He explained the use of a temporary clerical employee to do the data entry for the permit documentation. Mr. Fear reviewed the significant increase in both the Street and Storm Drain Funds for dump fees due to new regulations on disposing of debris collected by the street sweeper and sewer vac truck.

6. ADJOURNMENT:

Chair Edmonds adjourned the meeting at 8:35 p.m. The tentatively scheduled May 8, 2019, meeting was cancelled. The next meeting of the Budget Committee is scheduled for May 15, 2019, at 6:00 p.m.

SIGNED: Doug Edmonds, 2019 Chair

ATTEST: Ruth Post, MMC, City Recorder