

**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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50 SIGNED: Noelle Cummings, 2020 Chair

ATTEST: Ruth Post, MMC, City Recorder