

**CITY OF PHILOMATH
BUDGET COMMITTEE
MINUTES
May 15, 2019**

Chair Doug Edmonds called the meeting of the Philomath Budget Committee to order at 6:08 p.m. on Wednesday, May 15, 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, David Low (6:55 p.m.), and Terry Weiss.

Citizen Members: Catherine Biscoe, Ruth Causey, Noelle Cummings, Robert Glathar, Matthew Lehman, and Brian Noakes.

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

Absent:

2. APPROVAL OF MINUTES

April 17, 2019 and April 24, 2019 – Ms. Post addressed a request from Ms. Biscoe as identified in a memorandum for review of three points in the April 24, 2019, minutes and proposed amendments to the minutes for approval. The amendments were:

- Last paragraph, last sentence of Section 4 -- add: and thanked Ms. Swanson for the clarification.
- Third paragraph of Section 5, under Water Fund, after the second sentence -- add the sentence: Ms. Swanson noted that the engineer's estimate for the project includes both contingency and allowance for inflation.
- Fifth paragraph of Section 5, under Water Fund, third sentence -- delete: the 11th Street well, and add: 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.

Councilor Dark requested an amendment to the April 24, 2019, minutes Section 4, Water Fund, regarding her suggestion to create a separate line item for funds earned and dedicated to the water treatment plant project. Ms. Dark specifically wanted to identify that her suggestion was directed at both the revenues from water rate increases and interest earned on those funds. She also wanted to specifically identify that Mayor Niemann had concurred with her suggestion during that meeting. There was discussion about the request and options for providing the clarification. There was discussion about the process for any action on the suggestion and whether it was within the Budget Committee authority or if the City Council would be the venue for any action. There was discussion about the City Council assigning the suggestion to the Finance & Administration Committee for review. Councilor Weiss stated she would like to see a recommendation made by the Budget Committee to direct the Council to take that action. Chair Edmonds summarized that the Budget Committee had identified the concern and staff understood the request.

MOTION: Mr. Glathar moved, Ms. Causey second, to approve the minutes of April 17, 2019, and April 24, 2019, as amended. Motion APPROVED 11-0 (Yes: Biscoe, Causey,

Cummings, Dark, Edmonds, Glathar, Jones, Lehman, Niemann, Noakes, and Weiss. No: None.)

3. VISITORS/PUBLIC COMMENTS

Mark Weiss, Philomath, OR -- Mr. Weiss announced that relief from health insurance premiums may be coming through legislation at the state of Oregon that will provide universal health care coverage for all employers, including government. He described the tax that would be instituted to pay for the coverage that would be equal to the cost of premiums but would reduce out-of-pocket costs. He stated he knew people who could provide a presentation on the proposed coverage. He also stated objections to the lack of an upper limit on PERS retirement benefits and the lack of prohibition on some PERS participants putting private funds in their accounts.

4. REQUEST FOR SALARY SURVEY FUNDING

Ms. Causey explained her request to have an outside firm conduct a salary survey and for the Committee to allocate funding for such a survey. She stated this would make it possible to negotiate concessions from the City's unions for the new 3-year contract to be negotiated in 2020. She provided an outline of activities an outside firm could perform.

MOTION: Ms. Causey moved, Ms. Dark second that \$30,000 be included in the 2019-2020 City Council budget for the completion of the compensation and benefits survey, with a corresponding reduction in the General Fund unappropriated ending balance.

Mr. Workman provided more information regarding the estimate for an outside study by Local Government Personnel Institute and that \$20,000 would probably comfortably cover the cost of a study. Mr. Glathar noted that whether it cost \$20,000 or \$30,000, any unexpended portion would end up in the ending fund balance. Councilor Weiss stated concerns about the cost of benefits for management compared to other employees. She described the difference between the union getting 2% and when the management gets the same percentage. There was discussion about the management benefits mirroring the union benefits and whether they are independent of each other. There was discussion about the process to be conducted after any allocation of funding. There was discussion about the extent of a survey. Ms. Swanson explained the timing of a survey to coincide with the union contract negotiations in Spring 2020.

Councilor Weiss moved to amend the motion to include union and non-union employees. Ms. Swanson explained that the decision within the Committee's scope is to allocate funds and the City Council should make any further decisions regarding the survey. She provided a summary of the detail involved in the surveys she conducts when they are needed. She explained the use of data from both cities above and below Philomath's population to get a consistent sample. She explained the use of her knowledge of actual staff duties to ensure comparable data is used. She stated she does not believe an outside organization will go to the extent of detail that she conducts.

Mr. Workman supported the detail that Ms. Swanson provides and felt the City could save the money but he supports the Budget Committee's right to allocate the funding. There was discussion about the motion being to allocate funds and the Council will make the final decision regarding the actual survey. Mr. Workman noted that the reduction in

the ending fund balance is a variation from the Council goals in the Strategic Plan to add \$100,000 to the ending fund balance each year. He stated not putting money aside for buildings to reach that \$100,000 was previously decided and is also a variation from the Strategic Plan. Mr. Lehman noted that a survey is public record could have an adverse effect on union negotiations. There was further discussion about any survey being a public record.

Motion APPROVED 6-5 (Yes: Biscoe, Causey, Cummings, Dark, Jones and Weiss. No: Edmonds, Glathar, Lehman, Noakes and Niemann.)

5. **BUDGET REVIEW**

5.1 Development Review Fund – Ms. Swanson reviewed the nature of revenues and expenses in this fund.

(David Low arrived at 6:55 p.m.)

5.2 Land, Building & Equipment Fund (LB&E) – Ms. Swanson reviewed the anticipated revenues, including a grant via the City of Corvallis for the purchase of a new bus. She reviewed the projects expected to be completed within the budget year. Mr. Black summarized the need for the replacement of the Timber Estates pump station with a gravity sewer line directly to the treatment lagoons. Mr. Workman reviewed the project to complete engineering for improving South 16th Street to full City standard. There was discussion about this being an important project for school safety. Mr. Workman explained the need to partner with the school on the project. Ms. Swanson explained that construction would probably be planned for the next budget year.

Mr. Black explained the issues with the Police Department building foundation cracking and the need for stabilization and the Public Works parking lot rehabilitation project. There was additional discussion about the engineering for the South 16th Street improvements and Mr. Workman stated that the estimate is a conservative number.

Councilor Dark questioned if the funds in the LB&E that have come from the Water Fund could be transferred back and if the transfer for the city manager car can be transferred back to the General Fund.

Council Weiss questioned if any USDA grant funds are available for any of the LB&E projects. Mr. Workman stated that, due to the median income level of the Corvallis region Philomath is included in, there were no grant funds for the water treatment plant that the City qualified for. There was discussion about looking for grant funding. Mr. Workman stated that staff does continue to look for grants at any opportunity. Mayor Niemann noted recent grants that the City has realized including the PERS side account, a new park and new bus.

5.3 System Development Charges Fund – Ms. Swanson reviewed the projects scheduled using System Development Fund money including the new park, tennis courts, and engineering for the water treatment plant and reservoir. There was discussion about the tennis courts project in partnership with the School District. Mr. Workman reviewed the anticipated public access and schedule for the courts that is being worked out in an agreement between the two organizations. He noted the Parks

Master Plan does include the tennis courts and was the basis for the City agreeing to providing funds towards them.

5.4 Community Development Fund – Ms. Swanson explained that there have been loans paid off and these funds are not restricted and the funds can be transferred to the General Fund. She provided a summary of the origination of the funds as loans to fix and rehabilitate homes for low-income families. Councilor Weiss suggested that these funds could be used for a similar loan program. Ms. Swanson explained the previous management of the program through the Community Services Consortium. Ms. Swanson explained the Downtown Facade Improvement program that businesses can use to improve their exterior facades. She explained her management of the program and the goal for the downtown businesses to improve the appearance of their buildings.

5.5 Economic Development Fund – Ms. Swanson reviewed the State loan for infrastructure improvements at the Mill Pond Development Park that the owners of Mill Pond make payment annually on. Mr. Workman described the businesses that have located at Mill Pond as a result of the ability to access water and sewer services.

Ms. Biscoe stated concern that, notwithstanding the PERS side account, the budget does not contain future consideration for managing increasing PERS costs. She stated concerns that there is a budget shortfall beyond 2021 for PERS expenses and there has been no discussion of that. There was discussion about the PERS side account and its intent. Ms. Biscoe clarified that the budget does not include that future consideration of PERS costs.

6. MOTION TO APPROVE BUDGET AND TAX RATE

MOTION: Ms. Causey moved, Ms. Cummings second the Budget Committee approve the 2019-20 budget for the City of Philomath as presented. Furthermore, it was moved the Budget Committee approve the tax rate of \$5.3005. Motion APPROVED 9-3 (Yes: Causey, Cummings, Edmonds, Glathar, Jones, Lehman, Low, Niemann, and Noakes. No: Biscoe, Dark and Weiss.)

7. ADJOURNMENT:

Chair Edmonds adjourned the meeting at 7:32 p.m.

SIGNED: Doug Edmonds, 2019 Chair

ATTEST: Ruth Post, MMC, City Recorder