

BUDGET COMMITTEE
MINUTES
May 30, 2017

Mayor Rocky Sloan convened the meeting of the Philomath Budget Committee at 7:00 p.m. at City Hall, 980 Applegate Street, Philomath.

1. ROLL CALL

Present:

City Council Members: Mayor Rocky Sloan, City Councilors Doug Edmonds, Charla Koeppe, Candy Koetz, David Low, Sean Manning, and Eric Niemann.

Citizen Members: Robert Boss, Ashley Folgate (*arrived 7:04 p.m.*), Murl Meredith, Brian Noakes, Scott Weaver and Terry Weiss.

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

Absent: None

2. APPROVAL OF MINUTES – May 18, 2017

Mr. Weaver requested the following revised wording on Page 5, Paragraph 2, Sentence 3: “Mr. Weaver asked about all the unallocated and contingency funds in the various public works funds, which adds up to half a million dollars in cash.”

Chair Boss requested further clarification on Page 3, Paragraph 4, Line 4, regarding weeding median strips. Mr. Workman explained the involved process and staff requirements that existed when weeding the plantings in the median strips and the savings effected by removing those plantings last year. Chair Boss requested the minutes be revised to state: “... at a cost of \$2,000 per day, ...”

MOTION: Mayor Sloan moved, Councilor Manning second, to approve the minutes of May 18, 2017, as amended. Motion APPROVED 12-0.

(Ashley Folgate arrived at 7:04 p.m.)

3. PUBLIC COMMENT – Philomath Connection Service – Chair Boss opened the floor for comments regarding reduction of the Philomath Connection bus service.

3.1 John Booker Jr., Philomath, OR -- Mr. Booker stated he has used the Philomath transit system and is very supportive of it. He stated he would hate to see it go away and the community has been supportive of it. He stated that he hoped funding could be found for it. He suggested some kind of business tax to support the bus.

3.2 Bonnie Breithaupt, Philomath, OR -- Ms. Breithaupt stated that her son rides the bus to attend college. She suggested requesting support from the city of Corvallis.

3.3 Carla Rigor, Corvallis, OR -- Ms. Rigor stated she represents the Harriet Hughes rentals and her concern for tenants that rely on the bus because they don't have cars. She questioned the demographic that is riding the bus. She noted that Corvallis charges a fee to everyone in the city to fund the bus system.

- 3.4 Diana Wageman, Corvallis, OR - Ms. Wageman stated she used to live in Philomath and she rode the bus when she did live here. She noted the lack of a grocery store in town and there are so many people that depend exclusively on the bus.
- 3.5 Alan Brooks, Philomath, OR -- Mr. Brooks stated he has been using the bus most of the ten years he has lived here and agreed with the previous comments. He noted this is a tough thing for the Committee to decide.
- 3.6 Van Hunsaker, Philomath, OR -- Mr. Hunsaker stated the bus service has become a valuable service to the community. He stated he doubted that there is a transit service in the country that pays for itself and doesn't require funding assistance. He noted the valuable reduction in traffic and environmental benefits for keeping the service. He stated support of a fee to keep the bus service.
- 3.7 Jesse Ford, Philomath, OR -- Ms. Ford stated the bus service serves more than just those in the community without cars. She stated she has worked at OSU and couldn't afford parking there so she used the bus to avoid parking issues. She stated that the bus service benefits Philomath, Corvallis, Benton County and OSU collectively.
- 3.8 Elizabeth Elliott, Philomath, OR -- Ms. Elliott stated that the bus serves many purposes including being environmentally friendly.
- 3.9 May Dasch, Philomath, OR -- Ms. Dasch stated she served on the Philomath Transportation & Traffic Safety Commission that was the genesis of the bus service. She stated it would be unconscionable to discontinue service between Philomath and Corvallis. She urged the Committee to reinstate the TTSC to develop a plan to increase ridership.
- 3.10 Shannon Connor, Philomath, OR -- Ms. Connor stated that she rides the bus because she has epileptic seizures and she doesn't like the Dial-A-Bus program because it doesn't let her be independent. Ms. Connor's friend described the importance of the bus service for Shannon to get to work on time. Ms. Connor stated the importance of going to work for her and relieving stress by being able to work.
- 3.11 Linda Dinnocenzo, Philomath, OR -- Ms. Dinnocenzo stated she strongly wants the bus to continue. She stated she has a high school student who goes to college classes via the bus. She stated it is an important part of the infrastructure and it would be regressive to discontinue it.
- 3.12 Emily Orendorff, Corvallis, OR -- Ms. Orendorff stated she and three others were here in support of the bus service.
- 3.13 Gabrielle Mahoney, Philomath, OR -- Ms. Mahoney stated she is a health care professional and one of the criteria when she moved to Philomath was public transportation. She stated there is no parking available at her job at the County health services and prefers to use the bus.
- 3.14 Christine Tomsik, Corvallis, OR -- Ms. Tomsik stated she recently moved from Philomath to Corvallis and that she represents the disabled demographic of the community. She described the need for caregivers to have access to public transportation. She noted the fee that Corvallis charges that supports the bus system.

3.15 Bryan Workman, Philomath, OR -- Mr. Workman stated that people are mistaken that there is no money for the bus but that it is a matter of allocation of funds. He described the use of capital improvement funds for buildings and this takes the power from the people to vote. He stated it isn't right for the Committee to make decisions. He stated that funds for buildings should come from a bond measure and funds should be reallocated. He stated it wouldn't be right to change contracts with employees and cut wages that have been agreed on. He stated that until the City gets a handle on expenses, it shouldn't be cutting services. There was discussion to clarify that funding for transfers to buildings had already been cut from the proposed budget.

3.16 Robert Root, Philomath, OR -- Mr. Root stated he rides the bus even though he has other transportation options because it feels good to do and there is a sense of community among the bus ridership. He stated that the community is dying and cutting the bus is going to hurt it more. He encouraged increasing bus runs in the afternoon and on weekends. He stated that for the community to grow, more bus service is needed.

3.17 Wendy Kincade, Philomath, OR -- Ms. Kincade stated the bus has saved her several times, such as when her car broken down. She stated she enjoys the company on the bus and described the need for expanded service in the afternoon and evening.

3.18 John Deuel, Corvallis, OR -- Mr. Deuel stated that he is purchasing a home west of Philomath in Pioneer Village and one of the reasons for making that choice was the presence of bus service so he could ride his bike into town and take the bus. He stated his intent to use it to commute to his job at OSU and the environmental benefits of the bus.

4. VISITORS/PUBLIC COMMENTS

4.1 Jesse Ford, Philomath, OR -- Ms. Ford stated support for discontinuing the cutting of grass at Marys River Park. She described the basis of the natural environment of the park and the need to allow the camas to grow and drop its seed.

4.2 Janice Stanger, Philomath, OR -- Ms. Stanger stated the testimony about the bus has been enlightening. She stated her concerns about the version of the budget cuts being considered at this meeting and that she was disturbed that the Mayor's version of the budget does not take into account suggestions that have been made to reduce it. She stated she represents the invisible people and felt they were being treated with contempt. She stated the budget being pushed creates the maximum pain on the community. She stated she was among a sizable group that is determined to take the city back.

4.3 Mark Weiss, Philomath, OR -- Mr. Weiss stated his concern that the City has seven managers that have unusual benefits that comes to about 25% of the budget. He stated that a couple of these people are the ones responsible for preparation of the budget. He stated that the contracts that have been negotiated should be re-opened. He urged that the fee is not the right way to solve the budget.

5. BUDGET REVIEW

5.1 Community Development Fund -- Ms. Swanson explained that this fund is for administration of the Community Development Block Grant funds that the City received in 1992, 1993 and 1997. She explained new versions of these grants are no longer

being channeled through cities. She stated none of the loans have been paid off in the current year. She described the funds provided for commercial facade improvement loans. She stated there are approximately 20 existing loans and most will likely not be paid back until such time as the homes are sold.

5.2 Economic Development Fund - Ms. Swanson explained that this fund is for the Mill Pond Advanced Funding Issue from the Oregon Economic and Community Development Department that provided extension of infrastructure services into the Mill Pond industrial property. She explained that the property owner annually makes payment on the loan and the City in turn makes payment to the State. She explained that should the property owner ever choose to pay off the loan in full, this fund would be closed out.

6. **ADDITIONAL DISCUSSION – GENERAL FUND** – Chair Boss stated this was the time for final discussion on the budget. Councilor Edmonds suggested reinstating the bus. Chair Boss proposed adding the bus back in and having a \$0 fee for those who qualified for a reduced fee. Mr. Weaver requested delving deeper into the bus issue, including the management of the bus service and expansion of services.

Ms. Swanson explained that the bus is managed by Corvallis Transit Service. She stated Corvallis obtains federal grants for operations and passes the savings on to Philomath. She explained the contracts Corvallis has negotiated with Oregon State University and handles all complaints, issues and problems associated with the service. She stated for Philomath to manage those services would cost substantially more and would require specific expertise in transit services. Councilor Low stated that the Committee should reinstate the original funding and discussions on expansion of services should be held subsequent to this meeting. Councilor Niemann noted that ridership has declined substantially and emphasized the need to determine why those numbers have dropped. Ms. Weiss stated that, based on conversations with May Dasch, there was originally a lot of publicity about it and more publicity is needed. Chair Boss stated he appreciated hearing from those that ride the bus. Mr. Meredith suggested getting more citizen input would be a way to increase ridership. Councilor Manning questioned if the Corvallis officials in attendance would have anything they'd like to add.

Lisa Scherf and Tim Bates, City of Corvallis Transit Services – Ms. Scherf stated that ridership appears to have dropped because gas prices are lower. She stated the demographics of where people are living, particularly OSU students, also impacts the ridership. Mr. Bates stated that there are two more months of ridership to be added to the statistics for the year. Ms. Scherf suggested there is an opportunity to analyze the program for improvements, and it has been at least a decade since it has been reviewed. She stated the current schedule may not be the best. Mr. Bates stated there are six round trips per day during the 6.5 hours of service.

Mr. Workman requested that Mr. Bates address feedback that drivers gathered in December 2016, when City staff and Corvallis Transit looked at ways to improve the program. Mr. Bates stated that Saturday service is the predominant request. Mr. Weaver questioned how a small town can afford to provide bus service. Ms. Scherf stated the partnership currently being used is a good way to do it. She stated that the collaboration with Philomath and OSU is the key. She explained the fee that Corvallis charges to every household on utility bills that raises the match for the federal grants that they receive. Mr. Bates explained that there is a match in federal dollars for every dollar that

is raised locally. Ms. Scherf explained that the Corvallis fee is currently \$2.75 per home and is based on the price of a gallon of gas but has been as high as \$3.85 per home. Councilor Low questioned if there is any fear of reduction in funding from the federal government. Mr. Bates stated that the most recent budget did not make any cuts and the allocation for the coming year has already been confirmed. Ms. Scherf explained the process for accessing the federal grant funds and noted there is a time lag that occurs between their receipt and expenditure. Councilor Niemann requested verification that the Corvallis fee is charged to every household. Ms. Scherf explained that by charging customers on their utility bill, it captures payments from OSU, churches and other entities that would otherwise be exempt from paying property taxes.

Ms. Scherf explained that the PC bus is reserved solely for the Philomath route and isn't typically used as a backup for CTS. Mr. Bates stated that Corvallis has enough buses and increasing usage would add to the mileage of the PC bus and shorten its lifespan. Councilor Edmonds questioned the fee structure for non-residential utility customers in Corvallis. Mr. Bates stated that businesses pay based on a trip formulation and \$1.90 per apartment. Mr. Weaver questioned if increased funding from Philomath would generate additional federal grant funds to pay for Saturday service. Ms. Scherf described the formula used to determine the funding that would be required to add trips to the schedule. Councilor Manning questioned how long it takes to establish additional trips. Mr. Bates and Ms. Scherf stated it doesn't take long, mostly establishment of the routes and updated scheduling information.

Ms. Swanson thanked Corvallis for the excellent service they provide. Mr. Weaver suggested separating the bus out as a separate fee. Mr. Workman stated that could be done and that the fee could be split out any way desired. He suggested this would probably require more community outreach to explain and more budget designation. Councilor Low distributed an additional analysis that he created. Ms. Swanson explained there are some potential downfalls to splitting fees out, such as splitting out the transit to create a separate fund. She described a potential scenario where the bus was in a fund of its own and, due to increased fuel expenses, ran short of funds. Ms. Weiss stated she would like to see the fees split into separate funds and have more discussion about the \$7 fee.

Councilor Low reviewed his handouts, including allocation of a \$10 fee throughout the General Fund. There was discussion between Mr. Meredith and Councilor Low about whether those allocations mathematically worked out. Mr. Meredith stated that a \$2 fee would be the amount needed to reinstate bus service funding. Mr. Noakes questioned if there was any discussion about the term for the fee. Ms. Swanson stated this budget is for 2017-2018. Councilor Edmonds stated the City Council discussion was with the understanding that this fee was not to be in place indefinitely. Ms. Weiss stated that the bus needs to be separated to avoid this type of discussion in the future and make a commitment to the bus. Councilor Edmonds stated concerns about separating it out and losing the ability to buffer against an expense that came in high. Mr. Weaver stated the need for both a short term and long term commitment for the bus. Ms. Swanson stated that each year the budget requires approval. Chief Rueben stated this is similar to the 911 service that is an outside entity that affects directly on the budget. Councilor Koeppel stated that any increased bus service would require more funding. Mr. Meredith questioned whether the Budget Committee should address increased service at this time. Councilor Edmonds recommended getting the necessary funding established and request Corvallis provide additional analysis.

Chair Boss called for a show of hands from those who wanted to add the bus service funding back into the budget. The vote was 13-0 with all voting to add the service back in.

There was discussion about whether to expand services for the bus. Mr. Workman recommended having Corvallis perform more thorough analysis of the ridership needs. Councilor Niemann stated he heard from the testimony given that there may be gaps that could be improved. Mr. Meredith recapped that a \$2 fee would restore the bus service and an additional \$1 fee would add up to an additional four hours of service.

Chair Boss requested a show of hands for those who wanted to add an additional \$1 to the monthly fee to expand the bus service. The vote 12-1 (Yes: Boss, Folgate, Meredith, Weaver, Weiss, Edmonds, Koetz, Koepe, Low, Manning, Niemann and Sloan. No: Noakes).

Ms. Weiss requested that in coming years the Committee have a longer period to perform their review of the budget. She recommended at least two additional meetings to review proposals that are presented and to begin a month earlier. Councilor Edmonds suggested the Committee have more of an initial work session. Ms. Weiss stated that the additional time to review the numbers and proposals would be beneficial. Councilor Manning noted this has been an unusual year but that could be done.

Ms. Weiss requested that salaries not be set prior to the budget and all contracts be done after the budget is approved. Councilor Koetz clarified that the union contract dates are not flexible. Ms. Weiss confirmed she was not referring to the union contracts. Mr. Workman stated that the only other employment contract is the City Manager's contract with the City Council as an elected body. Councilor Edmonds stated he believes the 23 people who work for the City are very dedicated.

7. MOTION TO APPROVE BUDGET AND TAX RATE

MOTION: Councilor Edmonds moved, Mayor Sloan second, the Budget Committee approve the 2017-2018 budget for the City of Philomath as amended. Furthermore, moved the Budget Committee approve the tax rate of \$5.3005. Motion APPROVED 11-2 (Yes: Boss, Folgate, Meredith, Noakes, Edmonds, Koetz, Koepe, Low, Manning, Niemann and Sloan; No: Weaver and Weiss)

8. ADJOURNMENT:

Chair Boss adjourned the meeting at 9:07 p.m.

SIGNED:
Robert Boss, Chair

ATTEST:
Ruth Post, MMC, City Recorder