

CITY OF McMINNVILLE
MINUTES OF BUDGET COMMITTEE MEETING
Held via Zoom Video Conference and at the Civic Hall on Gormley Plaza
McMinnville, Oregon

Tuesday, May 17, 2022 at 6:00 p.m.

Presiding: Jerry Hart, Budget Committee Chair

Recording Secretary: Claudia Cisneros

Councilors: Present Absent

Adam Garvin
Kellie Menke (via Zoom)
Chris Chenoweth
Sal Peralta
Zack Geary
Remy Drabkin, Council President
Scott Hill, Mayor

Budget Committee: Present Absent

Jerry Hart Alison Seiler
Cherry Haas (via Zoom)
Wendy Phoenix (via Zoom)
Debbie Harmon Ferry
Meredith Maxfield
Victoria Ernst

Also present were City Manager Jeff Towery, City Recorder Claudia Cisneros, Finance Director Jennifer Cuellar, Fire Chief Rich Leipfert, Police Chief Matt Scales, Library Director Jenny Berg, Information Systems Director Scott Burke, Planning Director Heather Richards (via zoom), Parks and Recreation Director Susan Muir (via zoom), Public Works Director Anne Pagano (via zoom), Human Resources Manager Kylie Bayer (via zoom), Aquatic Center Manager Rob Porter (via zoom), Senior Accountant Ronda Gretzon (via zoom), and Public Works Superintendent David Renshaw (via zoom) Wastewater Services Manager Leland Koester (via zoom), Communications & Engagement Manager Noelle Amaya (via zoom), Deputy Fire Marshal Debbie McDermott (via zoom), Fire Operations Chief Amy Hanifan (via zoom), Park Maintenance Supervisor Liz Fliszar (via zoom) and members of the News Media – Phil Guzzo, McMinnville Community Media

AGENDA ITEMS

1. CALL TO ORDER: Mayor Hill called the meeting to order at 6:32 p.m.

2. ROLL CALL: City Recorder Cisneros called roll.

3. ELECTION OF BUDGET COMMITTEE CHAIR:

Councilor Geary nominated Jerry Hart as Budget Committee Chair. The nomination PASSED unanimously

4. APPROVAL OF MAY 19, 2021 & MAY 24, 2021 BUDGET COMMITTEE MEETING MINUTES:

Budget Committee Member Harmon Ferry MOVED to approve the May 19 and 24, 2021 Budget Committee meeting minutes; SECONDED by Councilor Chenoweth. Motion PASSED unanimously.

Chair Hart asked if any Committee Member needed to declare a potential conflict of interest.

Councilor Geary stated he was married to a staff member at the Library.

5. PRESENTATION OF BUDGET MESSAGE:

City Manager Towery said there had been conversations starting in July about the City's long-term structural budget deficit. They had identified core services provided in the City's General Fund and the direction given had informed the construction of this budget. They also received \$7.8 million of ARPA funds and the Council had approved projects for \$6.7 million of the funds and the rest would be allocated later. The Council had directed staff to create a balanced budget, delaying a possible City Services charge. There would be equalizing the payment in lieu of taxes for all customers and increasing the wastewater franchise from 5% to 6%. They would also use up to \$1.8 million of unallocated ARPA funds to balance the budget. A number of changes had been made to the budget document, reducing some of the add packages and filling firefighter positions. They were also expecting revenue from the opioid settlement case. The Council recently enacted a Construction Excise Tax and those were new funds for affordable housing. He thanked the Committee and staff for their work on the budget.

Mayor Hill said the Council wanted to discuss revenue options again at the May 24 Council meeting, especially as expenditures continued to rise. There was a lot of building in the community, however the increase in taxes to the City was not enough to meet the needs.

6. PUBLIC TESTIMONY ON PROPOSED 2022-23 BUDGET

Mark Davis, McMinnville resident, thought there needed to be more citizen involvement in resolving the budget deficit, especially in how they raised revenues. He was not in favor of the City Services charge as it was currently proposed. He was discouraged at the last minute decision to use \$1.8 million in ARPA funds to balance the budget as it looked like they were not being transparent about the money the City had and what was needed.

Chair Hart noted written comments were also received and were part of the record.

7. PUBLIC HEARING ON POSSIBLE USES OF STATE REVENUE SHARING

Chair Hart opened the public hearing and read the hearing statement.

Finance Director Cuellar presented the staff report. She estimated the City would receive \$502,000 and she explained where the funds came from and the proposed distribution of the funds.

There was no public comment.

Chair Hart closed the public hearing.

8. PRESENTATION, REVIEW, AND DISCUSSION OF PROPOSED BUDGET FOR 2022-2023 FISCAL YEAR

Library Director Berg discussed the new budget format and how it served staff and the community. The library's core services were below base, open less hours than pre-pandemic levels. They were using one time ARPA funds for some HVAC upgrades. They were at base level for library materials for borrowing and mid-level for offering access to materials from other libraries, public service and engagement through a one-time ARPA purchase of an electric vehicle for home delivery, early literacy programming, bridging the digital divide, and planning and strategy. There was no optimal level service, but she gave the vision of what that could mean in the future.

There was discussion regarding increasing the number of hours to 50 hours per week, impact on staff of home delivery and being a warming/cooling shelter for homeless, wages and staff morale, safety challenges, statistics for home delivery, how there was no cutting of employees and no employee furloughs in this budget, and inadequate office spaces.

Police Chief Scales discussed the priorities for FY2022-23 Police budget. This budget was used to fund City radio infrastructure as well as City dues to YCOM which provided dispatching services to police and fire. No large

projects or replacements were on the horizon. They would continue to test body worn cameras in expectation of being awarded a grant for the project. They also sought out traffic safety grants and a Livescan automated fingerprinting machine grant. They were adding back 1 FTE sworn Police Officer, one PT Front Office Specialist, and two canines, increasing training for officers, and entering into an agreement with a property owner for the storage of RVs and other vehicles. They would not be funding replacement vehicles, MDTs, or the HVAC replacement. They continued to struggle to recruit and retain staff. Staff consistently were working from behind and trying to put out fires versus proactively providing services or programming. He asked that they continue to look for sustainable funding mechanisms to make the City a great place to live and work.

There was discussion regarding flashing speed signs, requirements of the grants, how the canines would be patrol dogs, reestablishing student resource officers, reasons for loss of staff, need for a mental health program, and reasons for lack of police officer recruits.

Fire Chief Leipfert discussed the community paramedic program to address calls for service from senior care centers. The priorities for next fiscal year were to strive for a May election for a new Fire District, focus on core services work done by staff, increase EMS service from below base by adding one 24-hour ambulance to the system with GEMT funds, improve recruitment and retention, maintain the 6 FF/EMS positions added mid-year in 2021-22 with GEMT funds, refurbish 1 ambulance with GEMT funds, 1 new ambulance with ARPA funds, and material and services increases. Not funded next year due to revenue reductions were: command staff vehicle, CPR devices, training tower pavement repairs, and MCTs for vehicles. He then discussed the City-wide challenges for recruitment and retention due to lack of revenue.

There was discussion regarding work load issues for the Fire Department, benefits of adding another ambulance in the system, and building a bridge for support of the new Fire District.

Finance Director Cuellar presented the Court budget. This would be the first full year with the new judge and court supervisor, creating a hybrid court experience and court process improvements. The priorities for Court were reopening of City Hall to Municipal Court customers and working with partners to better support people who came before the court for substance abuse or mental health challenges to get the help they needed. Changes in Oregon law limited driver license suspensions which meant a decline in fine revenue. In the future they might want to move fine revenue to non-departmental. With ARPA funds, they planned to reduce

the backlog of cases and open receivables due as well as the remodel work in City Hall which was still in process. There was an increase in training and new communications applications (text/emails) to help reduce failures to appear.

There was discussion regarding the potential of closing the Municipal Court and sending cases to the County Court.

Finance Director Cuellar said for the Finance Department, the internal duties shifted to building out more analytic capacity to serve the organization. They planned to continue to add efficiencies and strengthen internal controls by leaning on existing software capabilities and paperless workflow options. ARPA funds would be used for adding a Grant Project Manager, to support projects getting off the ground, and lead a second round of funding choices in FY23. She was concerned about the impact of utilizing \$1.8 million in ARPA for general operations. Finance was functioning at base level which meant basic work was pushed to address more pressing issues or unanticipated needs, supporting financial analysis needs for departments was limited, and transparency efforts were in a “nice to have” category and as a practical matter didn’t move forward. Departments needed to lean on support services more when they were funded at base or below base core services delivery levels, but their capacity to help was limited. Finance’s personnel costs were higher due to the new position and her reduced time for Court and increased for Finance.

Finance Director Cuellar discussed the Grant and Special Assessment Fund. The Downtown Economic Improvement District would be before the Council to be renewed in June. The McMinnville Downtown Association recommended increasing the rates. This fund also held the ARPA dollars until they were going to be used. The Council would be voting on the Construction Excise Tax which would create an Affordable Housing Fund that would be included in this fund as well. The Navigation Center grant would be moved to the new Affordable Housing Fund as well as two ARPA projects for operational support of the Navigation Center and a contribution for Stratus Village. Opioid settlement resources would be added to the Grant and Special Assessment fund as well. For the TLT Fund, program activities were supported by the TLT and executed by Visit McMinnville for sustainable economic growth. The 10% lodging tax’s 30% portion that supported the General Fund was estimated to be over \$500,000 next year. For the Telecommunications Fund, program activities supported a portion of cable television subscribers’ franchise fees that were carried out by McMinnville Community Media. For the Debt Service Fund, the voter approved bonds supported investments in the City’s street

system as well as the construction of the Police Department and Civic Hall buildings. Property, general liability, and workers comp insurance costs were budgeted in the Insurance Services Fund.

There was discussion regarding moving to SAIF insurance.

Human Resources Manager Bayer presented the Human Resources budget. She discussed the recruitment and retention challenges in her department. In FY2019/20 they recruited for 20 regularly budgeted positions and in FY2021/22 they recruited for 45 regularly budgeted positions. Challenges included compensation, financial challenges, lack of resources, lean staffing levels, geographic location, distaste for government work, paid family leave, childcare, etc. Recruitments involved significant time and effort in crafting announcements, interview questions, reviewing applications, interviewing, checking references, onboarding/orientation, training, etc. She discussed workforce trends from FY03 to FY22 and FY23 proposed budget staffing.

There was discussion regarding the increase in Fire Department staffing and revenue sources, number of employees in the City and how there was only one employee in HR, and what Department Heads were doing for HR.

City Manager Towery discussed the Administration budget. He explained what personnel were included in this budget and items that were removed in human resources and community engagement as well as a centralized facility maintenance function. Items that were not reduced in the budget included support of the downtown art program, transit authority, and economic development partnership. They were able to move forward with a few visioning projects through use of ARPA funds and they continued to support the DEI program.

There was consensus to continue the meeting to May 18, 2022.

9. BUDGET COMMITTEE RECOMMENDATION TO APPROVE THE 2020-2021 BUDGET AS PROPOSED OR AMENDED AND TAX RATE

This item was postponed.

10. ADJOURNMENT: Chair Hart adjourned the Budget Committee meeting at 9:52 p.m.

Claudia Cisneros

Claudia Cisneros, City Recorder