

CITY OF McMinnville  
MINUTES OF BUDGET COMMITTEE MEETING  
Held at the Civic Hall on Gormley Plaza  
McMinnville, Oregon

Wednesday, May 17, 2017 at 6:00 p.m.

Presiding: Scott A. Hill, Budget Committee Chair

Recording Secretary: Melissa Grace

Budget Committee Members:	<u>Present</u>	<u>Excused</u>
Adam Garvin	Remy Drabkin	
Kevin Jeffries		
Kellie Menke		
Alan Ruden		
Wendy Stassens		

Budget Committee:	<u>Present</u>	<u>Excused</u>
Jerry Hart		Peter Hofstetter
Kyle Lake		
Brad Lunt		
John Mead		
Drew Millegan		

Also present were City Manager Jeff Towery, City Attorney David Koch, Community Development Director Mike Bisset, Finance Director Marcia Baragary, Fire Chief Rich Leipfert (via Skype), Police Chief Matt Scales, Planning Director Heather Richards, Library Director Jenny Berg, Information Systems Director Scott Burke, Parks and Recreation Director Jay Pearson, Senior Accountant Ronda Gretzon, Payroll Accountant Chris Secrist, and a members of the News Media.

AGENDA ITEM

1. CALL TO ORDER: Budget Committee Chair Hill called the meeting to order at 6:00 p.m.
2. ROLL CALL: City Recorder Grace called roll. It was noted that Budget Committee Members Drabkin, Jeffries, and Ruden and Budget Committee Member Hofstetter had been excused from the meeting.

3. ELECTION OF BUDGET COMMITTEE CHAIRPERSON: Budget Committee Member Menke MOVED to elect Budget Committee Chair Hill as Budget Committee Chair and further MOVED that the nominations be closed; SECONDED by Budget Committee Member Lunt. Motion PASSED unanimously.

4 & 5. PRESENTATION OF BUDGET MESSAGE

City Manager Towery discussed a variety of revenue options. He noted that revenues that required policy action were not included in the budget. He discussed the following revenues:

- 4% increase in assessed value included in the budget and forecast (Property Tax).
- Marijuana Tax: revenues with annual increases included in the forecast at \$50,000.
- NW Natural Franchise: not included in the forecast because there is policy action.
- Medicaid Reimbursement: multiple year reimbursement in 2019, annual revenue thereafter in forecast (\$300,000).
- Transient Lodging Tax: increases: increases for new hotels and possible rate increase to be proposed by Visit McMinnville included in the forecast (\$200,000).
- Wastewater Franchise Fee: could generate \$90,000 per year for each 1% (would need policy level conversation).
- Utility Surcharge: could generate \$250,000 per year for each \$1.50 per connection.
- Planning Fee Increases: discussion with the Council and the development community regarding cost recovery expectations will occur prior to proposing any changes.
- Business License: discussion with the Council and the business community regarding fee will occur prior to proposing any implementation.

Mr. Towery then addressed unmet needs in programs and services including:

- Addressing law enforcement needs.
- Comprehensive Fire and Life Safety including Inspection, Plan Review, Emergency Management, Prevention, Education: staffing restructure planned in 2017-18 budget to partially address needs, work planning for future to occur in 2017-18.Challenges with serving existing and new facilities.
- Provide Adequate Parks and Open Space Maintenance to serve existing and new facilities: Work palling with Community

Development and Parks & Recreation Department to be addressed after Parks & Recreation Director selection in early 2017-18.

- Address Long Range Planning Needs: Planning and Building Program and Urban Renewal Management restructuring provides capacity for projects in 2017-18 and future years.
- Municipal Court, Code Enforcement, Human Resources and Administrative Services: restructure in 2017-18 budget proposed to provide increased capacity with existing staffing levels.
- Building Program: Increased development and staff vacancies to be addressed by program restructuring, recruitment and potential increased staffing in 2017-18.

Mr. Towery reviewed Capital replacement needs:

- Various projects included in 2017-2018 Budget, \$400k.
- Annual budget savings targeted for future projects, \$200k.
- Annual need average \$1.2M per year.

Planned initiatives were discussed as follows:

- Community Outreach and Public Engagement – looking to create a position that supplements community outreach including social media.
- Strategic Planning and Focused Economic Development Strategy.
- Latino Leadership Capacity Initiative.
- Process Improvement.

The General Fund Reserve was discussed:

- Council Policy recommends reserve of 25% of annual expenditures.
- GFOA Best Practice recommends two months of operating expenditures or 17% for the General Fund.

Mr. Towery thanked the Budget Committee Members and Budget Committee Members and the staff for their work and time.

Budget Committee Chair Hill noted the long and hard effort of staff to prepare the budget. He thanked the Budget Committee Members.

Budget Committee Member Lunt commented on the collaborative effort to work through the scarce resources. Discussion ensued regarding the Strategic Planning process and timeline.

Discussion ensued regarding revenues and expenditures.

Budget Committee Member Stassens thanked staff for their work on the proposed budget.

Budget Committee Member Lake asked about the biggest expenditures. City Manager Towery stated that personnel services are the largest expenditures but they also provide the services to the community. He noted that before programs and services are change, the strategic planning process will be conducted to decide what the community needs and wants.

Discussion ensued regarding revenues.

Budget Committee Member Garvin thanked the Department Heads for the presentation.

Budget Committee Member Jeffries stated that the budget document is a great document. He stated that as the strategic planning process begins he would like to look at all of the various revenue options. He commented on his frustration with the strategic planning process has not begun but noted that the budget document sets up the conversation for strategic planning. He also noted that it would benefit the community to have a bi-lingual person in the community development outreach position. He also mentioned he would have liked to see something about the police workforce.

Budget Committee Member Menke thanked everyone for their work on the budget and noted Finance Director Baragary's efforts.

Budget Committee Chair Hill stated that they are in the process of (listen) meeting two Council goals by adopting the budget and by preparing the budget. Budget Committee Chair Hill noted the personnel expenses, insurance increases, and PERS increases.

6.

#### PUBLIC TESTIMONY:

Budget Committee Chair Hill opened the Public Hearing at 6:49 p.m. and asked for public testimony.

Citizen Mark Davis commented on the Franchise Fee (page 151 of Budget). He stated that \$167,000 that is not included in the current budget – McMinnville Water & Light approved their budget last night. He noted that McMinnville Water & Light rates are very good and it is a good thing for the community. He stated that he was concerned by the graph reflecting declining reserves. He mentioned that he would like to see a 25% reserve maintained. He noted that quality of life things are important for the City of McMinnville. He commented on the goals and objectives. He noted that two of the goals have to do with affordable housing and homelessness. He stated that there should be some monies dedicated to these goals. Perhaps a subsidy to developers. Transient Lodging Tax – put have of that money towards

affordable housing (\$100,000). He stated the impact that Visit McMinnville is having on Downtown McMinnville. He commented that the City is losing affordable housing. He noted the gentrification going on in the downtown area and other parts of town.

Budget Committee Chair Hill closed the public hearing at 7:03 p.m.

6.

**PUBLIC HEARING – ON POSSIBLE USES OF STATE REVENUE**

**SHARING:** Budget Committee Chair Hill opened the public hearing on the possible uses of state revenue sharing at 7:18 p.m. He advised that the State Revenue Sharing Law, ORS 221.770, requires cities to annually pass an ordinance or resolution requesting state revenue sharing money. In order to receive state revenue sharing in 2017 – 2018, a city must have levied property taxes in the preceding year and must hold a public hearing before the Budget Committee to discuss possible uses of the funds and hold a hearing before the City Council on the proposed uses of funds in relation to the entire budget. He stated that the \$315,000 of state revenue sharing available to the City is proposed to be spent in the following manner:

**Administration – Budget Committee Chair & City Council**

- General Fund Strategic/ Long Range Financial Planning \$75,000

**Police**

- Mobile/ Inform RMS upgrade of e-ticketing system \$20,000
- MDTs with Versus camera system/ printers (3) \$33,000

**Parks & Recreation**

- Aquatic Center – Repaint lobby, pool desks & locker room floors \$15,000
- Senior Center – Architectural specifications for re-roofing building \$10,000
- Community Center – Reseal/waterproof below ground exterior walls \$12,000

**Parks Maintenance**

- Thompson Park playground resurfacing \$25,000
- Tennis court resurfacing/ pickle ball conversion \$50,000

**Library**

- Elevator modernization \$75,000

**Total Proposed Expenditures \$315,000**

Budget Committee Member Jeffries questioned the cost for the architectural specifications for re-roofing the Senior Center. Parks and Recreation Director Pearson stated that the City does not have the ability to come up with the specifications and that this is a safeguard to make sure that the roof is done correctly.

Budget Committee Member Lunt asked about the types of cameras being used and if they are body cameras. Police Chief Scales stated that we are looking at body cameras along with the costs associated with implementing body cameras and reviewing the data collected.

Budget Committee Member Garvin asked if there is any way out of the \$315,000 is there any way for \$24,000 be used for the Community Emergency Response Teams (CERT) program.

Fire Marshal Debbie McDermott responded that we are working with the County and the police department on working together to ensure that these needs will continue to be addressed. The goal is to make it a more cohesive program.

The importance of the CERT program was discussed.

Chief Leipfert stated that we serve our citizens better through the reorganizations. We were trying to run a stand alone program. CERT members with the City and County will be a better program.

No public testimony on the proposed uses of state revenue sharing was heard.

Budget Committee Chair Hill closed the public hearing at 7:18 p.m.

7. REVIEW AND DISCUSSION OF PROPOSED 2016 – 2017 BUDGET:

Budget Committee Chair Hill noted that the budget document is a good document to reference throughout the year. He reviewed the various sections of the Budget.

Budget Committee Member Jeffries asked about the contractual services line. He asked if there is there some cost savings that could happen. Discussion ensued regarding lowering the costs of reoccurring contract expenses.

How much would the Medicaid reimbursement reduce the 800,000? Chief Leipfert responded that the reimbursement program is anticipated to reduce the number by approximately 25%.

Personal Services were discussed and Budget Committee Chair Hill highlighted the 1,369 volunteers. He noted that this is indicative of the people who are making the City a great place.

It was noted that the semi-monthly salary schedule includes all of the steps for the employees. Budget Committee Member Jeffries- asked about the 2.5% increase for the Police Department since the agreement has not been ratified.

General Beginning Fund Balances were discussed. Budget Committee Chair Hill noted that the City may dip below 25% for a period of time but the City is working on increased revenues to bring back up to the 25% reserve. Discussion ensued on the various reasons for a lowering fund reserve. It was noted that the standard practice for many Cities is 17%.

Discussion ensued regarding the growth of the building stock and how that can help.

City Attorney Koch explained that there is a part-time Municipal Court Prosecutor. Mr. Koch mentioned that he occasionally serves as prosecutor when the prosecutor is not available. He does not have the capacity to do this. He explained that an Assistant City Attorney would be hired. This change allows the City to cut back on contracted legal services.

Budget Committee Member Jeffries stated that he appreciates the thoughts on the reorganization. City Attorney Koch stated that this is a short-term fix. The dedicated HR function is important but in the short-term best approach for this year. He commented on the workload.

Community Contributions were discussed. There was \$25,000 in the 2017-2018 budget. Discussion ensued regarding the new process for community contributions and the Committee Recommendations. The Budget Committee Chair asked the Budget Committee if they were comfortable with the \$25,000 amount. It was agreed about that this was a disciplined approach and the amount is right. Budget Committee Chair thanked those involved in the process.

The budget was reviewed department by department.

Community Development Director Bisset stated that this new position gets to the Council goal of “communicate with citizens and key local partners”. A department communication plan will be developed. Mr. Bisset stated that there is an opportunity to improve image, community engagement,

communicating consistently across the department, opportunity to engage a variety of stakeholders that they are not reaching now, emergency communications (public works, wastewater). It was noted that in many of the disaster plans, public works is the lead. Mr. Bisset stated that is position will help some other departments as well.

Budget Committee Member Jeffries mentioned that the timing is great and that the need will grow for the public relations position.

Budget Committee Member Mead asked what the staffing forecast is considering the passage of the transportation bond. Mr. Bisset responded that one position was hired for but they have also relied on consultants.

Budget Committee Chair Hill noted that there are additional positions in the budget for planning. Planning Director Richards stated that when she arrived she began strategic conversations. She discussed combining Planning and Building.

Ms. Richards stated that a buildable land supply needs to be conducted, then a housing needs analysis. There are state grant opportunities, also some opportunities for special districts. She shared that having a match for grants puts the City in a competitive position.

Budget Committee Member Menke commented on the number of calls for police service. Police Chief Scales stated that two of the three officer were sworn in on Monday. Discussion ensued regarding staffing challenges. Budget Committee Member Lake asked about call volume. Police Chief Scales stated that we are a high call volume area. He noted that they are short-staffed in the patrol section.

Budget Committee Member Jeffries noted the 5-year trend related to crimes. He stated that perhaps the crimes are still happening but we are not able to investigate fully. Budget Committee Member Jeffries asked about the number of crashes that were responded to. Police Chief Scales stated that as the patrol department gets staffed up hopefully there will be a reduction in accidents. Budget Committee Member Jeffries noted that there will be increases in auto insurance rates due to increased accidents in the area.

Police Chief Scales noted that in order to get to the median of the City's comparators would mean hiring an additional seven officers.

Budget Committee Chair Hill noted that the Council is concerned with public safety then it should be included in the goals and objectives.



Discussion ensued regarding the need for additional officers to and a plan established on how to get to that goal.

Budget Committee Member Stassens asked about projections for the community and the future needs. Discussion ensued on collaborative strategic planning.

Fire Chief Leipfert discussed the Deputy Fire Marshal position and providing a more well rounded service. Discussion ensued regarding the importance of public safety and how to enhance service at a minimal cost.

Budget Committee Member Stassens asked about the impact of memory care facilities and recouping ambulance costs. Fire Chief Leipfert stated that the care facilities drive about 35 percent of the call volume within the City limits. He stated that it is based on the business model of the care facilities rather than the need for service. He stated that the City has talked about a potential fee structure with business licenses for care facilities.

Budget Committee Member Menke noted that the many of the departments in Parks and Rec are self-supporting. Parks and Recreation Director Pearson stated that the community center provides showers for the homeless. He stated that hundreds of people use their showers on a regular basis. It has been a good service to provide.

It was noted that there has been a decrease in the ability to provide Parks Maintenance services. Budget Committee Member Menke noted that this is another area to provide more service to the community.

Community Development Director Bisset explained that they are maintaining the current status. He stated that they have had difficulty finding quality seasonal workers.

Budget Committee Chair Hill mentioned that he would love to see the Library be at the essential services level. Library Director Berg responded to the estimated cost associated with extended hours.

Budget Committee Member Jeffries stated that additional hours be a part of the strategic planning process.

Budget Committee Member Garvin and Jeffries commented on the importance of the Library services.

Budget Committee Member Menke noted the volunteers and the donations from the Library Foundation and Friends of the Public Library are substantial.

Discussion ensued regarding Transient Lodging Taxes and the impacts of tourism on General Fund Services.

Community Development Director Bisset discussed the Airport Fund. He stated that a couple of lease proposals for hangers will be coming before Council. The farmland around the airport was discussed. Discussion ensued regarding a Master Plan Update and building in an economic development portion to spur development at the airport.

Budget Committee Member Menke mentioned that the impacts on capacity as a result of the transportation fund.

Mr. Bisset shared that the Wastewater Treatment Facility has been under and administratively extended permit for 10 years. When DEQ is able to address the permit there will be more stringent treatment requirements. The permit process will be lengthy and involve outside Counsel.

Budget Committee Member Lunt asked about the \$800,000 amount being transferred. Fire Chief Leipfert explained that the ambulance fund is a revenue fund and the costs of the ambulance fund are split 65% of the personnel costs within the Fire Department are allocated to the ambulance fund. The money generated in fees which is approximately \$3.7 million in addition to the Fire Med program doesn't cover the full cost of the 65% of the staffing so the General Fund dollars are transferred to cover. Budget Committee Member Lunt stated that this number is continuing to grow. He liked the idea to have surcharges on frequent users. Fire Chief Leipfert explained that the \$3.7 million dollars pays to augment the Fire Department. He stated that they are offsetting the cost of Fire. He explained the cost to the City of not having the ambulance service and estimated it would be at least a half million dollars. He noted that it has become a blended service. He stated that the City will continue to try and get Medicare and Medicaid reimbursements.

Budget Committee Member Lunt asked about Lafayette and Amity services and if they are revenue neutral. Fire Chief Leipfert that Amity contributes dollars and rent-in-kind for the station. In addition, the calls that are recaptured in the Amity car met the revenues expectations. The Lafayette agreement is more of a partnership. A car was moved out to Lafayette during the day times in order to provide better coverage of service and helps meet response time requirements.

Budget Committee Member Jeffries commented on the Fire Chief continuing to find solutions to the problems.

Discussion ensued regarding the various cost saving options.

Discussion ensued regarding funding storm water.

Discussion ensued regarding the deteriorating condition of assets.

8. **BUDGET COMMITTEE RECOMMENDATION TO APPROVE THE 2017 – 2018 BUDGET AS PROPOSED OR AMENDED AND TAX RATE**

Budget Committee Chair Hill asked for a motion to approve the Proposed Budget as presented and to approve the permanent tax rate of \$5.02 and the debt service property tax levy of \$3,486,000.

Budget Committee Member Stassens **MOVED** to approve the Proposed Budget as presented and to approve permanent tax rate of \$5.02 and the debt service property tax levy of \$3,486,000; **SECONDED** by Budget Committee Member Menke. Motion **PASSED** unanimously.

9. **ADJOURNMENT:** Budget Committee Chair Hill adjourned the Budget Committee Meeting at 9:42 p.m.

s/s Melissa Grace  
City Recorder