

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

Wednesday, May 18, 2016 at 6:00 p.m.

Presiding: Rick Olson, Mayor

Recording Secretary: Rose A. Lorenzen

Councilors:	<u>Present</u>	<u>Absent</u>
	Scott Hill            Larry Yoder	Remy Drabkin
	Kellie Menke	Kevin Jeffries
		Alan Ruden

Budget Committee:	<u>Present</u>	<u>Absent</u>
	Robert Dodge        John Mead	Jerry Hart
	Brad Lunt            Travis Parker	Kris Stubberfield

Also present were City Manager Martha Meeker, City Attorney David Koch, Community Development Director Mike Bisset, Finance Director Marcia Baragary, Fire Chief Rich Leipfert, Police Chief Matt Scales, Planning Director Doug Montgomery, Library Director Jenny Berg, Library Services Manager Wendy Whitesitt, Information Systems Director Scott Burke, Parks and Recreation Director Jay Pearson, Kids on the Block Manager Janet Adams, Senior Accountant Ronda Gretzon, Payroll Accountant Chris Secrist, Public Works Superintendent David Renshaw, and a member of the news media, Don Iler of the *News Register*.

AGENDA  
ITEM

1. CALL TO ORDER: Mayor Olson called the meeting to order at 6:00 p.m.
2. ROLL CALL: Recording Secretary Lorenzen called roll. It was noted that Councilors Drabkin, Jeffries, and Ruden and Budget Committee Members Hart and Stubberfield had been excused from the meeting.
3. ELECTION OF BUDGET COMMITTEE CHAIRPERSON: Councilor Menke MOVED to elect Councilor Scott Hill as Budget Committee Chair and further MOVED that the nominations be closed; SECONDED by Councilor Yoder. Motion PASSED unanimously.

Budget Committee Chair Hill expressed his appreciation to the Budget Committee members for the volunteerism they show and to the department heads and staff for the work they do every day.

Chair Hill asked if any of the members had conflicts or potential conflicts of interest. Budget Committee member

declared that although he is married to Library Director Berg, he believed that he could be impartial in his deliberations.

4. PRESENTATION ON PROPOSED BUDGET FOR 2016 - 2017 BY FINANCE DIRECTOR MARCIA BARAGARY: Finance Director Baragary referenced her memorandum located in the Budget Committee's packets and advised that this year's Proposed Budget reflects a more optimistic view of the future. Assessed property values and property tax revenues are slowly increasing; the Proposed Budget includes a cost of living adjustment (COLA) for General Service employees of 0.3 percent and a 2.0 percent COLA for the Police and Fire bargaining units. She reported that health insurance premiums will increase, but only by a modest 4.5 percent. Ms. Baragary advised that the City currently has a PERS transition liability of approximately \$3.8 million and staff is exploring the option of issuing debt to pay off the liability. This would allow the City to see a savings in interest paid and would, to some extent, mitigate the effect of expected rate increases in 2017-2018.

Ms. Baragary advised that the Proposed Budget includes an \$800,000 transfer to the Ambulance Fund compared to \$1,150,000 in 2015-2016. She advised that higher transport fee revenue and alternative options for purchasing ambulances will help stabilize the Ambulance Fund in 2016-2017 and beyond.

Ms. Baragary reviewed the three-year General Fund fiscal forecast and advised that throughout the fiscal year, the trending General Fund revenues as well as each Department's capacity to obtain savings will be carefully monitored. Projects being funded through the General Fund and/or other expenditures could be prioritized and adjusted or deferred, as needed. She concluded her presentation by stating that the City has maintained the General Fund's reserve at an amount in excess of the reserve percentage recommended in the City's fund balance policy. Preserving that cushion has served the City well, especially during the recent economic downturn. She advised that the 2016 - 2017 Proposed Budget reflects the City's commitment to balancing the stewardship of public funds with the responsibility of providing public services.

Budget Committee Chair Hill thanked Finance Director Baragary and asked her to pass along the Budget Committee's thanks to her staff for all they do.

Budget Committee Member Lunt asked if the adjustment between year end and actual figures (this year \$1.3 million) will be discussed. Ms. Baragary advised that yes, it will be discussed in the City Manager's Budget Message.

5.

PRESENTATION BY COMMUNITY ORGANIZATIONS REQUESTING CITY FUNDING OF SERVICES:

**Your Community Mediators:** Your Community Mediators (YCM) Board Members Renee Vorm and Beth Karecki both spoke about the organization's programs and how their services assist the City. She pointed out that Executive Director Marlena Bertram was distributing additional material that included additional statistical information relating to the services provided to City of McMinnville residents. Responding to an inquiry from Budget Committee Member Dodge, Ms. Karecki advised that YCM had received \$7,500 from the City of Newberg; \$1,750 from the City of Dayton; and others are considering the amount of money they can pay. So far, no one has declined to contribute.

Executive Director Bertram advised that their request to the City of McMinnville for fiscal year 2016 - 2017 is for 26,885. They have had recent discussions with Police Chief Scales and Finance Director Baragary and feel they can work even more closely with the Police Department to help keep the peace in McMinnville.

Discussion occurred regarding grant funding, contracts for services, and YCM's funding request. Mayor Olson asked City Attorney Koch to explain a contract for services. Mr. Koch advised that there are two different types of service contracts - this would most likely fall into the straight services contract, rather than a professional services contract. The dollar limit for this type of contract is \$10,000 without having to obtain competitive bids.

Budget Committee Chair Hill summarizes Your Community Mediators' request for \$26,886 and reminded the Committee that this was a \$5,000 increase over last year's budgeted amount.

**Homeward Bound Pets:** Chris Trundy, 8430 SE Youngman Lane, McMinnville and Jay Disbrow, 515 E. Main Street, Yamhill, and Homeward Bound Pets Executive Director Dawn Witt spoke on behalf of Homeward Bound Pets' spay neuter program for cats. Mr. Disbrow advised that he had been authorized by the City of Yamhill to speak on its behalf and he was encouraging the City of McMinnville to continue its support as in past years. He requested that the City honor Homeward Bound Pets' request for \$25,000. Ms. Witt explained that the increased request was because Homeward Bound Pets had been given the opportunity to lease a building at 723 NE Evans Street for \$1.00 per year for 20 years. The donor has offered \$50,000 in matching funds for tenant improvements to turn the space into surgery and exam rooms. Because Homeward Bound Pets needs startup funds to ensure they can continue their own clinic in their own city, they are requesting an allocation of \$25,000.

Following discussion, Budget Committee Chair Hill summarized Homeward Bound Pets' request of \$25,000. He

noted that this amount, if allocated, would constitute an increase of \$21,000 over last year's budgeted amount of \$4,000.

**Yamhill County Gospel Rescue Mission:** Dave Haugeberg, 13951 NW Willis Road; Mary Stern, 1863 NW Doral Street; and Kaye Sawyer, 573 NE Osborne Court, spoke on behalf of the Yamhill County Gospel Rescue Mission. They spoke about the need for expansion of the rescue mission. The project as planned would accommodate additional shelter, emergency overnight shelter and a men's facility. The School District donated a modular building and the Mission has received a conditional use permit to place the building on a separate piece of property adjacent to the current mission. They will have a separate facility to house men and the expansion will provide emergency shelter for assistance any time of the year, not just during the cold, wet winter months. They spoke about their vision for the Mission. They requested \$50,000, which would assist them in reaching their targeted goal of \$1.4 million.

Following the presentation by the Yamhill County Gospel Rescue Mission representatives, Budget Committee Chair Hill summarized the request of \$50,000 to assist with Phase 1 of the expansion project.

**Zero Waste:** Ramsey McPhillips, President of Zero Waste, thanked the Budget Committee for the opportunity to present at this meeting. He reminded the Committee that they had authorized a \$5,000 match for Zero Waste last year. With those funds and the matching dollars, Zero Waste was able to complete their project of auditing businesses for their waste. They found that they were able to divert about 40 percent of the trash from the landfill. He advised that the interns from Linfield College did an excellent job. Mr. McPhillips stated that once again, Zero Waste was asking the City for \$5,000 - the same amount as last year.

Budget Committee Chair Hill summarized Zero Waste's request for \$5,000 and advised that there would most likely need to be matching funds - similar to last year.

**Newberg - Dundee Bypass:** Dave Haugeberg advised that as Chair of the Yamhill County Parkway Committee, he was requesting that the City give an additional \$18,000 (for a total of \$36,000) to support lobbying efforts for Phase 2 of the Bypass. The lobbyists would be focusing both nationally and locally at the state level.

Budget Committee Chair Hill summarized the request from the Yamhill County Parkway Committee for increased funding of \$18,000 - for a total of \$36,000 - to be used for lobbying at the state and national levels.

6.

**PRESENTATION OF BUDGET MESSAGE:** City Manager Meeker presented her Budget Message. She opened her presentation and spoke about how the City is coming out of the recession

fiscally strong. She noted that the recession took its toll on core services and this year's Proposed Budget reflected a rebuilding of those services.

Ms. Meeker reviewed the Budget Assumptions and noted that that the Proposed Budget is balanced and within property tax limitations.

Ms. Meeker reviewed employee compensation and stated that General Service employees would see a .3 percent cost-of-living adjustment (COLA) and the Proposed Budget continues the General Service employee salary adjustments. These adjustments will continue to be phased in at 2.5 percent step increases over the next three years. The goal is to bring the General Service employees' salaries up to within five percent of the market comparables. Both Police and Fire unions will see a 2.0 percent COLA increase, per their collective bargaining agreements.

Ms. Meeker spoke about the City's reserve funds. She reminded the Committee that in 2010 the City implemented a three-year fiscal forecasting model. She advised that the forecasting is a gentle art and that the City is dedicated to caution regarding spending and saving taxpayer dollars. Staff has been careful with their assumptions and she advised that they may need to ask for budget adjustments once a quarter rather than once yearly. Discussion occurred regarding how to spend the City's reserves. Ms. Meeker pointed out that the taxpayers do not give the City money so that the City can save it. The 25 percent minimum reserve balance is based on the amount of funding needed from the reserves for the first quarter of the fiscal year before the new tax dollars begin coming in. Committee members expressed their concern regarding spending down the reserves too quickly. It was noted that the City has come out of the recession and could begin its careful rebuilding of core services and staffing.

Ms. Meeker advised that personnel costs, which are the largest single expenditure, represent 71 percent of the General Fund budget. She noted that funding for 2.0 full time equivalent positions (FTE) has been allocated for Parks Maintenance workers and 1.0 FTE for Administration. The addition in Administration will allow for a full-time Human Resources professional and a full-time City Recorder / Legal Assistant. She advised that the current model of Human Resources/City Recorder split represents too much for one individual to accomplish. The new model will also give the City Attorney a half-time legal assistant. The new partnership with the Amity Fire District will allow the City to provide a part-time plus firefighter in Amity. Funds have been budgeted in the Planning Department's budget to allow for contracted assistance for long-range planning and code enforcement. Additionally, hours have been added back to the Library's budget to allow for reinstatement of Saturday morning hours beginning in September.

Ms. Meeker advised that medical insurance premiums continue to rise, although at a much slower rate of 4.5 percent. The General Service employees have gone to a higher deductible with a VEBA account this year. In 2010, the VEBA amounts will be cut to 50 percent of the current year.

Ms. Meeker discussed the budget highlights from each of the departments, which include:

- The Police Department will recapitalize two patrol cars which will keep the Department's patrol fleet below the targeted 100,000 mile usage limit;
- The General Fund subsidy of the Ambulance Fund decreased by \$350,000. The 30 percent reduction reflects increased revenue from a nine percent increase in call volume and savings incurred from the purchase of used, rather than new, equipment. The Proposed Budget also provides for \$60,000 for design work for a remodel of the fire station;
- Parks and Recreation will complete its new NW Neighborhood Park by the summer of 2017. The new park will include Yamhill County's only barrier free playground;
- Public Works - Significant funds from the Transportation Bond measure will be used for both basic street maintenance and for system improvements as laid out in the Master Transportation plan;
- The Wastewater Capital Fund budget reflects both a \$2.125 million rehabilitation of the Cook School Sanitary Sewer system and \$491,950 for engineering of the tertiary filtration system expansion project;
- The Airport will see reconstruction of its main runway in calendar year 2017 with a combination of funds from the Federal Aviation Authority and the state of Oregon.
- To facilitate the Urban Renewal initiative to expand the City's Alpine Street project, the City will loan the Urban Renewal Agency \$163,000 for design and engineering work in 2016. Repayment of the loan will begin in January 2017 and will continue through 2019.

Ms. Meeker reviewed the supplemental information located in the budget document, including several charts depicting revenues, expenditures, and assessed and estimated real market value of property. She advised that challenges ahead include the PERS transitional liability, Police personnel manning, and deferred maintenance.

Ms. Meeker addressed the requests for funding by the community organizations. She advised that they could be capped at the proposed budgeted amounts or funded by the following tradeoffs:

- \$6,000 - reduction of grants to 2014 levels;
- \$8,000 - cancellation Mid-Willamette Valley Council of Government's 2017 dues;
- \$24,000 - delay implementation of the Human Resources and City Recorder / Legal Assistant FTE until October 2016;
- \$50,000 - reduction of reserves which is a .25 percent decrease in reserve fund balances.

Chair Hill thanked Ms. Meeker for her Budget Message. He stated that he saw unique opportunities for the City without dipping too far into the reserves. The City has received requests that are very meaningful that will hopefully continue the City's visioning process.

Mayor Olson advised that he did not see where the additional \$18,000 for the Newberg - Dundee Bypass would be budgeted. He stated that he did not believe the funds should come from the Transportation Fund. Ms. Meeker suggested that the funds could come from the Street Fund or from reserves. She suggested that it could also be offset by a reduction in funding to the McMinnville Economic Development Partnership.

Ms. Meeker noted that the work on the Proposed Budget was a concerted effort from many staff members and she thanked all who participated in the budgeting process. She gave special thanks to Finance Director Marcia Baragary and Senior Accountant Ronda Gretzon, along with the other Finance Department staff members and the Management Team.

Budget Committee Chair Hill closed the public hearing at 8:25 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 8:30 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 2016 - 2017, 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 \$325,000 of state revenue sharing available to the City is proposed to be spent in the following manner:

- Administration - City Hall & City Property  
Public parking structures & lots maintenance 24,040
- Administration - Community Services  
YCTA Public Transportation Support 22,500  
Support of McMinnville Economic Development Partnership 60,000

• Administration - Legal	
Office furniture & computer equipment	12,400
Municipal Code software	2,000
• Police - Police Patrol Vehicles (2)	81,695
• Police - MDTs and related equipment (2)	21,665
• Fire - Department's share of station remodel (Design and Engineering)	45,000
• Fire - Breathing apparatus - SCBA	10,000
• Fire - Tablet computers (2)	4,400
• Aquatic Center - Replace diving board	4,000
• Aquatic Center - Replace restroom door and frame	3,800
• Aquatic Center - replace weight room matting	3,000
• Community Center - window replacement	2,800
• Community Center - door repair	2,500
• Library - Workstation replacements (14)	25,200
• Park Maintenance - Zero turn rotary mower	13,000
• Library - Window Caulking and Stucco Repair	12,470
• Library - Workstation replacements (11)	<u>18,700</u>
Total Possible Expenditures	<u>\$325,000</u>

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

Budget Committee Chair Hill closed the public hearing at 8:31 p.m.

7.

REVIEW AND DISCUSSION OF PROPOSED 2016 - 2017 BUDGET: Budget Committee Chair Hill suggested that the Proposed Budget document be reviewed in the same manner as previous years - major section by major section. He pointed out that he had enjoyed the department managers' insights into their respective departments and the reports gave the Budget Committee members a chance to review future challenges and opportunities in each of the departments.

**Personnel Services:** Budget Committee Chair Hill referenced the tables, in particular, Table 1 which shows that the City has 210.7 FTE, and Table 4 shows 1,324 volunteers. He said that he is always amazed at the number of volunteers who assist in City operations and he believed that those numbers should be celebrated.

**Administration - Community Services:** Budget Committee Chair referenced the budget for community services and noted that \$30,000 had been budgeted. He recapped the requests as follows:

1. Howard Bound Pets	\$25,000
2. Zero Waste	5,000
3. YCM	26,885
4. Gospel Rescue Mission	50,000

Councilor Menke suggested that YCM and Homeward Bound Pets be funded at current year levels; Zero Waste at \$5,000 with

a matching funds requirement; and the Yamhill County Gospel Rescue Mission at \$20,000.

Following extensive discussion of the levels of community support the City should budget, Councilor Menke MOVED to budget \$21,000 for Yamhill Community Mediators; \$4,000 for Homeward Bound Pets; Zero Waste for \$5,000 (with required matching funds); and the Yamhill County Gospel Rescue Mission at \$25,000 with the option of reviewing for an additional \$25,000 in October; SECONDED by Councilor Yoder. Motion PASSED unanimously.

*Fire Department:* Budget Committee Chair Hill referenced the growth of calls and services.

*Parks and Recreation:* Budget Committee Chair Hill noted that Parks and Recreation is currently showing a 60 percent self-supporting level.

*Parks and Recreation Sports:* Budget Committee Chair Hill noted that this program is about 75 percent self-supporting.

*Parks Maintenance:* Budget Committee Chair Hill noted the addition of two Utility Worker positions.

*Library:* Budget Committee Chair Hill noted the enhancements to the Library Plaza and the addition of Saturday morning hours.

*Street Fund:* Budget Committee Chair Hill reminded the group of the request to double the funding for the Bypass lobbying efforts - from \$18,000 to \$36,000. Following a brief discussion, Councilor Yoder MOVED to grant the additional \$18,000 for the Bypass with the funding coming from a reduction in the amount budgeted for MEDP; SECONDED by Mayor Olson. Motion PASSED unanimously.

8. BUDGET COMMITTEE RECOMMENDATION TO APPROVE THE 2016 - 2017 BUDGET AS PROPOSED OR AMENDED AND TAX RATE: Budget Committee Chair Hill asked for a motion to approve the Proposed Budget as amended and to approve the permanent tax rate of \$5.02 and the debt service property tax levy of \$2,715,000.

Budget Committee Member Mead MOVED to approve the budget for the 2016 - 2017 fiscal year in the amount of \$108,633,872 with the following amendments: \$21,000 for Yamhill Community Mediators; \$4,000 for Homeward Bound Pets; Zero Waste for \$5,000 (with required matching funds); and the Yamhill County Gospel Rescue Mission at \$25,000 with the option of reviewing in October for an additional \$25,000; and \$18,000 for the Newberg - Dundee Bypass with the funding coming from a reduction in the amount budgeted for MEDP; SECONDED by Budget Committee Member Dodge.

Budget Committee Chair Hill stated that it had been MOVED by Budget Committee Member Mead and SECONDED by Budget Committee Member Dodge that the Budget Committee of the City of McMinnville has reviewed and hereby approved the budget for the 2016 - 2017 fiscal year in the amount of \$108,633,872; with the following amendments: \$21,000 for Yamhill Community Mediators; \$4,000 for Homeward Bound Pets; Zero Waste for \$5,000 (with required matching funds); and the Yamhill County Gospel Rescue Mission at \$25,000 with the option of reviewing in October for an additional \$25,000; and \$18,000 for the Newberg - Dundee Bypass with the funding coming from a reduction in the amount budgeted for MEDP. The Committee also approved taxes for the 2016 - 2017 fiscal year, at the rate of \$5.02 per \$1,000 of assessed value for operating purposes and \$2,715,000 for the general obligation bond levy in the Debt Service Fund for principal and interest. Motion PASSED unanimously.

9.

ADJOURNMENT: Budget Committee Chair Hill adjourned the Budget Committee Meeting at 9:45 p.m.

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Rose A. Lorenzen, Recording Secretary