

FY2025-26 Proposed McMinnville Budget Q&A #2

Budget Review Questions

1. Can you please breakdown the Resources or Income by specifics that go into the General Fund. Like charges for service... like the City Service to see clearly how much we receive?

Revenue Category	FY25-26 Proposed Budget	
<i>Beginning Fund Balance:</i>		7,299,821
Designated Beg Fund Balance	2,349,550	
Unappropriated Beg Fund Balance	4,950,271	
<i>Property Taxes:</i>		16,060,000
<i>Licenses & Permits:</i>		4,880,500
McM W&L Pymt in Lieu of Tax	2,625,000	
Franchise Fees	1,778,700	
Local Marijuana Tax	220,000	
Dept & Misc Licenses & Permits	256,800	
<i>Intergovernmental:</i>		1,612,029
State Revenue Sharing	1,140,400	
Grants	59,474	
Library - CCRLS	217,000	
Yamhill Cty - Other Distributions	5,000	
McMinnville School District	74,170	
McMinnville Fire District	115,985	
<i>Charges for Services:</i>		3,592,485
City Service Charge	2,265,000	
Department Fees / Facility Rentals	1,293,530	
Property Rentals	33,955	
<i>Fines & Forfeitures:</i>		290,000
Municipal Court Fines & Forfeitures	275,500	
Fines & Lost Books	7,000	
Code Enforcement	7,500	
<i>Miscellaneous:</i>		1,156,006
Interest	510,000	
Donations	164,781	
Other Income-PERS Trans Liability	323,225	
Other Income	158,000	
<i>Transfers In:</i>		3,067,123
Transfers In	2,573,665	
Transfers In - Interfund Debt	493,458	
Total General Fund Revenue:		37,957,964

2. On Page 25. What is Park Development-fund appropriated to allow for grant match or partnership. What park is this, what grant are we talking about?

The Park Development Fund (fund 50) can be found starting on page 423 of the budget. That note on p. 25 reflects the information on p. 437 of the budget, GL Code 50-9250. There is not a specific park project identified yet, however whatever does move forward will be from the City Council adopted PROS Plan 5 year project list. Once a park project is selected from the list, the process to design and develop the park will be an open public process, like it was for the Jay Pearson Neighborhood Park, inviting stakeholders, the neighbors, City Council and other community partners to the table to work together on McMinnville's next amazing park. That allocation is simply so if we find a grant that would be ideal for one of our projects, we can point to the budget in our grant applications to show that we are able to qualify if a match is required.

3. Page #26-The \$500,000.00 Income and Expense for Stormwater. I see these are ARPA funds, so I want to confirm it is the balance of the Storm Water Capacity Projects that are listed in the ARPA approved list.

Correct, that is the balance of the Stormwater Capacity Projects in the approved ARPA list. The construction contract for that project was approved by Council on May 13.

4. Where is the budget line item for paying Waste Water back for the \$234,220.81 owed to Waste Water from the Stormwater borrowing that happened?

There is no budget line item for paying back Waste Water in FY 26. It can still be paid off in a future year by the General Fund or the Stormwater fund if a revenue source is adopted by Council

5. What line item in the current years budget did the expenses for the \$234,000.00 get designated to?

In the current and previous budgets, those stormwater expenses were designated in account 75.7750-43

6. What amount would be saved if employees were asked to pay 2% more towards their insurance premium?

If the General Service employee medical insurance premium contribution was 12%, rather than 10%, the savings would be \$37,800 for the entire city, with \$23,850 of that being General Fund savings.

7. What is the average insurance premium paid by our employees?

The City's medical insurance renewal is on a calendar basis. The insurance provider, City County Insurance Services (CCIS) has indicated that the City's not-to-exceed medical rate increase will be 13-13.25% and dental increase to be 3-7% (dependent on insurance plan). There are five insurance coverage tiers an employee can choose from (i.e.: single, employee & children, family coverage, etc).

General Service employees contribute 10% of the premium. For five months out of the year the General Service employee share of medical insurance premium amounts ranges from: \$76.63 – \$220.21 / per month. For the next seven months of the FY2025-26 year, we anticipate the General Service employee share premium amounts will range from \$86.42 - \$248.31 / per month.

Police Union employees have one tier of medical insurance with a 5% employee share of premium. The union employee premium share is \$91.06 / per month for the first 5 months with an anticipated 8.5% premium increase at Jan 2026, so union employees will pay \$98.80 / per month for the remaining 7 months of FY2025-26.

8. Why is the Municipal Court software marked out on the proposed packages?

A funding source has yet to be identified to pay for the Municipal Court software. Court capacity due to staffing shortages have prevented any progress being made towards this project, and court capacity remains an issue for discussion before undertaking a software replacement.

9. Who is the .50 FTE under Legal that appears to be an employee? These are on Page 99

This has been an unfilled position thus far and intended to support the City Attorney in facilitating administrative work including maintaining and organizing communications and priorities for other departments' legal needs.

10. Page 103. Looks like the \$10,000.00 is not dedicated to arts.....is that correct?

There is in fact \$10,000 dedicated to the public art program (fund 8012).

11. We are facing a \$3MM shortfall. Personnel costs are up \$1.15 MM. We are offering a 2.5% CoLA. PERS has a 9.5% increase. Can someone explain the table on page 3 to me?

The table on p. 3 shows the increase in taxable assessed value (which is completely separate from market value) over the last decade. The increase in taxable value is between 3.16-3.2% over the last two years. Personnel cost increases outpace the property tax increased rates for assessment. Taxable assessed value has increased in McMinnville 1,311,000,000 since 2016 to the estimated value for 2026.

Oregon's assessed values are a product of measure 50. A good resource for background is question 3 at this link:

https://www.orcities.org/application/files/2216/8685/9599/FAQonMeasures5and_50-updated5-23.pdf

12. P24 Added in stormwater capital (later explained on p 321?). Am I interpreting it correctly that making this a separate fund does not so much make the budget better or worse but simply allows us to see those expenses more accurately?

Correct, there is no additional revenue associated with the creation of this separate fund, but it does make the spending on stormwater more transparent and easier to track.

13. P27 In 2025-26, "the street fund will temporarily pause its transfer to the transportation fund for one year." Why? What is accomplished by this?

To pay for the needed Cypress and Fellows repaving project that begins in FY 25, contingency from the Street Fund was used since no budget was appropriated in the Transportation fund. Forgoing the transfer in FY 25-26 will rebuild the contingency in the Street Fund.

14. P36, I know you have explained this before, but I would love a refresher on why there is such a difference between the max assessed value and the real market value of property

In Oregon, there's often a big difference between a property's real market value (what it could sell for) and its assessed value (what property taxes are based on) because of a law called Measure 50. Passed in 1997, this law limits the annual increase of assessed value to just 3%, even if the market value goes up much faster.

As a result, in places like McMinnville where home prices have risen sharply, the assessed value stays much lower than the real market value, which keeps property taxes more stable over time.

15. P67, I note the overall decrease in personnel by .43 FTE, but I also see the 8 unfunded positions. Are those in the .43 difference or are those over and above the .43. So we are really down 8.43? Are those 8 positions spots that we were never able to fill?

The 8 positions referenced in the graph below are unfilled/vacant positions that are unfunded, but not eliminated. Overall, as a cost-saving approach, the City has budgeted for 8.43 less FTE compared to FY 2024-25. As one mechanism to balance the FY 2025-26 proposed budget, these positions are planned to sit as unfilled, but are still accessible if funding is available in the future. |

(FTE FIVE-YEAR TREND TABLE ON FOLLOWING PAGE)

City of McMinnville
Full Time Equivalent (FTE)
Five-Year Trend

Department	Adopted 2021-22	Adopted 2022-23	Adopted 2023-24	Adopted 2024-25	Authorized	Budgeted *
					Proposed 2025-26	Proposed 2025-26
Administration	5.13	6.74	8.50	7.50	6.50	6.50
Finance	4.85	5.90	6.95	4.90	4.85	4.85
Engineering	7.08	6.99	6.66	7.16	9.33	9.33
Community Development	7.12	8.08	8.08	8.33	9.08	8.08
Police	52.43	52.27	52.31	52.06	51.03	45.03
Municipal Court	4.15	4.46	4.46	4.36	4.41	3.41
Fire	45.70	51.78	*see below	--	--	--
Parks & Recreation	36.72	24.71	24.11	25.91	26.58	26.58
Park Maintenance	10.49	10.49	12.48	12.42	11.72	11.72
Library	16.56	16.77	16.84	17.31	15.22	15.22
General Fund - Total	190.23	188.19	140.39	139.95	138.72	130.72
Affordable Housing Fund	-	-	1.00	0.75	1.00	1.00
Street Fund	9.79	10.04	9.90	9.97	10.57	10.57
Airport Fund	-	-	0.50	0.50	1.00	1.00
Building Fund	4.38	4.34	4.34	4.34	4.34	4.34
Wastewater Services						
Administration	2.10	2.10	2.85	2.85	2.60	2.60
Plant	9.39	9.39	9.44	9.50	10.50	10.50
Environmental Services	4.38	5.07	5.36	5.35	4.35	4.35
Conveyance Systems	5.40	5.40	5.50	5.40	5.10	5.10
Wastewater Services - Total	21.27	21.96	23.15	23.10	22.55	22.55
Information Systems & Services	4.00	4.00	4.00	4.00	4.00	4.00
Subtotal City Employees - FTE's	229.67	228.53	183.28	182.61	182.18	174.18
Difference from prior year (removing FD transition)				-0.43	-8.0	
*Fire District (FD) Transition	-	-	50.94	-	-	

*Removes unfunded FTE.

16. P107, why the jump from 12,000 to 105,000 in professional services?

The HR Analyst position is paid for out of professional services now.

17. P119, we are expecting a \$200,000 increase in revenue from charges for services. Why? What are the new services we are charging for? Or is it an increase in fees? Or an increase in usage?

In October 2024, the City Council adopted Engineering Fees that target near 100% cost recovery on development services performed by the Engineering Division of Public Works. These fees include ROW permits, site

development permits, etc. Prior to these fees, Engineering only recovered 5% of costs for development services.

18. P156, Business Oregon Grant. Are we eligible to apply again? Are there other projects that could qualify?

CDD maintains an open and on-going dialogue with our Business Oregon representative about our existing and upcoming projects/programs to see what funding opportunities might be available to support them.

19. P164, graphs make it seem like police have far fewer FTE but more money in personnel services. Why?

The variance on page 164 is based on the FY 24-25 Amended budget compared to the FY 25-26 Proposed. The FY 24-25 budget does not appear to account for vacancies which were carried throughout the fiscal year.

20. P206, in 2025, we got \$315,000 from the US Dept of Justice. What was it for?

The Municipal Court was not successful in receiving this grant. The budgeted amount was noted, just in case of an award. Since the revenue was not received, there was no correlated expense.

21. P333, unappropriated funds goes from \$424,498 to \$3,224,313. Huge jump. Why?

Through department cost saving decisions and proposals within the current fiscal year and the proposed balanced budget, the General Fund's unappropriated ending fund balance (UEFB) was able to come to a more appropriate level. The UEFB amount aligns with the City's fund balance policy having 2 months of operating expenses.

22. What is the cost of the new Euna Budget software?

\$41,875 – implementation professional services (one-time cost)

\$164,818-- total software cost for 4-year contract term (about \$40,000 / year)

The funds used to pay for this software & implementation were repurposed ARPA grant manager funds.

23. What is the budgeted overtime amount by department?

	2026 Proposed Budget
Expenditures	
Account: 7000 20 - Salaries & Wages Overtime	
01-01 - General,Administration	\$2,500.00
01-03 - General,Finance	\$5,000.00
01-05 - General,Engineering	\$5,200.00
01-07 - General,Community Development	\$7,285.00
01-11 - General,Police	\$662,242.00
01-13 - General,Municipal Court	\$5,000.00
01-17 - General,Parks & Recreation	\$600.00
01-19 - General,Park Maintenance	\$21,000.00
01-21 - General,Library	\$0.00
08-25 - Affordable Housing,Construction Excise Tax	\$1,215.00
20 - Street	\$13,500.00
70 - Building	\$5,000.00
75-01 - Wastewater Services,Administration	\$500.00
75-72 - Wastewater Services,Plant	\$28,999.00
75-74 - Wastewater Services,Environmental Services	\$500.00
75-78 - Wastewater Services,Conveyance Systems	\$6,501.00
80 - Information Systems & Services	\$7,000.00
Account 7000 20 Totals:	\$772,042.00