



Budget Committee Minutes

April 25th, 2019

Members of the Budget Committee met this day in regular session at City Hall, Brownsville, Oregon at 7:00 p.m.

Present: Mayor Don Ware, Councilor Carla Gerber, Councilor Lynda Chambers, Councilor Mike Neddeau, Councilor Dave Hansen, Councilor Doug Block, Rick Dominguez, Don Andrews, Gary Shepherd, Kaye Fox, Mike McDaniel, Kim Clayton, Administrative Assistant Tammi Morrow, Public Works Superintendent Karl Frink, and Budget Officer S. Scott McDowell.

Absent: Councilor Tricia Thompson (*excused*).

Public: Phil Fox.

Presiding: Don Ware & Don Andrews.

The meeting was called to order at 7:03 p.m. by Mayor Ware. Ware opened the floor for Committee Chair nominations. Ware suggested that Mike McDaniel be the Committee Chair. Mr. McDaniel declined. Mrs. Chambers suggested Gary Shepherd as Committee Chair. Mr. Shepherd declined. A motion was made by Mrs. Gerber to nominate Mr. Don Andrews as Committee Chair. A second was made by Mr. Shepherd. The floor was closed to nominations. Mr. Don Andrews was elected as Committee Chair. The motion carried unanimously. Mr. Andrews conducted the meeting from that point forward.

Chair Andrews asked Mr. McDowell to recognize Budget Committee Membership. McDowell explained that the seven (7) members of Council are required to count toward attendance/quorum regardless if they are present or not according to State law. If a municipality is incapable of filling the same number, seven (7), of public participants, the Committee membership is based on that total number of members. This year the City recognizes a thirteen (13) member Committee. Quorum will be seven (7) members for business to be conducted.

Chair Andrews then turned the meeting over to McDowell for the delivery of the Budget Message. McDowell had technical difficulties with the television. Councilor Hansen was recognized as a new member to the Committee. McDowell thanked all the members of the Committee for their time and effort in helping with this important annual task.

McDowell reviewed the binder documents. McDowell indicated that all documents are available for the public in two places, in a binder downstairs and on the City website. McDowell said the Budget Message encourages members to be familiar with certain operational realities of the City. McDowell shared the City website where many documents are stored for ease of access and further research as desired by each individual member. McDowell indicated that if any of the members wish to review any additional reports that were mentioned in the Budget Message, they are welcome to review those reports or any other documents upon request. McDowell feels it is important for the community leaders to understand the inner workings of the organization and the external impacts that require public expenditures, hence all the extra documents for review and context.



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McDowell stated that the presentation this evening would include several parts, 1) the legal requirements & duties of the budget process, 2) how the City budget is built, 3) how to read the budget, 4) utility rates, 5) tax rates, 6) big picture goals context, 7) bonded debt, 8) adjustments and 9) projects. McDowell indicated that the purpose of the Committee is to determine if the amounts in the line items are sufficient enough to carry out Council's policies certain requirements.

Highlights from the presentation included a discussion about tax rates and the Linn County SAL report. McDowell explained how general obligation bonds were not counted toward the permanent tax rate. Voter approved general obligation debt is counted separately or cities would have no way of affording major capital improvements such as water and sewer treatment plants and the like. McDowell explained several other State requirements for taxation including the uncollectable tax percentage and shared the Linn County breakdown showing where tax dollars flow.

McDowell discussed the refinancing of the water and sewer debt. The City recently received an upgraded, A+ rating from Standard & Poor's. McDowell said that there is a "froth" amount in taxes collected from year to year because more revenue is received on certain things like the sewer debt fee. McDowell reviewed uncollectable taxes. McDowell shared that the tax rate will fluctuate year to year depending on these factors. McDowell also said that Brownsville has "high taxes" because of the bonded debt. McDowell shared a slide showing tax statements and pointed out that the entire tax bill does not go to the City. There are many taxing districts who receive revenue from taxes. McDowell explained that many folks have been upset because they believe the entire amount is coming to the City. McDowell explained the permanent rate with the bond rate and total tax calculation.

McDowell showed a slide that compared utility rates with other communities in the mid-valley. McDowell explained that the cities of Lebanon and Sweet Home have just completed and are getting ready, respectively, to do major water treatment plant projects. McDowell indicated that utility infrastructure loans are available, not grants. The federal government and the State do extensive rate audits to adjust the rate so that cities are able to pay back the loans for these vital infrastructure components.

Council could not include the IFA or OECDD debt instrument in the refinancing because the cost of incorporating this debt was too expensive both from a hard cost standpoint and a timing standpoint. McDowell discussed how he landed on the factors necessary to calculate the debt appropriately for water and sewer. The refinance included both the water and sewer debt. The factor created by McDowell takes into consideration the future schedule and amortization of the previous debt so that it could be properly charged out to each utility.

McDowell discussed the adjustments used in developing this year's budget. He said that he used a 0% approach and based many calculations on line item performance from previous years. McDowell did manual adjustments to the personnel services object classification throughout the entire budget document. Every few years, an adjustment is done to correct these line items.

McDowell explained Measure 5 & Measure 50. Insurance costs, utility costs, service costs all continue to rise disproportionately to the amount of money collected by the City. McDowell



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said that Council will be faced with difficult decisions in the next few years if the City is going to continue to operate at the same service level.

McDowell reviewed the City’s capital assets, current goals, and reviewed future needs. The City has about \$17,000,000 in deferred maintenance on capital assets with a total amount of assets over \$42,000,000. The City has been self-funding improvements, but the costs are so high it is impossible for the City to keep pace without raising rates to an unaffordable level for tax payers and rate payers. Council and the Committee have agreed that certain items such as the new water reservoir will have to wait until a bond comes around. McDowell explained some legacy decisions that have made financing infrastructure even more difficult.

Mr. McDowell indicated that the following projects are included:

GENERAL FUND

✓ Mowers <i>p. 4</i>	\$ 35,000
✓ Park Rock <i>p. 4</i>	\$ 5,000
✓ Park Utilities Relocation <i>p. 4</i>	\$ 5,000
✓ Move Playground <i>p. 4</i>	\$ 30,000
✓ Move Propane Tank <i>p. 4</i>	\$ 1,500
✓ Park Board: Remington Park <i>p. 4</i>	\$ 10,000
✓ Pioneer Park & Rec Center Facilities Reserve <i>p. 4</i>	\$ 400,000
✓ Library Improvements Schedule <i>p. 6</i>	\$ 9,000
✓ CLRC Structural Engineer <i>p. 8</i>	\$ 10,000
✓ Backup Generator City Hall <i>p. 8</i>	\$ 20,000
✓ Land Use Inventory <i>p. 8</i>	\$ 30,000

WATER FUND

✓ Water Meters Money Loan Retirement (<i>Water SDC</i>) <i>p.26</i>	\$ 45,000
(<i>Water Reserve</i>)	\$ 100,000
✓ WTP Telemetry <i>p.12</i>	\$ 30,000
✓ Re-investigate Water Plant Generator <i>p. 11</i>	\$ 7,500
✓ Karl’s Furniture <i>p. 11 & 15</i>	\$ 3,500
✓ Water Management & Conservation Plan <i>p.12</i>	\$ 20,000

SEWER FUND

✓ Downtown Sewers <i>p .16</i>	\$ 380,000
✓ Dump Truck <i>p. 12 & 16</i>	\$ 50,000

STREET FUND

✓ Pickup Truck (<i>W \$5 K, S \$5 K, St \$10 K, GF \$10K</i>) <i>p. 8, p. 12, p. 16, p. 19</i>	\$ 30,000
✓ Street Signs <i>p.19</i>	\$ 3,500
✓ Sidewalk Program <i>p. 19</i>	\$ 10,000



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McDowell shared that Council is actively working on all the capital assets in Pioneer Park and the Central Linn Recreation Center. The City has included money for a structural engineering review of the Rec Center. Fortunately, the City has a few years to plan for these future improvements and are looking at every option. McDowell placed \$400,000 for future expenditure. McDowell explained the cemetery bridge maintenance project and the water meter project. McDowell indicated that the money will be paid back this fiscal year. Last fiscal year, the Budget Committee had set aside money for this project. The City received an unbelievable price to change out the entire system. Council took the opportunity, borrowed the money and had the system installed. McDowell has set aside funds to pay the debt.

Mr. Andrews called for a five-minute recess at the end of the Budget Presentation. McDowell worked on making the television work. The meeting resumed at 8:07 p.m. Members went through the entire budget page by page.

McDowell reviewed each page pointing out significant changes and asking for questions, comments and input. Below are highlights from each page:

Page 4

- ★ Includes \$400,000 for future expenditure for repairs to the Central Linn Rec Center and Pioneer Park structures.
- ★ Includes money to move the playground equipment due to the erosion.
- ★ Cemetery reserve funds moved from the Cemetery Trust Fund at the request of the City Auditor.
- ★ Includes money for new mowers, kitchen equipment, and appliances as needed.

Page 5

- ★ Was consolidated into General Operations.

Page 6

- ★ Money is being saved toward future capital expenses.

Page 7

- ★ Police line item is a placeholder that will reflect that actual increase experienced by the LCSO.

Page 8

- ★ Includes a backup generator. Mr. McDaniel asked about the details. McDowell indicated that amount would provide for a complete installation.

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- ★ McDowell explained the transfer from Buildings and Equipment to cover the downtown sewer project. For many years, the City has been saving toward a vactor truck. Public Works Superintendent Karl Frink and City Administrator Scott McDowell are suggesting to move the money back into the Sewer Fund to save for this major sewer reconstruction project.

Page 16

- ★ Includes \$380,000 for the future reconstruction of the downtown sewers.

Page 22

- ★ McDowell indicated that he may suggest an additional amount to be levied.

Page 23

- ★ Includes the transfer and also money for a smaller vactor truck option in the future.

Page 24

- ★ Includes money to be used for the retirement of the loan for the water meters.

Page 26

- ★ Includes money to be used for the retirement of the loan for the water meters.

Page 27

- ★ Money has been appropriated for new sewer construction projects that could potentially arise due to the growth of the City.

Page 31

- ★ Shows the shift in funding as requested by the City Auditor.

Mrs. Gerber asked about the personnel services calculations for clarification purposes. Mr. Hansen made several good observations.

Mr. Andrews opened the floor for public comment and for the purpose of taking any comment on the State Revenue Sharing monies. No one was present to speak. Under Committee Comments, Mr. Ware invited folks to attend coffee with Representative Marty Wilde at Randy's Main Street Coffee from 9:00 a.m. to 10:00 a.m.

Chair Andrews tabled the meeting at 9:07 p.m. The meeting will reconvene on Thursday, May 2nd at 7:00 p.m.

Attest:

S. Scott McDowell
Budget Officer

Don Andrews
Budget Committee Chair