



## Budget Committee Minutes

**April 24<sup>th</sup>, 2025**

Members of the Budget Committee met this day for a regular session at 7:00 p.m.

**Present:** Council President Lynda Chambers, Councilor Trapper Solberg, Councilor Mike Winklepleck, Councilor Eversull, Councilor Dave Hansen, Rick Dominguez, Dayna Hansen, Wendy Toshitsune, Matt Shoemaker, Daniel Pearson, Julie Fisher, Administrative Assistant Tammi Morrow, and Budget Officer S. Scott McDowell.

**Absent:** Mayor Adam Craven, Don Andrews & Sean LaCoste.

**Public:** No one present.

**Presiding:** Councilor Chambers & Matt Shoemaker.

The meeting was called to order at 7:04 p.m. by Councilor Chambers. McDowell welcomed two new Committee members, Julie Fisher & Daniel Pearson. Chambers opened the floor for nominations for Budget Committee Chair. Councilor Winklepleck moved for Matt Shoemaker to serve as Budget Committee Chair. Chambers closed nominations from the floor, and Mr. Solberg seconded the motion. The motion passed unanimously. Lynda Chambers recognized Mr. Shoemaker as Budget Committee Chair.

Councilor Chambers/Chair Showmaker 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 of 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 fourteen (14) member Committee. Quorum will be eight (8) members for business to be conducted. McDowell recognized the veteran committee and thanked everyone for their service to the City.

Chair Shoemaker then turned the meeting over to McDowell for the delivery of the Budget Message. McDowell thanked all the members of the Committee for their time and effort in helping with this important annual task. McDowell and Administrative Assistant Tammi Morrow began the visual budget presentation.

McDowell indicated that all documents are available for the public in two places, in a binder downstairs and on the City website. McDowell shared the City website where many documents are stored for ease of access and further research as desired by each individual member or the general public. 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.



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Highlights from the presentation included a discussion about tax rates and the Linn County SAL report. Morrow reviewed all State law requirements of the City and Committee. 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. Morrow reminded everyone that the budget includes estimates of revenues and expenditures and reviewed the fact that the proposed budget is built in March, after 75% of the current fiscal year is completed.

McDowell discussed the refinancing of the water and sewer debt. The City recently received an upgraded, AA - rating from Standard & Poor's in September 2022. McDowell said that there are varying amounts of taxes collected from year to year because more revenue is received on certain items such as the sewer debt fee. McDowell reviewed uncollectable taxes. McDowell shared that the tax rate will fluctuate year to year depending on these factors. The City will be assessing the water bond portion of the bonded debt this year. The City has not had to do this over the last three years due to fund accumulation due to interest, low estimates, and higher tax yields.

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 showing Brownsville was the second lowest. Morrow shared that the City's costs to operate the utility system have increased significantly. Other communities have had to complete major utility capital improvements projects that have led to the higher rates. The City's rates will have to go up once capital improvements are completed. Hopefully, not substantially. McDowell underscored the importance of keeping pace with utility rates by sharing an Oregon community who neglected that duty to harsh consequences.

General obligation bonds are not counted toward the full permanent rate of \$6.9597 because general obligations bonds are voter approved and, thereby, exempt by State law. Council successfully refinanced all general obligation bonds in September 2016. Council also refinanced the OECDD/IFA loan through Government Capital that saved the taxpayers over \$20,000 over the remaining life of that instrument in February 2021. The City received an initial A- rating from Standard & Poor's in 2016 which made this refinancing possible. The City's rating was improved from A+ to AA- in August 2019 and maintained at AA- this past September. The City is reviewed every three years by S & P. Dayna Hansen asked when the City's next Standard & Poor's review was due. McDowell thought the next review would be at the end of FY 2025.

Significant changes were made in calculating the bonded debt several years ago due to the refinancing. The bonded debt was combined. McDowell used a factor to determine which portion of the debt should be paid from water and which portion should be paid from sewer. The ratio is



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0.1419305 for water and 0.8580695 for sewer. These figures were based on the previous percentages and calculations used by the City.

McDowell discussed the adjustments used in developing this year's budget. He said that he always uses a zero-based budgeting approach and bases many calculations on line-item performance from previous years, however this year was, once again, difficult to predict due to the continuing national inflation rates.

McDowell reviewed the City's capital assets, current goals, and reviewed future needs. The City has about \$22,000,000 in deferred maintenance on capital assets with a total amount of assets at over \$56,000,000. The City has been committed to 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 taxpayers 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 future financing of certain infrastructure even more difficult.

Mr. McDowell indicated that the following projects are included:

### GENERAL FUND

✓ Park Rock   p. 4	\$ 10,000
✓ Rec Center Landscaping   p. 4	\$ 5,000
✓ Playground Relocation   p. 4	\$ 225,000
✓ Library E-Books & Circulation Software   p. 5	\$ 7,500
✓ Library Improvements Schedule   p. 5	\$ 72,000
✓ Land Use Inventory   p. 7	\$ 45,000
✓ Paint City Hall   p. 7	\$ 75,000

### BUILDINGS & EQUIPMENT FUND

✓ Grader & Vactor   p. 22	\$ 165,000
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### DEBT SERVICE

✓ RCRP Gap Financing   p. 19	\$ 60,000
▶ Moved from General Fund	

### COMMUNITY PROJECTS

✓ Replenish Past Expenditures   p. 33	\$ 30,000
▶ Moved from General Fund	

### WATER FUND

✓ Engineering   p. 10	\$ 20,000
✓ Waterline Construction   p. 11	\$ 125,000
✓ Slow Sand Filters   p. 11	\$ 160,000
✓ Water Management & Conservation Plan Implementation   p. 12	\$ 8,500



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### SEWER FUND

✓ New SWWTP Lagoon Engineering   p. 14	\$ 60,000
✓ New TMDL DMA Requirements   p. 14	\$ 5,000
✓ Sewer System Repairs   p. 15	\$ 75,000
✓ Sewer Flow Meters   p. 15	\$ 60,000

### SEWER SDC FUND

✓ Reserved Sewer   p. 26 [New Lagoon & Chemical Change]	\$ 500,000
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### STREET FUND

✓ Street Improvements   p. 18	\$ 20,000
✓ Street Sweeping Contract   p. 18	\$ 14,000
✓ Street Painting   p. 18	\$ 25,000
✓ Street Signs   p. 18	\$ 7,500
✓ Sidewalks   p. 18	\$ 15,000
✓ Mill Race Pump Replacements   p. 18	\$ 20,000

### STORMWATER SDC

✓ New Stormwater Improvements   p. 27	\$ 250,000
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### COMMUNITY PROJECTS

✓ City Hall Improvements   p. 33	\$ 15,000
▶ Security   p. 33	
▶ Other Improvements   p. 33	
✓ Beautification [Code Enforcement]   p. 33	\$ 20,000
✓ Tree Maintenance   p. 33	\$ 15,000
✓ Partnerships [Partial]   p. 35	\$ 10,000

McDowell suggested a five (5) minute recess. Shoemaker said the meeting would reconvene at 8:10 p.m.

Mr. Shoemaker reconvened the meeting at 8:10 p.m. All members remained present; no public joined the meeting. Mr. Shoemaker asked McDowell to proceed to the Budget pages. Members went through the entire budget page by page.

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

#### Page 1 | Tax Calculation

- ★ McDowell showed the totals for each fund and explained the permanent tax levy and how bonds were calculated. New member Julie Fisher found three discrepancies that were fixed by Staff prior to the meeting. McDowell shared those changes and thanked Ms. Fisher.



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### **Page 2 | General Fund Resources**

- ★ McDowell explained budget practices for estimating revenue. Fisher asked what was included in line item 27, Miscellaneous. McDowell said unexpected or uncategorized payments come into the City for various reasons. He shared a recent example about a refund received from a City vendor.

### **Page 3 | Administration**

- ★ McDowell talked about line items 19 & 20 briefly.

### **Page 4 | Park & Cemetery**

- ★ Line 28 shows the \$230,000 reserved for the new playground in Pioneer Park.

### **Page 5 | Library**

- ★ The City offers E-books now and money has been included for the continuation of this program.

### **Page 6 | Law**

- ★ Police line item is a placeholder that will reflect that actual increase experienced by the LCSO. Winklepleck talked about the outstanding service provided by LCSO. McDowell included an increase of 12% due to LCSO labor negotiations still underway. Sheriff Duncan did not increase the contract the last two years which is causing the high number this year.

### **Page 7 | Operations**

- ★ McDowell talked about Dave Kinney's consultation fees for the Land Inventory project that Administrative Assistant Elizabeth Coleman and the Planning Commission have been working on for several years.

### **Page 10 & 11 | Water Administration & Operations**

- ★ McDowell explained waterline appropriation.

### **Page 14 & 15 | Sewer Administration & Operations**

- ★ McDowell explained the practice of borrowing between certain funds that some cities employ. Fortunately, the City allows funds to be used for whatever the need is without keeping track internally of debt service.

McDowell reported that the City was able to put back money for the future new sewer lagoon. McDowell explained that the City is experiencing growth-related challenges requiring another sewer lagoon to deal with additional capacity along with chemical



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delivery challenges. McDowell also showed the error Ms. Fisher fixed in the unappropriated ending balance.

### **Page 18 | Street**

- ★ McDowell talked about the State's efforts to take away and limit city revenue. The State has set aside \$15M to combat changes being made by the Trump Administration. Impact to the City could result in losing the State Highway Allocation which would devastate the Street Fund. McDowell showed the error Ms. Fisher fixed dealing with the \$1,800 transfer to the Bikeway/Footpath Fund.

### **Page 19 | Debt Service**

- ★ McDowell said that this fund was activated to accommodate the payment for the gap financing the City received to complete the Rec Center Renovation project. Money will be transferred annually for this obligation.

### **Page 20 | Water Bond**

- ★ McDowell explained the City will levy a bond amount this year. The City saved over \$20,000 for the next ten years by refinancing. In 2016, the major refinancing led to a \$2,200,000 savings our tax and rate payers over the life of those obligations.

### **Page 21 | Sewer Bond**

- ★ McDowell explained the amount levied and the error Ms. Fisher fixed concerning the new amount budgeted for potential discrepancy in the bond payments.

### **Page 22 | Buildings & Equipment**

- ★ McDowell talked about monies reserved for a used grader and vector truck. Public Works Superintendent Karl Frink is shopping for those two pieces of equipment.

### **Page 23 | Water System Reserve**

- ★ McDowell appropriated \$100,000 for waterline construction just in case.

### **Page 24 | Housing Rehabilitation**

- ★ McDowell is moving \$100,000 back to the General Fund. He explained the origination of this fund.

### **Page 25 | Water SDC**

- ★ No money was appropriated for this FY.

### **Page 26 | Sewer SDC**



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- ★ Money has been appropriated for new sewer construction.

Page 27 | Stormwater SDC

- ★ Money has been appropriated for new storm sewer construction. The City has been exploring Ash Street due to excess surface water in the area. The project has slid down the priority agenda due to other, more pressing needs.

Page 35 | Community Projects

- ★ McDowell reviewed the nuisances, junk and weeds program. Money was transferred into this Fund from General Fund this year due to expenditure needs.

No one was present from the public to speak or comment on the State Revenue Sharing. Chair Shoemaker noted that no members of the public were present for the public comment period.

POSSIBLE & PROPOSED USES OF STATE REVENUE SHARING. McDowell indicated that the City has historically used State Revenue Sharing funds to help pay for streetlights for public safety. The money can be used for any general purpose.

BUDGET DISCUSSION, OVERVIEW & QUESTIONS. Chair Shoemaker then turned the meeting over to McDowell for any questions. Dayna Hansen asked about the Homelessness situation. McDowell shared that the State of Oregon has not repealed HB 3115 and have doubled down on these illegal policies as deemed so by the United States Supreme Court. McDowell has advised Council to wait and gather more information after this legislative session. The State and non-profit groups are suing cities that have changed their ordinance in accordance with the United States Supreme Court ruling last year.

McDowell also told the Recreational Immunity impact on Brownsville. The Legislative Assembly has created SB 179 but it falls short in addressing and fully restoring the necessary immunity.

McDowell indicated that the next steps will be publishing the LB1 in the synopsis. Council will hold a public hearing at their regular session meeting scheduled for May 27<sup>th</sup>, 2025. Council will adopt the budget at their June 24<sup>th</sup>, 2025, regular Council meeting.

### APPROVE THE 2025.2026 BUDGET & RECOMMEND TO COUNCIL.

1. *Mike Winklepleck moved to approve the full permanent tax rate of \$6.9597 per \$1,000 assessed valuation. The motion was seconded by Dave Hansen and was approved unanimously.*
2. *Dave Hansen moved to approve the levy amount needed for the Wastewater Bond Debt in the amount of \$78,525. The motion was seconded by Mike Winklepleck and was approved unanimously.*



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3. *Julie Fisher moved to approve the levy amount needed for the Water Bond Debt in the amount of \$52,350. The motion was seconded by Matt Schoemaker and was approved unanimously.*
4. *Mike Winklepleck moved to approve a 3% Utility Rate increase for the upcoming fiscal year. The motion was seconded by Trapper Solberg and was passed unanimously.*
5. *Danny Pearson moved to approve the historic use of State Revenue Sharing levy for public safety needs, specifically street lighting. The motion was seconded by Dave Hansen and was approved unanimously.*
6. *Felipe Eversull moved to approve and recommend the continued use of all designated funds and line items contained in this FY 2025.2026 budget document. The motion was seconded by Dave Hansen and was approved unanimously.*
7. *Mike Winklepleck moved to approve the 2025.2026 Budget as presented and to recommend the same to Council. The motion was seconded by Trapper Solberg and was approved unanimously.*

In closing, Morrow thanked everyone again for taking their time to review and approve the City budget.

ADJOURN. *The committee adjourned by consensus at 9:13 p.m.*

**ATTEST:**

A handwritten signature in blue ink, appearing to be "SM", written over a horizontal line.

S. Scott McDowell  
Budget Officer

**APPROVED:**

A handwritten signature in blue ink, appearing to be "AC", written over a horizontal line.

Adam Craven  
Mayor