

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

Thursday, May 16, 2013 at 7:00 p.m.

Presiding: Rick Olson, Mayor

Recording Secretary: Rose A. Lorenzen

Councilors: Present

Scott Hill Kellie Menke
Kevin Jeffries Alan Ruden
Paul May Larry Yoder

Budget Committee: Present Excused Absence

Robert Dodge John Mead Kris Stubberfield
Jerry Hart Travis Parker
Brad Lunt Brad Robison

Also present were City Manager Kent L. Taylor, City Attorney Candace A. Haines, Community Development Director Mike Bisset, Finance Director Marcia Baragary, Fire Chief Rich Leipfert, Police Chief Ron Noble, Planning Director Doug Montgomery, Library Director Jenny Berg, Information Systems Director Murray Paolo, Parks and Recreation Director Jay Pearson, Senior Accountant Ronda Gretzon, Payroll Accountant Chris Secrist, Library Services Coordinator Suzanne Beppu, Library Services Manager Wendy Whitesitt, Library Assistant Kirsten Dennis, Engineering Services Manager Rich Spofford, Wastewater Services Manager Dave Gehring, Water Reclamation Facility Superintendent Lee Koester, Public Works Superintendent David Renshaw, and a member of the news media, Nicole Montesano of the News Register.

AGENDA
ITEM

1. CALL TO ORDER: Mayor Olson called the meeting to order at 7:03 p.m.
2. ROLL CALL: Recording Secretary Lorenzen called roll. It was noted that Budget Committee Member Kris Stubberfield had been excused from the meeting.
3. ELECTION OF BUDGET COMMITTEE CHAIRPERSON: Council President Menke MOVED to elect Council President Scott Hill as Budget Committee Chair and further MOVED that the nominations be closed; SECONDED by Councilor Ruden. 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.

4. PRESENTATION OF BUDGET MESSAGE: City Manager Taylor presented his Budget Message with the aid of a PowerPoint slide show. He spoke to one of the themes of the Budget Message, the concept of "Fearless Leaders," and stated that although the concept might be a strange one for a Budget Message, it was true. Even though the economic picture seems to be a bit brighter, very difficult decisions continue to need to be made. He noted that the City's Management Team feels that it is necessary for everyone to pull together. He thanked the Management Team and noted that each one of them is in the trenches with their department. Everyone has stayed together and while many cities are happy to have eight or ten percent in reserves, McMinnville has 38 percent in reserves.

Mr. Taylor directed his attention to the Proposed Budget assumptions and noted that although the economy appears to be better; in the short term the General Fund revenues are flat and there have been increased personnel costs. He advised that the Proposed Budget is balanced and within property tax limitations. There is no new bonded debt. There has been a slight increase in the debt service rate with the overall tax rate increase from \$5.65 to \$5.71 per thousand dollars of assessed value. He pointed out that a possible legislative changes related to PERS could have a positive impact on reserves and the General Fund fiscal forecast has greatly improved from one year ago.

Mr. Taylor related that 73 percent of the General Fund expenditures are for personal services. The General Services employees, who have experienced just two cost of living adjustments (COLAs) over the past five years, will receive a 1.8 percent salary increase, along with both the Police and Fire union members. The medical insurance premiums have an actual 0.9 percent increase in premiums. The health plan changes for General Service employees in the past year resulted in reduced premium costs and the General Service employees' share of medical premiums will remain at 16.2 percent of the total premium.

Overall, there has been a reduction of 1.41 full time equivalent (FTE) positions, including a reduction in Park Maintenance of 1.0 FTE.

Mr. Taylor addressed the City's core values and priorities and stated that staffing levels for Police and Fire are enough to meet the calls for service, although they are probably not at optimum levels. It is important to make sure that the City keeps its infrastructure well-maintained and in good health because that also helps the area's economic vitality. He pointed out that the biggest gap in the City's efforts in economic development is funding for

the capital transportation system. This topic will be discussed in the coming months.

Mr. Taylor reviewed the budget highlights from each of the departments and highlighted FTE reduction areas. He pointed out that the Public Works budget reflects the continuation of the Infiltration and Inflow (I & I) projects and the design and initial phase of construction on the modification and expansion of the Water Reclamation Facility. He pointed out that the \$597,000 allocated for street maintenance was not nearly enough to meet the need, and priority decisions were made to realize the most impact for the funds available. The Street Fund will contract out for street sweeping services. He noted that the Information Systems and Services will see a continuation of its successful initiatives, although funding for additional support and development was not included in the Proposed Budget. Funds have been allocated for the "e-agenda project," the replacement of 31 computers, and two mobile computers for Police.

Under Outside Agency requests, Homeward Bound Pets, although not listed specifically, funds are allocated, although not at the requested amount. The McMinnville Downtown Association Public Art funding has been reduced from \$8,000 to \$7,000. The holiday lighting funding will remain at last year's level, and once again, City Faire will not be funded.

Mr. Taylor concluded his Budget Message with a quote from Robert Wells and one from John O'Donohue, "*For the One Who Holds Power.*" He highlighted the need to keep the City's eyes focused on the key fundamental services it provides. He stated that there has been a high level of stewardship from the City Council, Budget Committee, Management Team, and staff and because of that the City has weathered the economic storm better than most.

Mr. Taylor thanked the members of the management team and staff, especially noting the work of Finance Director Baragary and her staff. He thanked the City Council for its steadfast leadership over the last several years. He reminded them that they have hard working, excellent employees who continue to prescribe to the valuable product that they deliver.

Budget Committee Chair Hill thanked Mr. Taylor and staff for the time, effort, and diligence that is required to produce such an easily read and balanced document.

Budget Chair Hill stated that he had been on the Budget Committee, both as a Budget Committee member and as a City Councilor for 20 years or more, and he tipped his hat the all of the department heads for their on-going cooperation and team work. He noted that the City has the ability to build a legacy for those coming down the path. He complimented City Manager Taylor and stated that he has

done a masterful job in leading the City through these tough economic times.

5. PUBLIC TESTIMONY ON THE PROPOSED 2013 - 2014 BUDGET: Your Community Mediators (YCM) Board Vice President Beth Karecki, 1004 NE 5th Street, and YCM Executive Director Marlena Ingebo thanked the Budget Committee for its past and continued support of YCM.

Ms. Ingebo referred to the statistical spreadsheet that the Budget Committee had been provided and stated that YCM has mediated 141 cases in McMinnville which includes 406 residents. This caseload represents 60 percent of their entire caseload. She pointed out that the actual cost of these services, \$13,600, equates to 41 cents (.41) per resident. She read several testimonials from the past year that came in response to services YCM provided.

Responding to various questions from the Budget Committee, Ms. Ingebo stated that no one is turned away for inability to pay. They incorporate sliding scale fees into the various mediation programs that they offer.

Budget Committee Member Robison asked Police Chief Noble how many referrals the Police Department sent to YCM during the past year. Chief Noble recalled that there had been six referrals during the past year. He advised that the cases would have taken Police Officers away from responding to calls had they not been referred to YCM.

Dawn Witt, Homeward Bound Pets Adoption Center, advised that since the spay/neuter program's inception, they have spayed or neutered 2,000 cats, 995 of which have come from the City of McMinnville. Because of this program, there are 2,000 cats that will not reproduce; however, there are more cats to spay and neuter. She noted that they currently have 60 kittens in the shelter that are awaiting adoption. She asked that the Budget Committee allocate \$5,000 to Homeward Bound Pets Spay/Neuter program. She noted that last year, in addition to other grants and funding, they received \$10,000 in a matching fund grant from Pet Over-Population Prevention Advocates (POPPA) however they will not receive funding from them this coming year. Additionally, they receive the majority of their funding from PETCO (\$60,000 grant). They also ask for funding from the county and each of the cities in Yamhill County. She stated that the funds pay for the co-pay amount for those owners who cannot pay and the entire amount for feral cats. She explained that although they always have funds coming in, they consistently operate "in the red."

Following discussion, the Budget Committee asked Ms. Witt to review the organization's fiscal figures for last year and put together a report showing revenue and expenditures for further review.

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 8:27 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 2013 - 2014, a city must have levied property taxes in the preceding year and 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 the funds in relation to the entire budget. He stated that the \$270,000 of state revenue sharing available to the City is proposed to be spent in the following manner:

• YCAP Public Transportation Support	\$ 22,500
• Police - Chief's Office - Admin Vehicle	15,000
• Police - Investigations & Support Admin Vehicle	25,000
• Police - IS Technology - Replace Mobile Data Computers (1)	8,000
• Fire - Replace Outdated Portable Radios On Fire Vehicles	100,000
• Parks & Recreation - Aquatic Center Roof Repairs	1,500
• Park Maintenance - 11' Rotary Mower	55,000
• Park Maintenance - Park Drive Overlay	20,000
• Library - Carnegie Building Roof Repair	13,000
• Library - Window Caulking - Part 1 of 2 Year Process	10,000

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

Budget Committee Chair Hill closed the public hearing at 8:30 p.m.

7. REVIEW AND DISCUSSION OF PROPOSED 2013 - 2014 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 an opportunity to review future challenges and opportunities in each of the departments.

Personal Services: Budget Committee Chair directed everyone's attention to Table Three and pointed out that the City has 155 full-time equivalent employees, 143 part-time employees, and 1,596 volunteers. He stated that he believed those numbers should be celebrated every year.

General Administration: Budget Committee Chair Hill observed that this was the area of the Proposed Budget that accounted for the funds necessary for City memberships, Your Community Mediators (YCM), and other community services. The City's contribution to YCM is currently

budgeted at last year's level of \$10,000 and they are requesting a total of \$13,600. Following discussion about YCM, it was the consensus of the Budget Committee to increase the amount budgeted to the requested \$13,600.

Budget Committee Chair Hill noted that \$2,000 was budgeted as "miscellaneous." He asked if that amount was allocated to Homeward Bound Pets. Finance Director Baragary advised that the amount had not been specifically allocated to Homeward Bound Pets, but at the Committee's direction, it could be. Discussion about funding for Homeward Bound Pets spay/neuter program ensued; following which it was determined by consensus that the City would allocate the \$2,000 provided Yamhill County matched the amount and that Ms. Witt should bring the Council additional financial information.

Engineering Division: City Councilor Menke asked about the increase in repairs and maintenance. Community Development Director Bisset stated that there was a total of \$15,100 allocated among Engineering, Planning, and Building to balance the HVAC system. Currently some work spaces are very noisy and there are both hot and cold areas of the building. The cost split is based on square footage.

Planning Department: Mayor Olson asked about the impact on the elimination of the Associate Planner position and whether the administration fees obtained from Urban Renewal funds might assist the department. Planning Director Montgomery stated that the tentative budget for Urban Renewal administration shows \$30,000 for administration; however, not all will go to Planning. When asked about the work load, Mr. Montgomery advised that staff will not have a lot of additional work - at least on the initial urban renewal start up phase.

Police Department: City Councilor Jeffries asked how often the rent for the space occupied by YCOM was negotiated. Police Chief Noble responded that YCOM's initial five-year lease in that space just ended, and the contract allows the City to renegotiate the rent yearly. Chief Noble addressed the question of reduction in the use of technology for crime mapping and the software in the cars and stated that there would be no upgrades because the program had not functioned in the manner that they originally thought. He reiterated that the Department has to really focus on what is "core," and those items do not answer the core services needed.

Municipal Court: Budget Committee Chair Hill noted an increase in collection activity through the use of a collection agency. He also questioned whether the Department would once again administer an amnesty program. City Attorney Haines explained that the Court is now using a new, very assertive collections agency and the increase in collections from the agency's efforts has exceeded expectations. She explained the program and stated that

the Court works with them very well. She also advised that the amnesty program would most likely be repeated every two years. Councilor Hill asked about the status of the e-ticketing program. Ms. Haines responded that although they are very close to implementation, technological glitches seem to continue to pop up. Councilor Jeffries asked why the City did not charge the customer for credit card fees. Discussion about the topic ensued and Ms. Haines stated that although she would look into it further, it was her belief that because the amounts owed are fines, state law does not allow extra fees, such as credit card fees, to be added.

Fire Department: Budget Committee Chair Hill asked about the status of the Training Tower. Fire Chief Leipfert explained that the heat shields in the live-burn room have cracked and must be replaced. Cost of replacement is \$50,000. He noted that the burn room had not been used for nine months. State certification requires that the existing panels be replaced with the newer version.

Chief Leipfert responded to the question regarding a ladder truck and noted that staff has had to reduce the operational load of the truck. It cannot be used for rescue operations because the tip of the ladder cannot support the weight. He related that there had been two or three hydraulic failures in the past year and the Fire Mechanic has had to build new from scratch because they are no longer available "off the shelf." He related that the ladder truck is a 1980 vehicle built on a 1977 chassis style. The ladder tip load was designed for 250 pounds and with all the safety gear that is now required, the tip will not support the increased weight.

Chief Leipfert related that the Baker Creek Road substation is functioning just as everyone had hoped and they are now meeting the required response times.

Parks and Recreation: Parks and Recreation Director Pearson responded to questions about budgeting for the Senior Center and stated that staff is working with the Friends of the Senior Center to determine whether it is feasible to raise rates on the senior population, which is one section of the population least able to afford increased fees.

Director Pearson also spoke about the Center's appeal to younger, more affluent, seniors. He explained that the younger seniors like the programs offered, but those programs must be scheduled after working hours so they could participate.

Park Maintenance: Budget Committee Chair publicly thanked Public Works Superintendent Renshaw and Parks Maintenance Supervisor Noble on the work they have done regarding the way the Division does business. He noted that the recent

presentation they gave brought a sense of the tough decisions that have been made.

Library: Budget Committee Chair Hill commended the Library for the work they are doing. He advised that staff is doing a phenomenal job in keeping the doors open.

Transient Lodging Tax: Budget Committee Chair Hill pointed out that funds had been budgeted for this work in progress. A discussion about the benefits and detriments of a transient lodging tax was held.

Street Fund (State Gas Tax): Responding to questions, City Manager Taylor responded that Finance Director Baragary, Community Development Director Bisset, and City Attorney Haines continued to have discussions with the state regarding the pending loan requirements for the Newberg Dundee Bypass project.

Wastewater Services: Councilor Ruden asked about the design process for expansion of the plant. Mr. Bisset responded that CH2M Hill is doing the process and geo-technical design and the project will go out to bid in the next calendar year.

Ambulance Fund: Discussion regarding the impacts of Medicare and Medicaid on ambulance revenues occurred. It was the consensus that the impacts will not decrease. Chief Leipfert expressed that there had been discussion about some sort of county taxing district, but that was only conjecture at this point. Budget Committee Chair Hill opined that the ambulance service was a public service that the City provides.

Following completion of the review of the Proposed Budget, the Budget Committee and City Council expressed appreciation to staff regarding the work they do for the City. Budget Committee member Lunt expressed concern that it appeared there was a lot of deferred maintenance coming in the future. He also expressed the same regarding ambulance revenues and stated that at some point, decisions would need to be made. He was, however, impressed with everyone's efforts related to the Proposed Budget. Councilor Yoder and Mayor Olson expressed similar concerns.

Budget Committee Chair Hill stated that as a member of the City Council, he enjoyed having the other members of the Budget Committee present. He noted that the evening's discussions had been an extension of discussions the Council has had all year long; however, for the Budget Committee members, this is a once a year opportunity. He noted his appreciation for the input that the Budget Committee gives.

8. BUDGET COMMITTEE RECOMMENDATION TO APPROVE THE 2013 - 2014 PROPOSED BUDGET AND TAX RATE: Budget Committee Chair Hill asked for a motion to approve the Proposed Budget as

amended, adding \$3,600 to the Proposed Budget. He stated that it is MOVED by Councilor Menke and SECONDED by Councilor Ruden that the Budget Committee of the City of McMinnville has reviewed and hereby approves the budget for the 2013 - 2014 fiscal year in the amount of \$80,764,479; with the following amendments: 1) the addition of up to \$2,000 to go to Homeward Bound Pets; and 2) an additional 1,600 (total \$13,600) to Your Community Mediators.

Budget Committee Chair Hill asked for a motion to approve the permanent tax rate of \$5.02 and the debt service property tax levy of \$1,558,700. He stated that it is MOVED by Councilor Yoder and SECONDED by Budget Committee Member Mead that the Budget Committee of the City of McMinnville approves taxes for the 2013 - 2014 fiscal year, at the rate of \$5.02 per \$1,000 of assessed value for operating purposes and \$1,558,700 for the general obligation bond levy in the Debt Service Fund for principal and interest.

9. ADJOURNMENT: Mayor Olson adjourned the Budget Committee Meeting at 9:55 p.m.

Rose A. Lorenzen, Recording Secretary