

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

Thursday, May 14, 2014 at 7:00 p.m.

Presiding: Rick Olson, Mayor

Recording Secretary: Rose A. Lorenzen

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

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

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 Manager Wendy Whitesitt, Engineering Services Manager Rich Spofford, 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 Councilor Kellie Menke and Budget Committee Member Travis Parker had been excused from the meeting. Councilor Paul May was also absent.
3. ELECTION OF BUDGET COMMITTEE CHAIRPERSON: Council President Yoder MOVED to elect Councilor 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 opened the presentation with quotes from An Interview with Dr. Tim Duy that was published by the League of Oregon Cities in March 2014. He agreed with Dr. Duy that doing the basics well may not generate publicity or excitement, but they are the core of the City's mission. Doing the basics well is critical in recovering from the recession.

Mr. Taylor reviewed the Budget Assumptions and noted that the City Council had authorized the City to enter into a bank loan to purchase new fire equipment. He pointed out that the overall tax rate remains at \$5.71 per thousand - the same rate as the current year.

Mr. Taylor reviewed employee compensation and stated that personnel costs are the largest single expenditure classification in the City. Cost-of-living adjustments for General Service employees for the 2014-2015 fiscal year have been allocated at 2.7 percent, which is the adjustment reflected by the Portland Consumer Price Index.

Staffing levels in the Police Department increased in the current year and the increase of 2.73 full-time equivalent (FTE) will be maintained in the 2014-15 fiscal year. An increase of one Operator 1 position at the Water Reclamation Facility is budgeted. Additionally, a new Engineering Project Manager position is budgeted to begin January 1, 2015, dependent upon the outcome of a proposed Transportation System Improvements bond election in November 2014. There is also one new Information Systems support staff position budgeted to begin January 1, 2015.

Mr. Taylor, in reviewing the City's priorities and values, stated that the best the City can do is have excellent facilities, good infrastructure, and continue to support the McMinnville Economic Development Partnership to retain and grow business. He pointed out that the biggest gap in infrastructure is the condition of the current transportation system. He said that a bond related to the transportation system will most likely be on the November 2014 ballot.

Mr. Taylor discussed the budget highlights from each of the departments, which include:

- The retention of 2.73 FTE Police Officers that were approved in the current fiscal year;
- Funds have been budgeted for the purchase of three new fire apparatus in the Fire Department;
- Current Library hours of operation are maintained;

- Planning will add the new Urban Renewal District Advisory Committee to its staff support responsibilities with no staffing changes funded;
- Service reductions in Park Maintenance are maintained. An increase in coverage of the Park Ranger program has been budgeted;
- The Wastewater Capital Fund budget includes an \$11.2 million project for the modification and expansion of the treatment plant;
- A storm water inflow and infiltration (I & I) project has been budgeted at \$3.3 million;
- \$525,000 has been allocated for street maintenance, overlays, and slurry sealing in the 2014-15 Proposed Budget;
- Information Systems Department has budgeted for one additional position beginning mid-year; and
- If the proposed Transportation System bond levy is successful, one Engineering Services Project Manager position will be added.

Mr. Taylor advised that the only items that remain unfunded was one Police patrol vehicle (three vehicles were funded) and a portable surveillance system for the Police Department.

Mr. Taylor stated that there has been modest growth in property assessed values; however, the real market values have decreased.

In conclusion, Mr. Taylor reflected that this Budget Message, his last, had been a bit difficult to write. He was reminded of John Donahue's reflection, "*Endings seem to lie in wait absorbed in our experience, we forget that an ending might be approaching. . .*" from *To Bless the Space Between Us*. He thanked the Mayor, City Council, Budget Committee, and staff members for their depth of commitment to service and to McMinnville. He advised that because of this commitment, the City has had budgets with ongoing depth - with each budget building on prior ones.

Mr. Taylor noted that the work on the Proposed Budget was a concerted effort from many staff members and he thanked all who participated in the building process. He gave special thanks to Finance Director Marcia Baragary and Senior Accountant Ronda Gretzon, along with the other Finance Department staff members.

Mr. Taylor completed his Budget Message with Robert Frost's classic poem, *The Road Not Taken*.

Mayor Olson thanked Mr. Taylor and added that people ask him "what makes McMinnville, McMinnville?" He noted that he is not able to fully answer that question, but McMinnville is the way it is in large part because of people like City Manager Taylor, his Management Team, the

Budget Committee and City Council, and all of the other individuals who volunteer their time and expertise.

Budget Committee Chair Hill echoed Mayor Olson's comments and stated that this Proposed Budget is the finest he has seen in the 20 years since he was appointed to the Budget Committee.

5.

PUBLIC TESTIMONY ON THE PROPOSED 2014 - 2015 BUDGET:
Budget Committee Chair Hill opened the Public Hearing at 7:40 p.m. and asked for public testimony.

Dawn Witt, Executive Director of Homeward Bound Pets and Georgette Percival, Homeward Bound Pets Board Director spoke about the organization's low cost feline spay and neuter clinic. Ms. Witt stated that last year the clinic took approximately 850 felines to Tigard for spay/neuter procedures. Over half of the cats come from McMinnville. She explained that the average co-pay for the individual is from \$11 - \$18. She stated that Tigard has the closest facility that is large enough to receive the volume that Homeward Bound Pets take in. She wished that they could find a clinic closer, but none are large enough. She reminded the Council that in the 2013-14 fiscal year, the City budgeted \$1,500 for the spay/neuter program. This year they are asking for \$5,000. She emphasized the need to stop the cycle of birth in the local cat population. She pointed out that theirs is the only available program in all of Yamhill County.

Responding to inquiries, Ms. Witt stated that the organization also receives funding from Petco, private donations, and all cities in the county. Yamhill County also donates funding for the program. She advised that while most counties in Oregon have an open door shelter, Yamhill County does not accept cats.

Following a brief Council/Budget Committee discussion, Budget Committee Chair Hill advised that the Committee had agreed to allocate a total of \$3,000 for Homeward Bound Pets in the 2014-2015 Proposed Budget. Ms. Witt thanked the City Council and Budget Committee members.

Your Community Mediators of Yamhill County Board Member Beth Karecki and Executive Director Marlina Bertram thanked the Budget Committee for its on-going support. Ms. Karecki stated that because of the 100 percent support from all the cities and the county, the organization has had some success in grant support, even though they lost their United Way grant funding. Ms. Bertram explained that because they need more local support, they are asking the Budget Committee to allocate \$17,350 to make sure all McMinnville residents have access to local mediation.

Board Member and mediator Sue Carter came forward to speak about the many types of mediation that the organization

performs, including road access, property disputes, parent-teen conflicts, small claims, animal issues, and neighborhood disputes. She pointed out that Your Community Mediators is part of keeping McMinnville, McMinnville. She explained the importance of receiving financial support which will allow one employee to leverage the volunteer time.

Following a brief question and answer period and a brief Budget Committee discussion, the consensus of the Budget Committee was to increase the funding level to \$16,000.

Mark Davis, 652 SE Washington Street, commented on a figure that had not been included in the budget. He explained that he had attended a Water and Light meeting a few months prior. The discussion centered on the conservation of water. The Commissioners discussed the 60 million gallons of water that the City uses in its parks. He noted that the City does not pay for its water - it is paying in-lieu-of taxes. He advised that the Commission was wondering if the City might look at conservation methods. Mr. Davis advised that Mr. Bisset responded to a letter sent to him and stated that if the City were to invest in the types of equipment Water and Light thought it should be using, funding would have to be taken away from current maintenance and staffing levels. Mr. Davis agreed that cutting into the Parks Maintenance budget was not his intention; however he did want to bring to the Budget Committee's attention, the \$134,000 figure, which is the approximate cost of the water used. This amount is not in the Proposed Budget and he believed it to be a material number. He stated that he believed Water and Light provides an incredible service to this community and drives a lot of the economic development for the community.

Following a brief discussion, City Manager Taylor agreed that it does need to have more scrutiny and Mr. Davis' point is well taken. He advised that staff gives value to the water, even though there is no direct bill.

Steve Iverson, 1033 SW Courtney Laine Drive, stated that he was in attendance to speak on behalf of Zero Waste. He explained that Zero Waste McMinnville is an out-group of Community Rights of Yamhill County. He stated that Zero Waste would like for McMinnville to meet the zero waste goal (90%) within ten years. He advised that their objectives include public outreach, information sharing, and contacting businesses and residents to share ways to reduce waste. He stated that the fledgling organization is seeking operating funds to cover the group's annual operating costs of about \$10,000.

Responding to questions posed, Mr. Iverson acknowledged that Zero Waste McMinnville was in its infancy state and that they had no informational materials at this point. He noted that they had just learned of the Budget Meeting and

wanted to attend to get this in front of the Council and Budget Committee.

Following a brief question and answer period, Budget Committee Chair Hill suggested that Mr. Iverson talk with his group and put together an informational presentation from which they could educate the City Council. He suggested that Mr. Iverson talk with City Manager Taylor and/or Mayor Olson. Mayor Olson agreed and suggested that Zero Waste engage their partners at Linfield College and Recology to help support their activities.

CLOSE PUBLIC HEARING: No additional public testimony was heard. Budget Committee Chair Hill closed the public hearing at 8:44 p.m., and called for a brief recess.

RECONVENE - The meeting was reconvened at 9:02 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 9:05 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 2014 - 2015, 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 \$290,000 of state revenue sharing available to the City is proposed to be spent in the following manner:

• YCTA Public Transportation Support	\$ 22,500
• Police - Police Patrol Vehicles (3)	100,500
• Police - Replace Patrol Canine	10,500
• Fire - Replace Command Vehicle	48,000
• Aquatic Center - Repaint Both Pools	35,000
• Aquatic Center - Replace Balcony Windows and Frames	14,000
• Park Maintenance - Resurface 2 of the 4 City Park Tennis Courts	15,000
• Library - Window Caulking and Stucco Repair	<u>20,000</u>
Total Possible Expenditures	<u>\$290,000</u>

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

Budget Committee Chair Hill closed the public hearing at 9:07 p.m.

7. REVIEW AND DISCUSSION OF PROPOSED 2014 - 2015 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 3 which shows that the City has 154 FTE, 142 Part-time employees; and 1,317 volunteers. He said that he is always amazed at the number of volunteers and he believed that those numbers should be celebrated.

General Fund - Administration: Councilor Jeffries referenced the hiring of a new City Manager and questioned whether the City was budgeting enough to attract a new City Manager. City Manager Taylor responded and advised that the Council may need to be open when entering into salary discussions with the top candidate. He also noted that it might be necessary to adopt a Supplemental Budget to take care of increased costs. Councilor Hill pointed out that the City does go through a competitive salary range process to make sure it is competitive in the marketplace.

Engineering: Budget Committee Chair Hill pointed out that the Council is looking into a transportation bond and this budget includes a position for a new Project Manager to manage those projects, should the measure pass.

Planning: Budget Committee Chair Hill pointed out that the Planning Department will be busy with economic development and new urban renewal projects in the coming year.

Police: Budget Committee Chair Hill pointed out that McMinnville ranks third in violent crimes in Oregon cities with a population between 25,000 and 50,000.

Budget Committee Member Lunt asked about the increase in the number of Police Officers. Police Chief Noble responded that the number of officers the City has is based on the service level that the community wants and the Department's ability to perform. He explained that McMinnville tends to staff on the "lean" side, but he does not believe that his department is understaffed.

Municipal Court: Budget Committee Chair Hill asked for a report on progress with e-ticketing. City Attorney Haines responded that Municipal Court is currently in the "live-testing" phase. She also explained that in the past, the Municipal Court Judge and the City Prosecutor were both treated as employees. They are now contracted positions.

Fire Department: Budget Committee Chair Hill pointed out that at last evening's City Council meeting, the Council discussed and agreed to a \$1.3 million dollar expense for fire apparatus replacement. He noted that the expense was listed under Capital Outlay - Debt Service. Finance

Director Baragary agreed and stated that the amount will increase from the listed \$1.2 million to the required \$1.3 million.

Parks and Recreation:

- o **Community Center:** Budget Committee Chair Hill pointed out that charges for facility rentals at the Community Center are lower because of decreased usage.
- o **Recreation Programs:** Budget Committee Chair Hill pointed out that this section really highlights the 75 percent revenue recovery rate in the Parks and Recreation programs.
- o **Senior Center:** Budget Committee Chair Hill noted that the Senior Center will once again be open 42 hours per week. The Center has received a \$10,000 donation from the Fry Family Trust. He said that the community's youth and seniors are well taken care of.

Transient Lodging Tax Fund: Budget Committee Chair Hill advised that the coming fiscal year will be the first in which significant revenue from the Transient Lodging Tax will be coming in. Ms. Baragary advised that \$240,000 has come in during the 2013-2014 fiscal year. She advised that the process is coming along at the committee level.

Ambulance Fund: Significant discussion regarding ambulance rates and recovery of fees ensued. Fire Chief Leipfert pointed out that staff has entered into dialogue with some of the assisted living facilities, asking them to curb the non-medically necessary calls. He noted there have been several instances of non-medically necessary calls that have required conversations regarding facility-paid ambulance calls. All agreed that future discussions on this matter will be needed.

8. BUDGET COMMITTEE RECOMMENDATION TO APPROVE THE 2014 - 2015 BUDGET AS PROPOSED OR AMENDED AND TAX RATE: Budget Committee Chair Hill asked for a motion and second to approve the Proposed Budget as amended. Budget Committee Member Dodge MOVED to approve the 2014 - 2015 Proposed Budget as submitted with the following amendments: \$16,000 for Your Community Mediators of Yamhill County and \$3,000 to Homeward Bound Pets; SECONDED by Budget Committee Member Robison.

Budget Committee Chair Hill advised that it has been MOVED by Budget Committee Member Dodge and SECONDED by Budget Committee Member Robison that the Budget Committee of the City of McMinnville has reviewed and hereby approved the budget for the 2014 - 2015 fiscal year in the amount of \$83,017,816 with the following amendments: an additional allocation of \$2,400 (total of \$16,000) for Your Community Mediators of Yamhill County; and an additional allocation

of \$1,000 (total of \$3,000) for Homeward Bound Pets.
Motion PASSED unanimously.

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 \$1,572,700. Budget Committee Member Dodge MOVED to approve the permanent tax rate of \$5.02 and the debt service property tax levy of \$1,572,700; SECONDED by Councilor Yoder. Budget Committee Chair Hill stated that it has been moved by Budget Committee Member Dodge and SECONDED by Councilor Yoder that the Budget Committee of the City of McMinnville approves taxes for the 2014 - 2015 fiscal year, at the rate of \$5.02 per \$1,000 of assessed value for operating purposes and \$1,572,700 for the general obligation bond levy in the Debt Service Fund for principal and interest. Motion PASSED unanimously.

9

Budget Committee Chair adjourned the Budget Committee Meeting at 10:06 p.m.

Rose A. Lorenzen, Recording Secretary