

**CITY OF COTTAGE GROVE
BUDGET COMMITTEE MEETING
MINUTES
May 7, 2019**

Mayor Gowing called the meeting to order at 6:00 p.m. in the Council Chambers at City Hall.

ROLL CALL

City Recorder Trudy Borrevik called the roll. The following were

Present:	Council:	Mayor Jeff Gowing, City Councilors Jake Boone, Mike Fleck, Candace Solesbee, Bob Ehler, Kenneth Michael Roberts and Greg Ervin
	Members:	Gary Manley, Mike Grover, Amanda Gilbert, Duane Taddei, Tom Munroe and Rhonda Worley
Absent:	Council:	None
	Members:	Donn Rust
Staff Present:		City Manager Richard Meyers, City Recorder Trudy Borrevik, Finance Director Bert Likens, Public Works & Development Director Faye Stewart, Police Chief Scott Shepherd and Police Captain Doug Skaggs
Media:		Cameron Reiten, KNND Radio (6:45) Damien Sherwood, The Sentinel (6:40)

ELECTION OF BUDGET COMMITTEE OFFICERS

Mayor Gowing said last year Duane Taddei was the Vice-Chair.

IT WAS MOVED BY MAYOR GOWING AND SECONDED BY COUNCILOR FLECK THAT DUANE TADDEI BE ELECTED CHAIR, COUNCILOR CANDACE SOLESBEE VICE-CHAIR AND RHONDA WORLEY SECRETARY.

Motion passed 13-0.

Mayor Gowing turned the meeting over to the Chair, Duane Taddei.

APPROVE MINUTES - May 8, 2018

IT WAS MOVED BY MAYOR GOWING AND SECONDED BY COUNCILOR FLECK TO APPROVE THE MINUTES OF MAY 8, 2018.

The motion passed 13-0.

BUDGET MESSAGE AND BUDGET PRESENTATION

City Manager, Richard Meyers, read the Budget Message for the 2019-20 Fiscal Year. (*Attached as Exhibit A*)

PUBLIC HEARING FOR PUBLIC INPUT ON POSSIBLE USES OF STATE REVENUE SHARING MONIES

Chair Taddei opened the public hearing.

No one requested to speak.

Chair Taddei closed the public hearing.

PUBLIC HEARING FOR PUBLIC COMMENT/REQUESTS FOR APPROPRIATIONS

Chair Taddei opened the public hearing.

Carrie McCasline thanked the City for the continued support of the pool. She said the pool was on track and the warm water pool was big. She said she had been meeting with Teresa Cowan on transferring the programs that were currently using the Community Center Therapy Pool.

Travis Palmer, Executive Director for the Chamber, said he had no new requests for funding but wanted to say the Chamber appreciated the support from the City.

Chair Taddei closed the public hearing.

Councilor Fleck said he worked for Community Sharing who received funding from the City. He said if there was any discussion regarding that distribution he would recuse himself.

Finance Director Robert Likens said Community Sharing also received and distributed the H20 Program funds.

Amanda Gilbert from the Coast Fork Willamette Watershed Council said they also received funding from the City.

Councilor Fleck suggested adding to the agenda an item for anyone on the Budget Committee to declare any conflicts of interest.

IT WAS MOVED BY MAYOR GOWING AND SECONDED BY MEMBER WORLEY TO MOVE FORWARD WITH THE WORKSESSION.

Motion passed 13-0.

IT WAS MOVED BY MAYOR GOWING AND SECONDED BY COUNCILOR FLECK TO SET A TIME LIMIT FOR THE WORKSESSION OF 9:00 PM.

Motion passed 13-0.

Richard went over the budget beginning with the General Fund which was supported by property taxes.

Member Worley asked why the NW Natural Gas Franchise Revenue was \$30,000 less than the current year.

Richard said it was because in the current year, they made up payments that hadn't been made in previous years.

Richard continued reviewing the budget.

In the City Council budget he said the education and registration and travel and subsistence line items had increased to allow more of the Council to attend training.

In the City Manager Department personnel services had increased with the addition of the new Assistant City Manager/HR Director position. He said Contractual Services had also increased for legal services.

In the Finance Department a new part-time Finance Clerk had been added for 25 hours a week.

He said the Community Services Department took care of the Community Center. He said one project they were working on was a community resource guide that Diane Missar used to publish that the City had been given permission to re-publish.

He said Community Promotions provided funding for the Chamber of Commerce from room tax which had been increasing. He said the Arbor Week/Earth Day Activities line item were being moved into the Public Works & Development. He said it also contained contributions for several non-profit organizations and the community pool support.

Richard said Police Operations was the major expenditure for the General Fund. He said last year it was increased with an additional officer and this year the Community Service Officers hours were increased 8 hours per week. He said the City's Insurance Agent of Record said the City's liability insurance for having a jail was going to increase 15% for FY19/20. He said CIS would prefer that City's not have a jail.

Richard said in the Municipal Court Department, the Court Clerk's salary was incorrect.

Member Munroe asked if the Police Department was planning to add 4 Wheel Drive vehicles to their fleet.

Chief Shepherd said in the proposed budget, they had budgeted for a Ford Explorer AWD.

Richard went over the Municipal Court Support Services Department which included the Prosecuting Attorney services, credit card processing, court appointed attorney fees and interpreter fees. He said the request for interpreters had increased considerably.

Richard said there wasn't a lot of change in the Peer Court. He said the challenge was getting the Department of Youth Services to let the Peer Court handle cases.

Member Grover asked if it had improved.

Chief Shepherd said the last report he received from the Peer Court Coordinator was that she had seen significant improvement. He said they were looking for a new Peer Court Judge.

Richard went over the Public Works & Development Maintenance and said two full-time employees were added in April and long-time employee Russ Kaleese was retiring June 1, 2019.

Richard talked about the Engineering Department and said they had budgeted for a new part-time Engineering Aide. He talked about the projects they were working on.

Richard said in the Broadband Services, the Contractual Services had increased due to more IT support.

Richard said the Public Works & Development Department budget increased considerably due to several large grants which included a preservation grant in the amount of \$194,000 for Len Blackstone's building. He said the Planning Tech position was being eliminated and moved to an Assistant City Planner position.

Library Services was discussed next and Richard said it had basically stayed the same with no big changes. He said a new sign had been installed at the Community Center/Library building.

Councilor Fleck asked about the public computers and said the Friends of the Library had come to Council several times inquiring about increasing the number.

Richard said the budget included funds for new computers and LCOG was providing refurbished computers.

Richard said the Non-Departmental included items that didn't fit into other departments such as insurance and bonds, labor negotiations and advertising. He said it also included the 9-1-1, debt service and general reserve.

Richard went over the Special Revenue Funds and said they were funds that were designated by either the constitution or some legislative act that required them to be counted for separately from everything else. He said there would be a lot of projects from the Street Fund such as Safe Routes to Schools and the Swinging Bridge.

Councilor Ervin asked about moving marijuana tax into the Street Fund.

Richard said funds could be moved from the General Fund into the Street Fund but you couldn't move them the other direction. He said there were some cities who supported their Street Fund with property taxes but they didn't have police departments.

Richard talked about the Paved Street Conditions Map included the budget which showed the conditions of all the streets in Cottage Grove.

Richard talked about the Debt Service Fund and said the auditor would prefer the City not have that fund, however it allowed the City to make one transfer that went into the debt service. He said the fund had a list of all the debts and what they were which made it much easier than putting them in the individual funds.

Richard said the Assessment Fund was for special assessments and local improvement districts and there was \$1.1+ million budgeted for loan proceeds for the creation of a special assessment or LID.

Discussion was held on the Safe Routes to School, sidewalks and ADA crosswalks.

Richard went over the Police Communications Fund, Support Services, 911 Services and Non-Departmental.

Discussion was held on 9-1-1.

Richard went over the Narcotics Forfeiture Fund which was used for drug enforcement activities and other drug related law enforcement programs.

Richard said the Bicycle and Footpath Fund revenue was from at least 1% of the State gasoline tax received by the City. He said funds in the Street Fund had to be spent within three years, but the Bicycle/Footpath Fund had to be spent within ten years.

Richard talked about the Building Inspections Program and said it was doing great. He said there was a \$130,000 carryover which the City hadn't had for a while. He pointed out there were two line items for Building Inspection Fees revenue. The first line of \$250,000 was the City's inspection fees and the \$175,500 was for Creswell and Veneta's inspection fees.

Richard said the Housing Rehabilitation Fund was for housing rehabilitation loans and said there might be one loan outstanding.

Richard went over the Enterprise Funds: Water Fund; Wastewater Fund; Storm Drain Utility Fund and Industrial Park Operation Fund. He said these funds were like a business and they raised revenue which covered the costs.

Councilor Fleck asked where the funds for new reservoirs was located.

Faye said it was included in the Water SDC Fund. He talked about the expansion for the Water Treatment Plant.

Richard talked about the Wastewater Fund and referred to a picture on Page 173 of the budget that showed a man hole that the Public Works sealed to prevent water from entering the storm drain system.

Faye said Public Works Utility identified leaks into the storm system and would be making corrections during the year.

Richard said Middlefield Golf Course was included in the Wastewater Fund and explained why the golf course was included in that fund.

Faye talked about the effluent project time line and explained where the line would go from the wastewater treatment plant to Bohemia Park.

Richard next went over the Storm Drain Utility and pointed out a picture in the budget document that showed a storm drain filter which the City would be required to do with reaching a 10,000 population.

Faye outlined storm drain projects included the budget.

Councilor Fleck said in the budget document it stated there were 600 catch basins and asked if there were about 170 catch basins that drained into one of the rivers. He said years ago it was discussed that the City would need to put oil separators in those when the population reached 10,000. He asked were the City was on that.

Richard said the projects were listed on the map provided in the budget document.

Richard talked about the Industrial Park Operations and said there was sufficient funds to pay the debt for several years. He talked about the property that was purchased and proposed projects.

Member Worley asked about the credit card processing line item in the Wastewater Collection. Richard said it was the fee the City was charged to allow credit card payments. He said it was included in Water Collection as well.

Richard went over the System Development Charge Funds and explained where the revenue came from and what the funds were used for.

Richard talked about the Reserve Funds and said the money was reserved for future projects. He talked about some of the proposed projects in the different reserve funds.

Richard talked about the Debt Service Fund and Special Trusts Fund.

Discussion was held on the H2O Program.

Richard said the Bohemia Park Amphitheater was attracting national attention. He said the City received a call several months ago from an Officer in the U.S. Air Force about the Air Force Band playing in the amphitheater in June, 2020.

Richard said for the Armory Trust Fund, the City had received a grant from the Ford Foundation for exterior work which was also supported by the Mayor's Ball proceeds. He talked about the Mayor's Ball speaker for this year's ball, Major MJ Hegar, a woman pilot who flew four tours in Afghanistan and wrote the book, *Shoot Like a Girl*.

IT WAS MOVED BY COUNCILOR ERVIN AND SECONDED BY COUNCILOR BOONE TO ADOPT RESOLUTION NO. BC5 APPROVING THE BUDGET FOR FISCAL YEAR 2019-20, AUTHORIZING THE CITY'S PERMANENT TAX RATE AND RECOMMENDING ADOPTION TO THE CITY COUNCIL.

Motion passed 13-0.

Chair Taddei adjourned the meeting at 7:47 pm.

Chair

City Recorder



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May 1, 2019

Dear Mayor, City Council and Budget Committee:

Attached is the 2019-20 Proposed Budget for your consideration.

As always, the purpose of this budget message is to introduce the Proposed Budget, provide some background information and supply a brief overview of the document and how it will help accomplish City goals in the coming year. I welcome a much more detailed discussion of the budget as the Budget Committee reviews the document.

The 2019-20 Proposed Budget for the City of Cottage Grove is, as required by Oregon Law, a balanced budget. Expenditures for all funds total \$41,963,970 an increase of \$3,650,795 from the 2018-19 Adopted Budget. The total includes \$6,935,670 in loan proceeds for wastewater and water projects as well as \$3,258,825 in State/Federal and local grants with \$1,272,143 from the Safe Routes to School Grant. The loan proceeds and grant funds represent a huge amount of work for the City in the coming year; work that will be seen throughout the community, will impact our daily lives and will stretch our abilities to complete the tasks.

The City's permanent rate continues to be \$7.2087/\$1,000 of assessed value. This Proposed Budget was prepared using the City's full permanent levy amount. The City may levy less than the full rate without jeopardizing future opportunities to levy the full rate. However, the revenue that could be generated cannot be recovered in a future year. The proposed full levy is estimated to generate \$4,663,850 of collectable tax revenue, \$230,850 more than the budgeted property tax revenue in 2018-19.

Not only will the grants and loans stretch our resources, but (I hate to mention it again, but it is real) the impact of the winter storms will continue to be addressed. Two additional full-time Public Works employees are included in the Budget. They were part-time employees that were moved to full-time status by the City Council in April to help address the impacts of the winter storm. The full-time positions continue in the 2019-20 Proposed Budget as we continue to cleanup from the storms.

We also continue to feel the impact of other social needs in the community from housing, mental illness and basic human needs. We have seen some amazing success from the changes in Community Services last year. The changes and work being done helped other organizations in the community secure funding for some innovative housing projects, brought some valuable Veteran assistance and assisted lives. Because of these positive changes and the fact we found a great Part-

time Community Coordinator Assistant that fit into the program well, the Council made the position a full-time position in April and it is continued in the 2019-20 Proposed Budget.

In addition to the three positions described above, the 2019-20 Proposed Budget includes the following new positions that are all essential in helping to complete projects this year or are a direct result of the grants: Human Resources Director/Assistant to the City Manager; Part-Time Engineering Aide; Part-time Finance Clerk; Library Intern and 6 new Seasonal employees (40 hours/week for 2.5 months). Additionally, the current Planning Technician position would be given additional responsibilities and reclassified as an Assistant City Planner.

The Human Resources Director/Assist. to the City Manager position has become necessary to address the variety of new employment law regulations and will work directly with the City Manager at bringing all department hiring and management practices into consistent City-wide practices. The Engineering Aide position is needed to provide extra staff to oversee and help with the extent of projects underway. The Part-Time Finance Clerk will add additional hours to make sure that staff support is available. The Library Intern is an exciting position for a young member of the community to have a paid internship in the Library and to also experience additional Library training. This opportunity is part of the Inclusive Internship Initiative, a program of the Public Library Association, a division of the American Library Association and is fully paid for from a grant from the ALA. The six seasonal positions will be providing staff to address some of the routine street and building maintenance items (crack sealing, painting, etc.) as well as providing additional resources to help with several of the infrastructure projects. It has been decades since our City Budget has seen this kind of staffing adjustments.

Besides the apparent reasons of the significant projects that will be undertaken in the 2019-20 Budget Year, there is another reason that makes some of the staffing adjustments necessary. We have an aging workforce, in the next 6 months we will be losing several longtime valuable employees in several areas to the next phase of their lives, retirement. We are in desperate need of building a staff that will be able to continue services for the community. Some of these adjustments help provide that opportunity.

As we step through the 2019-20 Proposed Budget you will be able to see some of the projects to be completed. Staff has committed to not just focus on those major projects but will be attempting to complete some of the more routine and vital projects as well. Not only will we be overseeing the reconstruction of the Swinging Bridge but we will also be concentrating our efforts to preserve and prolong the service of other roadways through chip sealing or crack sealing. Not only will the Safe Routes to Schools be providing safe means for our youth to get to school but we will also be improving or replacing aging water, wastewater and storm water infrastructure. Other projects that are underway now will likely continue into the 2019-20 Budget year. The Three Bridge repairs, Armory restoration and City building maintenance are all meant to protect and ensure that the public's infrastructure will be capable of continuing to serve the community.

Serving the needs of the community extends beyond just City-owned infrastructure, the 2019-20 Proposed Budget continues the City's support of the renovations of the Warren H. Daugherty Aquatic Center into truly a community asset. With the addition of the family changing room, warm water pool and other updated equipment and facilities the pool is no longer just a School District facility. It fills the need that the Community has been attempting to address through the operation of the tiny therapy pool at the Community Center. When the "new" aquatic center opens, we will be decommissioning the therapy pool. The City Council previously committed to support the new warm water pool by transferring the operational savings and HVAC replacement

savings to the construction costs for the new facility in 2019-20. The \$20,000 for operational savings and \$50,000 for the HVAC are included in the 2019-20 Proposed Budget.

In addition to supporting the construction of the community infrastructure at the Aquatic Center this Proposed Budget has stepped up the support for the operation costs for after-hours community use of the Aquatic Center to \$75,000. The expectation is that more access, especially for warm water pool use, will be available for the community. We have discussed in previous Budget Meetings the important role the therapy pool plays in the health of our community – the new, and much larger, warm water pool will be a vital new asset to fill that role for many. City staff and Aquatic Center staff have already been meeting and preparing for the transition.

This Proposed Budget incorporates the utility rate adjustments pursuant to the approved 5-year financial plan.

	Water Base	Water Consumption /1000 gals.	Water Improvement	Wastewater Base	Wastewater Consumption /1000 gals.	Wastewater Improvement	Storm Drain /ESU	Storm Drain Improvement /ESU
Current Rates	\$17.66	\$1.39	\$25.25	\$8.81	\$4.52	\$20.70	\$4.58	\$6.98
Proposed Rates	\$17.98	\$1.42	\$25.70	\$9.07	\$4.66	\$21.32	\$4.94	\$7.53

The proposed rates result in a \$3.42 monthly increase for residential users using 5,000 gallons of water and a typically sized meter. The total increase will vary based on meter size, consumption and type of use. With these rate adjustments the operation of the utility funds are on track and making progress addressing the back log of improvements that need to be made.

No other fee or rate increases are proposed in this Budget. During the year the City Council may review and adjust fees or charges but this Budget is not prepared relying on any increased revenues from other fees.

In the past several years I have expressed concerns about the Building Inspection and Industrial Park Operations Funds. This year I will not be expressing any concern. Our Building Inspection program is awesome and the health of the fund is great, we are even contributing to the Building Inspection Reserve Fund with no transfer from the General Fund.

The Industrial Park Operations Fund is good, not awesome. With the purchase in October last year of the additional 16 acres adjacent to the Industrial Park we will see additional jobs and development within the park. Connecting R Street is scheduled to begin in the 2019-20 Budget Year.

Over all, this Proposed Budget continues the financial policies and services currently established by the City. Transfers to reserve funds continue, contingency funds and unappropriated ending fund balances continue to be maintained. Although it would be nice to have more revenue in all the funds to complete projects, make repairs or perform more of the services desired by the members of the community, the funds are generally healthy and are able to continue current levels of service. The Reserve Funds are funding larger projects because funds have accumulated within those funds.

Preparing the Proposed Budget is always an exciting time. No matter how much time we dedicate to the budget preparation it always gets down to the wire with last minute changes and adjustments before we print the final version of the Proposed Budget. But it is exciting to get the opportunity to look ahead and put together the financial plan that will accomplish the goals and visions of the community. It is especially exciting when the years of preparations and financial policies are working.

The 2019-20 Proposed Budget is big and there is a lot of stuff in here. As I always say, nothing is secret about the budget, ask any question. Your careful review and consideration of the 2019-20 Proposed Budget is important and it is essential to make sure that this budget meets the needs and desires of this community. If there is any information that you need in order to review and consider this Budget document, please ask questions or contact me and we will provide the information needed. I hope the information contained in this Budget document is useful and helpful for you as you review and consider the 2019-20 Proposed Budget.

I express my sincere thanks to staff for the work that is done to prepare this budget. I also want to thank the members of the Budget Committee and public for their willingness to participate in the budget process. We each may have slightly different priorities, but it is amazing how we can come together and develop this document to guide us for another year.

I look forward to discussing the Proposed Budget and answering questions regarding the Budget document.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard Meyers", with a long, sweeping horizontal line extending to the right.

Richard Meyers
City Manager