

**CITY OF COTTAGE GROVE
BUDGET COMMITTEE MEETING MINUTES
May 6, 2021**

Mayor Gowing called the meeting to order at 6:00 p.m. in the Council Chambers at City Hall which was held virtually and in person.

ROLL CALL

City Recorder Trudy Borrevik called the roll. The following were

Present: Council: Mayor Jeff Gowing, City Councilors Mike Fleck, Candace Solesbee, Kenneth Michael Roberts, Greg Ervin and Chalice Savage

Members: Gary Manly, Mike Grover, Amanda Gilbert, Donn Rust, Gary Williams, Dana Merryday and Armando Garza, Sr.

Absent: Council: Jon Stinnett

Members:

Staff Present: City Manager Richard Meyers, Assistant to the City Manager Jake Boone, City Recorder Trudy Borrevik, Finance Director Roberta Likens, Public Works & Development Director Faye Stewart, Police Chief Scott Shepherd and Police Captain Conrad Gagner (6:15)

Media: Cameron Reiten, KNND Radio, Damien Sherwood, The Sentinel

ELECTION OF BUDGET COMMITTEE OFFICERS

Mayor Gowing said last year Gary Manly was the Vice-Chair.

IT WAS MOVED BY COUNCILOR FLECK AND SECONDED BY COUNCILOR ERVIN THAT COUNCILOR GARY MANLY BE ELECTED CHAIR, KENNETH MICHAEL ROBERTS VICE-CHAIR AND AMANDA GILBERT SECRETARY.

Motion passed 13-0.

Mayor Gowing turned the meeting over to the Chair, Gary Manly.

APPROVE MINUTES - May 5, 2020

IT WAS MOVED BY COUNCILOR FLECK AND SECONDED BY COUNCILOR SOLESBEE TO APPROVE THE MINUTES OF MAY 5, 2020.

The motion passed 13-0.

BUDGET COMMITTEE MEMBER DECLARATIONS

Councilor Fleck declared he was the Executive Director for Community Sharing which received funding from the City which was in the budget and said he would abstain from voting on any discussion having to do with Community Sharing.

Member Amanda Gilbert declared she was the Executive Director for the Coast Fork Willamette Watershed Council which received funding from the City which was in the budget. She stated she would abstain from voting on any discussions having to do with the Watershed Council.

BUDGET MESSAGE AND BUDGET PRESENTATION

City Manager, Richard Meyers, read the Budget Message for the 2021-22 Fiscal Year. (*Attached as Exhibit A*)

Richard expanded on the City's Emergency Loan Program and said the City invested \$100,000, \$25,414 of which was matched with State funds for a total of \$85,000 in grants. He said the remaining funds went to \$40,000 in loans and \$34,000 into assistance for residents and businesses to assist with utility bills.

Richard talked about personnel costs and said all of the line items for personnel services were higher due to PERS. He said the City's PERS expenditure significantly jumped for OPSRP employees. He said 18% of employees were Tier 1 or Tier 2 which increased by 2% and 66% were in General OPSRP which jumped from 13.87% to 20.51% and represented the largest portion of staff. He said Police OPSRP jumped from 18.50% to 24.87% which represented 16% of staff. He said the City was seeing a significant increase in PERS, even though the Legislature created a program to save municipalities money. He said these costs were mandated and required and the City couldn't do anything about PERS.

Richard went over changes that had been made to the Budget since it had been provided to the Budget Committee: General Fund Federal Grants Revenue increased by \$129,620 and the Development Department CARES 5311 Grant Expenses line item was also increased by \$129,620.

**PUBLIC HEARING FOR PUBLIC INPUT ON POSSIBLE USES OF
STATE REVENUE SHARING MONIES
PUBLIC HEARING FOR PUBLIC COMMENT/REQUESTS FOR APPROPRIATIONS**

Chair Manly opened the public hearing.

Member Dana Merryday asked if there was any understanding as to why the marijuana tax decreased as a result of the measure passing in Oregon or was it a diversion of funds through the measure.

Richard said the State diverted the funds that were being shared and used them to go into the programs to fund the programs associated with Ballot Measure 10. He said the communities throughout the State that received the funds would lose those funds.

Member Donn Rust asked if the City had a figure on the amount of revenue being lost.

Richard said based on the numbers from the same time frame last year, it was estimated that the City lost about 75%. He said there was a bill that had been introduced and pushed by Ontario and several other cities, to allow cities to recoup the cost by increasing their local marijuana tax to ten percent instead of three percent. He said he didn't think it was doing very well at the legislature.

Richard said the City hadn't received any requests for appropriations other than the budgeted line items.

Member Donn Rust said his better half Debra Bartlett had sent Richard an email regarding the funding for Arbor Day/Earth Day Activities and Urban Forestry and said she would write a check for \$500 for both to keep them active.

Richard said the funding for Arbor Day/Earth Day Activities and Urban Forestry had been moved from Community Promotions to Public Works & Development.

Chair Manly closed the public hearing.

IT WAS MOVED BY COUNCILOR FLECK AND SECONDED BY COUNCILOR SOLESBEE TO MOVE FORWARD WITH THE WORKSESSION AND SET A DEADLINE OF 9:00 PM.

Motion passed 13-0.

**WORKSESSION
PROPOSED BUDGET DOCUMENT REVIEW AND DISCUSSION**

City Manager Richard Meyers pointed out the Summary of Individual Funds and the organizational charts. He went over the budget starting with the General Fund. He talked about the proposed revenue and pointed out some line items.

Richard went over the City Council budget and said it had pretty much stayed the same with the exception of meeting expense which increased due to COVID and having virtual meetings. He said when meetings were allowed to be held in person, the City would still be provide some type of virtual meeting.

Richard went over the City Manager's Office budget and said the biggest change was the addition of the Assistant to the City Manager position.

Councilor Savage asked what a typical raise was and said she was seeing some significant raises and wondered if this year was the time to do so.

Richard replied that last year's budget only included one-half year salary for the Assistant to the City Manager position. He said the City Recorder salary range was adjusted to match the HR Specialist position salary and what was budgeted was the top step. He said other salary benefit line items were increased for the new Assistant to the City Manager position.

Councilor Savage asked about the travel line item and why the big increase between 2019-20 and 2020-21.

Richard explained that the 2019-20 amount was the actual expenses and the 2020-21 amount was the budgeted amount. He said the increase was for the Assistant to the City Manager position to attend the City Manager Conferences.

Councilor Fleck asked if it also included YAC members who might attend training.

Richard said that was correct, that part of the increase was to take several YAC members to Tampa, Florida last year.

Richard next went over the Finance Department budget. He said the Payroll-HR Specialist position had increased from part-time to full-time and half of the salary and benefits was budgeted in Finance. He said the other half of salary and benefits was spread out over Water Distribution, Water Production, Water Collection and Water Treatment. He said the Administrative Aide position in Public Works was doing some of the payroll functions for Public Works which had been consolidated into the Payroll-HR Specialist position.

Councilor Fleck said he had concerns about shifting the wages into the Enterprise Funds.

Richard went over the Community Services budget which included the operations at the Community Center. He said there was a new line item of \$15,000 for community recreation for South Valley Athletics to expand the program. He said even though the building had been closed over the last year, the City had been working with a number of organizations to address seniors and other who needed information or assistance during COVID. He said the new 2021/22 Resource Guides had been printed and were available and the online version had been updated as well.

Richard talked about Community Promotions and said it funded things in the community. He said it included the Chamber of Commerce contribution, which had an agreement with the City

and received 1% of the 4% tax the City received. He said Arbor Week/Earth Day Activities and Urban Forestry line items were zero but were included in the Community Development budget. He said there was \$30,000 budgeted for Rural Tourism Grant Projects but it could be less due to COVID. He said it included contributions to South Lane Wheels, Family Relief Nursery and Community Sharing, as well as the contribution to the Community Pool. He said there was also a Community Events line item in the amount of \$1,500.

Member Dana Merryday asked about the FY 20/21 contribution to Looking Glass and asked if it was just a one-time donation.

Richard said it was a one-time expense to assist them with their new building.

The next department was Police Operations and Richard said Chief Shepherd was present to answer any questions.

Councilor Fleck asked why the K-9 Expense line item had increased from \$4,000 to \$14,000.

Chief Shepherd explained that Marco, the apprehension K-9 was getting older and had some health issues. He said the line item was increased should a new K-9 needed to be acquired. He said the narcotics K-9 was going to be retired in June, due to Measure 110 and restrictions. He said it was also discussed whether a second apprehension dog would be something to consider but it was decided to wait and review it again next year.

Richard asked Chief Shepherd to explain how Measure 110 had impacted the enforcement of narcotics.

Chief Shepherd said Measure 110 decriminalized drugs and talked about the restrictions and requirements for officers on traffic stops regarding drugs. He said they couldn't do sniffs with dogs and couldn't use narcotic K-9s which were a valuable tool. He said it restricted everything they did and made it cumbersome to put a case together.

Member Donn Rust asked what an arrestable amount of cocaine was.

Chief Shepherd said the cutoff for Measure 110 was 2 grams. He said officers could only cite someone for the violation and seize the drugs. He said before Measure 110, officers were allowed to search the entire vehicle. He said the amount of the citation was \$100 or someone could sign up for a treatment option.

Richard said the \$100 fine was less than a fine for failing to use a blinker.

Councilor Savage asked about the increase in contractual services in the Police Operations Budget.

Chief Shepherd said they had a CAD RMS system, which was the record management and coverage of service calls system, which would need some additional programs and/or equipment in the next fiscal year. He said they had also budgeted for the purchase of two new police vehicles. He said they have been purchasing lease returned vehicles from Albany however they

have had a lot of issues with the engines and transmissions with the 2015 Tahoe's. He said the current fleet was getting older and the idea was to continue to add new vehicles to the fleet each year.

Councilor Savage said the jail supplies and expenses looked like it was decreasing and asked the reason for that.

Chief Shepherd said they didn't use as much of the budget as they normally would and the jail had been shut down several times due to the risk levels. He said there were sixteen beds but due to insurance costs it was decided to reduce the capacity to ten beds which would have an effect on the overall cost of the jail supplies and expenses.

Richard said the radio equipment listed was increasing and part of that was to assist in purchasing equipment for the fire dispatch.

Chief Shepherd said that was correct and there was also an increase to add two portable radios to the bank. He said when they first transitioned to the digital Motorola radios, they purchased enough to be able to operate. He said currently they had a bank of radios that officers share and they would like to have enough for every officer to have their own radio.

Councilor Ervin asked what the trends were in terms of the ability to retain officers as well as perceived sentiment of certain groups. He asked if the City was in good shape in terms of maintaining the force or did he see any problems that the City would need to provide incentives such as increased pay in the future.

Chief Shepherd said Cottage Grove was in a unique position because the department was well supported in the community. He said that reflected on the kind of job and reaction that the officers receive from doing day to day work. He didn't see a trend where the department was losing officers due to the national sentiment that no one liked police. He said they had an officer who was moving to another agency however they had a good pool of applicants to fill an open position and also a hiring list of three others that would be acceptable. He said it was always a challenge with younger officers to keep them in the correct mindset. He said the department provided a service to the public and treated people well and the current officers did just that. He said there would be officers who would move on to larger agencies with more opportunities but he didn't see it being an issue right now. He said they currently had several Spanish speaking officers which had helped communicate with people in the community that were sometimes underserved.

Richard said the Police Guild contract was up for negotiations this year however they approved a one year extension until 2022 so the \$14,000 for labor negotiations was carried forward.

Councilor Ervin asked about narcotic forfeitures which he assumed had gone down significantly. He was curious if there was increased attention in addressing the downstream effect of the drug use and if there wasn't the staff to deal with it, would the department have to grow and expand and would there be a tangible effect on the budget.

Chief Shepherd said Measure 110 had limited what law enforcement could do and limited it in such a way that there would probably be push back and issues that would come up because they weren't able to do the job that they previously were able to do. He said it could cause a trickledown effect where nuisance crimes or even more significant crimes would be more evident. He said the problems never stopped, they just kind of moved from one place to the other as far as enforcement. He said as they continued to grow they would need more staff to be able to handle and provide the same level of service they currently provided. He said it was frustrating for officers because they knew drugs were being used out on the street and it had an effect on the quality of life in Cottage Grove. He said their main focus was, no matter what the rules were, to provide the best product possible to the prosecutors so they were able to hold people accountable. He said his message to the men and women who worked in the department, was to provide the best product that they could for the cases they worked on so it could be prosecuted.

Finance Director Roberta Likens said in the proposed budget there was a new line item for inmate medical expenses which was previously included in the jail supplies and expense line item.

Councilor Savage asked about parking downtown and who did the patrols.

Chief Shepherd said the Community Service Officers normally did the parking enforcement four days a week. He said they hadn't been doing parking enforcement due to COVID and all the restrictions and pandemic rules but had recently been asked to start doing so. He said they would start by issuing warning tickets to allow people to get used to not parking for longer than two hours on both the streets and in the City parking lots. He said today they issued 27 warning citations and would continue to do whenever the CSO's were present. He said if they received a complaint about overtime parking when the CSO wasn't on duty, an officer would respond.

Member Donn Rust asked what Lane County charged the City to house inmates. He said his concern was if someone needed medical assistance in the City jail, could they be transported to the County jail.

Chief Shepherd said they currently didn't charge the City, however if the department secured beds for their facility, it would be very expensive. He said in regards to medical assistance, he said there was a medical triage for inmates and those with complicated medical issues, they were taken to the County. He said they wouldn't hold them for very long normally depending on the charge. He said they also used the service of furloughing nonviolent offenders so they were able to seek their own medical treatment. He said with COVID and all the restrictions, inmates were expecting to be released and they had been able to work through that with policies and procedures.

Member Mike Grover asked how close the department was in dealing with the Fire Department to take over their 9-1-1 calls.

Chief Shepherd said he had discussions with Chief Wooten in the past and he had indicated he thought something could be worked out. He said they just resumed talks and hoped something would happen within a year.

Richard said adding it to the budget was saying the City was serious about providing the service and if the discussions didn't happen, the funds wouldn't be spent.

The next department that was discussed was Municipal Court and Municipal Court Services.

Richard said there were two court budgets. He said one was the Court Clerk and Judge's salaries and court expenditures, etc. and the other was for support services for the Prosecuting Attorney, Court Appointed Attorneys and interpreter fees.

Councilor Savage asked why the interpreter fee line item had increased by \$1300.

Richard explained that there had been a significant increase in needing interpretation services. He said there were Guatemalan citizens who spoke MUM which required a different interpreter.

Richard went over the Youth Peer Court budget and said it was in a standby mode and staff was trying to get it operating better. He explained issues the Court was having with the Department of Youth Services and what options were available. He said Cottage Grove was the only entity that had a Peer Court in Lane County.

Councilor Ervin asked about phone expenses and if they were broken out across all the departments.

Richard said yes.

The next department Richard went over was Public Works & Development Maintenance. He said it was the park maintenance operation and this year temporary summer workers were being added back in.

Public Works & Development Director Faye Stewart said part way through last year the City hired a position to assist in the Armory remodeling project, Community Center remodel and facility improvements which was reflected in the budget. He said contractual services was increased by \$10,000 and included routine heating maintenance, generator testing and maintenance, and a good portion for electrical repairs, light changes out, etc. He said miscellaneous supplies had also been increased due to work being done at the Armory and that was where they were charged.

Councilor Ervin asked what the BLM Trail Maintenance line item was for.

Faye explained that the City received a Resource Advisory Council Grant and would be partnering with Kennedy Alternative School to be enhancing the trail maintenance. He said the City hadn't received the contract for the current fiscal year but were working with BLM to get the contract in place. He said some of the trail maintenance cost would be reflected in increased employment in some of the other public works budgets.

Richard said the \$400,000 in Capital Outlay was for the roof for the Community Center.

Richard said the next department was Engineering which included staffing of a City Engineer, Civil Engineer and Engineering Tech who helped to oversee projects. He said they had been completely consumed with the Safe Routes to School project over the last year as well as the Bio Swale project for the Fillmore Outfall and oversite and development of the parklets/streeteries. He said the Building Permit/Code Specialist was splitting out some of the work done by the old Administrative Aide.

Councilor Savage asked why the Books, Maps and Periodicals line item and the Survey Supplies line item were increased.

Faye said Survey Supplies was increased for staking supplies which included paint and wooden stakes, etc. He said the Engineering Tech spent a lot of time in the field assisting with surveying and staff was doing more of the work than in the past.

Richard asked if it could be due to staff using the electronic survey equipment.

Faye said staff had been using it more and there was a program feed which could be rolled into that line item or contractual.

Richard went over the Broadband Services Department that took care of IT services that served all departments in the City. He said it also served the management and operation of the fiber system. He said the City was currently contracting with Lane Council of Governments to provide the City's IT services. He said the City had IT Staff coverage from LCOG five days a week. He said the City was working on going out with a Request for Proposals to seek additional work in the broadband/fiber optic system so the City could start getting other providers into the City's fiber optics and expanding into residential areas. He said the contractual services and equipment contracts were all service contracts to keep the equipment running. He said some equipment was end of life or beyond and the City would be looking at upgrades.

Councilor Ervin asked about the Wi-Fi radios and if the City had any plans to replace them.

Richard talked about the Wi-Fi radios and system said staff was still evaluating if the City wanted to replace the radios with new equipment.

Richard went over the Development Division of the Public Works & Development Department. He said there was a significant amount of grants included in the budget.

Faye said Deb Crum, Administrative Aide, was retiring July 1st and that position was being eliminated and a new Building Permit Specialist/Code Compliance had been created. He explained what that position's duties would be.

Faye talked about the grants included in the budget that were in/out grants.

Councilor Savage asked what the \$5000 Nuisance Abatement line item was.

Faye talked about a “zombie” house that the City had to abate and said the City sometimes had to hire a contractor or use City Staff to demolish an unsafe structure that was noncompliant with the City Code. He said the \$5,000 was to help pay for dump fees and various expenses.

The next department was Library Services and Richard said there had been a change in staffing. He said the Library Services Director position was being eliminated and the Librarian position was being changed to a Head Librarian which would be on the same pay scale as the water and wastewater supervisors. He said the number of Librarians had been increased to three full-time positions and there could be a mix of part-time temporary workers as well. He said Colleen Shaw who had been with the Library for 27 years was retiring this month. He said Library in the Park had been successful and staff was hoping to start it back up next week.

Richard said the Internal Support Department used to be called the Non-Departmental Department however the State didn't like the name so it was changed to Internal Support. He said it was for expenditures that couldn't be compartmentalized in a department but supported a number of things throughout the General Fund. He said it also included transfers to other funds. He said the transfer to S Lane Comms was increased as a result of the proposal to do dispatching for South Lane Fire & Rescue. He said the Housing Asst. Trust Fund hadn't been spent in the current year. He said under the policy and direction in creating the fund, two years of funding could be accumulated and if it wasn't spent, then the next year there wouldn't be any additional funds added to the fund. He said Debt Service and General Reserve Fund transfers were included in the department. He said the Contingency and Unappropriated Ending Balance were not where the City wanted them to be according to the policies, however they were up from previous years and staff felt they were at a good spot.

Finance Director Roberta Likens said the proposal was to change the contingency level from five percent of total overall revenues or expenditures. She said staff was looking at eliminating the transfers that could or could not necessarily have to happen and provided an example. She said for the unappropriated ending balance, the City had been running around \$577,000 which was a guarantee that the money that would be available at the beginning of the fiscal year and could not be spent unless there was some kind of natural disaster. She said staff was proposing to reduce it from an eight percent goal to a five percent goal.

Richard said it was something to be aware of and staff would be bringing it to the Council later for discussion. He said contingency funds could be used during the year and it took a resolution from the Council for approval. He said the unappropriated funds could not be spent and was meant to be carried over to the next fiscal year.

Councilor Fleck asked why the City would want a lower threshold for reserves. He said he was cautious and liked to have lots of reserves. He said the contingency could be ten percent and the City could have \$1M in contingency and there was \$263,000. He asked what the thought process was around wanting to reduce the goals.

Bert said part of the unappropriated ending fund balance was the fact that you cannot spend it. She said if you had enough walking into the next fiscal year, you weren't seeing a reduction in revenues. She thought the City was at a good level to keep it funded. She said regarding the contingency, she didn't see it as a reserve, it was the transfer out of the General Fund into the

General Reserve Fund. She said if it was too large, it wasn't being used for the benefit of all citizens. She said there was a happy medium and staff was trying to reach something that was appropriate but not excessive.

Richard said the City hadn't hit those numbers and had been at the level with contingency and unappropriated and it was working.

Councilor Fleck said just because it was unappropriated, could the City through a supplemental budget process, appropriate the funds.

Bert said no, if it was unappropriated you were guaranteeing that at the beginning of the next fiscal year it was an amount you would start the year, unless there was a natural disaster which allowed you to access the funds per State Budget Law.

Richard went over the Special Revenue Funds and said they were funds that the money in them was established by constitutional requirements. He said the Street Fund was from gas tax and couldn't be used for anything except street expenses. He said the 911 funds came from 911 tax and the City and was specifically for communication and 911 services. He said the Narcotics Forfeiture Fund had strings and requirements tied to it, however the City wasn't seeing any new revenue in that fund. He said the Bicycle and Footpath Fund was a portion of the gas tax and the City currently, under State law, had to put one percent of all gas tax revenue into that fund. He said the legislature was currently working on a bill that would increase that amount from one percent to three percent. He said the City would meet the new requirements as more than one percent was currently being put into the fund. He said the Building Inspection Program Fund, the fees collected from building permits, had to go into that fund which was audited by the State. He said the Housing Rehabilitation Fund had one loan left from Federal Funding for housing rehabilitation. He said the funds could not be used for anything else, they had to be in the specific programs.

He went over the Street Fund Revenue which included the local gas tax and said the City had seen a little decrease in revenue. He said motor vehicle fuel taxes were a diminishing revenue source for cities as the fuel economy increased and there are more electric vehicles. He said the City received money from the State and Federal governments and the revenue from State gas tax was down and ODOT was saying it could be down for several years due to COVID. He said there had been talk about cities receiving money to reimburse lost gas tax but it wasn't included in the budget because it wasn't confirmed. He said the Street Fund included Street Maintenance that took care of the general maintenance of streets. He said it also included Street Sweeping for the sweeping and maintenance of streets. He said it was also something that was seen in the revenues under Transfer from Storm Drain Fund. He said one major thing that improved or took care of the treatment of storm water was street sweeping. He said also included in the Street Fund were Street Capital Improvements/Purchases. He pointed out that the pavement condition map was included in the Budget presentation. He said the Non-Departmental Street Department was now a Street Internal Street Department.

Faye said regarding street sweeping, last year it was approved to shift 75% of the cost to the Storm Drainage. He said the reason for the transfer back into the Street Fund was the employee costs weren't moved that operated the street function into the storm drainage. He said a majority

of the street funds were spent on the Safe Routes to Schools Project in the current fiscal year. He said the City hoped to focus on items that could be done by staff in Fiscal Year 21/22. He said with the hiring of summer workers, the City would be doing crack sealing and chip sealing on City streets. He said the City would continue to reclaim alley ways and staff would be cleaning the alleys and removing blackberries, garbage, grass, etc. and reestablishing a rock base to make them easier to maintain. He said the City was also planning to spend a portion of the year striping, working on crosswalks, stop bars and various street markings that were faded. He said staff was counting on Lane County Public Works to paint the street lines throughout the City. He said the City would do projects that would extend the life of streets. He said if resources allowed, staff would like to start working on the infrastructure on 16th Street.

Member Garza asked if there were any plans to install bike paths for the Safe Routes to Schools Project for kids to ride to school. He said they had some issues with kids riding in the streets and the school was telling them to ride on the sidewalks but they weren't completed.

Faye said currently if parking was maintained on one side with two travel lanes, the width on 4th Street would be too narrow to accommodate the parking and bicycle lanes. He said it could be something staff could review if Council would like to see bicycle lanes. He said parking could be eliminated on one side and bicycle lanes added. He said he drove by that area regularly to monitor the progress and had noticed in the evenings that the entire length of 4th Street on the east side appeared to be full of parked vehicles so it could be a challenge. He said there had been some talk about a future trail behind Lincoln and along the Coast Fork River over to Hayes Street.

Councilor Ervin asked if state shared revenues could be put in that fund.

Richard said they could be removed from the General Fund but then something in the General Fund would have to be cut.

Councilor Ervin asked if there was something specific that would have to be cut.

Richard said it would be up to the Budget Committee to decide what to cut if they wanted to use the funds for something other than the General Fund.

Councilor Roberts said in looking at the pavement condition map and the money needed to achieve a higher PCI rating for the roads in Cottage Grove, he felt the Council would need to find a way to work on the roads. He said the condition of the roads was the biggest issues he heard from taxpayers.

Richard said the last attempt the Council made was to increase the gas tax to help assist with funding but it was voted down. He said revenue needed to be generated to make the improvements.

Councilor Fleck said a Transportation Utility Tax had been discussed in the past but it wasn't a popular idea. He said he supported the idea of bonding some major streets and he would welcome a discussion.

Richard said staff was always continuing to look at new products and operations to extend the life of streets.

Member Williams said he would encourage all the Budget Committee members to keep a copy of the pavement conditions map in their vehicle to show constituents when they asked about their streets or other streets.

Richard went over the Police Communications Fund which included Support Services, 911 Services and Internal Support Department. He said the increase in communication specialists was to handle the increase if South Lane Fire & Rescue transferred the dispatch services to the City.

Richard talked about the Narcotics Forfeiture Fund and said it was restricted on what it could be used for.

Councilor Savage said in the Narcotics Forfeiture Fund, the amount budgeted for the Administrative Fee decreased from \$8800 to \$1045, and asked what the difference was.

Chief Shepherd said the difference was the management of the funds that had the potential of coming in as far as forfeitures. He said the forfeitures that came into the department had been drastically reduced. He said they did investigations with DEA and there were times that they did asset sharing and they could get forfeitures through that avenue. He said as it looked, there wouldn't be a lot of forfeitures that would go through their department.

Bert said the Administrative Fee was based off the prior year's actual expenditures and a percentage went into the General Fund.

Richard said the Assessment Fund on Page 124 was used if a local improvement district was created and improvement costs were assessed to properties. He said there was one that was close to being completed and it was included in the fund should that occur.

Richard said the next fund was the Bicycle and Footpath Fund which was the one percent from gas tax revenue to help with the development of bicycle and footpaths. He said State gas tax money could only be accumulated for three years before it had to be spent and Bicycle Path money could be accumulated for ten years before it had to be spent. He said the City was using the fund regularly.

Faye said in the upcoming fiscal year he wanted to focus on making spot repairs on trails in the East Regional Park.

Richard said for the Building Inspection Program the City was doing inspections for four jurisdictions: Cottage Grove, Creswell, Coburg and Veneta. He said there had been some adaptation and flexibility with building codes due to COVID. He said staff had continued to do inspections throughout COVID but some had been done virtually by video or photos. He said the Building Official had been moved to a new level due to him running the programs and supervising staff. He said the City was very blessed to have the inspectors and the City's program and the success had been a model for the State.

Faye said in the next several months Melanie would acquire her electrical residential inspection certification and would be fully certified in all plan reviews and inspections for residential building structures and would offer flexibility for the City. He said an increase in construction was anticipated in the other cities and Melanie would be active in doing inspections and plan reviews.

Member Dana Merryday asked if it were correct that the program not only paid for itself but actually brought in income to the City.

Faye said it paid for itself and the City was building reserves. He said where it benefited the City was a transfer was made to the Housing Assistance Trust Fund in the amount of \$25,000 which is where the resources were transferred to assist in helping to pay for SDC fees, building inspection fees and the rest was dedicated to performing the inspections within the City. He said the goal was to build a healthy reserve to maintain staff and programs during the down turns.

Richard said there had been cities up north that were using their program to subsidize and fund other departments which wasn't allowed.

Richard said the Housing Rehabilitation Loan Fund had one loan in the amount of \$9,900 and had to be used for housing rehabilitation.

Richard said Enterprise Funds were business funds that were meant to be operated in a way that paid for themselves. He said they included Water, Wastewater, Storm Drain Utility and Industrial Park Operations.

Richard went over the Water Fund and said there was no rate increase and there wouldn't be one for five years under the plan. He said there were contributions into the reserve fund to pay for improvements over the next five years in the amount of \$6.3M.

Councilor Savage asked what auction proceeds were.

Richard said the City took scrap and items no longer needed by the City to the auction in Eugene.

Councilor Fleck asked a question about Water Distribution and said it was where he was having an issue with the budget. He said personnel costs had increased from \$634,000 in FY 2018-19 to \$999,365 in the current budget. He said it wasn't sustainable with people complaining about the utility bills and needed justification as to why the personnel costs had increased that much.

Faye explained that part of the increase was due to an employee who took a promotion opportunity within the City but after the trial period decided to return to the utility department. He said the City was taking on mowing the ODOT interchange which took one employee two days every two weeks. He said City staff was planning to install the effluent main line from the new pond to the trailhead, a million dollar project, and were confident they could get the materials and do the project at a sizeable savings to the City. He said Deb Crum, Administrative Assistant, was retiring July 1st and she did the HR duties and accounts payable for all of Public Works. He said staff felt that transferring those duties to the Finance Department would

standardize the procedures and processes so one person would be doing all the hiring process from start to completion. He said it would also standardize the accounts payable position in finance. He said they weren't shifting a portion of what's been done in the General Fund onto the ratepayers, they were taking the same amount of money allocated for the Administrative Aide position and applying the resources to the Finance Department who would be doing those duties. He said it also allowed that position to be reprogrammed into a compliance position, that will be used to enhance the fats, oils and grease program for the sewer system to keep them from getting into the treatment plant, help to abide with the stormwater requirements, help with erosion control would be a new position but would be help maintain mandatory requirements with the State and Federal programs.

Councilor Fleck said it did shift from the General Fund to the ratepayer by putting them in the Enterprise Funds. He said he understood what was being done and the City was justifying people's time in each area and appropriately billing it. He said in his agency and he assumed it was the same with the City, that there were multiple areas where funds could be shifted. He said it wasn't sustainable and the City couldn't keep going to the ratepayers and increasing from \$634,000 in four years to \$1M. He said it was not okay. He thought City Staff did a great job and not to take what he was saying personally. He said part of his role as a City Councilor was to be an advocate for the citizens. He said most of the time citizens complained about the water bills but they understood that the infrastructure was falling apart and needed to be repaired but it was no okay when distribution costs increased at this rate. He said the City either needed to curb back some of what the City was doing or needed to do some sort of analysis of the water, wastewater and storm funds to see if the level of staffing was needed and what the priorities were. He said he was going to support the budget his year but was going to be a squeaky wheel going forward because it wasn't something the City could sustain.

Faye said he understood what he was saying and he hoped that staff would be able to show on the other side that the City was saving money by not having to contract out certain projects that staff were able to do. He said the work done at Community Sharing by the City saved thousands of dollars and mentioned several other projects done by staff.

Member Gilbert asked if part of the increase was due to the fact that the City had reached the 10,000 population mark and there were increased TMDL standards.

Faye said the new position in Public Work's would be monitoring and doing the work required under the new TMDL requirements and because of the population. He said that position would also be responsible for the new Mercury TMDLs and increased requirements for reporting.

Councilor Ervin said after listening to Councilor Fleck and Faye's comments, he said it sounded like the City was trying to maximize both the service, that being the number one priority, while being as budget conscious as possible to not increase rates. He said what he was hearing from Councilor Fleck was the sentiment, and what he heard around town as well, was make the first priority cheaper rates. He wondered where philosophically the City was landing in terms of setting up a budget and hiring practices and asked Faye to address that.

Richard said there was an important piece left out of the discussion that the City was trying to make sure that we were providing a service that was safe. He said drinking water had to be

proven to be 100% safe and the City couldn't risk making citizens ill due to water. He said the City also had to make sure we weren't making people ill or creating an impact through the environment around us from our wastewater. He said the regulations in place were continuing to get stricter which the City was trying to follow. He said the City was trying to make sure we had the staff and the ability to progressively address issues and part of that was based on the information from the FCS Five Year Plan. He said the City received no funding from the State or Federal Government for water and wastewater improvements.

Faye said the City had a lot of deferred maintenance and old pipes throughout the City. He said the utility staff were incredible and able to take on a lot of projects that the City would have hired a contractor for in the past.

Councilor Savage talked about annual raises and how the State of Oregon typically gave a three percent raise every year. She said in looking at the positions in the Water Distribution budget, it looked like some positions had less than a three percent raise and some were much larger.

Richard said it was important to look at the FTE's for each position as some had changed from the current budget which could be the reason for the difference. He explained the City's step and range program.

Roberta said all the Finance Clerk positions were all part-time and took two years to get to the next step.

Councilor Fleck said he wasn't criticizing City Staff and he had firsthand view of work the City did at Community Sharing and said the staff was incredible and talented. He said there was a balance between what the City was doing and what the ratepayer wanted the City to do. He said he had issues with shifting things out of the General Fund which was limited by Measures 47, 50 and 5, where the utility rates were only limited by Council authority. He said shifting the HR/Payroll Specialist position to the Enterprise Funds was going to impact the utility rates customers were paying. He asked if that was something the City should be doing. He also questioned the Building Permit Specialist/Code Compliance in the Water Distribution budget and how the City was justifying some of the positions in the Enterprise Funds and was it the best use of funds.

Faye talked about the Building Permit Specialist/Code Compliance position and the job description and outlined the duties. He said the entry salary was much less than the top salary for the Administrative Aide position which it was replacing.

Councilor Fleck said he didn't think the position should be in the Water Distribution Budget. He said it should be in the General Fund Development Department because it wasn't a function of Water Distribution, it was a construction function.

Richard said the cost for installing a meter came out of Water Distribution.

Faye said under the building program, legally the City could only make charges for items that were in the State Building Code. He said charging for a water meter installation was not part of

the building code. He said the revenue for the sale of water meters and permits went into the Water Fund.

Richard said the Water Fund included Water Production and with several retirements, there were three new employees. He said the new 2 million gallon rack had been installed and was operational which increased the City's capacity to 6 million gallons a day production capability.

Councilor Savage asked about the Treatment Chemicals line item in the Water Production budget and said it was budgeted at \$1,200 in FY 19/20 and the proposal for FY 21/22 was \$50,000 and asked what the increase was for.

Faye said that wasn't correct and asked the Finance Director to look into it. He said the City was spending close to \$45,000 in the current year for treatment chemicals and had asked for the line item to be reduced from \$60,000 for the current year to \$50,000 for FY 21/22.

Richard said in the Wastewater Fund the City was seeing a significant surge in golf course revenue which was something that was going on industry wide as a result of COVID. He said in Wastewater Collection and Wastewater Treatment were the two expenditures for Wastewater. He said the effluent treatment process was complete and the City was getting ready to install irrigation at the interchange to expand the window of irrigation.

Councilor Ervin asked about the efficiency of a City hired staff at a higher tier versus going out to contract. He asked if there was some kind of multiplier that could be used to determine the cost between staff and contracted work.

Faye said it was a challenge if work should be contracted out or done by employees. He said he would have to contact cities who contracted their work out. He said as the Public Works Director he had a lot of confidence in his employees and their training. He said he was in constant contact with all the supervisors and was on the job sites on a regular basis and saw productive individuals and had confidence in his staff.

Richard said the City did have several positions that previously had been contracted out such as the custodian. He said there were several custodial businesses in town which the City used when the custodian was on vacation, etc. He said one issue the City faced with using a contract custodian was their employees weren't approved for certain parts of the City building, such as the Police Department. He said there were certain jobs, such as an electrician, that it wouldn't be cost effective to have one on staff. He said the City did hire a building contractor on staff as the City had a lot of projects currently and it was cost effective to hire them rather than contract the work out.

Mayor Gowing commented as a working millwright, he would rather work with Company employees rather than contractors as they knew exactly what was going on in the facility they were working at and had ownership and would be more diligent than someone who was hired for a temporary job.

IT WAS MOVED BY MEMBER WILLIAMS AND SECONDED BY MAYOR GOWING TO RECESS THE MEETING UNTIL TUESDAY, MAY 11TH AT 6:00 PM.

Motion passed 13-0.

Chair Gary Manly recessed the meeting at 9:03 pm.

Chair

City Recorder

DRAFT