

**CITY OF COTTAGE GROVE
BUDGET COMMITTEE MEETING MINUTES
May 10, 2022**

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 Mindy Roberts called the roll. The following were

Council Present:	Mayor Jeff Gowing, City Councilors Mike Fleck, Candace Solesbee, Kenneth Michael Roberts, Greg Ervin and Chalice Savage
Members Present:	Gary Manly, Amanda Gilbert, Donn Rust, Gary Williams, Danny Solesbee, Dana Merryday and Armando Garza, Sr.
Council Absent:	Jon Stinnett
Members Absent:	None
Staff Present:	City Manager Richard Meyers, City Recorder Mindy Roberts, Finance Director Roberta Likens, Public Works & Development Director Faye Stewart, and Police Chief Scott Shepherd
Media Present:	Cameron Reiten, KNND Radio, Damien Sherwood, The Sentinel

ELECTION OF BUDGET COMMITTEE OFFICERS

Mayor Gowing stated that Councilor Roberts was Vice-Chair and Amanda Gilbert was Secretary last year.

IT WAS MOVED BY COUNCILOR FLECK AND SECONDED BY COMMITTEE MEMBER GARY WILLIAMS THAT COUNCILOR ROBERTS BE ELECTED CHAIR, AMANDA GILBERT VICE-CHAIR AND DANA MERRYDAY SECRETARY.

Motion carried 13-0.

Mayor Gowing turned the meeting over to the Budget Committee Chair, Kenneth Michael Roberts.

APPROVE MINUTES

IT WAS MOVED BY COUNCILOR ERVIN AND SECONDED BY COMMITTEE MEMBER GARY MANLY TO APPROVE THE MINUTES OF THE MAY 6, 2021 AND MAY 11, 2021 BUDGET COMMITTEE MEETINGS.

Motion carried 13-0.

BUDGET COMMITTEE MEMBER DECLARATIONS

Councilor Fleck declared that he works for the Community Sharing Program which he said has a line item in the Community Promotions section of the budget. He stated that he would recuse himself from voting or any discussion around that item.

Member Amanda Gilbert declared she works for the Coast Fork Willamette Watershed Council which is included in the budget. She stated she would abstain from voting or any discussions having to do with the Watershed Council.

Gary Manly declared he works for South Lane Wheels which is mentioned in the Budget. He said he will recuse himself from those discussions.

BUDGET MESSAGE AND BUDGET PRESENTATION

City Manager Richard Meyers pointed out that the Budget has a new look, some new formatting, a new Personnel Services Summary as well as additional information. He proceeded by reading the Budget Message for the 2022-23 Fiscal Year. (*Attached as Exhibit A*)

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

Budget Committee Chair Roberts opened the public hearing.

Amy Merryday 205 Adams Avenue, Cottage Grove, Oregon spoke in favor of allocating money to install effluent pipe. She also suggested that money might need to be added to Parks and funding additional Police Officers if Council is not going to act on getting a Homeless Shelter.

PUBLIC HEARING FOR PUBLIC COMMENT/REQUESTS FOR APPROPRIATIONS

There were no additional comments.

Budget Committee Chair Roberts closed the public hearing.

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

Motion carried 13-0.

WORK SESSION

PROPOSED BUDGET DOCUMENT REVIEW AND DISCUSSION

City Manager Richard Meyers highlighted the Summaries of Individual Funds and the Organizational Charts. He started the Work Session by going over the General Fund, discussed the proposed revenue and pointed out some specific line items. He said the Transient Room Tax Revenue has rebounded in spite of the Village Green Resort being closed. He said revenue in the General Fund is higher due to a significant amount of grant money being received for South Lane Wheels and that the expenditures can be found in the Community Development Fund. He added that all of the ARPA funds have been received in the General Fund and will be transferred out to the appropriate funds based on where they are going.

City Manager explained the City Council budget and said it is slightly higher due to an increase in the Telephone/Mobile Devices line. He said the City is replacing the Legacy phone system that was installed in 2005 with a fully digital cloud based system. He added that there is potential for Councilors to have designated phone numbers accessible with an app on their own personal device.

City Manager explained the City Manager budget and said it is slightly higher primarily due to the increases in Contractual Services, Telephone/Mobile Devices, and the YAC Scholarship line.

City Manager explained the Finance budget. He said there are increases due to the new phone system and the requirement to have a Federal Single Audit. He said the Finance Department is now fully staffed and added that it has been challenging over the past year in the Finance Department and the Police Department. City Manager said there is a new line item called Computer Software & Support and it was created to help differentiate some of the charges from the Contractual Services line.

Councilor Ervin asked if the City Manager, Travel & Subsistence was increased to \$15,000 last year for YAC.

City Manager replied that the YAC expenses were in the City Council budget.

Councilor Ervin asked what the \$15,000 in the City Manager, Travel and Subsistence line is for.

City Manager replied that it is for the new City Recorder and Assistant to the City Manager to attend trainings.

Public Works and Development Director Faye Stewart asked if the increase would give opportunities for the Councilors to attend out of State conferences.

City Manager replied those expenses would be covered in the City Council budget.

Councilor Ervin asked if there is a limited number of trainings in the budget and if additional trainings became available could we allocate more funds.

City Manager said if additional training is identified it will be taken care out of the Contingency line in the General Fund.

Councilor Savage asked what the addition of the Clothing expense line in the Finance budget is for.

Finance Director Roberta Likens replied, that in the past when the Finance Department had shirts made it was a personal expense. She said this will be for promotional clothing not to outfit the department and it may not be spent.

City Manager said the Clothing expense line in other departments, like Police and Public Works is in the Bargaining Agreement.

City Manager explained the Community Services budget and added that this is the area in the budget that the Community Center and the services from that building are paid from. He said this area of the budget contains the Contractual Services associated with ARPA funds and the operation of a homeless shelter. He added that there is also Contractual Services associate with South Valley Athletics (SVA). He said they are now located in the Community Center, the City will enter a contract with them and board positions will be open for Councilors. He said they will be coordinating activities with the Library and taking over the summer camp program.

Councilor Ervin asked how transfers could be made from the General Fund in the future.

City Manager explained if the line item already exists you generally do not have to do a supplement budget it can be done by resolution. He said there is a limit of 10 % on the amount of Contingency that can move at a time. He added that if you want to move within the same fund, one line item to another that can be done, because the funds are balanced by the totals.

Councilor Ervin clarified by asking that a change could be designated within personnel services or material services by resolution no amount limited within the same fund.

City Manager said if it is in the same category, it would not have to be designated, because it balances out in the end.

Councilor Ervin asked if that can be done by the City or if it has to be done by Council.

City Manager said it can be done by Staff.

Finance Director explained that the Budget Committee and City Council adopt a resolution making appropriations. She said in certain funds it is by department and in others it is by category. She said the State does not care if it is spent exactly like it was budgeted as long as you have not overspent your appropriated amount.

Discussion was held about which funds had categories and which had departments.

Finance Director clarified that 15% of the budgeted amount of a fund can be transferred at one time out of the Contingency to somewhere else.

Councilor Ervin asked if that as at one time or one fiscal year.

Finance Director replied, at one time if it is an existing line item. She said if it is not an existing line item, it would have to go through a supplemental budget process and City Council would have to adopt it.

City Manager said there are some line items in the budget that are strictly there in case we need to move money into them.

Councilor Savage asked if the natural gas rates increased this year and if the budget will accommodate the increase.

City Manager replied yes, because our natural gas use has gone down and with the new roof and insulation in the community center building, costs will be down.

City Manager explained the Community Promotions budget. He said this area of the budget is where the County Rural Tourism money is received and a portion of the Transient Room Tax is paid out to the Chamber of Commerce. He said the Transient Room Tax is budgeted up in anticipation of the 2022 World Championship and a couple other significant events in Eugene. He said this section of the budget is also where money is put towards South Lane Wheels, Family Relief Nursery and other organizations in the community. He said this year the Eugene Symphony was added due to COVID and ARPA funds will be used.

Councilor Savage asked if she should declare a Potential Conflict of interest because of the Rural Tourism Grant Projects and her business is potentially tourism related.

City Manager replied yes, it would probably be best.

Councilor Savage declared a Potential Conflict of Interest and said that she would recuse herself if needed.

Councilor Roberts asked about the five thousand dollars given to the Community Garden and if it is still happening.

City Manager replied yes, it is still going on. He said there were some challenges with developing the property due to some of the wetlands.

Member Dana Merryday advocated additional support for Looking Glass since they are attempting to rehabilitate their new headquarters.

City Manager replied that in 2021 City Council put \$15,000 towards the project.

IT WAS MOVED BY MEMBER DANA MERRYDAY AND SECONDED BY COUNCILOR FLECK TO GIVE LOOKING GLASS SUPPORT IN THE AMOUNT OF \$10,000.

Councilor Fleck asked if that money would be brought from the Contingency Line.

City Manager replied that it could be brought from Contingency, take it from one of the other items, or however you would like to do that.

Councilor Savage declared a Potential Conflict of Interest as her son is involved with Looking Glass.

Councilor Ervin offered a friendly amendment to take \$5,000 from the Federally Qualified Health Clinic (FQHC) and \$5,000 from Community Pool.

Budget Chair said there is already a motion with a second.

Councilor Fleck said that Councilor Ervin is offering a friendly amendment and if the person who made the motion and the person who made the second both agree, the motion would be amended. He said otherwise, he can make a motion to amend and that is voted on first.

Councilor Fleck said he is fine with the friendly amendment and asked to clarify if that would affect the School District.

City Manager said it would affect the Pool.

Councilor Ervin said he would like to hear more on the status of the Pool funding. He said during the Pool Presentation it sounded like the Pool would be solvent and they were not actively looking for more funding.

City Manager replied that the funding is down from \$150,000 to \$75,000 to help with operations. He said the fees do not pay the costs associated with running the pool and the community programs.

Mayor Gowing declared that his wife is the Finance Director of South Lane School District and oversees the management of the pool. He recused himself from the topic.

Member Danny Solesbee asked if the City Council already voted on the Health Clinic Funds and approved those funds.

Councilor Fleck said the budget is just setting what can be spent but it does not mean that it will.

City Manager said these items are not operational items and if the Budget Committee approves, that is what the contributions would be. He said the amounts are in there for the Committee to decide how the money will be used.

Councilor Fleck said there is a friendly amendment and asked if it should be adjusted.

Councilor Ervin said he would like to reduce the amount budgeted for the FQHC to \$90,000 and give the \$10,000 to Looking Glass.

Member Dana Merryday said he would not want the money to come from the allocation for the Health Center.

Councilor Fleck told Councilor Ervin that he could make a motion to amend or let it go.

Councilor Ervin withdrew his friendly amendment.

Member Dana Merryday asked if the money has to come from these allocations.

Councilor Fleck said the motion on the floor would assume the money is coming from Contingency.

City Manager said the Contingency amount for the General Fund is on page 100.

Budget Chair Roberts called the vote.

City Recorder Mindy Roberts asked to clarify if the friendly amendment was withdrawn.

Councilor Ervin replied that it has been withdrawn.

Motion failed 5-6.

City Manager explained the Police Operations budget. He said this part of the budget is for the basic Police Operations and additional funds for operations and communication services in the Special Revenue Fund. He said the budget includes \$125,000 for two new motor vehicles which includes installation of necessary equipment. He said there is also Mobile Crisis Center Response for \$25,000 in Material and Services which is funded with ARPA money. He said this will allow the City to get started working with South Lane Mental Health to explore and create a program for Mobile Crisis Response.

Budget Committee Chair asked if the Mobile Response would have its own vehicle.

City Manager replied that we may use something that has been decommissioned from other uses. He said this may also be used as seed money to seek grant funds.

Councilor Ervin asked what the scope of work is related to the use of the \$25,000.

City Manager said not yet, the City is still in the initial phases and exploring how it could be done.

Councilor Ervin asked if it is expected to spend the \$25,000, if it is approved, for the exploration process.

City Manager said some of it could be used for that but most of it would be used for initial expenses to get it started and a match for grants. He said most of the exploration will be included in Staff expense.

Councilor Ervin asked if we have a general idea as to how long the \$25,000 would operate services.

City Manager replied no.

Councilor Ervin asked if it would last over a day, or over a month.

City Manager said we do not know, but it will not be a day.

Councilor Ervin said it could be used up before anything happens in the community.

City Manager said yes, in order to get the tools and equipment they need, it might. He said at that point you would possibly be using the staff and personnel from other agencies.

Councilor Ervin asked if there are other cities that have an operational crisis response unit.

City Manager said there are not any with cities, and added that Florence has one out of their Fire District.

Police Chief Scott Shepherd said the Cahoots model is based out of the Eugene Police Department. He said the Florence model started at the Fire Department and was spearheaded by an employee who worked there. He said Cottage Grove is working with South Lane Mental Health, Lane County Public Health and private contractors to try to create something that would be beneficial on a sustainable, limited basis. He added that the \$25,000 is intended to show support for the program and would show support as the various groups apply for grants to support the entire process. He said the City would be members of a group to provide mobile crisis response and not the sole provider of staffing or funding.

Councilor Ervin asked if we use the one time ARPA money to launch it, how much money do we save potentially and what value is added. He asked if there is a plan.

Councilor Fleck said there is an RFP with the County to explore this. He said he is on the RFP committee and can report more as it moves forward.

Police Chief Scott Shepherd said he cannot give a number as to what the \$25,000 investment will get the City, but he believes it will start and continue the process. He said the Police Department and the City commitment is to make sure it is sustainable at whatever level we can with other agency support. He said the Police Department spends a lot of time dealing with mental health crises that could be dealt with by someone who is better trained, and that would allow officers to not be removed from providing law enforcement.

Member Donn Rust asked who in the group that is using the City vehicle would answer to.

Police Chief said the Police Department would be a part of it. He said the City's contribution is saying this is an important project for our community to help save resources that could be used elsewhere and to address mental health crisis. He said the Police Department wants to support the program, will benefit from the program and will still respond to most crisis until they make sure it is safe for someone else to take over. He added that the Police Department would be partners and not the leaders.

Councilor Solesbee asked if body cameras are included in the equipment expenses.

Police Chief replied no. He said he has reached out to providers of body cameras to start the process with the possibility of adding that to the budget in the next fiscal year.

Budget Committee Chair said he heard the price of body camera storage has gone down.

Police Chief responded that he has heard that from some providers and there are others that have a premium on their services. He said the prices range from \$50,000 start up to \$234,000.

City Manager Richard Meyers explained the Municipal Court budget. He said this area of the budget contains three categories; Municipal Court, Municipal Court Support Services and Peer Court. He noted that the Truancy line item is now zero due to the Legislature disallowing the Municipal Court to help schools with truancy and the Defense Attorneys expense had a small increase.

Councilor Ervin asked where the fees collected for court go.

City Manager replied that they are in the General Fund revenue on page 39.

Councilor Ervin asked if the figures are based off the expected percentage of collections.

City Manager replied yes.

City Manager noted that Cottage Grove has the only Peer Court left in Lane County. He said the Department of Youth Services (DYS) is taking the opportunities to take all of the youth cases and not give anything back to Peer Court. He said the City is continuing to work to get Peer Court back to where it can function and we have no intention of getting rid of it.

Member Danny Solesbee asked why we are the only city still doing it.

City Manager replied he thinks it is because DYS has been pulling the cases.

Police Chief said the main reason is that Lane County has been taking over the cases and utilizing their services and not passing it back down to Peer Court. He said last December he met with Lane County and they pledged a new system that would kick back more cases back to Peer Court and that never happened. He said Peer Court is a wonderful tool to hold kids accountable in our community.

Police Captain Conrad Gagner said the reason we continue to have Peer Court is that we have decided that it is important enough to hold onto.

Member Danny Solesbee said, it sounds like it is effective.

Budget Committee Chair Roberts clarified that it is benefitting the community.

Police Captain Conrad Gagner said it is very evident to the department.

City Manager said that parents have thanked us for it.

City Manager explained the Maintenance section of the budget. He said there is the addition of another custodian and the fuel and lubricant costs are up. He said the BLM Trail Maintenance is at \$30,000 because there is still funding in the current budget that has not been used and it will be carried over from the money that was received.

Budget Committee Chair Roberts asked if that is the money that is used to help clean the trail.

City Manager replied yes.

Public Works and Development Director Faye Stewart clarified that the revenue is in the General Fund and the Expense is in the Maintenance Fund. He said the \$30,000 expense is a portion of the BLM grant and \$15,000 a year is paid to Kennedy Alternative School for the work they do on the trail. He added that we have resources to maintain the trail for the next three years.

Councilor Savage asked about the new line item for natural gas.

Public Works and Development Director said that in the past natural gas was being charged to the fuel and lubricants line. He said it has been separated out to help determine what the expense will be each year. He added that most of the natural gas expense is for the Armory.

Member Danny Solesbee said he noticed in several of the funds computer software expense and asked what it is for.

City Manager replied that the Cyber expense is being spread out to all departments so that it is not all in one place.

Public Works and Development Director added that the IWorks software program had been an expense in the Contractual Services line and it is now separated out to all departments that use it.

City Manager explained the Engineering budget. He said it has been difficult to hire Engineering Staff. He said the budget reflects that Contractual Services have increased and Personnel Services are decreased.

Public Works and Development Director confirmed that the City Engineer will potentially be finishing up projects in June or July and help to review the Master Plans as they become available.

City Manager added that there will be an Engineering Project Coordinator that will coordinate between Engineers and City Staff.

Budget Committee Chair Roberts asked if the company we hired is in this line item.

City Manager replied that they are in Contractual Services and will also be in the Utility and Street budget.

City Manager explained that the Broadband Services budget is where the expenses for operating the fiber network and the Contractual Services for the IT department.

Councilor Ervin asked if the new cyber security would be managed by the LCOG IT support.

City Manager replied yes, and by Contracting with LCOG we are able to use two staff members that come to the City regularly and the expertise from their network.

Councilor Ervin asked if the City connections are on the same network and if security measures take up bandwidth from people who are paying for WiFi.

City Manager said there are only a couple of people on City WiFi. He said Spectrum began leasing our fiber, once we had it installed, which opened up the market. He added that essentially all of the City cyber security is on our network side.

Councilor Ervin asked if there are plans to decommission the Wi-Fi that is up and where are the costs for running it now.

City Manager explained that the costs are mostly in the electricity costs as a fixed amount.

Councilor Ervin asked if the residential houses get an allocation of the expense.

City Manager replied no it is in the street lights. He said the Wi-Fi radios are plugged directly into the power source at the top of the light.

Councilor Ervin asked if that is the only expense Wi-Fi is associated with.

City Manager replied yes. He added that the Wi-Fi radios are beyond life and we are not looking at expanding or improving them. He said we would like to expand and improve the fiber system and network and there is \$200,000 from ARPA in the General Reserve Fund to do that. He said we are waiting to see the results of the EDA grant because there is a portion for Broadband in it and we could put them together if needed to expand the fiber.

Councilor Ervin asked if there would be a negative impact to shut the transmitters down.

City Manager said yes, because we are seeing use on them. He said they are not used a lot but they are used in the parks and with mobile devices.

City Manager explained the Development section of the budget. He said this is the area of the budget containing Planning, Zoning, Economic Development, the oversight of South Lane Wheels, RAIN Oregon and grant expenditures.

Budget Committee Chair Roberts asked if that is Downtown Cottage Grove.

City Manager replied yes.

Member Dana Merryday asked for an explanation regarding item 76159 Grant Expenses.

City Manager said that it is CARES money from the Federal Government to South Lane Wheels and it comes through the City.

Councilor Ervin asked if the CARES money is temporary.

City Manager said it is temporary but transportation continues to receive an additional amount.

Councilor Ervin said he does not understand.

City Manager said it will end eventually but it is continuing what they are getting and it is a pass through.

Councilor Ervin asked if there is an end to it.

Public Works and Development Director said he thinks that it will continue until it is depleted.

Member Danny Solesbee asked if the \$10,000 in the Main Street Facade line will carry over or go away and if no one applies and it is carried over, will it become \$20,000.

Public Works and Development Director said he believes there is an application that is being considered by the Historic Preservation Committee. He said what generally happens if it is not spent, it goes back into the General Fund and it is appropriated the next year.

Councilor Solesbee asked what the Special Projects Preservation line is.

Public Works and Development Director said in the past it was for the Landmarks Commission but they have changed their name to the Preservation Committee. He said it is the \$5,000 that is allocated for special projects.

Budget Committee Chair Roberts asked for an explanation of Nuisance Abatement.

City Manager replied that when the City has to take care of mowing grass and taking care of nuisances it is spent out of this fund and then a lien is put on the property to get it back.

City Manager explained the Library budget. He said the Library is back to full operation at 46 hours per week. He said there has been significant improvements to the building and encouraged the Committee to go take a look. He said there are two part-time Librarians, two full-time Librarians and a Head Librarian. He said in 2020, as a result of COVID, the Department Head position was eliminated and the Library is now a division of the City Manager's Department. He said the Computer Software and Supplies has increased and the Contractual Services is down as a result of the new Card Catalog Program and another program for the children's section of the Library.

Councilor Ervin asked what fund covers allowing people to check out tickets to the Raptor Center and the UO Natural History Museum. He said he would recommend that we increase those funds to be able to expand the number of experiences that our residents can take part in.

City Manager replied that some of those are donated or paid for by the Friends of the Library and residents do not have to pay for them. He said if the Library does purchase them it comes out of the Non Print Library expense.

Councilor Ervin said he would like to see an expansion on that program.

City Manager said they continue to look for more opportunities to make those available.

Member Danny Solesbee asked if the Grant expense is a match up to something coming in on the revenue side.

Finance Director replied yes.

City Manager said there is an annual State Library grant and other small grants that they apply for and they go into that line.

Budget Committee Chair asked if it is spent on books and stuff.

City Manager replied that the American Library Association grant is for cubicles and sound proofing to help minimize some of the acoustics.

Member Garza asked why there has not been any money budgeted for youth programs this year or last.

City Manager replied that some of it is because we contracted with SVA and that the Children's Library program does the in house Library activities.

Councilor Ervin asked where the revenue is listed.

City Manager said the revenue is in the General Fund on page 40 and he named off the line items.

City Manager explained the Internal Support Department budget. He said this department was titled Non Departmental Department it is now called Internal Support Department. He said this department is for the funds that across many departments in the General Fund. He said this is the part of the budget that has Insurance, Labor Negotiations and Contractual Services. He said the Transfers is where you will see the ARPA money going out. He said some of the Reserve lines may include ARPA money as well as General Fund money. He said in the funds where the money is received you will see that it is separated out.

Member Danny Solesbee asked what the large increase in the General Reserve is for.

City Manager replied that it is ARPA funds and if you go to the General Reserve Fund you will see how it is broken out.

Member Danny Solesbee asked if the Reserve Fund can be pulled out for other things.

City Manager replied that Reserve Funds can only be used for what they are defined to be used for and typically it is building and vehicle purchases. He said the only Reserve Fund that has operational costs is the Building Inspection Fund.

Member Danny Solesbee asked if the Contingency Fund could be used too.

City Manager replied that you could use the Contingency Fund and the General Fund but the only one that will allow you to use it for operations is the Building Inspection Fund. He said the others are for specific capital improvements or design and development. He added that Reserve Funds are reviewed every ten years and they will need to be reviewed in 2028. He said the resolution indicates what they can be used for.

Finance Director added that if the fund is not needed any longer, budget law indicates that it goes back to the General Fund unless it specifies something different when it was established.

Councilor Ervin asked why the marijuana tax decreased.

City Manager said the State share of the revenue dropped by 75% because of Ballot Measure 110. He said the State funded the rehabilitation program with the local share of marijuana tax that was collected. He added that there is a bill going back to the legislature to raise the tax from 3% to 10% to make up for the loss in revenue.

Councilor Ervin asked if we are budgeting for that.

City Manager replied that we are not budgeting for the new law and added that if it passes, it would not go into effect for this budget year.

Member Danny Solesbee asked about the Safety Appreciation Awards.

City Manager replied that in the past it was accounted for in the individual funds and now there is a line item for it. He said the Safety Award program has been revamped to tailor the awards to the risk that is associated with the different departments.

City Manager explained the Special Revenue Fund. He said in this department the revenues are specifically restricted under the State Constitution or other State and City Statutes. He said it is required under the State Constitution that all gas tax revenue and street fund revenue come into this fund and must be used for Street Fund. He added that Street funds must be used within two years and the Bicycle and Footpath Funds can accumulate for up to ten years. He said this is where the \$2.5 million dollars is being received for the EDA grant. He said the grant is a \$5 million dollar grant and will be received in two fiscal years. City Manager outlined the other revenues coming into the Special Revenue Fund.

City Manager highlighted the Departments in the Street Fund, starting with the Street Fund.

Councilor Ervin asked if the usage of the roads correlates to the funding.

City Manager said all revenue that is received in the Street SDC is based on the trip counts. He said under State law the funds can only be used for projects that are associated with the City's Master Plan or streets that increase capacity and cannot be used for general maintenance.

Councilor Ervin recalled that Starfire contributed to the street repair because of the damage done to the area and asked if there is potential for others to do the same.

Public Works and Development Director said Starfire made a contribution to pay for an additional section of road that was not programmed to be a part of the repaving project. He said when there are opportunities, we try to accommodate the businesses requests, provided that they pay for it.

Councilor Ervin asked how that money is received and where it goes.

City Manager replied that it comes into the street fund if it is a general paving project and meets the requirements for SDC's.

Councilor Ervin asked if there were some businesses or the School District that wanted to help improve the conditions of the roads if they would make a check to the Street Fund.

City Manager replied yes and he believes the School District contributed some of the improvement costs associated with 4th Street.

Public Works and Development Director said they did contribute a small amount and they were also able to pave the bus barn facility and benefitted from the pricing in our contract.

City Manager explained the Street Sweeping Department and indicated that 75% of the costs in this department are paid for out of the Storm Drainage Fund.

Member Gary Williams asked where the material from the street sweeping is being dumped.

City Manager explained that in the past the material was taken to the Landfill. He said the material was tested and we are now able to use it for bedding material for pipes and other projects around the City.

City Manager explained that the Street Capital Improvements department is where the road improvement projects are funded. He said the \$2.9 million in Building and Improvements is if the City receives the EDA Grant and it will be \$450,000 if we do not receive it.

City Manager explained the Street Internal Support Department is for the expenses that cross all of the departments including things such as advertising and audit expenses.

Finance Director said the Audit Expense uses a formula based on last year's expenditures.

City Manager said each year a percentage is transferred to the Bicycle and Footpath fund for sidewalk and bike path improvements.

City Manager directed attention to the map of current pavement conditions.

Councilor Ervin asked if the Bicycle and Footpath fund is specifically for sidewalks.

City Manager replied yes.

City Manager indicated that the Assessment Fund is in the budget in case there is a need to create a Special Assessment Project for a Local Improvement District (LID), if one is formed.

City Manager explained that the Police Communications Fund receives the revenue that is for the operation of 911 our Public Safety Answering Point as well as Dispatching.

City Manager explained that the Narcotics Forfeiture Fund is in the budget to account for funds received over a period of time and can only be used for specific purposes. He said not much is being received into this fund as a result of changes in State laws and it is primarily used for training.

A brief discussion was held regarding the impacts of Measure 110 and changes in the State Legislature that affected the Narcotic Forfeiture fund.

City Manager explained the Bicycle and Footpath Fund and said we are anticipating building more path with the acquisition of the property near Weyerhaeuser.

City Manager explained the Building Inspections Program. He said this is another Special Revenue Fund that is monitored and audited by the Department of Labor to make sure that it is used for its intended use. He added that the City of Cottage Grove's building inspection program also provides building inspections for Creswell, Coburg and Veneta and there are revenues coming in from those cities to help support the fund.

Public Works and Development Director Faye Stewart added that the increase in revenue is due to the success of the program.

City Manager added that the Collection Excise Tax is not City money, he said we collect it and the school districts in the State of Oregon have an opportunity to levy a Construction Excise Tax. He said it is similar to the Transient Room Tax, in that we have to budget what comes in and goes out and the City receives 4% for administration fees.

Councilor Ervin asked if there is a larger transfer to contingency.

Public Works and Development Director said the amount carried forward is larger this year than it was in the past, this allows for more revenue in the fund that is available for operations. He added that this year the transfer to the Reserve Fund was doubled.

Councilor Ervin asked what is the \$25.00 in Federal Grants.

Finance Director Robert Likens said that she cannot identify what that is, other than it might have been posted incorrectly. She said it was audited there and it cannot be moved.

City Manager said there is one remaining loan in the Housing Rehabilitation program that is still on the books. He said it is a great program for people who need to make improvements to their home.

City Manager Richard Meyers described the Enterprise Funds and said these Funds are operations which bring in revenue that pay for their operation and functions.

City Manager said in the Water Fund the carryover is down as additional expenses are occurring, it uses up some of those funds. He said the Water Distribution fund maintains the 49 miles of

pipes that carry water from the Water Treatment Plant.

Public Works and Development Director said this year we have started buying our chemicals in bulk and installing tanks to store them, which allows us to get better pricing.

Councilor Savage asked why Contractual Services decreased.

Public Works and Development Director said this line is for contracting with companies such as paving companies to repave sections of road where waterlines are replaced.

City Manager noted that Credit Card Processing Fees are up due to the increase of people using debit/credit cards.

Member Danny Solesbee asked if that could be passed on to the card user.

City Manager replied no.

Councilor Ervin said Lane County charges if you want to pay your property taxes with a card.

Councilor Ervin asked what the rate is.

Finance Director Roberta Likens said the rate varies based on the type of card that is used. She added that Springbrook Software also charges the City a fee as well as a transaction charges through the bank. She said the FCS Group factors the charges into the rates as one of the expenditures.

Councilor Solesbee said if we cannot pass on the charge can we charge less for paying cash.

Finance Director Robert Likens said we have thrown around the idea of offering a discount if you pay your bill on time. She said we would like to reduce the number of people that are getting their water shut off for nonpayment but the incentive would still have to be built into the rate.

Member Gary Williams asked if court fines are also paid with cards.

Finance Director replied yes, and we can charge a fee.

City Manager said the Water Production Department is for the operation of the Water Treatment Plant. He said the membrane system has been a huge improvement on water treatment and the quality of water that we have. He said we have purchased twenty new cartridges from the reserve fund and they are being used as needed. He added that the cartridges in place are staying clean, functioning well and are still in like-new condition.

Public Works and Development Director said we did have a problem with some of the membranes plugging and our operators believe it was due to the release of ash and byproducts

from forest fires. He said this is what encouraged us to have additional membranes to have on hand and we would like to start a process of replacement.

Councilor Ervin asked if they degrade in storage.

Public Works and Development Director said they will degrade if not stored properly. He said we will install the new ones and save any of the membranes that are in good shape to be used as a backup.

Chair Roberts asked if the plant tours will be resumed.

City Manager replied yes, we are hoping to get them started back up in July.

Member Gary Williams asked clarifying questions about the original build date of the Water Treatment Plant and if the filters that are being discussed are from the newest rebuild.

City Manager replied yes. He said we switched from the rapid sand filters to the membrane when that upgrade took place.

City Manager Richard Meyers mentioned that our insurance company is no longer providing Cyber Security Insurance. He said we are looking at taking out insurance that is not specific to cyber security and ransomware but would cover any other type of breaches that may occur with data and materials. He said it is not specifically related to the Water Fund but the City as a whole. He added that the City has an extensive system for maintaining the security of our system with a new server, backups and the cloud.

Councilor Ervin asked if our court records are at risk.

City Manager said if there is a breach of paper records the confidential pieces would include birthdates and driver's license information.

Councilor Ervin asked about digital records at risk.

City Manager said those are the things that we are protecting outside of having ransomware.

Councilor Ervin asked since the systems are separated are they all protected.

City Manager said yes, they are running through the same firewall and it is new.

City Manager asked if there were any questions regarding the Water Fund, Internal Support Department.

City Manager explained the Wastewater Fund, Wastewater Collection Department. He discussed the collection system and improvements made to manholes and storm drain inflow.

City Manager discussed the Wastewater Treatment Department. He explained purple pipe and the importance of not flushing any wipes down the toilet, even if they are labeled flushable.

Member Danny Solesbee asked why the fuel costs doubled in this department, which is more of an increase than the other departments.

Public Works and Development Director said in the past fuel costs were broken down as a percentage to different funds and now we are applying the actual true represented costs.

Councilor Ervin asked how the purchase of the biosolids dryer relate to the biosolids disposal costs.

Public Works and Development Director explained that biosolids disposal costs have increased 33 %. He said the hope is to install a biosolids dryer and dry them to a Class A level, which allows it to then be applied to lawns, plants and anywhere that people use fertilizer. He said this could eliminate a couple steps in the process, reduce energy consumption and hauling costs of the biosolid. He added that when the clarifier is done, he is hopeful that we could move forward with getting a dryer installed.

Councilor Ervin asked if the clarifier is being installed in August.

Public Works and Development Director said the clarifier should be completed and onsite by the end of December. He said we will not start rebuilding the concrete portion that the mechanism fits in until July 2023.

There was additional discussion about when the design would be complete and if there are any additional projects that may have potential cost savings.

Councilor Savage asked about the yearly changes in the expenditures for soil, sand and gravel.

Public Works and Development Director said that it varies depending upon projects. He added that one of the larger expenses in this fund will be putting the effluent pipe in the ground.

City Manager said that Middlefield Golf Course department is in the Wastewater Fund because they receive and use the effluent. He said golf play has increased due to the pandemic and is bringing in revenue.

City Manager said the Wastewater Fund, Internal Support Department is similar to the others, the transfer to the Wasterwater Reserve is \$100,000 and the Contingency is down to \$102,265.

City Manager discussed the Storm Drain Utility Fund that maintains the storm water system. He said the carryover was low and the fees are basically staying the same due to not having an increase in Storm Water fees for several years.

Member Dana Merryday asked what the plans are for increasing the reserve.

City Manager replied that the FCS Group will look at the rates and propose any needed adjustments to the rates.

City Manager discussed the Industrial Park Operation Fund. He said there are a number of properties that are on contract to possibly sell which will put the fund back in line.

Chair Roberts asked how many properties are left.

City Manager replied that there are four in the existing Industrial Park.

Councilor Ervin asked what the fund will look like if the properties sell.

City Manager said if all the properties sell we will still have some public lands in the Industrial Park that we have to take care of. He said we could either switch it into the General Fund or leave them there if there is revenue.

Finance Director said the sale of the properties will allow us to pay the debt that is in the future payments.

Councilor Ervin asked why you wouldn't pay it all off to cover the debt, if you sold the properties.

City Manager said that we may not be able to pay it off early.

Finance Director said that bond sales sometimes limit the amount that you can prepay.

Councilor Ervin asked if the sidewalks are under the care of the property owners.

City Manager said there are also public spaces in there.

Public Works and Development Director said a portion of it is a wetlands mitigation area and there are some maintenance obligations.

There was discussion held as to the location of the wetlands.

City Manager said the Capital Project Funds is where the SDC goes for Water, Wastewater, Storm, Street and Parks. He said if everything happens in the funds, the Capital Project Funds would zero out.

Public Works and Development Director provided a project example as to how the funds would be used.

Councilor Ervin asked if purple pipe would be included.

City Manager said that purple pipe is not included in the Capital Improvement Plan (CIP).

Public Works and Development Director said that it was not recognized as a project. He said when a new Capital Improvement Plan is created and adopted, it may include the purple pipe, and it could then be an expense. He added that it has to be recognized in the plan.

Councilor Ervin asked if the water going to the Middlefield fell under project cost.

City Manager replied yes, it did not use SDC funds.

Additional discussion held about effluent being used at Bohemia Park, Trail Head and in the future Kelly Field, Coiner Park, and potentially future properties.

Councilor Ervin asked if we have a system for people to buy bulk water.

Public Works and Development Director said that presently we sell bulk water, drinking water at the City Shop. He said the hope is that we can have a distribution point where people could hook up their own hose, provide payment and fill up their tank. He added that we would also like to be able to do that with the effluent.

Member Solesbee suggested dipping effluent as a last resort for fires, due to the membrane in the ponds.

Member Merryday asked what the process is for developing a master plan for water, wastewater and storm water.

City Manager replied that the City Engineer is in the process of developing the plan.

Member Merryday asked if there will be an opportunity for public input.

City Manager replied yes, there is a public process associated with the master plans as they come to Council.

Chair Roberts announced that it is almost 9:00 pm and asked if they would like to continue.

City Manager said that there are only the Reserve Funds and the Trust Funds left to discuss.

City Manager said in the Reserved Funds, the overviews provide a brief description of the resolution that establishes the funds and what they can be used for. He highlighted various expenditures in the Funds and noted if ARPA money is being used.

City Manager outlined the Debt Service Fund which he said shows all of our debt in one place rather than being hidden throughout the various departments in the Budget.

He said the Housing Cost Assistance Fund has reached its max and does not continue to be funded once it hits \$200,000. He said it is primarily the fund that helps provide assistance to nonprofits or governmental agencies that are building low income housing in the community.

He said the fund allows us to help with SDC and building permits.

Councilor Ervin asked if ARPA funds can be used to pay debt.

City Manager replied correct, ARPA funds cannot be used to pay any debt, pension liabilities or taxes. He added that the goal behind the ARPA funds was to get into new projects rather than paying for something that has already been built.

City Manager said the remaining section is Special Trusts which contains donations that we receive in trusts to go toward specific projects. He added that the Armory is separated out into an individual trust due to the size of some of the donations and grants.

Councilor Fleck asked if there is a resolution included to adopt the budget.

Finance Director said there is resolution available if the committee is interested.

Member Solesbee said he is in favor of accepting the Budget as presented with the exception of the \$100,000 for the clinic. He suggested that it be pulled out of the Budget and let Council decide if it should be in the budget.

City Manager said the money could be moved in the Contingency, the line item would be zero for now, and Council could move in back with adoption of the Budget if they choose.

Councilor Ervin asked if that would be put in the Contingency of the General Fund.

City Manager replied yes.

Councilor Ervin asked if that could be done for the Clinic and the shelter related items.

City Manager explained how the money could be moved in the budget and to which line items.

IT WAS MOVED BY COUNCILOR ERVIN AND SECONDED BY MEMBER SOLESBEE TO TRANSFER \$210,870 FROM STREET SDC, \$200,000 FROM COMMUNITY SERVICES SHELTER OPERATIONS AND \$100,000 FROM COMMUNITY PROMOTIONS TO THE GENERAL FUND CONTINGENCY.

Chair Roberts announced the motion with a second and called for further discussion. Seeing none he called the vote.

Mayor Gowing clarified that the item are not off the table they are just deferred for Council.

City Manager stated the lines items will now be zero and the Contingency will be increased by those amounts.

Chair Roberts clarified that the items will have to be voted on by Council to pull the money out of Contingency.

Chair Roberts called the vote.

Motion carried 13-0.

IT WAS MOVED BY COUNCILOR FLECK AND SECONDED BY COUNCILOR ERVIN TO ADOPT RESOLUTION NO. BC8, APPROVING THE BUDGET FOR FISCAL YEAR 22-23, AUTHORIZING THE CITY'S PERMANENT TAX RATE, AND RECOMMENDING ADOPTION TO THE CITY COUNCIL AS AMENDED.

Chair Roberts called for further discussion. Seeing none he called the vote.

Motion carried 13-0.

Chair Roberts adjourned the meeting at 9:14 pm

Chair

City Recorder