

**CITY OF COTTAGE GROVE**  
**2<sup>nd</sup> BUDGET COMMITTEE MEETING MINUTES**  
**May 18, 2023**

Chair Amanda Gilbert called the meeting to order at 6:00 pm in the Council Chambers at City Hall.

**ROLL CALL**

Council Present:	Mayor Candace Solesbee, City Councilors Alex Dreher, Greg Ervin, Mike Fleck, Dana Merryday, Chalice Savage and Jon Stinnett
Members Present:	Amanda Gilbert, Gary Manly, Charles McClean, Dennis Prociw, Charlene Sayles, Danny Solesbee and Linda Yellin
Council Absent:	None
Members Absent:	None
Staff Present:	City Manager Richard Meyers, Finance Director Roberta Likens, Public Works & Development Director Faye Stewart, and Police Chief Cory Chase
Media Present:	

**WORK SESSION**

**PROPOSED BUDGET DOCUMENT REVIEW AND DISCUSSION**

The Work Session resumed with a review of the proposed 2023-24 Annual Budget, starting with the Special Revenue Funds.

City Manager Richard Meyers highlighted the funds and departments that make up the Special Revenue Funds section of the budget. He shared that the revenues in these funds are specifically restricted under the State Constitution or other State and City Statutes.

He reviewed the Street Fund revenue and shared that under State Constitution all gas tax revenue and street fund revenue must be used towards the Street Fund. He added that there is an anticipated decrease in the local gas tax attributed to people traveling less and electric vehicles.

Discussion was held regarding registration fees and charging stations fees for electric vehicles.

City Manager shared that there is a registration fee and added that this will be a topic for the Ad-Hoc Street Improvement and Funding Committee to address.

Public Works and Development Director discussed the State Highway and Federal Aid revenue that will be received, what it can be used for and timelines for using it.

Public Works and Development Director responded to a question regarding a prospective grant for street improvements. He shared that the grant is specific to improving streets in known, high crash sites and the City does not have any streets that qualify.

City Manager briefly explained the functions and operations for the Street Maintenance and Street Sweeping departments, which both operate under the Street Fund. He added that costs have been reduced in the Street Sweeping department by reusing the collected tailings

Public Works and Development Director responded to questions regarding the street sweeping schedule and fuel costs.

City Manager explained that the Street Capital Improvements department is where the road improvement projects are funded. He said expenditures are at \$277,000 because the \$1.25 million match for the EDA grant has been transferred.

Public Works and Development Director explained some of the street improvement projects being considered.

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

City Manager explained 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 were to be formed.

City Manager explained that the Support Services department, 911 Services and Internal Support departments make up the Police Communication Fund which receives the revenue for the operation of 911 as well as dispatching.

Finance Director Roberta Likens responded to a question regarding the increase in Transfer from General Fund under the Police Communication Fund and explained that it was done in anticipation of contracting with South Lane Fire and Rescue, but it did not happen.

Danny Solesbee questioned the data not being available in the performance measurements.

City Manager responded that it was not available in the programs as anticipated and Chief is working on getting accurate data.

City Manager explained that the Narcotics Forfeiture Fund is to account for funds received and can only be used for specific purposes, such as overtime or purchasing items used in association with narcotics enforcement.

City Manager explained that the Bicycle and Footpath Fund receives funding from the State Highway Apportionment and said it can accumulate and must be spent within 10 years. He shared that the City has also applied for a Rural Resource Advisory Committee grant that would help fund maintenance of our paths and trails.

Public Works and Development Director shared information about three additional grants that have been submitted and highlighted the bicycle and footpath projects that would be funded.

City Manager explained the Building Inspections Program and added that the City of Cottage Grove's building inspection program also provides building inspections for Creswell, Coburg and Veneta. He said this is a Special Revenue Fund and the fees collected must be used for its intended use.

Public Works and Development Director responded to a question regarding the difference between building Inspection Fees and Building Inspection Fees – Other. He shared that it is done to distinguish between the City's fees and fees paid by our partner cities.

City Manager explained that the EDA Grant Fund was created to account for revenue and expenditures for the Main Street Revitalization Project and the Bohemia Park project.

Public Works and Development Director shared that this fund allows the City to have detailed and specific accounting for the grants.

City Manager shared that the Housing Rehabilitation Fund allows for the accounting of funds used for the home rehabilitation program administered by St. Vincent DePaul.

City Manager Richard Meyers described Enterprise Funds and said these funds operate like a business, bringing in revenue that pays for their operation and functions. He said the Water Fund, Wastewater fund, Storm Drain Utility Fund and Industrial Park Operations Fund all fall under the Enterprise Fund.

City Manager said the Water Fund revenue is based on a 6% increase as recommended by the FCS study group. He added that if the increase does not take place the City would be approximately \$170,000 in the hole.

City Manager responded to a question regarding the increase and replied there would be a 6% increase this budget year, 6% increase next budget year and no increase planned for the remaining third year of the five year plan.

City Manager recapped the scheduled increases for Wastewater and indicated that there will be no increase to Storm Drain.

Discussion was held regarding incremental increases, rising interest rates and the increasing costs on goods and services globally.

City Manager explained operations and services of the Water Distribution department, Water Production department, Internal Support department and the basic expenditures in each

department. He highlighted the increasing cost of treatment materials despite buying in bulk.

Public Works and Development Director responded to a question regarding completing the water rights and shared the remaining steps necessary to secure the rights. He said the City is not in any jeopardy of losing water rights and mentioned the head waters that are currently protected for future use. He added that the Forest Service still manages a special overlay giving added water protection for the water district and the City.

City Manager responded to a question regarding how much the average household can expect their water bill to increase. He said the increase is \$13.65 and that more detailed information can be found in the budget message. He added that the increase will affect the water base rate, water improvement fee and consumption rate.

City Manager explained the Wastewater Fund which supports the Wastewater Collection department, Wastewater Treatment Plant department, Middlefield Golf Course and Internal Support department. He shared the City's need to fill the Wastewater Treatment Plant operator position and highlighted that the operation of Middlefield Golf Course allows the City to irrigate with the effluent.

City Manager highlighted an increase in transportation costs for removing bio solids and shared that the City is looking into utilizing a bio solids drying system that would allow the City to dry the bio solids and make a product that can be used as a soil amendment.

Finance Director responded to a question regarding when the golf course will be paid off and she replied that it will be paid off in 2026.

City Manager shared that the Storm Drain Utility Fund maintains the catch basins and storm drain system. He noted that the cost of fuel and lubricants did not continue to increase at the anticipated rate so the expenditures were reduced.

City Manager said the Industrial Park Operations fund is to administer the sale and lease of properties and added that there are some contracts in the works to sell some of the properties.

Finance Director responded to a question regarding when the industrial park loans would be paid off. She said the debt was refinanced with the 2017 bond issue. She added that the dates were extended to 2033 and 2038, but it made the debts more manageable.

City Manager said the Capital Project Funds is where SDC fees goes for Water, Wastewater, Storm, Street and Parks. He said if all the projects happen the Capital Project Funds zero out and if not the money is carried over.

City Manager reviewed the Reserve Funds and shared that the funds are established by City Ordinance to accumulate funds for large projects, make major repairs, purchase equipment and make capital improvements. He highlighted the five funds in the Reserve Fund and indicated that each fund must be renewed every ten years.

City Manager and Public Works and Development Director shared some of the projects that have been completed and those that are still in progress.

City Manager explained that the Debt Service Fund shows all City debt in one place rather than being spread throughout the various departments in the Budget.

Finance Director Roberta Likens shared that the auditors do not like City debt being listed in one location because it requires them to breakdown the debt to the department it was attributed to. She added that she believes it is easier for her staff, the committee and community to see it all in one location.

Councilor Fleck shared that the downside is that the funds are being counted twice and it makes the City budget look bigger than it actually is.

City Manager confirmed that it is a redundant count and there are a number of those in the budget.

Finance Director was asked if this would need to be changed for the Single Audit and she said she does not believe so because the City does not have Federal loans.

City Manager said the Housing Development Cost Assistance program is fully funded and available to help with a projects.

City Manager reviewed Special Trusts which he said is made up of several accounts to account for donations received for specific purposes. He added that the Armory Trust is separated out individually to help keep track of large projects and money borrowed to fund some of the construction and remodeling.

**IT WAS MOVED BY COUNCILOR FLECK TO ADOPT RESOLUTION NO. BC9, APPROVING THE BUDGET FOR FISCAL YEAR 23-24, AUTHORIZING THE CITY'S PERMANENT TAX RATE, AND RECOMMENDING ADOPTION TO THE CITY COUNCIL.**

**The motion was properly seconded and passed 14-0.**

Chair Amanda Gilbert adjourned the meeting at 9:14 pm

---

Chair

---

City Recorder