



# City of Aumsville

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## **AUMSVILLE BUDGET COMMITTEE MEETING MINUTES MAY 3, 2016**

### CALL TO ORDER

Mayor White called the meeting to order at 7:01 PM. The Mayor thanked every citizen member of the committee for serving this year.

Budget Committee members present were Mayor Harold White, Councilors Robert Baugh Jr., Trina Lee and Della Seney as well as citizen members Laura Bridges, Dolly Bullington, Amy Evans, John J Hortsch, Ray Mandyck and Joel Mathias.

Budget Committee absent were Nico Casarez, Brian Czarnik, Lorie Walters and Andrew Derschon.

Staff present was City Administrator pro tem David Kinney, Chief of Police Rick Schmitz and Finance/Budget Office Joshua Hoyer.

Committee members and staff briefly introduced themselves.

### ELECTION OF BUDGET COMMITTEE CHAIR & VICE CHAIR

Mayor White opened the nominations for budget committee chair and Joel Mathias moved to nominate Robert Baugh as chair, seconded by John Horstch. With no other nominations, the nominations were closed. The motion passed unanimously (10:0) to elect Robert Baugh, Jr. as the Budget Committee Chair.

Mayor White called for nominations for Budget Committee Vice-Chair and Robert Baugh, Jr. nominated Amy Evans; seconded by Della Seney. With no other nominations, the nominations were closed. The motion passed unanimously (10:0) to elect Amy Evans as Vice-Chair.

Chairman Baugh encouraged the Budget Committee members to share their thoughts, ask questions and provided input during the budget review process. He stated the budget meetings will adjourn no later than 9:00 p.m.

## REVIEW OF May 12, 2015 MINUTES

The May 12, 2015 budget committee minutes will be reviewed and approved at the May 10, 2016 meeting since they were not distributed to the committee members prior to tonight's meeting.

## BUDGET MESSAGE

Budget Officer Joshua Hoyer delivered the 2016/2017 Aumsville Budget Message. The proposed budget of \$5,942,896 is a 5.2% increase over the \$5,645,631 for FY 2015-2016. Mr. Hoyer summarized highlights of the proposed budget and discussed key changes in each of the funds. .

Personnel cost increases in all funds take into consideration staff changes, salary scale adjustments for three positions and a 2% Cost-of-living-adjustment for all city employees as well as benefits cost adjustments. The budget includes funds for the salary of both the city administrator pro tem and a new city administrator, at Step 4 on the salary scale. A new city administrator is expected to be hired by Fall 2016. Police personnel services are significantly higher because of the addition of the 6<sup>th</sup> sworn police officer. The addition of this officer enables the police department to provide 24 hour law enforcement coverage for the City.

Benefits costs will continue to increase in 2016-2017. The City's health insurance programs offered through the City/County Insurance Services program will see health insurance premium cost increases for employees covered by Blue Cross/Regence (2.5% increase) and Kaiser Permanente (9.5% increase). The proposed budget includes a new PERS reserve in this year's budget to build up to the expected 6% PERS rate hike in 2017.

### General Fund:

The City's permanent property tax rate is \$3.6327 per \$1,000 valuation. The City estimates property tax revenues will increase 3% and generate \$660,628 in property tax revenues. These tax revenues fund the transfer to the Police Fund.

The budget anticipates small changes in state-shared revenues. Liquor tax receipts are expected to increase, while cigarette tax revenues will be down. The staff anticipates increased revenue from fees due to new development activities, but these positive revenue changes will be partially off-set by increased planning and building permit costs. The budget allocates all state revenue sharing funds to the Parks Fund to maintain the city's park facilities.

Materials and Services costs in the General Fund are expected to be similar to 2015-2016. General Liability insurance costs are expected to be 9% higher, but auto coverage is not expected to change.

Transfers into the General Fund include SDC reimbursements to cover administrative costs and the utility fund franchise payments from the Water & Sewer Funds into the General Fund.

The Capital Outlay section plans for two building improvement projects. First, the City anticipates a \$20,000 expense to repoint/seal the brick at the museum building and a \$6,500 expense to upgrade the HVAC system at the Community Center. The budget also includes the final loan payment for the City Hall/Police Department building. Once this debt is retired, the City will have up to \$84,000 for General Fund projects and expenses.

#### Police Fund:

Two new officers have been added to the police department budget. Mr. Hoyer explained the costs of ballistic vests are not capital expenses and have been moved to a material & services line item. Capital outlay expenses will include body cameras, tasers and ergonomic office furniture.

#### Water & Sewer Funds:

These two enterprise funds include annual rate increases: 4% water and 2% sewer. The rate increases are proposed to off-set the rising costs of personnel and materials & services, particularly in the Water Fund. The Water Fund includes funds to continue the city's water meter and hydrant replacement programs. The public works staff plans to replace 1 or 2 outdated hydrants per year. The Water Fund will have a 7% contingency.

#### Water & Sewer Improvement Funds:

The rehabilitation/seismic upgrade to the Tower Reservoir on 5<sup>th</sup> Street next to City Hall and redevelopment of the nearby well are large expenses in the Water Improvement Fund. When completed, the Water Improvement Fund will have only \$50,000 remaining for future projects. No source of funding has been identified for the next set of water system improvements.

The budget includes an annual transfer of \$20,000 from the Sewer Fund to the Sewer Improvement Fund. The Contingency line items include funds to carry over to the following budget year in order to support making the city's annual loan payment in December.

#### SDC Funds:

The Water, Sewer, Transportation and Parks SDC funds anticipate the City will issue 10 new single family home building permits plus collect SDC's for the construction of a new Dollar General retail store on Main Street. The SDC funds are reserved for future projects that are included in the City's master public facilities plans. SDC funds must be expended for improvement projects that oversize or expand the city's public facilities to serve new development/growth areas.

#### Street Fund:

The City completed the S. 5<sup>th</sup> St. project in FY 2015-2016 through a \$50,000 grant from ODOT's Special City Allotment grant program. The storm drainage project on N. 11<sup>th</sup> is almost finished and should be completed by the end of June. No major projects are planned for 2016-17.

## Maintenance Fund:

The City has been saving money to replace the City's vector truck (\$45,000) and street sweeper (\$20,000). Although some money has been saved, these amounts will not cover the replacement costs of these large pieces of equipment. Joel Mathias commented that the City has been setting aside money for several years. The City has included funds to install a new gate opener and a remodel of the Public Works shops.

## Park and Recreation Funds:

All of the State Revenue Sharing funds are allocated into the Park Fund to pay for parks maintenance and park activities. Mr. Hoyer explained the cost of wood chips keeps going up. Two truckloads are used in the parks each year @ \$3500 per truck load.

The proposed budget includes increased funding for recreation programs include the Easter Egg Hunt, Santa and the Corn Festival. \$11,000 is planned for construction of a bandstand in Porter-Boone Park. The City is acquiring a small parcel next to Highberger Park and the budget includes funds to pay for the construction of a sidewalk on Willamette St. Mr. Hoyer complimented Lora Hofmann for doing a good job obtaining grants so the City has a more expansive youth program.

## Reserve Funds and Contingencies:

The City has set aside some funds for emergency preparedness expenses. The Major Office Equipment Reserve Fund includes money to pay for software upgrades, including purchase of a municipal court module for the city's financial software system. Overall, 11% of budget is in contingencies and reserves.

Chairman Baugh thanked Mr. Hoyer for presenting the Budget Message.

**PUBLIC TESTIMONY TO HEAR PERSONS FOR OR AGAINST THE BUDGET:** Chairman Baugh noted there were no citizens in the audience and there was no testimony provided on the proposed budget.

**BUDGET COMMITTEE REVIEW OF THE PROPOSED 2016-2017 BUDGET:** Chairman Baugh indicated the committee would start the review of funds with the Police Fund and that the meeting would adjourn promptly at 9:00 p.m.

## Police Fund

Chief Schmitz presented the police fund budget. He discussed several grants being received by the Police Department including ODOT Traffic Grants, Pedestrian Enforcement Grant, DUII enforcement and the Three Flags seatbelt and distracted driving enforcement grant.

Personnel Services: Chief Schmitz noted that the staff costs increased \$66,728 over last year, due to the hiring of the sixth office, merit salary increases and the 2% COLA adjustment for all employees. The City has set aside money in a PERS reserve and a deferred benefit liability reserve to cover payout of vacation, comp time or other costs if an officer leaves the City.

Materials and Services: Chief Schmitz noted that the majority of the proposed materials and services costs are similar to FY 2015-2016. The Training and Travel line item will increase from \$5,000 to \$8,000. This includes additional management training for Sgt. Flowers to prepare him for succession into the chief's position when Chief Schmitz retires. Attendance at the leadership training sessions is a prerequisite for Sgt. Flowers to qualify for advanced training at the FBI Academy in Quantico, VA. Chief Schmitz talked about the importance of training for officers, such as cultural diversity training that all officers will be attending in the next month.

An IT service line item was added to the budget. He stated that the City's IT services have been inconsistent, both in service and billing. The biggest IT liability the City has is backup, reliability and security for the city's computer system; therefore, the proposed budget includes additional funds for increased IT services. The city staff is exploring vendors who can provide more reliable services to the City.

Ballistic vests have a 5-year life. The Department tries to replace 3-4 vests per year at \$900 per vest. The Department is soliciting grant funds to pay for 50% of the cost of replacing 3-4 vests. The Police Department furnishes handguns to its officers and all reserves. City has a regular inspection and replacement program for the city-owned handguns.

Vehicle replacement fund includes a transfer of \$5,000 to partially pay for a replacement vehicle. City wants to accumulate funds to replace the 2010 Dodge Charger, which is used as a backup vehicle.

Two new vehicles were acquired this year; these are leased from the State Motor Pool, but the city is responsible for the \$8,000 in equipment to furnish a road-ready police vehicle.

Major office equipment - \$2,547 will be transferred to this fund. The City has approximately \$10,000 in reserve; which may be used to replace the PD copier and computer hardware and operating system. City is in process of purchasing new chairs for the officers that are ergonomically correct.

Chief Schmitz responded to several questions from Committee members:

(1) Joel Mathias asked about the police cars. Chief Schmitz responded that the police department now leases vehicles from the State Motor Pool. The city leases Ford Interceptors as a replacement of the Chevrolet Caprice that is no longer available. The Police Department is happy with the new vehicles for several reasons; they are roomier and get better gas mileage.

(2) Joel Mathias asked what incentives are provided for reserve officers. Chief Schmitz explained each reserve officer is provided leather goods, uniforms, weapons and training. Reserves only have to buy their own handcuffs. When reserves attend the reserve academy, they must pay the \$400 registration fee, but can apply for reimbursement if they work as reserves in the Aumsville Police Department for a period of at least a year. Chief explained that several of the city's officers started out as reserves. The City provides opportunities for on-the-job training for reserves and does offer opportunities for fully qualified reserves to be paid when they fill in for officers, who may be on vacation. Of the 7 reserves, 4 are solo reserves. Mr. Mathias said that he supports the city providing training and incentives for reserves to

volunteer or work for the City.

(3) Trina Lee asked about the "dues and fees". Chief Schmitz explained the increase to enable Lexipol to update the police policies manual.

(4) Mayor White asked about the decreased fuel line item. Chief Schmitz explained the cost of fuel for the leased vehicles is included under the City's vehicle lease payments. The fuel line item only includes fuel for the City-owned Dodge Charger.

Chairman Baugh asked for any more comments. There were none. No changes were made to the Police Fund.

### **Bikeway/Pedestrian Fund**

The income for the Bikeway/Pedestrian fund comes from state highway taxes and has to be used for bikeway and pedestrian improvements. A question was asked about the increase in bikeway/pedestrian path maintenance. Mr. Hoyer explained the City did not spend money in FY 2015-2016 and the staff proposes to increase the amount to continue saving for future project costs. No changes were made.

### **Water SDC Fund and Sewer SDC Fund**

Mr. Hoyer reaffirmed the budget conservatively estimates the City will issue 10 new single-family residential building permits & collect SDC fees when the permits are issued. Mr. Mandycyk asked if the City is continuing to offer reduced SDC fees to encourage development. Mr. Baugh responded that the City has stopped offering reduced fees. The Committee briefly discussed new developments being proposed. No changes were made.

### **Transportation SDC Fund**

Mr. Hoyer noted that the Dollar General store on Main Street will generate a \$50,000 Transportation SDC fee. Chair Baugh explained that the Transportation SDC is new and the fees collected by the City will increase as new development occurs. The Committee briefly talked about the projects that may be funded by Transportation SDC fees. No changes were made.

### **Park SDC Fund**

The Parks SDC revenues also anticipate some new building, but the revenue amount is lower because the City may grant Park SDC credits for a developer donation of park land in the Flowers subdivision. Laura Bridges asked about the acquisition of the Aumsville Ponds as a future city park site and whether or not the park would be open to the public. The gates are currently closed. City councilors responded that the park is now operated by Marion County which limits access in the winter months.

Mr. Kinney spoke briefly about the acquisition of the park land next to Highberger Park. Surveying and appraisal of the land to be acquired could cost around \$7,000, but the city is looking for more bids before selecting the service providers.

No changes were made to the Park SDC Fund.

### **Major Office Equipment Fund**

This fund is used for replacement and upgrade of city office equipment, software and furnishings. No changes were made.

### **City Reserve Fund**

City Administrator pro tem Kinney noted that in his initial review of the budget he concluded the City should try to set aside monies for emergencies, major equipment acquisition and capital projects. Budget committee member Mathias and others noted the city has tried to set aside reserves as funds were available. In response to a question about the museum improvements, Mr. Hoyer and Kinney stated the City staff will look for grant opportunities to help fund repairs to the Museum. No changes were made to the City Reserve Fund.

### **Park Fund**

Mr. Hoyer explained the City has received a Project grant from Marion County to build a new bandstand at Porter-Boone Park. The grant called for work to be completed by the end of June. This deadline may not be reached; however an extension is available if needed, so project expenses and grant reimbursements are budgeted for FY 2016-2017. Mr. Kinney spoke briefly about the acquisition of the park land next to Highberger Park. Once acquired, the City would need to construct a sidewalk

### **Storm Drainage SDC Fund and OPRD Grant Fund**

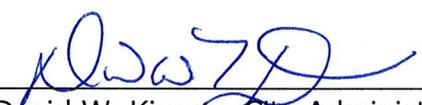
These two funds are inactive. They must be included in the budget for at least 3 years for historical purposes.

General comments: Councilor Seney commented that the property tax revenues in the General Fund do not include property value increases for the new apartment building which was added to the tax rolls. Mr. Kinney indicated the staff would review the property tax projection prior to the next budget committee meeting.

Committee members requested the Finance Officer provide a salary compilation summary at the next meeting.

ADJOURNMENT: Ray Mandyck moved, seconded by Della Seney, to adjourn the meeting. The motion carried unanimously (10:0). Chairman Baugh adjourned the meeting at 8:20 PM.

  
Robert Baugh, Chair

ATTEST:   
David W. Kinney, City Administrator pro tem