



## **Coburg Budget Committee Meeting**

May 24, 2022 at 6:00 P.M.

Coburg City Hall

91136 N Willamette Street

Hybrid Meeting in-person or via Zoom

**PRESENT:** John Fox (Chair) Linda Kroeger (Vice Chair), John Lehmann, Terry Dawson, Elise Landry, Jeffrey Milam, Todd Waters (via Zoom)

**ABSENT:** Markus Alexander, Patty McConnell, Nancy Bell, Kyle Blain, Paul Thompson

**STAFF PRESENT:** Ray Smith, Mayor; Anne Heath, City Administrator; Tim Gaines, Finance Director; Sammy Egbert, City Recorder; Brian Harmon, Public Works Director; Larry Larson, Chief of Police

**RECORDED BY:** Angela Kern, Lane Council of Governments (LCOG)

### **1. CALL TO ORDER**

Mayor Smith called the meeting to order at 6:03 pm.

The mayor reminded everyone to speak into their microphones for the benefit of those attending via Zoom. He proposed that Zoom attendees touch their ears if they were having trouble hearing. He then requested that Ms. Egbert call roll.

### **2. ROLL CALL**

Ms. Egbert called roll. A quorum was present.

### **3. MAYOR'S WELCOME**

Mayor Smith introduced and welcomed new committee member Elise Landry. He then briefly explained the process of setting goals to prioritize how the budget was spent. The mayor reminded the committee that he was not a member but could vote to break a tie. He then announced that the first order of business was to elect the Chair and Vice Chair.

### **4. ELECTION OF BUDGET CHAIR & VICE CHAIR**

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**MOTION:** Councilor Lehmann moved, Mr. Waters seconded to elect John Fox as Chair of the Budget Committee for the 2022 meetings; the motion passed unanimously, 7:0.

**MOTION:** Chair Fox moved, Mr. Dawson seconded to elect Linda Kroeger as Vice Chair of the Budget Committee for the 2022 meetings; the motion passed unanimously, 7:0.

#### **5. MINUTES REVIEW**

Vice Chair Kroeger suggested that on page three, paragraph six of the May 5th, 2021 minutes, a correction be made to amend 'pooled' to 'pulled'.

**MOTION:** Mr. Dawson moved, seconded by Ms. Kroeger, to approve the Committee meeting minutes as amended. The motion passed – 7:0.

#### **6. BUDGET BINDER MATERIAL REVIEW**

Mr. Gaines took the podium and explained that the handout delivered to the committee was a correction of what was in the binder, which had been rendered illegible by a printing error. He assured the committee that the information was all correct. Moving on, Mr. Gaines called for questions regarding the book itself.

Chair Fox commented that it was well put together.

Ms. Egbert suggested providing an overview for the new member.

Ms. Heath explained that they had been inspired by a design from a city which had won a budget award. Describing the book's contents, she told the committee that each department had a written message from its head. She pointed out extra documentation in the back of the book having to do with debt, pay scale, and allocations. Ms. Heath noted that the book did not contain the URA budget and indicated that the committee would receive it after the meeting.

Ms. Heath displayed the back of the book, explained that information about the committee and the calendar could be found there, and requested that everyone present confirm that their name and information was correct.

Chair Fox recognized Ms. Landry for a question. Ms. Landry noted that her name was not on the list on the back of the binder. Ms. Heath responded that the handout included a new version of the list (with Ms. Landry's name) as well as a printed copy of the upcoming PowerPoint presentation.

## 7. DEPARTMENT PRESENTATION & OVERVIEW

Chair Fox called for Ms. Heath to begin the presentation. Ms. Heath confirmed that Zoom attendees Mayor Smith and Mr. Waters could view the presentation.

Ms. Heath mentioned that it was the first meeting in the new suite, and that all future budget meetings would be offered both in-person and via Zoom, giving credit to Ms. Egbert for her hard work. She reminded the council to lean forward and speak into their microphones for the benefit of those attending digitally.

Ms. Heath explained that this year Finance Director Gaines would be presenting with her assistance. She reminded the committee that Mr. Gaines was new to the position of Budget Officer.

Ms. Heath shared the *Priority-Based Budgeting* slide, which illustrated the process of setting budget goals, and advised the Budget Committee of its role. She explained that as the budget meetings now included Zoom attendees, the information would be presented in the form of slides rather than staff presentations. She confirmed that department heads would be available to answer questions.

Ms. Heath opened with *Work Plan Achievements*, which included a completed salary analysis, upgrades to city hall, passing the transportation utility fee, implementing Main Streets, and implementing a franchise with Douglas Fast Net (DFN). She stated that DFN had chosen Coburg as a pilot program. Further, the annexation of 107 acres on light industrial zone was passed, and a 26-home subdivision was approved. The bike kiosk was completed, as well.

She continued, stating that the Public Works shop design was in process. Emergency training and drills continued. A land swap with Shepherd Investments was completed for land adjacent to Pavilion Park and a \$450,000 grant had been applied for to enhance a public plaza in that space.

The ad hoc committee had completed their work on the development code for the central business district and is in the process of making recommendations for changes, which would be presented to the planning commission at their next meeting.

Ms. Heath mentioned that there were upcoming Park | Tree Committee work parties.

Ms. Heath moved on to a slide titled *Challenges & Unknowns*. She praised the City for its resilience and tenacity throughout the pandemic, going on to state that the full economic and employment impacts were not yet known. She went down the list, elaborating on each challenge. Covid's long-term impact could hamper state-shared revenues, she said, and there were effects on franchise fees. She noted that the cost of goods had risen by 7 -22%. Ms. Heath

mentioned that roads were one of the biggest challenges and repair costs were unknown. Development of the 107-acre light industrial zone might be delayed.

Ms. Heath took questions. Mr. Lehmann asked how many bids were expected in regards to repairing the roads. Ms. Heath replied that while there were usually between three to seven, that number was currently unknown.

Moving on to the *Water Project* slide, Ms. Heath said a letter had been posted on Facebook to inform residents of the status of the water project and stated that the information would be included in utility billings and the newsletter, as well. She then detailed the status of the water reservoir project, noting that construction costs had risen by 6 - 28% and that the site presented challenges. Therefore, the council had approved a feasibility study to look at alternative sites, other options for the water tower, the health of the current reservoirs, and growth projections. Ms. Heath calculated that the project would require additional funding and could raise utility rates. She switched to the *Council Approved Timeline on Water Project and Utility Rate Discussion* slide and pointed out the fee scenario presentation scheduled for June or July and the feasibility study in September.

Ms. Heath then reported on a meeting with ODOT regarding funds to complete street projects. She had learned that the city would need to borrow less than expected. She asserted that, due to the possibility of grants and to the uncertainty of interest rates, staff would rework the Street Budget and present it the following week. She then turned the podium over to Mr. Gaines.

Mr. Gaines opened with the *Financial Condition from Audited Financial Statements* slide. He explained that the net position in the city was up by \$733,000, the general fund balance was down \$113,000, cash investments were up by \$136,000, assets were down (mainly due to depreciation), capital debts were down \$308,000, and county taxes were up by about \$50,000. Franchise fees were down \$23,000 between 2020 -2021, which was under investigation. Utilities were higher by \$115,000. Mr. Gaines called for questions.

Chair Fox asked if franchise fees had been up or down in 2019. Mr. Gaines replied that they had been up. Ms. Heath interjected that before 2020, they had been growing. Mr. Fox inquired if the deficit had been growing annually or if it had flatlined. Mr. Gaines responded that since the current fiscal year had not concluded, he could not report on that, but would as soon as he was able.

Mr. Lehmann asked why the Capital Assets had dropped from \$28 million to \$19 million. Ms. Heath remarked that she believed it had to do with depreciation and explained the formula.

Moving on to a slide titled *Budget Comparison -- Whole City*, Mr. Gaines said that it was a comparison of the 2012-22 budget versus the 2022-23 budget. He shared that the beginning fund balance was up by \$200,000, revenues were up \$1.57 million, expenses were up \$1.66 million, and personnel was up \$304,000. Contingency was down \$300,000, but the ending fund balance was up \$360,000 across all funds. Chair Fox wondered if the reduction in the contingency was due to Covid and unexpected expenses. Mr. Gaines responded that part of the loss was due to franchise fees being down.

Mr. Gaines called for questions. As there were none, he moved to the next slide, *Proposed Budget for Fiscal Year 2022-23* and said the city would be budgeting \$17,103,837 in appropriations, which compared to \$15,223,510 in 2021-22.

As there were no questions, Mr. Gaines moved to the *Large Increases in Budget Fiscal Year 2023* slide. After a brief overview, he called for questions.

Chair Fox inquired if the Roberts Road reconstruction anticipated the cost changes. Ms. Heath responded that there was a 30% contingency and that many of the engineering costs had been paid up front.

Mr. Gaines then moved on to the department slides, giving a brief description and calling for questions after each.

- Administration

Ms. Heath mentioned that although the city hall facade appeared in the priorities, it had been removed from the budget as it was not necessary for operations.

- City Recorder

- Utility Billing

- Emergency Management

Ms. Heath noted that Emergency Coordinator Jim Bell would be stepping down in June and that his duties would be absorbed by the Public Works department. Chair Fox inquired if there was a need for an outside coordinator. Ms. Heath asserted that the emergency responders were well trained and that Public Works Director Harmon would be able to appoint a staff member to handle the duties. Mayor Smith concurred and praised Mr. Bell for his work as coordinator.

- Office Administration

- Public Works:

- Park Department

- Street Department

Chair Fox wondered if any projects were being delayed due to the economic situation. Mr. Harmon replied not at this time. Mr. Fox asked for more information on the street sweeper schedule. Mr. Harmon took the podium and

returned to the previous question, stating that cost issues could cause delays but currently the projects were on schedule. He went on to detail that the street sweeping and crack sealing equipment were budgeted into the next fiscal year (2024) of the five-year plan.

Mr. Lehmann inquired if the Public Works department would still be doing crack sealing in the summer of 2022. Mr. Harmon replied in the affirmative. Ms. Heath informed the council that \$50,000 was budgeted annually for crack sealing and pavement preservation. Ms. Landry asked if the department had conducted a cost analysis regarding contracting versus owning the crack sealing machine. Mr. Harmon said they had not, and briefly detailed how the department made purchasing decisions.

- Water Department

- Sewer Department

Chair Fox asked for an overview of the progression the public works shops and what was expected over the next year. Mr. Harmon calculated that the project, still in the engineering and final design phase, was at about 60% and that construction was anticipated to begin in late spring of 2023. Mr. Lehmann inquired as to the square footage of the completed building. Mr. Harmon did not have those figures but put it at around 5,000, just under the threshold requiring a sprinkler system. Mr. Lehmann asked if that was large enough for growth. Mr. Harmon said yes.

Mr. Harmon then discussed the planned construction of a two-bay facility in conjunction with the fire department. Ms. Heath mentioned that the sewer department would own it, although the cost was spread over three departments. Mr. Harmon expressed the Public Works department's gratitude for the new space.

Chair Fox asked if the concept for the design was intentionally left under the square footage for the sprinkler requirement. Mr. Harmon explained that although the costs were a consideration, the plans had been based on a fire station in Eastern Oregon.

Mr. Fox followed up with a concern about the sewer depreciation. Ms. Heath briefly explained that depreciation was an accounting term and asserted that there was almost a million dollars set aside in System Development Charges (SDC) to enhance the plant. Mr. Harmon assured the council that Public Works did preventative maintenance to preserve equipment.

Mayor Smith asked about the status of the cartridge filter and whether the \$300,000 allocated to its replacement would still be sufficient. Mr. Harmon responded with a detailed description of the upcoming work planned for the membrane and assured the mayor that it was in good condition. He declined to speculate on the possible cost increase of a replacement.

- Municipal Court

- Finance

Mr. Lehmann asked for an update on the Finance department's request for new software. Mr. Gaines outlined the process of putting out a Request for Proposal (RFP) and selecting a vendor. He stated that vendors were booked 12 - 15 months out and estimated it would be another year before it went online. Mr. Lehmann wondered if it added more capacity or efficiency. Mr. Gaines confirmed that it was much more efficient. Mr. Lehmann inquired as to the cost. Mr. Gaines explained that although the figures were approximations from a year prior, the cost with the Cloud was about \$35,000 while the cost with servers was close to \$85,000.

- Planning

- Economic Development Main Street

- Police Department

Mr. Gaines pointed out the police department statistics slides and Ms. Heath noted that the figures had been requested by the previous year's budget committee.

Mr. Lehmann asked if the total number of reserve officers was down. Chief Larson responded that yes, a few had transferred to Oregon State Police (OSP). Mr. Lehmann wondered how the spots would be filled. Chief Larson explained that the department would advertise and hire some reserves.

Vice Chair Kroeger thanks Chief Larson for the statistics, remarking that it would enable the council to better support the police.

Chair Fox asked if the statistics covered Harrisburg. Chief Larson said yes. Mr. Fox wondered if the numbers included vehicle costs for Harrisburg. The chief confirmed that they did. Ms. Heath explained that the figures were arrived at by calculating all administrative costs and dividing those costs by the hours available to get the cost-per-hour to run the police department, with personnel cost calculated separately.

Ms. Heath expounded on the importance of the Officer Time Record statistics, pointing out that monitoring how police time was spent would reveal areas that needed attention. Mr. Lehmann suggested that future reports also show the distribution of total hours on the clock that officers and reserve officers were logging and how that changed over time.

## **8. PROPOSED FY 2022-23 BUDGET REVIEW**

Mr. Gaines called for questions. Mr. Lehmann asked if there was anything that concerned him, personally. Mr. Gaines responded that the cost of living was of concern, impacting every part of the budget. Mr. Lehmann inquired if the budget had the reserves to address cost-of-living impacts. Mr. Gaines replied that yes, the current fiscal year had sufficient reserves, and reminded the council that it was a five-year projection. Ms. Heath added that it was a conservative budget but that it predicted growth. She enumerated the possibilities for growth, stating that they were speculative, then explained that the projected decline in 2026 was the cost of personnel compounding. Ms. Heath expressed that the five-year budget gave the city plenty of time to assess future needs.

Chair Fox noted that delinquent taxes had risen. Ms. Heath explained that the number was a placeholder, as there was no way to calculate an exact figure.

Ms. Landry asked that a glossary of abbreviations for the revenue sources listed for each capital project be provided. Mr. Gaines said he would provide one.

Mr. Gaines gave the floor to Ms. Heath to discuss the Street Fund budget. She disclosed that after meeting with Oregon Transportation Infrastructure Bank (OTIB), the application for funds would be adjusted from \$2.5 million to \$999,500 to avoid a long wait and possible interest rate increases. She noted that the application could be amended in upcoming years to request more funds as needed. Meanwhile, grants and other funding would be pursued. She indicated that she would approach the council with the contract for \$999,500 to fund the Roberts Road and McKenzie Street projects. Chair Fox asked when the Oregon Department of Transportation (ODOT) would have the authority to approve \$5 million. Ms. Heath believed their policy change would take place in the summer of 2022.

Ms. Heath indicated that she would return to the council with a budget update the following week.

Mr. Milam wondered if the budget was tracking unemployment insurance. Ms. Heath replied that as a small city they might be exempt.

Mr. Gaines moved through the Water and Sewer Fund slides, then opened the floor to general questions.

## **9. QUESTIONS FROM BUDGET COMMITTEE**

Mr. Harmon took the podium and informed the council that bid opening for one of the first major water line replacement projects would take place Thursday, May 26th, at which time he could convey projected construction costs to the council.



Ms. Heath shared that because the reservoir project was delayed, there was a general question of whether the town had enough water. She reassured the council that with two existing wells and a third in development as a priority project, water shortages were not a current concern.

Mr. Lehmann asked for an update on Bigfoot and the 107-acre light industrial property, in regards to water consumption and income from franchise fees. Ms. Heath declined to speculate, stating that no applications had been received yet. Mr. Lehmann wondered when an application might be forthcoming. Ms. Heath said that Bigfoot had requested a different piece of property. She went on to say that there was no way to gauge what future usage might be.

Chair Fox called for final questions from the in-person and Zoom attendees.

**10. ADJOURNMENT**

Chair Fox adjourned the meeting at 6:37 p.m.

**APPROVED** by the City of Coburg Budget Committee on this 16th day of May, 2023.

  
Linda Kroeger, Budget Committee Chair

**ATTEST:**   
Sammy L. Egbert, City Recorder