



Harrisburg Redevelopment Agency and City of Harrisburg Budget Committee Minutes Monday, May 2nd, 2016

The Budget Committee for the Harrisburg Redevelopment Agency was called to order at 6:30PM at the Harrisburg Justice Center, located at 354 Smith St. Presiding to start was Mayor Robert Duncan. Also present were as follows:

- Kimberly Downey
- Mike Caughey
- Sarah Puls
- John Loshbaugh
- Connie Barnes
- James Kirk
- Kyle Greene
- Raande Loshbaugh

Absent were Councilors Adam Keaton and Robert Boese, as well as Budget Committee members Barbara Shipley, and Marilyn Pollard.

Staff Members present were as follows:

- Brian Latta, City Administrator
- Finance Officer Tim Gaines
- Michele Eldridge, City Recorder/ACA
- Chuck Scholz, Public Works Director
- H.A.R.T. Director Edie Moro

Harrisburg Redevelopment Agency Budget Committee Minutes May 2nd, 2016

Nominations and Election of the HRA Budget Committee Chairperson and Vice-Chair

- R. Loshbaugh **motioned to nominate Connie Barnes as Chairperson, and was seconded** by Downey. **The Budget Committee then voted unanimously (with the exception of Barnes) to approve the nominations of Connie Barnes as the Chairperson of the 2016 Budget Committee.**
- R. Loshbaugh then **motioned to nominate Downey as the Vice-Chair of the Budget Committee, and was seconded** by Mayor Duncan. **The Budget Committee then**

voted unanimously (with the exception of Downey) to approve the nomination of Kim Downey as the Vice-Chair of the Budget Committee for 2016.

- Latta presented the Budget Message for the HRA. For the HRA, there are not many changes, other than the extension of the HRA plan for another 22 years. We do have projects identified through Substantial Amendment No. 5 for the HRA. This year, we will be starting the improvements on Moore St. We also have a SCA grant that goes with that project.

A Public Hearing was opened at the hour of 6:44pm, in order to allow members of the public an opportunity to ask questions about and comment on the budget. There was no one present in the audience; therefore, the public hearing was closed at 6:44pm.

HRA Budget Discussion

- Latta briefly went over the revenues and expenditures for the HRA. He reminded the committee that even though we have property tax revenues, that we have to account for property owners that are making payments, or who are unable to pay their property taxes. Capital Outlay was increased by almost \$200,000, which is terrific, and the downtown rehabilitation line was also increased. Our consultant costs have also decreased, since we have no amendments that are pending in the HRA.
- Downey **motioned to recommend approval of the HRA budget as proposed, and to allow 100% division of taxes. She was seconded** by Mayor Duncan, and the **Budget Committee voted unanimously to recommend approval of the HRA Budget as presented.**

The HRA Budget Committee portion of the meeting adjourned at 6:46pm.

Harrisburg Budget Committee Minutes May 2, 2016

The Chairperson of the Budget Committee, Connie Barnes, opened the Harrisburg Budget Committee at the hour of 6:46pm. All Budget Committee members and City Staff present at the HRA Budget Committee meeting were still present at this meeting.

Nominations and Election of Budget Committee Chairperson and Vice-Chair

The committee decided informally that they would keep the same chairperson (Connie Barnes) and vice-chair (Kim Downey) for the regular Budget Committee.

Budget Message

- Latta went over the budget message again in relation to the general budget. We have some large grants that we've applied for, so if the grants do come in, we'll need to do a supplementary budget to accept them. There was a change to state law, so you'll see the yellow highlighted segments in each of the funds. That shows that it's an organizational unit or program. You'll also see the H.A.R.T. fund elimination. They are

becoming a non-profit association, which is great for them; they will become the H.A.R.T. Community Center. The City Council closed the H.A.R.T. fund as of July 1st, 2016. We will generate a special payment to them of up to \$65,000. That's probably higher than needed, but we wanted to make sure it was covered. Property values have increased, but construction is still slow. We have been able to transfer \$100,000 to the water reserve fund and \$150,000 to the sewer reserve fund, which is terrific.

A Public Hearing to provide members of the public an opportunity to ask questions about and comment on the budget was opened at 6:52pm. There were no members of the public present to have any comments; therefore, the public hearing was closed at the hour of 6:52pm.

General Fund Discussion:

- Latta said that in Revenues, you'll see changes in the building permits line to \$50,000. That's an average of what we've done in previous years. We felt that this would be closer to what we've actually done over the last several years in this account. License revenue has all been moved to the Community and Economic Development Fund (C&ED). We are in the process of restructuring our municipal court, so we've kept the same numbers as previous years, but it will be much smaller. Miscellaneous revenues have dropped down to \$33,700, mostly due to rent. Under expenditures, you'll see the Judge's salary; that should be much less than the \$15,300. By leaving it this amount, we are being conservative.
- Gaines had a question about that. He thought that we were hiring a contracted employee, and not an actual employee; is that correct?
- Latta told him that was correct. The budget for it is just represented here.
- Puls asked when the RFP would close for that.
- Latta told her May 16th. Personnel services are still roughly the same, and we have moved the engineering services mostly to the water and sewer fund, instead of leaving it in the general fund. Once again, for municipal court, we've kept the clerk at the same wage, even though it will be much less.
- R. Loshbaugh asked if that was a potential clerk, or an actual clerk.
- Latta told her it was a potential clerk. That's how much we would have spent this year if we had stayed with Judge Lemhouse. Insurance is roughly the same. Last year, we moved vehicles out of the general fund. Land use fees are again, an average of what we've actually take in. Tourism promotion revenue had decreased a little, but it is beginning to increase again. We've consolidating the museum operating agreement into the tourism promotion line. The Harvest Festival is elsewhere. \$3,500 is the amount for the 4th of July. In the capital outlay section, we've put them all together because it gives us more flexibility rather than staying broken out.
- Downey asked what the capital outlay is for.
- Latta said that's for what we have now (the City hall building), and for maintenance on the Cedar Square building.
- R. Loshbaugh said that in the prior years, both of those lines were zero, and now, adding those two lines and last year's construction projects, it's gone up by \$4,000.
- Latta told her that some of these lines went to the C&ED fund.

- Barnes asked about the increase that she saw on page 8, where it has a line that says bank/state pool service charge. How come that has gone up so much?
- Gaines said that it used to be that interest income was earned on any amount we deposited into KeyBank. There have been changes to the laws on the amount of balance that will earn interest. Anything over \$250,000 is not earning interest anymore. We have moved most of our usable cash to the state investment pool so that we can receive earned interest on a majority of our money. We've placed the bank service fees expenditure line in the general fund, water fund and sewer fund.
- Downey said that we haven't talked about that before.
- Gaines said that we'll see how it goes. Hopefully, we'll have a better idea on how the new system works.
- Downey asked if it's guaranteed interest earning?
- Gaines told her yes.
- Latta said that yes, we have interest that can be reinvested, but we are also charged a lot of fees.
- Gaines then talked about the yellow line that they can see on the expenditures page. When the classification lines belong to the total organization/program requirements, then when you are doing appropriations, you don't have to worry about the classification. They can all be pooled together. As long as we don't spend over that total between the three different classifications, then we are ok. It will give us some advantages.
- R. Loshbaugh asked if that was due to the change in state law this year.
- Gaines said that was correct. They have training on it only once a year. The auditors' didn't catch it either. There is a disconnect between the state of Oregon and the auditors.

Street Fund Discussion:

- Latta noted that on the revenues, it mostly comes from gas tax. We also get funds from intergovernmental agreements, such as bridge sweeping, and from grants like the SCA Grant. We'd like to use that on the 4th street project, where we can also use funds from the HRA. We have increased our transfers from other funds, because we'd like to get to the point where we can do some projects. We are doing projects as we can. In expenditures, we do have some minimal personnel services in this fund. We have percentages that are charged from PW employees that we break out between funds. In materials and services, you'll see that we increased the engineering quite a bit, from \$5,000 to \$20,000. That's specifically for the 9th St. project, which will allow us to extend S. 9th St. from Max Hammer Subdivision to Sommerville Loop. We are also needing engineering for the Burton St. project. There is also the Moore St, and 4th St. projects. Grass cutting needed to be increased a lot. Capital outlay was another classification that really got to see an increase, and that is again, because of street projects.
- R. Loshbaugh asked if that was like a reserve fund.
- Latta told her yes. We put it here until we can construct a project. We were also able to transfer some money out to the equipment fund, which allows us to purchase large equipment, such as backhoes, pickups, etc.

- Gaines added that street costs are usually substantial, and we want to speed that up if we can.
- Latta said that the gas tax will likely be less viable in the future.

HART Fund Discussion:

- Latta said that Director Edie Moro was here. You'll see that this fund is closing now, because everything is zero.
- Moro said that they felt that they would be a much more responsive organization by making this change. One other thing that this allows them to do, is to give classes, and parenting classes, to everyone, not just low income families. She looks forward to having more volunteers, and being able to be open more hours. They'll still have their programs for low income people, for the parenting co-op preschool, and can provide things like utility vouchers. She felt that with the grants they'll have more access to, that they'll be fairly successful.
- Downey asked if they had a friends group of any sort.
- Moro said that it something that they need to work on; and on a Foundation. The Ford Family Grants have some money available like that. They will collaborate with other pre-schools in town, and volunteers will do a ton for them. The \$65,000 will go a long way for them.
- Latta said that one last thing; they have a grant that will be ending, so we'll have to transfer that. They are not losing anything by leaving the city.

At the hour of 7:30, the Budget Committee recessed for a period of 8 minutes, returning to regular session at 7:38pm.

Bike Path Reserve Fund Discussion:

- Latta said that again, the revenues for this fund come from the gas tax where Oregon law requires you to set aside 1% of the funds for either bike or pedestrian facilities. They have a capital outlay line, but have no projects planned. They do maintenance as well. They are in a holding mode for this fund, until they can grow the fund some more.

Community & Economic Development Fund Discussion:

- Latta said that we really restructured this fund. We took out personnel services, and created a more sustainable revenue source by putting all license revenue into this fund. The fundraising for the movies and concerts also goes in here. He added that there is \$400,187 in the building and property reserve fund that is dedicated to the Library but it can go to other property improvements. He noted the groups that we give money to every year are the Chamber of Commerce, and the Youth Sports Programs. We also have \$5,000 in here for our summer programs, for bands and movies.
- R. Loshbaugh asked if the Harvest Festival wasn't getting any more funds from us.
- Latta told her that was a good question. In this case, it moved from a city event, to a non-profit organization instead. The association still puts on the event, and staff donates time and labor to help. The festival is still on city property.
- R. Loshbaugh the asked if the HART Center doesn't get any donations beyond time from employees and the property that they will get to use?

- Latta told her that was correct. They can come to the City Council and ask for funds; we do give money to other groups.

Library Fund Discussion:

- Latta noted that the revenues and expenditures are really about the same each year. There are more transfer funds going into this fund, but that's because of the Personnel costs that go up each year. He added that the library does have a library assistant line; that mainly goes to the Saturday shift, and if the Librarian is on vacation, or has sick time, then she has on-call staff that cover her. She does go to the Oregon Library Association conference every year. Under materials and services, the Library book fund is the same, but he should note that we approved a Library IGA with the Linn Library Consortium. That's a resource sharing system in which you can order in books from other libraries.
- Eldridge added that our Integrated Library Software, or ILS, has finally kicked back in at \$1,000 a year, which we pay out of our book expense line. However, the new courier system, will cost approximately \$1,000 a year in addition to that. They are working on reducing that cost. We are still covered by the grant for those costs in this next fiscal year.

Storm Drain Reserve Fund Discussion:

- Latta said that this fund is at roughly the same amount as last year for revenues.
- Scholz said that the budget is fairly small for this fund, but we grow it at a small amount each year.
- Latta said that whenever we have enough funds, then we can roll out a project.
- Mayor Duncan said that with the storm drain fund that it has already helped out so much. We have several projects that we wouldn't have been able to fund without this reserve account.

Debt Services Fund Discussion:

- Latta said that essentially, this fund exists for when we have bonds. This is where the revenue goes to pay for the bond, and where the funds are paid out of.
- Gaines said that we currently have a 40-year bond in this fund.
- Latta added that we have a minimum amount that we must pay out each year in this fund.
- Greene asked if the city wasn't looking at some bonds right now.
- Latta told him that yes we are looking at a potential water bond. We are looking at the possibilities of adding a filtration system.
- Puls asked what the 1998 bond was for.
- Latta told her that was for the half-million gallon tank.
- Scholz said that was correct.

Office Equipment Fund Discussion:

- Latta said that we've increased the transfers into this fund to give us more money for equipment. We do need to purchase chairs for the office, but otherwise, the numbers are relatively the same. We have increased the money we have set aside for general

software, because of technology changes. We do have money that goes into the software system for the city; that increases every year.

- Gaines agreed, and said that the support from Caselle is great. We pay a fee every year. They are a great company, and they keep getting bigger.
- Latta added that a lot of other cities are looking at changing software providers. They would all love to get Caselle, but the initiation fee has increased over the years. It's around \$60,000 right now.
- Gaines said that it depends on what you are purchasing too. We had a lot of programs that we purchased from them, so our 'initiation' fee was a lot less to pay out.

Equipment Fund Discussion:

- Latta said that this fund pays for large and expensive equipment, like backhoes, dump trucks, and vehicles. We transfer funds from the other accounts in order to provide revenue for it. Chuck will be looking at a future street sweeper, and we just finished purchasing a new vehicle.
- Scholz agreed, and said we just purchased a vehicle. Next, we need to purchase an industrial lawn mower for the parks. Ours has a lot of hours on it, and needs to be upgraded. We need to replace the tractor too, and we'd like a multi-use vehicle, like a gator, instead of a golf cart. The tractor comes with attachments that we need.
- Mayor Duncan said that he knew when we purchased the sweeper, that it had a suction unit on it, and that we also had a roter unit. Does the city still use that?
- Scholz told him that's the jet rodder. We do still use it when we need it. It's a little outdated now, and requires a trailer specialized for that unit. We will probably need to switch that out in other ten years or so.

Water Fund Discussion:

- Latta said that there are some little increases in this fund, but the way we changed our billing structures is bringing in around \$25,000 extra a year. Water tag fee's increased too.
- R. Loshbaugh asked why under miscellaneous revenue, the city had \$16,532 for the previous year? Was that a typographical error?
- Gaines said that he thought it was something we sold as surplus, if he remembers correctly.
- Scholz told her that we scrapped a lot of metal that year. We also sold some surplus equipment.
- Latta said that on the expenditure side, there is a slight increase in personnel services. We also increased our legal expenses. Some of that is for contracted services, such as legal expenses.
- Downey asked if we were increasing rates this year.
- Latta told her no....we base our fees and rates off of the Portland CPI-W scale. This year, the increase was less than half a percent, so rather than making a rate change, we decided to leave it the same this year.
- Barnes agreed with that statement about the CPI, and said that they (at the school), didn't have virtually any increases this year.
- Latta said that it was very small this year, which was a little unusual.

- Downey thought that maybe there wasn't anything at all.
- Gaines said that on contracted services too, it helps to control costs, because we don't have to pay benefits or PERS. You'll see a \$5,000 amount in the water and sewer funds, and a \$10,000 amount in the general fund.
- Latta said that building and grounds went up slightly. There is an increase under chemicals, testing, maintenance and repairs, and backflow testing. Engineering also increased. We are bumping up our training funds a little more, to provide more training for our staff. We also have set aside \$25,000 for construction projects.
- Scholz said that we haven't earmarked that money for a specific project yet, but we will do that soon.
- Latta said that also, in the transfers, we've increased the water reserve fund by \$50,000 this year to a full \$100,000. That still allows us to have a healthy contingency of \$175,273.
- Downey was interested in Gaines opinion about the water fund.
- Gaines said that you can see the beginning fund balance is in a better place right now. What you see in this fund is based on how we changed the billing to make more sense; he explained how that billing works now. We were probably underfunding for a while.
- Downey thought it was nice that she hadn't had anyone complaining to her for a while.
- Gaines thought that people understood the rate system better now, because the rates are closer to the time that the averages are generating. (Rather than billing in July for a winter average.)
- Latta added that it's more universal for rate structure, and how we bill. We are working on a revision to the water and sewer ordinances too, and that will be coming to Council soon.

Sewer Fund Discussion:

- Latta said that for the revenues in the sewer fund, we have a beginning fund balance for \$461,000, and the sewer use charges will be \$725,000.
- Scholz said that miscellaneous revenue is small as well, but there is an increase in our farmers lease.
- Latta said that the sewer fund personnel services is very similar to the water fund. Virtually all the different categories, from materials and services, buildings and grounds, are all roughly similar. There is a maintenance increase for standby generator maintenance and there is also an increase in miscellaneous projects that you can see. He noticed that the lift station reserve line was \$20,000, and asked Tim if it was supposed to be that, or if it was supposed to be \$30,000? He didn't think we had spent anything in the last year out of here.
- Gaines agreed, and didn't think so.
- Latta thought it should probably be \$30,000.
- R. Loshbaugh restated then if the capital outlay was supposed to be \$30,000 in the lift station reserve line, since it was \$20,000, and it was supposed to increase by \$10,000.
- Latta said that was probably an error on their part. It should be \$30,000.
- R. Loshbaugh **made a motion to change the capital outlay lift station reserve line to \$30,000. She was seconded by Mayor Duncan, and the Budget Committee voted unanimously to change the capital outlay lift station reserve line to \$30,000.**

- Latta said that when we take that to Council, we'll verify that we didn't have anything that might have affected that during planning.
- R. Loshbaugh **then motioned to amend that previous motion, to be contingent on finding out why it wasn't changed to \$30,000 to start with.** Mayor Duncan **seconded her motion, and the Budget Committee voted unanimously to approve the amended motion to change the capital outlay lift station reserve line to \$30,000, contingent upon finding out why it wasn't \$30,000 during the planning.**
- Latta said that Gaines can fix that.
- Gaines said that one thing he wanted to point out, was that there is one customer who is really carrying a lot of the weight for this fund. That happened to us with Monaco when they closed. That's money we really shouldn't count on, because the business can go away. That's why we had only the little bump up in revenues, so we should be ok.
- Latta said that once again, in transfers out, we are moving more money to reserve funds in this fund as well.
- Scholz said that it will help to fix the problem.

Water Reserve Fund Discussion:

- Latta said that we have a transfer of \$100,000 from the water fund this year. Capital Outlay is where you see an increase. The smaller amount is for the wells and pumps reserves. The main increase is in the water reserve capital projects.

Sewer Reserve Fund Discussion:

- Latta said that again, there is an increase in the transfer in line, which is for the construction reserve line in capital outlay again. There is a reserve in the USDA bond waste water reserve, which we are required to cover in here.
- Scholz said that if we had more detail, you would have seen a lift station here. Somewhere near the tracks on LaSalle St., we need to have a lift station put in, that moves the sludge under the tracks and over to 2nd Street, where it can flow to the main pump station. Right now, it all travels down past Territorial, where it turns and runs west to the pump station. We can either upsize that line, or put in a pump station, which will break down the flow to half and half, instead of flowing everything in one direction.

SDC Fund Discussion:

- Latta reminded everyone that instead of one SDC fund, that we were required to break everything down into five different SDC funds for each type of SDC. Money can only be spent on new projects, and not for maintenance, such as resurfacing a street, or repairing a park. It can only be used for new construction. You'll see that the sewer SDC fund is less than it was last year. That's because of the Dollar General not having gone through yet. You see in the transportation fund that we are at almost \$600,000; that's why we can do Burton St., and the 9th St. project in the next year. We can use SDC funds for both of those projects. The Parks SDC's have \$52,000 for the final payment for the park, and capital improvement increased to \$42,134. That can be used for new parks projects. He added that in storm, we spent a lot on the last project.
- Loshbaugh asked if we can use these funds for replacement items.

- Latta told him no, we can't replace things. If we needed new streets, or upsizing of lines, then yes, we can use it. He then added that in the water system, we can use the funds here for an extension of water pipes, or for a filtration system. The sewer fund is also very well situated. A lot of that is from the Peoria Rd Improvement Project.

Budget Adoption:

- Mayor Duncan then **motioned to accept state revenue sharing money, the budget as amended, and to set the property tax rate as \$3.1875 per thousand** He was **seconded** by Caughey, and the **Budget Committee voted unanimously to approve all three motions, and thereby recommending adoption of the Budget as amended by the Budget Committee, to the Harrisburg City Council.**

With no further business to discuss, the Budget Committee adjourned at the hour of 8:41pm.

Mayor

City Recorder