



City of Harrisburg Budget Committee Minutes of June 3, 2019

The Harrisburg Budget Committee was called to order at 6:33 pm, at the Harrisburg High School Library located at 400 S. 9th St. Presiding was Chairperson Barb Shipley. Also present were as follows:

- Robert Duncan
- Mike Caughey
- Kim Downey
- Marilyn Pollard
- Connie Barnes
- Raande Loshbaugh
- Amanda Greene
- City Administrator Brian Latta
- City Recorder/Asst. City Administrator Michele Eldridge
- Public Works Director Chuck Scholz
- Finance Officer Tim Gaines

Absent were Councilors Randy Klemm, Charlotte Thomas, Adam Keaton and Robert Boese.

Concerned Citizens in the Audience: H.A.R.T. Community Resource Director Maggie Cooley asked about the information on page 6 of the minutes, where it talks about PERS and Librarian Cheryl Spangler. She wanted to know why Cheryl wasn't going to be paid her PERS benefits, while the City was planning on paying the other librarian's PERS benefits.

- Latta explained that the budget is funded to pay the PERS benefits for both Librarians. Cheryl is considering retirement in the PERS system, which would trigger her PERS benefits to be paid to her. The savings we have in the Library fund are generated due to the loss of benefits other than PERS.
- Downey added that whether or not Cheryl retires in the PERS system, is totally up to her.

Approving the Minutes of May 20, 2019: Caughey motioned to approve the minutes, and was seconded by Loshbaugh. The Budget Committee then voted unanimously to approve the minutes of May 20, 2019.

(Old Business) General Fund Discussion: Latta directed the Budget Committee to page 10, and pointed out where our finance officer had made the changes to the document giving the historical data that they had requested. The actual amounts listed represent the current payments for the City up to the date that this document was produced. He provided two choices to the Budget Committee for funding the additional \$7,500 that they had voted to give to the H.A.R.T. Center at the last meeting. The City had budgeted \$20,000 for the IGA for additional traffic enforcement coverage, but the highest bid that had been returned was \$10,000. That is one location from which the Budget Committee could choose to reduce the expenses to pay for the increase for H.A.R.T. The other suggestion is to reduce contingency by \$7,500. Some of the Budget Committee members had asked for the H.A.R.T. Community Center Budget figures, and he handed out the budget that the City had been provided with. (Please see Addendum No.1).

- Loshbaugh motioned to take the proposed \$7,500 needed for the H.A.R.T. Community Center from contracted services for budget year 2019-2020. She was seconded by Downey.

Mayor Duncan hoped that perhaps the City would be able to make up the additional funds that they needed. Latta told him that he would see what we can do. Shipley asked how they planned on making up the shortage they now have, since the City is not able to approve their request for \$20,000. Frances Smith, H.A.R.T. Resource Center treasurer, said that they have some leftover funds from this year that will be applied to that. Pollard commented that she would have liked to have seen their current year budget, in addition to the proposed year. Smith told her that it's very similar to the proposed budget. Downey asked if next year, the H.A.R.T. Center could provide them with this information. (Current year budget and proposed budget for the next fiscal year.) Smith told her that they would.

- The Budget Committee then voted unanimously to approve the additional \$7,500 for the H.A.R.T. Community Center, and to obtain the funds from contracted services in the general fund.

Water Fund Discussion: Gaines briefly summarized the information in relation to the water fund, noting that we expect to issue the bonds in August of this year. Scholz noted that we will have contracted money being paid out now for various projects, such as the justice center remodel and the water master plan. We are close to completing the water master plan. We will look at a new CIP (Capital Improvement Plan) for the water fund, and will also address water SDC's. Latta asked if he expected the SDC's to go up or down. Scholz said that the last calculations were slightly down. We didn't expect the difference between what we were charging previously to be much. Latta said that after doing a CIP, that it's typical to have SDC's going up fairly quickly, but they will be fairly consistent, which is a good thing. Scholz agreed, and noted the state not liking inconsistency either. We've already passed the water bond, and SDC's should stay relatively static. That shows that we've been charging the right fee all along.

Latta asked Gaines about water rates going up? Gaines said that the water rates would only be increasing by 2%. One of the changes we have in the water fund is how we calculate where PW puts their hours worked. We don't have specific personnel who work in the water department, and sewer department. Therefore, we break out the public works hours into specific departments. We had been charging the street fund 9%, but after watching the actual work being done this last year, we've adjusted that to 5% instead, and the water and sewer funds will pick up the difference. Caughey asked about the payments on the government obligation bond; aren't we making those payments this next year? Gaines said yes, we do, and because it's a bond, he will find that information in the debt services fund. Caughey then asked about the clothing allowance fees; have we ever adjusted that. He was interested in that fund reflecting the real costs of the crew having to replace their clothing, etc. Scholz said that he can look into that again this next year. Loshbaugh asked how that works, and was told that PW gets reimbursed for \$75 every 3 months. Downey noted that we analyze that every few years. Gaines said that he was a little bit worried about gas prices right now too, but overall, the increase of 2% will cover our expenses in the water fund.

Sewer Fund Discussion: Gaines noted that the fund is going in a direction he is not comfortable with. We had a business that was really supporting this fund, which is no longer doing so. Scholz agreed, and said that his predecessor had done some work in relation to Forest River, on the outskirts of town. He showed them what they were being charged, and made suggestions for changes they could make, that would save them money. They finally made those changes just this last year. Latta added that they had a letter from their corporate offices, and they had asked if they could be adjusted for the last five years. Latta told them no, because we had provided them with the solution on the issue, and they chose to ignore it.

Gaines was proposing a 4% increase in order to compensate for that revenue loss. What he doesn't want to do is to have a large increase in our enterprise funds. He reminded the Budget Committee that years ago, we had a 16% increase in this fund. He doesn't like increasing rates to 4%, but this will help us to get stabilized in this fund. Greene asked if it was a common practice to increase rates every year. Gaines told her it depends on the economy. It's better to make a series of small increases, rather than one large amount. Scholz told her that it's a recommended practice by the Public Utility Commission, and the American Wastewater Association. Downey added that we've had a small increase every year, after that one large increase.

Caughey asked about the actual budget this year on page 51, where we had only spent \$19,652 in chemicals, but were budgeted for \$65,000. Were we making more purchases this year? Scholz told him yes, that he had just purchased another \$24,000 in chemicals. Last year, the weather was such that we didn't need to use as many chemicals. That saved us money. Unfortunately, we can't forecast the weather that far ahead. Caughey asked him if with that purchase, we'd still be under budget. Scholz told him yes. We buy what we need, and don't need to do the typical government style of spending, where we use up all the funds in an expense line. He'd rather have the funds saved, which can cover emergencies. Gaines added that we have some large projects being funded this year. Scholz said yes, we were fixing some fundamental flaws in the sewer infrastructure. We will be adding another sewer line under the

railroad tracks, plus another lift station. That project will eat up a lot of the reserves. He's very thankful we have the funds there and have the capabilities to get that fixed.

Water Reserve Fund Discussion: Scholz said that he wasn't planning many projects to use what's saved in here. We are replacing substantial amounts of water lines for the water bond project, and he'd like to save the reserves to cover whatever they needed to have done. He is realistic about the costs increasing as we proceed with the water bond projects, so this will be one way to ensure that everything is covered.

Sewer Reserve Fund Discussion: Caughey asked if we had a location for the proposed new pump station, and the line. Scholz told him yes, we have the rights. There is an unimproved right-of-way that has room for it; the surveyors are looking at that. Latta said that we also have a ¼ acre parcel, at the UPRR on the east side of the tracks. Scholz said that the costs might be less if we move to Kesling and 5th St. He doesn't have the calculations yet for how far down on LaSalle St. we have to place the line. That is what the survey work will be answering.

Scholz then noted that the other design flaw in the sewer infrastructure is that the current sewer line on the north end of town will need to be repaired. We have to have the secondary line and pump station installed and working, before we can take care of that. Also, we have the sewer line at the main lift station that keeps breaking apart, which needs to be fixed. We have plenty of big sewer projects to work on. Gaines said that if you look at the beginning fund balance, that it's down because of the loan to the water fund for engineering. Mayor Duncan asked if there was a maximum amount of what you can borrow between funds. Gaines told him he would need to look up the answer to that. You do need to have a defined plan on how the loan would be repaid. Loshbaugh saw that line that talks about the loan to the water fund. Staff briefly spoke about the reasons behind the loan, based upon the need to pay for engineering and surveying work that would be needed prior to the bonds being sold. Latta noted that we will be selling bonds at the end of the summer. Gaines said that we are lucky right now, as bond rates are down compared to a year and a half ago. Latta said that the estimate is close to half a million dollars saved.

Street Fund Discussion: Latta noted that this is a fund which will have a lot of action. This fund is where Council had directed staff through the strategic plan, to bring street maintenance funds to a level of \$250,000 a year. We can't quite do that this year, but we are adding an additional \$75,000. Next year, we feel the additional \$75,000 we need will come from gas taxes from the State of Oregon. We are expecting gas tax revenues to increase over the next year. He did want to note that he has decided to not apply for the TGM (Transportation Growth Management) grant this year. So we will be removing \$125,000 from both the intergovernmental revenue, misc. street grants line, and the capital outlay, grant related projects line. The state is re-evaluating how we manage the TGM. Loshbaugh asked about the amount we had last year, in relation to grass cutting, and why we weren't budgeting for that this year? Scholz told her we were doing that slightly differently from what we've done in the past. We contracted out for that work, and the one home came to \$5,000 last year. This is part of the code enforcement program. Latta added that we pay the contractor, and then a lien is placed on the property. We get our money back when the home is sold. He then returned to the

increase in the crack sealing and overlay expense lines, as well as the street maintenance line. Those expense lines are where you are seeing the additional revenues from other departments going to.

Bike Fund Discussion: Latta noted this was one of his favorite funds. We are required to place 1% of our gas receipts into this fund. The funding is slow to build, and the projects are generally fairly substantial in cost. One project is the possibility of placing a bike path from S. 6th St. to the 100-acre park area. Greene thought we weren't saving very much from projects for this. Latta told her that we have the ability to transfer in funds from other lines if we have a project in mind. Mayor Duncan asked when the 100-acre park would belong to the City of Harrisburg, and Latta told him that would be in October of this upcoming fiscal year.

Community and Economic Development Fund Discussion: Latta said that the only revenue we receive in this fund is from interest and the revenues from business licenses, and summer events donations. We fund various different groups as well, such as the youth sports programs. We have decided to enter into an IGA (Intergovernmental Agreement) with Oregon RAIN (Rural Accelerator and Innovation Network) and 7 other cities, to cover entrepreneurial mentoring and resources. That's a two year program; it's around \$5,000 or so. In addition, the building and property reserve account is in this fund, and we are spending some of this on the Justice Center remodel project.

Library Fund Discussion: Latta told the Budget Committee that in this fund, we've reduced the transfer from the general fund, so that \$15,000 can be transferred to the street fund. We've discussed this briefly at the last meeting, but with the Library restructuring, we will be increasing the books fund, as well as the program funding. In addition, we are taking one almost full time person, and instead, will have two 18 hours a week employees. The library fund wages includes a little bit of a cushion for the on call employees to work when needed. Most of the restructuring here was possible because Spangler's hours were reduced from 33 to 18 a week, and thereby eliminating her benefits. That came to roughly \$29,000 saved. (PERS will still be paid for both employees). The Library is going through an extensive remodel, and therefore we've reduced the equipment and construction lines to zero this year. The library computers are really healthy, due to a program called Deep Freeze. That protects the computers. Greene asked about the money for a genealogy website; do people actually use that. Latta told her yes, in fact, there are a number of people who use library services because of that.

Storm Drain Reserve Fund Discussion: Latta said that in this fund, we are not proposing any kind of rates increases, in part, because of the additional rates needed in the sewer fund. This is another fund that serves as a reserve. When we get enough funds, we can schedule a project. In addition, this fund is smaller than the water and sewer funds, and doesn't have any personnel services paid from it. We do anticipate returning to a small rate increase in next year's budget. The amount saved for potential projects thus far is \$290,600.

Debt Service Fund Discussion: Latta explained the payments and revenues coming from taxes, and from the water bond. Loshbaugh asked for the time frame on the bonds, and Gaines thought it was a 40-year bond.

Office Equipment Reserve Fund Discussion: Latta noted that this fund pays for the City software, computers, and copiers, other than the ones used by the Library. We've moved the website, and codification services to the general fund. We are purchasing new software that is for agenda management this year. Mayor Duncan asked for the name of that again? Latta told him it was Municode. Our entire financial system is on the Caselle software. We really got an excellent price when we purchased our system. It costs incredible amounts now. Downey noted that she approved that budget, and that purchase. Mayor Duncan was a little skeptical on it, and remembered that he thought it was \$36,000 or \$38,000 back then. Gaines said that our original utility software program, Springbrook, was recently acquired by Tyler, he thinks. They have bounced through some acquisitions, and aren't working as well now. He's glad that we have Caselle.

Equipment Reserve Fund Discussion: Latta commented that the other funds finance this one. This fund is needed because equipment such as sweepers, backhoes, and dump trucks, are incredibly expensive. We put aside funds on an annual basis to save for this equipment. We didn't put the full \$8,000 into the dump truck line, because we have two, and they are in relatively good shape right now. We also didn't buy a back hoe, but instead, got another piece of equipment. Scholz said we got a compact loader, which can get into smaller areas the backhoe can't get in. We also got an amazing deal on the lawn mower, which is a zero turn model. We also got great deals on the attachments for the compact loader.

System Development Charges (SDC) Fund Discussions: Staff spoke briefly about each of these funds, which are Transportation SDC's, Parks System SDC's, Storm SDC's, Water SDC's, and Sewer SDC's. These are all reserve funds, which can all be extremely large amounts. Latta noted that transportation and storm reserve funds are both really healthy, due to the industrial and commercial construction that has been occurring. He reminded the Budget Committee that we can't use any of these funds for maintenance. Instead, they can only be used for new projects that support growth. For instance, if a street is falling apart, and has sidewalks to match, we can't use SDC's to pay for the sidewalk to be replaced. But if a street doesn't have a sidewalk at all, we can use SDC's to help fund that; or if we have a new road to build, it can use SDC's funds. Scholz told the Budget Committee that next summer, we will have 3 different engineering firms working on all of our projects. The line item in Parks, for capital improvements, is where we've placed the funds for the 100-acre park. We will be finished purchasing that in September of this year. Both the water and sewer system SDC's can be used for new projects. We can't replace or repair an old water line, but we can upsize a line, or add new ones. In the sewer fund, we can't pay for replacing the old sewer line in the north section of town, but we can pay for the new line, and lift station we spoke about earlier.

Final Discussion: Latta told the Budget Committee that we've made a few amendments, so if anyone wants to review those, they can. That means for the motions that are in the agenda, that you would be approving the amended budget.

- Caughey **motioned to accept state revenue sharing money, approve the budget as amended, to set the property tax rate at \$3.1875 per thousand, to increase all classifications of water rates by 2.0%, and to increase all classifications of sewer**

rates by 4%. He was seconded by Downey, and the Budget Committee voted unanimously to approve all motions. The amended budget will be adjusted as follows:

- **General Fund (Requirements) Materials & Services, Contract Services, will be reduced by \$7,500 to \$12,500.**
- **General Fund (Requirements) Special Payments, H.A.R.T. Donation, will be increased by \$7,500 for a total donation of \$15,000 to the H.A.R.T. Community Resource Center in 2019-2020.**
- **Street Fund (Resources) Intergovernmental Revenue, Miscellaneous Street Grants will be reduced by \$125,000 to \$0.**
- **Street Fund, (Requirements) Capital Outlay, Grant Related Projects, will be reduced by \$125,000, to \$100,000.**

Mayor Duncan thanked the Budget Committee for their participation; he knows that math is not fun, but their work is appreciated. That was echoed by Latta, who also thanked his staff for doing a great job, and making this process easy. Shipley agreed, and added that she appreciates staff for providing what they need to make good decisions.

The meeting was adjourned at the hour of 8:05pm.

Budget Chairperson

City Recorder/ACA

HART CENTER PROPOSED BUDGET 2019-2020

REVENUE		EXPENSES	
	AMOUNT		AMOUNT
CITY OF HARRISBURG	\$20,000.00	PAYROLL AND TAXES	\$30,000.00
PRESCHOOL FEES	\$4,400.00	LIABILITY INSURANCE	\$4,200.00
ROOM RENTALS, OTHER FEES	\$575.00	WORKERS COMP INSURANCE	\$370.00
		BACKGROUP CHECKS/BUSINESS FEES/ FILINGS	\$300.00
		OFFICE SUPPLIES/CLEANING SUPPLIES/TONER ECT	\$500.00
GENERAL DONATIONS PUBLIC	\$5,000.00	SUPPLIES FOR PRESCHOOL	\$2,500.00
EL HUB-	\$3,500.00		
SUMMER CAMPS	\$600.00	SUPPLIES FOR CAMP OTHER FUNDRAISERS	\$300.00
MISC FUNDRAISERS/BINGO	\$3,500.00	BINGO OTHER FUNDRAISER SUPPLIES	\$1,000.00
TOTAL FUNDS:	\$37,575.00	TOTAL EXPENSES	\$39,170.00