



Budget Committee Minutes

April 29th, 2021

Members of the Budget Committee met this day via teleconference for a regular session at 7:00 p.m.

Present: Mayor Don Ware, Councilor Tricia Thompson, Councilor Adam Craven, Councilor Mike Neddeau, Councilor Dave Hansen, Rick Dominguez, Don Andrews, Kaye Fox, Dayna Hansen, Wendy Toshitsune, Lynda Chambers, Administrative Assistant Tammi Morrow, and Budget Officer S. Scott McDowell.

Absent: Councilor Carla Gerber, Councilor Michael Humphreys, and Cookie Wells.

Public: Allen Buzzard.

Presiding: Don Ware & Don Andrews.

The meeting was called to order at 7:03 p.m. by Mayor Ware. Mike Neddeau nominated appointing Mr. Don Andrews as Chair. Mr. Andrews has served in that capacity for the last few years. Ware asked if there were any objections. Andrews was appointed Chair by consensus. Mayor Ware recognized Mr. Andrews as Budget Committee Chair. Mr. Andrews ran the meeting from that point on.

Chair Andrews asked Mr. McDowell to recognize Budget Committee Membership. McDowell explained that the seven (7) members of Council are required to count toward attendance/quorum regardless if they are present or not according to State law. If a municipality is incapable of filling the same number, seven (7), of public participants, the Committee membership is based on that total number of members. This year the City recognizes a fourteen (14) member Committee. Quorum will be seven (7) members for business to be conducted.

Chair Andrews then turned the meeting over to McDowell for the delivery of the Budget Message. McDowell thanked all the members of the Committee for their time and effort in helping with this important annual task. Wendy Toshitsune and Dayna Hansen were recognized as new members to the Committee. Mrs. Hansen was new last year, but the teleconference did not allow for a live introduction.

McDowell and Administrative Assistant Tammi Morrow began the visual budget presentation. McDowell indicated that all documents are available for the public in two places, in a binder downstairs and on the City website. McDowell shared the City website where many documents are stored for ease of access and further research as desired by each individual member or the general public. McDowell indicated that if any of the members wish to review any additional reports that were mentioned in the Budget Message, they are welcome to review those reports or any other documents upon request.



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Highlights from the presentation included a discussion about tax rates and the Linn County SAL report. Morrow reviewed all State law requirements of the City and Committee. McDowell explained how general obligation bonds were not counted toward the permanent tax rate. Voter approved general obligation debt is counted separately or cities would have no way of affording major capital improvements such as water and sewer treatment plants and the like. McDowell explained several other State requirements for taxation including the uncollectable tax percentage and shared the Linn County breakdown showing where tax dollars flow. Morrow reminded everyone that the budget includes estimates of revenues and expenditures. She highlighted the fact that the budget is built after 75% of the current fiscal year is completed.

McDowell discussed the refinancing of the water and sewer debt. The City recently received an upgraded, AA - rating from Standard & Poor's in August 2019. McDowell said that there is a "froth" amount in taxes collected from year to year because more revenue is received on certain things like the sewer debt fee. McDowell reviewed uncollectable taxes. McDowell shared that the tax rate will fluctuate year to year depending on these factors. McDowell also said that Brownsville has "high taxes" because of the bonded debt.

McDowell shared a slide showing tax statements and pointed out that the entire tax bill does not go to the City. There are many taxing districts who receive revenue from taxes. McDowell explained that many folks have been upset because they believe the entire amount is coming to the City. McDowell explained the permanent rate with the bond rate and total tax calculation.

McDowell showed a slide that compared utility rates with other communities in the mid-valley showing Brownsville was the second lowest. Other communities have had to complete major utility capital improvements projects that have led to the higher rates.

General obligation bonds are not counted toward the full permanent rate of \$6.9597 because general obligations bonds are voter approved and, thereby, exempt by State law. Council successfully refinanced all general obligation bonds in September 2016. Council also refinanced the OECDD loan through Government Capital that saved the taxpayers over \$20,000 over the remaining life of that instrument this past February. The City received an A- rating from Standard & Poor's which made this refinancing possible. This year the City's rating was improved from A+ to AA- in August 2019. The City's status is slated for review in 2022.

Significant changes were made in calculating the bonded debt four years ago due to the refinancing. The bonded debt was combined. I used a factor to determine which portion of the debt should be paid from water and which portion should be paid from sewer. The ratio is 0.1419305 for water and 0.8580695 for sewer. These figures were based on the previous percentages and calculations used by the City.

McDowell discussed the adjustments used in developing this year's budget. He said that he used a zero-based budgeting approach and based many calculations on line item performance from previous years. Insurance costs, utility costs, service costs all continue to rise disproportionately to the amount of money collected by the City.



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McDowell reviewed the City's capital assets, current goals, and reviewed future needs. The City has about \$17,000,000 in deferred maintenance on capital assets with a total amount of assets over \$46,000,000. The City has been self-funding improvements, but the costs are so high it is impossible for the City to keep pace without raising rates to an unaffordable level for tax payers and rate payers. Council and the Committee have agreed that certain items such as the new water reservoir will have to wait until a bond comes around. McDowell explained some legacy decisions that have made financing infrastructure even more difficult.

Mr. McDowell indicated that the following projects are included:

GENERAL FUND

✓ Park Rock p. 4	\$ 5,000
✓ Future Playground p. 4	\$ 180,000
✓ Remington Park p. 4	\$ 60,000
✓ Pioneer Park & Rec Center Facilities Reserve p. 4	\$ 1,000,000
✓ Library Improvements Schedule p. 6	\$ 24,000
✓ Backup Generator City Hall p. 8	\$ 20,000
✓ Land Use Inventory p. 8	\$ 30,000
✓ Seismic Study p. 8	\$ 12,000
✓ Copy Machine (Split) p. 8	\$ 15,000

WATER FUND

✓ GR 12 Engineering p. 11	\$ 65,000
✓ GR 12 Waterline Construction p. 11	\$ 125,000
▶ SDC p. 26 Stay in Place	\$ 25,000
▶ WSR p. 24 Stay in Place	\$ 50,000
▶ B & E p. 23 Transfer	\$ 40,000
✓ Water Management & Conservation Plan p. 12	\$ 20,000

SEWER FUND

✓ Downtown Sewers p. 16	\$ 525,000
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SEWER SDC FUND

✓ Reserved Sewer p. 27	\$ 200,000
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STREET FUND

✓ Street Improvements p. 19	\$ 50,000
✓ Street Sweeping Contract p. 19	\$ 8,600
✓ Street Signs p. 19	\$ 3,500
✓ Sidewalks p. 19	\$ 10,000

BUILDINGS & EQUIPMENT FUND

✓ Grader & Vector p. 23	\$ 125,000
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COMMUNITY PROJECTS



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- ✓ City Hall Improvements | *p. 35* \$ 40,000
 - ▶ Window Rehabilitation | *p. 35*
 - ▶ Community Room Carpet | *p. 35*
 - ▶ Security | *p. 35*
- ✓ Beautification [Code Enforcement] | *p. 35* \$ 20,000

McDowell shared that Council is actively working on all the capital assets in Pioneer Park and the Central Linn Recreation Center. Unfortunately, the City has been derailed to continue planning for these improvements due to the pandemic. McDowell said Council will make a decision later this year about whether or not to proceed with these projects.

Mr. Andrews asked McDowell to proceed to the Budget pages. Members went through the entire budget page by page.

McDowell reviewed each page pointing out changes and asking for questions, comments and input. Below are highlights from the applicable pages:

Page 1 | Tax Calculation

- ★ McDowell showed the totals for each fund and explained the permanent tax levy and how bonds were calculated.

Page 2 | General Fund Resources

- ★ McDowell explained budget practices for estimating revenue.

Page 4 | Park & Cemetery

- ★ Line 20 shows the \$1,000,000 reserved for the Rec Center and the Pavilion. Also includes \$60,000 for improvements at Remington Park that are underway, and money to be saved for a new playground in Pioneer Park for \$180,000.

Page 6 | Library

- ★ Money is being saved toward future capital expenses.

Page 7 | Law

- ★ Police line item is a placeholder that will reflect that actual increase experienced by the LCSO. McDowell explained the difference between charges for attorneys over two different General Fund pages thanks to Wendy Toshitsune's question.

Page 8 | Operations

- ★ Includes a backup generator.



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Page 12 & 13 | Water Administration & Operations

- ★ McDowell explained the need for the GR 12 Waterline along with the brief history of the project including the State's curtailment of water rights. McDowell explained the monies that will be used from other accounts such as Water SDC and Water System Reserve toward paying for waterline. McDowell talked about regular water system repairs. Repairs fluctuate depending on the weather and other conditions. Several years ago the City experienced over forty waterline breaks due to freezing weather.

Page 15 & 16 | Sewer Administration & Operations

- ★ McDowell explained the challenges with the Downtown Sewer project challenges. The City will go out to bid in June for the construction of this project. McDowell talked about regular sewer repairs.

Page 18 | Streets & Drainage

- ★ Due to the Coronavirus, the State may not give cities the annual State Highway allocation. If this happens, it could dramatically impact the Street Fund. McDowell explained that the City relies on this money to pave streets. Mr Allen Buzzard asked about the City starting a chip sealing program. McDowell said that Staff does not see a benefit for that kind of program due to the overall condition of the City's streets.

Page 21 | Water Bond

- ★ McDowell explained the refinancing process which led to the City not expending the money this fiscal year. McDowell shared that the City will not have to levy a bond amount for this portion this year, and maybe next year. The City saved over \$20,000 for the next ten years by refinancing. In 2016, the major refinancing led to a \$2,200,000 savings our tax and rate payers over the life of those obligations.

Page 22 | Sewer Bond

- ★ McDowell explained why the amount requested this year increased.

Page 23 | Buildings & Equipment

- ★ McDowell talked about monies reserved for a used grader and vector. Public Works Superintendent Karl Frink is shopping for those two pieces of equipment. McDowell also showed the \$40,000 that will be transferred back into water to help pay for the GR 12 Waterline.

Page 24 | Water System Reserve

- ★ \$50,000 appropriated for the GR 12 Waterline.



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Page 26 | Water SDC

- ★ \$25,000 appropriated for the GR 12 Waterline. McDowell asked Mr. Buzzard to explain System Development Charges. McDowell explained why the calculations for SDC's were held low even in light of the new subdivision construction.

Page 27 | Sewer SDC

- ★ Money has been appropriated for new sewer construction.

Page 31 | Cemetery Trust

- ★ Reflects the shift in funding as requested by the City Auditor. Mr. Andrews asked for clarification. McDowell said that the Auditor ruled that the monies collected by the City should have always went to the General Fund. The City was required to transfer \$155,550 to the General Fund at the end of last fiscal year. The City cares for the cemetery out of the General Fund.

Page 32 | Transient Room Tax

- ★ McDowell shared the impact on these monies due to the lockdown. Mr. Buzzard answered a question of Mrs. Dayna Hansen about Transient Room Tax. The tax is collected from a person who pays for overnight accommodations in Brownsville. The rate is 6%. The Council has historically paid this money to the Brownsville Chamber of Commerce who spends it on advertising for events to drive community events. Tricia Thompson shared a different perspective on the tax than the one shared by Mr. Buzzard.

Page 35 | Community Projects

- ★ McDowell reviewed the nuisances, junk and weeds program, the Tree City program, and the Meals on Wheels example to explain the types of expenditures that are made from this Fund. Money was transferred into this Fund from General Fund in years past.

Mr. Andrews opened the floor for public comment and for the purpose of taking any comment on the State Revenue Sharing monies. No one was present to speak. No one had any other questions on the materials as presented.

Chair Andrews tabled the meeting at 9:00 p.m. The meeting will reconvene on Thursday, May 6th at 7:00 p.m. via teleconference.

Attest:

S. Scott McDowell
Budget Officer

Don Andrews
Budget Committee Chair