

# HERMISTON CITY COUNCIL

Budget Committee Meeting

May 5, 2022

Mayor Drotzmann opened the meeting of the Budget Committee to consider the proposed budget for the 2022-2023 fiscal year at 5:30pm. Present were Budget Committee members: Anton Wanous, Rod Hardin, Brian Misner, Jackie Myers, Jason McAndrew, Maria Duron, Joshua Roberts, Roy Barron, Larry Lankford, Phillip Spicerkuhn, David Hanson, Paul Magaña, Nancy Peterson, and Lori Davis. Doug Primmer was absent.

City Staff present included: City Manager Byron Smith, Assistant City Manager Mark Morgan, Chief Edmiston, Finance Director Mark Krawczyk, Parks and Recreation Director Brandon Artz, Planning Director Clint Spencer, Hermiston Energy Services General Manager Nate Rivera, City Attorney Richard Tovey, Street Superintendent Ron Sivey, Court Manager Jillian Viles, Library Director Mark Rose, Senior Financial Analyst Tasha Harrell, and Deputy City Recorder Heather La Beau. Youth Advisors present (arrived at 5:47) were Manuel Salazar and Julissa Gonzalez Mendoza.

Mayor Drotzmann stated the committee must elect a chair and secretary. Rod Hardin moved and Anton Wanous seconded the nomination of Brian Misner as Chair. Motion carried unanimously. It was moved and seconded to nominate Anton Wanous as the secretary. Motion carried unanimously.

Budget Officer Byron Smith began the presentation (PowerPoint attached) of the City of Hermiston's FY 2021-22 Proposed Budget by thanking city staff and committee members for their efforts and time. Specifically Finance Director Mark Krawczyk and Senior Financial Analyst Tasha Harrell in putting the document together, department heads for being thoughtful putting together the budget proposals, and citizen members of the Budget Committee for their willingness to give up time and serve our community.

## **FY 2021-22 Recap**

- City Hall construction
- Riverfront Park development
- Utilities (SW 7<sup>th</sup> St stormwater & groundwater remediation)

## **Introduction**

The proposed FY2022-23 budget has been prepared in accordance with the State of Oregon budget law and best practices established by the Government Finance Officers Association. It has also been developed on the foundation of the city's adopted financial policies. The City Council, at a June council meeting, will adopt the budget approved by the Budget Committee.

In February 2022 the City Council adopted the Hermiston 2040 vision report containing a new vision statement and core values for the community. Goals for FY2022-23 and beyond were established during a goal setting session held in February 2022. The vision statement and values are included in this document and many appropriation recommendations are specifically targeted to address the goals established in that process.

## **COVID-19**

The impact of the COVID-19 pandemic to the FY2022-23 budget are significantly less than past years. The American Rescue Plan (ARPA) funds received directly to the city has been a benefit to stabilizing the general fund from a cash flow perspective. It is anticipated the second payment from that legislation to be received in the FY2022-23 budget.

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## **PERS**

Outside of growth in the City's payroll, no increase in PERS is anticipated in the FY2022-23. The City Council authorized the sale of Pension Obligation Bonds prior to the end of 2022 as long as the bonds can be sold at an interest rate of 4.5% or less.

## **Discussion**

The FY2022-23 budget continues to uphold the City's adopted policies. The all funds budget is \$64,273,616, which is approximately 4.7% less than the FY2021-22 budget due to a large number of capital projects completed in FY2021-22. A 2% cost of living adjustment (COLA) for all City employees is included in the FY2022-23 budget.

## **General Fund**

The general fund is the location for funding of some basic City operations and many quality of life services. It is a diverse fund that includes police, finance, planning, library and parks and recreation.

Proposed general fund revenues and expenditures are \$16,703,588 approximately 2% (\$36,400) above FY2021-22. The addition of two police officer positions are proposed. One of the positions is partially funded by a COPS Grant.

The Parks and Recreation Department has two capital projects that will continue moving forward in this fiscal year, which are the completion of the playground at Riverfront Park and the Teen Adventure Park.

## **Street Fund**

Gas tax funds seemed to have stabilized from COVID-19 related issues. Due to high oil prices and limited construction resources, focus will be on the North 1<sup>st</sup> Place project this year. Planned street construction projects are:

- Geer and Harper Intersection Design Finalization
- North 1<sup>st</sup> Place

## **Utility Fund**

One new position is proposed in the Recycled Water department. The implementation of the Capital Improvement Plan (CIP) for both water and recycled water continues to be a priority. Following are efforts in those departments under this proposed budget:

- Water Department
  - N. 1<sup>st</sup> Water Line Replacement
  - Gladys Line Replacement
  - Main Line Replacement
- Recycled Water Department
  - Adding an additional employee
  - Lift #6 Reconstruction
  - Hwy 395/Elm Main Replacement
  - Lift #3 Alternative
  - Evelyn Line Replacement

## **Hermiston Energy Services (HES) Fund**

The HES budget presented includes both phases of the latest rate increase. Now capital maintenance projects are returning to the budget.

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May 5, 2022

## **Regional Water Fund**

There will be a decrease in revenues to the RWS due to the closure of Shearer's Foods. However, there is a user making plans for expansion.

## **Eastern Oregon Trade and Event Center (EOTEC) Fund**

A basic budget has been prepared due to several unknowns. Indoor events appear to be returning, though not at a pre COVID-19 levels. Outdoor events are staying very strong.

## **Transient Room Tax (TRT) Fund**

Revenues in the TRT have continued to be strong and steady. An additional hotel is still under serious consideration.

## **Enterprise Zone Project Fund**

Lamb Weston has been the only source of funds in this fund. It is anticipated construction will begin on the Amazon site, which has a valid EZ agreement, in FY2022-23 with the first payment coming the following fiscal year.

Upon review and completion of the budget presentation by Budget Officer Byron Smith, and after some discussion and answering questions regarding the budget, Mayor Drotzmann moved and Lori Davis seconded to approve the rate per thousand of \$6.0860 for general fund operations. Motion carried unanimously. Jackie Meyers moved and Lori Davis seconded to approve the bonded debt at \$317,400. Motion carried unanimously. Joshua Roberts moved and Lori Davis seconded to approve the FY 2022-23 proposed budget as presented. Motion carried unanimously.

There was no other business and Chair Misner adjourned the City of Hermiston Budget Committee meeting at 6:51pm to convene for the Hermiston Renewal Agency Budget Committee meeting.

APPROVED:

\_\_\_\_\_  
Brian Misner, Budget Chair

ATTEST:

\_\_\_\_\_  
Anton Wanous, Budget Secretary





# BUDGET MESSAGE

FY2022-23



# Budget Introduction



- Thank you Mark Krawczyk and Tasha Harrell for putting this document together.
- Thank you to the Department Heads for their efforts to put together thoughtful budgets.
- **Thank You for being here to review the proposed budget in these *different* times.**





approval  
rides  
electric  
poles  
transit  
citations  
accounts  
parks  
books  
arrests



*Where Life is Sweet*

violations  
service meters  
aquatics  
e-books  
inspections

building  
subdivisions  
programs  
sidewalks  
calls  
stunts  
accounts  
water/sewer  
playground  
traffic



# FY2021-22 Recap

## City Hall





# FY2021-22 Recap

## City Hall





# FY2021-22 Recap

## City Hall



# FY2021-22 Recap Parks Development





# FY2021-22 Recap

## Utilities



# Budget Introduction

- We will be using the labeled tabs on the document.
- We will also be using page numbers which are in the bottom middle position.





# Budget Introduction

- Quick Review on a City Budget vs. Home Budget.
  - We use funds and each fund has different characteristics related to its sources of revenue and types of expenses.
    - For Example, the Utility Fund is composed 100% of utility rate revenue and utility expenses.
    - Reserve Fund = Savings Account and Project Accounts
  - The State of Oregon has a fairly strict local budgeting law and the city works within all of those parameters.
    - One of those parameters is illustrated by the Harkenrider Center Construction Fund (pg. 115)



# Budget Introduction

- Quick Review on a City Budget cont.
  - What you are looking at tonight is the proposed budget. Proposed by the Budget Officer.
    - As we present, we are looking for input and you can make modifications.
  - We will be asking you to approve a budget tonight that will then come to the city council for adoption in early June.

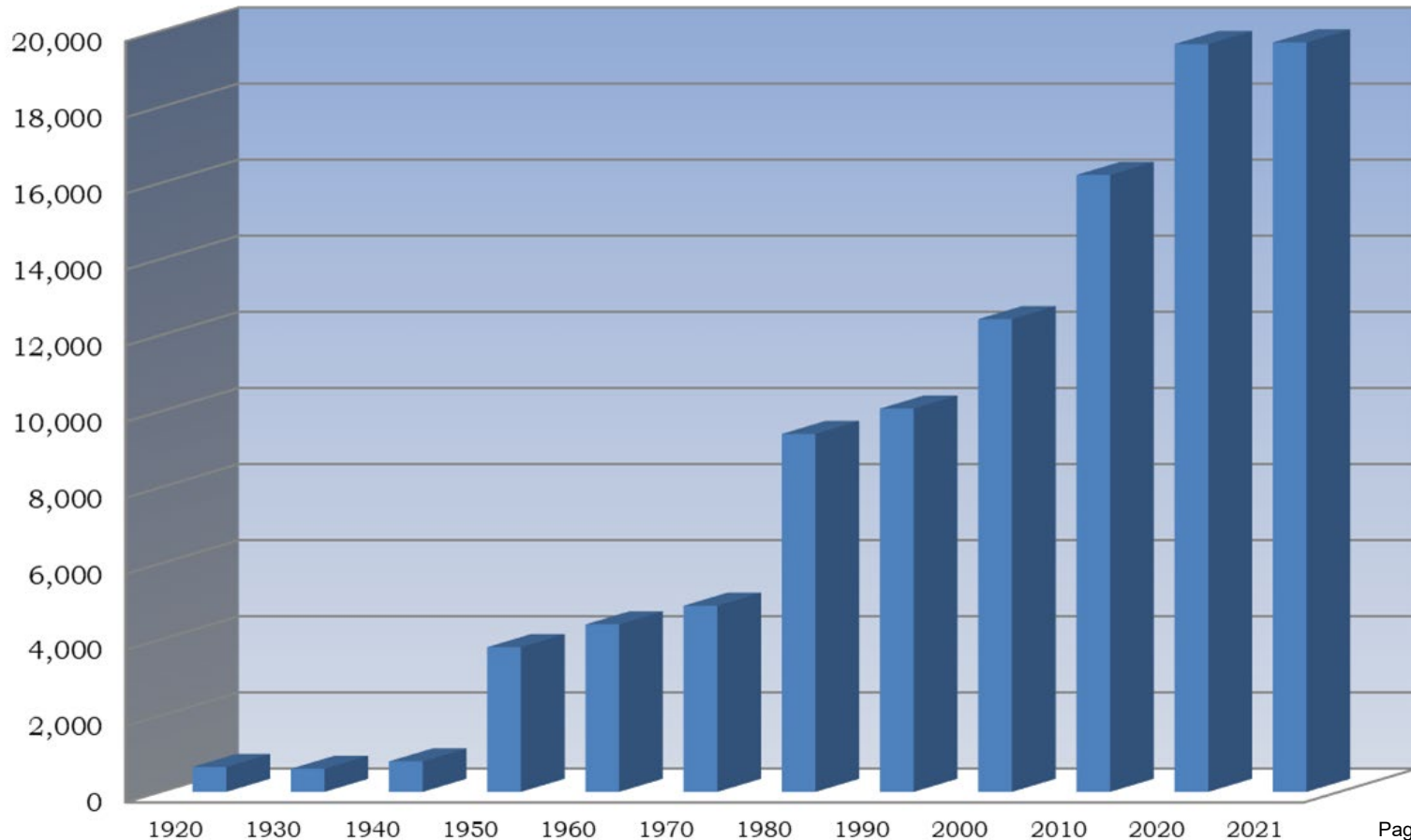




# Budget Overview

- Continued slow growth pattern

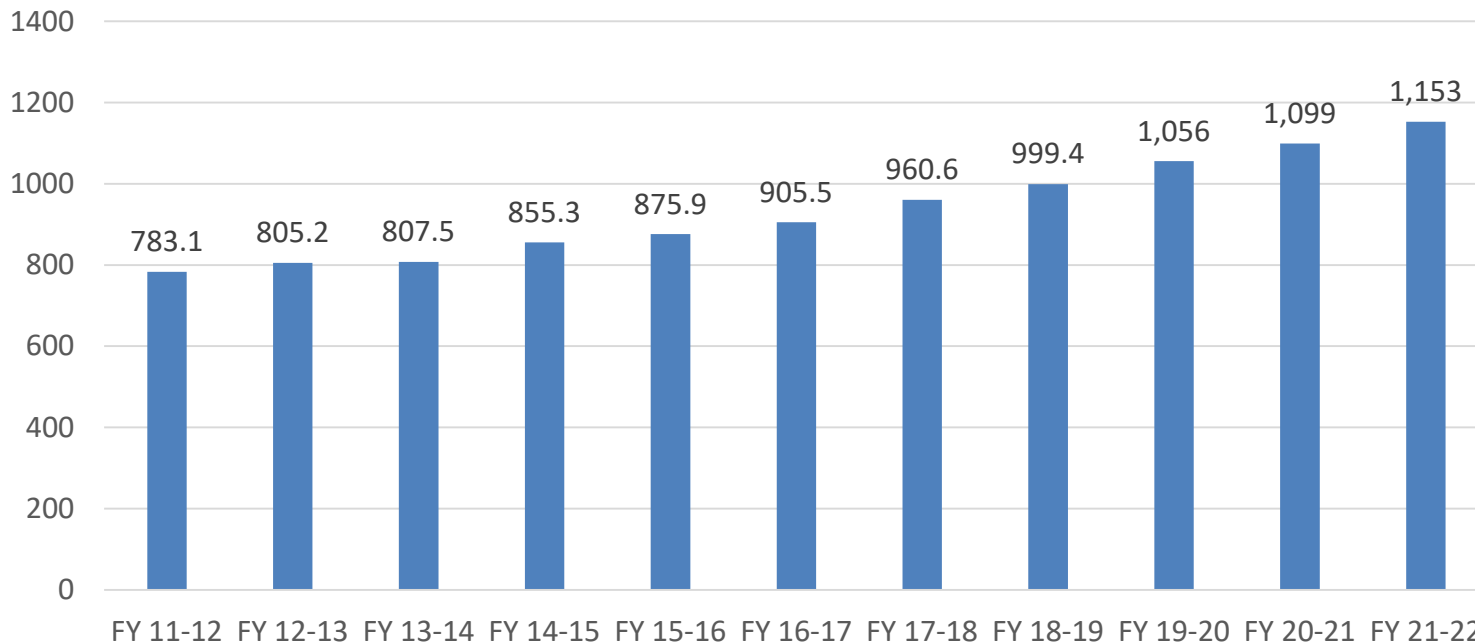
2021 Population: 19,696



# Budget Overview

- Same Pattern in Assessed Value
  - 10 years = 47% Increase

Hermiston Assessed Value  
In millions \$\$\$



# Budget Overview

- Overall Strong Economy
  - Data Centers Keep Adding Buildings
  - New Warehousing/Distribution Business
  - Annexing Additional Acreage
  - Steady Housing Growth (2021 - 139)





# Budget Overview

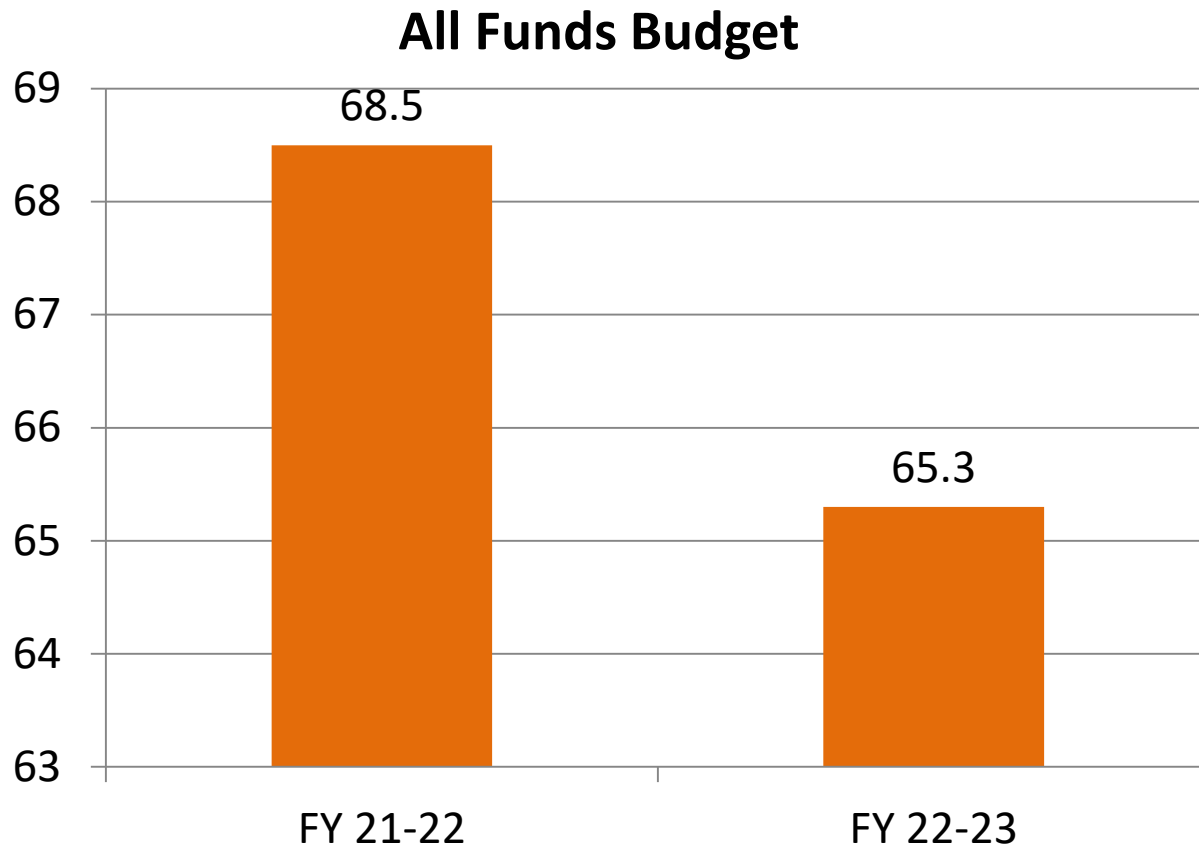
## Active Subdivisions

- Legacy Crossing (Punkin Center)
- Cimmaron Terrace (Theater Lane)
- Diamond Run (Diagonal)
- Santiago (Diagonal)- “Affordable”
- Moorehead (NW11th)- “Affordable”
- Desert Sky (S 1st)
- Highland Meadows (Highland)
- Wolf Run (Gettman)



# Budget Overview

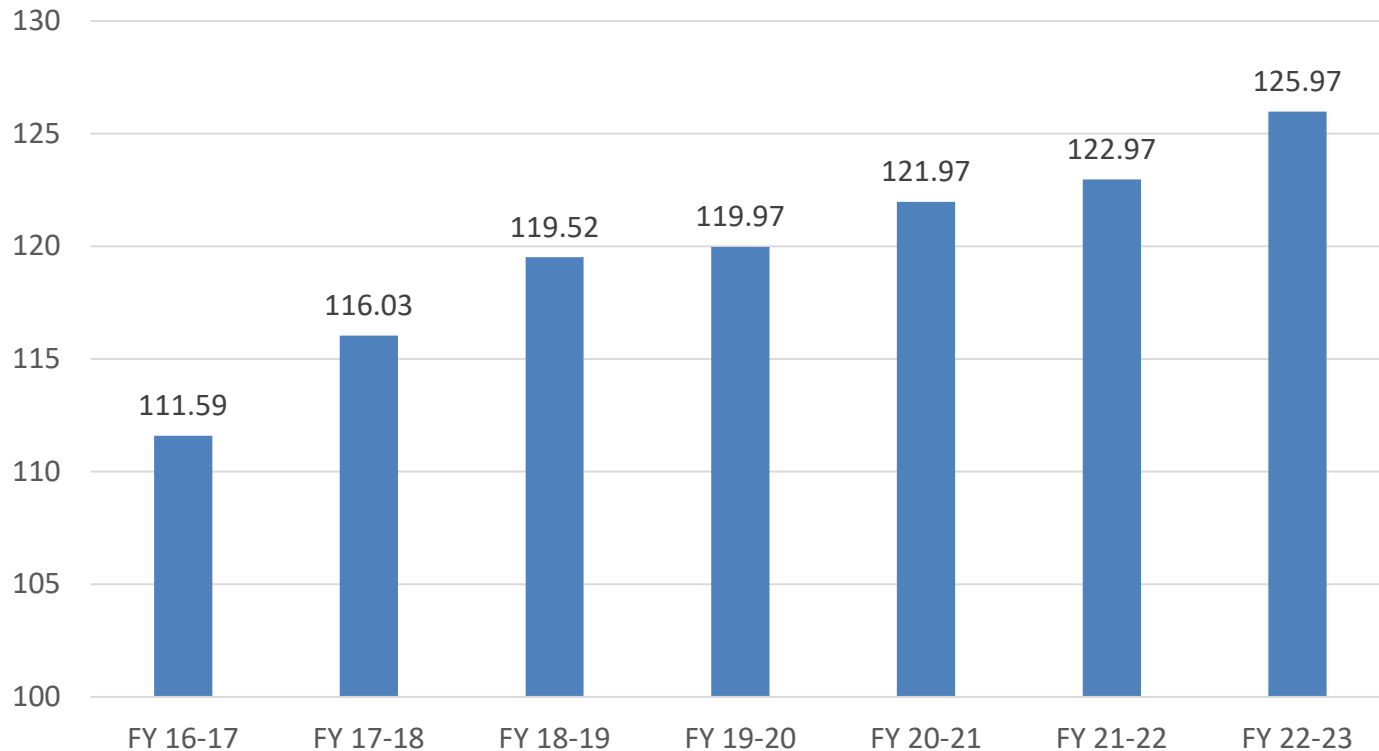
- An \$3.2 million decrease (4.7%) pgs. 1-6



# Budget Overview

- Proposing 3 additional positions (1 recycled water/2 police)

All Funds Employee Count





# Budget Overview

## Basic Assumptions

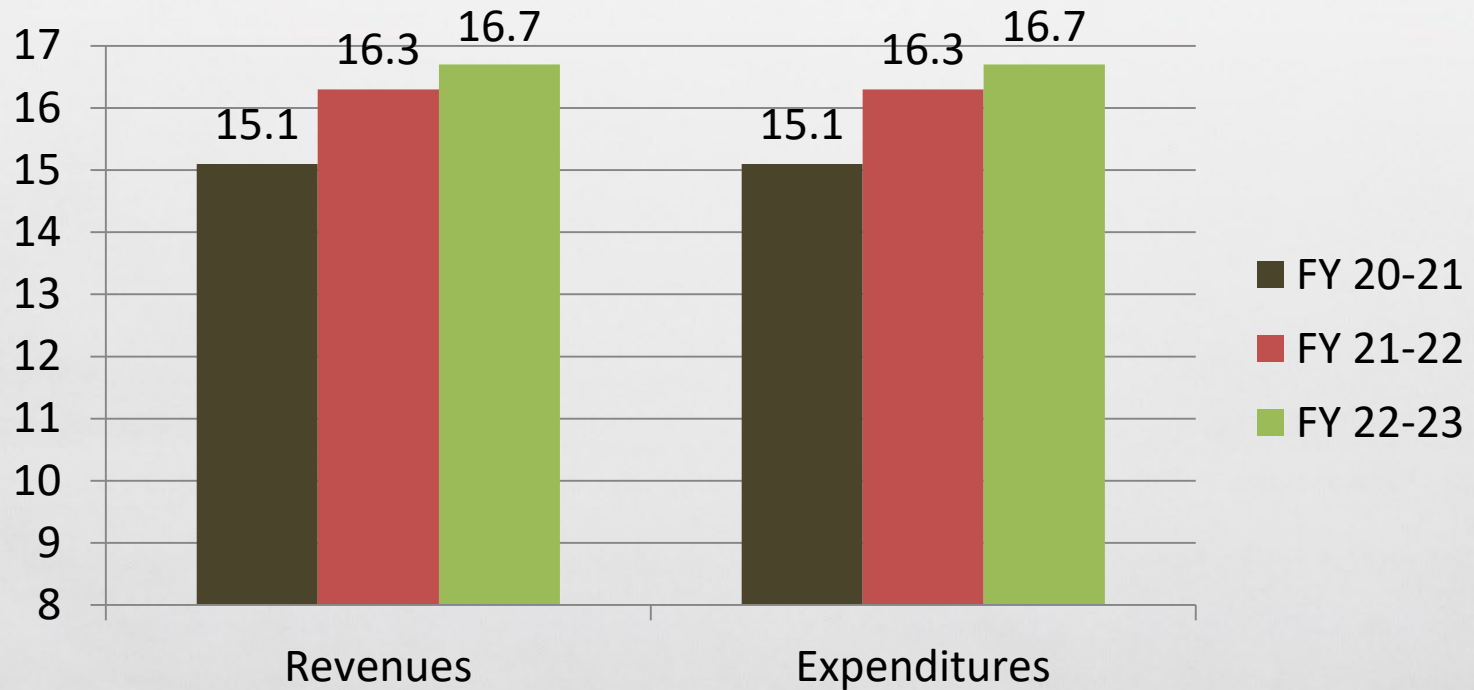
- Based on Vision, Values and Goals
- Contains a 2.0% wage increase for all employees
  - Not completed with Police Association bargaining yet.
- Includes any PERS and Health Insurance Increases





# General Fund

- \$348,000 Increase (2.1%) (pg. 7-GF Tab)
  - Natural Growth





# General Fund

## Department Changes

- Planning became a standalone dept. (pg. 18)
- Legal budget combined with City Manager (pg. 16)







# General Fund

## Police (pg. 50)



- Proposed two position increase
- One position partially funded by federal grant





# General Fund

## Parks and Recreation (pg. 32, etc.)

- General Operations Approach
  - Pool (pg. 36)
  - Recreation (pg. 42)
- Skate Park (pg. 91)







# General Fund

## Library (pg. 40)

- Operations Staying Status Quo







# General Fund

## Court (pg. 46)

- Fully Staffed and Normalizing Operations





# Street Fund

## Page 57

- Budgeting conservatively in revenue
- Implementing Capital Improvement Plan (pg. 93)
  - Geer and Harper Road Design
  - N. 1<sup>st</sup> Place





# Utility Fund – Recycled Water

## Page 67

- Proposed one new position
- Implement Capital Improvement Plan (pg. 98)
  - Lift Station #3 Elimination
  - Lift Station #6 Reconstruction
  - Elm/395 Main Replacement
  - Savings items







# Utility Fund – Water

## Page 70

- Normal Operations
- Implement Capital Improvement Plan (pg. 96)
  - Well #6 Back-up Generator
  - Saving for future projects
- Budgeted \$50,000 to purchase water from the RWS if necessary





# Hermiston Energy Services

## Page 73

- No major changes in operations
- Returning to major maintenance projects







# Regional Water System

## Page 77

- Added water to AWS contract again
- Gearing up to expand system







# EOTEC

## Page 83

- Placeholder Budget





# MISC.

- Seeking several state and federal grants affecting a variety of funds and projects
- Don't budget for possible grants





Questions??

Thank You for Your Service!

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