

CITY COUNCIL

Work Session Meeting Minutes November 13, 2023

Council President Primmer called the work session meeting to order at 6:00pm. Present were Councilors Hardin, Peterson, Barron, Duron (arrived at 6:03pm), and Myers. Mayor Drotzmann, and Councilor Linton and McCarthy were excused. Staff in attendance included: City Manager Byron Smith, Assistant City Manager Mark Morgan, Finance Director Mark Krawczyk, City Attorney Rich Tovey, Chief Edmiston, Parks and Recreation Director Brandon Artz, Court Administrator Jillian Viles (arrived at 6:01pm), and City Recorder Lilly Alarcon-Strong. Youth Advisor Jeannine Heredia was also present.

Budget Overview Discussion

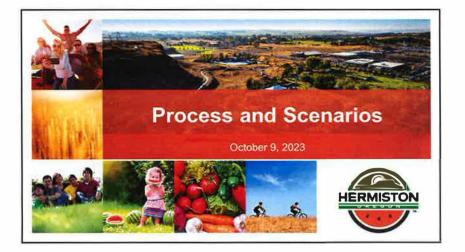
City Manager Smith stated at the last Council Meeting, staff completed the overview of all the City's general fund department budgets and began its presentation of information regarding: the budget overview, process, scenarios, public input both in person and with online surveys, possible budget changes, and more. City Manager Smith presented information from the PowerPoint presentation at the last meeting dated October 9, 2023 (attached) and stated this information has been updated to reflect changes requested by Council. The Council was given information regarding hosting a Town Hall Meeting to discuss the Budget on Monday, November 27 starting at 5:30pm at City Hall. Prior to this, the City will be pushing out an online survey with results being gathered until about December 15th, staff will then present final results of all outreach efforts at the January 8th meeting, and will ask the Council to make a budget decision then based on the feedback and information presented to the Council.

Councilor Barron stated after hearing all the general fund budget information he is very supportive of moving forward with proposed changes for the Planning Department fees as those have not been updated in over 20 years, TRT fees as they will impact people who live out of the area, Business Licenses, and specifically a Public Safety fee as public safety is vital.

The entire Council agreed with Councilor Barron's statement and added that this decision is very difficult but cannot be avoided as funds are needed for staffing and programs. It's important to hear feedback from the community and therefore encouraged all to participate in meetings and outreach efforts provided. Councilor Hardin mentioned how Measures 5 and 50 continue to wreak havoc on communities such as ours and create budget issues that many Oregon communities are facing.

Adjournment

President Primmer adjourned the work session meeting at 6:44pm and stated the Council will take a short recess before starting the regular council meeting.



Process

- •Finalize Department Review
- •Establish Desired Service Level
- •Establish Cuts
- •Establish Possible Revenues
- •Town Hall Discussion (Mid-November) •Following with an online survey

•Report to Council/Get Direction (January)

Desired Service Levels

- 2040 Vision Report
 - Related Actions
 - 2.1 Offer access to diverse recreational and wellness opportunities for everyone.
 - 2.3 Provide a healthy, safe environment.
 - 3.1 Provide activities, attractions, and events for people of all ages.

Desired Service Levels

- •Phone Survey (2019, 2020)
 - Importance "Here are some services provided by the City of Hermiston. Please tell me how important each is to you."
 - Satisfaction "Using the same list of services, please tell me how satisfied you are with City Hermiston's efforts to provide each."



Desired Service Levels

Phone Survey (2019, 2020) Maintaining a Low Crime Rate

- 97% important; 83% satisfied
- Encouraging new business development and job creation 94% important; 70% satisfied
- Providing senior programs like transportation assistance 93% important; 70% satisfied
- Encouraging new affordable housing 92% important; 52% satisfied
- Providing programs for youth, like after school programs 92% important; 57% satisfied



Desired Service Levels

- Recent Zencity Public Safety Survey
 - •Ran from April 14 to May 7, 2023
 - •131 Responses
 - •How do you feel about current staffing levels of the Hermiston Police Department?
 - More/Just Right/Too Many/Don't Know
 - •61% said we needed more officers



Desired Service Levels

- Recent Zencity Public Safety Survey
 - Responses
 - •\$5 flat fee(24%)
 - •4% fee (6%)
 - Business License (8%)
 - Other GF cuts (9%)
 - <u>Combo of several (35%)</u>
 - None (7%)
 - Don't know (9%)



		get	
VENUES	Adopted FY24-B	Status Quo Budget	
Property Taxes	\$ 7,425,990	\$ 7,425,990	
From Other Agencies	1,122,501	1,122,501	
Service Charges	2,181,400	2,181,400	
Trasf From	2,498,035	2,498,035	
Lic & Franchisen	1,468,300	1,468,300	
Cash Fwd	951.685	951,685	Changes from Adopted Budget
Fines/Penalties	400,000	400,000	. Removes the Lean Proceeds (3073.000)
Misc Revenue	65,000	65,000	 Restores Funding for PT Library Positions (\$100.000)
Interast	70,000	70,000	 Restores Funding for Recreation Coord. Position (\$96.000 Restores Council Sudicit (\$55.000)
Non-Rev Raceipts	723,000	50,000	a usadina pomici comfai (accienta)
	\$ 16,905,911	\$ 16,232,911	
PENSES		and the second second	Possible Addition
Personnel Costs	\$ 11,299,862	\$ 11,550,352	 \$370,000 for Three New Officers
Matis/Svcs	3,520,428	3,520,428	
Transfers	1,479,520	1,479,520	
Debt Svc	460,825	460,825	
Capital Outlay	92,000	71,500	
Contingency	53,276	53;276	
	\$ 16 905 911	\$ 17,135,901	HERMIST
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Establish Additional Cuts

- Street Funding Cut (Change Franchise Fee Allocation to Streets)
- Current 33% of Franchise Fees allocated to street construction (\$990,000 to General Fund)
 - Plus Council Action
 - Minus Removing Street Construction/ Maintenance Resource

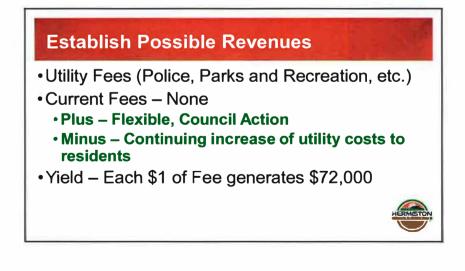
• Yield – ~\$15,000 per 1% change (90% GF = \$1.33 million) (~\$340,000 Increase to GF)



Establish Possible Revenues

- Increase Transient Room Tax (TRT) Rate
- •Current Rate 8% +\$2 Per Room Night Tourism Promotion Assessment (TPA). (Effective Rate ~9.8%)
 - Plus Tax nonresidents
 Minus Limitations on use
- Yield (to General Fund) First 1% is ~\$100,000; All Additional 1% is ~\$30,000

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REVENUES	Adopted	Status Quo	
	FY24-8	Budget*	
Property Taxes	\$ 7,425,990	\$ 7,425,090	
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Interest	70,000	70,000	 Restores Council Budget (\$59,000)
Non-Rev Receipts	723,000	50,000	·
	\$ 16,905,911	\$ 10,232,011	Passible Addition
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Contingency	53,276	53,276	
	\$ 16,905,911	\$ 17,135,901	HERMISTO
	0	-902,990	No.



Establish Possible Revenues

- Increase Planning and Zoning Fees
- Current Much lower than costs and comps
 Plus Better cover costs for services rendered,
 - not increased for 20+ years
 - Minus Could discourage development
- •Yield Increase as proposed ~\$80,000 per year



Establish Possible Revenues

- •Franchise Fee on Water/Sewer
- •Current None
 - Plus Flexible, Fairness to Other Utility Providers, Council Action
 - Minus Continuing increase of utility costs on residents
- Yield Each 1% generates \$102,000



Establish Possible Revenues

- Business Licenses
- Current None
 - Plus Council Action, Better understanding of local business activity
 - Minus Could discourage business activity, Could have a negative impact on small business, Difficult to estimate
- Yield ~\$200,000 (Assumes 400 businesses @\$500 per year)



Establish Possible Revenues

- •Sales Tax (exempting all food/prescription drug sales)
- Current None
 - Plus Could tax some non-residents (Estimated 50% sales to non-city residents); Maintains more than 7% difference to Tri-Cities
 - Minus Difficult to Estimate, Extremely new concept
- Yield 1% = ~\$1.6 million per year



Establish Possible Revenues

Local Fuel Tax

- Current None
 - Plus Replace/Preserve Franchise Fees for GF
 - Minus Dwindling revenue generation, Requires Voter Approval, Spending Restriction
- •Yield \$0.05/per gallon = -\$125,000 per year



Other Possible Revenues

Marijuana Tax

- Plus Possible large revenue upside
- Minus Vote of the people, Hard to estimate revenues, forcing to black market?
- Local Option Property Tax Levies
 - Plus Somewhat stable
 - Minus Requires Voter Approval, Compression, Already High Property Tay

Pavroll Tax

- Plus Could tax non-city residents
- Minus Difficult to Estimate, Could discourage development inside the City



Recommendation

- •Host a Budget Town Hall on November 27 5:30 to 7:00pm
 - Release a survey ahead of time with live opportunity to take survey at this time
 - Open House Time (questions, informational boards) - 5:30 to 6:00
 - Presentation on Options (next slides) 6:00 to 6:15

Remainder of Time for Questions/Comments/4

6:15 to 7:00 (or later)



•Cuts

- Street Fund Leave 90% of Franchise Fees in General Fund (+\$340,000)
- Materials/Services Make Staff Proposed Cuts (+\$150,000)



Recommendation

Revenues

- Planning Department Fee Update (+\$80,000)
- •TRT 1% Increase Visitors Support (+\$100,000)
- Business License Fee Average \$250/Business (+\$100,000)
- Public Safety Fee (\$5/month) Community Investment in Public Safety (+\$360,000)
- COPS Grant Funding (+125,000)



REVENUES	Adopted FY24-8	Recommended Budget	
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Cash Fwd	951.685	.951 685	 Restores Council Budget (\$55,000)
Fines/Penalties	400.000	400,000	
Misc Revenue	65,000	65,000	*Additional Recommended Changes
Interest	70,000	70,000	 Staff Recommended Cuts in Non-Staff Areas (\$150,000)
Non-Rev Receipts	723,000	50,000	 Leave 90% of Franchise Fees in General Fund (\$340,00 Planning Dept Fee Update (\$80,000)
	\$16,905,911	\$ 16,997,911	 Transient Room Tax (TRT) 1% Increase (\$100,000)
EXPENSES	200 To 100		 Busmess License Fee (\$250) – (\$100,000) Public Safety Fee (\$5/month) – (\$360,000)
Personnel Costs	\$11,299,862		 COPS Grant Funding (\$125,000)
Matis/Sves	3,520,428	3,372,154	8
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	\$ 16,905,911	\$ 16,827,137	
	0	170,774	

