



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%)
 - Combo of several (35%)
 - None (7%)
 - Don't know (9%)



FY2023-24 Budget

	Adopted	Status Quo
	FY24-E	Budget*
REVENUES		
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
Transf From	2,498,035	2,498,035
Lic & Franchise	1,468,300	1,468,300
Cash Fwd	951,685	951,685
Fines/Penalties	400,000	400,000
Misc Revenue	65,000	65,000
Interest	70,000	70,000
Non-Rev Receipts	723,000	50,000
	\$ 16,905,911	\$ 16,232,911
EXPENSES		
Personnel Costs	\$ 11,299,862	\$ 11,550,352
Mat'l/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
	0	-902,990

- *Changes from Adopted Budget
- Removes the Loan Proceeds (\$873,000)
 - Restores Funding for PT Library Positions (\$100,000)
 - Restores Funding for Recreation Coord. Position (\$96,000)
 - Restores General Budget (\$55,000)

- Possible Addition
- \$370,000 for Three New Officers



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



FY2023-24 Budget

REVENUES

	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
Traf From	2,498,035	2,498,035
Lie & Franchises	1,468,300	1,468,300
Cash Fwd	951,685	951,685
Fines/Penalties	400,000	400,000
Misc Revenue	65,000	65,000
Interest	70,000	70,000
Non-Rev Receipts	723,000	50,000
	\$ 16,905,911	\$ 16,232,911

- *Changes from Adopted Budget
- Removes the Loan Proceeds (\$673,000)
 - Restores Funding for PIT Library Positions (\$100,000)
 - Restores Funding for Recreation Coord. Position (\$96,000)
 - Restores Council Budget (\$53,000)

EXPENSES

Personnel Costs	\$ 11,299,862	\$ 11,550,382
Mat'l/Svcs	3,520,428	3,520,428
Transfers	1,479,520	1,479,520
Debt Svc	480,825	480,825
Capital Outlay	92,000	71,500
Contingency	53,276	53,276
	\$ 16,905,911	\$ 17,135,901
	0	.902,990

- Possible Addition
- \$370,000 for Three New Officers



Establish Possible Revenues

- Utility Fees (Police, Parks and Recreation, etc.)
- Current Fees – None
 - **Plus – Flexible, Council Action**
 - **Minus – Continuing increase of utility costs to residents**
- Yield – Each \$1 of Fee generates \$72,000



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 Tax**
- Payroll 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 6:15 to 7:00 (or later)**



Recommendation

- 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)**



Recommendation Impact

REVENUES	Adopted FY24-B	Recommended Budget*
Property Taxes	\$ 7,425,990	\$ 7,425,990
From Other Agencies	1,122,501	1,281
Service Charges	2,181,400	2,82,890
Transf From	2,498,035	2,498,035
Lic & Franchises	1,488,300	1,468,300
Cash Fwd	951,685	951,685
Fines/Penalties	400,000	400,000
Misc Revenue	65,000	65,000
Interest	70,000	70,000
Non-Rev Receipts	723,000	50,000
	\$ 16,905,911	\$ 16,997,911
EXPENSES		
Personnel Costs	\$ 11,299,862	\$ 11,729,862
Mat'ls/Svcs	3,520,428	3,322,154
Transfers	1,479,520	1,139,520
Debt Svc	460,825	460,825
Capital Outlay	92,000	71,500
Contingency	53,276	53,276
	\$ 16,905,911	\$ 16,627,137
	0	170,774

- *Changes from Adopted Budget
- Removes the Loan Proceeds (\$673,000)
 - Restores Funding for PT Library Positions (\$100,000)
 - Restores Funding for Recreation Coord Position (\$96,000)
 - Restores Council Budget (\$55,000)

- *Additional Recommended Changes
- Staff Recommended Cuts in Non-Staff Areas (\$150,000)
 - Leave 90% of Franchise Fees in General Fund (\$340,000)
 - Planning Dept Fee Update (\$80,000)
 - Transient Room Tax (TRT) 1% Increase (\$100,000)
 - Business License Fee (\$250) – (\$100,000)
 - Public Safety Fee (\$5/month) – (\$360,000)
 - COPS Grant Funding (\$125,000)



Comments/
Questions?

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