

**City of Lebanon and Lebanon Urban Renewal Agency FY 2023/24
Budget Committee Meeting Minutes – DRAFT
May 17, 2023**

MEMBERS PRESENT

Kenneth Jackola, Wayne Dykstra, Carl Mann, Jeremy Salvage, Michelle Steinhebel, Kim Ullfers, Dave Workman, Rebecca Grizzle and Tom Wells

STAFF PRESENT

City Manager (Budget Officer) Nancy Brewer, Finance Director Brandon Neish, City Attorney Tre Kennedy, City Recorder Kim Scheafer, Community Development Director Kelly Hart, Engineering Services Director Ron Whitlatch, Human Resources Director Angela Solesbee, Information Services Director Brent Hurst, Library Director Kendra Antila, Police Chief Frank Stevenson, Public Works Director Jason Williams and Senior Services Director Kindra Oliver

1) **CALL TO ORDER** – Jackola called the meeting to order at 12:00 p.m. in the Santiam Travel Station Board Room.

2) **ROLL CALL** – Lance Caddy and Josh Port were absent.

3) **NOMINATIONS**

A. **Budget Committee Chair** – *Ullfers moved to nominate Grizzle as Budget Committee Chair. Grizzle moved to nominate Steinhebel as Budget Committee Chair.*

Steinhebel moved, Workman seconded, to nominate Ullfers as Budget Committee Chair. The motion passed with 7 yeas (Dykstra, Grizzle, Mann, Salvage, Steinhebel, Wells, Workman) and 1 nay (Ullfers).

B. **Budget Committee Secretary** – *Steinhebel moved, Grizzle seconded, to nominate Salvage as the Budget Committee Secretary. The motion passed unanimously.*

4) **APPROVAL OF 2022/23 BUDGET COMMITTEE MEETING MINUTES** – *Steinhebel moved, Workman seconded, to approve the FY 2022/23 Budget Meeting minutes as presented. The motion passed unanimously.*

5) **PRESENTATION OF FY 2023/24 BUDGET MESSAGE** – presented by City Manager (Budget Officer) Brewer and Finance Director Neish

City Manager Brewer read the Budget message that included sections on programs and services, the proposed budget, and the future. She distributed an updated General Fund Financial Summary [page 7].

In response to Workman's question, City Manager Brewer said that the City has a fleet of about 75 vehicles.

6) **PRESENTATION OF DEPARTMENT BUDGETS** – Directors spoke about their departments and provided budget highlights.

Library – Kendra Antila

Library Director Antila spoke about the many resources and programming offered.

Police – Frank Stevenson

Lebanon's police staffing is below the national average and is low compared to other Willamette Valley cities. This year's budget contains funding for two police vehicles after one anticipated for the 2023 fiscal year was delayed. The budget does not include funds for operation of the municipal jail.

City Manager Brewer clarified for Jackola that Teamsters union members receive a 4% cost of living adjustment with officers and sergeants receiving an additional 1% market adjustment. Police Chief Stevenson confirmed for Salvage that the 2023/24 budget includes funding to fully staff the police

department.

City Manager Brewer said that many communities use utility fees or a local option levy to increase public safety staffing. There was a brief discussion about exploring a local levy for the jail. Regarding Workman's question about the cost of not having a jail, Police Chief Stevenson said that there are fewer thefts and larceny when the jail is open.

Police Chief Stevenson confirmed for Steinhebel that narcotics crime has gone down due to Measure 110, but there has been an increase in overdoses and the use of Narcan. In response to Steinhebel's question, he said that officers train for mental health calls, but they are not experts. The City relies on Linn County Mental Health.

Senior Center/LINX Transit – Kindra Oliver

Changes in this budget includes increasing the Activities Coordinator FTE from 0.6 to 1.0 while redistributing a LINX dispatcher with office duties from 0.4 to none in the General Fund. A small increase in materials and services is due to the anticipated receipt of grant funds. Since most LINX program revenue comes from federal and state grants, fluctuations can have a major impact on services.

Responding to Salvage's question about dependence on grant funding, Senior Services & LINX Director Oliver said that grant funding for operations is relatively stable and should increase.

Ullfers asked whether Lebanon's population increase to 20,000 will exclude the City from rural grant funding. City Manager Brewer said that for transportation, a population of 50,000 is considered a metropolitan planning organization.

Grizzle asked for more information on LINX ride performance measures. Senior Services & LINX Director Oliver said that costs per ride vary depending on the system, but it is about \$18-\$22 per ride.

Ullfers called for a 10-minute recess.

Community Development – Kelly Hart

The majority of expenditures for this budget are for personnel. The Planning division will be working toward the final adoption and comprehensive plan amendment process for the Housing Production Strategy. The Economic Development division will begin work on Economic Opportunity Analysis policies and action items.

Responding to Grizzle's question, Community Development Director Hart said that the significant decrease in materials and services is due to reduction in training and conferences.

Steinhebel asked whether funding for the six City grants comes from the General Fund. Community Development Director Hart said that they are funded by transient lodging taxes.

Information Technology – Brent Hurst

Additional funds were added to upgrade the water and wastewater treatment plants' Supervisory Control and Data Acquisition systems and to upgrade the sewer and storm drainage mapping systems.

At Ullfers' request, IT Director Hurst described how ADA website accessibility works.

Mayor & City Council/City Recorder – Kim Scheafer

There was a slight increase in organization-wide membership fees and contract services, mainly for archiving social media. She confirmed for Salvage that membership dues are part of materials and services.

Human Resources – Angela Solesbee

HR Director Solesbee compared safety claim numbers from 2022 and 2023 and said that a new safety coordinator position was added in 2023 using vacancy savings from a Public Works position. This budget includes \$135,000 to cover creation of this new position.

Regarding Ullfers' question about more accurate safety claims comparison numbers, Human Resources Director Solesbee said that she will provide figures for the first four months of 2022 to compare it to the figures she spoke about for 2023.

In response to Salvage's question about the timing of the safety coordinator hiring, Human Resources Director Solesbee said that this position was funded with cost savings from another position, so it was not budgeted for ahead of time. She confirmed that the \$130,000 in personnel services for safety and training is for the new position.

Steinhebel asked for clarification on the safety position since it was not included in last year's budget. Finance Director Neish said that this position was funded with vacancy savings from one of the utility funds. He confirmed for Ullfers that a wastewater position was moved to human resources. The justification was that work was being done at the wastewater treatment plant and across Public Works.

Finance Director Neish confirmed for Salvage that the safety position is long-term. He also confirmed for Ullfers that this budget includes a wastewater position and adds a safety position. Finance Director Neish confirmed for Steinhebel that sewer bills are paying for the safety position for the current fiscal year. Steinhebel and Ullfers expressed their displeasure at the safety position being funded out of the utility fund.

Finance, Municipal Court and Non-Departmental – Brandon Neish

This year's budget includes an ADP services contract for payroll processing and human resource management. An open position was reclassified resulting in cost savings of \$38,000. Operating costs for Municipal Court are mainly staff salaries and benefits and contract costs for the Judge and Public Defender. Remaining costs are for running an office. In this budget, 62.6% of expenses are offset by revenue from court fines and fees in the General Fund, leaving non-program funds to cover the remaining costs.

In response to Workman's question, Finance Director Neish said that the payroll specialist started in April.

Grizzle asked about expected PERS increases. City Manager Brewer said that PERS is expected to increase in July 2023, 2025 and 2027. Finance Director Neish explained to Salvage that the PERS rate of 25.16% is the amount the City is paying into the overall pension for employees; it is in addition to gross earnings.

At Ullfers' request, Finance Director Neish spoke about the ADP payroll system transition. Steinhebel, Ullfers and Workman asked to review information on the transition hurdles, how it affected staff, and solutions.

Engineering/Public Works – Ron Whitlatch & Jason Williams

The Public Works budget includes a 3% increase. Personnel services and materials and services increased 4.0% and 6.3% respectively. Capital expenditures decreased 8.4%. There was a big increase in the Parks Fund due to receiving a Cheadle Lake project grant.

There is an 18.4% decrease in Engineering costs primarily due to the completion of the wastewater treatment plant master plan. Demolition of the former water treatment plant is expected to cost \$1.2 million. The sanitary sewer lateral program budget increased by \$50,000 to \$200,000.

In response to Grizzle's question, Engineering Services Director Whitlatch said that it is hard to say whether he believes funding for the sewer later program is adequate. He spoke about how costs have increased. Public Works Director Williams added that some replacements are being done in-house for the rest of this fiscal year.

Engineering Services Director Whitlatch confirmed for Salvage that funds not used for projects are carried over to next year.

Salvage asked Engineering Services Director Whitlatch and Public Works Director Williams whether they feel, from the Engineering's and Public Works' standpoint, that the safety position is justified. Engineering Services Director Whitlatch said that he has not had much interaction with the safety person. He pointed out that public works contractors are responsible for implementing their own safety programs. Public Works Director Williams said that having the safety person take care of the OSHA recordkeeping was helpful. Salvage wondered whether safety issues can be managed internally once caught up because he dislikes adding positions when there are budget concerns.

Steinhebel asked whether there is anything the City can do to prepare for possible per- and polyfluorinated substance (PFAS) regulations. Public Works Director Williams said that staff started PFAS sampling a couple of months ago and is trying to get an idea of what the system has and to identify any potential risks. He will keep the Council informed.

7) Public Hearings

A. State Shared Revenues

Chair Ullfers opened the public hearing at 2:23 p.m.

Finance Director Neish explained State Revenue Sharing and said that these funds are used as General Fund revenue to support normal operations.

There were no public comments.

Salvage moved, Steinhebel seconded, to recommend the City of Lebanon Budget Committee adopt State Revenue Sharing monies as non-dedicated revenue in the General Fund. The motion passed unanimously.

Chair Ullfers closed the public hearing at 2:27 p.m.

B. FY 2023/24 Proposed City of Lebanon Budget

Chair Ullfers opened the public hearing at 2:27 p.m. He asked for public comments.

Jeannie Davis and Cody Zuniga, Lebanon Downtown Association (LDA), spoke about their organization and requested continued financial support from the City for their Main Street Manager position.

In response to Salvage's question, Ms. Davis said that the group is requesting \$30,000. They are in good standing with the Secretary of State and are waiting for a response to their submittals from the IRS. They have filed for their 501(c)(3).

There was discussion about the history of money management issues and reporting. City Manager Brewer confirmed that the agreement requires an accounting on how funds are spent. The Mayor and Council felt that the group needs to be good stewards of the funds. City Manager Brewer asked for a motion to direct staff to work on a new agreement with LDA for the June 2023 Council meeting.

City Manager Brewer confirmed for Salvage that this funding from the motel tax fund is appropriated in the upcoming budget.

Wells asked whether the City is collecting enough in Systems Development Charges (SDCs) to pay for all of its growth. City Manager Brewer spoke about development fees, inflation, housing, and growth. SDC fees do not pay for General Fund impact services. Per the five-year financial plan, revenues are not growing as fast as expenses.

Responding to Workman's question, Finance Director Neish said that the Justice Center/Library General Obligation Bond expires in June 2027.

Dykstra requested more funding for Pioneer Cemetery. City Manager Brewer said that the Budget Committee and Council can allocate more funding to the Pioneer Cemetery by reducing some amount in the budget or by taking it out of General Fund ending fund balance and putting it into the proposed budget. Jackola said that there are a couple of groups starting to work on the Pioneer Cemetery. He suggested leaving the budget as it is and letting the groups come up with a plan and do fundraising.

Salvage moved, Workman seconded, to seconded, to recommend the City of Lebanon Budget Committee levy the permanent property tax rate of \$5.1364 per \$1,000 of assessed value for operating purposes, and \$1,666,124 for payment of bond principal and interest. The motion passed unanimously.

Salvage moved, Jackola seconded, to approve the FY 2023/2024 Budget in the amount of \$85,312,588 as proposed by the City's Budget Officer and recommend the City of Lebanon City Council adopt the fiscal year budget. The motion passed unanimously.

Steinhebel moved, Salvage seconded, to direct staff to work with the Lebanon Downtown Association to create a quarterly payment plan based on adherence to state and federal financial laws to fund the Main Street Manager position with \$30,000 of City-provided funds. The motion passed unanimously.

Chair Ullfers closed the public hearing at 3:08 p.m.

After a 10-minute break, Chair Ullfers adjourned as the Lebanon Budget Committee and convened as the Urban Renewal Agency Budget Committee.

8) FY 2023/24 Lebanon Urban Renewal Agency Budget Presentation

City Manager Brewer said that for the five urban renewal districts, total requirements include appropriated contingencies and unappropriated ending balances of about \$5.5 million. Most of this is budgeted for debt service. A portion is budgeted for capital outlay in case there is opportunity to address some projects remaining in an urban renewal district.

City Manager Brewer explained for Salvage that debt service for the Northwest Urban Renewal District lasts until 2032. After that time, the funds will be returned to all taxing districts.

9) Public Hearings

A. Proposed Urban Renewal District Taxes

Chair Ullfers opened the public hearing at 3:18 p.m. There were no public comments.

Workman moved, Salvage seconded, to recommend the Urban Renewal Agency Budget Committee approve the NW Lebanon URD Taxes for FY 2023/24 at the tax increment value of \$959,488. The motion passed unanimously.

Chair Ullfers closed the public hearing at 3:18 p.m.

Chair Ullfers opened the public hearing at 3:18 p.m. There were no public comments.

Salvage moved, Jackola seconded, to recommend the Urban Renewal Agency Budget Committee approve the Cheadle Lake URD Taxes for FY 2023/24 at the rate of 100% of the amount from the division of tax. The motion passed unanimously.

Chair Ullfers closed the public hearing at 3:19 p.m.

Chair Ullfers opened the public hearing at 3:19 p.m. There were no public comments.

Workman moved, Dykstra seconded, to recommend the Urban Renewal Agency Budget Committee approve the N. Gateway URD Taxes for FY 2023/24 at the rate of 100% of the amount from the division of tax. The motion passed unanimously.

Chair Ullfers closed the public hearing at 3:19 p.m.

Chair Ullfers opened the public hearing at 3:19 p.m. There were no public comments.

Salvage moved, Steinhebel seconded, to recommend the Urban Renewal Agency Budget Committee approve the Downtown URD Taxes for FY 2023/24 at the rate of 100% of the amount from the division of tax. The motion passed unanimously.

Chair Ullfers closed the public hearing at 3:19 p.m.

Chair Ullfers opened the public hearing at 3:20 p.m. There were no public comments.

Steinhebel moved, Grizzle seconded, to recommend the Urban Renewal Agency Budget Committee approve the Mill Race URD Taxes for FY 2023/24 at the rate of 100% of the amount from the division of tax. The motion passed unanimously.

Chair Ullfers closed the public hearing at 3:20 p.m.

B. Proposed Urban Renewal Budget

Salvage moved, Mann seconded, to recommend the Urban Renewal Agency Budget Committee adopt the FY 2023/24 Lebanon Urban Renewal Agency Budget in the sum of \$4,720,888 as proposed by the Agency's Budget Officer. The motion passed unanimously.

Chair Ullfers adjourned as the Urban Renewal Agency Budget Committee and reconvened as the City of Lebanon Budget Committee.

10) Committee Comments

Ullfers and Grizzle spoke about this budget being user-friendly.

11) Next Budget Meeting – No additional meetings were needed.

12) Adjournment – 3:23 p.m.

[Minutes prepared by Donna Trippett]