



CITY OF SWEET HOME BUDGET COMMITTEE MINUTES

April 30, 2025, 5:00 PM
Sweet Home City Hall, 3225 Main Street
Sweet Home, OR 97386

Call to Order

The meeting was called to order at 5:29 PM.

Roll Call

PRESENT

Mayor Susan Coleman
President Pro Tem Josh Thorstad
Councilor Chelsea Augsburger
Councilor Ken Bronson
Councilor Aaron Hegge
Councilor Dylan Richards (6:59 exit)
Councilor Angelita Sanchez
Committee Member Dawn Miller

ABSENT

Committee Member Matthew Bechtel
Committee Member Bob Briana
Committee Member Jeana Doll
Committee Member Diane Gerson
Committee Member Joshua Marvin
Committee Member Nancy White

STAFF

Jason Ogden, City Manager / Police Chief
Cecily Hope Pretty, Deputy City Manager
Matt Brown, Finance Director (contracted)
Megan Dazey, Library Services Director
Blair Larsen, City Attorney
Adam Leisinger, Special Projects Manager
Cindi Robeck, Financial Operations Manager
Greg Springman, Public Works Director

MEDIA

Sarah Brown, The New Era

Election of Chair

Councilor Richards moved to nominate Committee Member Miller to serve as Budget Committee Chair. Councilor Sanchez seconded the motion. The motion carried by the following vote:

AYE: Coleman, Thorstad, Augsburger, Bronson, Hegge, Richards, Sanchez, Miller

NAY: None

ABSENT: Bechtel, Briana, Doll, Bechtel, Marvin, White

Approval of Minutes

a) 2024-05-30 Budget Committee Meeting Minutes

Councilor Richards moved to approve the minutes of the May 30, 2024 Budget Committee Meeting. President Pro Tem Thorstad seconded the motion. The motion carried by the following vote:

AYE: Coleman, Thorstad, Augsburg, Bronson, Hegge, Richards, Sanchez, Miller

NAY: None

ABSENT: Bechtel, Briana, Doll, Bechtel, Marvin, White

Public Comment

There was no public comment to be heard.

Review & Discussion of Proposed FY 2025-2026 Budget

a) Budget Presentation

City Manager Ogden delivered the FY 2025-2026 Budget Message and highlighted planned projects.

Director Brown stated that the budget required that revenue must equal expenses and the presented budget should reflect the goals of the City Council. He reviewed the current financial structure of the City including the General Fund, Special Revenue Funds, System Development Charge (SDC) Funds, Enterprise Funds, and Internal Service Funds. He reviewed the proposed budget for the General Fund.

Mayor Coleman asked of how the current fiscal year budget year actuals compared to the adopted budget. Director Brown replied that it was largely on track to what was budgeted. Mayor Coleman asked of an increase to personnel costs for the Finance Department despite reductions in FTEs over time. Director Brown replied that the fund structure was realigned a few years ago so the historical numbers may not be aligned to the current fund structure.

Councilor Bronson asked of the \$30,000 match for the Community Center. Director Brown replied that it was the required match for the City's annual transportation grant.

Councilor Sanchez asked of the significant reduction from the current year's budget compared to the proposed budget. Director Brown stated that the reduction was largely due to a reduction in appropriations based on planned funding to be received for the Wastewater Treatment Plan and SDCs. Councilor Sanchez asked how that change would affect plans for the plant. Director Brown stated that the funding for the plant was still pending completion of application documents but once the loan for the plant was approved, a supplemental budget would be submitted to the City Council for approval.

Councilor Bronson asked if project costs would be reflected in future budgets. Director Brown replied that it would be included in the annual budget as long as the project was underway.

Mayor Coleman asked of the benefit to moving abatement from Economic Development to Administration. Director Brown replied that it would correct a structural issue in the City's financial management program, Springbrook, to allow for more direct approval of abatement costs by the City Manager's Office.

Councilor Sanchez asked what type of expenditures were considered Materials and Services. Director Brown replied that it reflected items that are not classified as capital outlay (useful items over \$10,000), professional services, projects, maintenance, and other items.

Councilor Bronson asked of unappropriated funds. Director Brown replied that every fund contained a contingency account and an unappropriated fund; a contingency account was not appropriated to a specific level but it would be available through a supplemental budget for emergencies or unanticipated opportunities; an unappropriated account was not appropriated to a specific level and those funds cannot be spent unless there is a disaster declaration. He added that unappropriated funds were frequently used to ensure a municipality would have a beginning fund balance.

Councilor Sanchez asked of money in interest-bearing accounts. Director Brown replied that there were two main sources of interest revenues; one is through the Local Government Investment Pool (LGIP), which received property tax and revenue sharing monies with approximately \$10-15 million invested and receiving interest. He stated that the City also contracted with Government Portfolio Advisors (GPA) for

additional investments primarily in bonds with varying maturities. He added that the General Fund was anticipated to receive \$500,000 in the next fiscal year.

Mayor Coleman asked if the General Fund was the only fund to reflect interest revenue. Director Brown replied that it was reflected in Funds 100, 200, 201, 207, 209, 500, 550, and 560.

Chief Ogden stated that the largest expense in the Public Safety Fund was personnel. He highlighted that \$200,000 was budgeted in capital outlay for an anticipated grant match to enhance the Police Station's resiliency. He stated that there were no other major upgrades planned at the station as they had completed renovations in the past two years. He noted an increase in IT charges due to technology upgrades and increases in contractual fees.

Director Brown stated that it was best practice to maintain three months of operating costs in the Police Fund and other operating funds. He noted an increase in anticipated property tax revenues due to exercising the full local option rate for the Police Levy.

Councilor Sanchez asked if Linn County received the difference between the reduced rate and the full rate when the City chose not to exercise the full option. Director Brown replied that the County would only assess what the City approves and the County would not receive the difference.

Director Dazey stated there were no anticipated significant changes over the current adopted budget and that the requested Library Levy would remain at the current rate.

Director Brown stated that the proposed capital outlay was \$850,000 in anticipation of locating a new library site. Director Dazey added that the capital outlay funds originated from a donation.

Director Brown reviewed the Community Enhancement Fund and stated that the majority of the available funding was for the Path Program. He added that funds could be moved from the Path Program to the Weddle Bridge.

Councilor Sanchez expressed concern that there was not sufficient funding to support restoration of Weddle Bridge and asked if there were estimates available. Deputy City Manager Pretty stated that staff would provide the most recent estimates at the following meeting.

Director Brown reviewed the Willow-Yucca Local Improvement District (LID) Fund and the Transportation Fund. He stated that the main revenue source for the Transportation Fund was the State Gas Tax. He expressed concern with the current level of funding in order to complete streets projects and noted that other municipalities implemented new fees or taxes to increase revenues.

Councilor Bronson asked of the timing of new state gas tax revenues if those rates were increased. Deputy City Manager Pretty stated that she would confirm for the following meeting.

Director Brown reviewed SDC funds. He stated that SDCs are fees which are paid by developers on new development that is calculated based on the additional load on existing infrastructure. He noted that SDCs could be utilized to increase infrastructure capacity.

Councilor Sanchez asked of the programmed decrease in SDC revenues. Director Brown stated that it could be difficult to estimate because revenues were completely based on the level of development and estimates were conservative based on a potential recession and possible cost increases to build. Councilor Sanchez expressed concern with the rate of SDCs and asked if lower fees could incentivize additional development. Director Brown replied that the costs were typically passed on to the homeowner.

Mayor Coleman asked of the last significant change to SDCs in Sweet Home. City Attorney Larsen said that the last rate study was completed in 2021 and the new rates were adopted following the study with the final year of increases occurring after three years. Mayor Coleman asked if there was an observed change in development patterns as a result of the change. City Attorney Larsen said that there was an increase around the same time the study was completed. Mayor Coleman asked if the projections included a known anticipated large development. Director Brown replied that he did not believe so.

Councilor Bronson requested a comparison to other cities in the area regarding SDC rates. City Attorney Larsen stated that the rate study noted that Sweet Home was one of the lowest in the area even following the rate increase.

Councilor Sanchez expressed support for incentivizing fast development to expand the City's tax roll.

Director Brown reviewed the Water Fund.

Councilor Richards exited at this time and a quorum was lost.

Director Springman highlighted the importance of a planned project to install a generator at the water plant. He noted decreases in water treatment due to a review of program expenses.

President Pro Tem Thorstad asked how fuel was purchased by the City. Director Springman replied that the City has a contract with Pacific Pride and receives a favorable rate. President Pro Tem Thorstad expressed concern with potential impacts to the budget if gas taxes were raised. Financial Operations Manager Robeck replied that the City's gas was tax-exempt.

Mayor Coleman asked of the increase in chemical costs. Director Springman replied that the numbers were based on current usage plus a standard 3% increase.

Director Brown stated that the Water Fund has a debt service payment through 2042. He noted that there were some large projects planned in the Capital Improvement Plan (CIP) for the Water Fund and City Council may wish to consider moderate rate increases annually to ensure the ability to continue capital programs while avoiding significant increases to customers. He provided a comparison of Sweet Home's current rate, a 2% proposed rate, and surrounding cities showing that Sweet Home had a relatively low rate.

Councilor Bronson asked of planning for future drawdowns. Director Brown replied that if there was a significant event, City Council would want to consider moving more funds into contingency in the future or operations would need to be reduced drastically. Councilor Bronson expressed support for a small increase to the associated fees.

Director Brown reviewed the Sewer Fund and noted that it has two debt service payments scheduled through 2031 and 2035. He noted that the City would take out an additional debt service to support the Wastewater Treatment Plant project.

Director Springman stated that Public Works was currently paying a consultant to assist with managing the current plant and was proposing the addition of a position to bring the position in-house. He highlighted upgrades at the plant that increased capacity and efficiency at the plant.

Mayor Coleman asked of the timing for the new position. Director Springman replied that it was proposed for the upcoming year to begin planning for the new plant. Mayor Coleman thanked Director Springman for his efforts to bring the majority of management in-house and to support the career development of local workers.

Director Brown reviewed current sewer rates and noted challenges with forecasting due to unknowns with the Wastewater Treatment Plant project. He stated that he would not make a recommendation regarding rates until the final terms of the rate agreement were known but he was certain a rate adjustment would be necessary to meet the repayment terms of the project's WIFIA loan.

Councilor Sanchez asked if rates had already been analyzed for the WIFIA loan. Director Brown replied that the rates could not be finalized until the loan terms were final. Councilor Sanchez expressed a recollection that the City Council had already raised rates to qualify for the WIFIA loan. Director Brown replied that he believed that an analysis was not completed due to missing financial statements and any previous rates would be revised.

Director Brown reviewed the Storm Fund.

Councilor Sanchez asked of the completion of a Stormwater Master Plan. Director Springman stated that it was completed and approved the previous year.

Director Brown reviewed proposed capital projects for the next few years and noted that a rate adjustment or a loan would be required to support the proposed projects, or a portion of the projects would have to be deferred. He reviewed the potential scenarios and noted that an increase from \$4 to \$8 through 2030 would be required to support the current capital plan if the City financed it in cash.

Councilor Hegge asked if it would be possible to increase rates at a lower rate and take out a loan for a smaller amount. Director Brown replied that there were a number of options available, including spacing the projects out further.

Mayor Coleman expressed concern with project deferrals but that she understood the potential burden to constituents resulting from rate increases.

Councilor Sanchez asked for clear communication to residents regarding the infrastructure benefits of rate increases.

Councilor Bronson asked of the storm rate in the proposed budget. Director Brown replied that it was programmed to remain at the current rate of \$4 monthly but delaying increases would reduce the future availability of funds and the ability to execute desired projects. He noted the importance of reviewing Capital Master Plans in order to direct staff appropriately.

Director Brown reviewed the Economic Development Fund and noted that the availability of funding was diminishing over time.

Councilor Sanchez asked staff to investigate grant opportunities to supplement the fund.

Director Brown reviewed the Reserve Fund and noted that funds had been transferred out to other funds. He highlighted that a significant portion was determined to have originally been intended for the Library Fund and were moved back to be kept for their intended purpose.

No action was taken at this time.

Adjournment

There being no further discussion, the meeting was adjourned at 7:45 PM.

Chair

ATTEST:

City Manager – Ex Officio City Recorder