



Budget Committee Meeting Minutes June 08, 2020

Present: Mayor Robert Duncan, Council President Mike Caughey; and Budget Committee Members Kimberly Downey, Robert Boese, Adam Keaton, Charlotte Thomas, Randy Klemm, Connie Barnes, Barbara Shipley, Marilyn Pollard, Raande Loshbaugh, Amanda Greene, Ruby Bennett and Travis Walker. Staff present were City Administrator John Hitt, City Recorder/Asst. City Administrator Michele Eldridge, Finance Officer Tim Gaines, Public Works Director Chuck Scholz, Municipal Court/Utility Billing & Library Supervisor Lori Ross.

Meeting Location: Harrisburg Municipal Center @ 354 Smith St.

HARRISBURG REDEVELOPMENT AGENCY BUDGET COMMITTEE CALLED TO ORDER AT 6:35 PM

Mayor Robert Duncan called the meeting to order, made introductions of all members, and thanked everyone for serving.

NOMINATIONS AND ELECTIONS OF THE HRA BUDGET COMMITTEE: Klemm motioned to appoint Mayor Robert Duncan to be Chairperson of the HRA Budget Committee, which was seconded by Caughey. The Committee voted unanimously to approve the appointment of Robert Duncan to be Committee Chairperson.

Keaton then nominated Caughey to be the Vice-Chair of the Budget Committee and was seconded by Klemm. The Budget Committee unanimously voted to approve the appointment of Mike Caughey to be the Vice-Chair of the Budget Committee.

BUDGET MESSAGE presented by City Administrator

- Hitt presented the budget message and brought the Committee's attention to the pie charts that are included in the budget message in the agenda. He noted that we had improved our reserves and contingencies, which are all important factors. We've done well; not perfectly, and not great, but comparatively well. He is satisfied that a city our size has an investment in contingency and capital outlay, as he knows of bigger cities that don't have these. He explained that the HRA is an Urban Renewal tool, that is a separate taxing identity from the city. It exists to do projects or activities that relieve blight inside the boundaries of the HRA budget.

He talked about how the HRA requires us to borrow money, for a predefined list of projects that are completed over a period of time. The bond is paid back in tax increment dollars, for property located in the HRA district.

- Eldridge spoke about the investments in the HRA district thus far, prior to the latest amendment which added to the HRA's indebtedness. She noted that the bulk of the HRA funds will go towards badly needed infrastructure improvements in the HRA District, in the amount of \$2.6 million, which is 58% of the roughly \$4.5 million that has been issued in bonds. She added that \$550,000 has been set aside for the Improvement Loans and Grants program that the HRA has available for businesses. (She also noted that the HRA Board had decided to only issue grants as of this fiscal year, rather than combination loans and grants.) Projects paid for through the HRA were improvements on the EZ Stop building, allowing a doctors office to be in town, as well as the dentists new building at 205 Macy St. JB Woodworks, which is the old Moody Hardware building, had been improved, as had the building cross the street from it, that was falling apart. Money is also being invested in the Oddfellows building, on the corner of Smith and 2nd St, as well as in The Voo structure on the same block.
- Hitt added that the concept is that as more improvements are made to buildings, that the value of them starts growing, and those improvements raise more taxes, which then goes back into paying the bond back. It's a powerful tool, which allows for development and improvements. He noted that the value of the properties is frozen for all taxing entities, and that the increase in value goes to the HRA. Eventually, the money that was invested in it, and the increased values of the properties will all go back to all of the taxing entities.

A PUBLIC HEARING to discuss the uses of the HRA Budget was opened and closed at 6:51pm, as none of the public had any comments in relation to the HRA.

Klemm asked about what Hitt had stated about the administrative fee in the HRA Budget, and Hitt told him that you can't manage an HRA for as low as we had budgeted originally, as he has managed several of them in other cities. Downey said that the consultant advised us to be really conservative on that, because the other taxing districts were all concerned with how much we were requesting. Gaines remembered it as being a conscience decision to put more money towards actual projects, and not administrative fees. We figured the city would take some financial hits in comparison, but it was doable. Downey said that we got both medical and dental facilities from that. Loshbaugh asked if that was a five-year plan, but was told by Eldridge that actually, it's a 20-year plan, which Gaines echoed.

- Loshbaugh then **recommended approval of the HRA budget as proposed to the HRA Board of Directors. She was seconded by Thomas, and the HRA Budget Committee voted unanimously to recommend approval of the HRA budget as proposed.**
- Caughey then **motioned to also allow for 100% division of taxes, which was seconded by Klemm, which the HRA Budget Committee also approved unanimously.**

With no further discussion, the HRA Budget Committee was adjourned at the hour of 7:01pm, to start the City of Harrisburg Budget Committee Meeting.

THE CITY OF HARRISBURG BUDGET COMMITTEE WAS CALLED TO ORDER AT THE HOUR OF 7:02PM.**NOMINATIONS AND ELECTIONS OF THE BUDGET COMMITTEE:**

- Thomas **nominated Mayor Robert Duncan to be the Chairperson of the Budget Committee and was seconded by Klemm. The Budget Committee, with the exception of Mayor Duncan who abstained from voting, unanimously agreed with his appointment as Chairperson.**
- Klemm then **nominated Council President Caughey to be the vice-chair of the Budget Committee which was seconded by Thomas. The Budget Committee then voted unanimously to appoint Mike Caughey as Vice-Chairperson.**

BUDGET MESSAGE presented by City Administrator: Hitt noted that the General Fund is one of the largest funds that a City has available. Its important, because it's one of the funds that has to support city operations for months before tax revenues start arriving in the City. Harrisburg's budget is a little different than what he is used to seeing, but they can vary between cities, based upon the choices of City Council, and auditors. The Enterprise funds, water and sewer, are also very large funds, and the City has the normal types of reserve funds. There is no change in the number of funds from what we had last year, or in how they are treated.

PUBLIC HEARING for members of the public to provide written and oral comment to the budget committee on the possible uses of State Revenue Sharing, including offset against property tax lies, was opened at the hour of 7:05pm.

Travis Crosman: Crosman addressed the Budget Committee and wanted to discuss that the city budgets \$241,000 a year to the Linn County Sheriff's Office, and that he knows how much time they spend in town. They are severely understaffed, which is odd for such a big budget, but Linn County is a huge area; that affects the city by it's need to go to another agency for traffic enforcement services for \$25,000. He spoke for some time about investing in a City of Harrisburg police department, instead of giving the money to other agencies. He had taken a lot of time to research the costs of starting up a department. He's looked at the cost of Oregon Police Chiefs and said that we could get donations of equipment and vehicles. He noted that just because they are cycled out of larger cities, doesn't mean that they aren't still good. He felt that with Junction City growing exponentially, and with a large part of the growth being rentals, that Harrisburg would likely be getting a trickle of crime coming into town from them. Linn County's response times are limited; if they are near town, we can get them in ten or fifteen minutes. But if they are across the county, it could take 40 minutes to get a deputy. We can contract all we want, but ultimately, he felt that those departments have their priorities elsewhere. He is a former Junction City policeman himself, and he knows a lot of these people. They are all invested and working hard. But having our own department would make those investments in Harrisburg.

He spoke of other cities, and what they've done with a small budget. He felt that Harrisburg could have better control of where they want their services to go if they had their own police department. He thinks we should look at developing that, rather than continuing to put money towards an agreement with Linn County. He felt that we needed to get ahead of the curve by investing in ourselves instead. He talked about other advantages of having our own police department as well, such as their support in the community, and having things like a bike rodeo, or shop with a cop program. There is National Night out, and other programs out there too. It's why he got involved as police offer.

Mayor Duncan asked if he looked at the budgets of these other communities, and Crosman said that Turner has a smaller budget than what we put into LCSO, and they have a chief and an officer, and just advertised for one more. They have 3 or 4 cars now. They don't have 24 hours coverage yet, but the chief and the officer work and swap out weekends. Mayor Duncan thanked him for his input. Council has really talked about the eservice we get many times, and he doesn't want to spend all night on this. When he started as Mayor, we were only spending \$175,000 each year, and each year, without fail, it jumped upwards by 5%. Coburg is here for traffic specifically, because we wanted more support for that. We are not getting what we are asking for. Caughey added to that, stating that we haven't been super pleased with what we've been getting, and we don't always see eye to eye on those services. Going through Coburg he thought was a good move, because it's less expensive than what we pay to LCSO. They can afford a police department, because their tax base is huge, and much larger than Harrisburg's. Coburg is a trial program for us, and the police chief has tackled the problems areas in traffic. They had written quite a few tickets. We would love to have our own police department, but the costs of it is an issue. We talked about trying to pay a Linn County Deputy to be here, but it's way beyond the reach of what we could hire here. The Sheriff's office has a lot of services we wouldn't be able to have. That's the kind of things like officers dedicated to sex crimes, human trafficking, and crimes against children. We hope that we won't need those services. He's been looking into what we get for the amount of money we pay to LCSO and would like to have our own department. Caughey called on Downey, who has been involved in Crime prevention in Harrisburg, and elsewhere.

- Downey said that getting more information is good, but we can't decide on the budget tonight; it's a recommendation to the City Council. With the Mayor's permission, we could come back to a future City Council meeting in order to get the information together. She would be excited to have our own police department; our City Administrator has been administrator in a city with a police department. She wanted to take advantage of that. For purposes of the budget tonight, we don't have time to talk about it, but we can do so in the future.
- Mayor Duncan supported that but noted that there is nothing we haven't kicked around already.
- Downey said that if there is more information we haven't heard before, then she wouldn't mind talking more about it.

The Public Hearing was closed at the hour of 7:27pm.

DISCUSSION OF THE BUDGET

Water Fund: Scholz talked about the water fund, and that we now have the bond money to be spending on the water system improvements. We are not looking at any kind of a rate increase this year, due to COVID and the environment we are in right now. Downey was excited about the difference the new water pipe in 5th St. is making in her neighborhood, including not being afraid of drinking the water, as well as having more water pressure. She didn't know it would make as much difference as it has.

Sewer Fund: Scholz said that the beginning fund balance will increase next year, but collections of revenue will go down. Again, we are not proposing any rate increases because of COVID. Expenditure increases are minor, and the fund is similar to what we've been working with.

Water Reserve & Sewer Reserve Funds: Scholz noted that the beginning fund balance is slightly up; we don't have plans to spend out of the water reserve this year. Most of the improvements will be paid for out of the water fund. Keaton asked why we were doing it that way, and Hitt told him that there is more flexibility to being able to spend in the regular fund, as opposed to using the

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reserve funds. Scholz added that the beginning fund balance in the sewer reserve fund has gone up slightly, but there isn't much to say. We have a few sewer projects coming up in the near future. Everything will stay stagnant. Mayor Duncan asked if we changed the sewer treatment bond, and Gaines told him yes, we had refinanced it, with the due date being June 30th, 2036. Klemm asked if Gaines could provide us with more of the actual expenditures than what we are seeing here? Gaines told him he could provide those for Council when we adopt the budget. Klemm would prefer that, and Hitt suggested that perhaps he would like to see where the current year is forecasted. Klemm agreed. Gaines said that he will add that on for the budget committee next year.

General Fund: Hitt said that we really don't know how COVID will impact property tax collections, which we don't get until December. We had been at a collection rate of 96%, so he is proposing a collection of 90% due to the impacts. We will adjust, if we are overly optimistic and don't receive that. We are not really expecting franchise fees to decrease; for the most part, people are paying them. Republic Services is certainly having more garbage than ever before. Everyone not working is at home, and they are often working at home as well. That calls for power, and cable services for internet. Building permits are hard to predict. We've been very busy so far. We have two grants we hope to get. One is in OPRD (Oregon Parks and Recreation Department), and the other is the COVID relief grant. Klemm asked if that was from the state, but Hitt told him while the state is granting that, the actual funds come from the federal government.

Shipley asked what we could use that for. Could it be used for a utility relief program, or business grant program? Hitt told her both are being proposed. We've actually been designated a minimum of \$50,000 so far. Lori has been very busy in court, and those revenues are up slightly, and with good control of expenses, he hopes to hire a part-time administrative assistant in the future. We won't know about that until spring of next year. We have a lot of projects going on, and therefore engineering expenses are up. Office expenditures, and professional improvements can be kept up for the time, and in actuality, will be far less than budgeted, as most of our classes will be in Zoom, and there likely won't be room and board expenditures. The LCAH (Linn County Affordable Housing) grant is now completed and represents one of the biggest dollar changes in the fund. Downey asked what the transfer to office equipment was for? Gaines told her we bought new computers and workstations. Klemm asked about the land line; do we actually have one? Gaines told him that's at the pump station for emergency call outs. Scholz said that we have been adding to our generators and will keep doing so. Keaton asked in Personnel, that the professional improvements budget was doubled. Was this before COVID was adjusted for? Hitt told him it was his opinion that we needed to be going to training, and things were changing really quickly; we also didn't know when things would return to normal. Therefore, we kept them the same for now.

Street Fund: Hitt said that the gas tax is decreasing. He added that we are still transferring the anticipated funds to the street maintenance lines. Klemm noted the substantial drop in gas receipts, and Hitt told him that's what we've been advised. Gaines added in the amounts in February and March were normal, but April is down. Scholz said that we see materials and services not changing much, and we are still increasing our maintenance fund to \$250,000 a year. We have four streets in failed condition, one of which is 5th St. We are using some SCA money on LaSalle St. as well. Klemm asked about the contingencies, and Gaines told him we put aside 5% for those.

Bike Path Fund: Scholz said that this remains the same; no significant changes are planned from the previous year. We've talked about a bike lane improvement project, but we are only about halfway there.

Community & Economic Development Fund: Eldridge told the committee that beginning fund balances have been going down over the last 3 years. She talked about the \$38,000 we have set

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aside for miscellaneous expenses for the business grant program. We've only expended about \$10,000 so far for those, and she and Hitt will start contacting businesses who haven't applied to make sure they know the money is there for them. She also spoke about money we've paid to Oregon RAIN (Rural Accelerator and Innovation network), for our portion of the Mid-Valley Partnership or MVP. We entered into a new 3-year agreement in that program with 7 other cities. The Chamber of Commerce has been asked to run the concert programs, so we've increased the money to them by \$1,000. Finally, the building and reserve account is \$148,700, and we have about \$20,000 in retainer fees that haven't been paid out. We hope to have a combined use of roughly \$9,000 for the Exploring Downtown program as part of Main Street, and for future business development and marketing.

Library Fund: Ross said that the Library is primarily funded by the General Fund. They have had some changes to personnel services, so that the Librarians can have the Library ran by other staff if they are in training. The other factor is PERS, because Mandy has now become eligible for PERS, where before she wasn't. Other than that, there were not many changes.

Storm Drain Fund: Scholz said that it's roughly the same; they have some storm drain capital improvement plans in the future. Mayor Duncan asked him what he was planning, and Scholz told him that as water lines get changed out, we have a chance to replace some storm drains at the same time in areas where they are bad. We were lucky on 5th St, because it counts as new street, so we could use storm drain SDC's for that. Most of the other streets have existing storm drain lines. The water bond only pays for the water lines. Thomas thought it was great that he is paying attention to streets and isn't digging into an area twice.

Debt Services Fund: Gaines said that we are in the first year of a bond payment, so interest shows a change in debt services. The water bond was refinanced in 2017, and there really isn't anything else. Hitt added that the water bond is also covered by an additional levy.

Office Equipment Reserve Fund: Gaines said we had some computer replacements; we do a good job with them, because most are 4 or 5 years old. We needed a couple of new computers for court too, but typically, we only buy them every 5 or 6 years. We also switched to a different IT company and had some costs there that we wouldn't have had, if we hadn't switched services. We had some additional costs for IT services to reverse what the other IT company did. Downey thought he had to reprogram the network. Gaines said yes, and there was more upfront cost with the network. We try to transfer the least we can into this fund. Klemm asked about the server reserve of \$2,000 a year. Is that every year for five years? Gaines told him five years max. He thought the max was \$15,000. It's not cheap to replace servers.

Equipment Reserve Fund: Scholz said that transfers are up slightly, and we are down in spend out. We have a bigger purchase of equipment almost every year. We had a side by side that we had to replace; it did it's 30 years' worth of work. He needs to get another for the poplar tree plantation. Our dump truck is in good shape, so he put the money into a 4-wheeler reserve fund instead.

SDCs Fund: Gaines said that the developers put money into these funds when they build homes, but we only have improvements in a few lines. Scholz added that these are projects that are pre-set up and must be in the Capital Improvement Plan (CIP) to be allowed to use SDC funds. That is the basis of all the SDC funds. We have money set aside for parks, and some very critical sewer projects, which will be paid for through SDCs. People get confused about SDC's, and don't realize that they may only be used for new improvements, not for maintenance.

Hitt wanted to thank the staff; Gaines and Scholz put in the lions share of time in the budget work. Scholz has a very small, dedicated staff, who do amazing work. He knows other cities, with much

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larger staff, who don't get as much work done as ours. It's great to see how they operate. everything is well planned, and well taken care of. It's nice to know he doesn't have to worry about it. Downey liked that they always smiled! Mayor Duncan added that he's sat in this chair for a long time, and the budget would typically take 3 meetings. He would rather have a root canal with a garden weasel, then go back to those. This makes us all look good, and we appreciate that. Our City is in a better place, because of your involvement, and we have a truly wonderful place to live. He appreciated the service everyone gives.

- Klemm **motioned to accept the State Revenue Sharing money and was seconded** by Downey. **The Budget Committee then voted unanimously to accept State Revenue Sharing Money.**
- Klemm then **motioned to approve the budget as proposed. He was seconded** by Downey, and the **Budget Committee voted unanimously to approve the budget as proposed.**
- Klemm then **motioned to set the property tax rate at 3.1875 per thousand. He was seconded** by Downey, and the **Budget Committee voted unanimously to set the property tax rate at \$3.1875 per thousand.**

ADJOURN: The meeting was adjourned at the hour of 8:33pm.

Chairperson

Secretary