



## Harrisburg and HRA Budget Committee Meeting Minutes

May 17, 2021

6:30 PM

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**Present:** Council President Mike Caughey and Budget Committee Members Kimberly Downey, Robert Boese, Adam Keaton, Randy Klemm, Charlotte Thomas, Marilyn Pollard, Travis Walker, Kyle Greene, Raande Loshbaugh and Amanda Greene. Staff present were City Administrator Michele Eldridge, City Recorder Lori Ross, Finance Officer/Deputy City Recorder Cathy Nelson and Public Works Director Chuck Scholz.

**Meeting Location:** Harrisburg Municipal Center @ 354 Smith St.

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

Council President Caughey, sitting in for Mayor Bobby Duncan called the meeting to order and asked for introductions starting with the new City Administrator, Michele Eldridge.

#### **NOMINATIONS AND ELECTIONS OF THE HRA BUDGET COMMITTEE:**

- Caughey motioned to appoint Raande Loshbaugh to be Chairperson of the HRA Budget Committee, which was seconded by Thomas. The Committee voted unanimously to approve the appointment of Raande Loshbaugh to be Committee Chairperson.
- Walker then nominated Charlotte Thomas to be the Vice-Chair of the HRA Budget Committee and was seconded by Klemm. The HRA Budget Committee unanimously voted to approve the appointment of Charlotte Thomas to be the Vice-Chair of the Budget Committee.

**BUDGET MESSAGE** presented by City Administrator: Eldridge opened up the meeting thanking everyone for coming. She pointed out that there were a couple changes that were made to the budget documents one of which is how we show the dollar amounts in the diagrams and that the projected actuals are also included on the budget documents, making it easier to see why we made the changes. Klemm thanked Finance Officer Nelson for making the changes.

- Eldridge stated that the purpose of the Urban Renewal District is to create debt by increasing the value of the buildings located within the district.
- The Property Improvement Loan/Grant Program has now been decided to be a grant program and not a loan program due to the City having \$52,000 in unrestricted funds remaining in program.
- Eldridge stated that there may be an opportunity to add one or two small projects this year to the HRA plan depending on current status of indebtedness and construction cost. She noted that as funds are paid out, the balance will continue to decrease.
- Eldridge stated that the Mainstreet Grant Program is a large amount of money and should be terminated by this fiscal year and that this is the money that goes to the Odd Fellows Building as part of the grant.
- Losbaugh noted that the public hearing announcement had not yet been given.

**A PUBLIC HEARING to provide members of the public an opportunity to ask questions about and comment on the budget was opened and closed at 6:49pm, as no public was present.**

- Nelson asked if there were any questions on the HRA. With no response, she wanted to point out some large changes, stating that our interest was going to be down. The current rate is .06% and as we take funds out of pool to work on Smith St, less interest will be earned. She explained that most everything else stayed the same. Consultant cost have gone up due to the audit fee increase.

**Thomas motioned to recommend the approval of the following actions to the HRA Board of Directors to approve HRA budget as proposed or as modified and allow 100 % division of taxes. She was seconded by Klemm and the HRA Budget committee voted unanimously to recommend approval as proposed or modified.**

**With no further discussion, the HRA Budget Committee was adjourned at the hour of 6:47pm, to start the City of Harrisburg Budget Meeting.**

**THE CITY OF HARRISBURG BUDGET COMMITTEE WAS CALLED TO ORDER AT THE HOUR OF 6:47PM.**

**NOMINATIONS AND ELECTIONS OF THE BUDGET COMMITTEE:**

- **Klemm nominated Raande Loshbaugh to be the Chairperson of the Budget Committee and was seconded by Thomas. The Budget Committee voted unanimously to approve the appointment of Raande Loshbaugh to be Committee Chairperson.**
- **Klemm then nominated Charlotte Thomas and was seconded by Walker. The Budget Committee then voted unanimously to approve the appointment of Charlotte Thomas to be Vice-Chair of the Budget Committee.**

**BUDGET MESSAGE** presented by City Administrator: Eldridge presented the budget message as presented on page 4 and started by stating that she wasn't sure what to expect this year as we have never dealt with a pandemic. The City is doing relatively well as we have been careful and conservative on spending and taking care of money the way it should be. Eldridge stated that the City is looking extremely well and she is very pleased to present this budget tonight.

- Eldridge noted that we were able to put together all the funds needed to meet Council priorities in the Strategic Plan this year. Property Tax Collections and Franchise Fees are up \$40,000 from what was projected. Liquor Tax and Shared Revenue are also on the rise.
- Eldridge explained that we want to stay competitive in our wages and every 3-4 years we do a comparative wage analysis. This time our Public Works employees and our Finance Officer are less than the median. Other employees who are not, would receive a 2% COLI. The budget does support a wage increase that was approved by the Personnel Committee and the City Council.
- Eldridge then spoke of a critical item in the Strategic Plan which is the sanitary sewer line crossing the railroad tracks stating that we only have one line that crosses from the east side of the City to the west. Having this taken care of, is extremely important to us. The Sewer Reserve Fund can be used to achieve this objective.
- Eldridge spoke of City staffing and that we have been at a minimal level and although it was budgeted for, we have held off on the hire until we see an increase in the number of permit activity. She will talk more about the building permit fund and our work with Junction City later in the budget.
- She then stated that the Water Bond Project is an overall priority that is continuing to be worked on. Public Works Director estimates that the City will spend close to 6 million this year and that is because our engineering and storage tank plans are at 90% completion, and we should start seeing progress in the City.
- Eldridge commented on changes to the budget format, the addition of the building permit fund and electrical permit fund. Some of the budget highlights including property value increases and property tax revenue. She stated that the real estate market is strong, and we will have at least one more subdivision this year, Shadow Wood which is 15 lots, and they should be submitting their plot soon. Wood Hill Crossing is a 31-lot subdivision on the south side of Sommerville Loop and is asking for an extension. There are also four lots on Burton St that have begun construction and another on 4<sup>th</sup> and Kesling St.
- The City used \$65,000 in Community and Economic Fund used to help businesses during the pandemic, that were replaced by the Covid Relief Fund. The CRF reimbursements are spread throughout several different funds.
- HRA has some grant funds still available.
- American Rescue Plan funding is new. The City is due over \$397,000 from the ARP and believes June is when it will be paid out. This will be spread out to three different funds; General, Community and Economic Development, Water and the Sewer and Storm Drain funds. Eldridge noted in the Street fund portion, she thought we could use this revenue for streets, but came to find out that it cannot be used for that fund.
- Thomas asked if those funds could be used on Sommerville Loop stating that the street needs water and sewer lines put in. Klemm asked if they specifically stated that it couldn't be used for streets or did they not list it? Eldridge responded by stating that nothing was said about streets, only sewer, water and storm and that she is still finding out information.
- Because of the ARP funding the City received this year, the Council is committed to not have a rate increase for utilities this next fiscal year.

**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 levies, was opened at the hour of 7:00pm.**

Loshbaugh asked if the additional funds are based on federal funding because of Covid and if funds were distributed to each community from the State? Eldridge answered yes. Nelson noted that the amount of funding is decided by a formula based on population.

Thomas asked about an amount for \$700,000 and if that was coming in 2022? Eldridge answered yes and that it was coming in two payments, half this year and half next year. Thomas asked if we needed to spend it within a certain time frame and Eldridge answered yes and that she believes we have to be using it and cannot put into a reserve fund. Thomas asked if it could be put into reserves for certain funds for certain projects. Eldridge responded that it depends on how long it is going to be and what type of reserve fund. She's still finding out information about it but felt justified to apply towards our rates, so our rates don't increase for our citizens. We are looking into other uses, like utility relief programs and Community and Economic Development to help local businesses. Scholz commented that this program continues to change and it might change again by next year. He believes Eldridge's explanation is right on with what we know at the moment and that we can't bank roll it and hang on to it. Thomas asked even if it's not enough to do a project that we want to do? Scholz answered that we don't have a place to go to find out that answer yet. Thomas stated that she thinks it should be used on streets and asked Scholz if he would agree or disagree? Scholz agreed that he would love to use the funding for streets, however, he can do a storm project or a sewer project on a street that is to be developed without doing a street until we can do it out of the street fund.

**The Public Hearing was closed at the hour of 7:06pm.**

## **DISCUSSION OF THE BUDGET**

General Fund: Eldridge stated General Fund increased by \$175,000 as a beginning fund balance. The City doesn't receive any property tax revenue doesn't come in until November or December and because of that, we need to be careful how we structure our funds. The City is in a good position right now for a City our size. There has been an increase in the Municipal Court activity with traffic but wanted to state that we don't look at traffic as a revenue source but as safety concern for our citizens. Franchise fees are only 12% of the General Fund and we do have an OPRD Grant Fund of \$40,000 expensed and an additional \$10,000 along with \$30,000 from Park SDC's that will be used for Parks Masterplan and SDC updates. Personnel Services are reduced by over \$64,000 due to staff making less wages in new positions and holding off on the hiring of a part time staff person. Professional Services for Contracted Services are \$47,300 and this increased due to a shortage last year but the funds will not be touched if we do not need it. Legal Services increased \$15,000 which is specifically related to what the City anticipates will be needed with the BN Railroad Franchise Agreement which expires in 2022. The City is not happy with that agreement so it's anticipated they will be using attorney services more. Building Permit Fees are at \$20,000 due to the fact that any outstanding permits that have not come back yet or any permits that are not final, will need to be taken care of by Linn County. The \$5,000 under the HMC Council upgrades is to finish off the sound system in the Municipal Center. Governor Services includes a slight increase for our Deputies, and we also have a small increase in Supplemental Law Enforcement for Coburg. Hart Community Center has asked for an additional \$5,000 of funding this year. Interfund Transfers including Community and Development, Storm Water, Water and Sewer Funds are due to the ARP program. The other funds, Office Equipment, Street and Library are funds that the City is committed to moving forward each year, out of the General Fund.

Street Fund: Scholz stated that the beginning fund balance is up from \$73,000 last year. It was expected that Gas Tax Revenue would be much lower than it was. Two major grants that the City puts in for each year, The Safe Routes to School and the TGM to update our Transportation Management Plan, each year you don't get it, you get higher on the list. He believes we have a

really good plan for both of them this year. Thomas asked if that was to do sidewalks on N 9<sup>th</sup> St? Scholz responded yes, between Territorial St and Diamond Hill Rd and that it would link sidewalks in town to schools. Our estimates were around \$550,000 to do that job because of the cost of concrete. Thomas asked if any of the homes have remonstrance, would they have to pay any of the cost? Scholz responded that he didn't know, but he would think that they wouldn't have to. Eldridge noted that the project is something that they want to ask the public to weigh in on because the City has received inquiries stating that they want this project.

Bike Path Fund: No significant changes from previous fiscal year. The fund will pay for future trail to link S 6<sup>th</sup> St to the 100 Acre Park as it has been discussed. Caughey asked if Scholz had a guess on the cost for that? Scholz responded no. Thomas asked if the City owned all of the property to get the bike path to the park and Scholz responded, no. Not all of it but the City does have easements and a water line that runs through field and we can use part of that. We have other bike projects on our transportation plan if this falls through.

Community & Economic Development Fund: Eldridge started with the Summer Events Donations pointing out that we are working with the Chamber of Commerce who will be running the summer concerts this year and we should start seeing information coming out about that soon. We are paying them an additional \$1,000 to run the program so City Staff can focus on other things. The Economic Development Grant Program, which is similar to the HRA in which we can give money to local business's who need funds to have work done on their property. An additional \$3,000 was put into the Mid-Valley Partnership which is an Economic Development program ran by the Eight City Consortium and are looking into putting together a website that will include an assets list from all the different communities of available properties. Events in Main Street Program is \$57,000 of unrestricted funds used for those programs. The City is looking at a ribbon cutting grand opening to show that our main street project is almost done and to promote business's. Thomas asked if the youth sports program donation went to Eagle Athletics and Eldridge answered yes that they submit an annual request. Loshbaugh asked Eldridge for clarification on what Communities are the included in the Eight City Consortium. Eldridge answered, Harrisburg, Brownsville, Tangent, Halsey, Monroe, Philomath, Scio (eighth was not given).

Library Fund: Ross stated the beginning fund balance is good compared to last year due to the fact that we had minimal programs, education, and training. The Library did request and additional \$2,600 more so the Library could be part of the Oregon Digital Library Consortium which would offer E-books to our patrons. A reduction in the Book Fund and Miscellaneous Expenses were made to make up the difference for what was needed. Klemm asked about the genealogy website and Ross answered that the Library discontinued program since it was never used.

Storm Drain Reserve Fund: Scholz questioned the name of the Storm Drain Reserve Fund, stating that the word reserve is confusing. Eldridge commented that it was changed by Gaines. Nelson stated that she can change it for next year. Thomas commented that the word reserve makes it seem that the funding is set aside and it's not. Scholz agreed. Beginning fund balance is down almost \$49,000 due to improvements on LaSalle St from 6<sup>th</sup> to 9<sup>th</sup> St and a few other smaller projects. They will continue to use the fund as the water bond project continues. They cannot use the bond fund for the storm water projects.

Building Permit Fund: Eldridge stated that this was a brand-new fund. Revenue is based on projections made on building permits issued over the last year. The City will be receiving more revenue with the new program. The City will receive 35% for building permit fee, (not including planning fees) instead of 25% with Linn County. Some of the fees passed on to residents went down and others went up. Since this is new, we will need to watch closely.

Electrical Permit Fund: Eldridge stated that this is a much smaller fund and is based on predictions from Linn County. The City doesn't really know how much revenue this is going to generate. The City previously didn't receive any revenue from the County for this type of permit, but will now collect 35%. This program increases services for residents as customer service will be within reach.

Debt Services Fund: Nelson stated this fund is cut and dry. On the bottom of page 58 the amount needed to cover the bond is \$410,270. We are projecting that we are going to be collecting 94% so the tax levy is going to be \$434,066 and the expenditures are flat from paying the bonds. Thomas asked if we were at a fixed rate or floating rate with our debt? Nelson answered it is fixed through the Federal Government and they have to notify us three months prior if they adjust it. Eldridge stated that on the 1999 Bond, we have refinanced that a couple times and she has advised Nelson to keep an eye on it and if it looks like we should refinance it, to take that step.

Office Equipment Fund: Nelson stated that the beginning fund balance is up substantially because we really didn't buy anything. Material and Services is up due to the increase in cost and upgrades in software. Maintenance and Software is also up for external IT, Cobalt Services. Copier Reserve and Server Reserve written in per resolution is \$2,000 per year so if we need it, we have it. Eldridge commented that the City did purchase a new timekeeping software this year that has been very nice. Nelson mentioned that in time spent, it will probably pay itself off in a year. Walker asked what is the social media software? Nelson answered that it was SMARSH. This City will be contracting with them for Facebook. If we should get a public records request on a post and it's been deleted, they can go back and capture it.

Equipment Reserve Fund: Scholz stated that the fund increased by \$34,000 this year. It increases every year as we put money into it. Last year we did buy a new side by side for ditch maintenance and spraying. This year we have planned to replace one vehicle.

Water Fund: Beginning balance down \$90,000 due to decrease in revenue which account for ARP Funds of \$42,000 being transferred from the General Fund. We also, this past year, didn't shut off any accounts during Covid. Thomas asked if the City had very many late or non-pays through Covid? Ross answered we had a few people that were several months overdue, and we wrote letters asking them to contact us to make payment arrangements. Scholz stated that the biggest change to this budget would be on page 70, Capital Outlay, Water Fund Construction Project. We are still scheduled to go out to bid in the spring and construction to start in the fall. As soon as it does start, that number will drop real fast. He expects that we will use 6.5 million of that fund this budget year.

Sewer Fund: Scholz stated that the beginning balance is about the same as previous year. There is a \$53,000 ARP transfer from General Fund held by not passing any rate increase to our customers. Klemm stated that Personnel Services was up pretty substantial. Nelson commented that it was because of an increase due to the wage analysis and that everyone in Public Works fell below the medium. Caughey asked if the new position was budgeted in there also. Scholz said yes and pointed out that it is also in the water fund that way.

Water Reserve Fund: Scholz stated this fund is made for major purchases. Reductions and interest impacted revenue. Capitol Outlay has been decreased by \$54,000 due to projects being completed this year.

Sewer Reserve Fund: Scholz stated again, this fund is designated for major purchases. He referenced to page 82 out of the Capitol Outlay. We have started working on the first phase of the sewer/water issue on 4<sup>th</sup> St and are about 95% done with that part, then will move on to equipment

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purchase and then move onto the bigger one on the other side of town. Thomas asked if he was referring to the pumps. Scholz replied, yes, the emergency pumps. The emergency lines are almost put in, and were pressure tested last week. We are waiting parts that seem to be taking a long time to get, like during Covid. Klemm asked if this was beyond purchasing lumber products? Scholz stated that's one reason he hasn't been pushing for Diamond Hill from 7<sup>th</sup> to N 9<sup>th</sup> out because 60% of the PVC Piping Company's have been shut down in Texas because of the freeze. Main water pipe is 80% higher than 6 months ago and then adding the wood to it? It's going to recover, and he would rather not waste the money. Thomas and Klemm stated they would rather wait. He stated that you will see that number go down, once we start these projects.

SCD Fund: Nelson stated that she uses five funds for the formula for SDC's to be very conservative. She believes we will have a lot more construction going on than that but wants to be conservative. Thomas stated that she wondered how many houses are going to be delayed due to increase costs. Eldridge commented that the matching fee for the SRTS and Transportation Capital Improvements come out of the Transportation SDC and that the Transportation System Plan is something that is critical for the city to get done and if we do not get that grant, we will have to start looking at paying on our own. Nelson stated on the Parks System she did the same thing and went of five SDC's, interest is down, total revenue is \$256,120. \$30,000 of that is a matching grant and the rest is the Capital Improvements. Storm SDC's, Water SDC's and Sewer System Development Fund, same formula and goes straight into Capital Improvement. These are funds that Scholz will be able to use to fund his projects. Thomas asked if any of these funds get used for the bond issues? Scholz, said absolutely. SDC funds can only be used on new infrastructure, not maintenance.

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

**OTHER:**

- Eldridge wanted to say how much she appreciated the staff and all of their hard work on this budget. When this process started, it was stressful to figure out where we would be sitting at when we see all the doom and gloom out there. She also wanted to thank the committee for their service to the City and how much she appreciated everyone.
- Caughey and Klemm thanked Nelson for doing a great job on the budget.
- There was a discussion about removing the word "reserve" from the storm drain fund unless it's set by a resolution.

**ADJOURN: The meeting was adjourned at the hour of 8:00pm.**