



# **BUDGET COMMITTEE ORIENTATION WORKSHOP**

Thursday, February 15, 2024 at 5:00 PM

HYBRID: City Hall Council Chambers, 265 Strand Street & Zoom (details below)

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## **AGENDA**

**Call to Order-***Continued from January 11, 2024*

### **Review of Minutes**

[1.](#) January 11, 2024, Minutes

### **Review Submitted Questions and Staff Responses**

### **Adjournment**

## **Virtual Meeting Details**

Join Zoom Meeting

<https://zoom.us/j/93919750244?pwd=N1IxYS9yZnIUcEVwS1hPbmIReDJmZz09>

Meeting ID: 939 1975 0244

Passcode: 387456

Dial by your location

1 253 215 8782 US (Tacoma)

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The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made at least 48 hours before the meeting to City Hall at 503-397-6272.

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## BUDGET COMMITTEE ORIENTATION WORKSHOP

Thursday, January 11, 2024, at 6:00 PM

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### DRAFT-MINUTES

<b>Members Present:</b>	Mayor Rick Scholl Council President Jessica Chilton Councilor Mark Gundersen Councilor Russell Hubbard Councilor Brandon Sundeen Chair Lew Mason Committee Member Ivan Salas Committee Member Jennifer Gilbert Committee Member Jennifer Massey Committee Member Steve Toschi
<b>Members Absent:</b>	None
<b>Staff Present:</b>	Gloria Butsch, Finance Director - Budget Officer John Walsh, City Administrator Jamie Edwards, Accountant II- Budget Committee Secretary Jennifer Johnson, Accountant III Suanne Bishop, Library Director Tina Curry, Contracted Event Coordinator Bill Monahan, Contracted City Attorney
<b>Others:</b>	Brady Preheim Gary Graves Robyn Sephanie Patterson

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### 6:00 P.M. Call to Order

#### WELCOME & INTRODUCTIONS

Finance Director Gloria Butsch welcomed members and thanked them for coming and volunteering, followed by a roundtable of introductions from Council and Committee members. Committee member Steve Toschi asked Contracted City Attorney Bill Monahan if he was advising the administration, Monahan answered his role within the firm is to advise the City Council, providing general advice to the City.

Committee member Jennifer Massey asked if they should appoint a chair and vice chair since the Committee was all present. Butsch advised they could do that and clarified there was not going to be a process of reviewing the proposed budget during this meeting.

#### APPOINT CHAIR

**Motion** made by Massey and seconded by Councilor Russell Hubbard to nominate Lew Mason as Chair of the Budget Committee.

Voting Yea: Mayor Scholl, Council President Chilton, Councilor Gundersen, Councilor Hubbard, Councilor Sundeen, Chair Mason, Committee Member Salas, Committee Member Gilbert, Committee Member Massey, Committee Member Toschi

## GROUND RULES

### 1. Local Budget Pre-Meeting

Butsch reviewed pre-meeting topics for Budget Committee discussions and advised Committee members that they cannot meet or speak with each other about the fiscal year 2025 Budget, as it must be included in a public meeting.

Mayor Rick Scholl declared that there has already been exparte contact between Mr. Toschi and his guest, (Gary Graves), and Councilor Mark Gundersen. Scholl did not receive the information and wants to know, at this meeting, who received the information. Toschi stated he had a problem with the exparte contact as the communication the mayor was referring to was about the past budget. Toschi stated he will declare an exparte contact he has had around discussion on Police funding and what to do about that along with general discussion on water bill levy and how much they could put there. Councilor Brandon Sundeen stated the document being referred to was forwarded to him by Mr. Toschi. Toschi shared it was a review of the past budget and ideas and problems that were identified within it, nothing about the proposed budget was discussed.

Monahan stated it was authorized for Committee members to independently review and gather information on the prior budget and share it with Council and Committee members. Once the proposed budget is presented all discussion on the proposed budget must be held in public meetings. The proper process for sharing future information with Committee members would be to go through the Budget Officer. Scholl stated exparte contact includes verbal conversations as well. Council President Jessica Chilton, stated, as Monahan shared, there has been no exparte contact with the sharing of the review document on prior budget. *(Secretary notes: the review document of the prior budget was shared with all Committee members following the meeting)*

## PROCESS OVERVIEW

### 2. Citizens Guide to Budget Law

Butsch reviewed the budget calendar timeline, which outlines the internal process, Committee process and public process.

## PRESENTATION

Butsch reviewed a presentation on the budget process and Committee roles.

Reviewed Budget Calendar and timeline. Outlines the internal process, Committee process and public process.

Committee Member Jennifer Gilbert asked how the Committee would meet before the Council's next session. Butsch advised the proposed budget was not ready to be discussed. Massey stated they feel the Budget Committee is expected to investigate the past budget and have a thorough understanding of the past and know why and what they are approving of going forward. Chair Lew Mason agrees there should be more meetings and discussions prior to the scheduled meeting from the budget calendar.

Butsch advised that is not the process, suggested they go to Council with their asks. Massey feels the process should change so that it includes the Committee in more meetings and with the process. Massey asked if this was a citizen meeting or administrative Committee. Gilbert clarified that in past experiences Committees were able to call additional meetings and wanted Monahan to answer if they are allowed to call additional meetings.

Toschi asked to clarify that the Committee is authorized to discuss and work together on past budgets without it being in a public meeting. Butsch confirmed. Gilbert asked to confirm that the Committee could call an emergency meeting if needed. Butsch confirmed they could, however there are staff requirements and public notice timeline requirements and public comments.

Monahan confirmed the Committee can put requests for past information in writing and can ask for additional meetings. Further stating another orientation meeting could be held to discuss past information and fact finding.

### Presentation Resumed

The goal is to give the Committee the proposed budget in advance of the first meeting allow time to review and submit questions. This is not normal practice, traditionally the proposed budget is given to the Committee the day of the first meeting.

Any changes from the Committee should be made before it is presented to Council.

### Budget Process

## The Budget Process: Overview

- The Budget Officer (Finance Director) prepares the **Proposed Budget** in consultation with City staff
- The Budget Committee reviews, revises, and approves the budget
  - Then it becomes the **Approved Budget** (to be referred to the City Council)
- The City Council holds a public hearing, makes further revisions, and adopts the budget
  - It now becomes the **Adopted Budget**
  - The Adopted Budget is the City's legal budget – making appropriations and levying taxes

## The Budget Committee

- Consists of City Council and equal number of appointees
- Primary roles
  - Hear the Budget Officer's budget message and receives the proposed budget
  - Hold public meetings
  - Hear public comments/input
  - Review and discuss the Proposed Budget
  - Make revisions to the Proposed Budget
  - Approve the budget
  - Approve each tax rate or dollar amount

## Budget Structure

## Budget Structure

- Budget is organized by Fund
  - A Fund is a self-balancing set of accounts used to record estimated resources (beginning fund balance and revenues) and requirements (uses and ending fund balance) for specific activities and objectives
- All resources and requirements must be budgeted
- All resources and requirements must balance
- Estimates of resources and requirements must be made in “good faith”

## Common Types of Funds

## Common Types of Funds

- **Governmental Funds**
  - General Fund
  - Special Revenue Funds
  - Debt Service Funds
  - Capital Projects Funds
  - Reserve Funds
- **Proprietary Funds**
  - Enterprise (Utility) Funds
  - Capital Project Funds

## St. Helens Fund Structure

## St. Helens Fund Structure

- **Governmental Funds**

- **Operating**

- General Fund

- **Special Revenue Funds**

- Community Development Fund
    - Community Enhancement Fund
    - Visitor & Tourism Fund
    - Street Fund

## St. Helens Fund Structure (cont.)

- **Capital Projects Funds**

- Streets SDC Fund
    - Parks SDC Fund
    - Public Safety Fund
    - Urban Renewal Fund

- **Internal Service Funds**

- Public Works Operations Fund

## St. Helens Fund Structure (cont.)

- **Proprietary Funds**

- **Operating**

- Water Fund
    - Sewer Fund
    - Storm Fund

- **Capital Projects**

- Water SDC
    - Sewer SDC
    - Storm SDC

Butsch further explains that the SDC funds are System Development Charges that are billed to developers when they develop a property. The funds are used to increase our system capacity based on that development.

Butsch explained the budget document is required to have specific columns of data. The required columns include the actual numbers from the previous two years, the adopted budget for the prior year and the proposed, approved and adopted budget of the current year. This year, they will add the estimated yearend balance of the current year before the proposed budget for the next fiscal year.

## Revenue

## Where does the money come from?

- *Top Revenue Drivers*

- Property Taxes
  - Franchise Fees
  - State Shared Revenue
  - Licenses & Permits
  - User Fees & Charges

## Property Taxes

- Oregon Law allows local governments to levy three types of property taxes:
  - Permanent Rate Levy
  - Local Option Levy
  - General Obligation Bond Levy (either as a rate or as a fixed dollar amount)
- St. Helens currently levies only the first type.



The Permanent Rate Levy was set in 2005. St. Helens is the lowest because at the time there was a lot of industry providing a lot of revenue, so the property tax rate need was lower and locked in at the lower rate of \$1.9078 per \$1,000 of assessed value. This rate cannot be changed. This was given by the State of Oregon at that time. Toschi asked if any City has been able to challenge the State on the permanent rate due to change in industry. Butsch stated it was not her knowledge, Scholl stated the League of Oregon Cities has been trying to make this happen for the last five years.

### Different types of expenditures

Butsch shared the different types of expenditures as recurring and one-time expenditures. One-time revenues such as grants should not be used on recurring expenditures. Toschi asked if a grant was received for a three-year period if that can be used towards recurring expenses. Butsch stated it would not be considered recurring if it's for a specific purpose, such as a grant Recreation received for staffing a specific program for a specific period.

### Fund Balance

## What is Fund Balance?

- Fund balance is the difference between the Assets (how much we have, primarily cash) and Liabilities (how much we owe).
- St. Helens reserve fund balance policy is 20% of general operating expenditures.

### Debt

## Let's get clear regarding debt

- Things you **CAN** pay for with debt:
  - Facilities
  - Infrastructure
  - Land / Property
  - Vehicles & Equipment
- Things you **CANNOT** pay for with debt:
  - Personnel
  - Maintenance
  - Supplies & services

Toschi asked if there was a statute on debt, Butsch said yes but would need to look it up.

Butsch requested that the Committee email all questions, to give staff time to review and answer all questions then all Q&A's will be shared to everyone at the public meeting.

Massey asked if department heads would be at additional meetings to help in answering questions, Butsch confirmed yes, they would. Further advising at the first Budget meeting, staff will make a presentation on their departments. After that

meeting, Committee members will be asked to email all questions to be compiled again into a Q&A and discussed at the following meeting.

Toschi asked if the Budget Committee could ask for additional documentation, Butsch confirmed, they can request additional documentation with a consensus that the document would be relevant.

#### Public comment

Once the Budget document is released to the Committee, copies must be available to the public, allowing for public comments during the meeting.

Toschi asked what happens if the budget doesn't get approved. Butsch advised it must be approved by June 30.

Monahan followed up on the question for State Statute on Debt ORS287A.050 (2) and states, unless the City Charter has a lesser limitation, than a City may not issue or have outstanding general obligation bonds that have a principal amount exceeding 3% of the real market value of the taxable property in the City.

#### OVERVIEW OF CURRENT FY2024 BUDGET

The Committee reviewed the current 2023-2024 Budget document.

Sundeen asked what the process looks like when working with the department heads to come up with the proposed budget. Butsch reviewed the current process.

Massey asked if we were within any violation of not being within our reserve policy of 20%. Butsch advised the reserve policy is set by Council, so yes, we are technically in violation if not meeting that but there were no legal repercussions. Toschi asked what year the reserve was set; Butsch did not know. Toschi asked how falling below reserves would affect our credit rating. Butsch said it could, we are currently at credit of AA, with being below on our reserve fund balance at 15% this could lower our credit rating if it was determined to be detrimental to operations. Toschi asked about credit rating for URA, Butsch advised the URA is a separate agency with its own credit rating.

Hubbard asked when department heads come forward with a project for higher request how that works. Butsch advised that is an internal process, some go to Council for Supplemental Budget and Budget Adjustment for current year expenses. Chilton confirmed during the budget process, staff could come to the Council to explain their needs within the budget. Butsch stated that would be in the presentation from the departments.

Butsch reviewed the structure of the budget document using the current year document and pointed out some different features and data within the document.

Toschi asked how debt would be reported, if they took out a loan, if that was considered revenue. Butsch confirmed as revenue and under the specific funds budget, it would be a line item for debt as the revenue. The debt service is shown in separate categories showing the principal and interest payment. Butsch showed where all debt services were in the budget document.

Toschi asked, if Council approves debt but has not been taken, would it be in the budget document. Butsch said if it was identified and approved during the building of the budget, then yes it would. Toschi asked how they would find approved debt, that has not been taken out yet, Butsch said yes, the only approved debt that has not been taken out is within the URA so it wouldn't be in this budget document. Chilton asked if the Public Safety bonds was URA, Butsch advised no, that is a separate fund. The proceeds were received in 2021 and still have not expanded those, they are in history. City Administrator John Walsh explained in the debit summary on page 81, show all the debt and projects. Debts on pages 81 and 82 were reviewed and discussed.

Massey asked about the debt services for Cascades property. Walsh explained that within the purchase contract if there was no revenue coming in from the property that payment did not have to be made. If the property went 20 years without revenue, the debt would go away.



Massey asked about what miscellaneous revenue is, for example page 26; what does Miscellaneous include. Butsch shared that she would not put any large numbers such as loan proceeds in miscellaneous and didn't know the answer to the question off hand and would need to research it. Toschi asked if at the next meeting the Committee a breakout could have what the miscellaneous income includes, Butsch would provide that.

Toschi asked if the 2022-2023 budget numbers have come in and if the Committee see them. Butsch said the Council will receive the audit and presentation at the next meeting. Toschi asked if it was in the same format, Butsch said no, but that would be closer formatted at the budget proposal with the actual numbers.

Toschi said having actual numbers for 2022-2023 will help in making decisions on the new budget. Toschi asked when Butsch could provide the Committee with the actual numbers. Butsch said that was a big ask because it would take additional time to format the data in the way they are asking. Scholl advised the audit will be available, the formatting would take more time.

Butsch stated will be able to generate a budget to actual report from the software, but that it will be in a different format than the budget book.

Toschi stated he had Gary Graves review our current budget document and had some feedback, asked if he could share it with the Committee now, to review and take home to look it over for the next meeting. Butsch stated they were authorized. Scholl said in the future, this information should have gone to the Budget Officer in advance then shared to all, not just a few.

#### ADJOURNMENT

Butsch asked, that they continue the process for the Committee to email all questions so that they could be compiled for everyone by the next meeting.

Toschi and Gilbert would like another meeting before April to discuss and ask questions before the next meeting. Mason would like to be more involved in the process. Toschi, states the Committee needs to review the past actual budget to come with their questions and have another meeting asap. Massey stated they would like another budget orientation meeting to discuss and understand the past and current budget. Butsch asked the Committee to give her a day or two to look over all the calendars to come up with some date options. Toschi requested that the next orientation meeting be no later than February 15 to allow time to receive actual numbers from prior budget and have a URA meeting and come up with their questions.

Massey thanked Butsch for the presentation and clarified that she wants the education and information to be fully knowledgeable.

**Motion:** Toschi moved to reconvene no later than February 16, 2024, at 5:00 PM in the same location. Butsch advised she cannot guarantee staff will be ready by then. Gilbert seconded. Ivan asked how much time Butsch would need to determine how much time would need to Butsch said two days.

**Restated Motion:** Toschi moved to reconvene no later than February 15, 2024, at 5:00 PM in the same location, Massey asked to clarify that the motion would be to set a date to send a notice not a set meeting date.

Butsch asked for Monahan to clarify that the Budget Officer sets the process and didn't know that compelling the Budget Officer and staff of date certain outside of the approved calendar was conducive to the process. Monahan shared that if they were only meeting in orientation to bring information forward, that it falls outside the formal process set by statute, so if they are only preparing the Committee with information, which is fine to follow the typical process for advertising public meetings. Massey commented the concern, was ending the meeting tonight without a date on the calendar that it may not happen in a timely manner. Monahan said it is appropriate to provide direction that the intent is to meet by February 15.

**Restated Motion:** Toschi moved to reconvene no later than February 15, 2024, at 5:00 PM in the same location to have another orientation meeting and seconded by Massey.

Voting Yea: Mayor Scholl, Councilor Gundersen, Councilor Hubbard, Councilor Sundeen, Chair Mason, Committee Member Salas, Committee Member Gilbert, Committee Member Massey, Committee Member Toschi

Mason asked for a hard copy of the budget. Gundersen thanked everyone for volunteering on the Committee. Butsch reiterated it was very helpful to get as many questions as possible ahead of the meeting, at least a couple days before the meeting. Toschi suggested having questions submitted as early as possible, Mason suggested by Monday or Tuesday of next week, Gilbert reminded them about the audit being shared next Wednesday, Toschi said to have questions in by the end of next week.

ADJOURNMENT- 8:28 p.m.

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