

**CITY OF GRANTS PASS
BUDGET COMMITTEE MEETING MINUTES
May 1, 2018 at 6:00 PM
City Council Chambers**

Mayor:

Darin Fowler - Absent

Councilors

Jason Anderson – Absent

Barry Eames

Tyler Flaming - Absent

Roy Lindsay

Valerie Lovelace

Rick Riker

Dennis Roler

Budget Committee Members

Shonna Bouteller

Tom Bradbeer

Tom Brandes

James DeHoog - Absent

Steve Haydon

John Rall

Ferris Simpson

Steve Sorenson

City/Staff/Council Liaisons:

Aaron Cubic – City Manager

Bill Landis – Public Safety Director

Karen Frerk – City Recorder

Diana Mejia – Human Resources Director

Jason Canady – Public Works Director

Jay Meredith – Finance Director

Lora Glover – Parks & Community Development Director

- I. Budget Officer convene Committee
Aaron Cubic, Budget Officer opened the meeting at 6:00 PM. Roll was taken.
 - a. Nominations for Budget Chair and Vice Chair
 - City Manager Cubic opened up nominations for Budget Chair.

MOTION/VOTE

Councilor Roler moved and Councilor Lindsay seconded the motion to appoint Tom Brandes as Budget Chair. The vote resulted as follows: “AYES”: Councilors Eames, Lindsay, Lovelace, Riker, Roler, and Committee Members Bouteller, Bradbeer, Brandes, Haydon, Rall, Simpson and Sorenson. “NAYS”: None. Abstain: None. Absent: Councilors Anderson and Flaming and Committee Member DeHoog. The motion passed.

- b. Nominations for Budget Vice Chair
 - City Manager Cubic turned the meeting over to Chair Brandes. Chair Brandes asked for nominations for Vice Chair.

MOTION/VOTE

Member Bouteller moved and Councilor Lindsay seconded the motion to appoint Ferris Simpson as Budget Vice Chair. The vote resulted as follows: “AYES”: Councilors Eames, Lindsay, Lovelace, Riker, Roler, and Committee Members Bouteller, Bradbeer, Brandes, Haydon, Rall, Simpson and Sorenson. “NAYS”: None. Abstain: None. Absent: Councilors Anderson and Flaming and Committee Member DeHoog. The motion passed.

II. Adopt Budget Committee ground rules

- City Manager Cubic reviewed the Budget Committee Roles and Responsibilities and the ground rules. The purpose of the Budget Committee is to review the budget document as proposed by the Budget Officer. The same Budget Committee serves for both the City of Grants Pass and the Grants Pass Urban Renewal Agency.
- Chair Brandes asked for any questions.
- Councilor Eames asked how the Budget Committee sets the tax rates.
- City Manager Cubic explained that Oregon Revised Statutes Budget Law states that this committee is here to provide a public place for deliberating the budget and considering the appropriations of funds, providing public participation and establishing the tax rate. He stated we have permanent property tax rates due to Measure 5 and Measure 50 that cannot be changed.

MOTION/VOTE

Member Simpson moved and Councilor Lindsay seconded the motion to adopt the Budget Committee ground rules. The vote resulted as follows: “AYES”: Councilors Eames, Lindsay, Lovelace, Riker, Roler, and Committee Members Bouteller, Bradbeer, Brandes, Haydon, Rall, Simpson and Sorenson. “NAYS”: None. Abstain: None. Absent: Councilors Anderson and Flaming and Committee Member DeHoog. The motion passed.

III. Delivery of Budget Message and receive the Budget Document

- City Manager Cubic presented a balanced fiscal year 2019 proposed budget. This budget focuses on continuing to keep citizens safe and investing in services and infrastructure for a stronger quality of life while maintaining a strong commitment to responsible financial management. The budget also represents the official organizational plan by which City policies, priorities and programs are implemented. It provides the means to communicate the City's financial resources, how they are used and how the services to the community will be provided.
- The budget message includes an overview of the process. It explains what the budget document and format are, the level of service, budget parameters, budget summary and the future of the City. The City is required to do an estimate of resources and expenditures.
- The purpose of the Budget Committee is to receive the budget message and the budget document, provide members of the public an opportunity to ask questions and comment on the budget document, approve the budget document as submitted by the budget officer, or as revised and prepared by the budget committee, and set the tax rate or amount needed to balance the budget.
- City Manager Cubic talked about the four main phases of the budget process. The first phase is to propose the budget. This is included in four primary meetings. The first meeting is to receive the budget message and an overview of the Lands and Building Capital Projects. At the second meeting held on May 8, Public Safety and Parks & Community Development Departments will be presenting. At the third

meeting on May 10, Public Works will be presenting and May 15 Administration, Finance and Urban Renewal Agency will close the public process. Phase two is for the Budget Committee to approve the budget. Phase three is to adopt the budget. This is done by Council. Phase four doesn't always happen. If changes occur after adoption, there is a process that needs to be followed at the Council level.

- He reviewed the revenue and expense category line items and descriptions. He discussed the table showing the two prior years actual information, the adopted current budget year information, and any revisions that have occurred and then the recommended budget for the upcoming fiscal year and a projected budget for the second year.
- City Manager Cubic talked about level of service. He said the budget process starts with Council Strategic Planning. Council Strategic Planning starts and ends with public participation. Council provides direction during the Strategic Planning process on what type of level of service we should be budgeting for. The recommendation through Strategic Planning is that Council wants us to maintain those levels throughout all operating divisions. Capital Projects budgets follows Council's work plan and meets the highest priority needs.
- City Manager Cubic stated that all property taxes are dedicated and restricted to Public Safety. He stated that we have a Public Safety Bond rate that is going to be dropping. It is currently at .38 per thousand, and will drop to an estimated .22 per thousand in fiscal 2019 and ultimately be gone in fiscal year 2020. In fiscal year 2019, General Fund support will be required to maintain Public Safety services at the current tax rates. The permanent property tax rate and the Public Safety levy are not sufficient to fully fund Public Safety.
- He discussed budget parameters, which help to provide structure in developing the budget. The Strategic Plan is one of the largest structures in developing the budget. We also have budget principals, capital plans and maintaining our current level of services. Financial policies formulate additional budgeting recommendations. We have policies on contingencies, which are needed because we do not receive new revenues until November of each year. With our budget being July 1 to June 30, there are several months that we have to operate on a savings before our revenue comes in.
- He talked about PERS and how it effects our organization. He stated that the City has a PERS fund that has been internally built at a different rate from the State. This has helped to stabilize the PERS increases for the City.
- City Manager Cubic gave a general budget summary. The City budget as proposed for the fiscal year 2019 has a total budget of \$136,000,000. This represents general funds of 28% and 32% enterprise funds. Capital is the next largest expenditures.
- The operating budget is the day to day operating expenses for the City. The projected operating budget for fiscal year 2019 is \$40,000,000. Most of the money in the operating budget goes to Public Safety. He explained that maintaining the \$1.79 levy in the in the next voter approved levy period required additional General Fund resources to be unallocated in order to maintain our financial policies.

- The General Fund is well balanced and should be stable for the next few years. Our property tax permanent rate is \$4.13 per \$1,000. He stated that property tax increases are from annexation and assessed property value. The General Fund has the only discretionary revenue in the entire City budget, shared by all General Fund Departments.
- Discretionary dollars are used for priorities set by Council. Utility dollars are not discretionary revenues.
- City Manager Cubic concluded with how to prepare for the future. He explained how they reorganized making the City more efficient, more effective, providing a better service and saving \$160,000.00 annually. The City is a High Performing Organization and has challenges ahead. Some of those were permanent funding solutions for rural patrol, jail, District Attorney and juvenile.
- He discussed increased activity in the Parks & Community Development, in both commercial and residential.
- Utility Infrastructure obligations are a challenge. We are faced with the largest Capital expenditure cost the City has ever undertaken. The new Water Treatment Plant is proposed at \$50,000,000. The Wastewater Plant expansion is over \$20,000,000. Regular replacement needs of infrastructure, complete transportation system, storm water utility funding, rate study, managing health care costs, competitive wages, and PERS rates.
- The General Fund and other major operational funds are fiscally healthy, well balanced and financially stable. He recommends that we continue the fiscally conservative and sound financial practices that we have in place. Capital Budget addresses the major, technical issues and Council priorities and we work to meet the challenges ahead as we maintain the excellent service levels that we have.
- City Manager Cubic thanked the elected officials and the Budget Committee members for volunteering and for their team work, commitment and assistance. He also thanked Jay and his staff for stepping up and performing this task while being without an Accounting Services Supervisor. After Council adoption of this budget document, it will then be submitted for the 34 Annual Government Finance Officers Association Distinguished Budget Presentation Award. We believe the only one who has had this award longer than us is the City of Eugene.

IV. Overview of Strategic Plan & related Capital Projects – Lands & Buildings Capital Projects presentation

- City Manager Cubic highlighted the Strategic Plan and went over the recommended Lands and Buildings Capital Project Funds. The Strategic Plan provides budget direction, goals and objectives to follow. The Strategic Plan starts with community, staff and Council input. Then it goes to a three day teambuilding session where the plan is prioritized. The next step is the have the staff create a work plan. The work plan shows us where we need resources, which come from the budget. One of the things that makes the Strategic Planning process good is the work plan. The work plan has smart goals in it, which are specific and measurable. From Strategic Planning, Council identified five goals. The goals are keeping citizens safe, provide cooperative shared leadership involving

Council, staff and the community, encourage economic opportunity, facilitate sustainable, manageable growth, maintain, operate and expand our infrastructure. These five goals are supported by 21 objectives. Those 21 objectives are supported by 99 actions that make up the Work Plan.

- Council prioritized the Work Plan items and approved the Strategic Plan. He explained that the objectives are identified in three different categories using the star system. He explained that three stars was essential, two stars is significant and one star which is desirable.
- City Manager Cubic reviewed all Land and Building Capital Projects. These are all of the items that have received funding of \$50,000 or more or any brand new ones that came through Strategic Planning.
- The first new project Aaron talked about was the LB 6348, Reinhart Park Pedestrian Bridge Rehab.
- Councilor Riker asked about the displays on the bridge with acrylic coverings that have deteriorated over the years. He asked if this would be included in the upgrade.
- Lora said they have not planned on replacing the acrylic at this point, but the funding for this will come out of a fund that is specifically for park maintenance.
- Aaron talked about LB 6349, Downtown Parking/Restroom Management Plan.
- Aaron talked about LB 6351, Historic District Building Plaques. This is to review and nominate buildings for the placement for historic plaques.
- Councilor Riker asked about what the plaques will look like.
- Councilor Roler explained that they are looking into materials and cost, and that they are working on estimates.
- Aaron talked about LB 6352, Reinhart Park Sports Complex Turf Replacement.
- Councilor Eames asked about the rental fee to use the field and if this was to have the field self-sustaining.
- Aaron said the fees are to go to the replacement fund.
- Councilor Lovelace asked who would manage the funds.
- Lora said Recreation Northwest will collect the fees and then turn them over to her department to go through the normal budgeting process.
- Aaron talked about LB 6364, Josephine County Child Safety Seat Coalition. This project assists the Josephine County Child Safety Seat Coalition to acquire child safety seats to serve the needs of our children and keeping them safe in our community.
- Aaron talked about LB 4710, Purchase land on the southeast side along Fruitdale Creek to keep for a future park.
- Aaron talked about a project to improve existing Sports fields with synthetic turf and lighting. Funds will be from a \$100,000.00 donation from the Soccer Association and \$150,000.00 in lodging taxes.
- Councilor Roler asked about the funds for LB 6184.
- Lora said there were preliminary plans drawn up for the Allen Creek Road and some funds were used on that. When the City was not able to partner with the City School District, then they focused on Reinhart and using the same account to develop the Reinhart fields.

- Aaron talked about LB 6224, Grants Pass Brownfield Area Wide Planning Program. The City of Grants Pass received a Grant award from the United States Environmental Protection Agency to conduct a Brownfield Area Wide Planning Project that focused on redevelopment of the former Spalding & Sons Sawmill Site.
- Aaron said it is privately help property but it is in the Urban Renewal Agency. It will require an investment on the private entity.
- Aaron talked about LB 6236, Spalding Industrial Park Development. The additional funding recommendation is to help design a new sewer pump, force main and trunk main to serve the Spalding Industrial Park.
- Councilor Roler said he understood that the Urban Renewal money of \$255,000.00 is not going to be spent right now. He asked about the Bancroft Fund Debt Service and how that will work.
- Jay said there will probably be a Local Improvement District and the property owners will be responsible for paying a part of that.
- Aaron talked about LB 6314, Downtown Restrooms/Welcome Center Building. If we had to replace the existing Welcome Center due to a corporate office going in at that location, we would need some resources and an account associated with that. The Welcome Center provides the Welcome Center, Public Restrooms and a Public Safety Substation.
- Aaron talked about LB 6315, Develop Hillcrest Park Reserve. Funding would be used from Bikeway/Gas Tax Funds. Ongoing maintenance would be provided through the Parks Department.
- Member Simpson stated that he thought we budgeted for this project a few years ago. He asked if that funding was still available.
- Lora said part of the money went into a Park Development Account.
- Aaron talked about LB 6327, Technology Life Cycle Management. This project provides for the purchase of new hardware and software and the replacement or updating of existing components which have reached end of life cycle and are in need of updates.
- Member Rall asked if this was additional costs to support the licensing and agreements for the software. He asked if we had a total IT costs citywide or is it departments.
- Aaron said this is for new hardware and software and that we have IT expenses listed and will be discussing that on the fourth night. He said we have service costs associated with contracts.
- Aaron talked about LB 6328, Public Safety and 911 Headquarters Building. Aaron explained where the funds would come from and that we are able to use them because we have good financial planning. Loans will be repaid in no more than ten years.
- Councilor Eames asked what source of funds the Public Safety Department would be using to pay back these loans.
- Aaron said they would use property taxes and there is a small general fund subsidy that would be used as well.
- Councilor Eames asked if that would require a new source of income.
- Aaron said we are benefitting by having our own Public Safety Station and not having to rent anymore.
- Member Bradbeer asked about the loan from the Benefits Administration Fund and asked if it includes the PERS reserve.

- Jay said it does. We will be using a portion of the PERS reserve, but when it gets paid back this will be the first fund to be paid back.
- Member Bradbeer asked about the State providing a 25% match for any payment the City would need to make for its unfunded liability. That might create another call on that reserve.
- Jay said there is \$25,000,000.00 available to be spread throughout all the state and local governments so we believe that we are eligible to apply to this fund. He will talk more about this on Tuesday, May 15. There is enough in the PERS reserve to do both this borrowing and to potentially participate in that program if we are approved to be a participant.
- Councilor Riker asked since we are loaning ourselves the money to do this, do we have a choice on what interest rate we choose or are we locked in to a percentage.
- Jay said we do have a choice of the interest rate. Traditionally we have used a rate similar to what we are earning on our investments.
- Aaron talked about LB 6342, Riverside Park Spray Park. This will develop a new spray park at Riverside Park near the existing playground area. There will be ongoing maintenance and water usage costs.
- Councilor Lindsay said \$40,000.00 from the Rotary was from the Duck Derby last year.
- Councilor Lovelace asked if they will be recycling water.
- Lora said they decided not to recycle the water due to health concerns and the chemical use involved with that.

V. Ratification of Budget Hearing schedule

- a. Chair Brandes said the Budget Hearing schedule needs to be ratified. Meetings are scheduled for next Tuesday, May 8 at 6:00 pm, Thursday, May 10 at 6:00 pm and Tuesday, May 15 at 6:00 pm. There will also be a tour of some of the capital projects at 4:00 pm Tuesday, May 8.

MOTION/VOTE

Councilor Lindsay moved and Member Simpson seconded the motion to ratify the schedule. The vote resulted as follows: “AYES”: Councilors Eames, Lindsay, Lovelace, Riker, Roler, and Committee Members Bouteller, Bradbeer, Brandes, Haydon, Rall, Simpson and Sorenson. “NAYS”: None. Abstain: None. Absent: Councilors Anderson and Flaming and Committee Member DeHoog. The motion passed.

VI. Receive public comment and/or questions

- None.

VII. Discuss any general questions or information requests from Committee

- None.

VIII. Continue Hearing to Tuesday, May 8, 2018

The meeting was adjourned by Chair Brandes at 8:04 pm.

The motions contained herein and the accompanying votes have been verified by:

City Recorder

Date