

**CITY OF GRANTS PASS
BUDGET COMMITTEE MEETING MINUTES
May 15, 2018 at 6:00 PM
City Council Chambers**

Mayor:

Darin Fowler - Absent

Councilors

Jason Anderson – Absent

Barry Eames

Tyler Flaming

Roy Lindsay

Valerie Lovelace

Rick Riker

Dennis Roler

Budget Committee Members

Shonna Bouteller

Tom Bradbeer

Tom Brandes - Chair

James DeHoog - Absent

Steve Haydon

John Rall

Ferris Simpson – Vice Chair

Steve Sorenson

City/Staff/Council Liaisons:

Aaron Cubic – City Manager

Ken Selland – IT Manager

Karen Frerk – City Recorder

Diana Mejia – Human Resources
Director

Jay Meredith – Finance Director

Kimberly Gasperson – Customer
Service Supervisor

- I. Budget Chair convene Committee
 - Chair Brandes opened the meeting and introduced Budget Officer Cubic, who presented the Administration Department Budget.
- II. Administration Department Budget presentation
 - Budget Officer Cubic said this presentation will focus on the departments that provide internal services to the City. Those departments are Finance and Administration.
 - Budget Officer Cubic stated that the Administration Department is an internal support services department focusing on providing internal services to our customers including Council and all the other divisions and departments.
 - Budget Officer Cubic started with Strategic Planning, which drives the budget.
 - Budget Officer Cubic talked about the five Council Goals. Those are Keep Citizens Safe, Provide Cooperative, Shared Leadership Involving Council, Staff and Community, Encourage Economic Opportunities, Facilitate Sustainable, Manageable Growth, and Maintain, Operate and Expand our Infrastructure to Meet Community Needs.
 - Budget Office Cubic explained the Administration Department Organization flowchart. He stated that citizens are at the top. Mayor and Council are responsible to the citizens.
 - Budget Office Cubic talked about the Mayor and Council Division. He stated that this budget includes meeting costs, television recording and re-play, training & travel, property management direct charge, advertising

for committees, community surveys and funding available to the Committees.

- Budget Officer Cubic talked about the cost of Materials & Supplies, Contractual/Professional Services and Direct and Indirect Charges.
- Budget Officer Cubic talked about Policy and Legislation General Program Operations. This is budget items that serve the City as a whole, including audits, newsletters, general engineering, capital transfers, contingency and ending fund balance. The contingency fund is a safety net which will be carried over each year.
- Budget Officer Cubic explained the cost center differences.
- Budget Officer Cubic talked about Management Services. He explained where these revenues come from. Administration revenues are linked directly to the City departments. Those departments are Personnel, Payroll, Finance, Legal and other support services.
- Budget Officer Cubic said the funding mechanism saves money, reduces complexity and is reliable.
- Budget Officer Cubic said some of the things they do is Implementation of Council policy and City goals, City-wide Administration, Budget process & direction, Legislative support, Internal & external public relations and Inter-Governmental relations.
- Budget Officer Cubic explained the large savings in Personnel Services due to the decision not to fund the Assistant City Manager position. He stated that the increase in Contractual & Professional services is to pay for and partner with the County for Emergency Management.
- Budget Officer Cubic answered questions about Property Management's Budget, stating that this has been moved to Parks and Community Development's Department.
- Budget Officer Cubic talked about the Legal Services. This provides us the ability to answer legal questions, review contracts & agreements, ordinances & resolutions, represent the City in Legal actions, and handle land use and liability law. He said we do retain and monitor outside legal counsel, which provides us the strength of a whole law firm and not just one individual. Managing the purchase and sale of all property and easements, legal advice and organizational support and land acquisition all come from legal services.
- Budget Officer Cubic stated that there are minor changes in the budget from last year.
- Budget Officer Cubic talked about Administrative Services, General Program Operations. This includes internal support, employee education and recognition, copy & general office services, postage, phone services and contingencies.
- Budget Officer Cubic stated that they moved Performance PAVE audits into this category in Contractual and Professional services.
- Budget Officer Cubic stated that contingencies did go up a little.
- Budget Officer Cubic talked about the IT division. They do technical support for the organization's computer network and telephone users. They improve the City's website and web access and new Enterprise Resource Planning, a City-wide Financial and Management Computer System.

- Budget Officer Cubic talked about the applications and data backup protection.
- Budget Officer Cubic said that contingencies have gone up and a slight increase with contractual services.
- Budget Officer Cubic explained what the contingencies are and what examples this may be used for.
- Budget Officer Cubic talked about General Insurances. The City is a member of City County Insurance Services. We are insured for General Liability, Property Coverage, Auto Physical Damage, Auto Liability, Cyber Liability, Excess Liability, Crime and Quake.
- Diana Mejia talked about Human Resources.
- Diana said they are responsible for Recruitment and Selection, Labor Relations and Negotiations, Worker's Compensation Administration, Risk Management, Benefits Administration, Administration of Personnel Policies, Classification and Compensation Plans, Employee Development, and City-wide Department Support.
- Diana stated that they currently are recruiting to fill 7 vacancies. They have had some challenges with recruitment due to the low unemployment rate and because some of the positions require a higher level of certification of specialization.
- Diana said they do have all of their police officer positions filled. They also have a hiring list for people who want to be a police officer here.
- Diana talked about Labor Relations. She stated that they negotiate for four Labor Agreements. They conduct compensation studies and analysis, assist and participate in grievance processing and arbitration. They also assist management and employees with the interpretation and application of labor agreement articles.
- Diana explained the increases to this department.
- Diana talked about Workers Compensation. She stated that this is wage replacement and injury care for employees injured on the job. We are a member of a self-insurance group with City County Insurance Services. Losses are paid directly to the claimants through the plan administrator, this limits financial risk with a fiscal year claim cap. They work with a return to work specialist assigned to all time loss cases and improve access to Employer At Injury Program funds.
- Diana talked about reductions in this area.
- Budget Officer Cubic talked about Department Efficiencies and Future Challenges.
- Budget Officer Cubic highlighted some of the efficiencies they have done over the year. Under Mayor Council they have in-house strategic planning and efficiencies in minute taking.
- Budget Officer Cubic said under HR they have a full automation of NEOGOV on-line application system, coordination of recruitment and hiring process, health insurance committee and collaboration with bargaining groups to keep costs contained, personnel training, safety training tracking and Worker's compensation oversight.
- Budget Officer Cubic talked about efficiencies in the IT department. They work with HR and other departments to improve the process for creating user accounts for new employees. They stream lined the process and

improved accuracy and made modifications to the network to optimize communication between phones and our voice service provider.

- Budget Officer Cubic talked about HR future challenges. Those are recruitment of specialized and highly certified positions, labor negotiations and employment law changes.
- Budget Officer Cubic talked about IT future challenges. He stated that security is an ongoing challenge as systems become more complex and threats constantly evolve and become more numerous.

III. Receive public comment and/or questions

- None.

IV. Finance Department Budget presentation

- Jay Meredith explained the Finance Department Budget.
- Jay introduced Kimberly Gasperson, Customer Service Supervisor.
- Jay said they work in two different areas in Finance, the Accounting and Financial Reporting. They work with Budget, Audits, Accounts Receivable, Accounts Payable, Payroll, Lien tracking, reporting and billing, Treasury activities, financial control and reporting, Grant Administration, miscellaneous billing and other support services.
- Jay said on the Customer Service side, they do utility billing and customer service, Business and Lodging Taxes, Taxi licensing, parking tickets and municipal citations, daily cash balancing and other licensing and customer services.
- Jay talked about how his department fits into the Council Goals.
- Jay said they are part of the comprehensive Water Treatment and Wastewater Funding strategy, particularly with the ongoing rate study.
- Jay talked about ensuring the efficiency and effectiveness in City operations and evaluating the pros and cons of a potential City debt free financial goal and review overall debt policies.
- Jay said he is happy to report that in about 12 months the City's general government will be external debt free if we take the City's utilities out of the equation.
- Jay stated that they are financiers to the PAVE Committee, which stands for Performance, Audit, Visioning and Enhancement.
- Jay said under Keep Citizens Safe, they are currently in the process of updating the Fire District Feasibility Study and looking at the pros and cons in moving forward with that.
- Jay said under maintain, operate and expand our infrastructure to meet community needs they are working to ensure storm facility infrastructure needs are met. They are also working to create and initiate the Storm Water Utility.
- Jay said there are not any major budget changes to the Finance Department. There is a small cost to the Meter Reading contract and annual software maintenance contract costs.
- Jay stated that on efficiencies, they try hard to use technology to be more efficient in what we do. Some examples are check scanning, electronic payments and City-wide business software and e-permitting projects.
- Jay stated that they have a contract for water meter reading services and stuffing and mailing utility bills.
- Jay talked about future challenges. He said the City-wide business software replacement project has changed how they do business.

- Jay said they are involved in the financial planning for utility and public works infrastructure needs, maintaining customer service with an increasing customer base and complexity of the City's utility billing systems & financial planning for the Public Safety and other departments.
 - Jay explained the impact of individuals paying electronically. He said this is generally easier and helped them be more efficient.
 - Jay explained what he meant by being debt free. The general concept is the less debt we have, the less taxes and fees are going to be.
 - Jay also explained contingencies in greater detail.
 - Jay talked about the Benefit Administration Fund. He said the vast majority of the budget of this fund is related to our PERS reserve.
 - Jay said some of the staff benefits are administered through this fund such as Life, AD&D, Long Term Disability, our health and dental plans.
 - Jay said we have an Insurance Committee to help keep our rates down.
 - Jay said we have a wellness program that is designed to keep our medical expenses down.
 - Jay said we have had a rate hold for the last three years that covers everybody except the Teamsters.
 - Jay said PERS is the biggest part of this fund. The City is required to participate in this fund.
 - Jay said they were faced with some pretty significant rate increases in 2011. He said they decided to start building a PERS reserve, which will come in handy over the next 10 to 20 years.
 - Jay talked about the numbers in the PERS reserve.
 - Jay said they recommended to appropriate almost all of the reserve to help fund the balance of the Public Safety Building Retrofit Project and a new Employer Incentive Fund, which the State created in this year's short session. This is for any qualified Oregon public employer that meets certain ratios, every dollar they put in a side account to pay down the actuarial PERS liability would be matched by 25 cents of State funds.
 - Jay answered questions from the Committee. He said the goal isn't to protect the entire reserve, the goal is to cushion the increases that are coming in the next four years.
 - Jay talked about Auxiliary Services. These include Lodging Tax Funds, Debt Services – Bancroft Bonds, Debt Service – General Obligation Bonds, Industrial Loan Fund, Community Development Block Grant, Environmental Waste Fees Fund and Agency Fund.
 - Jay answered questions from the Committee. He discussed the possibility of paying off the Public Safety Bond early and that it probably would not make sense to pay this off early.
- V. Receive public comment and/or questions
- None
- VI. Discuss any general questions or information requests from the Committee
- Budget Officer Cubic presented the Budget Recap.
 - Budget Officer Cubic explained the four phases of the budget.
 - Budget Officer Cubic talked about Phase 1, Proposed the budget. He stated that there have been four Budget Committee meetings, this being the fourth. They received the Budget Message and an Overview of the Capital Projects on May 1st. On May 8th they went through Public Safety

and Parks and Community Development. On May 10th, they did Public Works and on May 15th we have done Administration and Finance.

- Budget Officer Cubic stated that Phase 2 is to approve the budget. He said the Committee needs to approve the Budget in Total, Approve Property Tax Rates. Those are \$4.1335 per \$1,000 of AV for the permanent rate, Public Safety Operating Levy of \$1.79 per \$1,000 of AV and Total Tax Certification for public Safety Bond of \$748,342.
- Budget Office Cubic gave a sample motion to approve the budget.

VII. Vote for tentative Budget approval of programs discussed (if applicable)

MOTION/VOTE

Member Simpson moved and Councilor Lindsay seconded the motion for the Budget Committee of the City of Grants Pass to approve the budget for the 2018-19 fiscal year in the amount of \$136,838,298.00. The vote resulted as follows: "AYES": Councilors Eames, Flaming, Lindsay, Lovelace, Riker, Roler, and Committee Chair Brandes, Members Bouteller, Bradbeer, Haydon, Rall, Simpson and Sorenson. "NAYS": None. Abstain: None. Absent: Councilor Anderson, Member DeHoog. The motion passed.

VIII. Vote for approval of Property Tax Rate and complete City Budget

- Budget Officer Cubic gave a sample motion to approve the property taxes.

MOTION/VOTE

Councilor Riker moved and Member Simpson seconded the motion that the Budget Committee of the City of Grants Pass approve property taxes for the 2018-19 fiscal year at the rate of \$4.1335 per \$1,000 of assessed value for the permanent rate tax levy, in the amount of \$1.79 for the Public Safety Operating Levy, and in the amount of \$748,342 for the Public Safety Bonded Debt. The vote resulted as follows: "AYES": Councilors Eames, Flaming, Lindsay, Lovelace, Riker, Roler, and Committee Chair Brandes, Members Bouteller, Bradbeer, Haydon, Rall, Simpson and Sorenson. "NAYS": None. Abstain: None. Absent: Councilor Anderson, Member DeHoog. The motion passed.

- Budget Officer Cubic thanked Council for setting the policy and guidelines that help make our job as staff develop a budget that represents what Council's goals are. He thanked the staff, his co-workers. He said he is blessed and honored to be able to work with such an excellent team. Without them, this could not be possible. He also thanked the Community for being supportive throughout this process by giving input in the Strategic Planning process and here during Public Comment through the Budget Process.

Adjourn the Budget Committee meeting and convene the Urban Renewal Agency Budget Committee meeting.

- Chair Brandes closed the Budget Committee meeting and opened the Urban Renewal Agency Budget meeting.

- I. Budget Officer Cubic convene Agency
 - a. Nominations for Budget Chair and Vice Chair
 - i. Budget Chair Brandes opened nominations for Chair and Vice Chair.
 - b. Election of Budget Chair and Vice Chair

MOTION/VOTE

Councilor Lindsay moved and Member Simpson seconded the motion to nominate Tom Brandes as Chair. The vote resulted as follows: "AYES": Councilors Eames, Flaming, Lindsay, Lovelace, Riker, Roler, and Committee Chair Brandes, Members Bouteller,

Haydon, Rall, Simpson and Sorenson. “NAYS”: None. Abstain: None. Absent: Councilor Anderson, Members Bradbeer and DeHoog.

The motion passed.

MOTION/VOTE

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

The motion passed.

- II. Delivery of Budget Message and receive the Budget Document
- Budget Officer Cubic delivered the Budget Message. He gave some history and background on what an Urban Renewal Agency is and the budget associated with that.
 - Budget Officer Cubic stated that for budget purposes the Urban Renewal Agency is independent. That is why they concluded the Budget Committee and now this is a Budget Committee for the Urban Renewal Agency.
 - Budget Officer Cubic said City Council acts as the Boards Agency, and the City's Budget Committee acts in a similar role as a Budget Committee for the Agency.
 - Budget Officer Cubic stated that the Council goals focus on three goals. Those are Encourage Economic Opportunities, Facilitate Sustainable, Manageable Growth and Maintain, Operate and Expand our Infrastructure to meet Community needs.
 - Budget Officer Cubic said this is the 2nd annual budget for the Agency. This budget accounts for the second year of receiving tax increment revenues. These revenues are applied to eligible projects based on City Council prioritization and Project timing needs. These funds are somewhat fluid.
 - Budget Officer Cubic explained what Urban Renewal is. It generally covers underdeveloped or underutilized property, poor condition of buildings and inadequacies of infrastructure including streets and utilities.
 - Budget Officer Cubic explained how financing in Urban Renewal Areas work.
 - Budget Officer Cubic explained how this impacts districts. He explained the cycle of private investments. With blighted properties it is too expensive for private companies to improve. By using public investments improvements can be made to streets, utilities, transit lines, parks and provides technical or financial assistance. This improves conditions making it less costly to develop, growing a stronger economy with better amenities and enhanced appeal. This helps private investments in new buildings and businesses and renovations of existing buildings.
 - Budget Officer Cubic talked about what types of projects are typically completed and the projects Council looked at through Strategic Planning.
 - Budget Officer Cubic talked about the resources and requirements.
 - Budget Officer Cubic talked about LB6314, Downtown Restrooms, Welcome Center Building and substation for Police. Council has expressed the importance of having this presence. This building provides an excellent opportunity to welcome visitors to our community, it is the only public restroom downtown and it provides an important substation for police.
 - Budget Officer Cubic talked about other Capital Outlay. This provides some additional flexibility. They are looking into partnering with the County to help

give a long range approach to the area around the Fair Grounds, enhancement of Riverside Park, improving Booth and Foundry Street area and the Spalding Industrial Park Development.

- Budget Officer Cubic stated that the Grants Pass Urban Renewal Agency will be an effective tool for Economic Development, removal of blight, creating Economic Opportunities, bringing State Resources to Grants Pass, accomplishing Council and Community goals and specifically with this plan, helping to pay a portion of the debt service for the Wastewater Plant Expansion and new Water Plant, therefore lowering the rate impact to City utility customers.
- III. Receive public comment and/or questions
- None.
- IV. Discuss any general questions or information requests from the Agency
- Budget Officer Cubic answered questions from the Committee.
 - Budget Officer Cubic clarified that the Water Treatment Plant and the Wastewater Plant are in the Urban Renewal Agency.
- V. Vote for Budget approval
- Budget Officer Cubic gave a sample motion for approval of the tax increment financing.

MOTION/VOTE

**Councilor Lindsay moved and Member Simpson seconded the motion for the Budget Committee of the City of Grants Pass Urban Renewal Agency approve the property taxes for the 2018-2019 Fiscal Year tax increment for the maximum amount of revenue that may be raised by dividing the taxes for the Grants Pass Urban Renewal Plan Area under Section 1c, Article IX, of the Oregon Constitution and ORS Chapter 457. The vote resulted as follows: “AYES”: Councilors Eames, Flaming, Lindsay, Lovelace, Riker, Roler, and Committee Chair Brandes, Members Bouteller, Bradbeer, Haydon, Rall, Simpson and Sorenson. “NAYS”: None. Abstain: None. Absent: Councilor Anderson, Member DeHoog.
The motion passed.**

MOTION/VOTE

**Councilor Lindsay moved and Member Simpson seconded the motion for the Budget Committee of the City of Grants Pass Urban Renewal Agency approve the budget for the 2018-2019 Fiscal Year in the amount of \$807,400. The vote resulted as follows: “AYES”: Councilors Eames, Flaming, Lindsay, Lovelace, Riker, Roler, and Committee Chair Brandes, Members Bouteller, Bradbeer, Haydon, Rall, Simpson and Sorenson. “NAYS”: None. Abstain: None. Absent: Councilor Anderson, Member DeHoog.
The motion passed.**

The meeting was adjourned by Chair Brandes at 8:03 pm.

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

City Recorder

Date