CITY OF HUBBARD
BUDGET COMMITTEE MEETING MINUTES
MAY 9, 2016

Budget Committee Members Present: Budget Committee Member Joan Viers; Budget Committee Member Thia Estes; Budget Committee Member Robert Prinslow; Budget Committee Member Nathan Holmes; City Councilor Angie Wheatcroft; City Councilor Matt Kennedy; Mayor Jim Yonally.

Staff Present: Police Chief Dave Dryden; Public Works Superintendent Jaime Estrada; Director of Administration/City Recorder Vickie Nogle, MMC; Senior Accounting Specialist Kari Kurtz; Finance Consultant Cathy Brucker; Public Works Administrative Assistant Melinda Olinger.

Excused: City Councilor Shannon Schmidt.

CALL TO ORDER. The Budget Committee Meeting was called to order at 7:00 p.m. by Mayor Jim Yonally.

COMMITTEE SELECTS A CHAIRPERSON. MSA/City Councilor Angie Wheatcroft/City Councilor Matt Kennedy nominated Robert Prinslow as Budget Committee Chairperson. Motion carried unanimously.

COMMITTEE RECEIVED THE BUDGET MESSAGE. Senior Accounting Specialist Kari Kurtz gave the budget message. She stated the total appropriations for the proposed FY 2016-17 Budget is $5,950,728, which is one million over last year's budget. The estimated property tax revenue is $717,453, based on the City's permanent tax rate of $3.9772 per $1000 assessed value. The budget includes a 1.2% COLA increase and CIS predicts a 2.5% increase on premiums. The PERS rates should remain the same; however there is a potential increase of $27,000 in the 2017-2018 fiscal year. Revenues from building permits are increasing due to the new subdivision, which will increase the property tax revenue and franchise fees as well. With the staffing changes, careful spending, and additional revenues received, the anticipated estimated beginning fund balance in the general fund for the 2016-17 fiscal year will be sufficient and will meet requirements. In accordance with the 2012 Water & Wastewater Rate Study, there is a recommended sewer rate increase of $1.76 per billing cycle, and a water rate increase of $0.78 per billing cycle in the 2016-17 Budget. It is important to keep the priorities balanced in the face of rising costs and uncertain revenues. K. Kurtz thanked staff and Department Heads for their contribution in the budgeting process and recommended approval of the FY 2016-17 Budget and permanent tax levy rate of $3.9772 per $1000 assessed value.

Budget Committee Chairperson Robert Prinslow asked if the money carrying over from the FY 2015-16 Budget was dedicated to specific funds or set aside for certain things.

K. Kurtz replied the differences would be specified in the budget, and would be explained as the committee went through the budget.

PUBLIC HEARING.

A. STATE SHARED REVENUES.

Budget Committee Chairperson Robert Prinslow opened the Public Hearing for State Shared Revenues up for public comment.

Senior Accounting Specialist Kari Kurtz explained the State Shared Revenues can be used for general government purposes. Cigarette Tax revenues continue to decline and there is a slight increase for Liquor Tax revenues. Shared revenues for state retail taxes of marijuana will be based on a per capita distribution from July 1, 2016 to July 2017, but after that, it will be based on license numbers. Distributions are expected to be minimal.

There was no public comment.

R. Prinslow closed the Public Hearing for State Shared Revenues.

B. 2015-2016 BUDGET.

Budget Committee Chairperson Robert Prinslow opened the Public Hearing for the discussion of the Proposed Budget.

Senior Accounting Specialist Kari Kurtz reported the ending fund balance is made up of revenues received in FY 2015-16 Budget but unused funds. There is a decrease in personnel services because of staffing, but when comparing to last year's budget, it doesn't look as good because the 6% PERS rates were left out last year.

Budget Committee Member Thia Estes asked what exactly the revenues in the Park Improvement Fund were used for.

Public Works Superintendent Jaime Estrada replied they are used to pay for projects in the Park Master Plan.

K. Kurtz said the beginning fund balance needs to carry the City from July to November, when most of the City's revenue starts coming in. The goal was to have a beginning fund balance of $305,000, but $295,000 isn't bad. An increase to licenses and permits can be attributed to the building permits issued for the new subdivision. The decrease in fines and fees can be attributed to the vacant police position.

City Councilor Angie Wheatcroft commented that smaller cities are going to be taking a hit with PERS and benefits.

K. Kurtz said new options will be coming along that may lower insurance costs.

R. Prinslow asked how many people in the City budget are covered by PERS.

K. Kurtz replied a total of 13 employees are covered and 1 part-time who qualifies. That includes everyone except the Police Chief.

K. Kurtz said the Intergovernmental Revenues in the Street Fund will be lower, and that is due to the varied split in the gas tax revenues. Personnel staffing changes is in part due to fewer staff members. It does include budgeted payout for overtime, which should have been, but wasn't included in the FY 2015-16 budget. The majority of the comp payout comes from the sewer and water funds.

A. Wheatcroft asked if the overtime tends to occur at a certain point during the year or if it's spread throughout the year. She mentioned it might be better to have a part-time person work more at peak times of the year rather than pay out overtime.

J. Estrada said there are a lot of overtime issues in the winter time when there's a lot of rain. The staff responding has to be qualified.

Public Works Administrative Assistant Melinda Olinger added there are a couple of public works projects that have been put on the back burner, such as the cross connection system and drinking water protection plan, that with the new system, may be able to get done instead of being considered over and above projects.

K. Kurtz referred to the increase in right-of-way (ROW) permit revenue, and said that is because of the new subdivision. The contingency increase in Street Construction Fund is because the "D" Street project was delayed. The change in the Intergovernmental Revenue is due to the change in splits for the Gas Tax revenue. There is an error in the Reserve Fund detail on page 35. The $204,726 listed in Unappropriated Ending Fund Balance (EFB) should be the total amount in Capital Outlay.

T. Estes asked how the water issue at City Hall was resolved. She said she remembers hearing there was a lot of rehab that needed to be done.

J. Estrada said soon after the water emergency, the City received a grant to replace the City Hall plumbing.

K. Kurtz said on page 36, there is detail regarding what contributes to the Reserve Fund revenues and expenditures. She said public works is looking into current cost estimates to replace the siding on City Hall.

R. Prinslow asked if anyone has looked into whether the City Hall is on the historical registry and whether there may be grants available.

K. Kurtz said the increase in Contingency in the Park Improvement Fund is because the restroom project was postponed due to not receiving the grant. The beginning fund balance has decreased in the Sewer Fund because there was an error in the sewer bond budget fund last year, as the wrong beginning fund balance was used. K. Kurtz reported the City is waiting on direction from DEQ to begin the Water Reuse Project.

City Councilor Matt Kennedy asked what the target amount for the WWR project is.

M. Olinger said the initial forecasted amount was $2,000,000.

J. Estrada said they are revisiting the initial amount to get a better idea.

M. Kennedy asked if there was any assistance or grants available to help with the project.

J. Estrada replied the City doesn't qualify for grants because the City is not in a low enough income bracket.

T. Estes said people are complaining endlessly about the water costs, but doesn't believe people are really educated about where their money is going. She suggested maybe having tours every couple months to show people what their money is going towards.

K. Kurtz said the Unappropriated ending fund balance in the Sewer Bond Fund has to be $38,075 due to the covenant. An in-depth review and reconciliation of the construction fund and SDC monies available will be taking place, and hopefully some of the Sewer and Water Bond debts will be able to be paid down. A small increase in rates ($1.56 per billing) will occur in the Water Fund. Public Works staff is going to obtain some cost estimates for two different options to increase the static water pressure, and those estimates will be reported to Council.

J. Estrada said one option is a pressurized system, putting some pumps in the water treatment plant to boost pressure. Another option is to raise the elevated tank about 20 feet higher. Both options have pros and cons.

K. Kurtz reported staff is hoping to pay down part of the Water Bond, but will need to look into the bond covenants to see if this is a possibility.

A. Wheatcroft asked if the Police Department is currently looking for a new Administrative Assistant.

Police Chief Dave Dryden responded the job advertisements are out and he has received some applications.

M. Kennedy asked if the Police Administrative Assistant needs to be a full-time job.

D. Dryden responded there is enough activity and office tasks to keep that position full-time.

R. Prinslow asked what specific projects are in the 2016-17 fiscal year Budget for G Street, between Pacific Highway 99E and the railroad tracks.

J. Estrada replied they are looking into the project again and there is enough money allocated in the budget.

M. Olinger said the City has already received a $50,000 Special City Allotment grant.

J. Estrada said the City has two years to use the grant. He added there would be small patching jobs done.

There was no public comment.

R. Prinslow closed the Public Hearing at 8:17 p.m.

COMMITTEE APPROVES THE TAX LEVY AMOUNT. MSA/Mayor Jim Yonally/ City Councilor Matt Kennedy moved to approve the tax levy for Fiscal Year 2016-2017 at the permanent tax rate of $3.9772 per $1,000 of Assessed Valuation. Motion carried unanimously.

COMMITTEE APPROVES THE BUDGET FOR FY 2016-2017. MSA/Budget Committee Member Thia Estes/City Councilor Angie Wheatcroft moved to approve the 2016-2017 Budget as presented. Motion carried unanimously.

ADJOURNMENT. MSA/City Councilor Angie Wheatcroft/ Budget Committee Member Thia Estes moved to adjourn the Budget Committee Meeting. Motion carried unanimously. Meeting was adjourned at 8:20 p.m.

~~Jim Yonally, Mayor~~ Council President Matt Kennedy

ATTEST:

Vickie L. Nogle, MMC, Director of Administration/City Recorder

Lucy Astorga, Administrative Assistant, Transcribing