

**MINUTES OF THE PUBLIC MEETING OF THE
GERVAIS BUDGET COMMITTEE
COUNTY OF MARION, STATE OF OREGON
HELD IN GERSAIS ON MAY 19, 2022**

**NOTE: THIS MEETING WAS HELD IN PERSON, WITH AN OPTION TO PARTICIPATE VIA ZOOM
VIDEO CONFERENCE**

1. Call to Order:

Mayor Annie Gilland called the meeting to order at 6:30 PM.

2. Roll Call:

Mayor & Council:

Mayor Annie Gilland	Present
Councilor Pamela Foreman	Present
Councilor Baltazar Gonzalez	Absent
Council President Micky Wagner	Present (Zoom)
Councilor Diana Bartch	Present
Councilor John Harvey	Present

Budget Committee Members:

Angie Peters	Absent
Andrea Barrera	Present
Connie Barrera	Present
Maria Contreras	Present
Susan Smith	Absent
Christopher Bartch	Present

Staff Present: City Manager Susie Marston, City Recorder Denise Dahlberg, Police Chief Mark Chase, Public Works Superintendent John Robinson

3. Announcements:

- a. Additions/deletions to the agenda – None noted

4. Elect committee Chair and Vice-Chair

Committee member Connie Barrera nominated Committee Member Andrea Barrera for Chair.
Councilor Foreman nominated Committee Member Christopher Bartch for Chair.

Mayor Gilland took a vote for each nominee. Committee Member Christopher Barch received the most votes for Chair. Motion seconded by Councilor Barch. Motion is unanimously carried and so moved.

Mayor Gilland asked for nominations for Vice-Chair.

Mayor Gilland nominated Committee Member Laura Clifton. Motion seconded by ??(Couldn't Hear). Motion is unanimously carried and so moved.

5. Budget Message

City Manager Susie Marston stated that this is a balanced budget; it's prepared in accordance with Oregon Budget Law and Local Government Accounting Standards. This budget reflects the proposed revenues and expenditures for 2021-22. Total budgeted amount for all the funds is \$8.2 million.

Marston explained that the budget is \$2.6 million higher than last year's budget and that is because of the grant received from Marion County from the American Rescue Plan program. Marston noted with the Ivy Woods development, half of the new homes are on the tax role and the new subdivision brought an increase of 14% in property tax revenue. The new subdivision brings 60 new homes to Gervais, of which half are on this year's tax role and we can expect the same increase next year. Marston mentioned continuing to cost share with the school district to provide an SSO officer. The School District's portion of the cost share is \$87,000 into the General Fund to offset personnel costs. The COLA for this year is 7.4% which is consistent with what other cities are using. Although it can be handled this year, Marston explained that it is not sustainable for ongoing years and will have to be looked at again next year.

There was a discussion about COLA in private sector and what other cities were doing.

Marston stated the medical insurance benefit increases 4% on average which is lower than previous years, which has been 5% and 7%. Things in progress to look forward to in the proposed budget are the generator to power City Hall to keep Emergency Operations Center open in the event of an emergency; new website with an approximate 1st year cost of \$10,000, money allocated towards a Skate Park, and the Veterans Wall. Marston included a cover page for each fund that explains what the fund is for and significant things to look for in the expected year.

Council President Wagner asked how much was budgeted for the Skate Park and Veterans Wall. Marston said they would get to it later in the conversation, but the Skate Park has \$57,000 and the veterans wall has \$7,500 allocated based on brick sales.

There was a discussion about the COLA increase, where thoughts and opinions were shared on different methodologies. Marston shared with the group that consistent with past practice, she uses the Consumer Price Index at February of the current year, and that percentage is 7.4% for this year. Last year it was at 1.6%. There was opposition to using this method, and Marston made a suggestion to the Budget Committee to approve the budget as-is (pending the complete review) with the understanding that the Budget Committee is not approving the 7.4% COLA and that there will be more discussion by the council to decide on the COLA.

Chair Bartch stated if this has been the standard practice for four years running, he didn't believe it was wrong for the council to discuss methodologies, but trying to attack the current methodology being used is getting them off into some weeds. They are jumping on an issue that isn't brand new or just changed this year. They are just seeing a bigger number because the inflation rate for this past February was a huge jump from previous years. Right now they are getting off into weeds that don't pertain to the budget committee.

6. Review and discuss proposed budget for Fiscal Year 2021-22

Committee Chair Bartch provided an explanation stating there were a set of resources and requirements for each fund and at the end they should balance.

General Fund

Committee Chair Bartch explained each of the resource line items in the General Fund.

There was a discussion about the property tax rate used. Harvey asked for that number.

There was a discussion about the amount budgeted in the Mayor and Council Department.

There was a discussion about land use fees & school excise tax.

Committee Chair explained the breakdown of requirements of the General Fund.

There was a discussion on PERS. It was explained that last year PERS was calculated at higher rate than what it turned out to be, so the amounts budgeted were lower this year.

There was a discussion about Software Maintenance. It was explained that \$10,000 for the website and the other \$7,000 was fees re-allocated and tied to appropriate funds.

There was a discussion about the website and what the goals would be. It was explained that it would be more user friendly, look more professional, more options, easier on the backside to maintain and keep up to date. The specific costs would be brought back to the council.

There was a discussion about professional services. Marston explained that at a previous council meeting, there was a discussion about growth and the first steps of expanding the Urban Growth Boundary if the council chooses to do so. The estimated cost of working on the initial steps is \$25,000. If the council decides to move forward there are resources for grant funding.

There was a discussion about insurance and bonding. It was explained that is property/ liability and workers compensation was allocated throughout multiple funds. It went up about 15% and it was allocated throughout multiple funds.

There was a discussion about lease copier funds. It was explained that the previous City Recorder found it would cost the city less to lease. Maintenance and toner were included in the cost.

There was a discussion about overtime cost in the Police Department. It was explained that each of the four officers would potentially use about \$5,000 each in overtime.

There was a discussion about medical and dental benefits. The turnover with new officers and a part-time administrative position, their different family situations make up the differences in medical and dental insurance funds allocated throughout the budget.

There was a discussion about the increase in officers and lieutenant wages, merits and salary schedule. It was explained that everyone is on a salary schedule except for the City Manager position.

There was a discussion about the increase in Ordinance Enforcement Costs. It was explained that there was an increase in ordinance issues that may require contracting out for services. If there are no costs associated with abatement, the money would not be spent.

There was a discussion about fuel increases across multiple funds and the biggest increase was in the Police Fund. It was explained that it was based on mileage rates and the yearly average of 10,000 miles at \$4.50 a gallon, per officer, per year. It was explained that Chief and Lieutenant take cars home for after hours on call so they may respond directly to the scene.

There was discussion of increase in Firearms/ weapons. It was a replacement of an AR rifle as well as tasers. There will be a proposal of using some ARPA funds for public safety. If council approves, these expenses would be reduced.

There was a discussion about AED devices in each police vehicle and one in the police department and one at city hall. This explained the increase in Equipment/Furniture line item.

Replacing two dell computers and two GETACs in vehicles explains the increase in Electronic Equipment. If council approved ARPA funds, that line item would not be used in General Fund.

Changes made:

- a. Page 7, General Fund Police: Correction to include the total for Capital Outlay, which decreases the Ending Fund Balance shown on page 12 by \$39,000.
- b. Page 9, General Fund Parks: Increase budget for Equipment by \$10,000 and reduce Operating Contingency on page 12 by \$10,000.
- c. Page 10, General Fund Municipal Court: Correction to include total for Materials & Services, which decreases the Ending Fund balance shown on page 12 by \$8,339.

There was a discussion about Equip/Furniture Acquisition in Streets. It was explained it would be used for weed eaters, hedgers, lawn mower maintenance. The total amount is split between other funds.

There was a discussion about Parks and the price of park lighting. The potential of ARPA funds being used for good lighting. The \$5,000 was allocated for the basketball hoop.

There was a verbal consensus to move \$10,000 from Operating Contingency to increase Parks Equipment budget by \$10,000.

The Unappropriated Ending Fund Balance for the General Fund is \$88,914. There was a discussion about the Public Works Vehicle/Equipment Replacement Fund. It was explained that \$3,500 was transferred from the General Fund, Water Fund, and Sewer Fund to share the cost of saving in the new fund.

State Tax Street Fund

The primary revenue in this fund comes from the gas tax apportionment. There are grant funds in the amount of \$383,000. There was a brief discussion about what potential projects that are being considered. There are funds budgeted this year for sidewalk and street improvements. There was a 15% contingency added to the projects.

There was a discussion about the interest being low. It was explained that was based on actual amount received this year. Budgeted conservatively, if more interest is received then that's a good thing.

Water Fund

There was a discussion about planned Expenditures of a Vac Trailer. The total of \$50,000 split between funds. The majority of revenue received for the Water Fund is from user fees. User fees were increased to \$377,150 due to increase in rates that were adopted by the council last year. There was a question about using money to fund water department to fix pipes. It was explained that the water infrastructure was in really good shape.

There was a discussion about Urban Growth, Wastewater and the upgrade of ponds. There was an increase in chemicals because prices have increased.

There was a discussion about contingency and unappropriated funds. In accordance to Budget Law, it was explained the expenditures on detail sheets are appropriations and unappropriated expenses are the transfers, debt payments or anything that is not split up.

Wastewater Fund

The biggest news was the damage to tree farm and FEMA funding. Everything is on track with FEMA funding. When work is finished the money will filter in. Significant planned expenditures are forced main, transfer pump, and aeration improvements at \$1.5 million. ARPA fund will take care of most of what is identified in the Capital Improvement Plan. Plan to receive \$97,500 in FEMA funding. Loan repayment from Water is paid off in 2024-25. The reduction in bank charges is due to less in credit card fees than what was anticipated.

Changes made:

- a. Page 25, Wastewater Fund: Increase budget for Equipment by \$50,000 and decrease Ending Fund Balance by \$ 50,000 on Page 26.

There was a consensus from the Budget Committee to increase budget for Equipment by \$50,000 and decrease Ending Fund Balance by \$ 50,000 on Page 26.

There was a discussion about the transfer to Debt Service Fund. It was explained that this particular sewer debt was a 30 year loan the City took out and there is an agreement of maintaining a certain ending fund balance. The \$60,000 is transferred over every year from wastewater fund to cover the payment.

Storm Drain Fund

There is \$19,500 in Storm Drain Fund improvements for various projects.

Other Funds

Water Reserve Fund – This fund was established in 2015 to assist with capital water system repairs. There are no planned expenditures for this year; however there is a budgeted amount for any capital improvements.

D.A.R.E. Fund – This fund was created in 2019 to provide a D.A.R.E. program through the Police Department. The money in this budget is from donations and registration fees. Expenses are in support of the D.A.R.E. program and its needs.

Public Works Vehicle/Equipment Replacement Fund - This is a new fund staff is requesting to create. The purpose of the fund is to set aside funds each year to replace equipment and to save for a larger vehicle purchases. In this fund, there is a transfer of \$3,500 from General Fund, Water, and Sewer Fund. There was a discussion about increasing the fund balance in the future.

Police Vehicle Replacement Fund – This fund accounts for revenues and expenditures to replace vehicle and equipment. There is a \$15,000 transfer from the General Fund. No replacement vehicle or equipment is planned this year.

Capital Reserve Fund –The money in this fund comes from the proceeds of the sale of the old city hall building.

Park Fund – The purpose of this fund is for new park development. A significant amount of this fund came within the payment in lieu of parkland from the Ivy Woods Subdivision, approximately \$71,000. The City also received \$45,000 from Marion County Prosperity Initiative. There was a discussion about if the Ivy Woods money needed to be used to build them a park. It was explained that the intent was to build something that served that area. Committee Chair explained to the Mayor that it was his understanding was that it may not be a legal requirement but more what was morally promised to Ivy Woods in lieu of. Committee Member Connie Barrera wanted a park on her side of town because the kids have nothing on that side of the tracks. There was more discussion about parks.

Bikepath Construction Fund – This fund was established in 1991. There was a discussion about the possibility of getting rid of this fund and merging the funds towards another fund. It was explained that a few years ago there was a discussion about a walking trail from Gervais to Woodburn because a lot of people use the tracks, but there were concerns of safety and cost. The Reserve fund's review year is 2021-22. The council will review at a later date and consider abolishing this fund.

4th of July Fund –This fund had \$3,150 transferred from General Fund. There was a discussion about parade, entertainment and fireworks.

Special Events Fund – This event is mainly funded by the community yard sale. Mayor Gilland said she would bring her ideas at a later time.

American Rescue Plan Fund – The expected amount to be received is \$683,000. Staff recommended using funds, for park lights, cameras, and majority of funds going to water, sewer, and broadband Infrastructure.

City SDC Funds – The SDC fees are collected at the time of new construction. This fund factors in the build out of upcoming Ivy Woods subdivision. These funds are divided out to other funds, Water, Wastewater, Storm Drain, and Parks. There was \$41,206 in Water, \$63,569 in Sewer, \$18,557 in Storm Water, and \$18,557 in Parks SDC's. Most of Ivy Woods has been developed and fewer houses will be built this fiscal year. There was a discussion about system expansion and it was explained that could potentially mean upgrading pumps, although there are no plans to do that at this time.

Debt Funds – Committee Chair Bartch explained these were the existing loans taken out from the 80's and 90's. The Water loan is carried by USDA and the Wastewater loan is held by Business Oregon.

There was a question about a fund to change the charter. City Manager Marston would look into it.

7. Approve Budget

Committee Chair Bartch asked for a motion to approve the budget as presented with changes as discussed within the committee.

Councilor Harvey made a motion to approve the 2022-23 budget with changes as discussed within the committee, seconded by Mayor Gilland. Committee Member Christopher Bartch called for an individual vote. Council vote: Pamela Foreman - Aye, Annie Gilland – Aye, Diana Bartch – Aye, John Harvey – Aye, Laura Clifton – Aye, Connie Barrera – Aye, Andrea Barrera – Aye, Christopher Bartch – Aye. Motion is unanimously carried and so moved.

8. Adjourn

The Budget Committee Meeting adjourned at 9:17 PM.

I, DENISE DAHLBERG, CITY RECORDER, DO HEREBY CERTIFY THAT THE FORGOING MINUTES OF SAID MEETING OF THE GERVAIS CITY BUDGET COMMITTEE HELD ON MAY 19, 2022 ARE CORRECT AS RECORDED.

ATTESTED:

Annie Gilland, Mayor

Denise Dahlberg, City Recorder