



CITY OF OREGON CITY

CITY BUDGET COMMITTEE MEETING #2

MINUTES

Virtual Meeting
Thursday, May 06, 2021 at 6:00 PM

This is a continued meeting from Monday, May 3, 2021. If needed, the Budget Committee will reconvene for a final discussion on Thursday, May 13, 2021 at 6:00 p.m. virtually via Zoom.

CONVENE BUDGET COMMITTEE MEETING

Mayor Rachel Lyles Smith called the second City Budget Committee meeting to order at 6:02 PM.

ROLL CALL

PRESENT: 10 - Commissioner Rocky Smith, Committee Member Mike Mitchell, Commissioner Denyse McGriff, Committee Member Kyle Arnhart, Committee Member Timothy Christopher, Commissioner Frank O'Donnell, Committee Member Christina (Emma) Lugo, Commissioner Adam Marl, Committee Member Casey Flesch, Mayor Rachel Lyles Smith

STAFF: 15 - City Manager Tony Konkol, City Recorder Kattie Riggs, Finance Director Matt Zook, Public Works Director John Lewis, Community Development Director Laura Terway, Police Chief Jim Band, Library Director Greg Williams, Parks & Rec. Director Kendall Reid, Economic Development Manager James Graham, Deputy Finance Director Ryan Bredehoeft, Accountant Erin Wilkie, Senior Accounting Technician Melissa Goss, Business Manager Kelly Dilbeck, Operations Manager Denise Butcher, Assistant Parks and Recreation Director Denise Conrad

REVIEW BUDGET

1. Review Proposed Budget by Section

Tony Konkol, City Manager, began the budget review where the Committee left off discussion at their meeting on May 3, 2021. He began with the Economic Development details.

Commissioner McGriff and Mayor Lyles Smith requested a discussion of reinstating the Oregon City Civic Improvement Trust. Mr. Konkol explained that the budget was currently set up to allow for the flexibility to create oversight of events in whatever manner the Commission later chooses. Commissioner Smith, Jr. suggested that this discussion could take place on another occasion.

Commissioner Smith, Jr. expressed appreciation for the details added to the proposed budget and asked if the budget contained funds dedicated to improving tourism infrastructure and coordination between Oregon City tourist attractions. James Graham, Economic Development Manager, explained that plans to coordinate between attractions are in place: for example, the Concierge Institute.

Committee Member Mitchell asked whether the contingency fund mentioned on Page 51 was part of a larger contingency fund mentioned elsewhere in the budget, or whether it was additional. Mr. Konkol explained that this fund was restricted to tourism use.

Committee Member Lugo asked if, in light of the Grand Ronde Tribe's purchase of the Blue Heron site, the City had plans for a collaborative event drawing attention to the Native American heritage and cultural history of the region. Mr. Konkol explained that establishing relationships and collaboration with each tribal government is a goal in the budget. Commissioner Smith, Jr. discussed a film and other projects underway in which the End of the Oregon Trail Interpretive Center is collaborating with the Grand Ronde Tribes.

Mr. Konkol introduced the General Government section of the proposed budget. Mayor Lyles Smith pointed out that the \$150,000 dedicated to the Memorial for the Cayuse Five was an estimate, and that if the memorial itself costs less than that amount, remaining funds could be dedicated to further projects honoring the area's Native American cultural heritage.

Committee Member Mitchell asked for clarification regarding the fund reserved for future expenditures. Matt Zook, Finance Director, explained that those are restricted funds dedicated to Parks, Metro Enhancement, and Tourism.

Mr. Konkol introduced the Police section of the General Government Budget. Mayor Lyles Smith asked why the flower basket program was part of the Police's Code Enforcement and Parking Budget. Mr. Konkol and Jim Band, Police Chief, explained that the flower baskets were funded with parking fee funds. Committee Member Flesch asked if there was a reserve to cover police overtime in case of an emergency event. Mr. Zook explained that if the police budget needed extra overtime funds, this would come from the General Fund contingency.

Mr. Konkol introduced the Parks and Recreation Budget. Commissioner McGriff asked for a correction, changing the reference to the "cemetery roof" to "mausoleum roof." Commissioner Smith, Jr. asked why Transient Room Taxes were included in the Parks and Recreation Budget. Kendall Reid, Parks and Recreation Director, explained that these taxes were generated from the RV park. Commissioner Smith, Jr. also asked if Ermatinger House staffing would change during the biennium and Mr. Reid replied that there were no current plans to change it. Committee Member Mitchell asked why Phase Two of developing Wesley Lynn Park was not in the budget and Mr. Reid explained that the project was funded by system development charges (SDCs) and would be mentioned later in the budget presentation. Committee Member Lugo asked whether the budget included funds for developing Newell Creek Canyon. Mr. Konkol explained that most of the Newell Creek Canyon area is owned by Metro, who are working on developing the site as a natural area.

Commissioner McGriff asked how much of Stafford Park was to be developed into a dog park and Mr. Reid explained that the budget line item to this effect was for developing only a small portion of the park into a dog park. Commissioner McGriff asked for clarification on why the dog park was listed as deferred maintenance, and Mr. Konkol and Mr. Zook noted that this item was mislabeled and should be described as capital outlay.

Commissioner O'Donnell asked if improvements to the restroom facilities at the cemetery were part of the budget. Mr. Reid explained that although restroom improvements are a priority, they have not been addressed in the current budget due to prior projects such as the new mausoleum roof. He explained that improving the restrooms had been quoted at \$300,000. Commissioner Smith, Jr. and Commissioner O'Donnell suggested that the improvement of public restroom facilities throughout the City should be discussed at some point.

Commissioner McGriff asked if creating uniform signage was on the Parks and Recreation Budget. She also asked about development restrictions attached to Stafford and Barclay Parks. Mr. Konkol assured the Committee that Staff would check to make sure there were no deed restrictions against planned developments at Stafford Park. Mr. Reid explained that new park signs were being phased in.

Mayor Lyles Smith asked if potential land acquisition would come from the Parks and Recreation Budget and Mr. Reid explained that land acquisition would be funded from SDCs.

Commissioner McGriff and Commissioner O'Donnell expressed concern about the limited funding of the Pioneer Community Center.

Committee Member Mitchell asked about the budget line item for public concerts. Mr. Reid explained that though the department was hoping to have a limited concert offering this summer, the goal was to return to a traditional Concerts in the Park season in the summer of 2022.

Committee Member Lugo asked if the Committee had considered funding for LGBTQ Pride events. Mayor Lyles Smith suggested that a Pride Month event could be possible in the summer of 2022 after COVID restrictions are reduced. She also described the process underway to perfect language for a Pride Month Mayoral Proclamation. Commissioner McGriff suggested collaborating with the Library Director, as the library has created Pride Month events and programs in the past.

Mr. Konkol introduced the Library section of the proposed budget. Committee Member Mitchell expressed concern about the \$300,000 transferred from the General Fund to the Library, considering the Library already receives funding from the Library District, and suggested that those funds be instead allocated to the Parks and Recreation Department. Mr. Konkol explained that the public's expectations of the Library would not be met solely from Library District funding. Mr. Konkol and Mr. Williams also explained that Library District funds had been contributed to the Library building expansion, with an understanding that the City was committed to financially contributing to Library operations in exchange. Mr. Williams also explained that Library District funds bear restrictions that prevent their use for certain needs and that the General Fund contribution had already been reduced by \$100,000 from previous biennia.

There was discussion about weighing the budgetary needs of Parks and Recreation and the Library, and about the purposes to which the Library budget would be put. One suggestion was offering voters the option of creating a Parks and Recreation District for funding.

Committee Member Flesch asked for clarification on several Library line items. Mr. Williams explained the purpose and use of radio frequency identification device (RFID) software updates and of the proposed behavior tracking system. Committee Member Flesch suggested listing the Library's software upgrades under a different line item than Repairs and Maintenance, for clarity of accounting.

Mr. Konkol introduced the Community Development – Planning Budget. Commissioner O'Donnell asked for clarification about how contingency funds worked in this and other departments. Mr. Zook explained that contingency funds were centralized, not broken up by department. Committee Member Lugo expressed concern that not enough funds were being budgeted toward affordable housing. Commissioner McGriff said that the number budgeted toward this issue reflects the fact that the City is not a land developer, and hence directly creating affordable housing is not in the City's purview; instead, the budget helps the City work with community partners to provide funding or land toward affordable housing.

Commissioner McGriff asked if funds were set aside for continuing staff training. Laura Terway, Community Development Director, explained that \$1,500 was budgeted for staff training and Mr. Zook explained that this budget is part of the item labeled Employee Costs. Committee Member Arnhart asked if the Tree Replacement budget item could be reimbursable by the Federal Emergency Management Agency (FEMA), and Mr. Konkol and Mr. Zook replied that it is not. Commissioner McGriff asked for clarification on what the Special Programs item consisted of and was directed to Page 87 for a breakdown.

Mr. Konkol introduced the Community Development – Building budget. Commissioner O'Donnell asked if pass-through revenues and expenses generally amounted to net zero and Mr. Konkol said that they did. Committee Member Mitchell asked why the contingency fund for this department amounted to over fifty percent of its total expenditures and Mr. Konkol explained that State law restricts these budgeted funds to Building use. Mike Roberts, Oregon City Building Official, explained that, by law, revenue generated by building permits must be spent on building department administration. He also explained that building permit costs are assessed based on the value of each project and that the City has had a comparatively higher number of large building projects since 2016, which has led to this uncharacteristically higher

amount of funds. Mr. Konkol added that bonds passing recently for construction at Clackamas Community College and several Oregon City schools had also occurred during this time period.

There was discussion about the process for setting and approving permit fees, and properties' square foot valuation process, and what the process would be if the City wished to reduce the cost of residential permits.

Commissioner McGriff asked if there was cross-training between the Planning and Building Divisions in Community Development. Mr. Roberts explained that there is extensive cross training of staff within each division, and that the Building Division often assists the Planning Division with various kinds of inspections.

Commissioner Marl asked why the projected revenue from new multifamily permits was not higher considering that by the middle of 2022, the City would have a code in accordance with House Bill 2001. Mr. Konkol explained that multifamily development referred specifically to projects housing a large number of residents, not duplexes and triplexes. He explained that such developments have historically been rare in Oregon City.

Mayor Lyles Smith asked if it was in the Building Division's power to reduce the cost of residential building permits, or to reduce the time needed for a permit to be approved. Mr. Roberts explained that the Building Division has little control over the time needed to process an application because Development and Planning Services need to approve each application first. Once it reaches Building, all permits are reviewed within ten days.

Mr. Konkol introduced the Engineering Budget. Committee Member Lugo asked if a study had been conducted to determine how the buildings of Oregon City would fare in a major earthquake, and asked if a contingency budget was in place to deal with such an event. Mr. Konkol replied that no such study had been conducted, and that in the case of a Cascadia-level event, the City would not have enough money to rebuild its buildings, and that more achievable steps, such as investment in the City's Emergency Operations Center, had been taken. John Lewis, Public Works Director, discussed the need America has as a whole for improved investments in infrastructure, including on the federal level, and that in the case of a major earthquake, the City would need to rely on help from outside jurisdictions. Jim Band, Police Chief, discussed emergency management training used by Police to prepare for catastrophic natural disasters, as well as their experience generated in recent events like the ice storm.

Committee Member Flesch asked a question about interest income and Mr. Zook described the process whereby the invested capital balances of various departments generate income for those departments.

Mayor Lyles Smith asked if the Engineering Department had recently added goals from the Natural Hazard Mitigation Plan and Mr. Lewis described ways in which the department refers to items from that plan.

Mr. Konkol introduced the Transportation Budget. Committee Member Lugo asked if strategies were in place to cope with the increased traffic congestion projected if the Abernathy Bridge becomes a toll bridge. Mr. Konkol explained that the Oregon Department of Transportation was in the process of analyzing tolling scheme impacts to surrounding roadways and that when that information is available, the City could begin considering ways to mitigate the effects of traffic changes.

Mayor Lyles Smith requested that the budget clearly delineate the allocation of vehicle registration revenue.

The Committee took a break from 8:34 - 8:45 PM.

Mr. Konkol introduced the Water Budget. Committee Member Flesch asked if City water consumption would be affected by the recent ice storm. Mr. Konkol explained that the City's wholesaler, the South Fork Water Board, had struggled recently to get water to the City, but that this was not an issue the City could

control. Committee Member Lugo asked if there was a possibility that City residents would incur any additional charges for water in the biennium. Mr. Konkol replied that because water revenue was not sufficient to cover deferred maintenance on the City's water system and because the charter limits water rate increases, they were considering presenting a charter amendment to voters to generate a limited-time revenue increase.

Commissioner McGriff invited current committee members of the South Fork Water Board to discuss the state of coordination of services. Commissioner Smith, Jr. reported that the water treatment plant was in a process of expansion and improvement. Commissioner O'Donnell described the South Fork Water Board as debt-free and well-managed.

Committee Member Flesch asked why the City was looking to generate new revenue for water instead of utilizing its contingency fund. Mr. Lewis explained that the contingency fund was not sufficient to cover the shortfall, and Mr. Konkol discussed the relationship between American Rescue Plan Act (ARPA) funding and the water budget.

Mayor Lyles Smith asked if a new site had been found for the Thimble Creek Reservoir. Mr. Lewis replied that a site analysis study was currently underway, and that there were funds in the budget to purchase the site if approved.

Committee Member Lugo asked for details on which arguments would be used to present the need for water deferred maintenance funding to voters as a future bond measure. Mr. Lewis replied that a public information campaign and the support of the Committee would both be needed. He also clarified that only part of the needed funding would be sought from rate increases; a large portion would come from new developments.

There was discussion about how and whether a public information campaign ought to be funded from the water budget. It was clarified that the hiring of an organization to conduct this campaign had already been approved by the City Commission.

Mr. Konkol introduced the Wastewater Budget, followed by the Stormwater Budget. Committee Member Lugo asked if the City was considering the use of storm swales as used in Portland. Mr. Lewis discussed swales currently in existence and the plan to build more, especially in newer subdivisions.

Mr. Konkol introduced the budget for SDCs. Mayor Lyles Smith asked for clarification on the Land Purchase line item on the budget and Mr. Konkol explained that it was a Parks Department purchase.

Mr. Lewis offered a correction to his earlier statement that the water budget would cover a potential new reservoir purchase and explained that this purchase would come from the SDC budget, not the water budget.

Committee Member Lugo asked if City departments were having conversations with TriMet about expanding the MAX line into Oregon City. Mr. Lewis explained that there had not been recent discussions about expanding MAX service, but there had been discussion of higher-capacity and rapid-transit busing.

Commissioner McGriff asked about collaborations with the Oregon Department of Transportation (ODOT) on transportation improvement projects. Mr. Lewis described several projects that were currently grant-funded or which were pursuing grant funding.

Mr. Konkol introduced the Fleet Services Budget, a fund for maintaining the City's fleet of dump trucks, street sweepers, and other municipal vehicles. Mr. Konkol then introduced the Community Facilities Budget. Committee Member Lugo asked for what purposes the facilities contingency fund was held in reserve. Mr. Zook explained that the contingency fund was not reserved for a specific purpose, but simply represented money not slated to be spent this biennium. Mr. Konkol added that the contingency fund would likely be needed in the future for maintaining some of Oregon City's new buildings, and that it is preferable to have such money set aside instead of having to opt for deferred maintenance.

Mr. Konkol introduced the Equipment Replacement Budget. Commissioner McGriff asked what was done with retired City vehicles. Mr. Lewis explained that if the vehicles have high maintenance costs, they are generally auctioned off, but, if they are less expensive to maintain, they are sometimes kept for seasonal staff use. Commissioner McGriff asked if the City was considering purchasing electric vehicles in the future and Mr. Lewis responded in the affirmative.

Mr. Konkol introduced the budget for Other Funds – Internal Service. Commissioner McGriff asked about the frequency of mailed or online utility payments as opposed to payments brought in-person to City Hall, and whether a change in customers' preferences might account for changes in the volume of credit card fees. Mr. Zook explained that City Hall drop box usage has decreased and online payment usage has increased, possibly due to COVID restrictions.

Mr. Konkol introduced the budget for Other Funds – Debt Service. Committee Member Lugo asked about the length of the Community Safety Building bond and if pursuit of a new bond in the near future was anticipated. Mr. Konkol answered that the current bond matures in 20 years, and he did not anticipate pursuing another bond.

PUBLIC HEARING

2. State Revenue Sharing

Mr. Zook explained that State Revenue Sharing is a component of the budgetary process wherein the Budget Committee has a responsibility to hold a hearing for public comment on the use of revenue received from the State, which, in the City's case, is a portion of the State Liquor Tax. Mr. Zook reported that \$443,000 in revenue from the State Liquor Tax was anticipated in the current year, and \$468,000 in the next, and that these funds are received into the City's General Fund to offset services the General Fund provides, rather than being earmarked for specific purposes.

Mayor Lyles Smith opened the public hearing.

There were no public comments.

Mayor Lyles Smith closed the public hearing.

Motion made by Commissioner McGriff, seconded by Commissioner Smith, Jr., to approve the state revenue sharing for the 2021-2023 biennium. The motion carried with the following vote:

Yea: 10 –Mayor Lyles Smith, Committee Member Arnhart, Committee Member Christopher, Committee Member Flesch, Committee Member Lugo, Commissioner Marl, Commissioner McGriff, Committee Member Mitchell, Commissioner O'Donnell, Commissioner Smith, Jr.

There was discussion about inviting the City Commission to consider the matters of website updates, charter parks funding, Library funding, and general Parks and Recreation funding, upon their receipt of the budget.

APPROVE THE 2021 - 2023 BIENNIAL BUDGET IN THE AMOUNT OF \$235,204,653 TO BE FORWARDED TO THE CITY COMMISSION FOR ADOPTION

Motion made by Committee Member Lugo, seconded by Commissioner McGriff, to approve the 2021-2023 Biennial Budget in the amount of \$235,204,653 to be forwarded to the City Commission for adoption. The motion carried with the following vote:

Yea: 10 –Mayor Lyles Smith, Committee Member Arnhart, Committee Member Christopher, Committee Member Flesch, Committee Member Lugo, Commissioner Marl, Commissioner McGriff, Committee Member Mitchell, Commissioner O'Donnell, Commissioner Smith, Jr.

APPROVE THE GENERAL OPERATING TAX RATE OF \$4.409 PER \$1,000 OF ASSESSED VALUE FOR FISCAL YEARS ENDING 2022 AND 2023

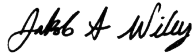
Motion made by Commissioner McGriff, seconded by Commissioner Smith, Jr., to approve the General Operating tax rate of \$4.409 per \$1,000 of assessed value for fiscal years ending 2022 and 2023. The motion carried with the following vote:

Yea: 10 –Mayor Lyles Smith, Committee Member Arnhart, Committee Member Christopher, Committee Member Flesch, Committee Member Lugo, Commissioner Marl, Commissioner McGriff, Committee Member Mitchell, Commissioner O'Donnell, Commissioner Smith, Jr.

ADJOURNMENT

Mayor Lyles Smith adjourned the meeting at 9:54 PM.

Respectfully submitted,



Jakob S. Wiley, City Recorder