

## Budget Committee Meeting State Shared Revenues Hearing

April 26, 2022 6:00 pm, Halsey Community Center, 100 Halsey Street, Halsey, OR

### Meeting Called to order at 6:04 pm

#### ROLL CALL

Present: Mayor Jerry Lachenbruch, Councilor Randy McMillen, Councilor Michelle Isom, Councilor Jerry Gillson, Committee Member Briana Parra, Committee Member Anne Sunday, Committee Member Marjean Cline, Committee Member Mary Price

Absent: Councilor Ken Lorensen, Councilor Christine Raven, Committee Member Jennie Lorensen, Committee Member Clifford Jones, Committee Member Patti Linn

Staff: City Administrator Hilary Norton, Assistant City Recorder Larissa Gangle

Guests:

#### ELECT BUDGET CHAIR

Councilor Jerry Gillson made a motion to nominate Committee Member Marjean Cline to serve as the chairperson, which she declined. Committee Member Briana Parra volunteered to serve as chairperson. There was a consensus.

#### APPROVAL OF MINUTES

**Move to:** Approve the Minutes from the April 27, 2021 Budget Committee Meeting

**Motion by:** Committee Member Anne Sunday, seconded by Committee Member Marjean Cline

**Vote:**

Ayes: Unanimous

Motion Carries

#### RECEIVE THE BUDGET MESSAGE

*Budget Officer Hilary Norton presented the Budget Message.*

The 2022-2023 City of Halsey Budget document has been developed to sustain current service levels, to increase the capacity for infrastructure and facility maintenance, to forward the adopted 2022-2023 Council Priorities, and to continue to ensure financial resilience in an unpredictable economy.

The total amount of the proposed budget for Fiscal Year 2022-23 is \$3,322,248. This is an increase of 19% over the prior year's budget. The proposed budget shows an increase in revenue and expenses as compared to the FY 2021-22 Budget, due primarily to \$110,000 in funds received last year from the American Rescue Plan Act (ARPA), with another \$110,000 anticipated to be received this year. Of those ARPA Funds, \$200,000 will be transferred to the Water Fund to repair or replace Well 69. Beginning fund balances are also slightly higher due to conservative budgeting for COVID-19 impacts, of which were less than anticipated. Tax revenue is also higher due to increased market values and an uptick in home sales, as well as a 97% collection rate for Linn County property taxes.

The following is an overview of changes for the proposed FY 2022-23 Budget versus the Adopted 2021-22 Budget:

- Personnel Services- 6.7% increase
- Materials & Services-2.37% decrease
- Capital Outlay- 92.7% increase
- Transfers Out-109% increase
- Reserves/Un-appropriated- 6% increase

Overall, the budget is written for continued frugality throughout the year, with expenditures for needed maintenance and Council Priorities, as well as contingencies in each fund that may be accessed by Council Resolution if needed.

## RECEIVE BUDGET PROPOSAL

*Budget Officer Norton presented the budget proposal*

### General Fund

Property values are estimated to be at 10% above the 2021-22 Fiscal Year. Since home values and the tax collection rate are up, the property tax revenue has been projected to increase by 8% in the coming year. Of the \$220,000 in ARPA funds to be received in 2021 and 2022, \$200,000 has been transferred to the Water Fund for possible repair or replacement of Well #69. The General Fund beginning balance shows an increase of 31.7% due to unspent ARPA revenue received in June 2021.

- Grants-There is \$121,000 budgeted in grants. This amount includes the \$110,000 in ARPA Funds that are expected to be received in August of 2022, as well as a \$10,000 Ford Family Foundation Grant that has been applied for to assist in paying for the RARE Student.
- Bank Fees/Miscellaneous Expenses- \$4,200 has been allocated to implement an online portal for utility customers to view their bills and make payments, as well as the possibility (budget allowing) to absorb merchant fees for card payments (rather than passing them onto the customers as done currently).
- Workers Compensation- This amount is down by \$3,000 this year due to a change in insurance provider.

- Additional funds have been budgeted for fuel throughout the budget due to rising fuel costs.
- The Linn County Sheriff's Contract was still being negotiated when the Budget was being written, so the budgeted amount of \$74,000 is too high. Since then, the City has been informed that the maximum amount for the contract will be \$68,460. The excess will carry over into the beginning fund balance for next year.
- Computer Software & Support has been budgeted at \$30,000. This expense is anticipated to be less than last year due to a transition to a new IT provider. Extra funds have been allocated in case unanticipated expenses arise.
- Contracts and Professional Services includes funding for the following services:
  - Landscaper
  - New Website Design and Hosting
  - RARE Student
- The funds allocated in Special Projects are for completing the Local Wetlands Inventory
- In Capital Outlay, funds have been allocated for the following projects/items:
  - Ditch Mower for Public Works
  - Installing Electricity and Lighting at the EV Charging Station and Train Pavilion
  - Replacement of the Community Center door lock system
  - Improved Security Cameras
  - Upgraded Remote Meeting Technology
- Transfers to other funds include \$200,000 to the Water Fund for the well repair/replacement, as well as \$12,000 from State Shared Revenue Funds to the Storm Drainage Fund.

#### Vehicle & Equipment Reserve Fund

No expenditures have been made for this fund in the proposed budget. Possible upcoming expenses include a new service truck and a man lift.

#### Street Fund

- The ODOT Highway Tax Apportionment is anticipated to increase by approximately 8%
- Revenue in this fund includes a \$100,000 SCA (Special City Allotment) Grant awarded by ODOT for widening and resurfacing two blocks of East B Street
- Funds have been budgeted in Materials & Services to continue replacing faded or damaged signs, street repairs, and repainting of curbs and parking lines

- In Capital Improvement, funds have been budgeted for the East B Street project, as well as contributions for the fuel tank and ditch mower
- There is a \$2,000 transfer to the Streets & Pathways Fund (required for receiving the Oregon Highway Trust Fund Revenue), as well as a \$2,000 transfer to the Vehicles & Equipment Reserve Fund.

-A question was asked about possible expenses for the City to relocate utilities in preparation for the Highway 99 Project. The project contract states that the responsibility for relocating these utilities falls on ODOT.

#### Streets & Pathways Fund

There are no changes in this fund, other than a \$2,000 transfer in. These funds could potentially be used for a grant match to replace the path in the park with an improved surface.

#### Bond Fund

The beginning fund balance was slightly lower this year, but the Linn County collection rate has slightly increased, balancing out the shortage.

#### Library

Library revenue and expenditures are projected to increase slightly in the coming year. In Grants \$1,000 is the Ready to Read Grant that helps fund the Summer Reading Program, and the other \$4,000 is anticipated grant revenue to assist with or fully fund the cost of replacing the old gas furnace with a new ductless heat pump in the Library. Proposed capital improvement funds would also purchase cameras.

#### Water Fund

The proposed budget for the Water Fund includes the following:

- Possible \$2 per month rate increase
- Transition to full-sheet billing
- Utility customer portal with e-billing and expanded autopay options
- Continued erosion prevention at the lagoons
- Contribution towards the fuel tank
- Increased budget for I&I (Inflow & Infiltration) work
- Leak detector
- Cameras
- Backwash Meter
- \$30,000 transfer to the Water Reserve Fund
- \$4,000 transfer to the Vehicle & Equipment Reserve Fund

-A question was asked about what it means to transition to full-sheet billing. Administrator Norton explained that a full page billing (versus the current postcard format) will include more information and

be easier for customers to read, and be less likely to be lost in route to the customer which is a current issue with the postcards.

- A committee member asked for an explanation of what the purpose of a leak detector is, as well as the backwash meter. Administrator Norton explained that a leak detector will save Public Works time in locating leaks. She also provided a brief overview of the filter system at the water plant, and how the backwash from the filter flush that happens periodically is not metered, which skews water usage figures.

### Sewer Fund

The proposed budget for the Sewer Fund includes the following:

- A possible \$1 per month rate increase
- Transition to full-sheet billing
- Utility customer portal with e-billing and expanded autopay options
- Continued erosion prevention at the lagoons
- Contribution towards the fuel tank
- Increased budget for I&I (Inflow & Infiltration) work
- Lagoon building maintenance
- Transfer of \$30,000 to the Water Reserve Fund
- Transfer of \$4,000 to the new Vehicle & Equipment Reserve Fund
- Auto-Dialer
- Ditch mower

-A question was asked about a crew that was in town to take video of sewer lines. That work was part of the I&I Study being conducted by Civil West.

### Water & Sewer Reserve Funds

These funds exist to save for future emergencies or planned improvements to the water system. No spending is anticipated from either fund in the coming year, unless the Well 69 situation becomes critical and the ARPA funds are inadequate. Accessing these funds requires Council to pass a resolution.

- Water Reserve Fund Estimated Beginning Fund Balance: \$308,000 (includes \$30,000 transfer in from the Water Fund)
- Sewer Reserve Fund Estimated Beginning Fund Balance: \$156,000 (includes \$30,000 transfer in from the Sewer Fund)

### Stormwater Blue Heron Fund

The revenues and working capital in this fund are generated by a storm water maintenance fee that is paid by the citizens of the Blue Heron Subdivision. Its purpose is to pay for the operation, maintenance, repair, and replacement of the Blue Heron storm water system. The beginning fund balance has been

slowly declining each year, so a possible \$1 per month increase has been proposed in order to build the fund in anticipation of the next needed pump replacement.

-A question was asked about the performance of the pumps since the new frequency drive was installed. They have been running well with reduced operating expenses.

#### Storm Water Drainage Fund

This is still a relatively new fund (approximately five years old), and will take time to build up enough for larger projects. The rate was set in 2018 when the fund was created and has not been increased since. The proposed budget reflects a possible \$2 per month rate to build up capital for projects.

#### System Development Charge Funds

The City charges System Development Charges (SDCs) are charged when new building permits are issued. These funds may only be used to increase infrastructure capacity to allow for future growth. No significant revenue is anticipated in these funds in the 2022-23 year due to continued limitation on building activities due to wetlands.

#### Veterans Memorial Park Fund

The beginning fund balance of \$12,000 made it unnecessary to make an inter-fund transfer from the General Fund this year. Budgeted funds are for replacement flags, landscaping, and continued park maintenance.

#### Halsey City Park Fund

No major changes or improvements to the park are proposed for the upcoming fiscal year. The fund will be used for continued park maintenance. A remote camera may be added to help prevent and investigate vandalism. There is also a new line item for public trees, which is a requirement for the City's application to join the Tree Cities USA program.

-A question was asked about cameras, specifically if there is one located in the City shop. There is not currently a system at the Shop. A Ring system was installed at City Hall at the advice of a prior IT provider, but is not adequate. There was discussion about the need for cameras at all City buildings.

-A question was asked about whether funds have been budgeted for community activities as in prior years. \$3,000 has been budgeted to support the BBQ & Movie Night in the park, as well as other potential community events. It was suggested that Halsey's Achievement Day be revived. The event ended due to a lack of willing volunteers. City staff has limited capacity and would need help from the community and other organizations to put on a large event of that kind.

### **RECEIVE POSSIBLE USES OF STATE SHARED REVENUES**

The proposed use for the estimated \$10,000 in State Shared Revenue Funds for 2022-2023 is a transfer to the Storm Drainage Fund. There were no comments.

**PUBLIC HEARING-STATE SHARED REVENUE FUNDS**

Chairperson Parra provided an overview of State Shared Revenue Funds and an outline of the public hearing proceedings. There were no written comments received prior to the meeting.

*The public hearing was opened at 6:58 pm.*

There were no public comments regarding State Shared Revenue Funds proposed uses.

*The public hearing was closed at 6:59 pm.*

**PUBLIC HEARING-BUDGET PROPOSAL**

Chairperson Parra explained the purpose of the public hearing and asked if there were any written comments received prior to the meeting. There were none.

*The public hearing was opened at 7:00 pm.*

There were no public comments regarding the Budget Proposal

*The public hearing was closed at 7:00 pm.*

**DISCUSS BUDGET PROPOSAL – STATE SHARED REVENUES**

This was an opportunity for the Budget Committee to discuss the Budget Proposal and proposed use of State Shared Revenue Funds. There was no discussion.

**APPROVAL BUDGET, TAX RATE & PROPOSED TAX LEVY**

**Move to:** recommend that the City of Halsey Budget Committee approve the Budget for the 2022-2023 fiscal year as submitted.

**Motion by:** Committee Member Cline, seconded by Councilor Gillson

**Vote:**

Ayes: Unanimous

Motion Carries

**Move to:** recommend that the City of Halsey Budget Committee approve the property taxes for the 2022-2023 fiscal year at the rate of \$5.6014 per \$1000 of assessed value, and for the permanent rate tax levy in the amount of \$55,761

**Motion by:** Committee Member Cline, seconded by Councilor Randy McMillen

**Vote:**

Ayes: Unanimous

Motion Carries

**Meeting adjourned at 7:04 pm**

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Chairperson Briana Parra

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Assistant City Recorder Larissa Gangle

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