

Dundee Budget Committee Meeting Minutes

April 28, 2016

Chair Nelson called the meeting to order at 7:00 P.M. Present: Storr Nelson, Chair; Scott Salsberry, Kristen Svicarovich, Dawn Nelson, Patrick Kelly, David Russ, Robert Negele, Shannon Stueckle, Doug Pugsley. Staff members: Rob Daykin, City Administrator; John Stock, Fire Chief; Alan Mustain, Public Works Supervisor. Absent: Art Matheny, Lee Borgaes, Tim Weaver, Ted Crawford, and Jeannette Adlong.

Approval of Minutes:

The motion was made and seconded approve the April 21, 2016 Budget minutes. **The motion** passed unanimously.

Governmental Funds: General Fund: (page 1 & 2)

City Administrator Daykin reviewed the General Fund summary and revenues. The General Fund covers administration, municipal court, building and planning, police and fire, and is the largest fund structure in the city's budget. The funding is primarily from local taxes and fees, as well as other revenue generating activities. The current budget does not include the revenue estimates from the local marijuana tax, but the proposed budget does. The projection for the funds received from marijuana sales are based on a five percent tax on dispensary sales and ten percent on recreational sales through the end of this calendar year. Next calendar year, the taxes are forecasted at three percent on recreational sales only.

Russ asked if the marijuana funds are being reserved currently. Daykin replied that they are being held as part of the General Fund unappropriated ending fund balance.

Fire: (page 12)

The department consists of a Fire Chief, one full-time and two part-time fire fighters, and twenty volunteers. Stock reported that the department has been in the new building for about one cycle, and the costs of running and maintaining the facility are reflected in the budget request. Some personnel changes are occurring. The full-time fire fighter will be moving on to another jurisdiction very soon, and he has been filling in as shift leader, covering after hours shifts, and helping maintain equipment, in addition to his regular duties. While this does not, technically, affect the budget, it is good for everyone to know that there will be discussions as to what direction to go about filling that position. There may need to be discussions at the Council level about this. Discussion regarding the volunteers ensued. The training is going well, but many of the volunteers have less than 18 months experience. Regarding increased outreach for more volunteers, Stock stated that, when they went door to door recruiting volunteers, a common response was that if more volunteers were needed the citizens would rather pay for hiring fire fighters. Two of the most recent volunteers were recruited from George Fox College, which is outside the community. Newberg will be contracting services from Tualatin Valley Fire and Rescue (TVFR) on a trial arrangement. TVFR has approached Dundee Fire Department about going with Newberg to the Washington County dispatch center to avoid delays from transferring calls from one county dispatch to another. Assistance with dispatch costs has been offered, but the draft intergovernmental agreement has not been seen, yet. A savings of \$8,000 is being forecast for the dispatch costs. Hopefully, this will work out for everyone. Widening the outreach and the need for volunteers, even with an extended hired staff, was discussed. Potential options to make the department's program

more attractive to volunteers were discussed. The department has more than 700 calls per year. Only about 50 percent of volunteers are from the community. The lack of volunteerism is a national problem. Incentive options that were discussed included: length of service investments, and property tax deferrals. Mr. Negele asked if the salary for the full-time position is competitive. Stock responded that a study was done, but he does not feel that the comparison to similar-sized cities took into consideration that the department also serves the rural district. Daykin added details on the pay scale for the fire fighter position. It was pointed out that this position is vital to the fire safety of the city, as the volunteers do not have a high level of experience. Restructuring may be needed, re-defining the position may be needed, and sourcing some maintenance/repairs outside the department will likely be needed.

Equipment Reserve: (page 28, line item 14)

Fire Engine 31 is scheduled for replacement. Fire Chief Stock will be addressing the City Council next week about the need to replace an apparatus that was purchased used eight years ago. It is worn out and something major could go wrong with it at any time. A used apparatus is available from an agency in Texas that would be a good fit for the department, and it should have about fifteen years of service left in it. It is on an auction site. Hopefully, the Council will approve the purchase, and hopefully we will be the high bidder. Daykin pointed out the list provided after page 28 that shows the replacement list for various pieces of fire equipment. The fire department will not be contributing to the Equipment Reserve Fund this year due to a re-appropriation for the Fire Station Construction Fund.

Fire Station: (page 34)

C.A. Daykin stated that the Fire Station Construction Fund is a temporary fund for the purpose of accounting for resources and expenditures associated with the new fire station. The station has been built and in use, however, there are a couple of lingering issues that are being worked on with the contractor. There have been concerns regarding the concrete slab floor, and there have been issues with moisture in the ceilings. The contractor has been put on notice that they will need to correct the deficiencies, and we are still going through the process. The budget is carrying the funds available forward to have on hand if arbitration or other legal processes should be necessary. Hopefully, that will not be needed. The funds are coming from the General Fund. Line item 21 on page 35 would be used for expert witnesses and such. Line item 35 is funds remaining from the Ford Family Foundation funds for purchase of furniture for the community meeting room.

Street Fund: (page 15)

The fund provides for street maintenance activities including crack sealing, street sweeping, pothole repairs, street signs and street lighting and includes funds received from the state and local gas taxes. Unexpended funds not used for street maintenance operations at the end of the year are transferred into the Street CIP Fund for major projects. Discussion ensued regarding variations in the amount of local gas tax received historically. Consensus was that the increased number of gas stations in the region, and lower prices are part of the fluctuation. Gas taxes are collected when fuel is delivered to a station, from the company that delivers the fuel. There are four Public Works employees, and recent trends are for more hours going to wastewater treatment, and fewer hours going to storm drains and streets. The street surface maintenance line item was reduced in the proposed budget because more expensive maintenance methods have not been used as much over the last few years, and some work has been held off until the next update of the Pavement Management Plan, which is anticipated to be done in March 2017. Based on the findings from the updated plan, work may be ramped up again. Also, funds are being diverted to the Street CIP Fund for major projects. Line 71, Pedestrian Ways, came out of a project some years back. It could

probably go away. The drop for Line 61, Street Lights, is due to changing over to LED lights. Changing the ornamental lights to LED might happen next spring, based on if an energy savings incentive program comes about. The City owns some of the ornamental lights, so to convert to LED fixtures; the ownership would have to be transferred to PGE. In the prior transfer of the high pressure sodium cobra style lights, about half of the street lights were owned by the City and transferred to PGE. The former City-owned lights remain on the lower monthly rate until such time the pole reaches end of life and is replaced. The replaced lights will then go on the higher monthly rate. The wooden poles will likely not last as long as the fiberglass poles and PGE will be determining when poles/lights need to be replaced. Daykin reported that, based on Council discussion, prices were gathered for a radar speed sign, which posts the speed limit and the speed of the oncoming vehicle. We are looking at a solar panel powered unit, and the amount shown in the line 92 is the amount for all of the pieces to make the unit. City staff will install the unit. A quote from Western Systems is included in the packet. This would go to Council for approval before the funds are expended. Only one unit was included in the proposed budget partly due to budgetary limits, and partly to see if the unit functions as hoped.

Street CIP Fund: (page 19)

The funds are used for street construction, reconstruction, overlays, and new sidewalk construction. The franchise fees that are collected into this Fund are new, and the current year represents the first full year of collection. The franchise fees are collected from PGE and NW Natural Gas, and have helped fund the placement of conduit under the new sidewalks for future transition to underground wired utilities. However, this project has turned out to be more expensive than anticipated, and will be on the agenda for discussion at the next Council meeting. Other revenue sources include grants earmarked for specific projects. Line Item 12, Special City Allotment Grant, is a source available to communities with a population under 5,000. We can apply for a specific street improvement project, and the maximum possible grant is \$50,000. It is a very competitive process and will usually be a few years after receiving a grant before seeing another award since points are added for each year from the prior grant award. However, we are not eligible to apply for a new project until we complete the existing project. An updated engineer's estimate is provided in the packet. The joint loans that Newberg, Dundee, McMinnville and Yamhill County took through the State for the Bypass Project \$20 million local match, of which Dundee's portion is about \$315,000, are still at interest only payments. It has been anticipated that principal payments should begin in 2017, but they may be pushed back to 2018. The amount reflected in the proposed budget assumes the 2017 payment schedule. At the same time, the city took out a \$284,000 loan for local street improvements. Two phases of the long list of projects have been done. The final phase is proposed to be completed this summer. A list of the street projects is included in the packet. The highlighted streets are those targeted for the final phase. The Transportation Enhancement Grant project is broken into two phases, and some of the federal funds have been exchanged for state funds – phase 1, designed and managed by Dundee. We are waiting for word from ODOT that additional federal funds can be exchanged, which will allow us to go out to bid. They want us to do our part of the project before they do their phase. Unfortunately, the cost for both phases of the project has increased dramatically, so affordability is a question. Staff is in communication with ODOT. Some assumptions have been made in crafting the proposed budget for this project, but as much known data as possible has been used. If it turns out that this project is more expensive than budgeted, changes will need to be made that may include requesting an amendment to the budget, or altering the project. Stueckle asked about Line Item 14 on the Dogwood Street Improvements page (mailboxes). Daykin replied that it most likely refers to existing mailboxes that must be relocated during the construction and later reinstalled in their original location. This would be

the cost of having the contractor do the work. City staff could do this task, and perhaps other tasks in the project, but the engineer's estimate assumes the contractor doing the work.

Street Reserve Fund: (page 24)

PW Supervisor Mustain provided background. This holds funds dedicated for future improvements on Third Street, when the reconfiguration of the street to the highway can be completed as a total project. The funds were paid by developer of the subdivision on Namitz Court for the deferral of improvements on Third Street adjacent to the development. The question was raised as to how what restrictions are there on the expenditure of these funds. Consensus was to wait until the project becomes more imminent to address this question. Additional funds will be needed, depending on the scope of the final project.

Equipment Reserve: (page 28)

The Public Works (PW) section of this fund was discussed. About \$227,000 has been set aside for PW equipment. PW has been renting a small track hoe and has determined that it would be more cost effective to own one. It is very useful for smaller sites where the larger equipment does not fit or function well. Water will also be able to utilize this piece of equipment. Prices of this type of equipment, new or used, is on the increase due to the increase in building projects. The variety of work the small track hoe can be used for was discussed. Line Items 19-21 refer to the loan taken out for the construction of the PW facility. We are on accelerated payments over the next six years to pay off the loan. PW covers the Street, Water, Sewer and Storm Water transfers into this Reserve Fund.

General Fund: (page 2)

C.A. Daykin referred to the details on page 2. Kelly asked what happened to dog licenses. Daykin replied that dog licenses were handled through the Newberg-Dundee Police Department, but have been transferred to the Sherriff's office. All dog license fees are now paid to the Sherriff's Department throughout the county. Funds from the Yamhill County Economic Development Grant and from a contribution from Waste Management will be used for a business improvement project that the Tourism Committee has been working on. While the budget shows some of the funds being used this year, it is likely that the bulk of the funds will be held over to next year.

General Government: (page 3)

This reflects general administrative and financial activities for all city departments. A portion of these costs are divided between the various department funds (outside of the General Fund). Svicarovich asked about travel and training – what is anticipated? Daykin referred to Line Items 38-40. A listing of the various trainings/activities was discussed. Line Item 25 fluctuates based on the amount of federal funds received and the depth of auditing required. Staff is looking at the purchase of business license management software. Updating software is an ongoing effort, and this software should simplify the process. Business license fees are charged against businesses that are permanently located in Dundee. Small fees are collected for things like OLCC applications, home occupations, and other miscellaneous activities. The business license fee is a flat \$45 per year (including partial years). The process and costs associated with the process were discussed, including alternative methods of determining a tiered fee. This software would tie into the cash receipting software used for utility billing.

Municipal Court: (page 6)

The fund pays for the Assistant City Recorder/Court Clerk, Judge, and interpreter to hold court once a month. Court fines do exceed court costs. This is not a court of record, and

primarily handles traffic matters.

Community Development: (page 8)

This fund encompasses the building and planning activities that are contracted with the City of Newberg. There are some costs related to the city engineer who reviews land use applications when needed. This is a fairly consistent level of costs. Line Item 44 on page 9, Rehab Loans/Grants, relates to the façade improvement program.

Police: (page 10)

The City has a contract for law enforcement services and emergency services with the City of Newberg. There is a five percent increase for emergency dispatch and two percent for police services.

Parks: (page 29)

The Viewmont Greenway project in the north end of town is still underway. There are many elements of the park adjacent to the Greenway that need to be installed, including nature play equipment, asphalt to the lower trail, a footbridge over the swale, and some landscaping. It appears that the budgeted amount will cover the costs. Daykin reviewed the list of items to be installed in the park. The retaining wall may not be needed. Most, if not all, can be installed by PW employees.

Tourism: (page 33)

The Tourism fund receives 70 percent of the transient room tax. Daykin reviewed the line items for the Tourism Fund expenditures. Travel Yamhill County is courting new members, so \$2500 was included in the budget for that. The transient room tax income increased partly due to a rate increase to 10% from 7% starting January 2015, and partly due to an increase of vacation rentals by owners.

Bonded Debt: (page 39)

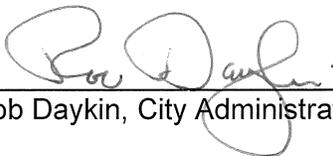
This reflects incoming revenue from property taxes to pay annual debt service on the USDA 25-year term loan used to finance the construction of the new fire station; first payment of principal was paid in February of 2016.

C.A. Daykin will bring back details on the maintenance fees for the proposed business license software and an explanation of need.

Water, Sewer, Storm Water and State Revenue Sharing will be reviewed, and non-profit groups will make presentations for use of State Shared Revenues, at the May 5th Budget Committee Meeting. **The motion** was made and seconded to continue the meeting until May 5th. **The motion** passed unanimously. The Committee meeting was adjourned at 8:55 P.M.



Storr Nelson, Budget Committee Chair



Rob Daykin, City Administrator