



City of Scio

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SCIO PUBLIC BUDGET MEETING MONDAY, MAY 20, 2019

CALL TO ORDER: 2018-19 Presiding Budget Officer, Joey Ferguson, called the meeting to order at 6:01 p.m. in the main meeting room of the Scio City Hall, and led those present in the flag salute. Ferguson then requested Budget Secretary, Karen Eckhart to take roll call.

ROLL CALL: Roll call was taken by Karen Eckhart.

BUDGET MEMBERS IN ATTENDANCE: Chadd Weaver, Debbie Nuber, Joey Ferguson, Karen Eckhart, Tom Meyer, Sue Hecht, Steve Ellis, Sandy Baggett, John Whalen, Nadji Vogel and May Garland **Excused Absence:** Tom Gray **Unexcused Absence:** Dennis Thomas

STAFF PRESENT: City Manager Ginger Allen, Administrative Assistant, Cathy Martin.

Following the flag salute, Presiding Budget Officer, Joey Ferguson, opened up nominations for Budget Chair and Budget Secretary. Debbie Nuber nominated Joey Ferguson, seconded by Weaver, a vote was taken, and it was unanimous 10 yeas, 0 nays.

Ferguson then asked for nominations for Budget Secretary, Nuber nominated Karen Eckhart, seconded by Ellis, a vote was taken, it too was unanimous 10 yeas, 0 nays.

Ferguson gave the budget committee 5-7 minutes to review the minutes from the 2018-2019 budget hearing before proceeding with the vote to adopt last years' budget meeting minutes.

During the time allowed for the reviewing of the minutes Ellis asked Allen when the franchise agreement with Republic Services was up for review. Allen stated that the agreement was currently being reviewed city attorney, Tre Kennedy, for renewal status.

Ferguson requested a motion to accept the 2018-2019 budget hearing minutes, Weaver moved to accept the minutes as presented, Ellis seconded the motion. The minutes were unanimously approved with ten yeas and 0 nays.

Ferguson then turned the meeting over to City Manager Ginger Allen. Allen began by thanking all of the budget committee members and stating that it is important to the tax payers that we all remain prudent and transparent with our budget process that is my

goal as your City Manager and my commitment to the tax payer. Allen then proceeded to read the opening "Message from the City Manager"

Allen then stated that she would first go over each departments' highlights and then go into we will move into each operating fund in detail. Please feel free to ask questions along the way. If I do not hear any questions I will continue onto the next fund.

Administration Department

- The Future of Scio City Hall – Allen read the item description and the following discussion took place. Hecht asked Allen will the city keep the current city hall and have that building as well. Ellis asked if the closing of the property was on target. Allen answered both Hecht and Ellis's questions by stating that the city would keep both buildings and that a check had already been delivered for the property purchase and closing was anticipated by the first of June and the current renter would have until July 1, 2019 to have all personal belonging removed from the building. Garland asked how much the property cost. Allen said the city paid \$75K, which included back taxes owed on the property. Whalen asked if the property goes up to the asphalt where the coffee shop begins. Yes, it does, replied Allen. Allen stated that the length of the new lot ran parallel to the existing city hall building. Hecht asked where the funds to purchase the new building came from? Allen stated that in last year's budget a Property Acquisition Fund was established. \$175 k was set aside in the General Fund. The city got a very good deal and the property owner was very appreciative.

Allen also reviewed a punch list, identifying steps leading up to the building of a new city hall for the future.

Demolition & Asbestos Abatement of existing structure
Secure Financing
Building Design and Site Visits
Possible selection of an Architectural and/or Structural Engineer Firm(s)
Town Hall Meetings for community involvement

Allen emphasized that the list is just the beginning of a very long process. A short discussion took place about the order of the tasks and how this type of project has steps that build upon one another. Allen assured everyone that all of the major decisions surrounding the project would be discussed in/at city council meetings and going through a public process.

Hecht asked about parking and whether a portion of the property would be used for parking. Allen said that city code would require parking in accordance with the design footprint. Hecht asked is the library was staying in the same building. Allen stated that the Library would remain a part of city hall.

- Public Safety – Allen read the item description and Whalen asked if the Linn County Small Cities Coalition was designed for the purpose of the Linn County Sheriffs Contract. Allen stated that the Linn County Small Cities Coalitions works on many topics besides the Sheriff’s Contract: Building and Planning regulations, legislative issues with the League of Oregon and other issues affecting Linn County small cities.
- Additional Library Programs & Donations: - Allen shared the fact that she and LaVonne Murray, the city’s Librarian had researched other small cities and determined that flexing hours might prove beneficial to the over-all use of the Scio Public Library. Whalen asked if it’s more library hours. Allen stated it is more hours of library services, but not more hours for the Librarian. Allen talked about added details in this year’s budget document when it came to library donations/revenues and library expenses. Allen stated that one cannot lose sight of the fact that while donations may be on the increase this year, it does not mean the same amount will be donated in the next fiscal year. Thus, the budget must be watched closely and reviewed often throughout the fiscal year so as to not over spend based on previous year donations.
- Covered Bridge Park – Allen read the item description and the following discussion took place. Nadji Vogel asked if it is possible to remove the Blue Spruce Tree, it is not a tree that should be in that area. Allen hoped to turn the issue over to the future Parks and Tree Advisory Committee once it is established.

Hearing no more comments about the Administrative Dept. highlights Allen moved onto the Road Department.

Road Department

- SCA Grant Carried Over: - Allen told the budget committee that the original costs submitted on the Small City Allotment Grant application changes and an amendment to the grant application was required project was held off until the grant amendment was approved. Project is scheduled for completion in the fall of 2019.
- Expect Street Repairs – Allen informed the budget committee that crack sealing is needed in various parts of town, including Thomas Creek. Ellis asked how bad Thomas Creek Sub-Division Streets were at this time. Allen stated that while they are not real bad, it’s more preventative maintenance to save the street from becoming a major issue. Ellis asked if the cracks were due to large trucks being in the sub-division. Allen stated that she couldn’t really say that is the case due to the fact that the engineer in charge of the street development stated that the streets were made for heavy emergency trucks, such as fire trucks, fully loaded

with water. For 3-4 minutes a brief discussion about the various types of trucks that come into the sub-division ensued.

Allen stated that the City will also be looking into a grant for Safe Route to Schools. The grant will be for the established sidewalk route along SW 2nd street.

Seeing no further questions about Roads, Allen moved onto the Water Department.

Water Department

- Reservoir Cleaning – Allen read the item description, followed by discussion. Weaver asked if the cost of the cleaning is per cleaning and how many times do we do it per year. Allen stated that it costs anywhere from \$3500 - \$5000, depending upon what they find in the tank, per cleaning; and that the city cleans once every 3 years.
- Calibrated Water Source Measurement Gauges – In accordance with our Water Master Plan the city will be having the water measurement gauges calibrated to ensure accurate measurements. This calibration will become an annual part of our equipment maintenance operations.
- Water Line Repairs –

Sewer Department

- Sewer line Maintenance Rotation – Allen discussed the pros and cons of purchasing a Vactor Truck. Originally staff thought that it would be a good idea to purchase a Vac Truck until it was discovered that the annual maintenance on a truck could run as much as 15 – 20K per year. The maintenance cost is related to the vacuum system and the two water pumping systems on the truck, filters and oil changes. Staff spent time with local Vac Services, (Iceland and Shur-flow), both agencies felt that the city would be “crazy” if they purchased a truck for the amount of use that the truck would see on an annual basis. Thus, I backed out the money for the truck and instead the city will divide the city up into four quadrants and begin doing annual line maintenance on a rotating basis. Any spot within the city that continues to be a problem will receive special attention on an “as needed basis”. One of issues that drew our attention to the need for this was issues with our sewer lines. We will need the services of a Vac Truck on a contract basis. Whalen asked if maintenance meant cleaning the pipes? Allen said, no, we have not had a rotation maintenance system in place. We have been reacting to situations instead of begin pro-active. The city only owns a “jetter” that pushes the problem down the line, we do not have a piece of equipment that will suck out any debris. May Garland asked how old the Jetter

was and whether or not the city could sell it? Allen stated that the city will try and sell it but the question is would any one buy it.

- TVing Lines - Allen shared that part of the annual maintenance would be the “tving of lines”. This is where a camera is placed on a line to take pictures of the inside of the sewer lines and having a film to review the problem spots inside a sewer line. A rotating maintenance schedule will be put in place to ensure that all lines would be maintained a minimum of once every four years. Ferguson asked if there would be one or two bids on this type of operation? Allen stated there would be two different bids because they are two separate systems with two different set of procedures. Allen also said that you can expect to see money in the water and sewer funds in the years to come.
- Sewer Master Plan – Allen shared with the committee that a Sewer Master Plan has been completed by the City’s engineering firm Dyer Partnership. The master plan is a blue print of where the city is currently with the sewer system and what needs to be completed to make sure it stays operational over the next 20 -25 years. A report will be presented to the Scio City Council in July of 2020. While I cannot be specific, I can tell you that sewer rates will need to be increased because our sewer system is failing and is in need of repairs. Whalen asked if the TVing needed to be done prior to the Sewer Master Plan? Allen said, no, the Master Plan is comprehensive in that it deals not only with the sewer lines, but the lift stations, the lagoons, the pumps, the technology that supports the sewer lift stations, leak detection, etc. Hecht, asked Allen have we fallen behind on the sewer even though we have the 3% increase each year? Allen, yes, unfortunately the cost of maintaining the infrastructure increases every year and the city has not done any improvements to the infrastructure for many years. Hecht, “thank you, I understand”.

Expenses Shared Throughout All Funds

- Medical Costs and Insurance – Allen reminded the committee that last year the city would begin looking into employee cost sharing of medical insurance coverage. Allen told the committee that she had checked with other surrounding cities and that employee share costs ranged from as high as 10% and as low as 3%, some cities also do a flat dollar rate based upon the COLA and Merit Increases. Allen stated that she has had several discussions with the employees and they understand why the city is at this crossroad and it was agreed that each employee electing to take city insurance would pay 7% which equals out to:

Employee Only = \$52.69 per month
Employee and Child = \$96.47
Employee and Family = \$151.15 per month

Whalen, “have employees ever paid insurance before”? Allen, No. But what is important to note is that last year we added in full benefits. What this means now

is that employees and their family members can receive medical, dental and vision. Prior to last year only employees received medical coverage, no dental or vision and no family coverage. Having a poor benefit package also placed the city in a poor position for recruiting new employees. In addition, all of

Hecht asked if the helps to stabilize the insurance costs with the city? With the portion that the employee pays does it stay closer to what the city paid last year? Yes, if you look under personnel services, you will see that last year we paid \$383,958 total package which includes taxes benefits and salaries. This year we will pay out \$389,274, which 1.39 % increase.

- Property and Liability Insurance – CIS stabilized this year due to some deregulations from the Federal Administration, so they passed on some of this savings to the end users. We have been informed that increases will occur in 2020-2021 fiscal year.
- COLA – Allen announced that the cost of living for the U.S. Western Region is 3.1 and those American's receiving social security will see a 2.8 cost of living increase. This year I built in a 2.5 COLA for the employees. Allen stated that the important fact to remember about cost of living increases (cola's) is that the monetary increase is meant to keep an individual close to the increase of everyday materials of services used by an individual and/or family (food, gas, clothing, etc.) COLA's are not "merit increases" and should not be considered a salary raise bases upon performance standards or longevity. Allen stated that she did not increase salaries above the COLA this year. If the budget committee wishes to do something different and the majority feels the same way I can place different figures into the budget. I am hoping to do a benefit and salary comparison this next year, if time allows. Ferguson, "didn't you already do that"? Allen, I did on the Librarian position when I first arrived. Nuber, "COG is talking about doing one on the small cities". Whalen, I want to make sure I understand so I'm going to ask again, "so I'm an employee with the city of Scio and last year I received some more insurance coverage and that's a big thing, but this year I have to pay for some of that and I never had to do that last year and I'm not really getting an increase." Is that how someone may look at that? Allen, yes, that is true. Ferguson, how many of our employees will take advantage of this"? Are they going to use our insurance? Allen, all but one employee uses city insurance. Ferguson, are they employee only, employee spouse, what are their status on that, do you know"? Allen, there are two who do employee and family, one who does employee and child and one who is employee only and one who opts out. Any employee who opts out, due to other coverage can receive an additional \$100.00 per month in salary, per CIS regulations. We must use CIS criteria with opt outs or they will drop us. Hecht, is this with retirement"? Allen, yes, retirement benefit is \$400.00 per month into an IRA of their choice. Weaver, "is that a matching fund"? Allen, no, not at this time.

Hecht, are most of the employee at the top of their salary scale”? Allen, as far as merit raises? Hecht, “yes”. Allen, they haven’t been given merit raises. They’ve only received COLA’s. This was a discussion last year. Joey, if you recall you brought this up. The first year I mentions merit was the very first year I was here and when I mentioned them the sitting budget committee nearly blew up. It wasn’t pretty. But over time and with more open communications between myself and the budget committee and employees I believe people are beginning to understand that in order to keep good employees the city must remain competitive. Scio is very lucky that the employees working here enjoy what they are doing and they are staying for reasons other than salary. But that will not always be the case and we must be prepared and treat our employees fairly to prevent them for looking to other positions. My biggest concerns is those employees who “must” have state certification begin looking for other jobs because they will get paid more or get better benefits and Scio becomes a revolving door. So far Scio employees understands what has happened. Would they have liked to have had a salary increase? The answer is yes. But they recognize that this year they are taking a small bite of a big apple. They also want to show to this committee and the citizens of Scio that is not all about money to them, because they really do enjoy their jobs. So, Scio is lucky. Weaver, yes, we have a great staff each one of them. Whalen, yes, we are very lucky.

Certified Employees – Allen stated that as each of the certified employees obtain their professional certifications, required by DEQ, they will qualify for a \$1.00 an hour increase to a maximum of \$27.00 per hour. At this time one of the PW employees has obtained their water and wastewater certification, thus you will see a higher salary for that employee verses the salary of the employee who has yet to take the tests. I have budgeted enough money to cover the salary increases of the other PW Employee once he takes and passes the tests. Whalen, is there continuing education requirements? Allen, yes, there are CEU’s. You will see money budgeted for educational conferences where classes are made available for the Continuing Educational Units. It’s a big deal in Water and Sewer, unlike the other areas.

Allen thanked the budget committee for their participation in the general overview of department highlights and moved onto a detailed review of each operating fund.

Hecht then asked Allen if there is something in any of the accounts that will go towards the various houses, like the one on first street that will go towards those houses that are somewhat derelict? Allen, “No is the simple answer to your questions. Allen then stated let’s go ahead and talk about that topic now. Hecht then said, no, we can talk about it later. Allen said, okay, but please make a note of your question because at the end of my presentation there will be an open forum to address any issues that did not get covered.

Ferguson then asked if anyone needed a quick break? Everyone said, let's go forward and no break was taken.

GENERAL FUND DETAILS

Revenues

General Fund revenues are derived from a "cash balance that we carry forward" as well as Linn County Property Taxes. We also get money from Cigarette Tax, which is going down due to the marijuana legalization; cigarette smoking has dropped. Whalon asked why? Ferguson stated, because people smoke week now. Hecht asked if the City gets any profits from the week? Yes, said Allen, if you look at your budget document you will see on the third line item down there is a marijuana tax. Allen then went over all of the tax revenues with the committee.

Allen specifically addressed a question by Ellis, concerning the Franchise Fees with Republic Services: Allen stated that she misspoke when she said the city was in the middle of negotiations with Republic Services. The City Attorney is currently working on eliminating a ten-year revolving contract. In order to get out of the contract Republic Services must be placed on notice by the city that we wish to end the contract. Council voted and instructed the city attorney to notify them that the city no longer wanted to stay in the revolving contract, we are now waiting to see what happens next. Garland asked how long or how far are we into the ten years? Unfortunately, the contract has already rolled over into the next ten-year term. The city attorney is negotiating an increase in the city's fees because service rates have increase, stated Allen. Nuber then stated, "isn't it also correct that the city must notify Republic Services ten years in advance? Yes, stated Allen. When did we put in our notice, asked Weaver? In February or March of this year, said Allen.

Allen then went over the revenues for Library Services. Allen talked about funding from general fund/property taxes, library donations, library fees and fines and small library grants supported the Library Services. Allen also pointed out that \$3,000 will be received from the Friends of the Scio Public Library, helping off-set the cost of E-books.

Garland asked about Fines and Fees line item and if that was still Library revenue? Allen said, no, that line item is for other general fund revenue fees such as planning and building. There is also miscellaneous fines and fees, such as copies, faxes, and restitution, etc.

Allen proceeded with the review of the Interfund Transfers In stating that the money coming from Road and Water into the General Fund will be used towards the costs of the new property/building funds, including demolition, building design, etc.

Expenses

Allen began the overview of the General Fund Expenses by stating that the Personnel Services, which is made up of Salaries, Taxes and Benefits will be discussed when we get to the FTE Chart located toward the end of the budget document. Allen proceeded into the Material Services line item review. Allen went over each line item giving brief explanations of the line items and also referring to the detail sheets for an in-depth look at how the funds are intended to be used. Baggett asked about Police Services. Baggett wanted to know how the money was spent in the Public Safety line item? Allen stated that the dollar figure represented 72 hours of Linn County Sheriff Depute time spent in Scio, per month. Allen reported that out of all of the small cities in Linn County Scio has the lowest crime rate. I'm not talking about infractions, but when it comes to crime, Scio is the lowest in Linn County. Allen stated that she remains open to any suggestions about public safety and also described Focus Patrol to the budget committee. Allen said that Baggett wanted to discuss whether or not the committee wished to increase services in public safety, asking Baggett to tell the committee what she was thinking.

Baggett addressed the committee by stating that she was thinking that Scio is growing and she remembered when services dropped from $\frac{3}{4}$ to $\frac{1}{2}$, of course Ginger has given us the stats and maybe they indicate that we do not need more, office time but it's something to think about. As much as we have grown, we need to have more hours, I'm sorry but that is the way it is. So, I am wondering are we covered as much as we should be? Do we have enough coverage? The Focus Patrols are good, I did not know about that, but it is something that we need to think about. Maybe if not this year, but next year. We have grown a tremendous amount in the last few years.

Allen asked Baggett if she meant growth in population in the last few years? Hecht said, well since the new sub-division over the past ten years, with Baggett concurring. Allen thanked them for the clarification.

Hecht asked if the sub-division was families or retirees? Baggett, "it's a mix". Meyers, "all of the above". A short discussion broke out about the various family dynamics in the sub-division.

Nuber mentioned that any time the city has any big events that we think will bring in a lot of people, Ginger has been good about getting extra police force and all that. If we have a thought that we might need extra police services we never hesitate; it is one of the highest concerns.... To protect our citizens.

Hecht, haven't you always built in extra in the budget for that? Yes, Allen stated, we have \$2500 set aside for extra police time during Lamb and Wool fair. These extra hours are not part of the regular contract with Linn County.

Eckhart stated, "just an observation, before the Linn County Sheriff Dept. had a big presence at the Fire House, they would do their reports there and when I would go to work and come home there was almost always a police car there and now a rarely see one. Do they still do reports?"

Allen, "yes, they will do reports at the Fire Station and they move around to various locations while doing their various routes. If they are requested to do Focus Patrol down at the High School, they will do their reports in their cars. Nuber, they will change up their routes and sometimes park in different locations and small areas to watch traffic and still do reports.

Ferguson, "I have a slightly different topic, but related and I would like some input and I should have brought this up at the last council meeting: My daughter and I have inquired about starting up the community watch? So, she emailed, because she wishes to get more involved in the community, the gentleman at Linn County and learned that there is already a community watch in Scio. Who is doing that? Me, said Nuber! I have gone to various groups in town, the Seniors, Historic Society, SCIO and asked if they would be interested because I have a bunch of literature and stuff on this and would be willing to come and get the Sheriff Dept., Michael Mattingly, to come and talk to us. If you want to do that get a hold of me and I will get in touch with him and we could get this started up again. Ferguson, Sandy, then do you feel a community watch could help out? I think that would probably help too, because I feel that would fill a void due to the limited hours, stated Baggett. The community watch discussion carried on for a number of minutes, back and forth amongst the budget committee.

Allen went back to reviewing the line items in the Materials and Services Expenses. Again, Allen gave brief reviews of the line item funding asking for questions along the way. Ferguson asked about the Meals on Wheels Program, if the City still participates? Allen said, yes and that the last time she spoke with the service they had only support two families inside Scio city limits. There was a brief discussion about the program and about how advertising of the service takes place. Comments about how much people enjoyed the Volunteer Recognition Banquet were made during the Materials and Services review. A question was raised by Whalon regarding the drop in Equipment Maintenance Costs, are you being optimistic, or what is happening there? Cathy Martin reminded Allen and the budget committee that the drop was due to a new copier lease agreement where a lot of money was saved. Allen also stated that aside from air filter and light bulb replacement there will not be a lot of money put into the city hall. Eckhart asked about grant dollars? Allen stated that there are no grants slated for this year, plus you cannot place dollars into a budget until the grants are received. When we apply for a grant and find out we get the grant we must bring it before the city council and allocate the funds through council. While reviewing the Parks line item Hecht asked if the city was going to do anything

over at the Thomas Creek Estates park area? Allen stated that there would be improvements to the park once the Parks/Tree Advisory Committee is revised and approved. Allen wants to have input from the Parks/Tree Committee once it is established. (A side bar conversation took place regarding past events and past grants for parks, as well as, conversation about each of the city park areas). Allen completed the General Fund with a brief discuss on the Building Fund line item, outlining how the money would be spent on the upcoming projects. Hecht asked where the \$442k funds come from? Allen stated that \$100K was carried over from the 2018-2019 budget, Property Tax Revenue of \$242K and transfers in of \$100K from Road and Water Funds, totaling \$442,000.00. Allen then explained to the committee why transfers can be used from others funds in relationship to the work tasks and services provided by those who work out of city hall. Hecht then asked about water fees and the cost of fees going up do to water projects in the Water Masterplan? You were saying that we are going in the hole, was that water or sewer? Is it because of this transfer? Allen, we are not in the hole. Hecht, well I was thinking about the 3% we charge each year? That we are trying to stay up with things? Allen, what we must do to take care of the city is that we must put money away for the big projects that will hit. It is not the annual expenses maintenance costs that occur from year to year, we have enough money to cover those costs. As we move forward and we follow the masterplan projects we will need healthy reserves to help with the larger projects. We know that in the future we will have to have funds set aside for a new reservoir, water and sewer line infrastructure replacement. That is why we do annual increases and put money into reserve funds. Hecht, so the \$100K going towards the buildings would not go to what you just described? Allen, No, the funds going towards the new buildings pay for those Departments shares of the building costs. Hecht, I just want to make sure that the water and sewer rate increases was not entirely due to the new buildings. When you see it and don't know the underlying reasons you don't know why it works that way. If you had to explain it to a citizen... if you can explain it to me, you can explain it to anyone, look at it that way. Allen, that is why I've stated that many people do not understand the ways a government has to finance its projects. Allen explained how the auditors review the expenses of funds and that the city is held accountable for the manner in which funds are allocated and spent. Allen asked if there were any more questions about General Fund. Hearing none Allen went onto Road Fund.

ROAD FUND DETAILS

Revenue

Allen stated that the funding comes from cash carry forwards, state transportation taxes, and one half of the cities franchise fees, which is split between General Fund and Road Fund. We also have a \$50k grant this year, for street improvements throughout the city.

Expenses

Allen stated that the Personnel Service Costs would be discussed after we finish with the operating funds.

Allen went over all of the Material and Services line items giving brief explanations of the expenses and frequently referring to the fund detail sheets. Allen pointed out that additional dollars were given to Engineering Consulting Fees due to some scheduled road repair projects. Allen asked the budget committee to make a change to their road fund spreadsheet by crossing out the \$25,000 on located under Capital Improvements and replace it with \$45,000. Then cross out the \$20,000 on equipment and replace it with \$25,000. These changes are due to the removal of the Vactor Truck. Please note that we have a healthy reserve amount, even though we transferred \$25,000 to the General Fund for the building projects and we are transferring \$48,152 to a Road Reserve Account, which is new this year. Baggett asked about the Bike and Walkway Improvements, what does that entail? Allen, not much for \$500. One possible use will be combining these funds with the Safe Route to Schools. Baggett said that you can no longer see the bike lanes on 6th street and that might be a place of improvement, people park in them, it's really frustrating. We have more and more kids down there, as the weather warms up more bikes will appear stated Baggett. Allen asked if there were any questions about Roads, before moving onto Sewer.

WATER FUND DETAILS

Revenue

Water Fund is a "work horse" fund and at the same time an expensive fund. These reasons we have the rate increases, because of the number of projects identified in the Water Masterplan. Cathy would you please read the projects listed in the Water Masterplan and the costs associated with those projects at the time of the Masterplan, keeping in mind that with each year that goes by the cost of the projects go up due to inflation.

Scada System – partially complete, the Scada System is the electronic system where the wells read into City Hall.

SW 2nd Waterline Improvement – Completed

NE Alley and Waterline Improvement – located behind businesses on main street. Estimated cost \$24,000 (four years ago)

Martin continued to read aloud all of the projects with the associated costs identified in the Water Masterplan stating that over 1 million dollars of work will

need to be done in the first ten years of the document, which is now four years old. Following the reading Allen stated that every year since her tenure at Scio she reviews the masterplan and checks off at least one or two projects recommended in the plan. Ellis asked if there were any grants available to help offset the expenses? Allen stated that there are grants available through USDA, for infrastructure improvements. There is no way the city can pay for any of these larger projects. Our goal is to set aside funds so that when we do take on a larger project, we have shown the loaning institutions that we have done our due diligence in preparing for this expense over the prior years. Both USDA and DEQ require a certain percentage of funds from the city and we haven't put away money then we will not qualify for loans. Ferguson, do we also have to show that we have done our due diligence in order to get grants? Yes, they will look at our reserves, stated Allen. Martin also stated that they will also look at the City's water and sewer rate structures to see if we are setting aside funds for projects and if we are not, rate increases will be huge in order to get a loan instead of smaller increases over the years of service.

The revenues received from the water comes from utility billing and we also receive interest from our Water Reserve Account which is held by the Oregon State Treasury – Local Government Investment Pool.

Hecht asked Allen about the 24-hour notice fees". Allen said they are notices that are hung on doors of those water/sewer users who have not paid and could have their services shut-off if not paid within 24 hours. Allen stated that she will be requesting council to increase a number of fees due to the fact that Scio has fallen behind in the amount they charge for different administrative services. Garland asked if the projected water user fees contained the rate increase? Yes, it does, stated Allen. Garland stated that it is important to know about the rate increases because I have people who ask me why the increase and I think something should be put into the newsletter about these increases and why when it flips again so that they understand that the money goes to system improvements, that we have to maintain the meters and other operating costs. People just don't know what they are paying for. A discussion broke out amongst the board about ways of communicating the rate increases even if they do not read about them or attend a meeting. Allen then asked if there were any other questions regarding water revenues? Hearing none Allen moved onto expenses.

Expenses

Allen reviewed the Materials and Services expenses with brief line item descriptions. Allen did announce that both PW Employees attend training conference in the fall and spring, which gives them Education Credits. Allen then asked the committee to cross out the Equipment Maintenance line item of \$9800 in the replace it with \$29,800. Also cross out Capital Outlay of \$40,000 and replace it with a zero (0). And in the Water Reserve, interfund transfers of \$108,511, that number will become \$128,511. What I did was take the \$40,000

dollars reserved for a Vactor Truck and split it in half with \$20,000 going to Equipment Maintenance and put the other \$20,000 into the Water Reserve Fund. I have also dropped operating contingency from \$80,000 to \$25,000 because I increase the dollars going into the Water Reserve Fund.

Any questions regarding the water fund? Hearing none, lets go onto Sewer Fund

SEWER FUND DETAILS

Revenue

Sewer revenues are similar to water revenues in that they are obtained through utility service user fees. One can see that the Sewer Fund is nowhere as healthy as the Water Fund. This is because we have not increased our sewer rates. It is also important to note that the maintenance needed on the sewer lines and lagoon system are much larger than the maintenance needed on the water system. The City is currently completing a Sewer Masterplan and will soon know the true condition of the sewer infrastructure. Our current amount of cash carry-forward in the sewer fund is low because we had to pay for a Sewer Masterplan that cost us \$70,000 this year. This fund also generates a little bit of revenue from late charges and new sewer connections.

Expenses

Allen reviewed the Materials and Services expenses by line item, giving brief descriptions specifically about contract services and Xylem, a company that provides pump services. Allen asked that corrections be made to the Equipment Maintenance line item, crossing out \$7000 and replacing it with \$27,000 and on the Equipment line item, under Capital Outlay, cross out the \$40,000 and replace it with a zero (0). In Sewer Reserve we will be putting in \$20,000. Allen asked if anyone had questions about the Sewer Fund before going forward. Garland asked about the lift station that needed three new pumps; was that the lift station that was put in when we put in Thomas Creek Sub-division? Allen, No, it is the lift station located on SW Beech Street. A discussion regarding the Beech Street lift station took place, the number of years it has been in operation, what the project costs might be to replace, etc. If there are no other questions or comments about sewer lets go into the reserve accounts.

WATER LOAN RESERVE FUND

The Water Loan Reserve Fund is being retired. According to budget law we must carry it on the books for at least three years, with a zero balance, before we can remove it from the budget document.

LOCAL GOVERNMENT INVESTMENT RESERVE FUNDS

This past year the City moved funds out of Columbia Bank to the Local Government Investment Pool, also referred to as LGIP. LGIP funds are managed by the Oregon State Treasury. This move was made due to the amount of interest being earned by LGIP funds.

The initial reserve fund, referred to as the General Fund in the LGIP account, was a combination of reserve funds coming from General, Road, Water, and Sewer surplus dollars.

We have determined, by reviewing past records, and with the assistance of our software accounting vendor, that the majority of the original Reserved General Fund dollars belongs to the Water Fund and smaller amounts to the General, Sewer and Road Reserve Funds. The distribution of those funds will be made once the new Road Reserve Fund is established.

The new LGIP Reserve Funds will yield a much higher amount of interest and is easily transferred back and forth between our operating funds, located with Columbia Bank and the Reserved Funds located with the Oregon State Treasury.

Garland, "I just have to ask, is it real money? Allen, yes, it's real money. Garland, do our water rates really have to keep going up, up, up, if we have all of this money? I know we are saving for the future, I understand that, I get it, they are all going to have to be fixed. Ask yourself, does the public for instances, need to be given part of the break with the magic you just described? I'm just asking, I don't wish to explode the meeting, I'm just asking.

Allen, well, I'm not the decision maker on that, I am here to carry out the decisions made by this committee and I know that money has not been being put away, at the rate that it has since I came on board. I don't disagree with your comment regarding the rates. I work under the direction of the Scio City Council and my job is to do what is best for the health of the city and its citizens. If you want to have this decision made it will need to go before City Council. If you read the city council's water rate resolution you will find that they put a five-year cap on the water increases and will revisit the health of the water fund and water reserve fund at that time. The previous water rate resolution had an annual water rate of 3% into perpetuity. The revised resolution has not only placed an expiration date on the increase, but also a 1% reduction on the last year of its five-year term.

Garland, "you're saying the 7% is capped for five years"? Additional conversation broke out amongst the committee with Eckhart asking if the water loan will be paid off in the next five years? Yes, within the next five years.

Allen stated. I appreciated Garland's questions on water rates and that the rate review is important. Garland ended by saying, "like I said, I don't wish to blow things up, I'm just reflecting on what several people have asked me, why does the water rates keep going up. I have this to say now, and I will when I'm asked. Hecht, on an off-track question, "are there any other funds out there that are going to magically appear"? No, said Allen and for the record, this one did not magically appear we just didn't know that most of it belonged to water. You will see in the serve reserve fund we need to add in the \$20,000 from the vac Truck reduction.

Allen stated that there are no transfers into the Equipment Acquisition Fund this year. Like May's previous thought on water, I didn't feel the need to add any more money to the Equipment Acquisition Fund until we knew what we needed to purchase.

The Road Reserve Fund will begin this year and we will begin putting money away annual for Road and Street projects.

Before I move onto the Transfer Schedule does anyone have any more comments or questions regarding the Reserve Account? There were none.

TRANSFER SCHEDULE

This schedule clearly states the dollars being transferred from one form of operating fund or reserve account to another.

FULL- TIME EMPLOYEE COST (FTE Chart)

Allen began by reviewing the salaries according to the positions. Allen pointed out that while she did not take a salary increase, she will be taking a Cost of Living Increase (COLA), as well as, taking city insurance.

Regarding taxes, there has been a slight cut in taxes. There are no guarantees that we will see any tax cuts in the future.

Benefits went up slightly due to the manner in which employees select insurance coverage.

Allen spoke about the manner in which employees are allocated to funds basis upon their job duties and services rendered to the public, tying into the manner in which funds can go towards assisting with the new building projects. Allen also spoke about the COLA increases and the different increases for the public works employees based upon job certification requirements. There was discussion as to how many certifications will each employee have to have? Allen said a total of

four level one certifications, Water Treatment, Water Distribution, Sewer Collections and Sewer Treatment.

Any questions about the FTE Chart? Ferguson, asked about the Miscellaneous Wages and costs? What do you anticipate for that? Allen, I anticipate one of our works getting their certifications fairly quickly this coming year which will then prompt salary increases and I will use the money. Weaver, asked if somebody certified provide oversight the other workers"? Yes, some of that money will be used to pay a person to provided certified oversight to sewer operations. It will also be used for temporary assistance. There was more discussion about levels of certifications and how many certifications are necessary. They also discussed industry standards and payment to public workers in water and sewer operations.

Allen asked if there were anymore questions about the FTE Chart when Hecht asked if she could get an answer to her earlier question regarding the derelict properties in Scio? Allen said that things were happening very, very, slowly in this area. A discussion did take place with the City Council and Allen received permission to discuss these issues with the Linn County Health Department. They are still working on these types of cases throughout Linn County. The biggest hold up comes from the State of Oregon stating that if you displace a person from a home through condemnation the agency condemning the premises may be required to pay for the persons displacement costs and living expenses and counseling services. Number one I would have to prove that the quarters are a health hazard for the city, has anyone gotten injured on the property? Thus far I have received reports of rats in the area. It is a very long, drawn out process and we really have not been told affirmatively what the costs would belong to the city. Ferguson asked, how does all of this fall into our city ordinances, when people complain about some ones messy or cluttered yard bringing down the value of their home? Allen, "I sent her a letter and told her that her property needs to get cleaned up or the city will move forward with a site visit and issuance of possible nuisance violations. I will admit I dropped the ball on this issue when winter rolled around this past year. I've sent other letters out and have had some compliance. I can do more there, I kind of dropped the ball.

Following more discussions about the properties Allen was asked by Ferguson to walk the committee through the tax base approval. Allen told the budget committee that they needed to approve a tax base increase of \$4.90 cents per \$1000 and I would entertain a motion to adopt the Linn County Tax Base. The city has no jurisdiction over the rate of this tax, if the city does not adopt it the city does not receive any property tax dollars. Ellis moved and Weaver seconded the motion to approve and adopt the Linn County tax base of \$4.90 per \$1000. Allen asked who was in favor and who was opposed. The motion passed unanimously with 11 yeas and 0 nays.

Whalen asked if the budget document will be on line? Allen said, yes after final approval before the Scio City Council. When is the engineering study, on the

sewer system coming forward? Allen stated that Dyer is scheduled to appear before city council in July and give a report on their findings.

Chairman Ferguson asked for a motion to approve the 2019-2020 budget as presented. Ellis moved and Baggett seconded the motion. Allen then restated "there is a motion of to approve the 2019-2020 budget, as amended" any discussion? All in favor 11, nays 0 the budget passed unanimously.

Allen thanks everyone and the committee told Allen that the budget was very well presented and Ferguson adjourned the meeting at 8:48 p.m.

