



City of Scio

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SCIO PUBLIC BUDGET MEETING MONDAY, MAY 21, 2018

CALL TO ORDER: 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: Wolfgang Borchard, Tom Gray, Joey Ferguson, Debbie Nuber, Karen Eckhart, Richard Nelson, Sue Hecht, Eloise Peasley, Sandy Baggett, May Garland, Nadji Vogel, Steve Ellis. Absent: Chadd Weaver

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

Following the flag salute, Presiding Budget Officer, Joey Ferguson, turned the meeting over to City Budget Officer, Ginger Allen.

Allen thanked the committee for taking time out of their evening to serve their community and began going over the budget document starting with the "City Manager's Budget Message".

Allen asked if everyone had a chance to read the budget message and if there were any questions. Councilor Ferguson inquired about the Organizational Structure and Chart, specifically about the vacant position and if the new person being hire would be supervised by the current Public Works Assistant. Allen stated that both positions were equal in authority and that as City Manager she has and will continue serving as supervisor over all city employees, as described in the city charter. Allen also stated that both workers will be required to be Water and Waste Water Certified. Hearing no more discussion or questions Allen went on the General Fund.

General Fund Discussion

Allen began going over the fund description speaking specifically to the 2018-19 highlights, which are:

- A launching of a new city website, with a start date of July 9, 2018 and offering online bill pay for water/sewer billings. Also, the city will be opening a Facebook account used only for the purposes of driving users to the city web site.

- Municipal Code Codification: A software package designed to house city ordinances, resolutions, building codes etc. electronically. Research made easy via electronic scanning. Allen stated that the start-up costs would be between \$8500 - \$11,000.00 and then annual fees thereafter.
- Year of the Annuals: The 2018-2019 budget year will have a vast majority of time spent updating and creating operational and procedural manuals. Allen is hoping to get at least 50% of the manuals completed in the upcoming year. The task is large and time consuming.
- Property Acquisition/Building Fund: In March of 2018, city council instructed staff to move forward with the creation of a Property Acquisition/Building Fund in order to prepare for the future. There are aspects of the current city hall building that are beginning to fail: Exteriors doors, roof, flooring, etc. It is prudent to begin a reserve funding effort for a replacement building in the future.
- New laminate flooring will be placed throughout city hall during the 2018-19 year.
- A new paint job will take place in the library services and administration office.
- A riding lawn mower and edger will be purchases for the Parks Department.

Revenues and Expenses

Allen discussed the following areas associated with the General Fund Revenues:

- Beginning Cash doubled since last fiscal year. This was due to the fact that the working funds had not been balanced for several years and new financial software installed in September of 2017 provided the avenue to correct all of working funds, across the board.
- Personnel Services: All of the line items in personnel services have now been balanced due to the new financial software. In addition, Allen explained that salary, taxes and benefit increases have been added throughout the budget to allow for better benefits in hopes of retaining and attracting new employees.
- City County Insurance fees are scheduled for a 9% increase in the fiscal year 2018-2019.

Council Ferguson asked about the cost of the city attorney. Allen explained that the annual services cost of the city attorney had not gone up, but that the allocation of payments were reconfigured and thus showed an increase in the general fund.

May Garland asked what types of expenses were included in the "Contract Services" line item, Allen instructed everyone to turn to the General Fund Detail Sheets and pointed out the expenses associated with the Contract Services section of the general fund.

Councilor Ferguson asked about Police Services Contract and if it went up. Allen stated that the amount scheduled for the 2018-19 fiscal year was the same as last year. No increase in cost, but the two year contract expires following the new fiscal year. Steve Ellis asked about the number of hours of police services? Allen explained that the city pays for a Part-Time employee who equals 72 hours of service a month or 18 hours of

service per week. Ginger also reported that Scio along with Millersburg have the lowest crime rates in Linn County.

Ginger pointed out a correction on page 12 stating that the Property Acquisition/Building Fund should read \$25,000 not \$250,000. The difference of \$225K was moved into the general line item of Unappropriated Funds. Having answered all of the questions relating to the General Fund at that time Allen moved onto the Road Fund.

ROAD FUND

Allen began with a quick review of two of the fund highlights:

- Purchasing of Street Sweeper with Vac System
- Curb Painter

Councilor Ferguson asked how the city currently sweeps the streets. Allen stated that they use the tractor and with a set of sweeper brooms that are replaced every year; the brooms only displace the street particles and are then picked up by hand, verses a system that sweeps and sucks up the particles.

Again, Allen went over the beginning cash as she did in the General Fund and also discussed the city's award of a \$50k grant for some minor street improvements. The repairs are to take place on NE Ash and NW and SW Cherry Street.

Allen noted that the two Public Works employees will go back to being full-time employees in the 2018-19 budget documents. She noted that one can see the changes to the personnel services in relationship to this FTE addition.

Sue Hecht asked about the upcoming job opening for Robert Waller's position. Allen told the committee that as soon as the budget is adopted she will begin the recruitment no later than June 8, 2018. In addition, Allen has lined up some training and supervision over both the water and wastewater systems with either Jacobs Engineering or Oregon Association of Water Utilities. The terms are yet to be determined but the City will have no break in service.

Allen also discussed the money set aside in the Road Fund for some minor crack sealing on Cedar Street and in the new Thomas Creek Sub-division. Allen reported that she had spoken with former Mayor Earl Wilson and that Mr. Wilson was willing to mentor the newer Public Works employees on the street repairs in the future.

May Garland pointed out an oversight in the Road Fund involving Engineering Consulting Fees. The adjusted were made to the budget on the spot by Cathy Martin. Once the correction was made the meeting continued.

WATER FUND

Allen reviewed the water fund highlights for 2018-19:

- Develop a Comprehensive Water Manual
- Replace the F350 Truck with a small truck, more economical. The other truck has high mileage on it.

Sue Hecht asked if the old dump truck was sold and Allen said, "Yes", Robert Waller had gotten a very good resale price on the truck and by doing so saved the city \$7K.

REVENUE AND EXPENSES

- Brief discussion on beginning cash balance, similar to the general and road funds.
- An in-depth discussion took place regarding Allen's announcement of a potential water rate increase. The discussion was a healthy discussion with many of the budget committee asking questions and sharing ideas about how's, why's and what we can expect. Allen shared that at the June 11th council meeting, outside consultant Dave Kinney would be presenting a water rate study directly link to the Water Master Plan and the forth coming projects outline in that Master Plan. Due to water rates increasing as a pace slower that inflation, material and services costs, and the city had fallen behind on reserve funds. Thus, a proposed 7.5 water rate increase is needed in the future.
- Allen mentions that there are only 5 lots remaining in the Thomas Creek Sub-Division.
- There was a brief discussion regarding Water Deposits and where or not the collections of water deposit money should be a "Trust Fund" verses a "Revenue Fund". Allen plans on discussing this issue with the Auditor for clarification.
- Allen again reminded the committee that the increase in the Personnel Expenses centered on increased benefits and increasing the Public Works positions back to Full-Time status.
- Cost increases occurred in Education for both PW employees and Insurance increases of 9% with City County Insurance, as previously discussed in the General and Road Funds.
- Allen announced that the Water Reservoir Loan is coming down rapidly and it might be possible to have this loan paid off in 4.5 years verses 7.5.
- Again, Allen talked to the committee about staff's commitment to placing money in reserve accounts. The Water Fund will be setting aside \$160,000 into reserve account in the 2018-19 fiscal year.

SEWER FUND

Allen went over the Sewer Fund Highlights:

- New City Engineering firm “Dyer Engineering” will be performing a variety of services for the City of Scio, the largest of those services, taking place in the 2018-19 fiscal year will be composing a “Sewer Master Plan”.
- The Sewer Fund will also co-sponsor a new utility truck.
- No changes to the sewer fees are predicted this year. The only fee increase will be the annual 3% increase that has been going on over the past ten years.
- Allen mentioned that the personnel services are the same as Water Fund.
- No transfers from Sewer Fund do to the cost of the Sewer Master Plan - \$75,000

After Allen completed the review of the four working funds: General, Road, Water and Sewer, she quickly went over the city reserve funds reiterating what was already discussed in the fund transfers stemming from the General, Road and Water Funds.

Allen did explain that the Equipment Reserve Fund is different than the Water and Sewer Reserve funds in that we do spend money on equipment, when the equipment is “declared” through categorized expenses. Steve Ellis why so much money had been set aside for a mower? Councilor Borchard stated that it really isn’t allot if they get an industrial style mower. Allen stated that it might be too much, but we don’t have to spend all of the money if we do not need to. Hearing no more questions Allen moved onto the Personnel Services spread sheet.

The Personnel Services discussion centered on information presented by Allen that dealt with the retaining and attracting of qualified employees. Up through the years Scio has been fortunate not to have employee turn-over. Now that employees are moving on recruiting qualified employees is proving to be difficult due to the fact that Scio has not offered a good insurance package. So, with that said, Allen proposed to the budget committee the cost of a full coverage package to all city employees with the understanding that not all employees carried family members. Allen went over, in detail, with the budget committee the costs incurred for insurance and also the costs associated with “cola’s” – cost of living increases. Allen reminded the budget committee that she was instructed last year to match the Consumer Price Index for the West Cost – when it comes to cost of living increases. Allen stated that while she was encouraged by the support shown by the budget committee, she could not give that type of increase (3.2% this year) to the employees and add in the insurance package increase. Allen explained that during the 2018-19 fiscal year she will work with City Council in establishing caps on insurance and Merit/salary scales.

Councilor Eckhart asked about difference in benefits between the two public works positions. Allen stated that the current PW employee would only need insurance for himself and his children. The new employee insurance needs is yet to be determined

and therefore Allen placed the highest amount to secure enough benefits to attract well educated and experienced workers.

Allen stated that the difference between this year's personnel services and next year's personnel services is \$36,598.00 and it may go even higher due to the fact that three of the five city employees opted out of insurance and cannot come into the insurance program until January of 2019, this the dollars seen in the 2018-19 budget document are only half of the true costs for three employees. Allen stated that next year's personnel costs will go up again before they max out.

Councilor Nuber shared with the budget committee that Mayor Weaver called her announcing that he wanted her to share his feeling on the proposed budget. Nuber stated that Weaver supports the personnel increases and understands what needs to be done in order for Scio to compete with other cities for good employees.

Sue Hecht asked about Ginger's pay. Allen explained that she has a working contract with the City Council and that she will forego a salary increase in order to have a complete insurance package. Allen stated that she will meet with the city council in an executive session to discuss a contract amendment.

Councilor Ferguson asked Allen if employees get step increases based upon time with the city or based upon merit. Allen stated the salary increase is based upon merit, good attendance, etc. Not based upon the amount of years worked.

Councilor Ferguson also asked about additional misc. labor. Allen stated she thought about taking out the misc. labor costs but decided to leave it in the budget due to the unknown when it comes to the recruitment and hiring another PW employee.

Sue Hecht asked how long it would take to do a recruitment and Allen said it would take about two and half months.

Councilor Nuber then asked how much longer the Librarian position would receive the \$1.00 per hour increase. Allen told her this would be the last year the \$1.00 per hour increase would be in effect.

Councilor Nuber questioned the title of Administrative Assistant stating that according to the City Charter the position should be called a "City Clerk". Allen said that an Administrative Assistant's pay scale is generally lower than that of a City Clerk.

May Garland asked about the PW Generalist receiving a salary increase when only being with the city for 8 months and why the increase is higher than the administrative assistant? Allen informed the committee that the PW Generalist starting salary is higher than the administrative assistant and therefore a 2% increase will be higher as well. In addition, the PW employee receives an increase because at the time of the hire the new employee was told he would receive a 6 month increase if he successfully passed the six month probation period.

Financial Summary

Allen gave a quick over view of the financial summary. Sue Hecht asked how much more is the overall budget going into 2018-19 compared to 2017-18. Allen said the difference is an increase of \$411,808.00.

Allen concluded her budget presentation and stated that she would entertain any other questions.

Discussion turned back to the potential water rate increase. Councilor Eckhart shared her thoughts on how residents may feel offended because of the salary increases and then they are asked to pay more on their water bills.

Sue Hecht asked if information from the presentation will be put out to the public. Allen say yes, she would be willing to send something out about the increase should it take place.

Staff information the budget committee that a vast majority of the water lines were at least 25 years old.

Councilor Borchard stated that people don't like surprises on their water bills.

Councilor Nelson brought up that the city doesn't have much indebtedness. Asking Allen, "we are in good shape.... Right"? Allen said, yes, the only outstanding debt is the loan on the water reservoir. Compared to other cities our size we are in good shape.

Sandy Bagget asked if city hall was safe. Sandy also complemented the city on the improvements made to the Veterans Memorial Park.

Councilor Gray inquired about the Administrative Assistant position and if that position was being compensated fairly compared to other cities. Cathy Martin thanked Councilor Gray for his concern and stated that staff will be reviewing the position during the next fiscal year and should any changes be necessary they would come forward at next years' budget meeting(s).

Seeing no more questions and discussions coming to an end Budget Officer Ferguson asked if the committee wished to sit on the information presented until Thursday and then come back for more discussion?

Sue Hecht asked Allen if there was any reason they could not vote on the budget tonight. Allen said there was nothing preventing a vote to take place if that is what the majority of the committee wanted to do. Sue Hecht made a motion to adopt the 2018-19 budget with the one change in the Road Fund, Tom Gray seconded the motion. The motion passed unanimously.

Allen then read the Linn County Tax Rate and Steve Ellis moved to approve the 2018-19 Linn County Tax Base rate. The motion passed unanimously.

Budget Officer Ferguson asked thanked everyone and staff for helping with this years budget and adjourned the meeting at 8:30 p.m.

Minutes taken by Budget Secretary, Karen Eckhart