



125 S.W. "E" Street, Madras, OR 97741

April 21, 2016

6:30 pm

**Second Meeting of the City of Madras
2016-2017 Budget Committee
Agenda**

- I Call to Order

- III Community Request Discussion and Approval

- VI Review of Budget by Fund (Starting at Fund left off from April 14th meeting)

- VII Consider Approval of Budget

- VIII Consider Levy of Tax Amount or Rate – Motion Carried
 - a. Levy amount is \$4.1262 per \$1,000 assessed value.

- IX Additional Discussion

- X Adjourn

**Note: Budget Committee agenda will resume on April 28, 2016 at 5:30 p.m. (if needed)*

OFFICIAL MINUTES

BUDGET COMMITTEE, CITY OF MADRAS

APRIL 21, 2016

I. CALL TO ORDER

The Budget Committee was called to order by Mayor Royce Embanks at 6:41 p.m. for deliberation of the budget for fiscal year 2016-2017 on April 21st, 2016 in the Madras City Hall Council Chambers located at 125 S.W. "E" Street.

BUDGET COMMITTEE MEMBERS IN ATTENDANCE WERE:

Mayor Royce Embanks, Maura Schwartz, Dan Chamness, Councilors Bill Montgomery, Bartt Brick, Tom Brown, and Gary Walker.

CITY STAFF MEMBERS IN ATTENDANCE WERE:

City Administrator Gus Burrell, Finance Director Brandie McNamee, Police Chief Tanner Stanfill, Community Development Director Nick Snead, Public Works Director Jeff Hurd, HR and City Administrator Coordinator Sara Puddy, Utilities Supervisor Keith Bedell, Streets Supervisor Rod Fulton, Parks and Open Space Supervisor Jon Burchell, and Accounting Technician Megan Hansen.

VISITORS IN ATTENDANCE WERE:

Joe Krenowicz.

II. Community Request Discussion and Approval

Royce Embanks everyone should have a copy of Doesha's requests.

Councilor Bartt Brick at the end of the last meeting a comment was made that we should look at the quality of proposals to determine our decision to fund an organization. My view is that the quality of the presentation should be irrelevant; we should only be looking to see if it helps develop Madras; does it match our goals, and how many people does it help?

I also need to declare a conflict of interest with the Lutheran Church of the Good Shepherd; my Wife is the pastor so I have a financial interest. My Wife is also on the Board of Directors for the Mountain Star Relief Nursery so I will abstain from those

comments. I am also a member of Jefferson County Rotary so I will not participate in the voting for the Gift of Literacy.

Dan Chamness I have a conflict of interest with the Historical Society, I am a board member.

Maura Swartz declared a conflict of interest with the Madras Runners since she's part of the group.

Mayor Royce Embanks declared conflicts of interest with the Faith Based Network, Mountain Star Nursery, The Lutheran Church, and on the Chamber board.

Councilor Tom Brown declared a conflict of interest because he is on the Airshow board.

Maura Swartz do you have to be active on these boards to have a conflict?

Finance Director Brandie McNamee it is not a conflict of interest if you are not getting a monetary gain or a household member is getting a monetary gain. You have to be an active member to have a conflict.

Mayor Royce Embanks Madras Sparklers requested \$500.00.

Maura Swartz I approve the \$500.00. A lot of people participate with the 4th of July activities.

Councilor Tom Brown I agree with that amount as well. A lot of people come back to Madras just for that event.

Mayor Royce Embanks it is a positive thing for the City.

Mayor Royce Embanks Jefferson County Little League is requesting \$200.00; we gave them \$200.00 last year.

Councilor Tom Brown I am good with that; they also have a banner at the events as well.

Maura Swartz I agree.

Mayor Royce Embanks Lutheran Church of the Good Shepard they are asking for \$500.00 to go towards water for the garden.

Maura Swartz I have an issue with separating church and state.

Councilor Tom Brown we have supported them in the past. I would like to hold off until the end.

Mayor Royce Embanks the garden is not for the church it is for the community. I know that is how it has been looked at. We will put this one aside.

Maura Swartz I think it is nice that we have the historic background, but it is a new committee and I do not want to set that as a precedent that someone is owed a grant because they got one in the past.

Councilor Bill Montgomery we shouldn't be funding capital expenditures, for example the church last year was trying to re-do their roof. I think just because a church gets together to build a roof for a community that they should not be disqualified. It depends where the money is spent to. Would the money benefit job creation?

Mayor Royce Embanks Madras Kiwanis they asked for \$250.00. They want it for a BBX program.

Maura Swartz I agree with the \$250.00

Councilor Bartt Brick I am okay with that one.

Mayor Royce Embanks Madras High School- JROTC, they are requesting \$2000.00 for various items such as their uniforms, travel and, laundering.

Maura Swartz I have a concern of how many people this truly benefits and how the money will be spent. In terms to dry cleaning, we are potentially just a pass-by for our local dry cleaners.

Councilor Tom Brown I would set this aside and see where we are at during the end. They have come and made a presentation before. I am not too worried about the dry cleaners getting the money. I know kids personally that if there was not JROTC then they would not have graduated from High School. It affects 150 kids from the high school.

Mayor Royce Embanks Doeshia wanted to fund them \$1158.00.

Mayor Royce Embanks Relay for Life (American Cancer Society) is requesting \$1000.00.

Dan Chamness I am in favor.

Councilor Tom Brown I would like to give \$500.00 for now.

Maura Swartz \$500.00 now.

Mayor Royce Embanks Doeshia requested \$1158.00

Mayor Royce Embanks MADras Runners, they requested \$1435.00 for Banners.

Dan Chamness weren't we talking about that and giving it to the Chamber so any event could use the Banners.

Councilor Tom Brown my intent was to have those Banners under Chambers property.

Chamber Director Joe Krenowicz we manage 9 different pieces of equipment out of good will. I think the chamber would be a good place to manage it for the community.

Councilor Bill Montgomery I think that makes sense.

Maura Swartz I think the signs are important. When the signs are out on the road, the motorist pay more attention and they make the event look nice.

Mayor Royce Embanks so we will cut the check to the Chamber to fund those.

Mayor Royce Embanks Jefferson County Kids Club requested \$10,000.00.

Maura Swartz I support this amount for Kids Club. They do a wonderful job and gives a great economic benefit to the community.

Councilor Tom Brown I agree with that.

Mayor Royce Embanks Jefferson County Rotary Club- Gift of Literacy is requesting \$2500.00.

Maura Swartz I think literacy is the backbone to our community.

Councilor Tom Brown I am on the other end of the spectrum. This is a one day event. We are not going to be able to fund all of these programs. I do not take that into direct economic development.

Maura Swartz can we hold it?

Councilor Bartt Brick I have a conflict of interest, but this event is really something. It benefits every 1st grader in Jefferson County. This is a benefit and especially a benefit for a community of poverty.

Mayor Royce Embanks Jefferson County Historical Society is requesting \$1500.00 for computers.

Maura Swartz I vote to support this.

Dan Chamness I am speaking for the board, but we would be happy with \$750.00.

Councilor Bill Montgomery I think half that is probably enough.

Councilor Bartt Brick let's cut in half to \$750.00.

Mayor Royce Embanks Mountain Star Family Relief Nursery (prior name Juniper Junction) has requested \$4000.00. It is mostly for a bathroom. They have an upstairs that they could use for classroom, but since all of the bathrooms are all on the lower level, it disrupts the class.

Dan Chamness I would say \$3000.00.

Councilor Tom Brown I am a no on this. It does not fit into economic development. I know people on the board, but it doesn't fit. I like the program, but we cannot afford to do everything that is up there.

Mayor Royce Embanks I do not think you can see it as economic development, but stopping child abuse is good for our community. It would help education and help with police work. It would help to catch these kids during their early ages so they become productive citizens when they grow up.

Maura Swartz I would like to put this one aside.

Mayor Royce Embanks Community Food Network, they withdrew.

Mayor Royce Embanks Heart of Oregon Corps are asking for \$2000.00

Maura Swartz it was for a commercial washer and dryer. I would support this. They have provided a lot of training and they have made the building nice on the front. It helps the presentation of the products being sold.

Councilor Bartt Brick I agree.

Councilor Tom Brown I would again set it aside. I have a hard time tying it to what these dollars are for.

Councilor Bill Montgomery what strikes me about these types of requests is that they are one time requests; they are not going to buy a washer every year. A washer and dryer is critical for their business. I would put it in the hold category.

Mayor Royce Embanks Madras Sister City Inc. is requesting \$10,000.00

Maura Swartz I have a hard time with this one. It benefits very few people and the money is not staying the community.

Councilor Bill Montgomery I have a hard time as well. I need a better understanding of what the program is for.

Councilor Tom Brown it is not on my list. That is a lot of money to benefit a few people.

City Administrator Gus Burril I agree with you it is a high request. One thing to keep in mind is we haven't sent a group back for a number of years, and they have sent a group to us almost every year. Every 4th or 5th year they send their Mayor. There is some tourism from this. We might want to keep this relationship alive, if we can help with some portion that might help.

Councilor Bartt Brick for a City Sister to work it takes a lot of money to keep it going. If we are not going to put a lot more money to this, it is probably money not well spent.

Councilor Bill Montgomery does anyone know what the \$2,500.00 was for last time? Can they come back and request a certain amount of money each year for a certain amount of years? I would rather put some amount in a kitty each year.

City Administrator Gus Burril I like that Bill, like on a 5 year rotation.

Mayor Royce Embanks the city would hold the money for each year. The city would create a line item.

City Administrator Gus Burril that is probably best.

Maura Swartz if that money has a fund here, then it could also be spent on expenditures for when they come here as well.

Councilor Bill Montgomery would that be a budgeted amount?

Mayor Royce Embanks we will put this to a council meeting in the future. Do we want to go back to them and not grant any money at this time?

Finance Director Brandie McNamee if you did want to set aside the reserves, you could in the un-programmed.

Mayor Royce Embanks Central Oregon Intergovernmental Council requested \$2,100.00. Did we already budget for that?

City Administrator Gus Burril it is a two year grant. We need to raise about \$9,200.00 for the match. We pass the funds to the COIC, but we are the pass-through. It is about a

10.1% match. We have \$7,500.00 in the Transportation Ops Fund set aside, and we are asking for a portion of it from this fund because our Transportation Ops Fund is stressed. Last year we contributed a similar amount from these funds.

Councilor Tom Brown this is our buses in town for travel.

Mayor Royce Embanks LINC/ Jefferson County Faith Based Network is asking for \$6,900.00.

They did send us a letter stating that they would give that money back for the shower.

City Administrator Gus Burrell they felt like it was proper for them to return the money. They felt like this year with their application they tried to itemize so if one portion didn't get done that they would return those respective monies. Gus continued to read blurbs from the email.

Mayor Royce Embanks taking that into consideration, what are your wishes on what to fund? There are a number of things: the Community in the Park, Jobs for Life Program, Working with Prison Inmates and LINC. LINC is a great source to refer people to the correct agency as well as helping with community members utility bills.

Finance Director Brandie McNamee LINC does help City customers with their bills as well.

Maura Swartz although those vouchers are not part of this grant, I am going to state again that I believe in separation of Church and State. This is a rather religious based organization. I do believe that the cost of medical services for the Community Event in the Park is probably money well spent but that would be the maximum to give them.

Councilor Tom Brown this is not on my list. I think we have more important things to deal with.

Councilor Gary Walker I do know when they hold the Community in the Park there is no references to any of the churches or anything that is religious.

Maura Swartz that is just for the event in the park.

Councilor Gary Walker they also help with people that come into town.

Councilor Bartt Brick one of the things that attract people to Madras is how they support the underrepresented.

Mayor Royce Embanks Veterans of Foreign Wars Post 12141 is requesting \$1000.00 to help community members and, students.

Maura Swartz I still do not understand the relationship to economic development to this group.

Councilor Tom Brown I do not see how it can fit. All of these programs are all good. They are going to be using it for social work.

Councilor Bartt Brick I cannot make a case for economic development with this one. I would like to listen to a special request.

Councilor Bill Montgomery I think it would be worth our time to discuss what we need to do with this money. It would be nice to redefine what we meant. Some of these requests are on target, but some are essentially asking for the same thing.

Mayor Royce Embanks I have a conflict for the VFW as well. It is hard for me to turn down anything towards Veteran groups. I would give them something, but I am really over-ruled in numbers.

Dan Chamness I think of this as something like the old county soldier fund. This would help an out of work soldier to get support, but I do not know if that is economic development or not.

Mayor Royce Embanks Airshow of the Cascades Madras Chamber of Commerce Community is asking for \$4,000.00 which is definitely economic development. The Airshow brings in almost 5,000 people.

Mayor Royce Embanks Chamber of Commerce-Community is requesting \$1,000.00 for the River Canyon Country Travel Oregon Visitor Website for a 4-6 minute video.

Councilor Tom Brown this might be the definition of economic development.

Maura Swartz I am part of this group, but I do not make any money. I approve it.

Councilor Bartt Brick why is this not part of the annual \$64,000.00 that the Chamber gets otherwise?

Mayor Royce Embanks this is a separate development thing.

Joe Krenowicz this is a onetime request unlike the annual contribution to the Chamber.

Mayor Royce Embanks Jefferson County Fairgrounds (restrooms)

City Administrator Gus Burril the council entered into an agreement to match a grant to see that building replaced. It is committed.

Mayor Royce Embanks listed off remaining groups that were not funded during the meeting; we have a remainder of about \$10,000.00 that needs to be spent.

Councilor Tom Brown so when we say there is \$10,000.00 unfunded can we use that money to carry over into the year and take the requested that come in during that time?

Maura Swartz that is just the number we put in the hold column.

City Administrator Gus Burrell our original target was \$33,000.00; unprogrammed was \$6,500.00. If you want to tweak those a bit that is fine.

Councilor Tom Brown and that would give us \$6,500.00 to work with throughout the year.

City Administrator Gus Burrell as you know you are going to see 2-3 organizations during the year asking for funding.

Councilor Tom Brown in reality we have, \$7,000.00 plus to work with now.

Councilor Bartt Brick we have spent \$25,735.00, so we have \$8,000.00 to work with?

Mayor Royce Embanks lets figure out the ones that you do not want to fund.

Councilor Bill Montgomery the JROTC trip would be on the top of my list not to fund.

Councilor Gary Walker they will probably come back during the year and ask for funding.

Councilor Bill Montgomery it never occurred to me that they came back and asked for more money again. I never thought this was going to be more than one occurrence.

Mayor Royce Embanks we funded them twice last year.

Councilor Tom Brown when you give them money, they will come back to request more again.

Maura Swartz I am okay with funding at the level we are at, if we do not fund the \$7,000.00. Plus do the monies just go into the unprogrammed?

Councilor Tom Brown yes.

Councilor Bill Montgomery is there anything up there that really needs to be funded and wants to make a pitch?

City Administrator Gus Burril I will speak as a non-voting member here. Jefferson County Faith Based Network- when they do the Community Event in the Park they gather 3,000-4,000 people and does give them some merits from the community's perspective. I do not know where we gather like that other than a 4th of July Parade. I went there and participated. There was a good turnout. I believe it has some value.

Dan Chamness if they bring back the money from last year, will the money go back in the same fund?

City Administrator Gus Burril yes.

Dan Chamness I would give \$2,000.00 to the Community Event in the Park. I would give the Heart of Oregon \$1,000.00, \$2,000.00 to the Relief Nursery; I would also like to give the Gift of Literacy \$500.00 or \$1,000.00.

Mayor Royce Embanks I would go for that but add \$200.00 to the Church of the Good Shepherd.

Councilor Gary Walker so does that mean if LINC gives back the \$2,600.00?

Councilor Tom Brown I could live with this. I think if the Relief Nursery is the one that gives me the most problem in putting money into then that is okay. Not that it is a bad program it is just far from the direction.

Mayor Royce Embanks Does anyone have anything else?

Councilor Bill Montgomery now we have a bigger amount then we have in the fund.

City Administrator Gus Burril is it possible to request a set aside for the money for the Sister City.

Maura Swartz do we do that here or do we ask them for a proposal? Are we assuming this is something they want?

City Administrator Gus Burril I am trying to get a delegation going at some point.

Mayor Royce Embanks I suggest we go to Council with the proposal and take the remainder of the unfunded money to the Sister City Program.

Councilor Tom Brown are you saying you want to put the full \$8,000.00?

City Administrator Gus Burril no, whatever number you are comfortable with.

Mayor Royce Embanks yes we would stay at \$1,565.00. We still have our \$6,500.00 contingency for the year, but this \$1,565 we will hold that out after Staff does a Staff Report.

City Administrator Gus Burrell Gus are we ok with that?

All Members yes.

10 Minute Break

III. Review of Budget by Fund (Starting at Fund left off from April 14th meeting) Transportation Operations Fund

Public Works Director Jeff Hurd this fund takes care of your streets as well as your trail system. This is where we do out paving, street striping, replace curbs and sidewalks, streets, trail maintenance and, patching. As a City there is 38 miles of paved streets, 9.5 of gravel streets, 5.4 miles of multi-use trails. Due to our limited funding, we are in a pinch and the federal government hasn't given any funding in the past couple of years. We also have not had a change in State and Federal gas tax for multiple years. Due to that limited funding, we are just trying to keep the system intact.

Some of projects we have planned this year are a Phase 2 of Bard Lane improvement, which was a condition of the J Street project. It was a settlement agreement that the Truck Stop needed an alternate route to get back to the highway. Working with them and ODOT, we pointed out that we could use Bard Lane. ODOT is giving the funding for that, and at the moment we are in the design process. We are planning to go to construction next year. The other projects that we have right now are just a plan; we are applying for grants now for them. They are not in the budget because we do not have the money yet. We are applying for a grant now in hopes to receive the money to finish the last part of the trail from the Skate Park to the Fishing Pond. We have a grant application in right now for \$125,000.00 through RTP. Our second grant is \$394,000.00 through local government. We are going to be giving a presentation next month.

In our repair and maintenance is \$65,000.00, this is typical from previous years. This is for replacing signs, striping, pothole patching, seal coating and crack sealing.

Councilor Bill Montgomery what is back log for those types of repairs?

Public Works Director Jeff Hurd for street overlays our back log is \$5.3 million in deferred maintenance. What the analysis has told us that in addition to what we have now is that we need \$600,000 per year to improve the system to keep it at 80% of the condition index.

Councilor Bill Montgomery so how do you decide what to crack seal?

Public Works Director Jeff Hurd on the crack sealing we hit all of our major and minor collectors that is based on our CAP program. We are not at a level yet where we can make the CAP system work correctly. We budget about \$10,000 to \$15,000 of crack sealing. We are still searching for funding. This year we have budgeted \$12,000 to take the remainder of 7th Street. We have done a couple hundred feet already but we need to finish the whole section. After we finish that project we sit with \$33,000 in reserve for 12th Street next to the hospital. We know with the hospital road is about to fall apart. If it holds we could allocate that money elsewhere.

The other projects that we have planned for this year is to install a speed radar sign. It was requested by the Public Works and Parks Committee to put in the speed radar sign. They would like to have one on each side of the highways entering town, but they are about \$7,500.00 apiece. We did purchase the signs from ODOT. I have been pushing to have one budgeted for each year. We want to put one on the south end but want to wait to see how J Street traffic flows.

The revenues are about the same. We are projecting \$392,000.00 this year and the following year the same. The revenues from other agencies are our grants, gas tax and state revenue taxes (our share of liquor and cigarette tax) and the Allotment Funds. It is based on populations on how much taxes we get.

For repairs and maintenance, we set up \$65,000.00. The street and trail lighting line item pays for all of our street lights. We also have listed where and what projects are going to be completed this year. The interfund transfers each year gets tricky. In our SDC fund we have an annual debt payment which is about \$176,000 a year. This debt payment is for our J Street and City View Street. A large portion of that payment drops off in 2019. We pay this back with developments that we get during the year. Unfortunately with the way development has been lately we haven't had enough money from SDC's to make our payment so we use our Transportation Operations fund to help. We had two developments this year; Madras Physical Therapy and Jefferson County Courthouse. That really helped us this year. When you look at this, we put in all of our contingency and watch how it comes out. We have one reserve in TOF this year and it is our H Street Sidewalk Program. We have applied through the STIP Program and chances of getting awarded right now are very high. It is about a \$500,000 project in 2018. If we get awarded we have a little fund set up. Ending cash balance is tight as usual.

Dan Chamness how do you determine the amount budgeted for the Internal Services Funds as far as expenditures? I was looking at years back and you couldn't tie the numbers on the actuals.

Public Works Director Jeff Hurd if you look at this fund this is our personnel services for Public Works. It takes care of our workers and our professional services. The way these are created is we base it on a % of each workers job description.

Councilor Bartt Brick you basically a hard cost and then we figure out % of time allocated.

Public Works Director Jeff Hurd yes.

Maura Swartz if Public Works department decides to do something to raise the \$600,000 for road repair, is there anything budgeted to do that?

Public Works Director Jeff Hurd to raise that money we would have to put a campaigning effort together. We would use our professional services fund; we have \$100,000 sitting there to pay vendors like the FCS Group.

City Administrator Gus Burrell as a City we can't campaign but we could educate, inform and identify a need.

Councilor Bartt Brick if a budget of \$65,000 and you really need \$650,000? Then that \$535,000 you don't spend this year will be added to the \$5 million that you are behind?

Public Works Director Jeff Hurd the report works exponentially

Councilor Bartt Brick so it is an asset inventory with a life expectancy.

Public Works Director Jeff Hurd yes. He then explained examples. It you look at our materials and services, which includes the general repairs but also the street lights, storm sewer, our sidewalk program, and our interfund transfers that go to pay for staff. What we need in addition to that is \$600,000.00. We are deficient where we are right now. That does not include our gravel roads. If we paved all of those streets it would be \$13 million with bare minimum, if we went all out with sidewalks, curves, etc. it would be \$24 million.

Councilor Bill Montgomery what happened this year? Last year we had all sorts of presentations.

Public Works Director Jeff Hurd what happened is a petition was going around changing the charter. We also had the marijuana happen so it got pushed back to the back burner. I

believe this year we need to revisit it. We noticed that Bend went for a gas tax, and it didn't pass. Did we have this in our strategic plan?

City Administrator Gus Burril Yes, we need to get through one, the marijuana and then organize ourselves on what we want to consider. This is the impression I have gotten from the community. We have a final report on what we can do. We need to sweep in after the fall vote.

Councilor Bill Montgomery my thing is we need to start educating the population about it now. If they understand the problem maybe the community will step in. No one expected a gas tax to fly.

Mayor Royce Embanks the political climate is not right, and we need to save our education presentation close enough to when we will have a vote on it.

City Administrator Gus Burril a customer survey is coming up. We ask are you aware of this? What do you support we do? We also have a report ready for any customers that want to review it.

Councilor Bill Montgomery if we put anything on the ballot now, it could do anything. On the other hand, letting people understand the problem I think it is something we need to look in further.

Mayor Royce Embanks let's see how many people attend. We had a meeting at COIC to meet about the sewer rates and we had 2 people show up.

STREET IMPROVEMENT

Public Works Director Jeff Hurd this is when a development comes in and we charge them their transportation fee, this is where 88% of the transportation fee goes. This fund is for future capacity improvement type projects. How we go about it each is we listen to what might come in. We make a conservative guess and take what we are going to generate in revenue from SDC's and then from that I look at our debt payment. This year our debt payment is \$173,000.00. We take our debt payment and our revenues and take the difference. We are not planning any more projects until we can pay off the J Street and City View Project or we have a huge development come in.

Councilor Bartt Brick the fund is to take care of debt?

Public Works Director Jeff Hurd yes, it is just taking care of debt.

SDC REIMBURSEMENT FUND

Public Works Director Jeff Hurd The reimbursement fund is the other side of the fee. This is out of the fee that we collect. 88% goes to the improvement fee fund, and 12% goes to the reimbursement fee fund. This fund can be a little more flexible. This fund can be used for many items. It is not restricted. We are going to transfer \$15,000 out into our SDC Fund to take care of our debt payments. Nothing out of this fund, just take care of debt.

STORM WATER IMPROVEMENT FUND

Public Works Director Jeff Hurd this has had a negative fund balance for years and it finally is positive. Now that we are positive we can start looking for funding to maybe make a match for grant for new storm water improvements. The priority would be to fix the flooding from the school to Public Works.

IMPROVEMENT FUND

Public Works Director Jeff Hurd when a development goes in to an unimproved street, per our standard the owner has to improve their adjacent property. That would be the sidewalk, curb, gutter and pavement out to the centerline. We are not going to have little blocks of pavement all over so we instead have a charge per linear foot of frontage. When we get enough funding, we can go improve the street. The other funds that come in to this fund is the sidewalk fee. For example years before if you were building a development and you do not have any sidewalks and if the total was over \$5,000, you had to put in sidewalks. At that time we changed the sidewalk ordinance. We came up with our current ordinance now; if the cost of building the sidewalks exceeded 5% of the project, we would collect 5% of the total value of the cost of the development. If they were a \$10,000 development, then we would collect \$500.00. The other thing we do with this fund is if we collect money from a developer, then we put this in the fund for the impact fee for them using this fee. It is tracked heavily, and it can only be spent on that specific project.

Councilor Bartt Brick people are charged for their fair share of what that will eventually be.

Public Works Director Jeff Hurd yes.

PARKS

Public Works Director Jeff Hurd this takes care of all of our parks in the City and our open spaces. This is for Jon, 1 full time employee and temps. We have about 290 acres of open space, 195 acres of open space with a public building and 15 acres of parks. Our main goals for each year are to get rid of weeds and keep it green. A project that we have

set aside this year is we need to remodel the Sahalee Park bathrooms. The bathrooms are becoming vandalized constantly. Our maintenance is about the same. Also, golf course memberships go through here.

City Administrator Gus Burrell we need to add that we have a spray park coming, but we are not funding the spray park.

SDC PARKS

Public Works Director Jeff Hurd no projects planned. Playground projects should not carry over for next year, this includes the Kenwood Playground.

WATER OPS FUND

Public Works Director Jeff Hurd we are completely surrounded by DVWD. We do have the majority of the central part of town, from J Street to the North Y, the Culver Hwy and then to Kinkade. We have 20 miles of water main as well as a water tank. We have three water wells; one is not working, one by Public Works and one by Jefferson Street.

Utility Supervisor Keith Bedell we flush both of the wells.

Public Works Director Jeff Hurd our goals this year come from our Water Master Plan. When reviewing it we found that we had a serious water loss issue. We are currently trying to account for that. We put meters in all of our parks to check lost water. We are currently showing that we need to raise rates 4.5%.

The one project that we are planning is to move \$25,000 to the water improvement fund for 8th Street and G Street.

Dan Chamness what is your estimate of deferred maintenance.

Public Works Director Jeff Hurd our water master plan said we had a little more than \$2 million in improvement. When we go through our SDC analysis we will not have an improvement fund because we have nowhere to grow. The only thing listed is more fire hydrants and replace 4" lines with 8".

City Administrator Gus Burrell 2.2 million over 20years you would need to raise \$110,000 a year. We can set aside \$25,000 right now. This is why water rates are increasing. The other moving factor is we buy a lot of water from DVWD, and their rates up as well. Another item that we are researching is if we pumped our own water. We are analyzing how many hours would we have to pump. We are going to do some analysis on it and then come back with a recommendation.

Mayor Royce Embanks the water in the water tank-does that water stay in there or do we past it through or is it static?

Utility Supervisor Keith Bedell it changes

Mayor Royce Embanks it is functioning then.

Utility Supervisor Keith Bedell it was used in the hotel/motel fire.

Mayor Royce Embanks that is a good thing to know. We have reserve for an emergency.

SEWER OPS-WASTEWATER FUND

Public Works Director Jeff Hurd this fund is where we generate the most revenue out of. Keith manages this fund and manages 4 employees. We have 60 miles of sewer main, 75 manholes, 5 lift stations and 2 treatments plants. The two plants we have are the north and south plants. The north plant is a lagoon type system with aerators. The south plant is more mechanical. There we can process material faster but it does cost more. We have capacity, and we have room to grow. The goal in this fund is just to stabilize it. We are at a 3.5% rate increase this year.

Projects we have planned this year are to upgrade our SCADA System in 2 phases. We also need to create some protection for our staff at the chlorine contact basin, something along the lines of a catwalk. The other items are the design of irrigation system at the Golf Course. It is old and it doesn't work well. The other project that is set up is any potential property that wants to install a sewer because their septic is failing.

Our debt is about \$500,000 per year. We also applied for loan to Herzberg Heights; we are going to transfer over about \$125,000 to the WW Improvement Fund to set aside our portion of the loan for the project.

Councilor Bartt Brick do you have similar issues with not having enough money to complete projects?

Public Works Director Jeff Hurd yes, we haven't upgraded our main at south plant since 2008. We are getting to that 10 year mark and having mechanical items starting to need maintenance. We have a 24" valve that we can't get to seal correctly.

City Administrator Gus Burrell we started a Wastewater Master plan. When will we be bringing this to council?

Public Works Director Jeff Hurd yes we will be bringing it to council in this spring or summer.

WASTEWATER IMPROVEMENT FUND

Public Works Director Jeff Hurd this fund is compromised of the SDC funds, about 83% goes into this fund and 17% goes into the reimbursement fund. We show that we collected \$120,500 from Jefferson County for the Herzberg Heights and Bel Air. Per our agreement the County needs to bring their roads up to par before it gives it to the City. In this case, we knew that they wanted to get rid of the road so we asked them to pave the roads, and then we could go out for the rest of the money to fund the project. We are building that reserve for that project. We need to save up about \$550,000; we have \$345,000 right now.

Dan Chamness is Bel Air inside the City limits now?

Public Works Director Jeff Hurd yes.

WASTEWATER REIMBURSEMENT FUND

Public Works Director Jeff Hurd nothing proposing anything for this fund this year. \$10 is set in capital outlay in case something comes up.

INDUSTRIAL SITE FUND

Public Works Director Jeff Hurd this fund takes care of your industrial sites. We use to have 18,000 feet of rail, but now we only have 750 feet. We discovered about a year ago that we did not own part of the railroad. Looking at documents from the 40's is that we did not own it. The only piece that we own is rail spur into Wilbur Ellis. Soon will be transferring those improvements, but we will remain owners of the land. The largest item is the insurance for the rail activity over City property. The money coming in is very limited, this is a distressed fund. We want to get rid of it because we do not bring sufficient money in. It can't withstand itself.

City Administrator Gus Burrell I think we made more steps to make it more sustainable from the utility and landscaping fees. I think we have slowed down the trickle.

AIRPORT CONSTRUCTION FUND

City Administrator Gus Burrell the City entered into a 1995 lease with Wilbur Ellis with an option to purchase about 5 acres of property. They have expressed desire to purchase. The FAA has many rules on the land. The FAA will say you can sell it, but you can't use those revenues for operations. You have to use them for Airport Improvements. We purposely put the land proceeds in here. It can be used to match capital improvements on

the Airport, Master Plan improvements or on our adopted improvement list that the FAA has approved.

COMMUNITY DEVELOPMENT

Community Development Director Nick Snead the department is responsible for long range planning, economic development, zoning administration, administration of the development review process, administration of the Madras Planning Commission, Administration of the Urban Renewal District, and code enforcement. There will be 5 projects that we will be working on this year to complete the Annual Strategic Plan. One will be to develop and implement airport noise regulations, expand the Urban Growth Boundary for the Regional Large Lot Industrial Site, which is where Daimler is at, Implement Recreational Marijuana Zoning, Complete Transportation System Plan Update, and Develop an Industrial Development Permit Guide. The beginning cash for the department is lower than we would have liked. However this department can't sustain itself. We are hoping to collect \$29,000 in regulatory fees. We do collect \$45,000 from the MRC as well. We also are increasing the transfer into the fund for additional staffing.

City Administrator Gus Burrell we are trying to get ahead of the curve for development and getting land annexed. We missed the Daimler project. It is right outside City limits and all of the permitting fees went to the County. As Daimler's improvements come on board, we need to strategically get our City limits around them. This will also bring property taxes to other departments as well. We need to keep their department going. We even proposed to add some support for the department so we are responsive to new and current planning. The second opportunity that we missed is the Warm Springs Truck Stop which is Trust Land; it isn't applicable to any of our zoning ordinances. We do not have a mechanism to collect a site plan review fee. Missing both of these opportunities is hard, and we are trying to get ahead of it. Why I like to keep it in its own fund is I like to understand what it costs to run the department. Do we need to reevaluate fees? We are trying to be more proactive of capturing fees.

Dan Chamness is this going to be a onetime transfer or will this be continuing?

City Administrator Gus Burrell it will be tied to development activity. Year to year is going to depend on the level of activity. As activity picks up then revenues will also.

Dan Chamness a good way to report this is a department within general fund and not have it depend on revenues equaling expenditures at a fund level. Something you should look at down the road is putting the City back into the same kind of format it was before Measure 5 where this would have been a department of General Fund.

City Administrator Gus Burrell that sent a message to us in General Fund that, how do you break out costs? Are they competing with Police and Park money?

Dan Chamness they are here. Interfund transfers the way you use it really is basically operating of a General Fund. You are moving monies in and out.

CENTRAL SERVICES

City Administrator Gus Burrell what we have in here is my position, the recorder, the Finance Director and all accounting staff, and the HR and Administrative Coordinator. We put the municipal judge in this line item, but it is a very small stipend. Whenever there is an unresolved case, the judge will be able to come in and finish it up.

The additional programs that fall in this line item are as follows. The County has a program that takes about 3.5% on garbage sales and distributes that into the communities. We do a Community Clean-up Fund which is approximately \$10,000 per year. Any City Council expenses come out of this line item. This fund is used for going to the League of Oregon Cities or whenever a Councilor is representing the City in business. We will also fund part of the Community Development Department out of here that I have talked about during this meeting. We distribute ourselves across the charges for services with each department.

Under materials and services, we do carry some of the City Attorney's fees that do not fall under the other funds. An example is if Airport Ops runs out of legal money, then Central Services will pick it up. When the Attorney is at the Council meetings, Central Services picks that charge up. If we are trying to solve an issue where the item doesn't fall under any other fund, that cost will also come out of Central Services. We do fund Meetings, Travel and Schools in here. We are funding an Employee Assistance Program this year as well as many other trainings. The budgeted number has increased over the years because we are carrying a Master's program for one of the employees. The Master's degree I have been through as well as the previous City Administrator. We are doing that for the HR and Administrative Coordinator position. We also have my Engineering license that I keep up due to my contract as well as specific trainings for the Finance Department. This is why it is higher this year than years past. I did look at our training budget overall and do some best practices checks, and most institutions spend 3-5% of payroll on staff training. We are currently at 3.5%. I do not think we are out of alignment when you see those things. I know we had a conversation earlier when there were some concerns on funding a special program. We do not do a lot of Master's programs. This is the second one that the City has done in 10 years. We are very deliberate with them and very much evaluated. Council has asked if there is any charge

amounted to over \$10,000 going forward, they would like to review that merit and then decide if they want to continue with funding.

Some of the other expenditures come from our computer line item. We do have a server that we need to replace. Other items going on this fund is we do know PERS in the following fiscal year will have a dramatic adjustment of rates. We are making preparations to plan for this increase in each fund as reserves. We are very deliberate as we think about adding back staff. We ask ourselves if we can handle that. We are still under the staffing that we had 5-6 years ago. We are still down 3 full time positions. We do not to hire and then fire. I am sensitive to that.

Councilor Bartt Brick it looks like your ending balance is about \$75,000-\$80,000 less than last year. Is that to cover the reserve for the pension funds?

City Administrator Gus Burrell our goal would not have to touch the contingency or the pension liability. The other item that can vary is Staff can have different elections for health insurance. I purposely leave a 3% adjustment. I want to get through the year with no budget resolutions.

Councilor Bartt Brick I am just not sure if that is enough for the pensions after all of the material that I have been reading.

Finance Director Brandie McNamee yes it will be about 5%.

City Administrator Gus Burrell we will have a chance again in a year. It is concerning. The things I will say that are working for us is, more development activity that we have seen in past years, an increase in activity at the Airport, and if we can maintain these utility increases. We obviously need to be sensitive to the community as much as possible. We do not control PERS.

Dan Chamness legal fees seem high. There is \$168,000 budgeted for legal fees and that seems to be like a lot of money. I do not know if the attorney sits in the meetings or how the attorney is used.

City Administrator Gus Burrell as you see in past years, if we didn't have to use them, we didn't use them. It is ramping up with activity. There is an associated income level. This level could move down. If we were to hire a full time attorney, which I am not advocating, to get a high quality one you are going to end up paying at least \$100,000-\$120,00 base wage plus benefits. The firm that we are working with has a team of lawyers that each have a specialty so I think it is very valuable to have a team rather than just one person taking on all of our legal needs.

Dan Chamness do they do the union negotiations?

City Administrator Gus Burrell we use an outside firm. They would be in the legal fees as well.

PUBLIC WORKS

Finance Director Brandie McNamee in charges for services, we failed to put in the \$5,000 from Airport Ops. If you go to the Airport Ops fund, you see a \$5,000 transfer out to Public Works Fund. We just forgot to place it as transfer in to Public Works, so you have \$5,000 extra in Public Works.

City Administrator Gus Burrell we had to pull back in prior years so now it is appropriate to put some cost share back to public works for the project and maintenance coordination that has been occurring years in Airport Operations.

Public Works Director Jeff Hurd this fund is for all of Public Works, which are 12 of us. This fund also takes care of our City Engineer. It also takes care of minor legal matters. This fund also covers our Weed Abatement Program and Contract Services which is our Seasonals. Our Seasonals take care of our Parks, Golf Course, and Street Greenway Maintenance landscaping. We also have 2 Temps in our Streets Department. Our Meetings, Travel, Schools line item is for all of our certifications for all the Staff. The Professional Services line item is for our City Engineer as well as any other effort that we want to put forwards, like the SCF Group. This line item fluctuates by how much development we have. This fund can jump easily. We also have the Community Development fund transfer to support that department. We have also set aside funds for PERS.

BUILDING FUND

City Administrator Gus Burrell this fund mainly has debt in it for the Police Station/City Hall. If we do not receive the annual payment from the MRC to fund this building we then have to go down to each fund and spread the \$75,000 payment into each fund. We really expressed to the MRC that we needed the payment. I hope we can keep that relationship. We give the MRC our credit rating for all loaning so we are hoping that they will continue to fund us.

Under Materials and Services we have expenses coming out like lighting, heating, and maintenance. There are some special things that have happened in this fund over the years. We have sent some money up to match an Airport Grant to replace fuel tanks because we were risking having an environmental hazard with old tanks. We also sent

money up to the Airport to fix some leaking windows that was ruining the North Hangar structure. I imagine in these next couple years that Airport Ops will start transferring money back to the building department as the fund gets healthier.

Debt we talked about, the \$220,000 is primarily for this building (City Hall/PD). We left some contingency in ending cash. In addition to our building fund, we sent some money to a reserve fund for USDA requirement. Did we meet that?

Finance Director Brandie McNamee no, we have about another 4 years. You have to transfer 10% per year for one debt payment. There is a correction in this account as well, if you see the Public Works fund they are showing \$46,000 transfer in, we have to make sure our Building Fund shows a \$46,000 transfer going out.

FLEET

Public Works Director Jeff Hurd our fleet fund takes care of our Public Works fleet as well as our Police Fleet. The Police Department Fleet doesn't have much change. The Public Works Fleet had to defer maintenance for several years. We are our trying to get our fleet up to par. Rod and Joe have done an outstanding job to get our fleet back up. We are showing the need for about \$105,000 this year. We are not seeing much of a change of fuel. Tires are going to have a massive jump. Our loader tires and grader tires have not been replaced for a long time. For our equipment purchases, we have set aside money for a six-wheeler with a dump bed. It is mainly to help take care of trails and tight spots for spraying. The other item that we are setting aside for is to continue to upgrade our truck fleet. We have set aside \$50,000 to continue to upgrade. On PD side we have set aside for one cruiser. We also have fleet building improvements. We are upgrading heating for the equipment shed.

Mayor Royce Embanks consider approval of budget?

VII Consider Approval of Budget

MAURA SWARTZ MOVES TO MAKE A MOTION TO RECOMMEND APPROVAL OF THE FISCAL YEAR 2016-2017 BUDGET PRESENTED. COUNCILOR BILL MONTGOMERY SECONDED. MAYOR ROYCE EMBANKS STATED THAT IT WAS MOVED AND SECONDED AND ASKED FOR ALL IN FAVOR, PASSED UNANIMOUSLY 0/7.

VIII Consider Levy of Tax Amount or Rate – Motion Carried

- a. Levy amount is \$4.1262 per \$1,000 assessed value.

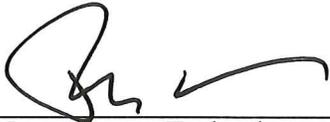
DAN CHAMNESS MAKES A MOTION TO ACCEPT THE FISCAL YEAR 2016-17 LEVY AMOUNT AS \$4.1262 PER \$1,000 ASSESSED VALUE. COUNCILOR GARY WALKER SECONDED. MAYOR ROYCE EMBANKS STATED THAT IT WAS MOVED AND SECONDED AND ASKED FOR ALL IN FAVOR, PASSED UNANIMOUSLY 0/7.

Finance Director Brandie McNamee the final budget is scheduled to be presented June 14th. Just to let you know I am preparing all of the required budget documents before my last day to make sure everything is ready to go.

Mayor Royce Embanks thank you Brandie.

IV Adjourn

Meeting adjourned at 9:29 p.m.



Mayor Royce Embanks
Budget Committee Chairman



Bill Montgomery
Budget Committee Secretary



Gus Burrell
Budget Officer, City Administrator

CITY OF MADRAS
VISITOR'S ATTENDANCE SHEET

SECOND CITY BUDGET COMMITTEE MEETING

APRIL 21, 2016

6:30 p.m.

| VISITOR'S/MEMBER'S NAME | REPRESENTING/ADDRESS |
|-------------------------|----------------------|
| 1. Joe K. | Chamber of Commerce |
| 2. | |
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