



**CITY OF ALBANY
BUDGET COMMITTEE MEETING
City Hall Council Chambers
333 Broadalbin Street SW
Wednesday, May 15, 2013**

MINUTES

CALL TO ORDER

Chair Sue Folden called the meeting to order at 6:30 p.m.

ROLL CALL

PRESENT: Mayor Sharon Konopa and Councilors Bill Coburn, Bessie Johnson, Rich Kellum, Ray Kopczynski, and Dick Olsen; Budget Committee Members Sue Folden, Colleen Keller, Jeff Christman, Dick Conolly, Neil Michael, Michael Thomson, and Will Summers

ABSENT: Councilor Floyd Collins

“MY ALBANY” BUDGET COVER CONTEST – WINNER ANNOUNCED

Folden said that students from Calapooia, North Albany, and Memorial middle schools competed to have their art featured on the cover of the 2013-2014 Adopted Budget Document. A total of 64 pieces of art were received. First, Second, and Third place winners and an Employee’s Choice award were selected from each of the three schools (see agenda file). The three first-place entries will be featured on the cover and the other winning pieces will be featured throughout the document where the City logo has marked blank pages. Mayor Sharon Konopa presented a certificate to each recipient as follows:

Calapooia Middle School: Kryslynn Schill; Jordyn Applegate; Abby Slanga; Lliyah Salsman

North Albany Middle School: Rylie Ball; Wyatt Walls and Riley Lamont; Wyatt Walls

Memorial Middle School: Megan Tarpennig; Abbie Egan; Jake Dempsey, and Amy Lopez; Kate Kratka

PUBLIC COMMENT

There was no comment from the public.

CONTINUE BUDGET REVIEW BY DEPARTMENT

Finance Director Stewart Taylor distributed items provided in response to issues raised at the last meeting: substitute pages 105-106 (see agenda file), the Nondepartmental Program Narrative, which provides clarifying information regarding the transfer from the General Fund to the Parks and Recreation Fund; and substitute page 172 (see agenda file), the Community Development Housing Program Narrative, which adds a bullet stating the program has provided loans totaling \$150,000 to Albany Helping Hands.

Parks & Recreation

Parks & Recreation Director Ed Hodney introduced Parks and Recreation staff: Recreation Programs Manager Katie Nooshazar manages recreation programs as well as the Senior Center and special events; Parks & Facilities Maintenance Manager Craig Carnagey oversees maintenance activities and serves as the official City Forester; and Aquatics Manager Rob Romancier oversees the pool as well as the sports programs. He expressed appreciation to all of the department staff for their work.

Hodney reviewed the “Proposed Parks & Recreation Fund Budget presentation” (see agenda file).

Hodney said the Parks & Recreation Department operates in three funds: 202 Parks and Recreation, 701 Facilities Maintenance, and 203 Grant Fund. The Department manages 36 properties and 801 acres of parks, trails, and nature areas. They maintain 14,000 trees on public property, worth about \$16 million. They organize special events drawing about 90,000 annually. They provide sports, aquatics, education, arts and culture, recreation, and fitness/wellness activities for all ages. Based on an exit poll survey, the estimated economic impact for the Northwest Art and Air Festival (NWAAF), softball tournaments, and swim meets is nearly \$6 million in direct expenditures. The Department maintains more than 220,000 square feet in public buildings, provides customer support services for non-Utility Billing functions at City Hall, and provides staff support for three Council-appointed commissions. Hodney said this was accomplished with multiple revenue sources, including property tax revenues (58% of Fund 202 revenues and 65% of operating programs); charges for service (11%); gifts and donations (5%); Beginning Balance (17%); transfers from other Funds (7%); and miscellaneous revenues such as interest earnings and permit fees (2%). The Department has 0.51 Full Time Equivalent (FTE) per 1,000 residents, 30% below the International City Managers Association (ICMA) peer group average, and secures cash donations and gifts of \$11.75 per capita, compared to ICMA peer group average of \$0.75 per capita.

Hodney said that over the last few years, there have been adjustments in all departments to align expenses with revenues. Since 2010, in Fund 202, they have eliminated 19% of the FTE and remaining staff have absorbed the workload. He is not recommending additional staff reductions in the Proposed Budget. Annualized cost avoidance from the VSIP and layoffs total about \$705,000. The Department has increased Contingency from \$18,000 in FY 2005-06 to \$310,000 in FY 2013-14.

Hodney said the FY 2013-14 proposed Total Combined Expenditures for Fund 202 are down 3% from FY 2012-13. The Department manages about 80 revenue accounts. Tax revenues are up slightly. Charges for services and program sponsorships are still volatile. The Beginning Balance is made up of reduced expenditures and excess revenues in the current fiscal year. The Department will carry forward about \$842,600 from which it is proposed that \$351,000 be allocated toward park repairs, capital replacement, building maintenance projects, Park Capital Projects reserve, and restoration of irrigation to neighborhood parks.

Hodney said issues facing the Department include inadequate resources to address the backlog of capital equipment repair and replacement in Parks and Recreation facilities; and there is a lack of staffing to address emerging recreation needs and maintenance concerns.

Councilor Bill Coburn said the Parks & Recreation Department continues to do more with less and the value received for the dollar spent is outstanding. He noted reduced maintenance funds in the Aquatic Services budget. Hodney said if we don't keep up with needs as the pool facility continues to age, we will have a service issue. Staff has been able to chip away at some of those needs in the last few years; for example, the Proposed Budget includes some money for diving boards which is at the top of the list for health and safety for patrons. Coburn asked if money comes in from Greater Albany Public Schools (GAPS) for the pool. Hodney said that GAPS stopped providing funding for the pool when the City took over the facility in 2005.

Councilor Ray Kopczynski referred to a state park plan that Hodney recently sent out. Hodney said the Statewide Comprehensive Outdoor Recreation Plan is a five-year plan that identifies emerging issues and trends and sets the stage for improvements and projects that the state will be willing to fund in a very competitive environment.

Kellum noted that there was an incident in Boise where a city tree fell down on a house and the owner sued the city; he asked if we are covered in that situation. Carnagey said that trees in the public right-of-way are pruned and assessed on a regular basis and the City responds to a great number of service requests from citizens. Hodney said the tree services contract is under Line Item 60226 on page 194 of the Budget document.

Councilor Rich Kellum said he understands that there has been some attempt to focus lights at the ball fields in the past but he thinks that needs to happen again. Hodney asked that he let staff know of problems with specific lights.

Budget Committee Member Colleen Keller noted the reduced funding for vandalism repair; she asked if they are encountering less vandalism in the parks. Hodney said yes; just as he doesn't understand why vandalism occurs, he also can't say why it is down.

Budget Committee Member Bessie Johnson asked if the change in policy for swim teams at the Albany Community Pool has resulted in less usage. Romancier said that use has not gone down and the change has been very good for the pool.

Johnson pointed to page 205, Park System Development Charges (SDC) Projects, noting an increase in contractual services. Hodney said that about \$60,000 of that is related to the Park Master Plan update which is required in order to apply for grants for park projects, and about \$75,000 was budgeted to begin planning and design work for East Thornton Lake Natural Area that is needed to go in a state grant request due in April 2014.

Johnson pointed to page 212, Facilities Maintenance, noting that the average cost per unit of service contracted is more than \$70 per hour. She asked what is contracted for at that rate. Carnagey said that figure includes materials, supplies, and labor costs.

Budget Committee Member Jeff Christman said he has enjoyed seeing the expansion of softball tournaments which can be a huge draw for a City. Hodney said the City has invested in those facilities and are drawing twice the number of tournaments they were just a year ago.

City Councilor Dick Olsen asked if the swimming pool still draws from outside the community. Romancier said yes, there was a swim meet last week with 400 participants, and two meets will be held in June.

Budget Committee Member Will Summers drew attention to page 203, Performance and Cultural Arts, noting an increase for performers. He asked who will be performing this year. Nooshazar said that line item includes performers for River Rhythms, Mondays at Monteith, and the NWAAF. The main stage performer at the NWAAF this year will be the band Foreigner. She said the concerts are filling to capacity, particularly at the NWAAF.

Human Resources

Human Resources Director David Shaw said the Human Resources (HR) Department's mission is to provide expertise, consultation, and leadership in management of the City's human resources. Shaw said, HR is in the background assisting departments with managing that resource on which we spend 70 to 80% of the City's budget. The HR Department has cut its budget by about 25% over the last three years. They cut staffing by 20% two years ago, at which time some functions were moved to the Finance Department and City Manager's Office. For FY 2013-14, the HR budget is proposed to increase by 2.67% which is predominately the result of increased personnel costs.

Shaw said that activities in the current fiscal year have put pressure on two line items in the HR budget. Labor Negotiations costs were the result of arbitrations and complaints that required outside legal assistance. The Physical Exams & Medicals line item is for pre-employment exams and testing for positions that require them. It had been reduced in recent years because the City was not doing a lot of recruiting; however, with the Fire Department filling positions from the SAFER grant and other hiring, expenditures went over the budgeted amount in that account.

Folden asked for information on the City's monthly cost of insurance per employee. Shaw said that for most employees under the Pacific Source plan, the cost to the City for family coverage is about \$1,820 per month; single coverage is about \$650 per month. Pacific Source rates will be increasing 10.8%.

Folden asked if the City has considered being a self-insured pool. Shaw said he believes the City would need a certain number of employees to do that. Taylor said the City could participate as part of a pool under City County Insurance Services and that was the comparator used when looking at costs and coverage. At this point, the City is faring a little better by carrying coverage.

Folden asked for information regarding the percent increases in wages. Shaw said Police and Non-bargaining are getting 2%; American Federation of State, County, and Municipal Employees (AFSCME) members are getting 1.5%; and the City is in negotiations with Fire.

City Manager/City Council/Economic Development

Code Enforcement: City Manager Wes Hare said this small budget does some good things including the annual community cleanup event. This budget does not represent all of the City's spending on code enforcement; staff is paid out of departmental budgets.

Economic Development Activities: Hare reviewed the proposal to reestablish the position of an Economic Development Director. The responsibilities and duties of Urban Renewal Manager Kate Porsche are more reflective of a Director position and it is proposed to move her into that position. It is not proposed to backfill the Urban Renewal Manager position.

Hare said the Transient Room Tax (TRT) is allocated out to organizations including the Albany Visitors Association (AVA), the Albany Downtown Association (ADA), and the Albany-Millersburg Economic Development Corp (AMEDC). The advantage of sending these functions out to the community nonprofits is that they are able to leverage in other resources and provide marketing functions. As long as we are seeing growth in the TRT, the AVA, ADA, and AMEDC receive 3% annual increases; any excess goes to the other departments and programs specified by policy.

Johnson said that, related to reestablishing the Economic Development Director position, she is concerned that we don't put so much work on staff that we lose them. Hare said we certainly don't want to burn people out. He thinks Porsche would verify that this move helps to keep her with the City. The good news is that the City remains competitive and able to attract good people. Johnson said that governments are always expected to do more with less; she just wants to make sure we don't overwork our employees to the point that they go somewhere else.

Kellum referred to the TRT and asked if there is any way to track what visitors are doing when they are in town. Hare said there is some information on that available through the AVA. We know, for example, that people are drawn to town by City events, events at the Expo Center, and business reasons such as coming to town because of contract work.

Christman noted that TRT distributions to the ADA, AVA, and AMEDC increased by 3% but the other transfers were reduced. He suggested that consideration be given to using more TRT money to reimburse costs associated with tourism and events, such as police and fire overtime and wear and tear on streets.

Christman referred to recent newspaper articles indicating that Linn County has asked the City for funds for the Expo Center; he noted that is not included in the Proposed Budget. Hare said that is a policy issue and the City Council is scheduled to have a meeting with the Linn County Commissioners in June. Staff did not receive any formal request to include that in the budget. Konopa said she has had conversations with Linn County Commissioner Will Tucker but there has been no formal request or application. She noted that giving money to Linn County would take away from other programs. Everyone working together to strengthen tourism is starting to pay off and she wants to keep that marketing piece going. Christman clarified that he has had no conversations with any of the Commissioners about their request or their budget. He thinks part of their concern is maintaining the Expo Center facility that draws so many people at a level that it can continue to attract those quality programs. Hare suggested that there needs to be additional discussion between the elected bodies. Brief discussion followed.

Council & Non-departmental: Hare said this budget is primarily consumed by two line items – space rental for public spaces at City Hall, and membership dues which are primarily the Council of Governments and League of Oregon Cities. Olsen asked if space rental can be reduced once the City Hall building is paid off. Hare said the Finance Director has proposed to put money into a fund to maintain the building so that 100 years from now, it will still be the attractive functional space it is today.

City Manager's Office: Hare noted the increase under education and training is related to his proposal that he attend the annual ICMA conference. This would allow him to get most of his required 40 hours of annual training and he has found it to be a good value in terms of professional development.

Information Technology

Information Technology (IT) Director Jorge Salinas said the IT Department is tasked with supporting the organization's operations in an increasingly dynamic and complex environment and with various department needs. The IT Department works to strike a balance between supporting the changing needs of the users while securing and protecting the needs of the organization. The IT Department is responsible for all servers and work stations, business applications, network infrastructure, telecomm infrastructure, and the IT help desk. They host and support the library systems for both Linn Benton Community College and Lebanon. They recently added support of Channel 28. Many of these services require coverage beyond the normal 8 a.m. to 5 p.m. schedule and IT staff has been successful in meeting those demands.

Salinas reviewed projects the IT Department will be involved during 2013-14. They will be evaluating and selecting a replacement for the permit tracking system; the system is about 20 years old and the company has stopped supporting it in its current configuration. They will be finishing the migration of the Police and Fire terminals in vehicles to Windows 7 because XP will discontinue support in the next year. They are engaging in a project to move most of the work stations citywide to Windows 8. They will be evaluating replacement of the Municipal Court system.

Salinas said the IT Department has been aggressive in keeping its budget under control and negotiating discounts for Materials & Services. He briefly reviewed the proposed budgets for IT Equipment Replacement, IT Services, GIS Services, GIS Aerial Mapping, and Permit Tracking. He expressed appreciation to the IT and GIS staff for their hard work this year, and gave special thanks to the other City departments for their continued support and flexibility.

Johnson asked if there is a system for how often the City's computers are replaced. Salinas said that staff maintains a spreadsheet; the useful life of a personal computer is generally between four and five years.

Public Works

Public Works Director Mark Shepard thanked Budget Committee members for their service. He said last year was the year of big change in Public Works with a staff reorganization that resulted in personnel cost savings of almost \$500,000 per year. With those savings, other staff members are stretched but are stepping up to get the work done. He expressed appreciation to Public Works staff. Shepard reviewed the Public Works proposed budgets.

Albany Municipal Airport: There are no major changes in the Airport budgets.

Albany Transit System (ATS), Linn-Benton Loop, and Paratransit System: Albany is now a Metropolitan Planning Organization (MPO) which increases the federal funds received by a net of about \$450,000. The General Fund contribution to the three budgets is proposed to increase by less than 1% to a total of about \$440,000. There will be a larger contribution from the Corvallis MPO going to the Loop.

Kellum asked what percentage of transit costs are covered by fares. Airport & Transit Manager Chris Bailey said the amount is low – perhaps 5 to 8%. She noted that they are seeing good progress in getting the funding distributed across the partners for the Loop. Christman pointed to the Public Transit Fund resource detail on page 45 of the Budget document as a good general summary of the entire transit system.

Johnson noted the strategy on page 251 to evaluate a medical/shopper shuttle; she hasn't seen that before. Bailey said the City received grant funding for a pilot program through the Paratransit program that will help elevate some riders onto the bus for shopping trips and reserve limited space for those who need wheelchair assistance.

Summers asked where the Budget shows the MPO federal dollars coming in. Staff pointed to the FTA Section grants across the Transit funds, noting a \$450,000 net increase.

Albany Station Pathway, North Albany Park & Ride: These are two capital projects for which the City received grant funding. The Park & Ride budget is being kept open to deal with any loose ends. It is anticipated the Albany Station Pathway project will begin construction in 2014.

Street Fund Programs: The total proposed budget is just under \$12.8 million. No General Fund money goes into the Street Fund programs. There are three operating budgets. The Stormwater Operations budget is proposed to be created as a way to capture Materials & Services costs dealing with stormwater in preparation for a full stormwater utility to meet federal regulations.

Summers asked when the federal regulations related to stormwater take effect. Shepard said it is somewhat unclear when the City will be subject to those requirements; he thinks it will be in the next 12 to 24 months. There has been a lot of refining in the regulations and the state is currently busy reissuing permits to Phase 1 communities.

ADA Capital Projects: This has been created as a place to try to build some reserves to address Americans with Disabilities Act (ADA) projects as they arise.

Sewer Funds: The total proposed Sewer budget is \$36.2 million. The annual debt service payment is \$5.6 million, about 15% of the total budget. The budget was built with the assumption there will be an 8% rate increase effective July 1, 2013; that will be considered by the City Council in June.

Shepard said a change not reflected in the Proposed Budget is a proposal to add a position in the Wastewater Treatment Plant budget. This relates to an individual that was hired more than three years ago as a temporary position to deal with issues with solids processing. A clause in the bargaining agreement requires the City to hire or lay off any temporary positions that are in place for three years. The individual has been advised that the position could be eliminated in the future. He distributed replacement sheets for Program 2404: Wastewater Treatment Plant (see agenda file). It is proposed to fund the position by reducing the amounts under Temporary Employees and Contingency.

Water Funds: Shepard reviewed the operating and capital budgets under the Water Fund.

Kopczynski asked why there was a decrease in insurance and bonds. Taylor said insurance costs are allocated to departments based on claims experience as well as claims exposure potential. A decrease would indicate a reduction in claims in that budget.

Shepard said that refinancing of debt in this fund saved \$5 million over the life of the loan. The maturity schedule is on page 321 of the Budget document. It is proposed to meld the Canal budget into the Water Capital budget over the next fiscal year. Staff is opening up a dialogue with the City of Lebanon related to a new agreement on the Canal.

Public Works Services: Shepard said Public Works is coming under the umbrella of a citywide facilities maintenance program. He distributed an organizational chart showing where positions have been added and dropped throughout the Department (see agenda file).

Grants: Shepard briefly reviewed the PW Grant funds. He said that construction on the Gibson Hill sidewalk is not likely until 2014.

BUDGET COMMITTEE DELIBERATIONS

Folden asked if there are any proposed adjustments to the resolution.

Summers asked for the total amount being spent on private vehicle reimbursement. Taylor said that is shown on individual line items for each department and is not readily summarized. Staff could run a total on that line item if requested. Hare said that reimbursement takes different forms, including expense allowances and mileage reimbursement; he would guess that it totals in the range of \$10,000 or less citywide.

Kellum asked how full the Loop and ATS buses are running. Shepard said the Loop buses are overfull with people standing. Other than certain routes, the ATS buses are not full. Kellum said his impression is there are few riders compared to the size of bus. He said, if we are going to replace buses, it might be a good idea to replace them with smaller buses to save on fuel costs and upkeep. Shepard recalled that there was an investigation into smaller buses; he

could look into the history to see what was determined. He said the point is well taken; an increase in resources will allow for route improvements which will hopefully increase ridership.

CONSIDERATION OF RESOLUTION

There was a resolution on the dais (see agenda file).

Taylor said, as the Budget Committee considers the resolution, the proposed revisions to the Public Works budget could be accomplished by the following changes to the Sewer Enterprise Fund (Page 4 of the resolution): Change Personnel to \$2,422,100; Materials & Services to \$6,472,200; and Contingency to \$506,000.

MOTION: Kopczynski moved to adopt the resolution approving the 2013-14 Proposed Budget in the total sum of \$158,291,600 now on file at the Albany City Hall with changes to the Sewer Enterprise Fund proposed by staff. Coburn seconded the motion and it passed 12-1, with Kellum voting no. The resolution was designated Resolution No. B2013-1.

NEXT MEETING DATE

The next meeting date is to be determined.

OTHER BUSINESS

Konopa said that staff did a great job in preparing the Proposed Budget; she thanked staff and Budget Committee members for their work. Folden expressed appreciation for the good work done by staff which made this an easy process.

ADJOURNMENT

There being no other business, the meeting was adjourned at 9:20 p.m.

Respectfully submitted by,

Teresa Nix
Administrative Assistant

Reviewed by,

Stewart Taylor
Finance Director