BUDGET COMMITTEE MEETING
AGENDA

Tuesday, May 7, 2019
6:30 p.m.
Council Chambers, City Hall
333 Broadalbin Street SW

1. CALL TO ORDER – Chair Folden

2. ROLL CALL

3. ELECTION OF OFFICERS (Current officers: Chair, Sue Folden; Vice Chair, Colleen Koller; Secretary, Michael Thomson.)
   a. Chair
   b. Vice Chair
   c. Secretary

4. PUBLIC HEARING – STATE SHARED REVENUE

5. ADOPTION OF MINUTES
   a. May 10, 2018, Budget Committee Meeting minutes
   b. May 15, 2018, Budget Committee Meeting minutes
   c. May 22, 2018, Budget Committee Meeting minutes
   d. January 24, 2019, Budget Committee Work Session minutes
   e. April 2, 2019, Budget Committee Work Session minutes
   f. April 2, 2019, Joint Capital Improvement Program (CIP) Meeting minutes

6. BUDGET MESSAGE

7. PUBLIC COMMENT
   a. Written comments received
   b. Audience comments

8. BUDGET REVIEW

9. OTHER BUSINESS

10. NEXT MEETING DATE: May 9, 2019

The location of this meeting is accessible to the disabled. If you have a disability that requires accommodation, please notify the City Manager’s Office in advance of the meeting: CMadmin@cityofalbany.net | 541-704-2307 or 541-917-7519.
CALL TO ORDER

Chair Sue Folden called the meeting to order at 6:58 p.m.

ROLL CALL

Members present: City of Albany Budget Committee Members Sue Folden, Terry Virnig, Colleen Keller, Mitch Langjahr, Scott Pierson, and Michael Thomson; Mayor Sharon Konopa; and Councilors Rich Kellum, Bill Coburn, Bessie Johnson, Ray Kopczynski, and Dick Olsen

Members absent: Budget Committee Member Will Summers and Councilor Mike Sykes were excused.

ELECTION OF OFFICERS

a. Chair
b. Vice Chair
c. Secretary

MOTION: Councilor Bessie Johnson moved to re-elect Sue Folden as Chair, Colleen Keller as Vice-Chair, and Michael Thomson as Secretary. Councilor Ray Kopczynski seconded the motion, which passed 12-0.

PUBLIC HEARING – STATE SHARED REVENUE

OPEN: Folden opened the public hearing at 7:00 p.m.

No-one wished to comment.

CLOSE: Folden closed the public hearing at 7:01 p.m.

PUBLIC COMMENT

There was none.

ADOPTION OF MINUTES

a. April 27, 2017, Budget Committee Meeting minutes
b. May 4, 2017, Budget Committee Meeting minutes
c. May 11, 2017, Budget Committee Meeting minutes
d. November 7, 2017, Budget Committee Work Session minutes
e. January 25, 2018, Budget Committee Work Session minutes
f. April 5, 2018, Capital Improvement Program (CIP) Meeting minutes

MOTION: Kopczynski moved to adopt the minutes as presented. Johnson seconded the motion, which passed 11-1, with Councilor Rich Kellum abstaining.

BUDGET MESSAGE

City Manager Peter Troedsson: said that the City's budget reflects City Council decisions and priorities, and every program in the budget supports the Strategic Plan. Competing needs and priorities determine the budget; there aren't enough resources to do everything we want to do. As in previous years, this year's budget aims to maintain existing levels of service; make adjustments based on good business cases, and replenish reserves to the extent possible. The cost of maintaining existing levels of service continues to grow faster than the general fund. This hinders our ability to build reserves, and it isn't sustainable in the long run. We have a balanced budget but reserves are only slightly increased over last year. The strength of our reserves is directly related to our bond rating and the cost of borrowing money. The good news is that unemployment is at a record low, and household income is rising. This year's health insurance increases are less than we budgeted. The City's next budget will be biennial, which will cost less and allow a longer view.

Troedsson thanked the Budget Committee and staff for their hard work.

BEGIN BUDGET REVIEW BY DEPARTMENT

Police

Police Chief Mario Lattanzio showed a PowerPoint presentation (see agenda file). He said police staffing is the same as last year, with 98.25 full-time equivalents (FTE). Albany over the years has had a low violent crime rate. Last year, the police upgraded the CAD/RMS system. The new system is more accurate, so it appears that violent crime in Albany rose from 2016 to 2017. Property crime in Albany is the lowest it's ever been, and under the Oregon average. Property crime is related to drugs. We've had a huge drug problem, but we're emphasizing that fight.

Councilor Bill Coburn asked if alcohol-related traffic collisions includes drug-related as well. Lattanzio said no, those are tracked separately, and they are increasing.

Lattanzio commented on the new Enhanced Law Enforcement Area (ELEA) that he believes the law won't affect more than a five or six people.

Lattanzio said the department needs four more officers so they won't have to put specialty officers on patrol if a patrol officer is out.

Code Enforcement Officer Kris Schendel said his call load has increased dramatically, and he now has about 55 calls holding for response. He has started working to make a link between enforcement and resources related to the ELEA. He is working with the Community Services Consortium (CSC) and Communities Helping Addicts Negotiate Change Effectively (CHANCE).

Lattanzio proposes establishing a park ranger position to increase police presence in City parks. Albany has a lot of park land, but Parks and Recreation doesn't have enough staff to clean up garbage left by illegal campers
and others. The proposed ranger would not be a sworn officer but could issue City code violations. There is no money for the position now, but at some point we will need to find the money for it.

Mayor Sharon Konopa asked if the Committee could start a “parking lot” list and add this item to it, for future funding. Johnson said that there was a park ranger in the levy proposed in 2002. Konopa agreed, but said there was never enough money to fund it. But the community said then that they supported a ranger.

Coburn asked how central service charges are calculated and why they are increasing so much. Finance Director Jeanna Yeager said the City is implementing new financial software this year, and are backfilling Accounting Supervisor Anne Baker’s position so she can focus on the implementation. Baker said we are also building reserves for repairs and replacement of the City Hall HVAC. Finance is also now paying for the current Enterprise Resource Planning (ERP) system that used to be in Information Technology’s budget. Baker explained how central service charges are allocated. Yeager said Finance will look at allocation methods in preparing for the next budget.

8:30 p.m.

Fire Chief John Bradner showed a PowerPoint presentation (see agenda file). He said the Fire Department covers an area of 81 square miles. The ambulance response area is 205 square miles and reaches south as far as Halsey. The Department is working on expanding its response area into the northern half of Millersburg.

Bradner said emergency calls for service increased significantly this year, to almost 9,500. This year, ambulance billing invoiced just over $8 million, but the Federal government limits what they can collect from Medicare, so they will only collect about $3 million.

Kellum asked, if we are taking a loss on most Medicare calls, how does our return overall compare to the cost of a call? Bradner said we are required to charge everyone the same amount; the difference is in what they reimburse. The Committee discussed actual costs per call and when a call is not charged.

Bradner said there may be fewer calls this year because of the community paramedic program. He explained the single-role medic units. Last year they saved in-town responders 500 hours that would have been spent in out-of-town transport. He said the Department desperately needs to replace their training tower, and it needs to be at Station 12. Currently they have to send crews out of district to train, and then have to pay other crews to cover.

Bradner discussed expense and reimbursement for rural fire districts, and for conflagration response. He said the Department has cut back on funding for equipment replacement, but they need to start building those accounts.

Committee Member Terry Virmig asked if Millersburg has trained people to be on the team for the new fire station there. Bradner said no; they’re part of Jefferson fire district currently. Virmig asked how good the Millersburg facility is. Bradner said it’s small and aging, and belongs to the Jefferson fire department. The long-term goal is to have a fire station staffed by the Albany department and paid for by Millersburg.

Folden asked how much Bradner expected a new training tower to cost. Bradner said he thinks one-half to one million dollars would get what they need.

Pierson asked what is the current unfunded liability for equipment replacement, and what is the come-to-balance amount? Bradner said the come-to-balance amount if we did it this year is $2.25 million. If the fund were already at balance, the yearly need would be close to $250,000.

RECESS: The Budget Committee recessed for a short break at 9:12 p.m. Member Mitch Langsjoen left.
RECONVENE: The Budget Committee reconvened at 9:18 p.m.

Parks & Recreation 9:46 p.m.

Parks & Recreation Director Ed Hodney presented a PowerPoint (see agenda file). He said that the City hasn’t added any property for parks and open space since the last fiscal year. The only new expense related to property maintenance this year is for the plants, trees, and furniture for the downtown streetscape. These costs have been absorbed by the Parks Fund for several years without new revenues to cover the expenses. He said Parks & Recreation resources have been flat since 2003. They’re proud of what they accomplish with limited funds.

Kellum said his neighbor has done the sawing for the Sawing for Schools program for three years, but he gets no recognition in the news articles. Park Operations Supervisor Rick Barnett said he’s the spirit of the program’s success, and he needs to be recognized for it. Councilor Dick Olsen suggested inviting him to a Council meeting for recognition.

Hodney said Parks & Recreation relies on 190 community sponsors. Parks & Recreation positions actually generate money that helps to offset personnel costs. Parks is still 3.5 FTE down from 2010, and we have a lower ration of FTE to population than our national peers. Parks & Recreation has a deferred maintenance backlog of $3.5 million and it’s growing at $100,000 per year. A park ranger proposed by the Police Department is on Parks’ wish list, too. Parks does 15 to 20 large cleanups each year at around $1,000 each. Park Maintenance crews can’t cover the acreage often enough to prevent camps from being established.

The Committee discussed publicizing the costs of cleanup. Hodney said the City can do a better job of communicating those costs to the community.

OTHER BUSINESS 9:51 p.m.

There was none.

NEXT MEETING DATE: Folden continued the meeting to May 15, 2018.

ADJOURNMENT

There being no other business, the meeting was adjourned at 9:52 p.m.

Respectfully submitted, Reviewed by,

Allison Liesse Peter Troedsson
Deputy City Clerk City Manager
CALL TO ORDER

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

ROLL CALL

Members present: City of Albany Budget Committee Members Sue Folden, Will Summers, Terry Virmig, Colleen Keller, Scott Pierson, and Michael Thomson; Mayor Sharon Konopa; and Councilors Rich Kellum, Mike Sykes, Bessie Johnson, and Ray Kopczynski.

Councilor Dick Olsen arrived at 8:40 p.m.

Members absent: Bill Coburn and Mitch Langjaahr were excused.

Central Services Charges, continued

In response to questions raised at the May 10, 2018, Budget Committee meeting, Finance Director Jeanna Yeager explained how Central Services charges are calculated. Page 47 of the Proposed Budget document lists the charges. There was a 5 percent increase from last year for Personnel services.

Councilor Rich Kellum asked how Full Time Equivalent (FTEs) and pipes work into the allocation for Public Works. Accounting Supervisor Anne Baker said the Central Service Charges are based on operating budget, not on capital. Deputy City Manager/CIO Jorge Salinas noted that the risk manager portion of the Emergency Manager position is coming from Central Services.

PUBLIC COMMENT

Comments received by correspondence

There were none.

Audience comments

There were none.

CONTINUED BUDGET REVIEW BY DEPARTMENTS

Information Technology

6:35 p.m.

Deputy City Manager/CIO Jorge Salinas gave a PowerPoint presentation (see agenda file). He pointed out that his team provides service to public safety staff and Public Works staff 24-7. The Information Technology (IT)
staff manage over 200 applications, 654 workstations and servers, and responds to over 4,500 help-desk tickets annually.

Salinas described projects for Fiscal Year (FY) 2018-2019, such as implementation of financial software, firewall upgrades, cybersecurity testing, City of Albany website upgrade, and applications for the Fire Department. The Geographic Information Services (GIS) projects for upcoming FY include replacing InfoHub, an ArcGIS upgrade, and aerial mapping.

Salinas and his team are also involved in some Citywide projects, such as the 2017 International City/County Management Association (ICMA) Certificate of Excellence for Performance Management, the Strategic Plan, and SEM 4 awards. He discussed how Public Works has saved money by using efficient wastewater and water treatment methods. A major challenge for IT going forward is addressing cyber security threats.

Budget Committee Member Scott Pierson said the private industry has experienced losing large amounts of money in cyberattacks. He asked if the City has lost money or had a serious attack that they almost didn’t catch. Salinas said the City has not paid ransom, but we did get a ransom type virus that started an encryption process through one of our file servers. IT staff was able to stop the encryption process and restore the data. There was an attack in March through Office 365 that spread quickly, but they were able to reset passwords and no damage done. Discussion followed.

Economic Development  6:55 p.m.

Salinas introduced Economic Development Manager Seth Sherry.

Salinas gave a PowerPoint presentation (see agenda file).

The Economic Development fund supports two FTEs. Major projects include the partnership with LBCC for a mechatronics lab.

Salinas said the Transient Lodging Tax (TLT) revenues were about $950,000 which is less than projected. The correct estimate is a moving target. Budget Committee Member Terry Virgig asked why it is so low. Salinas replied that we are only 8-10 months into the FY so there will be more revenues to come, although it will still be lower than projected. Sherry said the reason it may be lower is due to a few hotels that are under construction, which reduces the number of available rooms.

Kellum asked how TLT recipients were able to get increases in their TLT portions in the past, without having to prove that they were actually responsible for an increase in the market. Salinas said staff is allocating funds according to the TLT policy that the Council set. Pierson is a member of the TLT Committee and explained how funds are allocated. Linn County may start to collect a three percent TLT which would impact the City’s FY 2018-2019 budget.

Salinas described the SnoTemp project. The project involves ODOT grants, participation by the City through System Development Charges (SDCs), and a loan through Central Albany Revitalization Area (CARA). SnoTemp’s expansion will generate 60 FTEs.

City Manager’s Office  7:15 p.m.

Salinas noted that there was a misspelling on page 321 of the Proposed Budget; a replacement page is on the dais (see agenda file).
Salinas gave a PowerPoint presentation (see agenda file). The main focuses for FY 2018-2019 are the urban enterprise zone, review of the CARA Strategic Plan, and the ICMA Certificate of Excellence. There is $15,000 included in contractual services for Council training.

In response to questions about why the space rental increased, and Accounting Supervisor Anne Baker described how the rental for the Council Chambers is allocated out by the Central Services charges. Discussion followed about the Councilor’s stipend and taxes associated with wages.

Councilor Mike Sykes asked how the number is arrived at for the rental amount for the Council Chambers. Baker said this year includes $50,000 for a new HVAC, which will not cover the total cost, but it is a place to start. Sykes is curious what the square footage rate is.

Salinas said the Personnel Services increase is due to the transfer of two FTEs from Finance to the City Manager’s Office. The Finance budget will see a decrease for approximately the same amount.

To Sykes question about the square footage rate, Baker replied that the rate is $1.03 a square foot.

**Human Resources**

Human Resources (HR) Director David Shaw will be retiring shortly. He introduced the new HR Director, Danette Jamison.

Shaw gave a PowerPoint presentation (see agenda file). Shaw said HR assists departments with their employees from “hire to retire”. For the current FY through March 31, HR has facilitated 73 recruitments, 885 personnel action forms, 74 FMLAs, and 29 workers’ compensation claims. Additional tasks involve the Voluntary Employees Beneficiary Association (VEBA) program, the Class & Compensation study, reviewing the new Munis software’s HR and Payroll modules, and executive time and attendance systems.

Shaw noted that $50,000 was added to HR’s budget for an attorney to assist in labor negotiations.

Folden asked what the City’s turnover rate is. Shaw said it is low, in the 4-5 percent range.

The Budget Committee thanked Shaw for his years of service at the City of Albany.

**Finance Department**

Finance Director Jeanna Yeager gave a PowerPoint presentation (see agenda file).

Yeager described the duties performed by Finance staff, including PCard transaction reviews, EFTs, Accounts Payable and Accounts Receivable processes, and Payroll, which includes mid-month draws, PERS reconciliation, and payments to insurance and benefits vendors. Additionally, Finance staff produces the Proposed and Adopted Budget, Comprehensive Annual Financial Report (CAFR), Popular Annual Financial Report (PAFR), and the Internal Control Documentation (ICD). The ICD is produced for the auditors to show that the City has effective controls in place and are good stewards of the citizen’s monies. Finance is also responsible for risk management, TLT audits, and the Munis financial software implementation.
Yeager said Finance staff does all these tasks very well, as proven by the three Government Financial Officers Association (GFOA) awards received. The City of Albany is one of very few cities who receive all three GFOA awards: Excellence in Financial Reporting, Distinguished Budget Presentation, and Outstanding Achievement in Popular Annual Financial Reporting. A drop in Personnel charges for FY 2018-2019 relate to the move of two FTEs from Finance to the City Manager’s Office, and the addition of one temporary Senior Accountant position to take care of Baker’s duties so that she can focus on the implementation of Munis.

Yeager distributed updates to three pages of the Proposed Budget (see agenda file).

Councilor Ray Kopczynski asked if the marijuana revenues came in at the amount Yeager expected. Yeager said the League of Oregon Cities (LOC) makes the estimates and provides the numbers. Discussion followed about permits for medical and recreational marijuana. Kopczynski would like to see a break out of the amounts. Discussion followed about the status of state’s reporting laws.

Member Will Summers asked Yeager to elaborate on line item 91025, page 332, which dropped $340,000. Yeager said it is a transfer out to Capital Replacement. In the last FY, the Fire Department had additional revenue for ambulance, so $400,000 was moved from the General Fund to Capital Replacement for Fire. This year it will be about $60,000.

In Municipal Court, Yeager said the Personnel line increased for the new clerk position. A portion will be paid from fines including Red Light cameras. Discussion followed about Red Light cameras. The Linn County Jail has not billed the City for jail beds due to a software glitch; that invoice arrived this week, so it will also need to come from this budget.

The Risk Management fund will pay for a security guard at City Hall. There have been many incidents with unruly customers and transients recently, so it has become necessary for a security guard to be present during the times of high traffic volume at City Hall. In future years, the Building Maintenance fund will pay for the Security Guard.

Kellum said regarding line item 60625, for the Linn Benton Community College (LBCC) workforce, that LBCC put things on their reimbursement list that were not supposed to be purchased and that they overspent in other areas. They have promised to reimburse the City. Salinas will follow up with LBCC.

Kopczynski recalled hearing that if the City’s reserves fall below a percent, it would affect our insurance rates; he asked, are we getting close to that yet? Yeager said pulling from reserves is a concern. City Manager Peter Troedsson said he wants to build reserves and it will be a focus of the budget over the next year. Troedsson said what guided the budget this year was to keep current funds, and then next year we will start with building reserves. That is why he said, at the first meeting on May 10, 2018, that there will be difficult decisions to make starting in July, with the start of the biennial budget.

Pierson said there have been a lot of unfunded liabilities for the City. Several deficits have not been addressed. He understands that increasing the General Fund makes for a better bond rating if we need to finance in the future, but we have other big issues, may be costing in the millions. Troedsson said we may need to do service level reductions to meet those goals, and this process demonstrates that the cost of operations is going up faster than the revenues. We weathered the last recession only because we have reserves, and so he wants to build them back up again. Discussion followed about making tough choices and prioritizing during the budget process.
Sykes said, three quarters of this Budget is for public safety (police and fire). Financing for local government is tough. He said, we are struggling to fund public safety and other things, but at the same time, the federal government is giving tax breaks to corporations.

Pierson said that the City is different than the federal government because we have to produce a balanced budget. This is a policy decision for the City Council to make; and then, as the Budget Committee, we can make recommendations. If the Council wants to take a different direction, then they need to direct staff to do so. The biennial budget’s off-year could be used to start making the tough decisions.

Kopczynski pointed out that the Strategic Plan is where the long-term strategies begin. Then, the budget is built on that input.

Folden asked how the Albany does with receiving grants compared to other cities, and if we procure grants centrally or in each department. Troedsson would like to consider a Central Service allocation for grants to see if we have an untapped resource, although he thinks we are doing fairly well. Yeager said currently the grants function is decentralized and departments search for their own grants. Discussion followed about the possible benefits of hiring a grant manager and the net sum gain.

Mayor Sharon Konopa spoke to the status of the fuel tax election. It will take the community to come up with other solutions to fix Albany’s streets. She does not think we should start slashing other services, because we provide quality services given the limited resources we have. Discussion followed about to reach the community and garner their support and opinions for alternatives for street repair.

Troedsson said that City staff already makes hard budgeting choices every day. This is a decent budget, but he is glad that the discussion is on the table for the future to make some tough choices. This is a good budget for this year, but it is not sustainable.

Pierson agreed with Konopa that we should not make major cuts, and he thinks staff does a good job. He explained how a 3-5 year plan is projected in the private sector, and how expenditures and revenues can be adjusted. We will need to do creative cuts and revenue increases. It doesn’t have to be cutting positions; he explained other planning options. He said that he sees the one-year plan when he is at the dais, but he doesn’t see the 3-5 year plan. Maybe the biennial budget will allow time to put together a difficult plan like he is suggesting.

Pierson asked the Council to consider a dedicated grant writer. Kopczynski agreed that a good grant writer could be worthwhile, but there are often strings attached to the grant funds, so it may not be as good an idea as it seems at first glance.

8:40 p.m.

Library Director Ed Gallagher said there are some upcoming retirements of employees with significant careers totally over 50 years of experience. He described the newly hired employees that are coming onboard.

The Library has increased its capacity to reach out to the Spanish-speaking community. The Library’s use of updating files and email notifications to customers not only saves thousands of dollars, but makes the Library a 24-7 operation. They migrated to open-source software six years ago, and the accumulative savings is in the thousands of dollars.

Gallagher described unique events and services hosted by the Library.
Councilor Dick Olsen arrived at 8:40 p.m.

Gallagher said that overall expenditures increased three percent, although it actually represents a reduction in books. He spoke about grant opportunities for the Library and agreed with Peirson’s comments that a focus on grants would be very helpful.

Kopczynski asked Gallagher if he sees a trend of kids weaning themselves from hard-cover books and going electronic. Gallagher said it is a moving target, but they start marketing books to them as infants, through projects such as the Dolly Parton program. The trend is to move towards downloading ebooks as they near middle school. All public libraries in the nation are struggling with how to stay relevant and useful to teens. There are about 630,000 books in circulation, and about 50,000 ebooks.

Virnig asked why there are two libraries, and if they could be consolidated. Gallagher said the City was given $1 million to sustain the Carnegie as a library. Staff is constantly striving to keep it vibrant as a community neighborhood library. They are looking for ideas to make it something other than mini-main library, for example, 40 percent of the contents are movie collections that are distinct from the Main Library. The Carnegie has a historic, strong community commitment, and it adds value and charm to the downtown area. He described Carnegie’s programs.

OTHER BUSINESS

None.

NEXT MEETING DATE:

Folden said, this meeting is continued to May 22, 2018.

ADJOURNMENT

There being no other business, the meeting was adjourned at 9:00 p.m.

Respectfully submitted,

Mary Dibble
City Clerk

Reviewed by,

Peter Troedsson
City Manager

Note: Staff handouts referred to in the minutes as (see agenda file) are available on the website in the “Staff Handouts” column.
MINUTES  
Tuesday, May 22, 2018  
6:30 p.m.  
Council Chambers, City Hall  
Approved: DRAFT

CALL TO ORDER

Vice Chair Colleen Keller called the meeting to order at 6:30 p.m.

ROLL CALL

Members present: Budget Committee Members Colleen Keller, Mitch Langjahr, Scott Pierson, Will Summers, and Michael Thomson; Mayor Sharon Konops; and Councilors Rich Kellum, Bill Coburn, Mike Sykes, Bessie Johnson, Ray Kopczynski, and Dick Olsen

Members absent: Terry Vrigin and Sue Folden were excused.

PUBLIC COMMENT

There was none.

CONTINUED BUDGET REVIEW BY DEPARTMENTS

Public Works

Committee Member Will Summers arrived at 6:32 p.m.

Public Works Operations Director Chris Bailey and Public Works Engineering and Community Development Director Jeff Blaine presented a PowerPoint overview of the Public Works Department (see agenda file). They thanked Public Works (PW) staff for their work putting together the budget. There are no major changes from last year.

Councilor Rich Kellum asked Blaine to clarify what is normally spent out of the $117 million PW budget. Blaine and Public Works/Community Development Business Manager Jeff Babbitt said normally PW spends around $85 or $90 million.

Bailey said the proposed PW budget is up about 6% from the current fiscal year. The emphasis is on finding efficiencies, to keep utility rates as low as possible. The proposed budget assumes inflationary rate increases and adds two full-time equivalent (FTE) positions.

Blaine said one new position will be an entry-level position in Engineering. PW likes to bring in new employees at entry level and train and promote them. Workload drives the need for the new position. Engineering has two fewer design engineers than in 1996, resulting in unreasonable workloads and project delays. The requested position is necessary just to handle the current workload.

Summers asked how many PW staffers are getting ready to retire in the near future? Blaine said there have been a lot of retirements in the past five or six years, with a corresponding loss of institutional knowledge, and the trend is expected to continue.
Councilor Bill Coburn said that the street maintenance budget used to include over $1 million in franchise utility fees, but these were reallocated to other departments. With the failure of the fuel tax ballot measure, are there plans to put the funds back into street maintenance? Coburn is against imposing any new fees until the funds are built back up.

City Manager Peter Troedsson said those funds won’t completely address the problem even if replenished. We need to discuss solutions with the Council, including considering what would not get done if we put the money back into the street funds. Coburn said he would like staff to bring something to the Council in the next few months, so we can start making progress toward solving the street maintenance funding problem. Discussion followed.

Kellum said the Council created this problem. We’ve spent a lot of time and money building new stuff, but not maintaining the old stuff. The Council needs to do something about it.

Mayor Sharon Konopa said the Council and the City provide a lot of quality service in Albany with the amount of money we have. The departments balance their budgets and provide the services the Council says they want. Discussion followed.

Bailey summarized the Airport’s budget. Councilor Bessie Johnson asked how the Fixed Base Operator (FBO) is doing. Bailey said he is doing well, and has good ideas. Public Works has heard only good things about him.

Bailey and Blaine summarized the other Public Works budgets.

Councilor Dick Olsen asked what the failure of the Cannibal treatment system has cost the City. Bailey said that with the settlement from Siemens, we’re mostly even economically. There are also non-economic problems.

Blaine said about the sewer system capital budget that System Development Charges (SDCs) are supposed to cover about $1.5 million in debt service for the wastewater treatment plant. However, SDCs aren’t keeping up with that obligation, so some of the debt service is being paid out of reserves. When the reserves are gone, we will have to start using rate money or doing fewer projects. The issue will come to a head in the next year or so.

Councilor Ray Kopczynski asked about the higher insurance and bonds costs in the Vine Street Water Treatment Plant’s budget. Bailey said insurance costs are allocated to a facility partly based on exposure and partly on the number of claims. Staff will be working on the allocation method, because it’s hard to manage big increases within the individual programs.

Olsen asked if the Central Albany Revitalization Area (CARA) is paying for stormwater work associated with the Downtown Streetscape project. City Engineer Staci Belcastro said CARA did pay for a small amount of work with that project.

Blaine said Utility Billing has over 19,000 accounts, and the personnel don’t get the recognition they deserve for dealing with difficult people and situations. Konopa asked if we are doing staffing salary comparables to other communities. There is a lot of turnover in Utility Billing. Blaine said Utility Billing staff are part of the current classification and compensation survey. Kellum asked why there is so much turnover, and Blaine said working the counter is very stressful.

RECESS: The Budget Committee recessed for a break at 8:20 p.m.

RECONVENE: The Budget Committee reconvened at 8:29 p.m.
Community Development

8:29 p.m.

Blaine gave a PowerPoint overview of the Community Development Department (see agenda file). He said strong development activity in Albany is a good sign, but it's also hard to keep up with. The Department made significant staff reductions during the recession. A strong core group of staff is the reason we've been able to keep up with the recovery.

Blaine said there are no major changes in this year's proposed budget. One proposed change is to Planner III Anne Catlin's position. Her part-time position is partly funded by Community Development Block Grant (CDBG) funds, but there's a cap on the amount of that funding that can be used for administrative costs. The CDBG funds haven't increased as much as personnel costs, so Catlin has had to decide whether to work less or to drop some benefits. PW proposes to move her position back to the Planning budget and use the allowable 20% from CDBG to help cover her costs. Catlin is also doing other Planning activities, and there is plenty of Planning work for her. Konopa said Catlin is a valuable employee.

Summers remembered that a few years ago, Community Development invested in software to convert paper submissions to electronic. He asked if that resulted in efficiencies for the Department. Blaine said approximately 65% of plan submittals and inspection requests this year were made electronically. He thinks investing in that technology is the reason Community Development hasn't had to add staff as we move out of the recession.

Blaine said the Building Division has rebuilt its reserves to pre-recession levels, after at one point borrowing $300,000 from the General Fund. He said the five-year funding plan for Code Enforcement is the Division's way to pay back the General Fund for that loan. Building is now in the third year of that five-year plan.

Committee Member Scott Pierson said that at the beginning of the budget discussion, Troedsson said a priority was replenishing reserves to the extent possible. He asked if Troedsson could say what percentage or what dollar amount the reserves would be increased as a result of this budget. He assumes that the amount of reserves is related to the City's ability to get a favorable bond rating.

Troedsson said it is related to bond ratings, and also to the ability to weather the next recession. The City's reserves now are at about 5.5%. We will not be able to replenish them nearly as much as Troedsson had hoped. We are able to meet his other two priorities: to maintain service levels and create some efficiencies.

Pierson said staff is doing a phenomenal job. There is no question that City services are outstanding. He agrees that the City does good planning, but thinks we don't do very well with budgeting to identify what to do and to fix the plans. He thinks there is a lack of communication; a lot of the community doesn't know what the liability before the City is, and how much it would actually take to fix things. He suggested that the Council needs to come up with a long-range plan and direct staff to take action. The Council needs to set goals, identify parameters and timelines, and relay them to staff. He hopes the Council will have tough discussions with staff to come up with a plan as early as next year.

Troedsson said Public Works has prioritized. If the funds were available, they know what they would do, but the funds are not available, so they have to fund what they can.

Konopa asked if the Budget Committee thought the parks ranger position discussed at the May 10 meeting would be valuable. Troedsson said this budget will work, but he hasn't been able to push reserves up as he wanted. We're talking about a difficult decision. If the Council wants the park ranger, we can do it, but we would have to identify an offset somewhere else in the budget, or take money from reserves. Konopa asked if the Committee would like to look at the park ranger position later in the year, when property tax revenues come in. Troedsson said he would like time to see how effective the new camping ordinance is first.

Kellum said if we want to add something to the budget, we have to decide what to take from to get it. Each department knows what is most and least important to them, but the Budget Committee doesn't know, so they
can't make that decision. Staff gave the Committee what it asked them for, and it's about keeping things the way they are now. He can't support the budget the way it is. For five years, he's said he wants a prioritized list, but it's too much work.

Troedsson said City staff do prioritization all the time, and create innovative ways of doing things. But we're a government organization, so the Council provides guidance through the Strategic Plan and expects the City Manager and department directors to figure out how to make progress toward those goals. City government can't do on-the-spot shifts. Priorities are political decisions. Kellum said that's why it's important for the political people to have that information. He said the Council doesn't have that information for any department.

Troedsson said the City pays the directors to make those decisions. They prioritize and act on the Council's priorities. The budget that goes to the Budget Committee reflects those priorities.

Kopczynski said he disagrees with Kellum because it sounds like micromanaging the City Manager based on the Council's policy choices. He said the Budget Committee is not here to make line-item choices. We need to look at the Strategic Plan, which plans five years out by department, and let staff manage the budget. Managing the budget is not our job.

APPROVAL OF RESOLUTION

MOTION: Committee Member Michael Thomson moved to approve the resolution as amended (on the dais). Konopa seconded the motion.

Coburn said about the park ranger that Troedsson is right, but Konopa has a good point. If we could quantify the value of the position, it might pay for itself. Would Parks, Public Works, and Police contribute to fund the position? They might prefer to fund part of the ranger than pay their people to do cleanup. Could we establish the position for six months or a year and monitor for savings? He'd like to think about this as a pilot project for next year.

Johnson wondered if the City owns property we don't need and aren't receiving taxes on, that we could sell. She said people won't understand that there's no money until service levels drop. She wondered if we should consider privatizing some activities, such as the Senior Center and Parks & Recreation activity classes.

Deputy City Manager/CIO Jorge Salinas and Troedsson presented slides answering some questions that had been set aside through the discussions this month (see agenda file).

VOTE: The motion to approve the resolution approving the Proposed Budget on the dais passed 9-3, with Sykes, Kellum, and Langjahr voting no. The resolution was designated Resolution Number B-2018-1.

OTHER BUSINESS

There was none.

ADJOURNMENT

There being no other business, the meeting was adjourned at 9:39 p.m.

Respectfully submitted,

Allison Liesse
Deputy City Clerk

Reviewed by,

Peter Troedsson
City Manager
MINUTES
Thursday, January 24, 2019
6:30 p.m.
Council Chambers, City Hall
Approved: DRAFT

CALL TO ORDER

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

ROLL CALL

Members present: City of Albany Budget Committee Members Sue Folden, Terry Virnig, Colleen Keller, Jessi Brenneman, Will Summers and Michael Thomson; Mayor Sharon Konopa; and Councilors Rich Kellum, Bill Coburn, Bessie Johnson, Alex Johnson II, and Dick Olsen.

Members absent: Councilor Mike Sykes.

Committee Member Terry Virnig arrived at 6:54 p.m.

One Budget Committee position is vacant

PUBLIC COMMENT

There was none.

BUDGET CALENDAR

The joint meeting with the Planning Commission to discuss the Capital Improvement Program will take place April 4, 2019. Budget Committee meetings are scheduled for May 7, May 9, and May 14, 2019, with an additional meeting on May 24, 2019, if needed. All meetings start at 6:30 p.m.

CITY MANAGER REPORT

City Manager Peter Troedsson welcomed the Budget Committee to the work session and read a statement (see agenda file). He said the Budget is the primary tool to accomplish the City’s goals, and the budget process is one of the most important the City undertakes. Staff has been working hard and he hopes the Budget Committee feels prepared to consider staff’s presentation and ready to ask questions.

a. Strategic Plan Update

Troedsson said the Strategic Plan was adopted at last night’s Council meeting. The Council’s intent, along with input from the Budget Committee, guides staff in preparing a draft budget. Competing needs and priorities always determine a budget, and the need to weigh competing needs and live within our budget never stops.

b. Budget Outlook

The economy has been strong, but economists are predicting the next recession as soon as the second half of 2020. Also, although revenues are increasing, costs are increasing faster. We’re constantly looking for ways to save money. The City isn’t able to borrow funds for money-saving projects, so we
are looking at other ways to save and to reduce costs. But there are limits to being able to do more with less. We can't do everything with nothing. We need to be realistic in our expectations.

The City isn't positioned as well to weather another recession as we were for the last one. We'll use some revenues this biennium to begin to build reserves. Our goal is to build at a rate of 1% per year. The City's policies mandate reserves between 5% and 15%, and we're currently at 5%.

The increase in Public Employees Retirement System (PERS) rates is not solvable at the city level. The solution has to happen at the state level. Oregon Public Broadcasting did an in-depth PERS story on January 10 that presented a lot of good information on all sides of the debate. It's available online.

The City's health insurance premiums are expected to increase by 15% to 18% in the next (year?).

The classification and compensation study shows that some staff positions are being compensated under market and a few are above. The Council will have to decide how to address this.

Central services costs are increasing substantially. The new part-time security guard at City Hall has reduced disruptive behavior, but also means an increase in the cost of our security contract. The City Hall HVAC system needs refurbishing or replacement. And software and hardware support costs are expected to go up by 28% next year.

The City needs an Americans with Disabilities Act transition plan to provide reasonable access to our facilities and programs.

The required National Pollution Discharge Elimination System permit staff has been working on requires a separate storm water system, and may add a large burden to our stormwater utility.

It will be a struggle just to maintain current service levels. Two service enhancement needs stand out: the park ranger discussed in previous budget sessions, and a long-range planner. Both positions would contribute to three of Albany's four Strategic Plan themes, but might require full-time employee (FTE) reductions in other areas.

This is our first biennial budget. We have to look a little farther into the future than before. We need to start preparing this year for the public safety levy in 2020, and staff is continuing to grapple with street maintenance funding. We will not be able to budget enough to meet our stated goal of a Pavement Condition Index of 60 for our arterial and collector streets. City staff are hard-working and creative, and they have good ideas about where to invest the next dollar. We may have to ask for ideas about where to cut the next dollar.

Troedsson thanked the Budget Committee members for their service, and said he will be happy to meet with each of them individually.

FINANCIAL TRENDS AND FORECAST

Finance Director Jeanna Yeager presented PowerPoint slides (see agenda file). She said she will be happy to send the Budget Committee more information if tonight's slides don't cover what they'd like to see.

Yeager said in the General Fund, total revenue per capita is increasing, but expenditures are increasing faster. Property tax receipts are up over the last year, but they are growing more slowly. The Budget team is being very conservative in their revenue estimates. For next fiscal year (FY) they are assuming a 3.7% increase in property taxes. Property tax as a percent of total revenue is going down. The General Fund is now receiving distributions
of marijuana taxes, and intergovernmental revenue is up. The Budget team is projecting property tax collection at 94%. Historically, our projections have been very close to actual collection.

Councilor Alex Johnson II asked why the state shared revenue from cigarette taxes is so low. Troedsson said cigarette taxes are only on cigarettes, not on any other form of tobacco. Mayor Sharon Konopa said a bill proposed in the Oregon legislature today would tax other forms of tobacco, including vaping products. Troedsson said Oregon’s cigarette taxes rank 46th in the country.

Councilor Bessie Johnson asked Yeager to elaborate on the marijuana tax. Yeager said the City had to sign a secrecy agreement, so she can’t say much. The City received about $500,000 in FY 2018-19. Marijuana tax distributions go into the General Fund. Alex Johnson asked if the marijuana tax distribution includes the City’s 3% tax. Yeager said yes. It includes the City’s tax and a portion of the state taxes.

There was discussion about cigarette taxes and other forms of tobacco. Troedsson said staff will try to find answers to some of the Budget Committee’s questions.

Yeager said FTEs in the General Fund have increased a little, mostly in the police and fire departments. Personnel services costs will increase in FY 2019-2020. PERS rates and health insurance premiums are going up. Labor negotiations and the classification and compensation study will result in an increase in personnel costs.

Budget Committee Chair Sue Folden asked if the City is in a self-insured pool for health insurance. Yeager said Fire personnel are in Blue Cross and the rest of the City is in Pacific Source. Our experience has been high in the last year, which helps to drive the increase. Folden asked if there is an option to be self-insured. Yeager said she will ask Human Resources (HR). Alex Johnson asked if the contract with Pacific Source is for a specific amount of time. Yeager said she will also ask HR that question.

Yeager said our PERS rate this fiscal year is 27%. It will be 33% in 2019/2020, and will probably keep increasing for several years. Starting this year, city staff hopes to put excess funds into a PERS reserve to minimize the future impact.

Yeager said compression in the public safety levy is much lower than it was. The Budget team is projecting 15% compression, a conservative estimate. The public safety levy is up for renewal in 2021. The City will put it on the ballot in May of 2020.

Bessie Johnson asked how the classification and compensation study will affect the budget. Yeager said it appears some adjustments will be needed. If so, we will know in time to budget for them. It will be up to the City Council to decide what to do with the study results. Folden asked staff to notify the Budget Committee when the results will come before the Council, so they can attend the meeting.

The Budget Committee asked about staff longevity and projected retirements. Troedsson said the Budget team will ask HR to summarize that information for the Committee.

Alex Johnson asked if it was fiscally responsible to pay 95% of employees’ health insurance and also give employees a $2,000 Voluntary Employee Beneficiary Association (VEBA) account. Yeager said HR has the exact numbers, but when the City went to the VEBA accounts, we saved a lot of money.

BUDGET COMMITTEE COMMENTS

There were none.

OTHER BUSINESS

7:27 p.m.
There was none.

ADJOURNMENT

There being no other business, the meeting was adjourned at 7:28 p.m.

Respectfully submitted, 

Allison Liese
Deputy City Clerk

Reviewed by, 

Peter Troedsson
City Manager
MINUTES
April 2, 2019
6:30 p.m.
Council Chambers, City Hall
Approved: DRAFT

CALL TO ORDER

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

ROLL CALL

Members present: City of Albany Budget Committee Members Sue Folden, Terry Virmig, Colleen Keller, Jessi Brenneman, Will Summers and Michael Thomson; Mayor Sharon Konopa; and Councilors Rich Kellum, Councilor Mike Sykes, Bill Coburn, Bessie Johnson, Alex Johnson II, and Dick Olsen.

Members absent: None. One Budget Committee position is vacant.

Chair Sue Folden distributed two pages titled “Parliamentary Procedures” and “How to Conduct a Successful Meeting” from the Citizen Advisory Groups Member & Staff Manual (see agenda file). She reviewed the pages with the Budget Committee members.

BUDGET DEVELOPMENT ENVIRONMENT – City Manager Peter Troedsson

City Manager Peter Troedsson gave a PowerPoint presentation (see agenda file) and commented on each slide (see agenda file).

OTHER BUSINESS

Finance Director Jeanna Yeager said that the proposed budget should be available one week prior to the first Budget Committee meeting in May.

There were no questions. Folden reminded the committee that the joint meeting to discuss the Capital Improvement Program (CIP) starts promptly at 7:00 p.m., in the Municipal Court Room.

ADJOURNMENT

There being no other business, the meeting was adjourned at 7:00 p.m.

Respectfully submitted, Reviewed by,

Mary Dibble Peter Troedsson
City Clerk City Manager
MINUTES
Tuesday, April 2, 2019
Council Chambers
7:10 p.m.

Approved by City Council: April 24, 2019
Approved by Budget Committee: DRAFT
Approved by Planning Commission: DRAFT

Call to Order/Introduction
Peter Troedsson, City Manager, called the meeting to order at 7:10 p.m. and gave an introduction for the Capital Improvement Program (CIP).

Roll Call
City Councilors Present
Bill Coburn, Alex Johnson II, Dick Olsen, Bessie Johnson, Mike Sykes, Rich Kellum, Mayor Sharon Konopa

Budget Committee Members Present
Sue Folden, Michael Thomson, Will Summers, Terry Vimig, Jessi Brenneman

Planning Commissioners Present
Larry Tomlin, Dala Rouse, Diane Hunsaker, Ann Ketter

Staff Present
Jeff Blaine, Public Works Engineering & Community Development Director; Chris Bailey, Public Works Operations Director; Jeff Babbitt, Public Works & Community Development Business Manager; Staci Belcastro, City Engineer; John Bradner, Fire Chief; Ed Hodney, Parks & Recreation Director; Peter Troedsson, City Manager; Marilyn Smith, Public Information Officer; Jeanna Yeager, Finance Director; Jorge Salinas, Deputy City Manager/CIO; Seth Sherry, Economic Development Manager; Mario Lattanzio, Police Chief

Community Needs
Jeff Blaine gave an overview of the Community Needs section.

Terry Vimig asked if the only issue at the Train Station was the need for additional parking. Chris Bailey stated the biggest need is currently additional parking space.

Accessibility
Staci Belcastro gave an overview of the accessibility section.

Dala Rouse asked why the Washington Street project was only scheduled for 2nd to 9th Avenue. Belcastro stated the project was originally slated for Water Avenue to 9th Avenue, but after a review of the project location, updates were only needed for 2nd to 9th Avenue.
Parks
Ed Hodney gave an overview of the Parks section.

Rouse asked how much the Parks department receives in system development charges (SDC) each year and how many parks are in the city. Hodney stated there are 36 parks, and the Parks Department typically receives between $250,000 - $300,000 in SDC funding each year, but those proceeds can only be used on new construction.

Virmig asked for an update on the East Thornton Lake project. Hodney stated the project is currently in the design phase, and a restoration plan is forthcoming.

Public Facilities
Chief John Bradner gave an overview of the Public Facilities section.

Bill Coburn asked if there was grant funding available for the fire radio replacement project. Bradner stated a study needs to be completed first in order to make a grant application more likely to be accepted.

Virmig asked if the current radios work. Bradner stated that different frequencies are currently used within the police and fire departments, along with other local agencies.

Revitalization
Seth Sherry gave an overview of the Revitalization section.

Rouse asked how much property tax CARA receives from the district and the entire city. Rich Kellum explained how the property tax funding for CARA works.

Dick Olsen asked how much CARA funding there is left to spend on projects. Sherry stated that roughly $20 million remains for projects.

Rouse asked what priority projects are remaining. Sherry stated that the Waterfront project is the priority.

Stormwater
Belcastro gave an overview of the Stormwater section.

Virmig asked what the one-million-dollar figure is on page 31. Chris Bailey stated it is for the potential operations and maintenance requirements related to the new stormwater permit.

Transportation
Belcastro gave an overview of the Transportation section.

Will Summers asked what the $40,000 bike grant match project is for. Belcastro stated it is a placeholder in case a grant becomes available.

Wastewater
Belcastro gave an overview of the Wastewater section.

Kellum asked if building east of I-5 is being denied until the Cox Creek projects are completed. Blaine stated that no projects have been denied, but that any major developments in that area will be postponed until the projects are completed.
Rouse asked if the settlement funds will be used for the biosolids projects at the Water Reclamation Facility. Blaine stated the settlement funds will be used and updated on the project funding sources.

**Water**

Belcastro gave an overview of the Water section.

**ADJOURNMENT**

Hearing no further business, the meeting was adjourned at 8:23 p.m.

Respectfully submitted,

Jeff Babbitt
Public Works and Community Development Business Manager

JMB:eo
City of Albany Budget Committee

Written Comments

Included with:

May 7, 2019, Agenda
SAVE MAPLE LAWN

Mayor Sharon Konopa
c/o Albany City Hall
333 Broadalbin St SW
Albany, Oregon 97321
Save Maple Lawn

Dear Mayor Konopa:

Maple Lawn is one of those programs that makes Albany the kind of community I feel good about living in. Maple Lawn provides such a valuable service to our community. Children who attend Maple Lawn are especially vulnerable. This program helps them become prepared for success in kindergarten. By cutting this program all the city is doing is ensuring that kindergartens in Albany will be less successful as those teachers shoulder the burden of helping those students catch up.

Sincerely,

Print name: Megan Kinney
Address: 304B Casing St SE Albany 97322

Save Maple Lawn

Dear Mayor Konopa:

Maple Lawn is one of those programs that makes Albany the kind of community I feel good about living in. Maple Lawn provides such a valuable service to our community. Children who attend Maple Lawn are especially vulnerable. This program helps them become prepared for success in kindergarten. By cutting this program all the city is doing is ensuring that kindergartens in Albany will be less successful as those teachers shoulder the burden of helping those students catch up.

Sincerely,

Print name: Sharon DiBeau
Address: 1200 Lincoln St SW
Albany, OR 97321
Save Maple Lawn

Dear Mayor Konopa:

Maple Lawn is one of those programs that makes Albany the kind of community I feel good about living in. Maple Lawn provides such a valuable service to our community. Children who attend Maple Lawn are especially vulnerable. This program helps them become prepared for success in kindergarten. By cutting this program all the city is doing is ensuring that kindergartens in Albany will be less successful as those teachers shoulder the burden of helping those students catch up.

Sincerely,

Print name
Jeannie Wright
Address
3800 S Mt View Dr SE
Albany, OR 97322

Save Maple Lawn

Dear Mayor Konopa:

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Sincerely,

Print name
Tina Dodge
Address
34013 Rancho Pkwy
Albany, OR 97322

Save Maple Lawn

Dear Mayor Konopa:

Maple Lawn is one of those programs that makes Albany the kind of community I feel good about living in. Maple Lawn provides such a valuable service to our community. Children who attend Maple Lawn are especially vulnerable. This program helps them become prepared for success in kindergarten. By cutting this program all the city is doing is ensuring that kindergartens in Albany will be less successful as those teachers shoulder the burden of helping those students catch up.

Sincerely,

Print name
Megan Muñoz
Address
235 New Country Club Ln.
Albany, OR 97321