



BUDGET COMMITTEE MEETING AGENDA

Tuesday, May 4, 2021

7:00 p.m. – 9:00 p.m.

Remote

This meeting will be conducted virtually. At 7:00 p.m., join the meeting at:

[Join on Zoom](#)

You can use your built-in microphone or dial in using your phone.

or call 1-253-215-8782 (audio only) | meeting ID: 541 917 7500, passcode: 252269

Microphones will be muted and webcams will be turned off for members of the public unless called upon to speak.

If a participant disrupts the meeting, the participant's microphone and webcam will be turned off.

If disruption continues, the participant will be removed from the meeting.

1. Call to order – Vice Chair Colleen Keller
2. Pledge of allegiance
3. Roll call
4. Election of officers (*Current officers: Chair, vacant; Vice Chair, Colleen Keller; Secretary, Michael Thomson.*)
 - a. Chair
 - b. Vice Chair
 - c. Secretary

MOTION:

5. Public hearing – state shared revenue

*Persons wanting to comment and/or to provide written materials electronically for the public record must email cityclerk@cityofalbany.net **before noon on the day of the hearing**, May 4, 2021. Alternatively, written testimony may be addressed to the Finance Director's Office, P O Box 490, Albany, OR 97321, and must be received **before noon on the day of the hearing**, May 4, 2021, to be included in the record.*

 - a. Open
 - b. Public comment
 - c. Close

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6. Approval of minutes
 - a. May 7, 2019, Budget Committee meeting minutes
 - b. May 9, 2019, Budget Committee meeting minutes
 - c. May 14, 2019, Budget committee meeting minutes
 - d. October 26, 2020, Budget Committee work session minutes
 - e. April 6, 2021, CIP joint work session minutes

MOTION:

7. Budget message – City Manager Peter Troedsson
8. Budget overview – Finance Director Jeanna Yeager
9. Public comment – Finance Director Jeanna Yeager
Persons wanting to ask questions and comment on the budget document and/or provide written materials electronically for the public record must email cityclerk@cityofalbany.net before noon on the day of the first meeting, May 4, 2021. Alternatively, written testimony may be addressed to the Finance Director's Office, PO Box 490, Albany, OR 97321, and must be received before noon on the day of the first meeting, May 4, 2021, to be included in the record.
 - a. Written comment
 - b. Requests to speak
10. Budget review – Finance Director Jeanna Yeager and City Manager Peter Troedsson
11. Next meeting dates:
May 6, 2021; 6:00 p.m.
May 11, 2021; 6:00 p.m.
May 13, 2021; 6:00 p.m. (if necessary)

12. Adjournment

Due to Governor Brown's Executive Orders limiting public gatherings during the COVID-19 pandemic, this meeting is accessible to the public via phone and video connection.



CITY OF ALBANY BUDGET COMMITTEE MEETING

MINUTES

Tuesday, May 7, 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, Colleen Keller, Terry Virnig, Jessi Brenneman, Will Summers, Michael Thomson, Mayor Sharon Konopa, and Councilors Mike Sykes, Bessie Johnson, Alex Johnson II, Bill Coburn, Rich Kellum, and Dick Olsen. There is one vacancy.

Members absent: None.

ELECTION OF OFFICERS

- a. Chair
- b. Vice-Chair
- c. Secretary

MOTION: Councilor Rich Kellum moved to re-elect Sue Folden as Chair, Colleen Keller as Vice-Chair, and Michael Thomson as Secretary. Councilor Alex Johnson II seconded the motion, which passed 13-0.

PUBLIC HEARING – STATE SHARED REVENUE

OPEN: Folden opened the public hearing at 6:30 p.m.

There was a sign-up sheet on the dais (see agenda file).

No one wished to comment.

CLOSE: Folden closed the public hearing at 6:31 p.m.

PUBLIC COMMENT

There was none.

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

MOTION: Councilor Bessie Johnson moved to adopt the minutes as presented. Committee Member Terry Virnig seconded the motion, which passed 13-0.

BUDGET MESSAGE

6:33 p.m.

City Manager Peter Troedsson presented the biennium (BN) 2019-2021 Proposed Budget.

Troedsson said this budget marks a milestone for the City of Albany. It is the City's first biennial budget and represents a significant process improvement. Like previous budgets, it represents the City Council's policy decisions and priorities and allocates limited resources to provide an operating framework.

Troedsson said one benefit of a two-year budget is that it guides staff toward a longer-term approach. One-time funds cannot be relied upon for continuous revenue. The continued operations of the City must be funded with continuously recurring funds. When the use of one-time funds is required to fund current operations, that reflects a structural problem.

At the Council's direction, staff have used the following guidance to build this budget:

- Replenish reserves
- Maintain levels of service to the extent possible
- Reorganize and adjust to ensure long-term viability

The City weathered the last recession largely because we had a substantial reserve. It will be prudent to restore our ability to withstand a similar economic downturn. The need to continue providing quality public services competes with the need to restore our reserves, so we can make only modest progress toward this goal.

The cost of providing service at current levels continues to grow. PERS costs now average 33% across city government. We have been able to limit the increase of one of our health insurance plans to 4%, but the other will increase by 17.8 %. These are the biggest contributing factors to the rise in operating costs.

Finance Director Jeanna Yeager estimates an approximate 3.5% increase in property tax assessed. Departments were directed to limit budget increases in the general fund to 3% or less. However, when operating costs increase faster than growth of revenues, this poses a structural problem. It is not sustainable in the long run, and it will force reductions in service levels. Again this year, asset replacement funds in some departments have been used to maintain levels of service. With this budget the City is making restructuring decisions that reduce FTE in several departments including police, fire, parks and recreation and the library.

PERS rates are state-mandated; they cannot be controlled at the city level. Property tax revenues are limited by state law. Aging pipes and new regulations will add pressure to rates in our stormwater utility. Water and sewer utilities also require capital improvements, but these older utilities have better developed base funding.

The budget is a complex document. Breaking it into its component pieces helps to show how it all fits together. Most of what will be discussed tonight is in the general fund, which totals \$86 million. However, most of the City's budget is in its enterprise and special revenue funds.

Police Department

A recurring theme throughout the budget is the effort to avoid layoffs. The biggest increase to the police budget is in wages and benefits, with a 17.8 % increase in health insurance costs and a substantial increase to PERS contributions.

In the first year of the biennium, the department will freeze one lieutenant position and three officer positions, causing the loss of a training position and reduced backfill for patrol. The frozen officer positions are currently

unfilled open positions, and the frozen lieutenant position is due to a retirement within the department. This brings the department to 94.25 FTE, down from 98.25 FTE in Fiscal Year (FY) 2018-2019. It reduces the number of sworn positions from 65 to 61.

In year two, the police department will freeze an additional lieutenant position and two officer positions and will have to disband the street crimes and traffic unit in order to backfill patrol positions. This will bring the department to 91.25 FTE and reduce sworn positions to 58. The last time police had similar staffing levels was in 2004-2005, when the department had 59 sworn officers. At that time, the City had a population of 44,800. Our current population is approximately 53,000.

The department is fortunate to be able to avoid layoffs. However, it's important to recognize the impact of freezing these positions. Having a dedicated traffic officer has kept streets safer for motorists and pedestrians. The street crimes unit has focused on reducing narcotics and property crime in our community. The training position has helped the department coordinate ever-changing training mandates. Reducing the number of officers increases workloads, which may lead to a reduction in service levels. Fewer officers will be available to handle calls. Response times may increase, and there will be less flexibility for officers to take personal leave.

From 2017 to 2018, the City experienced a 9.2% increase in calls for service. If population continues to grow as predicted, calls for service will likely continue to increase.

One of the reasons we are reluctant to make police staffing reductions is that it can take a year or more to get a new officer fully trained. The selection process alone takes three to four months. Once selected, an officer goes through a sixteen-week police academy and then enters the Field Training and Evaluation Program for four to six months.

The department manages a fleet of 49 vehicles and must plan for purchasing, leasing, and maintenance. Equipment replacement also includes funding for police radios, canines, firearms, and all other items for which the department should set aside funds yearly to plan for replacement. Pressure on this budget has made it impossible to set aside funding, and at the end of the biennium the department's equipment replacement balance will be \$471,000. The anticipated equipment replacement costs for BN 2021-2023 are over \$800,000. Without money for equipment replacement, the department may need to extend equipment service life. This may cause an increase in maintenance costs.

The department has reduced overtime by \$100,000 for each of the two budget years. This may limit the ability to field additional patrols when needed and may also reduce the amount of in-service staff training time available to officers.

Fire Department

Constraints on the fire department this year resemble those of 2011, when the full effect of the last recession was being felt. Positions will be frozen, budgets will be tight, but the department will continue to meet the needs of our community.

At the work session on April 2, 2019, the council discussed the potential need to take drastic measures in order to stay within budget. These included eliminating the fire department's technical rescue team, freezing three open firefighter positions, laying off six firefighters, demoting two day-staff personnel, and ending participation in the Medic 71 program.

Fire call volume has increased 24% over the last three years. There are times when 9-1-1 callers must wait for personnel to clear from a previous emergency or until mutual aid is able to arrive from a neighboring department.

Early in April the firefighters' health insurance was estimated to increase by 15%. Due to Human Resources (HR) negotiations with our insurance broker, the actual increase for the department was 4%, resulting in \$400,000 in additional funding. A payroll software change required negotiation of a leave sell-back program that not all employees took, resulting in savings of \$75,000. These changes reduced the potential layoffs from eight to four.

At tomorrow night's city council meeting, staff will propose fee and rate increases that would provide some additional funding. Increases to ambulance service and fire and life safety fees would bring in an estimated \$880,000 over the biennium. These revenues would go to the general fund, and if the council approves the increases, we will use them to avoid layoffs and demotions, continue the Medic 71 program, and keep the fire department's technical rescue team intact. In addition, money will be available for equipment replacement and to assist with other programs in the City. Three open firefighter positions will remain unfilled, which may result in increases to overtime.

Over the past decade we have experienced a 70% increase in emergency responses. During this period, staffing has increased by 20%. As the department approaches 10,000 responses in the current year, we have concerns about our ability to respond to all calls.

A number of factors contribute to the increasing demand for emergency medical and fire services:

- Albany is growing and more people create more demand for services.
- More Oregonians are covered by health insurance.
- We are getting older. The average age of an Albany resident was 32.7 years old in 1990, while the most recent data put this number at 36.6.

The increase in the average age is seen in the number of assisted living facilities located in our community. Each facility creates an increased need for emergency medical and fire services. Over the past year we have responded to 609 medical calls to three assisted living facilities. We have also seen a marked increase in calls for service to the homeless or transient population. Over the past 12 months there have been 183 medical calls to one of the two homeless shelters in Albany.

The fire department continues to look for ways to address the increasing call volume and lessen the demand for service. Our community paramedic program helps people address underlying problems that lead them to call 9-1-1. The program continues to be a success as the department is able to effectively deal with individuals who repeatedly call for service.

The Medic 71 program with Lebanon and Tangent Fire Districts has also been very successful in keeping firefighter/paramedics available. The Medic 71 unit focuses on inter-facility transfers. In 2018 the unit responded to 499 calls for our department. While over half of these calls were interfacility transfers, the unit also responded to 232 emergency calls in the south end of our ambulance service area, or provided backup in Albany when we ran out of available medics in town.

The fire department is in a position to generate revenue and return some money to the general fund. The department will generate over \$6.4 million in the current year, supporting over 37% of its operating budget. These revenues include ambulance service fees, contracts for services to outside districts and communities, grants and other reimbursable programs, and the FireMed program.

As development in the wildland-urban interface continues, we see increased calls for fire departments to respond outside their own areas. Our fire department has responded to conflagrations throughout Oregon and into California. In 2018 we assisted with 12 conflagrations, resulting in nearly \$1 million of reimbursable expenses. These responses provide valuable training to our personnel and help other communities in crisis.

Changes over the past month have obviated the need for layoffs. Proposed fee increases, if approved by the council, will help to keep service levels stable. But several line items in the fire department's budget will experience reductions in the coming two years.

These reductions are significant, but the department's focus remains on providing quality service to our community. We will continue to look for efficiencies. Materials and services reductions at current levels may be sustainable in the short term, but additional funding will be required in coming years to continue effective emergency response and life safety services to our community.

Community Development

The community development department consists of two divisions: planning and building. The funding mechanisms and budgets for the divisions are very different. The planning division is general fund-supported, whereas the building division is an enterprise fund supported completely by revenues from building permits. Building permit revenues cannot be used for anything other than building division activities.

Planning also generates revenue through permit or application fees, but all those revenues go to the general fund. The amount collected is roughly equivalent to the cost of conducting the reviews. They do not cover the cost of the entire planning division, which requires some general fund support. This is not inappropriate, as the division provides services that benefit the greater public, not just developing properties.

As a cost saving measure for the general fund, community development shares a director with public works. Having one director oversee all current development activities provides continuity in decision making and provision of service.

Services provided by the planning division include implementing the comprehensive plan and development code, reviewing land use applications for compliance with the development code, long-range planning for the community, administration of historic preservation and related grants, code compliance, floodplain management, and administration of the Community Development Block Grant (CDBG) programs. The planning division also provides support to the Planning Commission, Landmarks Advisory Commission, Community Development Commission and the Development Code Task Force.

During the last recession, the planning division was reduced by two planners. Remaining staff were able to sustain levels of service for current planning, but we're now seeing the impact of those cuts in long-range planning. We have discussed long-range planning needs over the last few months, and the council has approved a funding package to get critical long-range planning efforts underway.

In order to conduct these and other long-range planning activities, we need to restore a small amount of capacity that was cut during the recession. This will be done by making a part-time employee full time, adding 0.3 FTE. Staff are working at maximum capacity and any upticks in applications, assigned projects, or code evaluations/amendments will require additional resources.

Building activity is one indicator of the strength of the local economy. Albany has experienced substantial growth over the last several years. Currently we have several hundred units of apartments under construction, and several hundred more homes that will start once the public infrastructure phase of their development is constructed.

The current concentration of activity is in the area east of I-5, fueled largely by advance investments in infrastructure and partnerships with developers and other local governments. Albany has grown at just under 2% per year since the early 90s. Completing an east I-5 area plan will help guide future growth.

Much of the growth we have seen in the past two decades has been in areas already served with some level of urban services. The same is not true for areas planned for growth in South Albany and East I-5. Albany's

development processes are built on the concept that public infrastructure will be extended by each property as it develops. This is logical and fiscally sound. However, when no infrastructure exists, such an approach is less palatable to the developer. South and east Albany require significant infrastructure improvements that may be roadblocks to growth opportunities, especially when combined with wetland mitigation costs. The East I-5 study will be a good opportunity to start discussions about creative solutions to ensure growth opportunities while not overburdening existing residents with the cost.

Library

Albany's library system continues to provide high-quality customer service to over 1,000 citizens a day. The staffing level, at 0.40 per 1,000 residents, is below the state average of .58 per 1,000. Through creative scheduling, library leadership is able to minimize negative effects on open hours. However, there is insufficient staffing to allow for professional development, and gaps in staffing pose challenges to maintaining quality services and outreach. Higher level positions will try to take up the slack in the short term, but in the long term that is unsustainable without service level reductions.

Facing a shortfall of \$397,000 in the biennium, the library is freezing one open position, which equates to 5% of its workforce. Library staff continue to welcome the public, but the public will find an increasingly limited selection on the shelves. The library will become more dependent upon outside funding. Most new and creative ideas, projects, and partnerships will diminish, and some will cease, as funding for such initiatives typically comes from outside sources, which have already provided more than can be expected.

The library is often the only readily available source of the kind of comprehensive information people need for personal, family, and job-related purposes. The reference resources in public libraries are often unavailable elsewhere in the community. Albany's "new" library is ten years old and needs new paint, new windows, interior maintenance, and more shelf space to meet the needs of our growing community.

Parks & Recreation

The parks & recreation department is dependent upon self-generated revenues. Revenue projections for the first year of the BN 2019-2021 are estimated at \$7,626,700. Estimated expenses are \$7,772,800, for a projected year-end balance of (\$168,700). In the second year of the biennium, the projected year-end balance is (\$1,090,200). Over the biennium, continued service levels would result in a deficit of \$1,258,900.

The primary drivers of the projected imbalance are a \$670,000 increase in wages and benefits over the biennium, increases in central service and IT charges, increases in utility costs and the costs of contracting, and the relatively modest increase in tax revenues projected. The imbalance forced several actions to close the gap: increasing revenues from fee-based programs, reducing various non-personnel line items, and eliminating seven positions.

These steps were taken after careful consideration of other alternatives, including:

- Eliminating additional parks maintenance positions
- Closing the Albany Community Pool and/or the COOL! Pool
- Eliminating the parks department subsidy for summer concerts
- Eliminating the urban forestry program

In the first year of the biennium, this budget decreases expenditures by \$688,800. In the second year, expenditures are limited to a 1.5% increase. This generates a positive ending balance of \$343,000. The impacts of these actions include:

- A reduction in total Parks & Recreation Department staffing to 25 FTE.
- No general revenue funding for capital improvements
- Only nominal resources will be available for deferred maintenance

This budget assumes that property tax revenues dedicated to parks & recreation remain at 20%. The ending balance will change if proposed reductions are restored without either: additional revenues from alternate sources; or reductions in other programs.

Staff have been talking with the Greater Albany Public School District (GAPS) about their possible interest in taking on the Maple Lawn Preschool (MLPS) program. For GAPS, this depends on state funding. The Oregon Child Development Coalition (OCDC) has also expressed interest in MPLS. They currently provide childcare, early child development and pre-kindergarten programs at 31 locations in Oregon. We have also reached out to Kidco, another private organization that provides early child development services in the area.

Building Division

The building division is a special revenue fund supported completely by revenues received through building permits. Building permit revenues cannot be used for anything other than building division activities. The building division balances revenues and expenses and carries reserves within their own fund.

Despite a reduction of 10 FTE following the recession, building sustained levels of service by making organizational changes and investing in program efficiencies like online permitting. These solutions have allowed the division to replenish reserves that were once exhausted. Albany has experienced substantial growth over the last several years, and the building division will remain busy. No changes in FTE are proposed in this year's building budget.

During the recession the general fund provided \$300,000 to keep the building division operating. Once adequate reserves were established, the division began to pay the general fund back at \$60,000 per year. This payback financed improvements in the City's code enforcement program. The code compliance officer position was created through this process. The last two years of building's payback are included in the proposed budget. In the next budget cycle, a new funding source will need to be identified for the code compliance officer position.

Economic Development

The transient lodging tax (TLT) policy says that "in the case of decreased revenues . . . the TLT reserve may be used to maintain funding at previous years' levels" and that "if reserve funds are insufficient to sustain allocations at previous years' levels, all recipients shall receive a proportionate decrease in funds." Due to lower than expected revenue, and a negative beginning balance in 2018-19, the reserve is not enough this year to maintain funding at previous levels. The beginning balance for the 2019-21 budget period will be (\$223,000); therefore, the proposed budget includes a proportional 5% decrease in funds to all outside agencies, programs, and events.

Transient rentals of less than six rooms are exempt from paying TLT. Staff will bring a proposal to the council on May 20, 2019, to revise the TLT policy to include Air B&B and other transient rentals.

State law requires the City to spend at least 53% of revenue received from TLT on tourism-related activities. In the proposed budget tourism-related spending is at 63% of revenue.

The Collaborative Tourism Promotion (CTP) fund is managed by the TLT Advisory Committee. Funding comes from transient lodging tax revenues and is available to any recipient or outside organization through an application process. Since 2014, over \$80,000 in CTP funds have helped bring profitable events to Albany. In June 2018, the city council approved \$5,000 to support the Northwest Tandem Bike Rally, which brought in at least 600 people. Because of this event, the group has been able to purchase a new trailer and fleet of 35 bikes for the Albany Bike Education Program sponsored by the Willamette Valley YMCA.

In October 2018, the TLT committee approved \$1,500 in matching funds for the parks and recreation department to purchase new portable pitching mounds. In 2018, multiple tournaments scheduled in Albany had to be cancelled because we lacked these portable mounds. Now we have commitments into 2019, at a modest estimate of \$340,000 in economic impact per youth tournament weekend.

Public Works

The Public Works (PW) department has two divisions with a total of 127 FTE. Department programs can be categorized into four areas: transportation, drinking water, wastewater, and stormwater. These areas of responsibility are managed through nine different funds. Some funds only benefit one area of responsibility, and others serve all of them.

The city council reviews capital, operations, and maintenance needs for each of the areas of responsibility each year as part of utility rate presentations, strategic planning, the Capital Improvement Program (CIP) process, fee adjustments, and other staff reports. These sessions represent hours of review for key elements of the PW budget.

Enterprise funds are funds that provide goods or services to the public for a fee that makes the entity self-supporting. For the most part, PW's budgets are enterprise funds, supported through fees and charges and subject to restrictions on use. For example, water rate revenue must be spent within the water utility. The only general fund money directed to public works is a portion of state shared revenue funds that provides local match requirements for federal and state transit grant funds. The transit programs are budgeted to receive \$625,000 in FY 2020 and \$650,000 in FY 2021 from the general fund. These funds will leverage a total of \$7,108,900 across the three transit programs, a return of 560%.

Utility rates provide stable funding sources for many required activities, but staff also look for grant opportunities whenever possible. This proposed budget includes a total of \$5,583,300 in grant money. Staff also maintain partnerships with other agencies including Linn and Benton Counties, ODOT, GAPS, and neighboring cities including Millersburg, Lebanon, and Corvallis.

This year's proposed budget has three personnel changes to note:

- 1) Reduces the lead environmental services technician position to an environmental services technician II.
- 2) Eliminates the transportation superintendent position in FY 2021 and adds two lower level supervisory positions: an airport & transit manager and a street maintenance supervisor.
- 3) Adds a water quality maintenance I position to the stormwater operations budget. The funding for this position is part of the five-year stormwater rate projection that was discussed with the council in early 2019.

There are no other significant changes in the public works budgets.

Transportation: This includes transit, airport, street maintenance, and related capital budgets.

- The transit system provides a safe and reliable public transit system, linking residential areas with retail, employment, medical, and education centers.
- Transit programs receive funding from a combination of sources which include federal transit funding, partner agencies, and the general fund.
- Airport management includes management of hangar leases, runways and taxiways, clearance areas, and all other airport property, and compliance with FAA regulations. Funding for the airport is a combination of revenue from the lease of land and structures, TLT, and FAA grants.
- The City's street network consists of city, state, and Linn and Benton County roads. The transportation network is the City's single largest capital asset.

Staff work with partners in the Albany Area Metropolitan Planning Organization (AAMPO) to serve the greater Albany area with transportation services. Albany's allocations have been critical for key road projects

like Hill Street. However, there isn't enough revenue available to keep up with Albany's street maintenance requirements. The council established maintenance goals for Albany's most used streets, the arterials and collectors. To meet these goals, there is a one-time \$20M backlog in required capital projects and a \$2.7M (in 2017 dollars) annual funding gap that needs to be addressed.

Wastewater: The City's wastewater system is comprised of 196 miles of gravity flow pipes, 6.6 miles of pressure pipes, 4,337 manholes, 11 sewer lift stations, the Water Reclamation Facility, and Talking Water Gardens wetlands.

- The council recently reviewed sewer system needs and plans a 3.5% sewer rate increase effective July 1, 2019. The budget includes this rate increase in its revenue forecast and assumes a 3.5% increase on July 1, 2020, as well.
- Talking Water Gardens: concerns with the underlying design and construction of the wetlands have led Albany and Millersburg to file suit against CH2MHill.
- The failure of the cannibal system at the water reclamation facility is another issue being litigated against CH2M Hill. Progress on the lawsuit covering both the Talking Water Gardens wetlands and the water reclamation facility continues; we're hopeful that a successful resolution can be reached within this biennium.
- City staff have conducted a pilot test on a composting facility and are currently wrapping up a pre-design effort for constructing a small-scale operation.
- The \$13M riverfront interceptor project will also be moving to construction in this budget. The City was fortunate to receive a low-interest loan from the state for the project.
- Based on current assessment results, approximately 23 miles of sewer mains are anticipated to require major maintenance or repair within the next ten years.

Water: The City's water system includes 265 miles of pipes, seven pump stations, seven reservoirs, 19,150 service lines, 1,855 hydrants, 7,329 valves, the 18-mile Santiam-Albany Canal, and two water treatment plants.

- The council recently reviewed water system needs and plans a 5% water rate increase on January 1, 2020. The budget includes this rate increase in its revenue forecast and assumes a 5% increase on January 1, 2021, as well.
- The drinking water utility will see continued emphasis on asset management of the distribution network as well as increased efficiency in operations of the treatment and hydropower facilities.
- The effort to reduce the regulatory burden associated with the hydropower facility continues.
- Staff are also working on projects to maintain and improve the quality of water once it enters the distribution system.
- Lebanon has pursued its own diversion from the South Santiam River for its new treatment plant and will be coming off the Santiam-Albany Canal during this budget cycle. When this happens, Albany will lose \$75,000 in annual revenue.

Stormwater: Stormwater in Albany flows through an estimated 137 miles of stormwater pipes, 70 miles of ditches, 2,414 manholes, 4,363 catch basins/inlets, and 150 stormwater quality facilities.

- The City recently formed a stormwater utility and charges customers monthly for stormwater services. The need for a utility was born of years of deferred maintenance on existing stormwater infrastructure, addition of new infrastructure, and new regulatory requirements.
- Programs including the Erosion Prevention and Sediment Control Program and the Post-Construction Stormwater Quality Program were developed to comply with Total Maximum Daily Load (TMDL) requirements. These and other required programs provide environmental protections but also result in increased costs.
- Albany and five other Oregon communities filed lawsuits against the Department of Environmental Quality (DEQ) challenging the new general permit. Protecting our water resources is important to Albany but the scope of DEQ's permit is not acceptable.

- Despite significant needs in the system, no capital projects are planned in the stormwater system other than those completed in conjunction with street projects. Stormwater rates are not set at a level to support pipe replacement projects, and provide only limited funding for investigation and basic maintenance.
- Consistent with the council's funding plan, the budget was developed with a 17% rate increase on March 1, 2020, and an assumed 17% rate increase March 1, 2021.

Central Services

Personnel costs make up approximately 70 to 80% of most departments' budgets. The HR department helps all departments to maintain a professional workforce and comply with labor laws. In FY 2017-2018, they screened 3,551 applications for employment. Recruitments are expected to increase as more staff reach retirement eligibility.

The Information Technology (IT) department is responsible for all servers and workstations, business applications, network infrastructure including public Wi-Fi access points within city facilities, telecom infrastructure, and the IT Help Desk.

The IT equipment replacement program has a proposed budget of \$2,142,400. This program enables the city to replace IT equipment at the end of its useful life. Each department allocates funds for this program based on the replacement cost and useful life of their IT related equipment.

The IT Services program contains a proposed budget of \$3,737,000 for the biennium. The GIS services program contains a proposed budget of \$971,700. The IT and GIS Services programs reduced their proposed biennium budget by reducing after-hours IT support and moving two FTE to 0.91. In GIS services, IT eliminated a long-term 0.5 FTE temp in FY 2020 and an additional regular 0.5 FTE in FY 2021. The increases for the biennium were mainly generated by the higher cost of enterprise software licenses, employee wages, and benefits.

Conclusion

Every line item of this biennial budget supports the council's strategic intent. It is the result of the hard work of staff in every City department. The cost of providing service is increasing at a rate that exceeds the rate of revenue growth. This means there are two options: reduce the cost of providing services or increase revenues. These options are not mutually exclusive. Department directors have diligently looked for ways to reduce costs, and they have sought sponsorships and implemented fees for service.

The council will have to weigh the need for revenue increases against the burden they would place on citizens. On May 8, 2019, the council will hear proposed fee increases in certain fire and EMS services. The budget committee may want to discuss increasing franchise fees or establishing a utility service fee. Levies give the public a chance to vote to fund defined priorities. The establishment of a regional fire district has been talked about. That discussion would require a concerted effort and much research, but it is another option for addressing funding stability.

The serious financial constraints within which this budget was developed tend to overshadow the hard work that was required to transition from an annual budget to a biennial budget while simultaneously implementing a new financial system. Staff is grateful to our council and budget committee for their guidance and oversight, and Troedsson said he is very appreciative of this team of directors and their managers who have worked tirelessly together for the optimal public good.

Troedsson closed with a reminder of service, stewardship and integrity:

1. We will always provide the best service we can with the resources we have,
2. we will exercise sound stewardship of the funds entrusted to us to provide those quality services and maintain the finances of the City in sound shape, and
3. we will do it with an uncompromising commitment to integrity.

PUBLIC COMMENT

8:02 p.m.

The following items, distributed to the Budget Committee via email after the agenda packet was posted to the website, were also on the dais: a letter from LBL ESD and “Save Maple Lawn” postcards signed by Jane Long, Alexys Boies, Samantha Sheley, Alanna Bishop, and Jessyca Davis (see agenda file).

The following items were on the dais: an email to the Budget Committee in response to Councilor Bill Coburn’s questions about public safety budgets (see agenda file); an email from Samantha Sheley in support of MLPS (see agenda file); and an email to the Budget Committee from Peter Troedsson in response to questions from Johnson (see agenda file).

Mike Martin, Albany, expressed support for public safety, saying this should be the highest budget priority and the last area to be cut. He also does not feel the City should be funding MLPS. City government should not be in competition with private enterprise. He suggests releasing MLPS to GAPS to become self-funding.

Kristopher Nielsen, 1198 NW 22nd Avenue, spoke in support of MLPS and submitted a packet for the record with statistics on education rates in Albany (see agenda file). MLPS is the only preschool in the area for children with special needs. He does not feel there is financial justification for closing this school over other budget cuts.

Ray Kopczynski, 1303 Tamarack Court, understands the tough decisions the city manager must make to balance the budget. Having highly rated police and fire departments means lower insurance rates and reduces interest rate on bonds. He understands that no one will get everything they want and compromises need to be made, but encouraged the commission to fully fund the police and fire departments.

Sharon Dubeau, 1120 Lincoln Street SW, has been a public educator for 30 years. She expressed the importance of having excellent preschools. She does not think different services should be competing against one another, as all are essential to the community. She encouraged the commission to look for other funding sources for MLPS.

Jennifer White, 3098 23rd Avenue SE, spoke in support of MLPS. It serves a need other schools do not by accepting special-needs children. MLPS is a great program and an asset to our community. Parents cannot fund the school, but she suggested looking at other funding options and organizations. They were not given enough notice to prepare for this. She suggested using contingency funds to give the school two more years to come up with other alternatives before closing.

Vivian Farris, 4690 Chinook Drive SW, spoke in favor of MLPS and the benefits of MLPS over other local preschools.

Rachel Coleman, 5052 Caribou Court SW, said MLPS was one of the reasons she moved here from another community, as she has a daughter with special needs. Because of budget cuts, she is experiencing reduced services. MLPS is the only local preschool to serve these kids.

Erin Walter, 1891 Ravenwood Drive NW, said that most local preschools are faith-based and difficult to get into. She talked about the positive experience her kids have had at MLPS and how important preschool is in

preparing kids for school. She appreciates the diversity and acceptance at this school and said it is by far the best program in Albany and the only secular program.

Jessica Nielsen, 1198 NW 22nd Street, spoke in support of MLPS, as well as the police and fire departments. There are many negative outcomes from eliminating these programs.

BUDGET REVIEW

8:40 p.m.

The Budget Committee began their review of the BN 2019-2021 Proposed Budget document (see agenda file).

Johnson II asked several questions: 1) How long it has been since there was a rate increase at MLPS? 2) How do rates compare to other preschools in the area? 3) Is an increase projected? 4) Is the rate based upon economic need or a flat rate? He is concerned the rates are too low to continue the program. Parks & Recreation Director Ed Hodney said there was a recent rate increase and some services are subsidized by other agencies. He stated that all these details will be covered in an email he will send out tomorrow.

Councilor Bill Coburn asked how long it would take to resolve some of the shortfalls through a levy. Troedsson said there is a public safety levy election coming up, but that only addresses public safety. A parks maintenance or library levy would be a separate measure. Coburn suggested that a levy would ask voters what they are willing to pay for. Hodney said that a levy discussion will be brought to the council by February of next year to address parks maintenance, renovation, and equipment replacement.

Johnson suggested “thinking outside the box” to come up with other ideas and suggestions, such as closing one library or selling city-owned surplus property.

OTHER BUSINESS

8:54 p.m.

None.

NEXT MEETING DATE: May 9, 2019

ADJOURNMENT:

There being no other business, the meeting was adjourned at 8:55 p.m.

Respectfully submitted,

Reviewed by,

Shelley Shultz
Administrative Assistant I

Peter Troedsson
City Manager



CITY OF ALBANY BUDGET COMMITTEE MEETING

MINUTES

Thursday, May 9, 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, 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. There is one vacancy.

Members absent: Committee Member Terry Virnig.

BUDGET REVIEW, continued

Individual emails in support of Maple Lawn Pre School (MLPS) were on the dais. The emails were received from Paula Ebbs, Tiffanie Colt, Ameeta Larson, George and Debbi Grenz, Kelsea Madrid, Becky Farris, Roberta Morgan, Phil and Sandy Danaher, Katy Kuhnert, Megan Christoph, Samantha Sheley, Denise Bumgarner, and Stephanie Low (see agenda file). There was an email on the dais regarding Albany Preschool Options (see agenda file).

City Manager Peter Troedsson said his previous statement that Transient Lodging Tax (TLT) revenue declined by 1% per year for the last three years is incorrect. TLT revenue grew every year from 2010 to 2017, and dropped in Fiscal Year 2017-2018.

There was an email from Troedsson on the dais with several organizational charts attached (see agenda file).

Troedsson said on Wednesday, May 8, the City Council approved fee increases that may mitigate the proposed cuts in the fire department, freeing money in the general fund to help the police department and subsidize MLPS for one more year. The committee has in front of them several pages reflecting the updated amounts (see agenda file). The budget is balanced and sustainable for the biennium (BN). It isn't too early to start thinking about the next biennial budget. PERS rates this BN will equal 33% of personnel costs. They are projected to increase for the next three biennia, so the City may face more cuts in positions or to programs. If the community is willing to take on a heavier burden to keep those services, we can consider other measures, such as utility fees, an increased public safety levy, or an increase in franchise fees.

Councilor Mike Sykes said the personnel change report shows a reduction of nine full-time-equivalent (FTE) positions in 2019-2020, two-thirds of them in police and fire. Finance Director Jeanna Yeager said those numbers don't reflect the council's decisions last night. With the increased fees, the fire department will not have to make four layoffs, but police will still lose four people. Police Chief Mario Lattanzio said a year from now police will still be short, because it takes a year to hire and train a new patrol officer. Yeager said she would

send updated figures for the FTE reductions to the Budget Committee. There was an email from Yeager on the dais regarding Measures 5 and 50 (see agenda file).

Mayor Sharon Konopa asked how much more the police department needs to keep their current staffing level. Lattanzio said \$518,000. Konopa asked how much extra revenue would be available if the City increased all utility franchise fees to the maximum allowed. Public Works Engineering and Community Development Director Jeff Blaine said about \$350,000. Increasing franchise fees is done by council resolution, but it has to be negotiated first. Konopa asked how long that would take. City Attorney Sean Kidd said the last such negotiation took six to eight months.

Sykes asked, what if we froze or under-levied urban renewal and only funded the projects we are already to? Konopa said the City would still have to fund the debt service. Usable revenue gained would be about \$200,000 for the year. The committee discussed the mechanics of Central Albany Revitalization (CARA) funding. The budget committee meeting tonight has no authority over the CARA budget. It will have to be discussed in a separate session. Yeager said she would send the committee information about revenue that might be realized from CARA.

Konopa said we have to explore revenue sources. The property tax the City receives doesn't even fully fund the police and fire departments. She asked what we can do to bring in more money as soon as possible.

Troedsson said the public safety levy will be up for renewal in about a year. In the long term we could talk about creating a fire district. Konopa asked if we could raise planning fees. Troedsson said planning fees don't cover the cost of running the division. Planning benefits the whole city and deserves some general fund support. Konopa asked how long it would take to review and implement new planning fees. Blaine said the regular annual adjustment will come before the council shortly. The council should consider how much of the department's operations they want to cover with planning fees, and also how much impact they want to have on developers. Increasing fees will discourage some projects.

Deputy City Manager/CIO Jorge Salinas provided information about CARA. If the CARA shut down, every other taxing entity would get its full tax dollars back out, but the City would have to pay off the debt. Councilor Rich Kellum suggested that the debt should be paid first, underlevying the CARA instead of shutting it down.

Konopa reminded the committee that the level of the City's reserves impacts our Government Finance Officers Association (GFOA) rating. She asked, if we kept the reserves at 5%, instead of increasing them, how much would we save? Troedsson said \$400,000. The shortfall in police in 2019-2020 is \$518,000, but in 2020-2021 it will be \$1.2 million. Konopa said the City needs to consider a utility fee similar to Corvallis's. A utility fee would apply to non-profits and to other tax-exempt entities. Councilor Bill Coburn said he would oppose a utility fee. He would like to consider a levy or a bond measure. Budget Committee member Will Summers said many non-profits are safety nets that help people maintain daily function and keep them from having to be involved with the police. The non-profits aren't rich, and another fee would reduce their service.

Summers asked if the City has enough funds to do a public survey. Troedsson said we did a survey in 2017 and have some money left for outreach.

Coburn asked if there is any reason to think the budget numbers will change for the better in a year. Troedsson said there are structural problems. He thinks the numbers may be much worse in two years. A utility fee (if approved by the voters) and the public safety levy may not increase revenues enough to cover the projected

40% PERS liability by then. Yeager said it's possible that property tax revenue will increase, but probably not significantly. We'll know in the fall.

Folden asked what percentage of employee health premiums are paid by the City. Human Resources (HR) Director Danette Jamison said the City pays 96% of health premiums for all groups except police. Police employees pay 5%. Councilor Dick Olsen asked if the City could get the employees to pay 10 or 20%. Jamison said it would have to be negotiated with the unions.

Folden asked about health plans that are different from the usual. What do others do? Jamison said Albany is comparable to other jurisdictions close to our population. We provide one plan because it's simpler and easier to manage. Offering a variety of plans doesn't necessarily save money. Folden asked about giving employees the option to take coverage. Jamison said we require that all employees participate. 18% of employees make up most of our medical costs. If everyone participates, it helps to cover the claims.

Folden asked if there are other places in the organization where we could increase the functions contracted out or use technology to save services. Troedsson said the City will be doing a bottom-up review to identify efficiencies and possible uses for technology.

Councilor Bessie Johnson said she thinks there are places where middle management is top-heavy. She wonders if some cuts could be made. Troedsson reminded the committee about the discussion of Parks & Recreation staffing reductions at the May 7, 2019, Budget Committee Meeting. Cutting supervisors increases the number of direct reports for those remaining, so the savings cancels out. Johnson said central service charges are up quite a bit this year, and asked what central services covers. Yeager said it covers finance, HR, the city manager's office, and building maintenance. We're also establishing reserves for expected repair or replacement of the HVAC system at City Hall. Finance expects to go live in July with the HR and payroll modules of the new enterprise resource planning system, and with utility billing next year. After implementation, costs will drop.

Folden asked about the possibility of selling surplus City-owned properties. Blaine said we're selling the Brandis properties now. That money is going into the economic development fund. Several small parcels could be sold for \$60,000 to \$80,000 each. On a map, it looks like we own a lot of property, but a lot of it is reservoirs, pump stations, and parks. Public Works Operations Director Chris Bailey said she and Parks & Recreation Director Ed Hodney are evaluating City-owned small properties. None of them would be large money sources, but selling would free up maintenance costs.

Hodney said about half of Albany's parks system property is in the floodplain and can't be developed, which reduces its value. A lot of the properties were bought in the 1970s with federal money, obligating us to maintain it in perpetuity. We would have to get federal approval to dispose of a piece of property bought with federal funds, and then would have to replace it with another property. Kellum asked if the Thornton Lake property is in the floodplain. Hodney said no, but the City used \$600,000 in grant money for the purchase. We would have to repay the grant in order to sell the property.

Kellum said libraries are getting more electronic all the time. He asked when it will be normal for someone to go into the library and ask for a download instead of a book. He thinks in ten years we will own a nice building for the few people who still like paper books. Library Director Ed Gallagher said electronic use is increasing. Libraries respond by not spending money on printed quick-reference sources. Some people still can't afford electronic devices. Currently, about a thousand people per day visit the Albany library for books. Kellum asked if the book sharing system with other local libraries benefits the other libraries more than ours. Gallagher said we have the largest collection, but Albany users borrow more books from the system.

Folden said the Albany community values and uses its parks, but if we can't maintain them and keep them safe, they cost money. She doesn't use the trail in Takena Park anymore, because there are too many "sketchy" things happening in that area. She supports the library, parks, and senior center, and we have to keep these services, whatever we have to do to keep them affordable. Kellum said he's heard from others that they are afraid to use the parks. We need to do a good job at the things we're doing. If we're overloaded, we need to try to make programs more efficient.

Konopa referred to the risk management fund on page 283 of the budget document. The document says the fund needs to be maintained with a working balance of up to \$2 million. Yeager said we're working to rebuild the balance. Finance took a loan from risk management last year to cover a shortage discovered in PERS payments. We've created a PERS reserve in the risk management fund to help flatten out some of the future expected increases. Konopa and Yeager discussed the possibility of using settlement funds currently committed to the economic development fund to help rebuild reserves. Yeager explained that that would be using one-time funds for operating expenses. There was discussion of funds expected to come into and funds already committed from the economic development fund.

Johnson asked if department beginning balances could be adjusted to recover the \$500,000 needed by police. Yeager said we try to carry forward beginning balances to offset future costs. Some of the beginning balance money is in restricted funds, so it can't be used for anything else.

Yeager asked for direction on preparing information about ways to fill the gap in police department funding. Konopa said we need to raise the two remaining franchise fees and use reserves. Coburn said we need to find the money somewhere else while we go through the franchise fee process. He said 2021 is a bigger problem than this year. Lattanzio agreed. He hasn't been able to fill positions to keep up with attrition. He can't move people up because he needs them all for patrol. The department should have 69 or 70 officers, and it's down to 62. A year from now, they may not be able to respond to all calls.

Johnson asked if we have a good enough pay scale to recruit from other cities. Lattanzio said none of his officers have left to work for another city. They leave because they're leaving law enforcement. Johnson asked if we can get already-trained officers from another city. Lattanzio said not many have applied. Most who do are from out of state, moving here for the quality of life.

Konopa said she hears that the committee would like Yeager to come back with numbers to keep the police whole. Yeager said some of the suggestions will take time, and we don't know the numbers yet. She needs direction from the committee. Where in the current proposed budget would they like the money to come from? Konopa said it should come from the "Pepsi" fund. Yeager said most of that money is already committed, and we don't know yet what revenue will be coming in.

Coburn said borrowing from the Pepsi fund isn't sustainable. Selling property is also a one-time deal, not a sustainable source of income. Yeager needs the committee to tell her where the money should come from.

The committee briefly discussed levies. A levy would require an election. The city's bond rating depends partly on reserves, and bond money must be used for capital projects, not operations.

Sykes asked if the City could underlevy the CARA. Yeager said she would provide some numbers to the committee.

OTHER BUSINESS

There was none.

NEXT MEETING DATE: May 14, 2019

ADJOURNMENT

There being no other business, the meeting was adjourned at 8:29 p.m.

Respectfully submitted,

Reviewed by,

Allison Liesse
Deputy City Clerk

Peter Troedsson
City Manager



CITY OF ALBANY BUDGET COMMITTEE MEETING

MINUTES

Tuesday, May 14, 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, Colleen Keller, Jessi Brenneman, Will Summers, Michael Thomson, Mayor Sharon Konopa, and Councilors Mike Sykes, Bessie Johnson, Alex Johnson II, Bill Coburn, Rich Kellum, and Dick Olsen. There is one vacancy.

Members absent: Member Terry Virnig.

DELIBERATION, continued

The following documents were on the dais: a postcard from Katy Ailaback (see agenda file); an email from Mike Johnston (see agenda file); an email from Tanya Morgan (see agenda file); and email from Hannah Mahler (see agenda file); an email from City Manager Peter Troedsson along with a Budgeted Positions by Program, and a Personnel Change Report (see agenda file); several pages of Summary of Resources and Requirements by Fund Type and Category (see agenda file); and a Biennium (BN) 2019-2021 Budget resolution (see agenda file).

City Manager Peter Troedsson said staff will be making an adjustment based on the council's approval of an interfund loan from the utility billing information technology (IT) equipment account to fund the installation of LED lights in City Hall. At this point, the amount is expected to be about \$150,000, and it will be included in the budget presented to the council in June.

Troedsson replied to several questions that were asked at the last meeting. The answers are included in the documents on the dais; however, for the viewing audience, Troedsson repeated them:

- 1- How many books are borrowed by Albany Library users from other libraries in the library consortium? Albany users borrowed 2,341 items from the consortium in 2018. These items represent a purchase value of about \$47,000 and 41% of all items borrowed. Troedsson will find out how many books the library loans out and get the information back to the budget committee.
- 2- The committee asked for some clarity on budgeted FTE. Staff provided a personnel change report and a listing of budgeted FTE by program, with revisions made after the last meeting. In summary:
 - Maple Lawn Preschool (MLPS) cuts were moved to the second year of the biennium.
 - The fire department showed a reduction of 2.0 FTE in the first year (vacant positions) and another reduction of 1.0 FTE in the second year (for an expected retirement).

- The police department showed a reduction of 4.0 FTE in the first year (vacant positions, no layoffs) and further reductions of 3.0 FTE in the second year (through attrition from expected retirements).
 - The reductions in FTE for IT, library, and municipal court were also listed in the documents.
- 3- How much does the City pay for health insurance? Troedsson referred to a table with that information:
- Total cost of health insurance for 2018 was \$7,469,336. Of that, employees contributed \$304,651 and the city contributed \$7,164,684.
- 4- How much revenue would be raised by increasing our franchise fees? Approximately \$350,000, if fees were raised to the maximum permissible. With the exception of Republic Services and Northwest Natural, all other franchisees are paying the maximum allowable. Increasing Republic from 6 to 7 percent would yield approximately an additional \$100,000. Increasing NW Natural from 5 to 7 percent would yield approximately \$236,000 in additional revenues. These numbers are based on 2018 data. Pursuing this revenue enhancement will require a determination of whether the existing agreement allows the increase before the term of the agreement has ended, and whether a specific notification period is required. The fees would be passed on to the consumers of the services provided, and the proposed increase would require negotiation with the franchisee. Staff estimate that the process would take six to ten months.
- 5- How much revenue would accrue to the City if Central Albany Revitalization Agency (CARA) was under-levied or sunsetted? Economic Development Coordinator Sophie Dykast said the first scenario is to sunset CARA as soon as possible. The full tax increment financing (TIF) amount would continue go to CARA and they would budget to pay off CARA's debt, which along with staff time, would take about five years. At the end of that time the district would no longer exist, and the increment would be returned to the taxing jurisdictions. There would be no budget impact to the jurisdiction until after the five years is up and the debt was paid off. CARA would not take on any new projects.
- Dykast said the second scenario is to underlevy CARA. CARA would receive a percentage, just enough for debt service, personnel, and some personnel and operating costs. The remaining TIF would be distributed proportionately back to the taxing jurisdictions, including the City.
- Troedsson said the budget committee should certainly know how CARA is funded, but the discussion about sunseting or under-levying, needs to happen within the CARA Advisory Board, which meets May 15, 2019. The impact of either option is significant and long-lasting and it should not be considered as a quick fix to current budget concerns.
- 6- Can we sell park properties? Troedsson said that Parks and Recreation Director Ed Hodney provided a fairly comprehensive answer last Tuesday evening, but it's worth re-emphasizing that the sale of property that was purchased with parks System Development Charges (SDC) would incur a legal obligation to pay back those funds, as well as any grant monies used for the purchase. In some cases, the City would also be required to replace the land with other land acquisitions.

Troedsson said the proposed BN 2019-2021 budget is a balanced and sustainable budget which takes steps to prepare the City for the very distinct possibility of more cuts two years from now. Last week we discussed various options for revenue enhancement, and with a budget committee recommendation and council direction, staff will explore these options further and present them for council consideration.

Troedsson asked for questions.

Folden said members had asked staff at the last meeting to get creative with ways to backfill the \$500,000 for remaining police positions. Finance Director Jeanna Yeager said staff has considered different options, but the budget committee needs to provide direction to the council on how to move forward. Troedsson said that money could be pulled from reserves, although he wouldn't recommend that. Folden said that cuts were necessary in order to grow equipment reserves, and to grow the contingency from 5% to 6%, and 7% in the second year. So, pulling back on either of those would free up some funds, right? Troedsson said yes.

Councilor Bill Coburn said they are losing sight of Troedsson's message. The budget is too big, and they need to make tough decisions. The economy is good, but it is not going to last. A recession is coming. The reserve is supposed to be for emergencies, and it used to be 12%; now it is 5%. He doesn't recall there being emergencies; he thinks that over the years it has been slowly reduced. He gave examples of ways to make more revenue. He understands both sides of the issue, but we need to remember the initial budget message. Next year is going to be even worse.

Councilor Dick Olsen agreed.

Councilor Rick Kellum agreed they need to make tough decisions. As to MLPS, he described what he heard from other people as it related to charges and hours. He doesn't think running MLPS is the city's responsibility. He thinks it is discriminatory since we don't help anyone else with their costs. It is subsidized at 59%. He suggested giving MLPS until the end of the calendar year. Kellum is displeased with some of the conduct around this issue.

Councilor Bessie Johnson asked about using funding from the Carnegie library to keep police and fire whole. She suggested combining the libraries or giving the Carnegie a different use, such as a coffee shop, as a way to preserve the character of the building. Olsen pointed out that the Carnegie is supported by the Friends of the Library Foundation (FOL). He described the many ways FOL supports the building and library users. He spoke about the donors of the funds and their intent.

In an email between Folden and Yeager regarding several questions, Yeager said ambulance fee revenue questions would be addressed in this meeting (see agenda file.) Folden asked Fire Chief John Bradner to describe ambulance fees. Bradner said that 78% of ambulance calls are billed to Medicaid, leaving 22% for private pay. So increasing revenue is based on the 22%. A small increase in Medicare benefits has contributed an additional \$30,000 a year. Those funds would be used to help to keep MLPS open until the end of the calendar year.

Yeager verified that the resolution on the dais includes MLPS funding until the end of the calendar year, but does not include funding for the police positions. The franchise fees are not reflected in the resolution; Troedsson explained that they would take a while to negotiate. If successful, those funds, approximately

\$350,000, could be used to keep police whole. Councilor Alex Johnson II said franchise fees are akin to a tax and he is opposed to imposing fees or taxes on citizens without their participation in the process. Discussion followed about fees, taxes, and citizens, as well as ways to capture revenues from non-Albany citizens.

Kellum asked if Bradner could raise FireMed fees, particularly for assisted living facilities who use services repeatedly. It was pointed out that those patients are on Medicaid, and revenues would be limited. Discussion followed.

Johnson asked if the Carnegie library funds could be used for both libraries. She wonders if using the money differently would negate laying people off. Troedsson said it could be used for both. Library Director Ed Gallagher pointed out the history of the FOL over 27 years. About 20% of Carnegie is funded by outside sources. The FOL manages the distribution of the funds. There are no savings to be had by closing the Carnegie. The cost is in personnel, and they would be laid off. The maintenance of the buildings is \$20,000. Discussion followed about how the money from the FOL could be used and is being used. Olsen spoke about how the library fund has increased, which is due in part to allowing it to grow. He spoke about how the money has been spent. Gallagher said the FOL funds have been working well.

Member Colleen Keller said she knows budget cuts need to be made, but she hopes that police and fire can be left alone.

Folden asked Troedsson to speak to how funds have shifted over time. Troedsson said general fund requirements show the steady increase of public safety funds. In 2010, 79% of the general fund was spent on public safety and in 2019, it had grown to 86.7% of the general fund.

Folden understands the PERS increase and cap on property taxes. She prefers looking at other fees before increasing the public safety levy, especially given compression. She asked if we want to live in a city that doesn't have much of a library or parks and recreation, and if not, then to look at other sources of revenue and earmark those for library and parks services. She invited discussion from the members.

Member Michael Thomson said we are 20 years in with Measures 5/50. We're missing \$740,000 from the public safety levy due to compression. It put in motion what is happening now and has forced us into this situation. It was not mismanagement of funds, and it's not just local government. Schools and other government agencies are dealing with the same issues. The fairness of a utility fee has been discussed. We need to decide what kind of city we want to live in. It comes back to the Strategic Plan. These are tough choices.

Johnson said a utility fee would be more palatable if it were designated for public safety. Kellum said a utility fee is essentially a tax; people would not have a choice. While the council could impose it without getting a vote of the people, he would not support that. He wants the public to be involved since it's the public who will be paying it.

Konopa said it comes down to what kind of community do you want to live in? Discussion followed.

Johnson suggested we stop acquiring new parks.

Troedsson spoke about Eugene's efforts towards a payroll tax.

Konopa spoke about the impact of Measures 47/50. She recalls advocating for parks and asserted that even if people don't use parks, they still benefit from open spaces and landscapes. We all benefit by having parks in our community. Konopa asked if Hodney had considered other revenue streams. Hodney said parks and recreation staff constantly brainstorm how to further diversify revenue sources, and he plans to share his ideas with the next Parks & Recreation Director.

To Johnson's comment about acquiring parks, Hodney said we've not built a park since 2009. Thornton Lake open space cost about \$500 to maintain last year.

Councilor Mike Sykes said staff has presented a balanced budget and he is ready to move forward.

APPROVAL OF RESOLUTION

MOTION: Johnson II moved to adopt the resolution on the dais which approved the Proposed BN 2019-21 City of Albany budget, with the addition of the funding for the City Hall LED lighting project pending city council approval in June 2019. Member Will Summers seconded the motion.

Yeager said the next step is that the budget will be adopted by the council. The LED project has to be put into the budget if there is any expectation that it will be approved by council. It would be an interfund loan from public works to the facility maintenance program.

Discussion followed about how the resolution affects police.

VOTE: The motion passed 8-4, with Konopa, Kellum, Coburn, and Johnson voting no, and was designated Resolution No. B-2019-1.

OTHER BUSINESS

None.

ADJOURNMENT

There being no other business, the meeting was adjourned at 7:43 p.m.

Respectfully submitted,

Reviewed by,

Mary Dibble
City Clerk

Peter Troedsson
City Manager



CITY OF ALBANY BUDGET COMMITTEE WORK SESSION

MINUTES

Monday, October 26, 2020

Remote

Approved: DRAFT

CALL TO ORDER

Mayor Sharon Konopa called the meeting to order at 4:03 p.m.

ROLL CALL

Councilors present: Mayor Sharon Konopa and Councilors Rich Kellum, Bill Coburn, Bessie Johnson, Alex Johnson II, Dick Olsen, and Mike Sykes

Councilors absent: None

Commissioners present: City of Albany Budget Committee Members Sue Folden, Will Summers, Colleen Keller, Jessi Brenneman, Terry Virnig

Commissioners absent: Michael Thomson. One committee position is vacant.

HISTORY OF COMPRESSION

4:07 p.m.

Carol Samuels and Don Hudson from the League of Oregon Cities presented a PowerPoint on Compression and the history of property tax in Oregon*.

PERS UPDATE

5:27 p.m.

City Manager Peter Troedsson said that, due to time constraints, this item would be tabled until a later date.

UPDATE FROM THE CITY MANAGER

5:27 p.m.

City Manager Peter Troedsson gave an overview of costs, demands, and reductions in services for the next budget biennium.

ADJOURNMENT

There being no other business, the meeting was adjourned at 5:41 p.m.

Respectfully submitted,

Reviewed by,

Gabriel Shepherd
Recorder

Peter Troedsson
City Manager

**Documents discussed at the meeting that are not in the agenda packet are archived in the record.
The documents are available by emailing cityclerk@cityofalbany.net.*



City of Albany
Capital Improvement Program
Joint Work Session
City Council, Budget Committee, Planning Commission

MINUTES

Tuesday, April 6, 2021

6:00 p.m.

Virtual

City Council Approved: DRAFT

Budget Committee Approved: DRAFT

Planning Commission Approved: DRAFT

Call to Order

Mayor Alex Johnson II called the meeting to order at 6:00 p.m.

Roll Call

Councilors Present: Mayor Alex Johnson II; Councilors Dick Olsen, Matilda Novak, Stacey Bartholomew, Ray Kopczynski, Bessie Johnson, and Marilyn Smith

Councilors Absent: None

Budget Committee Members Present: Jessi Brenneman, Chris Hanson, Colleen Keller, Keith Lohse, Will Summers, Jerred Taylor, Terry Virnig

Budget Committee Members Absent: None

Planning Commissioners Present: Ted Bunch Jr., Carol Canham, Jennifer Garner-Kizer, Diane Hunsaker, JoAnn Miller, Sonja Neperud, Dala Rouse, Bill Ryals (arrived at 6:41 p.m.)

Planning Commissioners Absent: Diane Hunsaker and Larry Tomlin

Scheduled Business

Introduction

6:03 p.m.

City Manager Peter Troedsson introduced the virtual meeting platform and provided an overview of the Capital Improvement Program (CIP). Troedsson introduced those presenting: Interim Public Works Director Staci Belcastro, Parks and Recreation Director Kim Lyddane, Economic Development Manager Seth Sherry, and Fire Chief Shane Wooton. Troedsson spoke about the questions that were asked and addressed in advance of the meeting.*

Community Needs

6:12 p.m.

Belcastro introduced herself and gave an overview of the community needs section of the CIP document, which includes training facilities for public safety along with identifying adequate funding for streets and stormwater infrastructure.

Accessibility

6:13 p.m.

Belcastro discussed the Washington Street Americans with Disabilities Act (ADA) improvements, which was initiated in response to an ADA complaint. Belcastro noted that there is a continued effort to make improvements to ADA standards. Responding to a question from Council Dick Olsen, Belcastro stated an assessment of all street trees is done with the City Forester.

Public Facilities

6:19 p.m.

Fire Chief Shane Wooton discussed the training grounds, behind Station 12, that is shared with the City busses and the need for a training tower at that location; updating the radio system; Station 12 asphalt replacement; and gender-neutral locker rooms.

During Wooton's discussion, he responded to questions regarding the need for and the cost of the training tower.

In response to a question from Summers, Wooton said there are grants that we can apply for to update the radio system and the dollar amount is specific to Albany. Wooton provided information about the total cost for Linn County and having more information available due to hiring a consultant.

Revitalization

6:34 p.m.

Economic Development Manager Seth Sherry introduced the revitalization section of the CIP. He explained the functionality of the Central Albany Revitalization Area (CARA).

Parks & Recreation

6:38 p.m.

Parks and Recreation Director Kim Lyddane introduced herself and discussed the three projects on the funded list and those on the unfunded list. She explained the projects in the master plan and, due to funding, how they decided on what projects to complete with the resources at hand. Projects discussed on the funded list include Henderson Park Playground, Timber Ridge Park Development, and Deer Field Park Playground. Lyddane followed up with updates on the unfunded projects list, stating she hopes to receive grant funding for some of those projects.

In response to an inquiry from Budget Committee Member Will Summers, Lyddane explained the requirements newer developments have in providing green space or parks.

In response to a question from Planning Commissioner Jennifer Garner-Kizer, Lyddane discussed possible business sponsorships for projects on the unfunded list.

In response to Johnson II's inquiry about revenue from liquidating park property, Lyddane explained if the parks are liquidated, they will be able to address the \$5 million backlog.

In response to Johnson's inquiry about the cost of the Timber Ridge project, Lyddane stated the cost is an overestimate and explained the process used to budget that amount.

Troedsson responded to an inquiry from Budget Committee Member Terry Virnig regarding an upcoming infrastructure bill.

Stormwater

6:50 p.m.

Belcastro provided information on the stormwater section of the CIP and the stormwater master plan, which will be presented to council in the next couple of months.

Belcastro noted that although there is not a long list of projects in the stormwater section, the City is making significant efforts to address stormwater improvements.

Belcastro explained the application of the MS4 permit and the significant associated costs.

Transportation

6:53 p.m.

Belcastro introduced the new Asphalt Surface Treatment Program, which is intended to provide surface treatments on local streets using technology such as slurry seal. Belcastro acknowledged staff time in identifying grant funding and noted that the City was able to leverage over \$5 million in grant funding to construct projects.

Wastewater

6:57 p.m.

Belcastro discussed rehabilitation projects on the wastewater system, including the three major facility improvements, which are Phase II and III of the Cox Creek interceptor project and the Ferry Street interceptor project. Belcastro explained that the City will continue with the Sewer Lateral Replacement Program and noted that the program is very popular and benefits both the property owner and the City by eliminating inflow and infiltration into the sewer system.

In response to an inquiry from Summers, Belcastro explained that ODOT Rail and Union Pacific Railroad are going to be constructing safety improvements and replacing the crossing on Queen Avenue. The City is scheduling the Queen Avenue rehabilitation after the railroad improvements are complete, so we can tie into the new railroad crossing.

Water

7:00 p.m.

Belcastro discussed the waterline project in the Monteith District, noting that the lines are over 100 years old; the facility projects at the Vine Water Treatment Plant and the Maple Reservoir; and projects along the canal.

Belcastro provided information to Council Marilyn Smith's question, "P. 99 Wishram/Eagle View water lines, outside the City limits? Where do they tie in with the main system? Please explain source of funding to newer members."*

Virnig inquired further about the upcoming infrastructure bill and asked if a lead person could be appointed to be proactive in assessing what the bill can do for the City. Troedsson explained the American Rescue Plan Act (ARPA) bill and the dedicated funding specifically for the City of Albany, in addition to funding for the Airport, restaurants, and health enterprises. Troedsson further explained that the dedicated individual for a project of that sort would have been the deputy city manager, who recently accepted a position elsewhere.

Johnson inquired about Benton County's responsibility for ADA requirements in North Albany. Belcastro explained the intergovernmental agreement the City and Benton County have regarding streets in North Albany.

Troedsson explained public meeting laws and asked those in attendance to repeat any questions written in the platform's chat feature.*

In response to Budget Committee Jerred Taylor's question on the Fifth Avenue Overlay project's projected spending of \$0, Belcastro stated that was incorrect and the document will be updated.

Wooton reported, in the chat, and Troedsson read aloud, "Mr. Hanson - My training chief just reported back that a training tower represents 1 of the \$2.5 million total amount of a training facility."*

In response to a question from Mr. Hanson, Belcastro explained that Gibson Hill Road is under Benton County's jurisdiction. Improvements were intended to be complete summer 2021, but the City was recently notified the project has been delayed but will include construction of sidewalk. Discussion ensued.

Troedsson provided further information on ARPA.

Taylor inquired about general obligation and general revenue bonds. Belcastro provided information on a request to council for an obligation bond. Finance Director Jeanna Yeager discussed the charter and explained that the process includes the need to go to the voters.

Adjournment

Hearing no further business, Johnson II adjourned the meeting at 7:19 p.m.

Respectfully submitted,

Reviewed by,

Kindra Rowley
Senior Administrative Supervisor

Jeff Babbitt
Public Works & Community Development
Business Manager

**Documents discussed at the meeting that are not in the agenda packet are archived in the record. The documents are available by emailing cityclerk@cityofalbany.net.*