

**CITY OF SCAPPOOSE BUDGET
COMMITTEE
COUNCIL CHAMBERS
33568 E. COLUMBIA AVE
TUESDAY, MAY 22, 2018, 6:00 P.M.**

Call to Order

Mayor Burge called the Budget Committee meeting to order at 6:01 p.m.

The regular meeting of the Scappoose Budget Committee was held May 22, 2018 in the Council Chambers with the following present:

Roll Call

Scott Burge, Mayor	Michael Sykes, City Manager
Teresa Keller, Member	Norm Miller, Police Chief
Rita Bernhard, Member	Jill Herr, Finance Administrator
Patrick Kessi Councilor	Susan M. Reeves, City Recorder
Brandon Lesowske, Member (arrived at 6:03pm)	Alexandra Rains, Assistant to City Manager
Megan Greisen, Councilor	Don VanDomelen, Building Official
Sandie Wiggs, Member	Chris Negelspace, City Engineer
Natalie Sanders, Councilor	Laurie Oliver, City Planner
Michelle Brown, Member	Dave Sukau, Public Works Director
Ty Bailey, Member	Darryl Sykes, WTP Supervisor
Joel Haugen, Councilor	Doug Nassimbene, Field Services Supervisor
Josh Poling, Councilor	Kevin Turner, WWTP Supervisor

Excused: Mark Reed, Council President

Nominate a Budget Committee Chair

Ty Bailey nominated Sandie Wiggs to be the Budget Committee Chair, seconded by Michelle Brown. Motion passed (11-0). Scott Burge, aye; Teresa Keller, aye; Rita Bernhard, aye; Patrick Kessi, aye; Josh Poling, aye; Megan Greisen, aye; Sandie Wiggs, aye; Natalie Sanders, aye; Michelle Brown, aye; Joel Haugen, aye and Ty Bailey, aye.

Budget Message

City Manager Sykes read the Budget Message ~

2018-2019 Budget Message

May 22, 2018

Dear Mayor, City Council and Budget Committee Members:

It is my pleasure to submit the proposed 2018-2019 Budget to the City of Scappoose Budget Committee. This year's budget targets City resources to meet priority City Council Budget Committee meeting minutes

May 22, 2018

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goals and maintain the high quality of City services that are vital to sustaining a healthy and vibrant community. We are making great progress on many fronts in Scappoose and a big part of our success is due to the fact that the City Council has clearly defined their vision, goals and objectives for the City. All of our goals are combined with action plans to assure that projects move forward. The Council's goals were created after gaining citizen input at the Annual Town Meeting along with input from our Boards and Committees. They truly are aligned with the needs of the community. We have found that a number of the goals will take more than one year to accomplish, but, with patience and focus, we continue to make progress. Change seems to be evident in all corners of our City and under the leadership of the City Council, the Mayor and staff, we continue to make important progress in our efforts to make Scappoose a great place to live, both today and in the future.

In support of the City's long-term vision, the budget includes funding to permit the City to complete several master plans that are fundamental in providing a clear roadmap for strategic investments in city infrastructure needs over the next 20 years. The Transportation Master Plan, Parks Master Plan and Wastewater Master Plans are complete, or very close to being complete. The Water Master Plan will be finished by February 2019 and the Stormwater Master Plan will be a primary focus for this upcoming year. Many of the capital improvements included in this budget are to fund projects and improvements identified in the various master plans identified above.

Although housing starts appear to be temporarily tapering off, the City is anticipating significant new industrial growth. With the recent annexation of the OMIC industrial area along with the recently annexed east airport property, the City is preparing for significant industrial development activity to occur. This past year the City completed the West Lane Road project which is a critical first step in serving the large industrial area on the west side of the airport. This year's budget includes approximately \$2 million for completion of the Charles T. Parker Roadway which will connect OMIC to West Lane Road and provide water and sewer connections from the City. Additionally, this new road will open up this entire area for new development. All of the improvements are being paid for by a loan backed by the State of Oregon, or from Oregon Tech, who own the OMIC facility. OSG, a Japanese tool making company, is already poised to locate on property adjoining the OMIC site that will become accessible once the new road is complete.

The Port of St. Helens is also making a major investment in new water and sewer lines that will make their industrial property next to the airport shovel ready. Speaking of shovel ready, this budget also includes a \$380,000 Regional Infrastructure Fund grant that will upsize the sewer line on the east side of Wagner Court. This is critical because the existing system doesn't have the capacity to serve OMIC, or the industrial area being connected by the Port. At this point, ten (10) or more firms have agreed to be partners to OMIC. OMIC has recently hired a new Executive Director and this project is poised for significant growth.

Construction plans for extending Crown Zellerbach Road to the east side of the airport are complete and are presently being reviewed by staff. We anticipate that construction could begin this summer. PCC is still very interested in building a new campus in Scappoose and we are expecting a decision about location and timeframes soon.

This year's budget also includes funding to complete the second well at Dutch Canyon. We

anticipate this well will add 200-400 gallons a minute of capacity to the City water supply, which will allow us to stay ahead of community demand. An additional well is also proposed near the Miller Treatment Plant, but, it is going to be developed at the expense of the property owner. Once completed, it will be transferred to the City for ownership and operation.

On the Public Safety front, we have proposed additional funding to add an Administrative Sergeant to the Police Department. The Police Department has seen their work load increase with the continued growth in population and the increase in traffic through Scappoose. Over the past few years, the City hasn't had the financial capacity to add staff. With the recent annexations and the financial support for the School Resource Officer from the School District, we have the capacity to add this position. This new addition to the department will allow the other two Sergeants to be more involved with patrol and other community policing efforts. Scappoose is considered one of the top ten safest cities in Oregon and maintaining an effective, reasonably staffed Police Department is an important part of keeping our community a safe place to live.

The budget also includes funding for a full time School Resource Officer. Again, thanks to the financial support of the Scappoose School District, the Police Department will be able to expand the School Resource Officer position from part time to full time. This was a top priority for both the City and the School District and wouldn't have occurred without the leadership, encouragement, and support of the Mayor, City Councilor's, Police Chief and staff.

Last July, the Parks Department received a \$450,000 grant from the Local Government State Parks grant program which will be instrumental in funding the development of Chief Concomly Park. Funds are also being proposed to complete improvements at Miller Park and to develop a general plan/strategy for a South Scappoose Trail. The trail is a long-term project, but, without the City determining the route and obstacles facing the project, it will never become a reality.

The budget includes carry over matching funds for the Scappoose Bay Watershed Council's efforts to improve the habitat along South Scappoose Creek from the north end of Veterans Park to the south side of the property owned by the Buxton family. The City's match was critical in allowing the SBWC to secure a \$350,000 grant to perform this creek bank restoration project. This project will help create a larger floodway, diminish flooding during high water events, create better habitat for fish and make the creek more accessible. This project could also help protect underground wastewater distribution lines that run parallel to the creek from being exposed by future flooding activities.

We have included the proceeds from the sale of the city owned property located on SE 2nd Street in a couple of different funds. First, we will pay off the debt on the property referred to as the pool property and the remaining debt on Veterans Park. The balance of funds is being placed primarily in the pool fund. In addition, \$200,000 was appropriated to fund completion of improvements at Chief Concomly Park.

Financial Policy

As per ORS 294.426, the budget message must contain a brief description of the City's financial policy. Council adopted both a financial policy (Res. 17-13) in 2017 and an

investment policy (Res. 09-14) in 2009. In short, "The City will live within its means." There must be a balance between revenues and expenditures, so that the public can realize the benefits of a strong and stable government. It is important to understand that this policy is applied to budget entities over periods of time which extend beyond current appropriations. By law, budgets cannot exceed available resources, defined as revenues generated in the current period and added to balances carried forward from prior years. Temporary shortages, or operating deficits, can and do occur, but they are not tolerated as extended trends.

The goals of the fiscal policies are as follows:

- To enhance City Council's policy-making ability by providing accurate information on program and operating costs.
- To assist sound management of City government by providing accurate and timely information on current and anticipated financial conditions.
- To provide sound principles to guide important decisions of the Council, Budget Committee and management which have significant fiscal impact.
- To employ revenue policies, which prevent undue or unbalanced reliance on any one source, distribute the cost of municipal services fairly and provide adequate funds to operate desired programs.
- To make sure an equitable fee structure is developed to assure continued services.
- To provide and maintain essential public facilities, utilities, and capital equipment.
- To protect and enhance the City's credit rating.
- To insure that all surplus cash is prudently invested in accordance with the investment policy adopted by the Scappoose City Council to protect City funds and realize a reasonable rate of return.

Personnel, Salaries and Benefits

Total Personnel Services in the proposed budget is \$4,621,509, which is an increase of \$164,052 more than the current budget. Personnel Services equals 18% of the total proposed budget. Total personnel will increase to 34 Full Time Equivalencies (FTE), there will be a change in staffing by adding an Administrative Police Sergeant position. Our PERS rate will remain the same which varies from 14.32% to 22.43% depending on which tier the employee qualifies for and this rate will be in place until June 30, 2019.

General Fund

The General Fund anticipates a beginning cash position of \$2,898,927, up \$721,043 from \$2,177,884 in the current fiscal year, with anticipated revenues of \$4,335,656 up \$2,314 from \$4,333,342 in the current fiscal year. Total resources for the fund are budgeted at \$7,234,583 up \$723,357 from \$6,511,226 in the current Fiscal Year. Expenditures within the General Fund are budgeted at \$5,934,583 up \$523,357 from \$5,411,226 budgeted this Fiscal Year.

The Administration Department budget is \$1,225,564 up \$19,486 from \$1,206,078 in the previous year. Of the budgeted amount, \$80,165 is for Personnel Services, \$1,075,399 is budgeted for Materials and Services and \$70,000 for Capital Outlay projects. The Administration Department accounts for 21% of General Fund expenditures.

The Police Department's budget is \$2,187,835, up 177,151 from \$2,010,684 and accounts for 37% of General Fund expenditures. Police is the most labor intensive department in the City budget. Personnel Services are budgeted at \$1,758,281, which is an increase of \$152,845 over the previous year. The Materials and Services line items are budgeted at \$271,057 which is \$48,955 more than the previous year's budget. Capital Outlay line items are budgeted at \$54,684 which includes purchasing a new police vehicle.

Parks Department's budget is \$1,206,879, up \$159,880 from the current fiscal year. Personnel Services are budgeted at \$262,508, which is an increase of \$29,720 over the previous year. The Materials and Services line items are budgeted at \$106,718, which is \$20,456 more than the previous year's budget. Capital Outlay line items are budgeted at \$815,000 which includes funding for completing Chief Concomly Park and improvements to Miller Road Park. The Parks Department accounts for 20% of General Fund expenditures.

The Municipal Court Department's budget is \$306,153, up \$10,760 from \$295,393 in the previous year and accounts for 5% of General Fund expenditures. Personnel Services are budgeted at \$110,387, which is an increase of \$6,552 over the previous year. The Materials and Services line items are budgeted at \$191,290 which is \$3,920 less than the previous year's budget. The department's biggest expenditure is in the Contractual Professional line item found within Materials and Services. Contractual and Professional services pay for the Judge, the Prosecuting Attorney and court appointed attorneys. The second largest expenditure is "Assessments." That is the amount of money that gets turned over to the state and county for fines levied.

Planning Department's budget is \$221,132 up \$96,106 from \$317,238 and accounts for 5% of the General Fund expenditures. Personnel Services are budgeted at \$202,355, which is an increase of \$79,221 over the previous year. The Materials and Services line items are budgeted at \$85,650 which is \$14,985 more than the previous year's budget. The primary Planning Department focus for the year will reviewing and updating the Comprehensive plan along with the Development Code to incorporate best practices and improve consistency, researching and developing an affordable housing program and assisting with the Rail Corridor Update.

As stated earlier, the General Fund Budget maintains an Unappropriated Ending Fund Balance of \$1,300,000 and a General Fund Contingency balance of \$670,914.

Unappropriated Ending Fund Balances cannot be used in this budget year unless there is an emergency as described by Oregon Law. These funds will be used as part of the City's beginning cash position for next year's budget. It is imperative that this figure stays as budgeted to cover operating expenses until tax revenues are received in November.

Enterprise Funds

Enterprise Funds are funds established to account for operations that are financed and operated in a manner similar to private business enterprise. These funds include Building,

Water, Wastewater, Streets, Stormwater, all System Development Charge funds, as well as some smaller funds.

The Building Fund is considered the barometer of the City's economic health and is anticipating some new homes and apartment complexes to be constructed, but is focused on several big commercial projects for the new year. This estimate of fees equaling 36 new homes is also used as the basis for estimating revenues in the System Development Charge funds. These include; Water, Wastewater, Transportation, Parks, and Stormwater. The Building Fund has a beginning cash position of \$345,209 and anticipated revenues of \$156,900. Total resources are budgeted at \$502,109. Total expenditures in the department are budgeted at \$502,109 and an allocation to Contingency of \$183,397. The prolonged recession has greatly impacted the financial stability of this department, but that is beginning to change.

The Street Fund has an operational budget of \$3,692,742. The fund has a beginning cash position of \$105,053 and anticipated revenues of \$3,587,689. The revenue comes from state gas taxes and Federal Surface Transportation dollars. Expenses in the fund include \$229,997 in Personnel Services and \$252,713 in Materials and Services. The City anticipates spending \$3,123,972 on Capital Outlay, for equipment purchases and street improvement projects such as Charles T Parker Road, crack sealing and general street repair. The fund also anticipates a contingency of \$27,881.

The Water Fund continues to improve due to additional revenue generated by rate increases over the last several years. The City remains concerned that existing water supply may not be adequate to meet future demands, particularly during summer peak period. Completing the second well at Dutch Canyon site should offer the City an additional 200-400 gallons a minute. The City also anticipates siting an additional well near the Miller Treatment Plant. All of these actions will put the City in a much better position to meet current and future water needs. The Water Fund begins with a cash carryover of \$2,531,668. The fund anticipates receiving \$2,331,710 in revenues and has total resources of \$4,863,378. On the expenditure side, Personnel Services are anticipated to be \$824,002. Material and Services are budgeted at \$642,502, and Capital Outlay is estimated at \$1,220,000. Contingency is \$679,455.

The City Wastewater Treatment Plant had some serious maintenance issues that needed to be addressed. This year we completed the installation of the de-watering screw press and construct some metal pole storage buildings to stockpile cake until it can be land applied during the late summer months. This will help add capacity to the facility in managing and treating bio-solids. Wastewater has an operational budget of \$4,107,666. Personnel Services are budgeted at \$830,762. Material and Services are budgeted at \$600,551. The City of Scappoose continues to implement its wastewater line cleaning program. Each year, the City TVs and cleans 20% of the wastewater lines. The Wastewater Fund also anticipates \$1,417,500 in Capital Outlay expenditures. The Contingency is \$423,654.

SDC Funds

System Development Charge revenues collected on new building permits can be used only for capital projects that are listed in approved master plans. As stated earlier, SDC revenues are based on fees equaling revenue of 36 new homes being constructed over the coming fiscal year.

The Stormwater Drainage SDC Fund has a beginning cash position of \$531,000, with total revenue resources of \$586,942. The fund includes Capital Outlay expenditures of \$212,000 to complete our Stormwater Master Plan. The fund anticipates a contingency of \$372,520.

The Transportation SDC Fund has a beginning cash position of \$888,228 with total revenue resources of \$993,267. The fund has expenditures budgeted at \$777,250, including Capital Outlay projects totaling \$750,000 and a loan payment of \$27,250 for the Crown Zellerbach Road. The fund anticipates a contingency of \$211,440.

The Parks SDC Fund provides the revenues for a portion of the payment for the Veterans Park land loan. The beginning cash position is \$403,654. The fund is anticipating total revenues of \$21,892 and has expenditures of \$356,115. The fund anticipates a contingency of \$68,596.

The Water SDC Fund anticipates a cash carry over position of \$599,995. The fund anticipates revenues of \$151,178. Of that amount, \$95,444 is a transfer received from the Water Department. Total resources for the fund are \$751,173. Expenditures within the fund are for Capital Outlay \$112,000 to update our Master Plan and Debt Service for two loans are paid from this fund totaling \$280,719. The fund anticipates a contingency of \$356,107.

The Wastewater SDC Fund anticipates a cash carry over position of \$998,475. The fund anticipates revenues of \$57,545 for total resources of \$1,056,020. The fund lists Capital Outlay expenditures of \$118,500 for finishing biosolids storage building and finishing the Collection Wastewater Master Plan update. Contingency is anticipated to be \$935,443.

Conclusion

I have highlighted some of the major projects in this year's budget and would like to have the Budget Committee review each of the funds within the budget.

In summary, this past year has been very productive for the City and 2018-2019 promises to be an extraordinary year as well. Completion of improvements to Charles T. Parker Way, completion of Chief Concomly Park and the South Scappoose Creekside restoration project are just some of the projects that will have an important impact on the long-term livability of our community. It is also important to stress that this budget will allow the City to maintain the high quality of services that we provide every day that are essential to having a safe and healthy community. Finally, this budget maintains funding for our outstanding staff and adds an additional Administrative Sergeant. We have a very high-performance team that go the extra mile every day to make a difference in our Community. With the support of our citizens and our Boards and Committees, this budget will empower us to make a difference.

Respectfully submitted,
Michael Sykes

*****end of message*****

Public Hearing/State Revenue Sharing ~ Motion to Accept State Revenue Sharing

Chair Wiggs opened the public hearing at 6:14 pm and closed the public hearing due to no one wanting to speak on the matter.

Mayor Burge moved, and Ty Bailey seconded the motion to accept the State Revenue Sharing. Motion passed (12-0). Scott Burge, aye; Teresa Keller, aye; Rita Bernhard, aye; Patrick Kessi, aye; Josh Poling, aye; Megan Greisen, aye; Sandie Wiggs, aye; Natalie Sanders, aye; Michelle Brown, aye; Joel Haugen, aye; Ty Bailey, aye, and Brandon Lesowske, aye.

Budget Deliberations

Finance Administrator Jill Herr gave a brief overview of the table of contents ~ History of Scappoose, City Demographics, City of Scappoose Map, City Boards and Commissions, Budget Committee Members, Organizational Chart, Fund Description, Budget Process Overview, Budget Calendar, Budget Message, Vision Statement, City Council Goals, Financial Policies, Investment Policy, All Funds Combined Summaries, and Summary Personnel Services.

Jill Herr went over the summary of the combined total resources. She explained the Working Capital Carryover is \$11,297,269. She explained we anticipate receiving revenue this year across all of the funds \$14,366,784 for a total of \$25,664,053. She explained we expect to spend \$22,644,053, and the contingency and unappropriated ending fund balance should be \$7,887,389. She explained the total personnel services is \$4,621,509, which is up \$164,052 from last year. She explained the personnel services accounts for 18% of the total proposed budget. She explained the cost of living increase this year will be 2% based on the union contract, and the PERS rate is between 14.32% to 22.42% depending on what tier. She stated over all the funds you will see that the health insurance increased 7%. She explained of the personnel services Police account for 38%, Water and Wastewater both account for 18%, Streets is 5%, Building is 6%, Parks is 5%, Planning 2%, Courts 4%, Administration 2%, Stormwater, which is new this year is 2%, and unemployment is 1%.

Patrick Kessi asked under the debt service what are we saving this coming year because we won't have the debt on the pool property?

Jill Herr replied because the closing of that property has not actually happened yet. She explained she has both options available in the budget. She explained it doesn't show us saving any yet, but when we get to those funds she will go over what we will be saving.

General Fund

Jill Herr went over the General Fund and explained the purpose of the general fund consists of revenue collected from property taxes, franchise fees, license and permit fees, intergovernmental revenue, charges for services, interest income, transfers, and other miscellaneous income sources. The General Fund for fiscal year 18-19 has a beginning cash position of \$2,898,927. This amount will provide the City with the working capital needed to meet General Fund expenditure requirements without interim borrowing prior to the receipt of property tax revenue in November. The proposed budget also provides for a \$670,914 contingency line item, provided that no unexpected expenditures occur. Staff has committed \$1,300,000 to an unappropriated ending fund balance. These funds cannot be utilized during the upcoming fiscal year and will provide the basis for fiscal year 19-20 beginning cash carryover. Property tax revenue is projected to be \$2,168,584. Columbia Budget Committee meeting minutes

County collects all property taxes and distributes collections for the City's certified tax dollars back to the City. This amount is based on the City levying its tax rate of \$3.2268 per \$1,000 on the assessed value of the district. The City estimates a 94% collection rate for the fiscal year. The increase in the estimated property tax revenue is a result of increased assessed valuations in existing property and new development. Property Taxes account for 50% of the General Fund revenue. Franchise fee revenue is estimated to be \$454,620. Franchise agreements are made between the City and businesses that provide certain services within the City limits. The amount paid to the City is usually determined by a percentage of the gross revenues of the business and established by the franchise agreement. The current agreements we have in place are CenturyTel (7%) expired 6/2006, Columbia River PUD (4%) expiring 3/2024, NW Natural Gas (3%) expiring 9/2021, Waste Management of Oregon (5%) expiring 11/2021, Comcast Cable (5%) expiring 12/2022 and Astound Broadband (5%) expiring 12/2025. Franchise fees account for 10% of General Fund revenues. The City anticipates collecting \$20,000 in business license fees. Business license fees are collected from those who conduct business in the City and are not covered by a franchise agreement. Business license fees account for less than 1% of General Fund revenues. The total intergovernmental revenue is estimated to be \$754,598. The State of Oregon collects alcohol and cigarette taxes from all sales. These taxes are distributed to the City based on population, along with state revenue sharing funds. The City's share of special telephone tax revenue (911 communications) is deposited directly with the local jurisdiction providing emergency communication services. The City anticipates receiving \$126,294 for liquor, \$8,319 for cigarettes and \$100,000 for state shared revenue. We were awarded a Local Government Grant with the Oregon Parks and Recreation Department in the amount of \$442,505. This grant will be used to construct a park off Seely Lane. The Park is expected to be complete this fall. We also were awarded a grant in the amount of \$22,480 to explore the feasibility of an Urban Renewal District, that study will be complete in the next few months. We have been working with the Scappoose School District to help fund a School Resource Officer and expect to receive \$50,000 towards the costs of the position. Intergovernmental revenues account for 17% of the General Fund revenues. Charges for services has anticipated revenue of \$274,820. Revenues in this category are generated by the Police Department, Municipal Court and Planning Department. The City anticipates receiving \$200,000 from Court revenue, \$50,000 from Planning revenue, and \$18,000 from police administrative fees. Charges for services account for 6% of the General Fund revenues. Interest income for the year is estimated at \$40,000. The City places the vast majority of its funds in the state local government investment pool. Interest revenue accounts for 1% of the General Fund revenues. Miscellaneous revenue includes receipt of monies that are not otherwise accounted for in defined categories. The proposed budget estimates miscellaneous revenue at \$240,000. Miscellaneous revenue accounts for 6% of the General Fund revenues. Transfers to the General Fund are projected to be \$383,034. Transfers are made from each department/fund to the General Fund to cover administrative costs associated with each department/fund. Transfer revenue accounts for 9% of the General Fund revenues. Total amount of revenue for the General Fund is projected to be \$4,335,656. Total fund resources are \$7,234,583. Within the General Fund, the City expects to expend \$5,934,583. These expenditures are budgeted into the following departments: Administration 21% \$1,225,564, Police 37% \$2,187,835, Parks & Grounds 20%, \$1,206,879, Municipal Court 5% \$306,153, Planning 5% \$317,238, Transfers less than 1% \$20,000 and Contingency 11% \$670,914.

Administration Department

Purpose: The Administration Department includes the City Manager and support staff. The responsibilities of the department include day-to-day management of the City, converting City Council goals into action plans, managing City contracts, franchise agreements and grant projects, responding to citizen inquiries and complaints, managing the City records, and working with state and federal elected officials and departments. The Administration Department is responsible for all City Recorder and Human Resources functions. The City Manager receives direction from the City Council, who set policy for the City through the passage of ordinances and resolutions. The Mayor, Council members and City Manager are responsible for ensuring effective working relationships with citizens, community groups and other governmental agencies.

Jill Herr explained the Administrative Department's proposed budget is \$1,225,564. The fund allocates \$80,165 for personnel services, \$1,075,399 for materials and services. Within materials and services, the largest expenditures are insurance at \$175,975, contractual professional at \$292,100 and CET School District at \$225,000. Capital outlay is budgeted at \$70,000 to be spent on server upgrades and maintenance that may occur with our aging building.

Police Department

Purpose: We, the members of the Scappoose Police Department, are committed to maintaining a safe and livable community by working in partnership with the community to preserve peace, prevent crime, and protect property with professionalism and compassion.

Police Chief Norm Miller explained the Police Department is made up of a Chief, two sergeants right now, but in this budget they are looking to add a third sergeant, there are seven patrol officers, but one will be pulled and placed in the School fulltime, one office administrator, four reserves and two chaplains. He explained Total operational cost for the department is budgeted at \$2,187,835, personnel services are \$1,758,281, and material and services costs are budgeted at \$271,057. The largest expenditures within materials and services are vehicle maintenance \$70,640, utilities \$23,640 and contractual professional \$72,388. Capital outlay is budgeted at \$54,684 which includes purchasing a new patrol vehicle. The department anticipates spending \$26,975 on debt service payments for four leased vehicles. There will be a transfer of \$76,838 to the Administration Department. He talked about the community events that the Police Department does, and stated they have all been very successful and they are going to continue to do them. He feels it is important to be a part of the community and imbedded in the community.

Brandon Lesowske asked about the vehicle that will be eliminated from the fleet, will that be surplus or sold, and will there be return on the potential revenues generated of the sale of that vehicle.

Norm Miller replied that vehicle will not be sold, it will actually be given to the reserves to use. He explained generally they only get around \$1,500 for a car, after it costs around \$900 to strip a car.

Ty Bailey asked about staffing levels, and retention.

Norm Miller replied he thinks it is looking great. He explained Hailey who was previously the Records Clerk moved in to Patrol a month ago, so she promoted within. He explained to fill her position we were fortunate to get somebody that had previous experience to take over her spot. He stated we have a very good crew and we are retaining very well.

Teresa Keller asked about professional services.

Jill Herr replied you will see that across all the funds. She explained this year when we were preparing the budget we found out we were going to have to go out for a new attorney. She explained staff wasn't sure if it would be under retainer services or not, so there is a little bit of flexibility for that not knowing what the new year was going to bring. She explained we did negotiate for retainer services, but we are not sure if we are going to be going over that because it is a new firm.

Joel Haugen stated it looks like the health insurance costs are going up about 50%.

Jill Herr replied we've had some staff change/increase to their plan so that is why it is up.

Patrick Kessi asked about the body and car camera's Council approved in this budget.

Norm Miller replied yes.

Michelle Brown asked if the School Resource Officer will be in the schools full time.

Norm Miller replied yes.

Michelle Brown replied that is good to hear.

Parks Department

Purpose: The Parks Department strives to maintain and enhance the City parks, public grounds, and public restrooms. The department is committed to ensuring the citizens of Scappoose have enjoyable recreational areas to visit for play and relaxation.

Field Services Supervisor Doug Nassimbene explained the Parks Department budget, which is part of the General Fund, maintains the existing City park grounds. The Parks Department has an operational budget of \$1,206,879. This figure represents personnel services costs of \$262,508, and material and service costs of \$106,718. The fund also has \$815,000 identified for capital outlay projects. These capital outlay projects include Miller Park improvements, Creek Bed Soil Disposal and matching grant money for development of Park off Seely Lane. There will be \$22,653 transferred to the Administration Department.

City Manager Sykes explained the contractual professional includes \$6,000 to hire an intern Nick Sund to help design where the South Scappoose Creek should go, and identify who owns what, and just help us identify those obstacles. He stated that is a pretty good return for \$6,000.

Megan Greisen asked if staff has come up with any ideas to create more revenue.

Doug Nassimbene replied staff has considered a park user fee, along with other options that are out there.

Laurie Oliver explained there is a new group starting, Friends of Scappoose Parks, and they will be discussing fundraising.

Public Works Director Dave Sukau explained one thing staff is trying to do is cut costs, and one of those ways is we now have an agreement with Little League and where they are doing maintenance for the City at Veterans Park, so that has been a huge help for us.

Patrick Kessi talked about safety in the parks, such as lighting, and asked if we could look into that.

Megan Greisen asked Chief Miller if it helps having the parks lit during off hours?

Norm Miller replied yes, and that is one of the things staff is looking into.

Patrick Kessi asked where would the capital improvements come out of in the budget?

Jill Herr replied the admin fund, and that is accounted for in the budget.

Michael Sykes replied we can look into this.

Dave Sukau explained the lights and other items are still part of the Miller Park improvements, which they are still working on.

Municipal Court Department

Purpose: The Scappoose Municipal Court, under direction of Presiding Judge, Nicholas Wood, has jurisdiction over misdemeanors and violations that occur within the jurisdictional boundary of the City of Scappoose. Felony crimes are handled by Circuit Court, located in St Helens. Municipal Court is held on Wednesdays.

Municipal Court's budget is \$306,153. Within that budget, \$110,387 is budgeted for personnel services costs. The materials and services budget are \$191,290, and out of that amount, contractual services for the Judge, City Attorney, court appointed Attorneys and Prosecuting Attorney represent \$118,500. The second largest expenditure in the materials & services is assessments at \$54,000. There will be \$4,476 transferred to the Administration Department. She explained the objective for reducing our court balance is to implement the Municipal Court Subcommittee's recommendations that were approved by Council. For the next several months staff will be coming up with a work plan for community service workers, adopting the Circuit Court forms, streaming cases that use court appointed attorneys, the judge will utilize the computer for all of the forms, and will be working toward scheduling court to be at least two full days a month versus the four days.

Joel Haugen stated we have talked over the last couple of years about collecting the outstanding balances and he wondered if Jill had any thoughts on that.

Jill Herr explained the current process.

Joel Haugen stated it seems like the collection process is not always efficient, and we are not recovering much.

Norm Miller explained with the recommendations of the Municipal Court Subcommittee it should help the courts be more efficient.

Mayor Burge feels the best way to get the best collections is to be a Court of Record.

Norm Miller explained the Municipal Court Subcommittee has spent the last year looking at the court system and making recommendations, which are starting to be implemented, and he feels it is going to change the whole dynamic of the court system.

Brandon Lesowske asked with the implementation of the community service option is that something that will be in lieu of paying the citation?

Norm Miller replied correct, and it will now be assigned to the Admin Sergeant and they will do the work in the City of Scappoose.

Jill Herr explained any fees that are required to be a part of community service will need to be paid upfront.

Planning Department

Purpose: The Planning Department is committed to serving existing and new residents and businesses with comprehensive planning services in the belief that a growing community can remain livable, meet the needs of its citizens, and become a diverse community with jobs and housing options. The department guides public and private development through long-range planning and development review and serves as an information resource for residents on a wide range of topics pertaining to land use and infrastructure.

City Planner Laurie Oliver explained the budgeted amount from the General Fund for the department is \$317,238. The Planning Department anticipates revenue of \$50,000. Personnel services costs are budgeted at \$202,355. Material and services costs are estimated at \$85,650. There will be a transfer to the Administration Department of \$29,233.

Mayor Burge discussed the pool and the initiative.

Joel Haugen explained he would like to see a ballot measure and let the community decide what they want to do with the pool fund. He stated it would be nice to bring that to a conclusion.

Michael Sykes explained the City of Forest Grove had a very successful busy pool and it cost a million dollars to operate a year, and they had to subsidize it half a million dollars a year, and the cost of a new pool is about twelve million.

Patrick Kessi stated it seems to him if we want a pool we should partner with the School District if they build a new school, or PCC if they come out here.

Rita Bernhard stated in the future with all the development at the airport, maybe there could be a pool out there.

City Manager Sykes explained that is one of the reasons the City created Friends of Scappoose Parks.

Non-Departmental

Purpose: The fund contains transfers out, contingency and unappropriated ending fund balance.

Jill Herr explained the contingency line item has been budgeted at \$670,914. The unappropriated ending fund balance is budgeted at \$1,300,000.

Watts House Fund

Purpose: This fund was established to provide a more efficient method of tracking Watts House expenditures.

Jill Herr explained this year has a beginning working cash carry over of \$43,749. The fund anticipates revenue of \$200 in interest, \$20,000 from an Intergovernmental Agency in the form of a grant and \$20,000 to be transferred from the General Fund. Total fund resources are estimated at \$83,949. The fund anticipates spending \$10,000 for materials and services. Under capital outlay \$50,000 has been budgeted to replace the front porch. Contingency is budgeted at \$23,949.

Law Enforcement Assessments Fund

Purpose: This fund was established for Law Enforcement Assessment Fees.

Norm Miller explained this year there is working capital carryover of \$19,335. The fund anticipates intergovernmental revenue of \$15,000 and interest income of \$550. Total fund resources are estimated at \$34,885. The fund anticipates spending \$15,000 in training activities and \$15,000 for equipment. The fund has a contingency of \$9,885.

PEG Fee Fund

Purpose: This fund was established for tracking of revenue and expenditures related to PEG Fees.

Jill Herr explained the fund has a beginning cash position of \$101,865. The fund anticipates PEG Fee revenue of \$9,600. The City collects .52 cents per user per month and the franchise agreement expires 12/2022. Total fund resources are estimated to be \$112,665. The fund expects to spend \$35,200 for materials & services and contingency is budgeted at \$77,465.

Mayor Burge asked if the City has a community access station available?

Michael Sykes replied he thinks there is probably the opportunity, but the challenge with that is you have to have staff or volunteers to record the meetings.

Mayor Burge stated maybe the current video could just be uploaded.

Building Fund

Purpose: The Building Department is committed to serving existing and new residents, with comprehensive enforcement of building, plumbing, mechanical and fire and life safety codes of the State of Oregon. This department ensures that commercial and industrial buildings, residential dwellings, and public buildings such as schools and government buildings are constructed in conformance with all regulatory codes to ensure the continued safety and well-being of all members of the community.

Building Official Don VanDomelen explained the Building Fund begins the year with a starting position of \$345,209. Permit revenue and miscellaneous fees are anticipated to be \$150,000. Total anticipated revenue for this fund is projected to be \$156,900 and total fund resources are expected to be \$502,109. Personnel services costs are budgeted at \$210,224. The Materials and services are estimated at \$80,232. There will be a transfer to the General Fund of \$28,256. The contingency is \$183,397.

Don VanDomelen explained the City is implementing e-permitting right now, which will start next month. He thinks it is going to help contractors and staff, along with helping the process go much smoother.

Street Fund

Purpose: The Street Department is dedicated to maintaining the street and storm systems throughout the City. The department personnel ensure that traffic control signs, pedestrian crossings and roads are kept in good condition with the intention of providing public safety for the community.

Dave Sukau explained the Street Fund is funded by monies received from multiple sources. These include: state gas tax revenue which is based on dollars per capita of our city, the Federal Surface Transportation Program Fund, infrastructure fees, and intergovernmental revenue. Intergovernmental Funds are going to be used to help fund the Charles T Parker Way Project. The proposed budget shows beginning cash balance of \$105,053 with anticipated current year revenue of \$3,587,689. Beginning with interest income of \$5,400, the state gas tax revenue is \$493,317, surface transportation program at \$348,972, infrastructure inspection fees at \$40,000, and intergovernmental revenue of \$2,700,000. The total resources for this fund is \$3,692,742. The proposed budgeted expenditures for the Street Fund are \$3,692,742, beginning with personnel services costs which are budgeted at \$229,997 and materials and services are budgeted at \$252,713. The fund also budgeted \$3,123,972 for capital outlay projects. Capital outlay projects include the construction of Charles T Parker Way, street light replacement and minor paving projects. There is also \$58,179 in transfers. The fund anticipates a contingency of \$27,881.

Assistant to City Manager Alexandra Rains gave an update regarding a sidewalk program that staff is looking in to. She stated it is very much just initial right now.

The Budget Committee recessed for a break at 7:50 pm and reconvened at 7:59 pm.

Foot Paths & Bicycle Trails Fund

Purpose: This fund is intended for special sidewalk and path projects. Funding comes from one percent of the state gas tax revenue into this fund.

Dave Sukau explained the beginning working capital carryover for the Foot Path and Bicycle Trails fund is \$37,883. The fund anticipates revenue in the amount of \$5,558. The City expects to receive \$4,983 from state gas tax revenue and \$575 from interest income. The total revenue for the fund is \$43,441. The City plans to spend \$3,000 for repairs and maintenance of existing foot paths. This fund also has \$36,000 in capital outlay towards developing new trails. The fund anticipates a contingency of \$4,441.

Michael Sykes explained we have hired someone to help identify who owns what property, where would be the preferred route, and once we have that information we can have discussions.

Storm Water Drainage Fund

Purpose: This fund was established with the intention to provide the revenue needed to meet Federal and State Stormwater requirements.

Dave Sukau explained the beginning Stormwater Drainage fund balance is \$72,723. The budget anticipates revenue of \$4,300 from interest income. The Stormwater Drainage Fund expects to collect \$185,318 in Stormwater user fees. Total current resources are \$201,618 and total resources for the Stormwater Drainage Fund is \$274,341. The fund anticipates expenditures of \$77,328 for personnel services, \$107,350 for materials and services. The contingency line item is \$89,663. He explained we were able to purchase a street sweeper, which has been great.

Storm Water Drainage SDC Fund

Purpose: The Stormwater Drainage System Development Charge is the mechanism by which the City of Scappoose collects funds from developers to pay for future storm water improvement needs generated by development.

Dave Sukau explained the Stormwater Drainage SDC fund has a working capital carryover of \$531,000. The fund expects to collect \$48,442 in SDC fees, and \$7,500 in interest income for a current year resource total of \$55,942. The total fund resources are \$586,942. On the expenditure side the city has budgeted \$212,000 for capital outlay to update the Stormwater Master Plan and approved Stormwater projects. There will be a transfer of \$2,422 to the General Fund to cover administrative costs. The contingency is budgeted at \$372,520. The total expenditures for the Stormwater SDC fund is \$586,942.

Street SDC Fund

Purpose: The Transportation System Development Charge is the mechanism by which the City of Scappoose collects funds from developers to pay both previous excess capacity

improvements and to have funds available to pay for future improvement needs generated by development.

Dave Sukau explained the Street SDC fund is projected to have a beginning cash balance \$888,228. The fund anticipates a collection of SDC revenue of \$91,539 and interest revenue of \$13,500. Current year resources total \$105,039 and the total estimated fund revenue is \$993,267. The proposed expenditures for the Street SDC fund are \$993,267. Capital outlay projects total \$750,000. The yearly loan payment for Crown Zellerbach Road is \$27,250, this is the final loan payment. A transfer to the General Fund of \$4,577 to cover administrative costs and the contingency line item is \$211,440.

Parks SDC Fund

Purpose: The Park System Development Charge is the mechanism by which the City of Scappoose collects funds from developers to pay both for previous excess capacity improvements and to have funds available to pay for future improvement needs generated by development.

Doug Nassimbene explained the Beginning working capital carryover for the Parks SDC fund is \$403,654. The City anticipates \$5,200 in interest revenue and \$16,692 in SDC revenue. The total fund revenue is \$21,892, bringing the total resources to \$425,546. For expenditures, the City has budgeted for \$314,400 in capital outlay to assist with development of the Park off Seely Lane. Debt service in the amount of \$41,715, this loan matures in 2022. There will be a transfer of \$835 to the General Fund to cover administrative costs. The fund has a contingency of \$68,596.

Jill Herr explained the \$41,715 is what we are not anticipating paying in this budget since the property is in the process of being sold.

Mayor Burge asked since park development monies can be used to develop new parks why would we use the general fund money when we could leave it there for more flexibility and not use the SDC money for the park development on the front end. He stated it seems to make more sense.

City Manager Sykes replied we could do it either way. He stated if we do it will reduce that account pretty significantly.

Pool Fund

Purpose: The Pool Fund was created as a result of a Ballot Initiative which directed the City to construct a basic covered pool. This is a dedicated fund and the resources can only be used for expenses related to the construction of a pool.

Jill Herr explained the Pool fund has a beginning cash position of \$751,579. Interest income is projected to be \$5,300. Total fund resources are \$756,879. The budget anticipates expenditures of \$62,430 for debt service. This loan is for the property located on SE 2nd Street, this loan matures in 2022. The fund anticipates a contingency of \$694,449.

Unemployment Insurance Fund

Purpose: The City of Scappoose is self-insured for unemployment insurance and needs to maintain this fund to cover any unemployment claims. The resources in this fund are dedicated and can only be used for unemployment claims against the City.

Jill Herr explained the proposed budget has a beginning cash position of \$71,989, interest income of \$1,100 and total fund resources are \$73,089. There is an anticipated expenditure of \$35,500 in the personnel services to cover any past and future claims. The fund has a contingency of \$37,589.

Utility Water Fund

Purpose: The Water Fund is a dedicated "Enterprise" fund. The Water Department produces and distributes high quality drinking water that meets all State and Federal standards. The Water Fund is used to support operations of the City's water treatment facilities that provide drinking water to all City residents.

Treatment Plant Supervisor Darryl Sykes explained for the 18-19 budget year, the Water Fund will begin with a cash carryover of \$2,531,668. The Fund expects to collect \$1,306,187 in water user fees, \$876,023 in user fees for infrastructure, \$37,000 in interest, and \$112,500 in proceeds from a timber thinning project. The total fund revenue is \$2,331,710. Proposed expenditures in the water fund include \$824,002 for Personnel Services, \$642,502 for Materials and Services, and \$1,220,000 for Capital Outlay. Within those line items, the fund has budgeted \$75,000 for the completion of the Water Master Plan and \$495,000 for the completion of the Dutch Canyon well. Other items identified in this year's budget include; \$15,000 for a reservoir seismic evaluation, \$50,000 to continue the water meter replacement program, \$15,000 for surface stream flow evaluation, \$90,000 for a plant controls system upgrade, \$10,000 for plant security, and \$100,000 for a maintenance/storage building. The fund budgets \$161,113 for debt service and \$136,306 for transfers to other funds. The fund has a projected contingency of \$679,455.

Water SDC Fund

Purpose: The Water System Development Charge fund is a dedicated fund and is the mechanism by which the City of Scappoose collects funds from developers to pay both for previous and excess capacity improvements. It makes funds available for future improvement needs generated by development. Water SDC'S are calculated based on the size of the water meter needed for the development. This account includes both the revenue and the capital outlay for those projects.

Darryl Sykes explained in the proposed budget, the Water SDC fund begins the year with a projected beginning cash position of \$401,002. Anticipated revenue is \$151,178 coming from three sources, \$8,800 from interest, \$46,934 from Water SDC's, and a transfer of \$95,444 from the Utility Water Fund to cover debt service payments, total fund resources are \$751,173. Expenses within the fund include debt service in the amount of \$278,719. This is to make principal and interest payments on loans G03003, maturing in 2027, and S03003, maturing in 2035. The fund anticipates a transfer of \$2,347 to the General Fund for SDC administration. The Water SDC Fund anticipates a contingency of \$356,107.

Utility Wastewater Fund

Purpose: The Utility Wastewater Fund is a dedicated "Enterprise" fund. The City of Scappoose operates and maintains a 1.58 M.G.D. activated sludge wastewater treatment plant with tertiary treatment, 36 miles of sewer lines and five pumping stations. The purpose of these facilities is to protect public health and the beneficial uses of the Columbia River and Multnomah Channel by providing secondary effluent treatment. Treatment plant staff is responsible for the operation of the wastewater facility to ensure proper treatment of all raw wastewater at all times. The operator is ultimately responsible to ensure all state and federal regulations are met. The City was issued a new permit in March 2009 and will be required to monitor influent, effluent and process control. This monitoring will require the treatment plant operator to sample and test many functions within the treatment plant process and sampling of the receiving stream.

Treatment Plant Supervisor Kevin Turner explained the Wastewater fund will begin the year with a \$874,820 beginning cash position. The fund anticipates revenue of \$3,232,846. Total operating revenue in this fund is projected to be \$4,107,666. Expenditures within the department include \$830,762 for personnel services, \$600,551 for materials and services and \$1,417,500 for capital outlay. The fund budgets \$224,920 for two principle and interest payments, loan R06809 which matures in 2031 and US Bank loan which matures in 2021. The fund budgets \$100,000 for interest payments for the anticipated DEQ loan for Phase I improvements at the treatment facility. The fund budgets \$110,279 for transfers and has budgeted a contingency of \$423,654.

Councilor Kessi discussed the City possibly accelerating current loans to pay them off earlier.

Jill Herr went over a couple of the loans and explained one of the loans is at zero percent interest, and another one will be paid off shortly.

Wastewater SDC Fund

Purpose: The Wastewater System Development Charge fund is a dedicated fund and is the mechanism by which the City of Scappoose collects funds from developers to pay both for previous and excess capacity improvements. It makes funds available to pay for future improvement needs generated by development. Wastewater SDC'S are calculated based on the size of the water meter needed for the development. This account includes both the revenue and the capital outlay for those projects.

Treatment Plant Supervisor Kevin Turner explained the Wastewater SDC fund has a beginning cash position of \$998,475. The City anticipates receiving \$16,000 in interest income and \$41,305 in SDC fees. Total resources for the fund are \$1,056,020. Projects proposed for FY 18-19 include \$70,000 to complete the Collections Master Plan and \$48,500 to complete the biosolids storage building. The fund contains a transfer to the General Fund of \$2,077 for administrative costs and a contingency of \$935,443.

General Obligation Debt Service Fund

Purpose: The General Obligation Debt Service fund is a dedicated fund used to account for property taxes levied to pay bonded debt approved by voters. The property tax levy is based on the amount of funds needed to make the debt service payment.

Jill Herr explained the Debt Service fund is projected to have \$21,117 as cash carry over. The City anticipates receiving revenue of \$50,111, mostly from property taxes. The collection rate for property taxes is 94% and the assessment rate for this fiscal year is .075 per \$1,000. The total fund revenue is \$71,378. The total expenditure in the fund is \$51,378. The loan payment is \$50,837 per year and matures in 2020, contingency is budgeted at \$541.

Inactive Funds

Purpose: The Airpark Water Improvement fund is a dedicated fund used to pay for the debt service associated with the water line constructed up West Lane Road to the Scappoose Airpark. The last loan payment was made in Fiscal Year 17-18; therefore, this fund will become inactive in Fiscal Year 18-19.

Jill Herr went over the Airpark Water Improvement Fund 89. She also went over the debt schedule.

Patrick Kessi asked what our rating is right now. He stated one idea would be to ask our consultant if we paid off one of the loans if our rating would be better for going out for the new loan, and if we would get a lower interest rate.

Jill Herr explained she will check into the loans and see which ones we can prepay.

Patrick Kessi asked Jill to look into the loans that are higher than 3%.

Jill Herr explained the next tab is the transfers that have happened between all the different funds. She explained new this year is a glossary of all of the terms.

Megan Greisen thanked Jill Herr.

Michael Sykes stated hopefully you like this format. He stated Jill has put a tremendous amount of time into this. He stated we put all of our goals for each of the departments in the budget. He recognized and thanked staff for all the hard work they do. He explained Alex does all of our grant writing for us. He stated staff is fairly lean with trying to take care of the day to day stuff, plus look to the future. It is really a challenge. He stated with this team he feels we do a pretty extraordinary job.

Mayor Scott Burge moved, and Ty Bailey seconded the motion to approve the 2018-2019 budget with one change on the revenues for the Betterment Fund he would like to put in the number that is contracted with CCET and Cascades in the fund 10-000-671, it should be an addition of \$19,620, and he would like to add the \$19,620 to the expenditure line 10-100-243 which is the economic development line.

Patrick Kessi asked if we approve the budget can the City still pay down some of the loans?

Jill Herr replied if the budget is adopted yes you can.

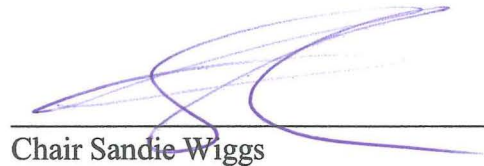
Motion passed (12-0). Scott Burge, aye; Teresa Keller, aye; Rita Bernhard, aye; Patrick Kessi, aye; Josh Poling, aye; Megan Greisen, aye; Sandie Wiggs, aye; Natalie Sanders, aye; Michelle Brown, aye; Joel Haugen, aye; Ty Bailey, aye, and Brandon Lesowske, aye.

Calendar Check ~ next meeting May 30 (if needed)

May 30 meeting is not needed.

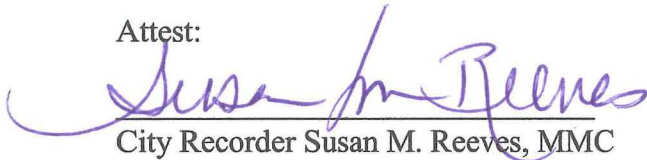
Adjournment

Chair Wiggs adjourned the meeting 8:57 pm.



Chair Sandie Wiggs

Attest:



City Recorder Susan M. Reeves, MMC