

CITY OF SILVERTON
CITY COUNCIL AND BUDGET COMMITTEE JOINT WORK SESSION MINUTES

Zoom Web Conference Platform

January 25, 2021, 6:00 PM

I. OPENING CEREMONIES – Call to Order, Pledge of Allegiance & Roll Call

Mayor Kyle Palmer called the Joint Work Session to order at 6:00 p.m. and explained the meeting is being held through Zoom pursuant to House Bill 4212. Mayor Palmer explained Member Benedict requested a joint work session between the City Council and Budget Committee in order to discuss the current financial status of the City and hear how COVID-19 has impacted City revenues.

City Council Present: Mayor Kyle Palmer, Council President Jason Freilinger, Councilor Elvi Cuellar-Sutton, Councilor Dana Smith, Councilor Crystal Neideigh (*departed at 6:24 pm*), Councilor Jess Miller and Councilor Jim Sears

Budget Committee Members Present: Gregory Chase, Ammon Benedict, Chris Childs, Aaron Koch (*arrived at 6:04 pm*), Micole Olivas-Leyva and April Newton

Budget Committee Members Absent: R. Walker Yeates

Staff Present: City Manager Pro Tem, Bob Willoughby; Finance Director/Deputy City Manager, Kathleen Zaragoza; Chief of Police, Jim Anglemier; Community Development Director, Jason Gottgetreu; Public Works Director, Petra Schuetz; Assistant Finance Director, Sheena Kroker; Assistant to the City Manager/HR Coordinator, Elizabeth Gray; and Assistant to the City Manager/City Clerk, Angela Speier

II. DISCUSSION ITEMS

2.1 Financial Status of City of Silverton

Finance Director Kathleen Zaragoza provided an overview of the documents located in the packet. The first fund discussed was the General Fund and property tax revenues. The City has collected about 97 percent of its allocated property tax revenue. Director Zaragoza explained how property taxes are collected and distributed to cities in Marion County. She reviewed other revenues and noted her only concern is with court fines and fees which are down about \$13,000 from its budgeted amount. This is likely due to the lack of people driving and less tickets being issued, because of COVID-19. She noted there has also been a drop in interest earnings, but it is not something to be concerned about.

Director Zaragoza reviewed some of the City's operating funds and noted she is a little concerned about the beginning fund balance of the Electrical Operations Fund which in recent years has declined. Staff does not have any concerns with the Building Operations Fund. She noted the Transportation Fund is the operations fund for the Silver Trolley which is funded largely through grants. The City has been awarded additional money for Trolley operations through COVID-19 grants. There are no concerns with the Pool Operations Levy. Director Zaragoza is concerned with the Transient Tax Fund which has been impacted by COVID-19, because the City has seen a sharp decline in transient taxes collected which has not hit 50 percent of the expected budget. She said the City suspended their grant program in 2020, because there were no events to fund. The fund does have a decent contingency of over \$41,000 which could help the City meet any actual obligations it may have. She noted this fund will be watched closely over the next few months. The lack of tourism money coming could impact the City's ability to fund special events, the Visitor's Center and the Frank Lloyd Wright house. The next fund reviewed was the Street Fund and Director Zaragoza noted the local motor vehicle gas tax is down slightly by about \$3,000, but the state highway appropriation is tracking well. The Sewer and Water Funds were reviewed and the major concern with these funds is the impending departure of Bruce Pac. The City is expecting to see the impact around March. Member Benedict said Bruce Pac leaving will likely have an impact on the rate

payers and asked what the City is doing to help make up the loss in revenue. Director Zaragoza said since Bruce Pac has remained operational longer than what was anticipated she is hoping the beginning fund balance for next year will be bigger than staff anticipated it would have been. The Sewer Fund also has healthy contingency and reserve. The Water Fund will also be impacted with the Bruce Pac departure, but not as significantly.

Director Zaragoza reviewed some of the City's ongoing capital projects and their associated funds. Member Benedict asked about the Civic Building Fund and the additional costs City Council has approved regarding the design which could relate to additional construction costs. Director Zaragoza said the design for two separate entrances was not anticipated and did result in additional architectural costs. Councilor Smith noted the additional architectural fees will not necessarily cause the construction cost to increase and the architects have said the second entrance will not be a significant increase once the project moves to the construction phase. She also noted the City Council opted not to include the canopy in the design at this time. Member Benedict asked if the City Council has set a cap of what they are willing to spend for the building and suggested making it clear to the taxpayers what it is and how it is going to be funded. Councilor Smith indicated there is a budget range the design team has been successful in getting even lower and said she is very sensitive as to who will be funding this building. Mayor Palmer explained the value engineering process City Council has gone through to reduce the size of the building and explained why he is hesitant to give a specific number. Discussion ensued on possible financing options. Director Zaragoza is looking at funding the project through a bond or a loan, but it would not be a general obligation bond approved by the voters. Member Benedict said there is a lot of concern about the cost of the building and the funding not being locked down. Mayor Palmer explained it is hard to develop a funding plan before the construction documents are final. City Manager Pro Tem Bob Willoughby said he has been impressed with the Design Team trying to drive the cost down. He said the City cannot develop a financing plan until the cost is finalized. When the cost is finalized it will be shared with the public. The interest rates are at a historic low, so this is a great opportunity for the City to finance this building and it is very common to finance a project like this with tax free bonds. Director Zaragoza reminded the members the City is under a mandate that the police have to be in a seismically sound building and explained the benefits of including City Hall in the building. Councilor Smith explained the different design phases and noted the City is finishing the design development phase right now. She explained the contingency goes down with each phase and the cost estimate becomes more accurate.

Director Zaragoza explained the contingency and reserve document in the packet. The City tries to maintain a 15 percent contingency in each fund. The General Fund reserve is a larger amount to ensure there are sufficient funds on hand to maintain operations especially in the Police Department. She reviewed a graph showing the strong beginning fund balance for a number of funds including the General Fund. She explained a healthy reserve makes the City more viable for people to want to loan the City money. Lastly, she reviewed the three funds that owe debt, including the Sewer, Water and the Debt Service Fund. The last few pages in the packet were related to the Distinguished Budget Presentation Award the City has received for the last two years. Mayor Palmer thanked Director Zaragoza and the entire Finance Department for their hard work.

Councilor Cuellar Sutton asked how the Police Department is budgeted. Director Zaragoza explained where the Police program can be found in the budget document. Member Childs congratulated Director Zaragoza on the budget award and said it is a high bar to reach.

III. CITY MANAGER UPDATE

City Manager Pro Tem Willoughby announced the City hired Troy Kemper to replace Water Quality Division Supervisor Steve Starnier. Mr. Kemper started today and will be working with Mr. Starnier through February. The City will also be losing a key operator at the Water Treatment Plant due to retirement and will present City Council with a hiring plan at their February 1, 2021 meeting.

IV. COUNCIL COMMUNICATIONS

Councilor Smith thanked Mayor Palmer for responding to Ms. Dahlum's letter today. She said in light of what happened on January 6 and everything people are finding out about it she is concerned with the screening process used for police hires. She would like to discuss this further with Chief Anglemier in the future.

Councilor Miller congratulated the Finance Department for receiving the budget award.

Councilor Freilinger thanked the Finance Department for their great work on the budget and Councilor Smith for her work on the Civic Center. He also thanked Member Benedict for suggesting this meeting, because it was a great idea.

Member Chase appreciated the update on the Civic Center.

Member Benedict congratulated the Finance Department on their budget award. He appreciated the meeting and the further education of City finances tonight.

Member Childs welcomed City Manager Pro Tem Willoughby back to the City and encouraged the City Council and staff to keep up the good work.

Member Koch appreciated the mid-term update and said it is helpful going into the budget process in April. He thanked the Finance Department for their work and the award they received.

Member Newton congratulated the Finance Department and felt it was good to have a check-in.

Member Olivas-Leyva thanked the staff for the meeting and congratulated the Finance Department on their award.

Mayor Palmer said this type of meeting should be considered as a regular yearly meeting. He said it is a great way for the Budget Committee to start thinking about the budget. He also encouraged the new members to ask questions during the budget process.

V. ADJOURNMENT

Councilor Smith made a motion to adjourn. Councilor Freilinger seconded the motion and Mayor Palmer adjourned the meeting at 7:27 p.m.

Respectfully submitted by:

/s/Angela Speier, Assistant to the City Manager/City Clerk