



**BUDGET MEETING, April 24th, 2018 AGENDA
MEETING 6:30 PM
Cabin in Vernonia, Park Dr. Vernonia OR 97064**

Mission Statement

The City of Vernonia pledges to be an ethical and responsive government using community collaboration to foster leadership and a vision for civic improvement while providing a safe, peaceful, economically viable community.

1. Call to Order – Committee Chair – Jill Hult

2. Additions or Removal of Agenda Items

3. Approval of Minutes – Budget Committee Meeting Minutes April 17, 2018

4. Budget Deliberation by Fund

- A. Police..... pg 13
- B. Library pg. 15
- C. Admin pg. 7
- D. General Fund pg. 1

5. Recess to next Budget Committee Meeting

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BUDGET MEETING, April 17, 2018 MINUTES
MEETING 6:30 PM
Cabin in Vernonia, Park Dr. Vernonia OR 97064

Mission Statement

The City of Vernonia pledges to be an ethical and responsive government using community collaboration to foster leadership and a vision for civic improvement while providing a safe, peaceful, economically viable community.

In Attendance: Jill Hult, Bruce McNair, Mario Leonetti, George Tice, Dale Webb, Tony Schrader, Donnie Normand and Mike Seager

Committee Members Absent: Susan Wagner, Mike Seager (Left after Airport Fund) and Bruce McNair (Left 15 minutes early)

Staff in Attendance: Josette Mitchell, Angie Handegard, Jeff Burch, and Stephanie Borst

Audience: Terry Lindauer

Call to Order – Committee Chair – Jill Hult

Jill Hult called the meeting to order at 6:36 pm

Additions or Removal of Agenda Items

Bruce McNair made a motion to approve the agenda as presented. The motion was seconded by Mike Seager.

Votes: Jill Hult: Yes	George Tice: Yes	Dale Webb: Yes
Tony Schrader: Yes	Bruce McNair: Yes	Mike Seager: Yes
Mario Leonetti: Yes	Susan Wagner: Absent	Donnie Normand: Yes

Motion Carried.

Approval of Minutes – Budget Committee Meeting Minutes April 10, 2018

George Tice challenged the content of the discussion started by Bruce McNair regarding the street improvement project. Bruce McNair stated that he did not have an issue with what was recorded in the minutes.

Mike Seager made a motion to approve the minutes as presented. The motion was seconded by Tony Schrader.

Votes: Jill Hult: Yes	George Tice: Yes	Dale Webb: Yes
Tony Schrader: Yes	Bruce McNair: Yes	Mike Seager: Yes
Mario Leonetti: Yes	Susan Wagner: Absent	Donnie Normand: Yes

Motion Carried.

Budget Deliberation by Fund

A. Public Input

Terry Lindauer inquired as to if public input was one night only or allowed at every meeting. Josette Mitchell explained that public input is typically allowed at every meeting for items on the agenda. George Tice commented that he expects citizens to give input the night of the parks fund discussion regarding the grandstands. Mrs. Mitchell stated that there were no funds in the budget for the grandstands as staff was under the impression the group was being allowed to save it. Jill Hult and Bruce McNair stated that they were under the impression funds were to be included for demo incase they are needed. Mrs. Mitchell stated that the committee can include it if they decide to.

Terry Lindauer, Nickerson Avenue, explained to the committee that there is litigation regarding Nickerson which is scheduled for June 5-7. In the event the City is not successful it would be beneficial to start budgeting money for fixing the issues at the development. He is requesting of the committee that they put money in the budget in case the city is on the hook for repairs. If the funds are unneeded, they could be transferred elsewhere.

B. Airport

George Tice inquired about the following line items:

1620-10 Electricity. He explained that the increase works out to \$288 per month for the host in the winter. Bruce McNair inquired as to why the host isn't paying for their own electricity. Staff explained that if the host were to start paying for their own electricity it would be initiated by a recommendation by the Airport Committee. Tony Schrader questioned the idea of increasing the fee with the current host/tenant and that it would be best to be done at the next contract renewal. Mr. Seager suggested an increase to \$850 in the winter to match the rate at Anderson Park. Jill Hult brought the committee back on track as the suggested change is up to the Airport Committee to suggest.

1488-04 Misc. Income. Angie Handegard explained that the income was from the sale of the trailer.

Dale Webb inquired about the following line item:

1600-00 Operational Materials. He inquired about the increase forecasted for this year. Angie Handegard explained the increase is for the shed that is expected to be purchased this year.

George Tice made a motion to tentatively approve the Airport Fund. The motion was seconded by Mike Seager.

Votes: Jill Hult: Yes	George Tice: Yes	Dale Webb: Yes
Tony Schrader: Yes	Bruce McNair: Yes	Mike Seager: Yes
Mario Leonetti: Yes	Susan Wagner: Absent	Donnie Normand: Yes

Motion Carried.

C. Cemetery

George Tice inquired about the following line items:

1700-00 Equipment Purchase. Staff explained that a used John Deere tractor was purchased which was split between funds.

1645-00 Contract Services. Josette Mitchell explained that it is a goal this year to start selling our own concrete liners. Currently we contract with JD Vaults whom brings their own liners. They charge \$500 and pocket the profit. If we purchase and sell our own we will profit \$250 per liner. We are also looking in creating a package with OM Stone for urn burials. She added that the niche wall and surrounding plots will have a sliding scale for pricing based on location. Funerals will still be organized thru the funeral home.

1500-00 Salaries. The increase is due to work by Public Works on the tractor.

Bruce McNair inquired as to the plan with the Cemetery House and where funds would come from for fixing up the house to sell. Mrs. Mitchell explained that funds would come from contingency and be reimbursed up the sale of the house. Staff is still trying to get with a local contractor to bid the repairs. Once received, staff will take the bids to Council for direction on moving forward.

George Tice made a motion to tentatively approve the Cemetery Fund. The motion was seconded by Bruce McNair.

Votes: Jill Hult: Yes	George Tice: Yes	Dale Webb: Yes
Tony Schrader: Yes	Bruce McNair: Yes	Mike Seager: Absent
Mario Leonetti: Yes	Susan Wagner: Absent	Donnie Normand: Yes

Motion Carried.

D. Water

George Tice inquired about the following line items:

1401-00 Available Cash on Hand. He expressed concern that the line item is continuing to increase. He questioned if we are collecting too much from customers in order to put money into the reserve funds. Bruce McNair explained that the intent is to increase the reserve funds in order to be better prepared for funding needs for infrastructure or an economic downturn. Mr. Tice requests a definition be added to the reserve funds to

avoid misuse by future administrators as has happened in the past. Staff explained that the proposed definitions would be set by Council and would be more iron clad if adopted in a policy.

The group then discussed the potential for reducing rates once the reserve funds are of sufficient amounts. Bruce McNair and Dale Webb explained that if the city was collecting too much from customers it would be revealed in the rate study. Angie Handegard explained that the intent was to transfer out the excess carry forward completely this year. Next fiscal year cash carry forward should better match contingency. Mr. Burch cautioned the group that \$200k in facility reserves is not adequate for large repairs.

Donnie Normand inquired as to if the department is still short staffed. Jeff Burch explained that they are not short staffed but are behind in training. This is being remedied. Staff explained that the benefit of on the job training is that salaries are increased gradually vs hiring a fully trained worker immediately.

Bruce McNair inquired about line item 1500-00 Salaries and if the city is paying a high PERS rate. Mrs. Handegard explained that the city isn't paying a higher rate, we just aren't getting a deduction anymore.

George Tice inquired about the following line items:

1512-00 Workers Comp is missing the year end forecast amount. Mrs. Handegard corrected it to \$7110.00.

1650-00 Equipment Rental. \$2000 was budgeted last year but nothing was spent. It is budgeted again for this year. Mrs. Mitchell explained that funds are put in the budget incase there is a need to rent equipment.

1700-00 Equipment Purchase. Funds were budgeted last year in order to purchase a used truck. Funds do not need to be budgeted for the 18/19 fiscal year as the purchase will be during the current fiscal year.

5670-02 Equipment Loan. Staff explained this is for the new tractor which will be paid off in the next two years.

Bruce McNair inquired about the following line items:

1615-00 Building O&M. Mr. Burch explained that funds are for the roof on the water plant. He is having difficulty getting anyone to come out and even look at the job.

1635-00 Professional Services. Mrs. Mitchell explained that funds are set aside in the event engineering is needed.

George Tice made a motion to tentatively approve the water fund. The motion was seconded by Dale Webb.

Votes: Jill Hult: Yes

George Tice: Yes

Dale Webb: Yes

Tony Schrader: Yes

Bruce McNair: Yes

Mike Seager: Absent

Mario Leonetti: Yes

Susan Wagner: Absent

Donnie Normand: Yes

Motion Carried.

E. Sewer

Bruce McNair inquired as to if an additional employee will be needed to run the plant. Jeff Burch explained that he doesn't believe so. The department got a good handle on it last year and don't expect a great increase in demand after ammonia treatment is complete. Josette Mitchell explained that budgeted salaries were not reduced incase there is greater demand than expected.

Bruce McNair inquired about line item 1615-00 Building O&M. He expects operating costs to increase dramatically. Mrs. Mitchell explained there will be updates and maintenance as needed but not projecting a huge increase yet.

George Tice pointed out that line item 1435-01 Sewer Usage Fees has steadily increased over the years. He is worried we may be collecting too much money. Mrs. Mitchell explained that the SCON (Sewer Consumption Charge) is in there and reducing the rate would be a big risk. Mr. Tice is worried the rate is too high and that the rate calculator may be faulty. Dale Webb explained how the rate calculator works and that funds for projects are taken out of the rate as soon as enough is collected. Mrs. Mitchell explained that, as with the water fund, carry

forward will be transferred out so in following years the carry forward will match contingency. Mr. McNair reiterated that adequate reserve funds are necessary for emergencies.

George Tice inquired about line item 1620-10 Electricity and if there is an expected increase this year. Staff explained that the city has been paying for electricity since last May and do not expect a increase beyond the budgeted \$35,000.

Tony Schrader inquired about line item 1645-00 Contract Services. Staff explained that there is a planned project to reroute the spencer hill water line.

George Tice made a motion to tentatively approve the Sewer Fund. The motion was seconded by Tony Schrader.

Votes: Jill Hult: Yes

George Tice: Yes

Dale Webb: Yes

Tony Schrader: Yes

Bruce McNair: Absent

Mike Seager: Absent

Mario Leonetti: Yes

Susan Wagner: Absent

Donnie Normand: Yes

Motion Carried.

Recess to next Budget Committee Meeting

Jill Hult recessed the meeting at 8:45 pm

These minutes were approved at the April 24th, 2018 Budget Committee Meeting.