

**CITY OF SILVERTON  
BUDGET COMMITTEE MINUTES**

**Council Chambers-421 S Water Street and Zoom Web Conference Platform**

**December 18, 2023 – 6:30 p.m.**

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

Chair Palmer called the meeting to order at 6:32 p.m. He announced the meeting is being held through a hybrid format consistent with House Bill (HB) 2560 and City of Silverton Resolution 22-06.

Present	Absent	
X	_____	Jason Freilinger
_____	<u>Excused</u>	Chris Childs
_____	<u>Excused</u>	Elvi Cuellar Sutton
X	_____	Hilary Dumitrescu
X	_____	Matt Gaitan
X	_____	Eric Hammond
X	_____	Morry Jones-Vice Chair
_____	<u>Excused</u>	Ciara Jung
X	_____	Jess Miller
X	_____	April Newton
X	_____	Patricia O’Sullivan
X	_____	Kyle Palmer-Chair
X	_____	Margaret Thompson
X	_____	Marie Traeger

**Staff Present:**

City Manager, Cory Miskey; Deputy City Manager/Finance Director, Kathleen Zaragoza; Chief of Police, Jim Anglemier; Community Development Director, Jason Gottgetreu; Public Works Director, Travis Sperle; Water Quality Division Supervisor, Brad Jensen; Assistant Finance Director, Sheena Lucht, and Assistant to the City Manager/Human Resources Coordinator, Tammy Shaver.

**II. Review of the Fiscal Year 2023 – 2024 Budget as of November 2023**

Deputy City Manager/Finance Director Kathleen Zaragoza welcomed everyone to the first Budget Committee meeting of the year, she went on to say that tonight would be a discussion about the current budget for fiscal year 2023-2024 only. Zaragoza said this update would be focused on primary operating funds.

General Fund. Currently property taxes are at eighty-one percent (81%) collected, which is typical. She explained the property taxes are levied in July and paid in November which means most of the property taxes are received early November. Zaragoza stated the City would be getting another significant infusion of funds from property taxes in April or May (2024) from those who are paying their tax bills in thirds.

Zaragoza told everyone that everything else is tracking well.

Franchise Fees. These fees are a little down because one of the franchisees, Portland General Electric (PGE), pays theirs on an annual basis which means the City doesn’t get those revenues until about February.

Zaragoza drew attention to the beginning fund balance which is over what was budgeted. She said this was a very good sign because it shows the City is controlling costs and has a larger beginning fund balance than anticipated.

Zaragoza refreshed everyone's memories about the different categories, property taxes are levied 3.667 for assessed value, the rates can only go up three percent (3%) on the assessed value of a home, so they cannot raise too much unless there is new construction taking place within the City of Silverton or improvements to structures which exceed the assessed value. Next, she talked about franchise fees, and she reminded them there is one franchisee who pays on an annual basis a portion, and the rest are quarterly.

Fees and Permits. Those are basically parking fees and certain permits. They are charges based on the cost of a service provided by the City. The fees are the City's attempt to recoup the cost for the provided service.

Intergovernmental Revenues. Zaragoza explained these are revenues coming to the City from another governmental agency.

Fines and Forfeitures. Traffic Court, Municipal Court, and citations. The City has some funds coming in from the County for citations the City doesn't handle. A portion of that money comes back to the City.

Miscellaneous. The largest item is the interest earnings. Currently, the City's interest earnings are about five percent (5%), which is good, with the local government investment pool and it is purely liquid.

Zaragoza said all funding sources are tracking.

Zaragoza asked if there were any questions. Chair Palmer asked if the budget numbers were year-to-date or full year numbers. Zaragoza clarified they are the full numbers and the year-to-date was as of November 30, 2023. She then thanked Chair Palmer for reminding her to state these are only through the end of November, which means it is about forty-two percent (42%) of the budget.

Expenditures. These are shown by program or department. The non-departmental is the non-classified area. It is materials and services, within that area, insurance for property liability and vehicles, legal expenses, and unemployment are being paid. Those are the large expenditures coming out of this program. Zaragoza went on to say, it looks like it is budgeted to be very large but that is due to the reserve and contingencies being held within the program.

Currently, only five thousand three hundred and forty-eight (\$5,348) has been used from the contingency for a landscaping change which took place for the Civic Center City building.

City Council. This fund is only about twenty percent (20%) expended. The largest portion is for training which may take place with the League of Oregon Cities, in early 2024.

City Manager. This fund is at thirty-three percent (33%), this is due to the change in City Managers. Zaragoza said she stepped in, and we hired our new City Manager.

Finance and Court. This program is showing less than normal as Zaragoza stepped into the City Manager role for 5 months.

Police and Community Enforcement. This program is at thirty-five percent (35%), which is good as it is below forty-two percent (42%). They have purchased some of their capital items so there is still some capital left.

Community Development. This is the City's planning department. They are on track at thirty seven percent (37%).

Facilities Maintenance. These are the City buildings. There have been some expenditures relating to transitional housing. There is a portion of it which is grant funded, so this is expected.

Parks and Recreation. This is at thirty-one percent (31%) within the general fund. There are more funds which are park and rec related. There is the park fee fund which is the portion of money received from the fee on the utility bill. It too is under.

Computer Services. This is for network services and software for the City. Individual computers are paid for by each department. This just covers the networking and servers.

Zaragoza reiterated it is a good sign the City has only needed to use five thousand three hundred and forty-eight dollars (\$5,348) from contingency, it means we are staying within our budget.

Zaragoza asked if anyone had any questions. There was a question as Member O'Sullivan wanted to know about the money put aside for the development of, for example, pickle ball, in the parks. Has the money been put aside in the parks budget or is it in the non-departmental. Zaragoza responded the parks and recreation, as previously mentioned, can be funded by all sources, so the intent is not for the money to come out of the general fund per se, it will be discussed but it may come out of the Park SDC fund.

Member O'Sullivan said since it is not shown here could they receive a breakdown of what is in the Parks and Recreation budget. Zaragoza said it is all online, but she will provide a breakdown.

Member O'Sullivan asked what happens to reserve funds which are not spent. Zaragoza explained the necessity of reserve funds and said what isn't spent will roll back into the general fund and the cycle begins again. Member O'Sullivan clarified the City always wants extra built in. Zaragoza replied, yes we do not want departments to think they have to spend every dime, or they will not get their budget approved the following year.

Zaragoza asked if there were any other questions. When there weren't, Zaragoza said she believes the City of Silverton is very fortunate because it is in a healthy financial situation. Staff have done a good job staying within budget and working well together with the City Manager, Council, and Budget Committee. Everyone has remained reasonable about expectations. She went on to say, the City is doing what it needs to be fiscally prudent.

Member O'Sullivan said she had another question. She referenced last April/May when the Budget Committee met, they spoke briefly about a maintenance fund which the City does not currently have. Member O'Sullivan wanted to know if it has been on the agenda to discuss if the City should have this fund and have there been discussions to determine exactly what the City owns, what rent is being paid, what is the cost of maintenance, and what is coming up that may require significant service or repairs.

City Manager Cory Misley responded, more will be heard about the topic in the proposed budget for fiscal year 2024-2025. He went on to say staff and Council have more work to do as it relates to this. The City has an inventory and knows associated costs and lease agreements. The data needs to be organized. Misley said it is not uncommon for communities to support and subsidize community efforts in the spirit of community benefit, however, Misley said we need to look at this and how it may impact other services or needs. The expectation is to spend some time the first quarter of 2024 to get a clearer understanding. Misley let the Budget Committee know the City Council Work Session following this meeting was about the Community Center lease. More to come on this topic.

Member O'Sullivan said one of the buildings with a lessee paying a dollar rent wasn't being used by the community, it was being used by a separate group of people. She believes they opened it up a bit but there should be some criteria.

Operating Funds. Building Operations. This is a special revenue fund which means the revenues collected must be used for specific purposes. This one is about permits for new houses, improving houses, and changing plumbing. Those fees are paid in. Electrical permits are delineated because the City's inspectors do not inspect electrical. The City contracts out electrical inspections. Eighty percent (80%) of the electrical revenue is paid out to the County to handle the inspections.

The actual beginning fund balance came in greater than was anticipated. All revenues are at or above forty-two percent (42%).

Zaragoza discussed the time of year or season impacting permit sales. Jason Gottgetreu, Community Development Director, responded to Zaragoza about there being a busier time for permit sales than winters. Gottgetreu stated, permits are also dependent on lot inventory. He said there are two subdivisions which are either finished or nearly finished. Zaragoza said the fees are collected and the expenditures are heard after the fact. Zaragoza continued; this is another one which requires healthy reserves. She provided an example, if a business has paid in large permit fees and the inspection service is going to continue throughout the year, or many months, you have to make certain you have sufficient funds to be able to cover the employees to handle the service or if you contract out a piece of that you have to have the funds to pay the contracted service provider.

Zaragoza asked if there were any questions on the revenue portion. There were no questions.

#### Expenditures.

Personnel Services. This fund is tracking at forty-one percent (41%) which as previously stated, forty-two percent (42%) of the budget has passed.

Materials and Services. This is only at twenty-three percent (23%).

Contingency and Reserves. This one has not been accessed.

Zaragoza asked if there were any questions. There were no questions.

#### Revenues.

Street Fund. This is also another special revenue fund. On the expenditure side, this is broken down between administration and maintenance.

Motor Vehicle Fuel Tax. These fees are the City's tax for fuel/gasoline sold within the City limits. It is at thirty-four percent (34%) and comes in monthly.

Fees and Permits. These are for sidewalk and driveway inspections. This is at seventy-five percent (75%).

Intergovernmental Revenue. This is the state highway apportionment tax. Currently at thirty-four percent (34%) and comes in monthly also. This lags a bit so it might only be reflective of through October because of the delay.

The beginning fund balance has a positive number and is greater than what was budgeted.

Zaragoza asked if there were any questions. There were no questions.

#### Expenditures.

Zaragoza said she had broken this down between administration and maintenance and then transfers out of contingencies and reserves.

Administration and Maintenance. Zaragoza pointed out both are well below the forty-two percent (42%), which is positive.

Transfers Out. This may be slightly above because the debt service must be moved out earlier.

Contingency. There is a good amount of contingency which has not been touched yet this year.

Zaragoza mentioned within the Transfers Out there is nine hundred forty-one thousand, five hundred and nineteen dollars (\$941,519) budgeted, a portion of that transfer out is six hundred eighty thousand dollars (\$680,000) to the Street CIP fund, which is moving some of the money out of the operating fund into a more capital related fund.

Zaragoza asked if there were any questions. There were no questions.

Sewer Fund. This is an enterprise fund, which means it operates very similar to a business except the City does not try to make a profit from it.

Revenues. Most revenues are from sewer service charges. Sewer service charges are normal throughout the year. Residential averaging is done once a year, the first bill usually comes out in May with the new average rate. Commercial and industrial customers are charged based on their actual water usage. This is at forty-eight percent (48%).

Fees and Permits. Again, this is for inspection fees.

Intergovernmental Revenue. There's nothing there right now. It was expected these would come through the Energy Trust of Oregon money. So far, this project has not been completed so nothing has been submitted into that fund.

Beginning Fund Balance. Six hundred eighty thousand dollars (\$680,000) greater than budgeted. This is another positive.

Zaragoza asked if there were any questions.

Member Traeger had a question regarding an example of their Cross Fit sewer connection to the main line needing repair on the City's side. Traeger wanted to know what fund the repair would come from and if multiple locations had issues, then it would seem there wouldn't be a surplus or adequate funds to repair those things. Zaragoza clarified the repair needed was on the sewer connection from the City sewer line to the business's sewer line. The issue was on the City's side. Zaragoza said Public Works would be repairing this and the funds would come out of maintenance. If it was larger than anticipated, likely Council would be asked for a transfer resolution. If it can be absorbed by the current budget, then it would be handled that way. If not, a transfer resolution would be requested.

Manager Mисley assured everyone the City is keeping up with all of this and it is being monitored.

Member Gaitan asked a question of Zaragoza, he wanted to know on the transfers in, almost a million dollars was budgeted, in the Sewer Fund. Zaragoza responded, it was anticipated to close the Sewer Debt Reserve Fund and move it back to the fund as a reserve line item so there wasn't an additional fund being maintained. There were two debts in this, both were bonds. While they were bonds, a special fund was required but now that there are no longer bonds, it was budgeted to put the funds back in the Sewer Fund as a reserve line item.

#### Expenditures.

Zaragoza pointed out there are three sections within the sewer fund for expenditures. There is Administrative, which is the staff located at City Hall, Operations which is staff located at the plants, and Maintenance which is staff located at the shops. Each has its respective area of responsibility and associated costs. This helps allow whoever's in charge of the area or program to better control their budget and spending.

Transfers out. Zaragoza pointed out there is five hundred thousand dollars (\$500,000) in this transfer to the Digester Project.

Contingency and Reserves. Per Zaragoza there is a nice contingency reserve and part of it is reserved for debt. The City always tries to keep one year's worth of payments as a reserve.

Zaragoza called for any questions. There were no questions.

#### Water Fund.

Revenues. This fund is unique regarding how the revenues come in. A portion of them will come in heavily in July, August, and September and then there will be a lull in the winter months because people do not water as much. Water consumption and revenues can be season/time of year influenced.

Fees and Permits. This can include the installation of new water meters.

Intergovernmental Revenue. This one has not received anything. The project is still in progress.

Miscellaneous. This is still almost one hundred percent (100%) of what was collected.

Beginning Fund Balance. This is over one hundred percent (100%).

Zaragoza asked if there were any questions on the water fund revenues. There were no questions.

Expenditures. This is set up nearly the same as the sewer fund. There is administration, operations, and maintenance.

Transfers Out. There are some transfers out of the Water Fund. There is one million seven being transferred to the water CIP to help with a water capital project. Budgeting a million seven does not mean the whole million seven must be moved.

Contingency and Reserves. This was accessed for about twenty thousand (\$20,000) for the water line change. The line was upsized on Water Street.

Operations. There are still a few capital items which are expensive. Even with some large items outstanding, it is still under forty-two percent (42%).

Zaragoza then spoke about projects.

Screw Press Project. Currently at four percent (4%).

Civic Building, Forty-one percent (41%).

Second Street Improvement. Thirty-eight percent (38%).

Silver Creek Raw Water Line, Eleven percent (11%).

Water Main extension to Transitional Housing. This is in progress.

Member Hammond asked about Transitional Housing and if it were the one funded through Sheltering Silverton. Zaragoza talked about the grants and the changes which have been made.

Chair Palmer then told Zaragoza her department and staff overall, and Sheena, who was running the department for quite a while, did a great job. The report is great.

## **V. Adjournment**

Member Jones made a motion to adjourn the meeting. Member Newton seconded. All in favor. Chair Palmer adjourned the meeting at 7:17 p.m.

Respectfully submitted,

/s/Tammy Shaver  
Assistant to the City Manager/HR Coordinator