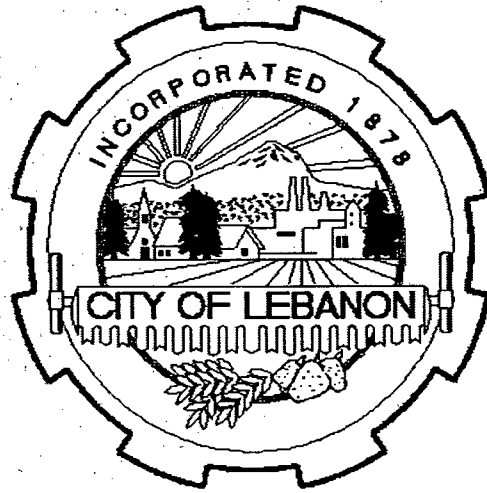
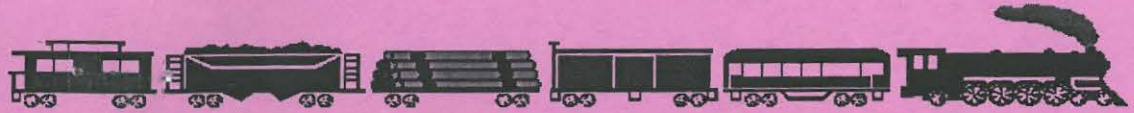


City Council Agenda



October 22, 2003
7:30 p.m.



*You are cordially invited to attend the Open House
Dedication of the newly renovated
Santiam Travel Station*

Wednesday, the Twenty-Second of October, 2003

5:30 - 6:30 p.m.

3rd and Sherman Streets

Lebanon, Oregon

This project was paid for in part with funding from the Oregon Dept. of Transportation, the Federal Transportation Efficiency Act for the 21st Century, and the City of Lebanon

*Refreshments will be served
Hosted by the City of ebanon*





CITY OF LEBANON

MEMORANDUM

TO: Mayor Toombs and City Council **DATE:** October 16, 2003

FROM: John Hitt, City Administrator

SUBJECT: City Council Agenda

At the request of the Mayor, the Goal Review Workshop has been moved from October 22 to November 12 at 6:30 p.m.

JEH/lgk

LEBANON CITY COUNCIL MEETING
Wednesday, October 22, 2003
7:30 p.m.

School District Board Room
485 S. 5th Street

AGENDA

CALL TO ORDER/FLAG SALUTE

ROLL CALL

CONSENT CALENDAR

CITY COUNCIL AGENDA: October 22, 2003

MINUTES:

- Lebanon City Council Meeting – October 8, 2003
- Lebanon Senior Advisory Board Meeting – September 17, 2003

LEGISLATIVE SESSION

1) PHONE VENDOR CONTRACT

Presented by: Tom Oliver, IS Manager

Approval/Denial by MOTION

2) DOWNTOWN MASTER PLAN UPDATE

Presented by: Jim Ruef, Public Works Director

Discussion Only

3) BUDGET MEETING PROCEDURES

Presented by: John Hitt, City Administrator

Discussion Only

CITIZEN COMMENTS - *Those citizens with comments concerning public matters may do so at this time.*

EXECUTIVE SESSION – *Executive Sessions are closed to the public due to the highly confidential nature of the subject.*

- Per ORS 192.660(1)(h) To consult with legal counsel concerning legal rights and duties of the Council regarding current litigation or litigation likely to be filed.
- Per ORS 192.660(1)(e) To conduct deliberations with persons designated by Council to negotiate real property transactions.

ADJOURNMENT

Consent Calendar

CITY COUNCIL AGENDA: October 22, 2003

MINUTES:

- Lebanon City Council Meeting – October 8, 2003
- Lebanon Senior Advisory Board Meeting – September 17, 2003

**MINUTES
LEBANON CITY COUNCIL MEETING**

October 8, 2003

Council Present: Mayor Ken Toombs and Councilors Bob Elliott, Mel Harrington, Ron Miller, Roger Munk, Dan Thackaberry, and Scott Simpson

Staff Present: City Administrator John Hitt, City Attorney Tom McHill, Public Works Director Jim Ruef, Police Lieutenant Mike Schulte, Finance Director Casey Cole, City Planner Doug Parker, and Admin. Assistant Linda Kaser

CALL TO ORDER/FLAG SALUTE/ROLL CALL

Mayor Toombs called the regular session of the Lebanon City Council to order at 7:30 p.m. in the Lebanon School District Board Room at 485 S. 5th Street. All Councilors were present.

CONSENT CALENDAR

CITY COUNCIL AGENDA – October 8, 2003

CITY OF LEBANON MEETING MINUTES:

- City Council Meeting Minutes – September 3, 2003
- City Council Meeting Minutes – September 10, 2003
- Library Advisory Board Meeting Minutes – August 13, 2003
- Library Advisory Board Meeting Minutes – September 10, 2003
- Senior Advisory Board Meeting Minutes – July 16, 2003
- Lebanon Tourism Commission – August 4, 2003
- Lebanon Tourism Commission – September 8, 2003

A motion was made by Councilor Elliott, seconded by Councilor Thackaberry, and passed unanimously to approve the Consent Calendar as presented.

PROCLAMATIONS

Mayor Toombs proclaimed the month of October "DISABILITY EMPLOYMENT AWARENESS MONTH".

PUBLIC HEARINGS

1) LIQUOR LICENSE CHANGE (Change of Ownership & Name)

Mayor Toombs opened the Public Hearing at 7:32 p.m.

Lieutenant Schulte reported that the Police Department had no evidence to support a denial of Fox Run's (Pizza Factory) liquor license application request for Change of Ownership and Name.

There being no one who wished to speak in favor or opposition of the application, Mayor Toombs closed the Public Hearing at 7:35 p.m.

Councilor Harrington moved, Councilor Thackaberry seconded, to recommend approval of the LIQUOR LICENSE APPLICATION FOR PIZZA FACTORY AT 1188 MAIN STREET. The motion passed with 5 yeas (Councilors Elliott, Harrington, Munk, Simpson and Thackaberry) and 1 nay (Councilor Miller).

2) LIQUOR LICENSE CHANGE (Change of License Privilege)

Mayor Toombs opened the Public Hearing at 7:36 p.m.

Lieutenant Schulte reported that the Police Department had no evidence to support a denial of Redbeard's liquor license application request for Change of License Privilege from a "Limited" to a "Full-On" Sales license.

There being no one who wished to speak in favor or opposition of the application, Mayor Toombs closed the Public Hearing at 7:37 p.m.

Lieutenant Schulte clarified that "Full-On" meant that the establishment could sell hard alcohol (mixed drinks), along with beer and wine.

Councilor Thackaberry moved, Councilor Elliott seconded, to recommend approval of the LIQUOR LICENSE APPLICATION FOR REDBEARD'S STEAK & SEAFOOD AT 1581 MAIN STREETS. The motion passed with 5 yeas (Councilors Elliott, Harrington, Munk, Simpson and Thackaberry) and 1 nay (Councilor Miller).

LEGISLATIVE SESSION

3) IRREVOCABLE PETITION FOR PUBLIC IMPROVEMENTS (Alice & Bobby Keating)

Public Works Director Ruef explained that the previous house at 587 Morton Street was severely damaged by fire and subsequently sold for redevelopment. An Irrevocable Petition was required in lieu of construction of public improvements, prior to placement of a manufactured home at the northeast corner of Morton and 7th Street.

The Code states that it is redevelopment and public improvements should be made. In this case, staff felt it was unreasonable to require the property owner to make those public improvements at this time. By the terms of the Irrevocable Petition, if a Local Improvement District (LID) was ever formed, the property owner would not vote against the LID.

City Administrator Hitt explained that the petition would be recorded with the County. Therefore, if the property was sold a title search would discover the Irrevocable Petition recorded on this property.

Mr. Ruef added that if an LID is not formed within 20 years, the petition would be terminated.

Councilor Miller moved, Councilor Thackaberry seconded, to approve the Irrevocable Petition for Public Improvements at 587 Morton Street. The Motion passed unanimously.

4) DESIGNATION OF SPECIAL TRANSPORTATION AREAS (ODOT)

City Administrator Hitt referred to the August 20 letter from Jeff Scheick, Region 2 Manager of ODOT, requesting that a variety of cities consider participating in a Special Transportation Areas (STA) agreement. ODOT has designated segments of Highway 20, Park Street, and Highway 34 to be part of the STA. ODOT is still working on the specifics of the agreement, but the City would have no financial obligations.

If the resolution is approved by Council, ODOT would begin discussions of an Intergovernmental Agreement (IGA) with the City of Lebanon for Council's final approval. The idea is to have shared management of the sections of highway that ODOT has dedicated, without shared liability or costs. Upon approval of an IGA, the City would be able to implement changes with less ODOT restrictions.

Community Development Manager Parker reiterated that if the City agreed to the IGA, the City would have more local control in what happens in the designated areas. Mr. Parker stated that staff has acknowledged the *pending* STA designation in the preparation of the Downtown Improvement Plan, as well as the Transportation System Plan. The intent of the agreement is to recognize that there are multiple management goals and objectives. Planner Parker stated he did not see a downside to an IGA and believed the pending STA designation assisted the City to be successful in the downtown grant funds received and could possibly help the City to receive future downtown grant funds.

City Attorney McHill read the title of the Resolution

Councilor Simpson moved, Councilor Elliott seconded, to approve A RESOLUTION OF THE CITY OF LEBANON, OREGON, SUPPORTING THE DESIGNATION OF SEGMENTS OF HIGHWAY 20, PARK STREET AND OREGON-34 AS A SPECIAL TRANSPORTATION AREA. The motion passed unanimously.

CITIZEN COMMENTS

Mr. John Brown, 33435 Tennessee Road, Lebanon, addressed the Council regarding his concern for the newly painted Santiam Travel Station. Mr. Brown stated that the paint is already peeling on the west and south sides of the building. Mayor Toombs stated that staff was aware of the problem and would be working with the contractor to resolve it.

John Puma, 33368 Tennessee Road, Lebanon, asked the City Council if they would be reconvening after the Executive Session. City Attorney McHill stated that if a decision was to be made it could not take place during an Executive Session, only during a public session.

ITEMS FROM COUNCIL MEMBERS

There were no Council comments.

EXECUTIVE SESSION – *Per ORS 192.660(1)(h). To consult with legal counsel concerning legal rights and duties of the Council regarding current litigation or litigation likely to be filed.*

ADJOURNMENT

Mayor Toombs adjourned the meeting at 8:20 p.m.

Meeting recorded and transcribed by Admin. Assistant Linda Kaser

Kenneth I. Toombs, Mayor []
Ron Miller, Jr., Council President []

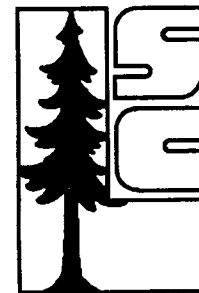
ATTESTED BY:

John E. Hitt, City Recorder



SENIOR AND DISABLED SERVICES

LEBANON SENIOR CENTER
585 PARK STREET
LEBANON, OREGON 97355



(541) 451-7481 Fax (541) 258-7386

ADVISORY BOARD MEETING

September 17th 2003

MINUTES

Members present: Bob Elliott, Bob Johnson, Linda Learn, Lori McNulty, Bonnie Prince, Remona Simpson, Frances West, Susan Tipton

Members absent: Jackie Pendleton, Jim Toftner, Stan Usinger, Cheryl Wagner

Guest: Janet Contrares

MINUTES: Bonnie moved to accept minutes as written and Remona Simpson seconded the motion.

CHAIRPERSON'S REPORT:

Jim was unable to attend due to a meeting conflict so Susan Tipton chaired the meeting.

REPORTS:

- Cheryl was unable to come to the meeting due to a work conflict.
- Susan distributed budget pages for July and August and changes to the Fix-it-Brigade policy. Then she described classes that will be meeting at the new center. She mentioned that a beverage machine has been installed. This will be used by people taking classes and by participants in some of the meetings being held at the center. She also mentioned that Fitness over 50 would like to be considered as renters for the new center. This would be feasible if we are awarded the CDBG and can enlarge two small rooms to accommodate equipment. She also said Deb Poteet from the Girls and Boys club asked if their theater group could use the stage to present their performances. This would be a wonderful opportunity for entertainment and community integration with the center. Deb said if they could be there they would perform for center participants too.
- Susan asked if someone would want to volunteer to present a Halloween event. Lori and Bonnie volunteered. There was discussion about pumpkin decorating and this is most likely what they will do.

CONTINUING BUSINESS:

- Susan gave update on move to LMS site, Community Development Block Grant has been submitted, we should know outcome 60 days. If we do not get the grant we will begin making plans to move. We will have to have a parking lot prior to any move though. If we are awarded the grant, we will begin working on the renovations to the building and build the parking lot. So we wouldn't be moving until spring most likely.
- Susan said that the Elkettes volunteered to help out on the November and December potlucks. Susan said Barbara Whipple, a volunteer would help with some

organization details of the potluck. Bonnie Prince has been volunteering too and this has been much appreciated.

- Susan gave updates on grant requests for ADA openers for the front door. Rose Tucker Foundation turned down the request, they get many more requests than they have funds. Susan sent the next request to Meyer Memorial Foundation. Spirit Mountain sent a letter saying they only accept requests for Polk and Marion counties.
- Bob Johnson said he would like to provide the sign for the center when the need comes up. There was discussion about kind and location of signs.
- Susan mentioned that the Lebanon Public Library Senior Center Trust (LPLSCT) is having a meeting to which members of this board are invited October 14th. Susan said the meeting would be with Donna Shewey, the person the LPLSCT hired to head up fund-raising activities, grant writing and capital campaign. This meeting will be a work session of about 3 hours duration to come up with organizations to contact for major donations and to develop a plan for giving requests. Invitations will go out in the next week or so.

NEW BUSINESS:

- We had discussions about e-mailing out of agenda packets. Many people on the board are unable to open the Word attachments. Several members said they would stop by and pick up packets since they were in the area frequently. We will try a combination of having them available for pick up, electronic version and regular mail. This is an attempt to reduce our postage and paper costs. The majority of minutes, agendas etc are distributed electronically by most organizations these days.
- Susan mentioned that the Dial-a-Bus would be used by the Rollin Oldies Saturday the 20th of September. This is a rental agreement with the Tourism commission paying for bus time and driver time. The payment will cover our costs so there will be no expense to city budgets.

ITEMS FROM THE FLOOR:

- Guest Janet Contrares spoke about her concerns that there was not much activity going on at the center. She has recently moved to Lebanon from the Bay area and would like to participate in building activities at the center. She considered having a Holiday Bazaar but then realized that she needed to be more familiar with activities and participation at other locations in Lebanon and more familiar with the senior center and its participants. She expressed interest in volunteering and possible working towards a bazaar for the holiday season of '04.
- Bonnie asked if Susan had contacted James River paper production yet about donations of paper products to the center. Susan had not but said she would write a letter to them with a request.

ADJOURNMENT:

Linda moved to adjourn, Lori McNulty seconded the motion.

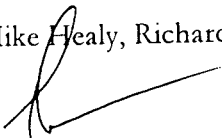
Next Meeting: Wednesday, November 19th, 2003

Agenda Item 1



City of Lebanon
Information Services

Memorandum

TO: Mayor Ken Toombs and Lebanon City Councilors
CC: John Hitt, Mike Healy, Richard Nelson
FROM: Tom Oliver 
RE: Telephone System Purchase
DATE: October 16, 2003

As you are aware, our current telephone system has several deficiencies which often impede our ability to efficiently serve the public. Callers often find themselves stuck in automated menus, voice mailboxes, or being bounced from one telephone to another and ultimately left unable to directly speak with the appropriate person or department. The system has no management tools to monitor or track the volume of calls received or placed. Administration of the system is difficult and time consuming, and the architecture of the system requires many expensive leased telephone lines to be maintained.

In efforts to rectify these problems and improve the ability of staff to communicate internally and with the public, we have solicited proposals for the installation of a new telephone system.

Of the nine responses received to our request for proposals, five met our minimum qualifications. Those five are as follows:

1. Eschelon Telecom proposing NEC 2000 IPS / AD-64 - \$96,000
2. Matrix Communications proposing Mitel 3300 ICP/ Callware UM - \$98,000
3. CenturyTel proposing Nortel Option 11C / CallPilot UM - \$100,000
4. BestTel proposing Mitel 3300 ICP / Callware UM - \$102,000
5. Telecom Labs proposing Avaya S8300 / G700 / IVR - \$140,000

City staff met with each of the five finalists to discuss technical specifications and to ensure that the proposed systems met our needs. Site visits and hands-on demonstrations were included in the selection process.

After thorough review of each proposal, it is my recommendation, and that of the proposal review committee, that we purchase the NEC 2000 IPS / AD-64 proposed by Eschelon Telecom. Eschelon Telecom was the lowest qualified bidder, and the NEC 2000 successfully meets the city's current and future telecommunication needs. Additionally, NEC maintains a



City of Lebanon
Information Services

Memorandum

manufacturing facility in Oregon and is thus considered a resident proposer as defined in ORS 279.029.

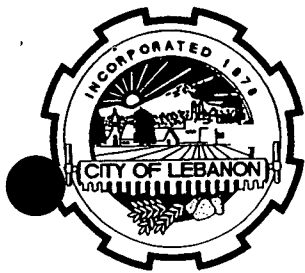
Eschelon Telecom has installed NEC telephone systems in several municipalities in Oregon, including Tigard, Sherwood and Woodburn, proving their ability to meet the needs of organizations such as ours. Eschelon Telecom and NEC provided the most comprehensive and affordable service and maintenance plan to protect the city's investment.

Some of the features and benefits that the NEC 2000 telephone system will provide to staff and members of the public are:

- ACD/Skills based routing – Calls placed to various departments will be answered by a member of support staff without bouncing from one telephone to another. Calls are automatically routed to the first available member of support staff based on several customizable factors.
- Voice activated directories – A caller will be able to speak or type the name of the person or department that they wish to speak with.
- Recording and monitoring – Staff will have the ability to record or monitor calls to ensure accuracy and quality customer service.
- Call Accounting and logging – Information Services will have the ability to generate and analyze reports of telephone traffic, to ensure efficient use of services and effective call routing.
- Unified Messaging – Staff will have the ability to view voice mail and faxes in their email inbox allowing improved response time. Additionally, voice mail messages may be forwarded to users not on the city's telephone system.
- Administrative time – Staff time spent managing the telephone system will be greatly reduced.
- Reliability – The proposed system has been proven for use in 24x7 environments, such as our police department.
- Caller ID – The system and staff will be able to identify the number of a calling party to provide enhanced call handling.
- Reduced leased lines – Approximately \$4000 will be saved annually by combining voice and data traffic thus eliminating leased telephone lines that connect the city's multiple facilities.
- Enhanced Emergency Services – The system will support current and future enhancements to the city's emergency services such as radio/telephone integration in the police department as well as enhance the ability of our Emergency Operations Center to quickly establish communications when activated.

With Council's approval the NEC 2000 telephone system will be installed in January, 2004.

Agenda Item 2



CITY OF LEBANON
MEMORANDUM

TO: John Hitt
City Administrator
FROM: James P. Ruef 
Director Of Public Works
SUBJECT: Downtown Master Plan Update

DATE: October 15, 2003

Doug Parker and I are prepared to give City Council an update on the progress we have made on improvements called for in the Downtown Master Plan. We will cover the following items:

- A Quick Overview of the Master Plan
- The Progress We have made
 - Phase I – CIF Grant
 - Phase II – TEA 21 and OTIA Grants
- Where do we go from here

This last area of discussion we hope will generate some City Council driven priorities on what areas of the plan the Council would like to see accomplished next. Grants are usually restricted to certain types of facilities. If we continue to rely on Grants for funding this effort, we may not be able to form projects along our priority lines. However, staff needs some general sense on where City Council would like to go from here.

I have attached some additional information about each of the grants we have received.



CITY OF LEBANON

PUBLIC WORKS DEPARTMENT - CAPITAL IMPROVEMENTS MEMORANDUM

TO: Jim Ruef, Director of Public Works **DATE:** October 8, 2003
FROM: Ron Whitlatch, Senior Engineer
SUBJECT: **COST AND SCOPE OF PROJECT**
Main Street Improvements Project Phase I – Project No. 99701

The first phase of Main Street Improvements were funded by a CIF Grant (Community Incentive Fund), the agency administering the grant was Oregon Housing and Community Services. The City began scoping the beautification improvements in 1999 based on the Downtown Master Plan developed by Crandal Arambula. OBEC Consulting Engineers, Inc. began designing the improvements in late January of 2001. Tornado Soft Excavation began construction on August 6, 2002 and the improvements were completed November 13, 2002.

Construction of phase one included the removal of existing canopies and the installation of 17 new awnings, the installation of 16 decorative street lights complete with wiring and switching, and 22 street trees and grates through the mid block areas.

The total cost of the project was \$322,759.81. The granting agency reimbursed the City \$255,000.00. The City match was \$67,759.81.



CITY OF LEBANON

PUBLIC WORKS DEPARTMENT - CAPITAL IMPROVEMENTS MEMORANDUM

TO: Jim Ruef, Director of Public Works **DATE:** October 8, 2003
FROM: Ron Whitlatch, Senior Engineer
SUBJECT: **COST, SCOPE, AND SCHEDULE OF PROJECT**
Main Street Improvements Project Phase II – Project No. 02705

In following with the Downtown Master Plan developed by Crandal Arambula, the City applied for and received two additional grants to continue with beatification improvements to the downtown area. The Grants received were TEA – 21 (Transportation Enhancement Act of the 21ST Century), and OTIA (Oregon Transportation Improvement Act). The grant administering agency, which is ODOT has allowed the City to combine the grants into one project. This was done to capture the attention of as many bidders as possible, hopefully creating a more competitive bidding climate, and to limit the amount of interruption that takes place in the downtown corridor.

The TEA-21 Grant was awarded to the City of Lebanon in August of 2000 in the amount of \$405,660. The City was also required to provide \$67,000 in matching funds for this grant. The funds are to be used for beatification improvements to Main Street from Vine Street to Maple Street. The improvements include installation of curb extensions along Main Street at the intersections between Vine and Maple Streets, street furnishings such as benches and trash recepticals, street trees, a drinking fountain, bike shelter, and restroom at Ralston Park.

The OTIA Grant was awarded to the City in July 2002 in the amount of \$203,000 with a City match of \$13,000. The funds from this grant are being used to implement a one-way grid system to three of the five side streets within the downtown corridor. Vine Street will become one-way westbound, and Ash street and Maple Street will become one-way eastbound. The one-way grid will only apply to the three streets mentioned above from Park Street to Second Street. The funding will provide the necessary striping, signing, and traffic control to implement the one-way grid.

Since January 2003, OBEC Consulting Engineers has been developing the scope and designing the project. As part of the process, City Staff along with OBEC held an informational public meeting on June 12, 2003. The purpose of this meeting was to hear citizen comments and provide a preliminary design for public review.

The enclosed project plans are indicated as preliminary and are approximately 90% complete. The project is scheduled to bid in December 2003 with construction beginning in March 2004. The proposed completion date for this project is September 2004.

The Project Plans
will be displayed
at the meeting.

Agenda Item 3



CITY OF LEBANON

MEMORANDUM

TO: Mayor Toombs and City Council

DATE: October 16, 2003

FROM: John Hitt, City Administrator

SUBJECT: City Budget Process

It has been suggested that the City review its budget adoption process in order to assure that City Councilors have a greater level of comfort and familiarity with the document by the time it comes before the City Council for final adoption.

Oregon State Budget Law, ORS .331-.555 (Incidentally the most prescriptive by far of the three west coast states) mandates certain prescribed steps in the budget process (see attached).

These are:

1. The Budget Officer publishes a "Notice of Budget Committee Meetings" not less than five or more than 30 days prior to the first meeting of the Budget Committee. While there no longer is any legal restriction as to when the budget committee members actually receive the proposed budget, practically speaking, there are limits. We want to give the Budget Committee at least a week to review the document. But it is difficult to finish the Proposed Budget prior to late April. This is due to the need to wait until the end of the 3rd quarter of the fiscal year (March 31) in order to have as accurate of estimates as possible of how the City will likely end the current fiscal year. An accurate estimate is important in order to have an idea of the amount of carryover funds the City will have. These carryover funds must, by state law, be included among the revenues available to budget.
2. The Budget Committee meets as many times as needed in order to pass the Approved Budget.
3. A summary of the Approved Budget must then be published not less than 5, or more than 30 days, prior to the City Council Public Hearing. At this Budget Adoption Hearing (which must occur no later than June 30), the City Council can amend or alter the Approved Budget, by no more than 10% of each separate fund. For example, the General Fund could not have changes in the approved budget of more than about \$420,000 (10%).
4. The Taxes are certified to the Linn County Assessor.

I would suggest that it might help the City Councilors to have some preliminary general budget discussions, prior to the development of the Proposed Budget by the Budget Officer. A workshop in January and/or February could possibly accomplish the following:

1. Give City Council a report on the first half of the current fiscal year. This should help everyone become aware of increases/decreases in projected revenues as well as unanticipated expenses.
2. It would provide the City Council the opportunity to articulate certain overall budget priorities, policies, or objectives. The budget is a policy document of the City Council. As such, the Council might be more comfortable with a detailed (by line item) proposed budget, if they were able to reach consensus as to the general policies, activities, and priorities that they want expressed or implemented by means of the proposed Budget.

For Example: If City prosecution of misdemeanor offenses is a higher priority than perhaps making further improvements to the new Senior Center, then that information could help facilitate construction of the Proposed Budget.

3. It could enable a discussion of the feasibility of implementation of City Council goals in light of budgeting restraints/opportunities, as well as potential grant fund opportunities and likely matching fund requirements for those grants.

In addition, I might also suggest that there be an additional budget workshop in late May or early June. This workshop could:

1. Provide opportunity to answer any questions Council may have about the Proposed Budget, prior to the final adoption public hearing.
2. If there was some dissatisfaction with the Approved Budget, this could be articulated at such a workshop. Staff would then have time to propose possible amendments to the Proposed Budget at or before the final Adoption Hearing.

Clearly, additional workshops will not likely address all possible concerns and issues with the budget.

In almost all budget adoption processes there is at least some disagreement, even contention, as to how to best allocate very limited financial resources. As these budget resources decline, (nearly \$7,000,000 revenue decline in the last three years) and expenses increase (General Fund utilities and insurance are up over 107% in three years), it becomes an even greater challenge to reach consensus.

The final adopted budget is the City Council's spending plan; it implements the City's financial policy. I believe that the more the City Councilor's can be involved in this process, the greater the opportunity of reaching consensus, even in today's very challenging environment.

JEH/lgk

Chapter 3—The Budget Process: An Outline

Exceptions to Local Budget Law

Most local governments in Oregon must prepare and adopt an annual budget. There are a few exceptions. The following districts are either totally or partially exempted from Local Budget Law requirements (ORS 294.316):

1. Diking districts organized under Chapter 551.
2. District improvement companies organized under ORS 554.
3. Drainage districts organized under ORS 547.
4. Export trading corporations organized under ORS 777.755 to 777.800.
5. Highway lighting districts organized under ORS 372.
6. Hospital financing authorities organized under ORS 441.525 to 441.595.
7. Housing authorities organized under ORS Chapter 456 that are not carrying out urban renewal activities using tax increment financing under ORS 457.440 during the ensuing year.
8. Irrigation districts organized under ORS 545.
9. Municipal public utilities operating under separate boards or commissions, authorized under ORS Chapter 225 and city charters, and people's utility districts organized under ORS Chapter 261, both operating without ad valorem tax support during the ensuing year.
10. Organizations formed under the provisions of ORS 190.003 to 190.110. These organizations, referred to as "councils of governments," are subject to separate budget requirements under ORS 294.900 to 294.930.
11. Road districts organized under ORS 371.

Note: Road districts that impose a property tax must submit tax certification documents. County road districts organized under ORS 371.097 are subject to local budget law.

12. Soil and water conservation districts organized under ORS Chapter 568 that will not impose an ad valorem tax during the ensuing year.
13. Water control districts, organized under ORS 553, that will not impose taxes during the ensuing year.

In addition to the local governments listed here, a newly formed local government is not required to prepare a budget under Local Budget Law during the first fiscal year it is formed. If a local government is formed between March 1 and June 30, it does not have to prepare a budget for the upcoming fiscal year [ORS 294.326(11)].

Urban Renewal Agencies

Urban renewal agencies are subject to the Local Budget Law and must complete the process separately from the parent municipality (county or city).

Purpose of Local Budget Law

Budgeting is not simply something a local government does once a year. It is a continuous process taking twelve months to complete a cycle. The budgeting process has five parts. The budget is: (1) prepared, (2) approved, (3) adopted, (4) executed, and (5) reviewed by audit. **The budget must be prepared far enough in advance so that it can be adopted before June 30 of the current fiscal year.** After adopting the budget, the governing body makes the necessary appropriations and certifies the tax to be imposed to the county assessor.

Local governments that aren't subject to Local Budget Law may be subject to other statutory and constitutional limits. They may choose to follow the local budget process in preparing their budgets.

Oregon's Local Budget Law has two important objectives:

1. It establishes standard procedures for preparing, presenting, and administering the budget, and
2. It provides for citizen involvement in preparing the budget and public exposure of the budget before its formal adoption.

To give the public ample opportunity to participate in the budgeting process, Local Budget Law requires that a budget officer be appointed and a budget committee be formed. The budget officer draws together necessary information and prepares the proposed budget. The budget committee then reviews and may revise the proposed budget before it is formally approved. Notices are published, budgets are made available for review, and public meetings are held. These requirements encourage public participation in budget-making. They also give public exposure to budgeted programs and fiscal policies before the governing body of a local government adopts the budget.

Citizen involvement in the budget cycle varies from one community to another. It is up to each local government to prepare a budget that clearly outlines its fiscal policies and is satisfactory to the patrons of the district. If a budget is clear and concise, taxpayers have a better understanding of the purposes for which their tax dollars are spent. Local governments may also find citizen input informative and rewarding.

To provide an overview of the budget cycle, the major steps of the budgeting process are outlined below. An Oregon Revised Statute outline of the budget process is in Appendix B of this manual.

Function Outline of the Budget Process

1. **Budget Officer Appointed** (ORS 294.331).

Each local government must have a budget officer, either appointed by the governing body or designated

by the local government's charter. The budget officer is under the supervision of either the executive officer or the governing body.

2. **Proposed Budget Prepared** (ORS 294.331).

The budget officer is responsible for preparing or supervising preparation of the proposed budget to present to the budget committee.

3. **Budget Officer Publishes Notice** (ORS 294.401).

The budget officer publishes a "Notice of Budget Committee Meeting" after the proposed budget is prepared. The notice may contain the dates, times and places of several meetings, if the budget officer anticipates that more than one meeting will be needed.

If the notice is published in a newspaper of general circulation, it must be published at least **twice**, five to 30 days before the scheduled budget committee meeting date. The publications must be separated by at least five days. If notice is hand delivered or mailed, only one notice is required not later than 10 days prior to the meeting.

4. **Budget Committee Meets** (ORS 294.401).

The budget officer may make the proposed budget available to each member of the budget committee at any time before the meeting. The budget officer may choose to **distribute** the budget at the meeting, rather than earlier. At the time the budget is made available to the committee, a copy must be filed in the office of the governing body of the district. The budget becomes a public record at this point and must be made available to anyone who is interested in viewing it.

The budget message is delivered at the first budget committee meeting for budget deliberations. The budget message explains the proposed budget and any significant changes in the local government's financial position. After the initial meeting, the budget committee may meet as many times as needed to revise and complete the budget. After the budget is approved, the budget committee is allowed to meet for training and advisory reviews throughout the year. All meetings are subject to Oregon's Public Meetings Law (ORS Chapter 192).

5. **Budget Committee Approves Budget** (ORS 294.406).

When the budget committee is satisfied with the budget, including additions to or deletions from the one proposed by the budget officer, it is approved. The budget approved by the committee specifies the amount or rate of ad valorem taxes for each fund receiving tax revenue. Approval of the budget and of the amount or rate of tax should be by motion and be recorded in the minutes of the meeting.

6. **Budget Summary and Notice of Budget Hearing Published** (ORS 294.421).

After the budget is approved, a budget hearing must be held by the governing body of the local government. The governing body must publish a "Financial Summary and Notice of Budget Hearing" five to 30 days before the scheduled hearing. This information must either appear in a newspaper of general circulation, be mailed or hand delivered. If no newspaper is published in the local government and the total estimated expenditures in the approved budget do not exceed \$50,000, the summary and hearing notice may be posted for at least 20 days prior to the meeting.

If the local government posts the summary and notice, a second notice of budget hearing must be published in a newspaper of general circulation, mailed or hand delivered five to 30 days before the scheduled hearing (ORS 294.421). See Chapter 8 for more details on publication requirements.

7. **Budget Hearing Held** (ORS 294.430).

The budget hearing must be held by the governing body on the date specified in the public notices. The purpose of the hearing is to listen to citizens' testimony on the approved budget. Additional hearings may be held. All hearings are open to the public.

8. **Budget Adopted, Appropriations Made, Taxes Declared and Categorized** (ORS 294.435).

By law, the governing body may make changes in the approved budget before it is adopted. Prior to the beginning of the fiscal year to which the budget relates, it can also make changes to the adopted budget. However, there are limitations:

- a. Taxes may **not** be increased over the amount approved by the budget committee.
- b. Estimated expenditures in a fund cannot be increased over the amount approved by the budget committee by more than \$5,000 or 10 percent, whichever is greater.

Neither of the two limitations can be exceeded without first publishing a revised Financial Summary and holding another budget hearing.

After the budget hearing, and after considering relevant testimony, the governing body adopts the budget. It is recommended that the budget **should not be formally adopted until the latter part of June** so last-minute revisions to revenue or expenditure estimates can be incorporated.

The governing body prepares a resolution or ordinance that formally adopts the budget, makes appropriations and, if needed, levies and categorizes tax. The budget is the basis for making appropriations and

certifying the taxes. **The resolutions or ordinances adopting the budget and making appropriations must be adopted no later than June 30** [OAR 150-294.435(4)].

9. **Taxes Certified** (ORS 294.555).

The next step in the budget cycle is to certify the taxes to the county assessor. School districts also submit a copy of the budget and tax certification forms to their education service district office and to the Oregon Department of Education.

The documents submitted to the assessor's office include the following:

- Two copies of the notice of levy and the categorization certification (Form LB/ED/UR-50) which contains the statement of the budget committee approved tax amounts and/or tax rates,
- Two copies of the resolution statements that adopt the budget, make appropriations, and impose and categorize taxes, and
- Two copies of any successful tax ballot measures.

10. **Post-Adoption.**

After the previous nine steps have been completed, changes to the budget are restricted by statute.

- ORS 294.326 provides for authorizing appropriations as an exception to the budget process.
- ORS 294.450 governs the transfer of appropriations within a fund or from the general fund to another fund.
- ORS 294.455 provides for the expenditure of funds to repair or replace property that has been damaged or destroyed. It also allows funds to be expended because of a civil disturbance or **natural disaster**.
- ORS 294.460 is concerned with loans from one fund to another.
- ORS 294.480 specifies the conditions under which a local government must adopt a supplemental budget.
- ORS 294.483 provides exceptions for certain debt service expenditures.

For more details, read Chapter 14, Budget Changes After Adoption.

This is an overview of the budget cycle. For more detailed information on each stage of the budget cycle, refer to the section of this manual that is devoted to each specific stage.

Executive Session

Per ORS 192.660(1)(h) To consult with legal counsel concerning legal rights and duties of the Council regarding current litigation or litigation likely to be filed.

Per ORS 192.660(1)(e) To conduct deliberations with persons designated by the Council to negotiate real property transactions.

Executive Sessions are closed to the public due to the highly confidential nature of the subject. Therefore, it is unlawful to discuss anything outside of the Executive Session.