



**City of Lebanon and Lebanon Urban
Renewal Agency FY 2022-2023 Budget
Committee Meeting**
May 4, 2022 12:00 PM and
May 5, 2022 12:00 PM (If Needed)
Santiam Travel Station – 750 S. 3rd Street

A G E N D A

- 1) **Call to Order** – *Mayor Aziz*
- 2) **Roll Call** – *Donna Trippett, Deputy City Recorder*
- 3) **Nominations** –
 - A. Budget Committee Chair – *Mayor Aziz*
 - B. Budget Committee Secretary - *Committee Chair*
(formal minutes will be recorded and prepared by the City Recorder’s Office)
- 4) **Approval of May 5, 2021 Budget Committee Minutes** – *Committee Chair*
- 5) **Presentation of FY 2022/2023 Budget Message** – *Nancy Brewer, City Manager (Budget Officer) & Matt Apken, Finance Director*
- 6) **Public Comments** – *Public comments may be submitted by email to mapken@ci.lebanon.or.us or mailed to Finance Director, 925 S. Main St, Lebanon, OR 97355. Comments must be received by May 3, 2022 at 5:00 PM.*
- 7) **Presentation of Department Budgets** – *Nancy Brewer, City Manager (Budget Officer) & Matt Apken, Finance Director*
- 8) **Public Hearing(s)** – *Chair opens and closes each hearing prior to the motion.*
 - A. **State Shared Revenues** – *Committee Chair*
Motion: *I move to recommend the City of Lebanon Budget Committee accept State Revenue Sharing monies as non-dedicated revenue in the General Fund.*
 - B. **FY 2022/2023 Proposed City of Lebanon Budget** – *Committee Chair*
Motion: *I move to recommend the City of Lebanon Budget Committee levy the permanent property tax rate of \$5.1364 per \$1,000 of assessed value for operating purposes, and \$1,636,762 for payment of bond principal and interest.*

Motion: *I move to recommend the City of Lebanon Budget Committee approve the FY 2022/2023 Budget in the sum of \$86,930,161 as proposed by the City’s Budget Officer.*

(Motion to amend: *I move to amend...*)

Adjourn as the City of Lebanon Budget Committee and convene as the Urban Renewal Agency Budget Committee – Committee Chair

9) **FY 2022/2023 Lebanon Urban Renewal Agency Budget Presentation** – Nancy Brewer (Budget Officer)

10) **Public Hearing(s)** – Chair opens and closes each hearing prior to the motion.

A. Proposed Urban Renewal District Taxes

Motion: I move to recommend the Urban Renewal Agency Budget Committee approve the NW Lebanon URD Taxes for FY 2022/2023 at the tax increment value of \$56,500,000.

Motion: I move to recommend the Urban Renewal Agency Budget Committee approve the Cheadle Lake URD Taxes for FY 2022/2023 at the rate of 100% of the amount from the division of tax.

Motion: I move to recommend the Urban Renewal Agency Budget Committee approve the N Gateway URD Taxes for FY 2022/2023 at the rate of 100% of the amount from the division of tax.

Motion: I move to recommend the Urban Renewal Agency Budget Committee approve the Downtown URD Taxes for FY 2022/2023 at the rate of 100% of the amount from the division of tax.

Motion: I move to recommend the Urban Renewal Agency Budget Committee approve the Mill Race URD Taxes for FY 2022/2023 at the rate of 100% of the amount from the division of tax.

B. Proposed Urban Renewal Budget

Motion: I move to recommend the Urban Renewal Agency Budget Committee adopt the FY 2022/2023 Lebanon Urban Renewal Agency Budget in the sum of \$5,478,490 as proposed by the Agency's Budget Officer.

(Motion to amend: I move to amend...)

Adjourn as the Urban Renewal Agency Budget Committee and reconvene as the City of Lebanon Budget Committee – Committee Chair

11) **Committee Comments**

12) **Next Budget Meeting** – Noon, May 5 (if needed)

13) Adjournment – Committee Chair

*If you cannot attend the meeting, but wish to address the Budget Committee during the Public Hearings electronically, click [HERE](#) (May 4) or [HERE](#) (May 5 if needed) to register in advance for the meeting. You will receive a confirmation email containing information about joining the meeting. Attendees will need to register to receive the link to the meeting. Please register **ONLY** if you wish to address the Budget Committee. You will be called in the order received. If you want to watch or listen to the meeting, please click this link to do so on YouTube on May 4: <https://youtu.be/RYndeCvew-8> and May 5 (if needed): <https://youtu.be/QOpNwQUQisA>*

City Council meetings are recorded and available on the City's YouTube page at <https://www.youtube.com/user/CityofLebanonOR>. The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made at least 48 hours before the meeting to the City Recorder at 541.258.4905.

**City of Lebanon and Lebanon Urban Renewal Agency FY 2022/23
Budget Committee Meeting Minutes
May 4, 2022**

MEMBERS PRESENT Paul Aziz, Wayne Dykstra, Gamael Nassar, Wayne Rieskamp, Michelle Steinhebel, Kim Ullfers, Lance Caddy and Bob Elliott

STAFF PRESENT City Manager (Budget Officer) Nancy Brewer, Finance Director Matt Apken, City Attorney Tre Kennedy, City Recorder Kim Scheafer, Community Development Director Kelly Hart, Engineering Services Director Ron Whitlatch, Human Resources Director Angela Solesbee, Information Services Director Brent Hurst, Library Director Kendra Antila, Police Chief Frank Stevenson, Public Works Director Jason Williams and Senior Services Director Kindra Oliver

- 1) **CALL TO ORDER** – Aziz called the meeting to order at 12:00 p.m. in the Santiam Travel Station Board Room.
- 2) **ROLL CALL** – Lance Caddy, Josh Port and Tom Wells were absent.
- 3) **NOMINATIONS**
 - A. **Budget Committee Chair** – *Steinhebel moved, Ullfers seconded, to nominate Gamael Nassar as the Budget Committee Chair. The motion passed unanimously.*
 - B. **Budget Committee Secretary** – *Steinhebel moved, Rieskamp seconded, to nominate Kim Ullfers as the Budget Committee Secretary. The motion passed unanimously.*
- 4) **APPROVAL OF 2020/21 BUDGET COMMITTEE MEETING MINUTES** – *Aziz moved, Elliott seconded, to approve the FY 2021/22 Budget Meeting minutes as presented. The motion passed unanimously.*
- 5) **PRESENTATION OF FY 2022/23 BUDGET MESSAGE** – presented by City Manager (Budget Officer) Nancy Brewer and Finance Director Matt Apken

Brewer read the Budget message that included sections on the local economy, budget highlights and future challenges. The local economy is rebounding from the pandemic shutdowns. The budget is balanced in each fund, but this is not sustainable because funds from prior years' under-expenditures had to be used. All current services are expected to continue at current levels during FY 2022/23. There are several long-awaited projects moving forward during the year that will have an impact on the community, but there are also challenges in the future that will require careful consideration and planning for the community and organization to be prepared to address them.

In response to Steinhebel's question, Brewer said that the City does not know what the Federal Infrastructure Improvement and Jobs Act (IIJA) will look like. This infusion of resources is beneficial but federal funds come with a lot of strings and construction costs are anticipated to be higher.

Chair Nassar asked when the American Rescue Plan Act (ARPA) report is due. Brewer said that the City reports to the federal government annually. It identifies what has been allocated and what has been spent to date. The City is reserving about \$300,000 while waiting to see what the IIJA restrictions are. No reporting challenges are foreseen.

Chair Nassar asked Police Chief Stevenson to speak about body camera limitations and what the upgrade entails. Stevenson said that the current system is inadequate and is not recording what it should. The dashcams are old and are becoming a liability because of their age. IT Director Hurst briefly explained how the patrol car units and the body cams will work. In response to Chair Nassar's question, Stevenson said that

recordings are not available as public records because they are not redactable. The hope is to be able to redact with the new system.

[Lance Caddy arrived at 12:30 p.m.]

6) PUBLIC COMMENTS

Cassie Cruze, Lebanon Downtown Association (LDA) Main Street Manager asked if there were any questions about their written request for a \$5,000 increase to the current annual budget allocation of \$25,000. She spoke about groups like the LDA creating a sense of belonging in their communities, which enables members to live long healthy lives.

In response to Rieskamp's question about the Arts Commission transition, Ms. Cruze said that acclimating people to do the work is a slow but steady process. They have recruited some great talent in the community and are always looking for volunteers. She confirmed for Chair Nassar that the \$8,000 funding they received was to help with the transition.

At Chair Nassar's request, she spoke about the Build Buy and Lease in Lebanon guide, which helps businesses on startup, and Space Walk, which shows available spaces in Lebanon.

Steinhebel congratulated the LDA on their work completed over the last year. Responding to Steinhebel's question, Ms. Cruze said that the extra \$5000 would allow the Main Street Manager to become a full-time position, which is required to be considered an affiliate under the Oregon Main Street program. The funds would also help with expansion of projects.

Aziz moved, Rieskamp seconded, to add \$5000 to the Lebanon Downtown Association budget allocation. The motion passed unanimously.

7) PRESENTATION OF DEPARTMENT BUDGETS

Apken reported that the City's total budget for FY 2022/23 is balanced in each fund, where revenues, combined with reserves or fund balance, equal or exceed planned expenditures. Revenue in all funds combined is estimated to be \$46,098,256, a 13% decrease over the previous year due to not receiving ARPA funding and no Westside Interceptor fund loan proceeds.

All expenditures are projected to total \$86,930,971, an 18% increase from last year's adopted budget. The operating budget is \$46,831,526, which is \$ 0.35 million more than last year's adopted budget.

Responding to Steinhebel's question, Brewer said that the City receives about \$180,000 in local marijuana tax and \$28,000 from the State.

Apken said that the PERS rate and medical/dental benefits have basically stayed the same, but these often increase significantly. Increases in personnel are from step and cost of living increases. Operating and non-operating expenses were separated to provide more clarification.

Rieskamp asked whether there will be an increase in Systems Development Charges (SDC). Apken said that he believes there was a slight increase from last year. Most of these fees are charged at the time of permits but they can be financed.

General Fund

- Revenue decreased from last year mainly due to the ARPA funds being removed from the budget.
- \$3 million for the Westside Interceptor (WSI) Project has been moved to the sewer fund.
- Budgeting property taxes is estimated to increase to about \$370,000 due to the increase in assessed values and new development.

Community Development

- Contract services increased significantly due to a Community Development Block grant last year.

Police

- This budget increased due to the cost of personnel.

Non-Departmental

- This fund decreased significantly due to last year's ARPA funds.

Apken explained to Steinhebel that the City/Chamber of Commerce contract is for \$85,000 with a portion for operations and a portion for tourism. Funds were not given to the Chamber during COVID; they used unspent tourism funds for operations.

Aziz asked if there has been an increase in hotel taxes. Apken said that it has picked back up.

Administrative Services

- Revenues are mostly interfund transfers or intergovernmental revenue from the Urban Renewal Agency.

IT

- The correct number of employees is six.
- Salaries are higher because GIS and IT were combined into one fund
- The battery backup system for servers needs to be replaced.

Brewer spoke about the increased costs of cyber security. Hurst added that the City has been very aggressive with cyber security in the last year and will be able to get the highest-level policy from CityCounty Insurance.

General Obligation Bond

- This fund brings in property taxes to pay off outstanding bonds.

2013 Full Faith & Credit Bond

- Revenue is from interfund transfers from the Urban Renewal District.

Pension Obligation Debt Service Bond

- These are transfers-in from all funds with employees and the associated payment.

Water Utility

Steinhebel asked whether funds being set aside for future projects include padding for anticipated increased construction costs. Apken said that this is reviewed annually.

Chair Nassar asked when the Automatic Meter Read (AMR) project will be done and how it helps the City. Apken said that he does not know when it will be complete. He explained the way it would work and how it would save staff time.

Water Fund Debt

- The two State loans have good interest rates and will end in 2024 and 2049.

Storm Drainage Utility

- The City only brings in about \$500,000 in revenue annually.
- The Seventh Street Reconstruction project has the largest reserve. The City needs about \$500,000 from the storm drainage utility so more will need to be collected to do the project.

- As discussed in the work session, staff has budgeted to increase fees pretty significantly, but overall by 3% (not increasing water with a larger increase to sewer and storm drainage).

Wastewater Utility

- The rate increase is 4%.

Aziz asked whether monies from the lawsuit have been spent. Brewer said that the \$11,621,329 received is being set aside for future wastewater treatment plant projects and the Seventh Street Sewer Replacement project.

Chair Nassar asked about failing sewer mains and laterals. Engineering Services Director Whitlatch said that staff is seeing a lot of failing sewer mains, which is to be expected for the age of the pipes. \$150,000 was budgeted for sewer lateral replacements, but actual costs are currently at \$250,000. There are starting to be major main failures and there is significant groundwater leakage.

Responding to a question about the rate of failure compared to other cities of this size. Whitlatch said that this is happening across the country, but staff is trying to stay on top of it.

Chair Nassar asked whether the community can help with minimizing damage to pipes. Whitlatch said that wipes and grease are troublesome for pipes and the wastewater treatment plant.

Motel Tax

- A small portion of this tax goes directly into the General Fund.
- Because the Budget Committee increased funding to the LDA by \$5,000, City grants will be increased from \$75,000 to \$80,000. ***The Committee agreed to decrease improvements by \$5,000.***

Park Operations Fund

- The majority of funding comes from the General Fund. Revenue is also generated from park shelter reservations, camping fees, and from the School District for landscape maintenance.

Caddy commended the Public Works staff for the appearance of the parks.

There was a brief discussion about monthly camping fees at Gill's Landing.

Dykstra commented that there are a lot of Pioneer Cemetery monuments in need of repair. Apken said that this is a small fund that was established a long time ago. Brewer explained that there is no staff trained in monument repair so a contractor would be needed. This would make it a General Fund expense because there are no other funds to do the work. Steinhebel commented that a nonprofit could hopefully spear this project. Aziz said that the museum group has discussed participating in this project after getting a building. There was discussion about a group that was interested in taking on this project about a year ago. Brewer said that the group did not follow up with Public Works Director Williams on details about the chemicals.

Apken explained for Chair Nassar that only the accrued interest can be used.

The committee took a seven-minute break.

LINX Transit Services

- There will be new LINX vehicles and routes.

Boat Ramp

- The new boat ramp is here and will be put in when work can be done in the river.

Police Donations, Library Donations & Senior Center Donations

- Revenue is from community donations.

Equipment Acquisition and Replacement

- This fund is used to save for equipment, building and software replacement.
- It will hopefully help to purchase the armory building.

Street Capital Projects Fund

- The amount currently budgeted includes some in reserve.
- Because part of a street will be developed in the next year, staff is requesting that some of the reserved funds be put in a spendable category so that the City can do improvements on the other side of the street.

Rieskamp moved, Ullfers seconded, to move \$19,200 from reserves into the improvement category.

Systems Development Charge Improvements and Reimbursement

- These are based on development.
- Part of this fund can be used for capital projects. The improvement portion is to increase capacity in the system.
- Purchase of property southeast of Cheadle Lake, that the City has a lease to purchase, will happen next year.

8) Public Hearings

A. State Shared Revenues

Apken explained State Revenue Sharing and said that the City has been using this money as general revenue in the General Fund to support normal operations.

Chair Nassar opened the public hearing at 2:04 p.m. There were no public comments [no one in the audience].

Rieskamp moved, Ullfers seconded, to recommend the City of Lebanon Budget Committee accept State Revenue Sharing monies as non-dedicated revenue in the General Fund. The motion passed unanimously.

Chair Nassar closed the public hearing at 2:06 p.m.

B. FY 2022/23 Proposed City of Lebanon Budget

Chair Nassar opened the public hearing at 2:06 p.m.

Steinhebel moved, Rieskamp seconded, to recommend the City of Lebanon Budget Committee levy the permanent property tax rate of \$5.1364 per \$1,000 of assessed value for operating purposes, and \$1,636,762 for payment of bond principal and interest. The motion passed unanimously.

Ullfers moved, Rieskamp seconded, to recommend the City of Lebanon Budget Committee approve the FY 2022/23 Budget as amended in the sum of \$86,930,161 as proposed by the City's Budget Officer. The motion passed unanimously.

Chair Nassar closed the public hearing at 2:08 p.m.

Chair Nassar adjourned as the Lebanon Budget Committee and convened as the Urban Renewal Agency.

9) FY 2022/23 Lebanon Urban Renewal Agency Budget Presentation

Brewer said that there is nothing new for any of the urban renewal areas. The budget that is proposed for each of the districts is to meet the obligations and to pay the debt service due in those budgets with balances

appropriated in case improvements are needed.

10) Public Hearings

A. Proposed Urban Renewal District Taxes

Chair Nassar opened the public hearing at 2:09 p.m.

Steinhebel moved, Ulfers seconded, to recommend the Urban Renewal Agency Budget Committee approve the NW Lebanon URD Taxes for FY 2022/23 at the tax increment value of \$56,500,000. The motion passed unanimously.

Chair Nassar closed the public hearing at 2:09 p.m.

Chair Nassar opened the public hearing at 2:09 p.m.

Elliott moved, Steinhebel seconded, to recommend the Urban Renewal Agency Budget Committee approve the Cheadle Lake URD Taxes for FY 2022/23 at the rate of 100% of the amount from the division of tax. The motion passed unanimously.

Chair Nassar closed the public hearing at 2:10 p.m.

Chair Nassar opened the public hearing at 2:10 p.m.

Aziz moved, Elliott seconded, to recommend the Urban Renewal Agency Budget Committee approve the N. Gateway URD Taxes for FY 2022/23 at the rate of 100% of the amount from the division of tax. The motion passed unanimously.

Chair Nassar closed the public hearing at 2:10 p.m.

Chair Nassar opened the public hearing at 2:10 p.m.

Rieskamp moved, Steinhebel seconded, to recommend the Urban Renewal Agency Budget Committee approve the Downtown URD Taxes for FY 2022/23 at the rate of 100% of the amount from the division of tax. The motion passed unanimously.

Chair Nassar closed the public hearing at 2:10 p.m.

Chair Nassar opened the public hearing at 2:10 p.m.

Elliott moved, Rieskamp seconded, to recommend the Urban Renewal Agency Budget Committee approve the Mill Race URD Taxes for FY 2022/23 at the rate of 100% of the amount from the division of tax. The motion passed unanimously.

Chair Nassar closed the public hearing at 2:11 p.m.

B. Proposed Urban Renewal Budget

Steinhebel moved, Elliott seconded, to recommend the Urban Renewal Agency Budget Committee adopt the FY 2022/23 Lebanon Urban Renewal Agency Budget in the sum of \$5,478,490 as proposed by the Agency's Budget Officer. The motion passed unanimously.

Chair Nassar adjourned as the Urban Renewal Agency Budget Committee and reconvened as the City of Lebanon Budget Committee.

11) Committee Comments

Aziz thanked Brewer, Apken and staff for their hard work. Ullfers thanked Apken and commented that discussing the budget has been a lot easier the last couple of years

Chair Nassar asked for an update on the 5th/Tangent Street work. Brewer said that staff has been working through what has been spent to date and is reviewing the projects list. They will be meeting next week to go through the numbers and the hope is to arrange for Council discussions later this summer.

Chair Nassar asked about the e-billing advertising campaign. Apken said that an insert in the bill may bring more attention to it. Staff also needs to work with Springbrook since they offered marketing help. Brewer noted that it became apparent during the pandemic that many people do not have computer access.

12) Next Budget Meeting – No additional meetings were needed.

13) Adjournment – 2:16 p.m.

[Minutes prepared by Donna Trippett]