

# **MINUTES OF THE PROCEEDINGS OF THE CITY OF COOS BAY BUDGET COMMITTEE**

**April 15, 2021**

The minutes of the proceedings of a meeting of the City of Coos Bay Budget Committee held at 7:00 p.m. in the City Hall Council Chambers, 500 Central Avenue, Coos Bay, Oregon.

## **Those Attending**

Committee Members attending were Joe Benetti, Drew Farmer, Harold Folker, Stephanie Kilmer, Phil Marler, Carmen Matthews, Rob Miles, and Colleen Sutton. Committee Members Lucinda DiNovo, Steven Horne, Ali Mageehon, Sara Stephens, and Frederick Taylor attended remotely by teleconference. Committee Member Florence Pourtal-Stevens was absent. City staff present were City Manager Rodger Craddock, Finance Director Nichole Rutherford, Deputy Finance Director Melissa Olson, Fire Chief Mark Anderson, Library Director Sami Pierson, Deputy Police Chief Chris Chapanar, and Public Works and Community Development Director Jim Hossley. City staff attending remotely by teleconference were Police Chief Gary McCullough and Deputy Library Director Christina Coffman.

## **Election of Officers**

Committee Member DiNovo nominated Drew Farmer as Chair. Committee Member Kilmer seconded the motion which carried. Ayes: Benetti, DiNovo, Farmer, Folker, Horne, Kilmer, Mageehon, Marler, Matthews, Miles, Stephens, Sutton, Taylor. Absent: Pourtal-Stevens.

Committee Member Farmer nominated Carmen Matthews as Vice-Chair. Committee Member Marler seconded the motion which carried. Ayes: Benetti, DiNovo, Farmer, Folker, Horne, Kilmer, Mageehon, Marler, Matthews, Miles, Stephens, Sutton, Taylor. Absent: Pourtal-Stevens.

Committee Member DiNovo nominated Stephanie Kilmer as Secretary. Committee Member Marler seconded the motion which carried. Ayes: Benetti, DiNovo, Farmer, Folker, Horne, Kilmer, Mageehon, Marler, Matthews, Miles, Stephens, Sutton, Taylor. Absent: Pourtal-Stevens.

## **Public Comments**

No comments were provided online and no public comment forms were received.

## **Presentation of the Budget Message by Budget Officer Rodger Craddock**

City Manager Rodger Craddock reviewed the budget message as attached to the proposed budget and hereby made a part of the record. City Manager Craddock reported the fiscal year (FY) 2021-2022 proposed budget totaled \$70,254,544 which included \$9,055,000 in wastewater capital improvements and \$2,648,500 for street improvements; and noted the budget was based on conservatively estimated revenues with expenditures based on actual experience and incremental increases and/or decreases as needed. Reserve Funds were maintained at adequate funding levels in accordance to accepted accounting practices. The proposed budget document reflected a reduction in the number of funds from twenty-four to sixteen as a best governmental accounting practice. Revenue Bond Fund 12 would transfer to General Fund 1 and Wastewater Fund 3; Special LID Fund 15, Street Improvement Fund 16, Parks Improvement Fund 17, Bike/Pedestrian Path Fund 18, Major Capital Fund 34, and Technology

Reserve Fund 40 would transfer to a new fund Capital Improvement Fund 45; Transportation SDC Fund 19 had no funds and would be closed; and Wastewater SDC Fund 20 and Stormwater SDC Fund 21 would transfer to a new fund System Development Charges Fund 46.

The budget reflected anticipated impacts due to the COVID-19 pandemic culminating in reduced revenues from lodging tax, the City's share of the State gas tax and property tax along with reduced interest earnings on reserves. The budget also reflected anticipated revenue carryover from the American Rescue Plan Act of 2021; however, until further guidance was provided for allowable usage of the funds, the majority of the expected revenue would not be specifically allocated other than revenue replacement for revenue sources affected by COVID-19 and cost reimbursement for expenditures related to the pandemic.

City Manager Craddock provided a general overview of the budget funds and categories. Significant highlights of the proposed budget included Personnel Costs – Salaries and Benefits for the four different segments of the City's workforce: employees represented by the American Federation of State, County and Municipal Employees (AFSCME), Coos Bay Police Officer's Association (CBPOA), International Association of Firefighters (IAFF), and non-represented (management) employees. Projected personnel costs included a 1.6% to 1.9% cost of living adjustment (COLA) based on negotiated Collective Bargaining Agreements; as well as, management. Personnel expenses comprised 24% of the total City operating budget, with salaries comprising 60% and benefits comprising 40% of personnel expenses. The FY 2021-2022 proposed budget reflected a 10% increase over the FY 2020-2021 budget in employee medical, vision and dental insurance cost, and a 7.8% to 17.21% mandated cost increase for the State's regulated and managed public employee retirement system program (PERS) based on when an employee began their public employment serve; the required PERS benefit reflected a substantial benefit cost of \$2,733,748 across all funds. The FY 2021-2022 proposed budget additionally reflected an increase of eighteen employees in the wastewater division; beginning July 6, 2021 the city staff will take over the operations and maintenance of the wastewater utility after more than twenty years of contracting out.

Operationally, department heads submitted a budget reflecting a status quo budget from the previous year with small increases to account for inflation or the need to replace critical items; estimated General Fund carryover for fiscal year 2021-2022 was \$3,058,500; reserved to maintain the General Fund over a four-month period in which no substantial revenues were received.

City Manager Craddock stated the proposed budget reflected \$3,255,050 in combined resources for use from Funds 2, 39, and 45; of which \$1,490,050 was proposed for street & sidewalk maintenance and capital improvement projects. The Wastewater Fund proposed budget reflected a 5.5% rate increase to meet the demands for improvements and \$3,000,000 in loan and grant proceeds used to undertake identified projects in the wastewater construction in progress (CIP). The proposed budget also included \$3,555,000 for needed wastewater infrastructure capital projects. The FY 2021-2022 proposed budget projected an increase of 12% in the Hotel/Motel Fund over FY 2020-2021 which had reflected a decrease of 17% for anticipated impacts of the COVID-19 pandemic. The FY 2021-2022 proposed budget included \$250,000 in Capital Improvement Fund for a timber harvest. The Rainy Day Reserve Fund proposed budget included assistance to the GO Bond Fund, via a short-term interfund loan with repayment scheduled for July 2021, for a portion of early redemption of bonds from the approved reissuance of 2009 General Obligation Bonds which saved taxpayers over \$800,000 and nearly two years of debt service payments.

## **Public Hearing - Citizen Input on the Use of State Revenue Sharing Funds**

A public hearing notice was published April 6, 2021 in The World newspaper and provided an opportunity for public comments during the April 15, 2021 Budget Committee Meeting. Chair Farmer opened the public hearing and invited citizen input on the use of State Shared Revenue funds. No public comments were provided online, no public comment forms were received, and the hearing was closed.

## **Review of Proposed Budget for Fiscal Year 2021-2022**

### **General Obligation Bonds Tax Levy Computations**

The Budget Committee reviewed General Obligation (GO) Bonds Tax Levy Computations, no changes were made.

### **General Fund**

The Budget Committee reviewed the summary pages and the City of Coos Bay General Fund (01) by Department as follows:

#### **City Council**

The Budget Committee reviewed the City Council Department (100), no changes were made.

#### **City Manager**

The Budget Committee reviewed the City Manager Department (120), no changes were made.

#### **Urban Renewal Administration**

The Budget Committee reviewed the Urban Renewal Administration Department (121), no changes were made.

#### **Finance**

The Budget Committee reviewed the Finance Department (130), no changes were made.

#### **City Attorney**

The Budget Committee reviewed the City Attorney Department (140), no changes were made.

#### **City Hall**

The Budget Committee reviewed the City Hall Department (170), no changes were made.

### **Community Contributions**

Committee Member Miles declared a possible conflict of interest stating he was the Resource Development Officer at the Boys and Girls Club of Southwestern Oregon. City Manager Rodger Craddock stated the City had provided \$10,000 to the Boys and Girls Club for a number of

years in support of summer youth programs and it did not provide any compensation to Mr. Miles, so it was not a conflict of interest.

The Budget Committee reviewed the Community Contributions Department (180) which consisted of \$10,000 to the SWOYA Boys and Girls Club; \$10,000 to Coos Bay Area Habitat for Humanity; \$10,000 to Oregon Coast Community Action; \$5,000 to Southwestern Oregon Veterans Outreach (SOVO); and \$1,249 to Mental Health Association of Southwestern Oregon (Shama House).

Committee Member Matthews redlined Community Contributions Expenditures, Department (180), page 34, line item 520-2409, Alternative Youth Activities.

Committee Member Marler redlined Community Contributions Expenditures, Department (180), page 34, line item 520-2411, Bay Area Hospital Kids' HOPE Center.

Committee Member Benetti redlined Community Contributions Expenditures, Department (180), page 34, line item 520-2438, Oregon Coast Community Action.

#### Non-Departmental

The Budget Committee reviewed the Non-Departmental Department (190), no changes were made.

#### Other Expenditures

The Budget Committee reviewed Other Expenditures Department (195), no changes were made.

#### Police Department

The Budget Committee reviewed Police Administration & Operations Department (240), Police Communications Department (242), and Codes Enforcement Department (243), no changes were made.

#### Fire Department

The Budget Committee reviewed the Fire Department (261), no changes were made.

#### Public Works & Community Development

The Budget Committee reviewed the Public Works and Community Development Department – Planning Division (301), Public Works and Community Development Department – Engineering Division (305) and Public Works and Community Development Department – Parks Division (306), no changes were made.

#### **State Gas Fund**

The Budget Committee reviewed the State Gas Tax Fund 2. no changes were made.

### **Wastewater Fund**

The Budget Committee reviewed the Wastewater Fund 3; Administration Department (350), Plant 1 Department (351), Plant 2 Department (352), Collections/Sanitary Department (353), and Collections/Stormwater Department (355), no changes were made.

### **Hotel / Motel Fund**

The Budget Committee reviewed the Hotel/Motel Tax Fund 5, no changes were made.

### **Library Fund**

The Library budget was funded by the Library Service Taxing District and was reviewed by the Coos Bay Library Board and the Coos County Board of Commissioners. The Budget Committee reviewed the Library Fund 7, no changes were made.

### **Building Codes Fund**

The Budget Committee reviewed the Building Codes Fund 8, no changes were made.

### **9-1-1 Tax Fund**

The Budget Committee reviewed the 9-1-1 Tax Fund 10, no changes were made.

### **Debt Service Funds**

The Budget Committee reviewed the General Obligation (GO) Bond Fund 11 and Revenue Bond Fund 12, no changes were made. Revenue Bond Fund 12 was transferred to General Fund 1 and Wastewater Fund 3

### **Library ESO Fund**

The Coos County Library Service District - Extended Service Office (CCLSD - ESO) budget was funded by the Library Service Taxing District and was reviewed by the Coos County Board of Commissioners. The Budget Committee reviewed the CCLSD - ESO Fund 14, no changes were made.

### **Capital Improvement Funds**

The Budget Committee reviewed Special Improvement (LID) Fund 15; Street Improvement Fund 16; Parks Improvement Fund 17; Bike/Pedestrian Path Fund 18; Transportation SDC Fund 19; Wastewater SDC Fund 20; Stormwater SDC Fund 21; Capital Improvement Fund 45; and System Development Charges Fund 46, no changes were made. Funds 15, 16, 17, and 18 were transferred to the new Capital Improvement Fund 45. Fund 19 had no funds to transfer and was closed. Funds 20 and 21 were transferred to the new System Development Charges Fund 46.

### **Reserve Funds**

The Budget Committee reviewed the Fire Equipment Reserve Fund 27; Wastewater Improvement Fund 29; Major Capital Reserve Fund 34; Jurisdictional Exchange Streets

Reserve Fund 39; Technology Reserve Fund 40; CAD Group Reserve Fund 41; and the Rainy Day Reserve Fund 42, no changes were made. Funds 34 and 40 were transferred to the new Capital Improvement Fund 45.

The Budget Committee took a break at 8:50 p.m. and returned at 8:59 p.m.

### **Review of Redlined Budget Items**

Committee Member Benetti redlined Community Contributions Expenditures, Department (180), page 34, line item 520-2438, Oregon Coast Community Action. Committee Member Benetti stated he redlined the item as they had not been on the list in the past and how funding would benefit the city. City Manager Rodger Craddock stated the Oregon Coast Community Action grant request was to fund CASA (Court Appointed Special Advocates) of Coos and Curry Counties. Budget Committee consensus to not amend line item 520-2438, Oregon Coast Community Action at this time in the proposed budget.

Committee Member Matthews redlined Community Contributions Expenditures, Department (180), page 34, line item 520-2409, Alternative Youth Activities. Committee Member Matthews stated Alternative Youth Activities was going to help with the skate park and funding would be a good faith gesture for helping city infrastructure. City Manager Rodger Craddock stated it was learned Alternative Youth Activities was picking up trash as well and would be coming to Council for possible assistance once associated costs are known. Budget Committee consensus to not amend line item 520-2409, Alternative Youth Activities at this time in the proposed budget.

Committee Member Marler redlined Community Contributions Expenditures, Department (180), page 34, line item 520-2411, Bay Area Hospital Kids' HOPE Center. Committee Member Marler stated he was told it was an oversight on their part for not applying for the grant for FYE 2021-2022 as was the case for FYE 2020-2021 as well. Budget Committee consensus to not amend line item 520-2411, Bay Area Hospital Kids' HOPE Center at this time in the proposed budget.

Committee Member Benetti moved to approve \$5,000 in a discretionary fund from General Fund 01 ending revenue cash balance for any organization to come to Council at a later date with a formal request. Secretary Kilmer seconded the motion which carried. Ayes: Benetti, DiNovo, Farmer, Folker, Horne, Mageehon, Marler, Matthews, Miles, Stephens, Sutton, Taylor. Nay: Kilmer. Absent: Pourtal-Stevens.

### **Approval of Permanent Tax Rate**

Committee Member Miles moved to approve imposing the City's maximum permanent tax rate of \$6.3643 per \$1,000 taxable assessed value for fiscal year 2021-2022. Committee Member DiNovo seconded the motion which carried. Ayes: Benetti, DiNovo, Farmer, Folker, Horne, Kilmer, Mageehon, Marler, Matthews, Miles, Stephens, Sutton, Taylor. Absent: Pourtal-Stevens.

### **Approval to Impose General Obligation Bonded Debt**

Secretary Kilmer moved to approve imposing the general obligation bonded debt amount of \$529,948. Vice-Chair Matthews seconded the motion which carried. Ayes: Benetti, DiNovo, Farmer, Folker, Horne, Kilmer, Mageehon, Marler, Matthews, Miles, Stephens, Sutton, Taylor. Absent: Pourtal-Stevens.

**Approval of the Proposed Budget for the Fiscal Year 2021-2022**

Vice-Chair Matthews moved to approve the proposed Fiscal Year 2021-2022 City of Coos Bay budget as amended and forward to the Coos Bay City Council for adoption at the June 1, 2021 City Council meeting. Secretary Kilmer seconded the motion which carried. Ayes: Benetti, DiNovo, Farmer, Folker, Horne, Kilmer, Mageehon, Marler, Matthews, Miles, Stephens, Sutton, Taylor. Absent: Pourtal-Stevens.

**Adjourn**

There being no further business to come before the Committee, Chair Farmer adjourned the meeting.



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Drew Farmer, Chair



Attest: \_\_\_\_\_  
Stephanie Kilmer, Secretary