

City of Hood River
Budget Committee Meeting #3
Fiscal Year 2021-22 Budget
Wednesday, May 12, 2021
City Council Chambers, 211 Second St.
The meeting will begin no earlier than 6:00pm

Present: Kate McBride, Mark Zanmiller, Megan Saunders, Tim Counihan, Jessica Metta, Erick Haynie, Gladys Rivera, Ross Brown, Dave Bick, Grant Polson, Gary Reed, Rudy Kellner

Staff: City Manager/Budget Officer Rachael Fuller, Finance Director/CMA Will Norris, Public Works Director Mark Janeck, City Engineer Wade Seaborn, Police Chief Neal Holste, Planning Director Dustin Nilsen, Fire Chief Leonard Damian, City Recorder Jennifer Gray, GIS Jonathan Skloven-Gill

Absent:

1. CALL TO ORDER – 7:00 p.m.

2. APPROVAL OF MEETING MINUTES – May 12, 2021

Saunders made a motion to approve the minutes of May 12, 2021. Rivera second the motion. – Motion passed.

3. PUBLIC WORKS BUDGETS

Janeck presented the Public Works budget. He stated unfortunately he has only met a few of the Councilors in person, during his first 7 months on the job. He is very impressed by the Public Works Department personnel, and he is enjoying the position of Director.

Janeck reviewed a general summary of Public Works and some changes that have taken place.

Public Works has three main areas: operations, engineering, capitol projects and building. There are twelve operations personnel who have shown up for all emergency callouts, have shown they respect machinery assets, and are very personable. A major change in operation is the promotion of an inhouse employee to Operations Foreman and the contracting of a local landscape company for park maintenance and irrigation work, including downtown scape locations. There are five engineering personnel who are very knowledgeable. They have hired a new development engineering firm to review development plans and the transfer of the City's Engineer responsibilities from a private consultant to an inhouse employee. The Building Department has been altered to include one in-house employee, and contracted services with Hood River County Building Department to preform the duties of Building Official, plan review work, and Building Inspector. Private consultant work relative to the building division has been reduced by

95%. Since he started with the City, he has not received a complaint relative to any of the Public Work personnel.

Overall budget for Public Works for the coming year is approximately \$25 million. \$17 million is for capital improvement projects and \$8.6 million is for operations. The change from last year to this year in operations; they have slightly decreased in operations. The big change is they were budgeted for \$4.5 million for capital projects last year, but they are ramping up substantially for the coming year.

The overall goal for the Public Works Department is to better match the approved budgeting spending, with the upgrade of their infrastructure assets. There has been a focus on trying to save money and do things in a different way. The purchase of a tire changer will save \$150,000 over the next 15 years. Switching to an online auction (Gov Deals), has increased expected sale prices of the City's used vehicles by over \$100%. They are trying to look at other ways to save money, but those are two examples.

The capital expenditures during the coming year include three water and sewer projects. Right now, they are between 90-100% ready with drawings for bidding. The Wastewater Treatment Plant is going to start bidding next month on a UV project. They are also going to be installing a pH enhancer and start working on drawing and work on a biosolid storage structure enlargement. They might see Phase II of the waterfront storm project. He thanked the Budget Committee for approving the painting and installing of new globes on many of the streetlights, and the purchase of additional CAL parking machines.

Parks

The FY2018-19 established the Parks Facilities Reserve sub-fund within the City Reserve fund with an initial transfer of \$100,000. The FY2021-22 Proposed Budget dedicates the balance of this sub-fund toward restoration of the Tsuruta Tennis Courts.

The Parks Fund provides all maintenance including facilities, scheduling, vehicles and equipment for 15 parks: Skateboard, Children's, Collins Baseball Field, Friendship, Jackson, Mann, Montello, Overlook Memorial, 2nd Street Fountain, Tsuruta, Tsuruta Tennis Courts, Stratton Rose Gardens, Waterfront, Waucoma, Wilson, and 2nd Street planter. There are approximately 36 acres of City Parks. All other maintenance for park areas is provided by The Hood River Valley Park and Recreation District, The Port of Hood River, The Hood River School District, Hood River County Library District, and Hood River County.

Park planning in Hood River is a collaboration process with the Hood River Valley Park and Recreation District (HRVPRD). HRVPRD's local system development charges are responsible for development and executing a local parks master plan.

Engineering

The Engineering program consists of a City Engineer, Wade Seaborn, and an engineering contract services arrangement with the HBH Engineering Company. This company provides the City with registered professional civil engineering consulting and other services, including surveyor capability.

Significant technical expertise is provided by HBH to support the activities of the City's utility infrastructure, including water, wastewater, roads and stormwater management. They also participate as part of the City's development review team for new development applications and provide technical construction management expertise for major projects. Two registered civil engineers, a land surveyor, and technical support help are available to the City from the HBH Engineering Company.

Building

Since 2010, the City has operated a Building Services program that provides development services for structural and mechanical inspections, architectural plan review, building code interpretation, general Building code assistance, and Permit issuance, in addition to supporting Short Term Rental Inspections. Plumbing and electrical review and inspections have been consistently provided by the Hood River County building department.

From 2010 to 2019, the City contracted the entire responsibility of the building program out to the Clair Company. On March 1, 2019, the City instituted an internal Building Program by hiring a full time Building Official and Permit Technician, responsible for all building permitting, plan reviews, and inspections. Since that time, the Building Services division has operated with the two above mentioned full-time employees and contracted out most of the plan reviews and building inspections to outside firms such as the Clair Company. Recent personnel changes in the Division has made it necessary to partner with Hood River County in order to accomplish plan reviews and building inspections. It is expected that while the Building Division is making sure that the new partnering situation with the local County Building department is transitioning smoothly, a search for a new building official will take place later in 2021. If necessary, outside contractors will provide overflow support in order to continue excellent customer relations.

Roads

The Road Fund provides all maintenance in the Public Rights-of-Way (ROW) including streets and alleys (paved and gravel), sidewalks adjacent to City owned property, curbs and gutters, signs, painting, thermoplastic, striping, snow plowing, snow removal from City owned sidewalks, tree trimming, tree removal and care, classic light poles, banners, holiday lights, State Street restroom, street benches, landscaping adjacent to City owned streets, division vehicles and equipment. This fund also pays for energy cost on Pacific Power cobra and classic lights as well as City trash and recycle collection costs. Pavement Management software, collection, data, design, inspection, and construction costs are also part of the Road fund. There are approximately 63 City single lane roadway miles, approximately 42 Oregon Department of Transportation (ODOT) single lane miles, and six ODOT traffic signals.

Road system development charges (SDC's) are for transportation related improvement projects that are identified in the Transportation Systems Plan (TSP). The TSP examines existing and future needs and defines necessary improvement costs.

Water

The Water Fund provides all maintenance and repairs to the City owned water system which includes:

- Water mainline pipes and laterals within the public right-of-way inside City limits
- 5 zones on the old 14 inch main along Dee Hwy/Dee Flat/Lost Lake Road
- 24-inch diameter, 20-mile transmission water main from source location
- 3-point source water springs chlorination and distribution system
- Central Collection Box
- 3 Water reservoirs (Riverdale, Wilson, and Coe)
- Backflow Cross Connection Program
- 42 Pressure Reducing Valves (PRV)
- Vehicles and equipment

There are approximately 83 miles of water mains providing an average of 2.6 million gallons per day (MGD) of potable water to the City residents and businesses. The main water transmission line, newly completed in 2014, is approximately 20 miles long, extending to the City's spring source on the slope of Mt. Hood.

The Water system development charge (SDC) program pays for new infrastructure projects that are identified in the Water Capital Facilities Plan (CFP). The water CFP examines existing and future needs and presents recommendations and costs for proposed improvements.

Water Reserve Debt requirements are for United States Department of Agriculture (USDA) debt service and short-lived assets for supporting the water transmission main funding.

Sewer/WWTP

This Fund has two related, but distinct, operating domains.

The Sewer Fund provides all maintenance and repairs to the City owned sanitary sewer system (mainline pipes and manholes), including pipe locations that service properties adjacent to the City limits within Hood River County, areas in the Urban Growth Area (UGA), and areas including the High School/Windmaster corner/Airport. There are approximately 60 miles of sewer mains.

The operations of the Waste Water Treatment Plant (WWTP) is contracted out to the Jacobs Engineering Company that provides all maintenance, daily operations, and necessary minor repairs to the plant. This fund also provides maintenance and repairs to all WWTP vehicles, support equipment, and six (6) sanitary sewer pump stations including Indian Creek, Frankton, Country Club, Westcliff, East Port Marina, and Sieverkropp/3rd Street. Average daily sanitary sewer effluent flow into the WWTP is approximately 1.2 million gallons per day (MGD) but can range up to 5 mgd during heavy rain events. The WWTP also receives in approximately 1.1 million gallons of aerobic sludge per year from Cascade Locks, Stevenson, Parkdale, and Mosier. This sludge does not go into the normal plant process, instead the sludge enters the digester where it is processed and held in storage until it can be applied to one of the more than 60 field application sites in the Hood River Valley.

The Sewer system development charge (SDC) program pays for proposed, necessary infrastructure projects that are identified in the Sewer Capital Facilities Plan (CFP). The Sewer CFP examines existing and future needs and presents recommendations and estimated costs for improvements.

Sewer Reserve Debt requirements are for United States Department of Agriculture (USDA) debt service and short-lived assets for the Indian Creek Sewer Pump Station and WWTP Outfall for Department Environmental Quality (DEQ).

Stormwater

The Storm Water Fund provides all maintenance and repairs to the City owned storm sewer system inside the City limits (storm sewer main pipes, manholes, bio- swales, ditches, detention basins, catch basins and catch basin laterals). There are 63 single lane miles of public streets that contain approximately 55 miles of storm sewer pipes within the City.

Street sweeping with specialized machinery is a preventative maintenance requirement in order to reduce the amount of winter roadway sand applications, as well as reduce the amount of dirt, leaves, sticks, and other debris that can quickly clog pipes and catch basins. Additional work is performed daily with complex machinery such as the sewer jet/vacuum truck which is constant use clearing roots and debris from storm sewer pipes to allow correct and efficient flow of water into and out of the City's storm water system. The expenditures from the Fund reflect the extensive planning involved in the significant review and development of an updated comprehensive Storm Water Management Plan (SWMP) and Storm Water Capital Facilities Plan (SWCFP).

- A SWMP identifies how stormwater will be managed both publicly and privately.
- A SWCFP analyzes the current system and land use conditions to identify areas of the system that does not have adequate capacity to convey storm water.

The Storm Water system development charge (SDC) program pays for new infrastructure projects that are identified in the SWCFP. The SWCFP examines existing and future needs and presents recommendations and estimated costs for improvements.

Polson asked given the price increase of materials over the last year, have they had trouble staying within budget or do they forecast the bids might come in higher because of the increase in material costs.

Janeck stated the projects they have done so far have been within the expected budget. They are waiting on roadway projects and bidding out numerous projects. A lot of the construction costs have to do with the building materials. Many of the City's projects do not require a lot of the materials that have increased in price. He is hoping the prices will not increase. He does know there has been an increase in plastic piping, so they might use concrete piping instead. Right now, he is not sure how costs will affect projects. So far he has not seen any issues.

Councilor Counihan asked Janeck what he is most concern with his department.

Janeck stated he is concerned about the underground projects that are planned. Once you open the ground to replace several types of pipes, you are dealing with roadway, curbs, and service lines. It is unknown what you might find. Sometimes the soil structure is not what it should be or sometimes the roadway is weaker than expected, which creates

change orders. He is not expecting that to happen, but it is always a concern. This is a normal concern when doing projects.

Janeck and Norris answered additional questions from committee members.

4. OTHER FUNDS – ADDITION TO THE AGENDA, Carry over from last meeting May 5, 2021.

a. Restricted Revenue Fund

The Restricted Revenue Fund accounts for the receipt and expenditure of legally or contractually restricted dollars. Revenues into these accounts may only be used for their intended purposes and cannot be transferred into another fund.

Sub-funds within the Restricted Revenue Fund Include:

- Building Program
- Local Improvement District Assessments
- Small Grants
- Fire Station General Obligation Bond Debt Service
- Tourist Promotion Fund
- Construction Excise Tax
 - Local Program
 - Development Incentives
 - State of Oregon Housing and Community Services Distribution

b. Internal Service Fund

The Internal Service Fund accounts for services to internal departments, such as scheduled vehicle replacement, vehicle maintenance, and general administration (City Management, Legal, & Information technology) charged to client departments on a cost reimbursement basis. Oregon Revised Statutes (294.343) specifies that reimbursement formulas for internal service funds must be calculated, and periodically revised, to eliminate any element of profit or loss. The FY2021-22 Proposed Budget consolidates the previously separated equipment maintenance and equipment replacement sub-funds into a single "Fleet & Equipment" sub-fund. The City's previous Compensated Absence Reserve is transitioned to an internal service sub-fund supported with a new internal payroll charge set by bargaining group.

Sub-funds within the Internal Service Fund Include:

Administration
Fleet & Equipment
Compensated Absences

c. Reserve Fund

The Reserves Fund accumulates resources for multi-year City Council priorities. The 2021-22 Proposed Budget transitions the previous Compensated Absence Reserve into an Internal Service Fund. The balance of the Parks Facilities Reserve is also dedicated to rehabilitation of the Tsuruta Tennis Courts.

Sub-funds within the Reserves Fund Include:

Parking In Lieu
Affordable Housing
Parks Facilities

Councilor Zanmiller stated his recollection of when the Park Facilities Fund was created, it was for property acquisition. They saw that as a large need. He does not have a problem with making a budget like this and it seems smart to him. He would like there to be a Council discussion regarding the tennis court situation before a decision is made. Norris and Fuller affirmed staff will bring this discussion item back to Council.

5. PUBLIC HEARINGS

PROPOSED BUDGET

1. Hold Public Hearing

Polson read the hearing script. There was no public testimony. Polson closed the hearing.

STATE SHARED REVENUE

1. Hold Public Hearing

2. Suggested Motion: "I move that state revenue sharing money be used for the purposes shown in the proposed FY 2021-22 Budget."

Motion: I move that state revenue sharing money be used for the purposes shown in the proposed FY 2021-22 Budget.

First: Saunders

Second: McBride

Discussion: None

Vote: Motion passed unanimously

6. FINAL DELIBERATIONS

Polson stated as they move through recovering from the last year, the revenue forecasts as Norris mentioned are conservative. Transient room tax revenues are next to impossible to forecast since they do not know what will happen in the industry. Things are getting better but if something comes up, they could be quickly back where they were a year ago.

7. APPROVE FY2021-22 BUDGET

Suggested Motion: "I move to approve the Proposed FY2021-22 Budget as submitted by the Budget Office (or as amended by the Budget Committee)."

Motion: I move to approve the Proposed FY2021-22 Budget as submitted by the Budget Office.

First: Saunders

Second: Bick

Discussion: None

Vote: Motion passed unanimously

8. APPROVE PROPERTY TAX LEVIES

Suggested Motion: "I move to approve taxes for the FY 2021-22 fiscal year, at the rate of \$2.8112 per \$1,000 of assess value for operating purposes in the General Fund, and \$754,700 for the Fire General Obligation bond levy for payment of principal and interest."

Motion: I move to approve taxes for the FY 2021-22 fiscal year, at the rate of \$2.8112 per \$1,000 of assess value for operating purposes in the General Fund, and \$754,700 for the Fire General Obligation bond levy for payment of principal and interest."

First: Saunders

Second: Rivera

Discussion: None

Vote: Motion passed unanimously

9. ADJOURN – 8:20 p.m.



Grant Polson, Chair



Jennifer Gray, City Recorder

Approved by Budget Committee on April 27, 2022