

# AMITY BUDGET COMMITTEE

Minutes  
May 27, 2020

Mayor Michael Cape called the first meeting of the budget committee to order at 6:00 pm with the *Pledge of Allegiance*.

ROLL CALL: Present members included Michael Cape, Jenna Goings, Ryan Lehman, Robert Andrade and Sandy McArthur. Members absent included Debbie Miller, Nickolas Wilkinson and Napua Ann Rich.

There were no members of the public present in the audience.

ELECT CHAIRPERSON: Ryan Lehman nominated Sandy McArthur for chairperson and Robert Andrade seconded. Sandy McArthur was appointed the Amity Budget Committee Chairperson for fiscal year 2020-2021.

PUBLIC HEARING: Chairperson McArthur opened the public hearing, giving the public opportunity to comment on the city's budget and the state revenue sharing funds. With no citizens commenting, Chairperson McArthur closed the public hearing.

BUDGET MESSAGE & DISCUSSION OF BUDGET: City Administrator Michael Thomas presented his 2020-21 budget message. He explained all the different funds the City has in the budget. He explained the budget process. He explained the significant issues which are: possibly revenue decreases due to COVID-19. Most of our contracted services costs are increasing which include Sheriff's Office, City Planner and City Attorney. City renegotiated Labor Union Contract to include 3% raise increase. Water Infrastructure project is still continuing and will require City to raise water rates.

He then explained future issues the City could face which are: the sewer and wastewater infrastructure will need improvements in the next 3-5 years. City will continue to seek ways to diversify and expand its business base to sustain revenues and services during economic downtimes. City will look to improve roads and other infrastructure as growth continues in Amity.

Chairperson MacArthur asked Budget Committee if they all had a chance to review the proposed budget. Budget Committee all said they did.

Administrator Thomas pointed water section in the budget regarding allowance for uncollectible water revenue due to pandemic and losses could be around 25%. Chairperson McArthur asked him how he came up with that percentage. Administrator Thomas explained he came up with the figure based on other cities. Councilor Andrade asked for clarification regarding why water usage and customer usage was not actually going up, since more people are home. Administrator Thomas explained that the City has suspended water shutoffs and late charges for a couple of months and the City may not get the money back for those accounts. Mayor Cape discussed that he has been trying to push for water to be included in the relief packages. Oregon is not including water/sewer in the relief packages. In the CARES Act says that you can include water, but Oregon is not including it as of now. He explained there is discussion about including it. He is hoping we will see some money to make up for the budget item loss. Administrator Thomas explained he can change the amount if we get reimbursed or not losing as much revenue

by doing a supplemental or addendum budget. Mayor Cape explained that is why the City declared a State of Emergency.

Councilor Andrade asked Staff how many customers are currently behind right now. City Recorder Johnson said around 15 customers are currently behind. There are still notices going out to the customers letting them know they are behind. Councilor Lehman mentioned that at Committee meetings they have been talking about how to help the customers that are significantly behind. Councilor McArthur asked about if other customers could donate extra to help customers in need. Administrator Thomas said would be difficult to do. Councilor Lehman said the City is looking at something similar to do in the future. Mayor Cape explained it would be hard for the City to disburse the funds and maybe easier to see about another entity – not attached to the City – administer the funds. Councilor Lehman is going to check with First Federal if they have a program.

The Budget Committee reviewed the proposed budget and went over all the funds including the General, Building, Capital Projects, Tourism, and Street Fund.

**Discussion regarding revenues:** Mayor Cape asked regarding Franchise Fees (FF). He asked why Recology's FF was so much more in our Year to Date (YTD). Also, why there were no YTD funds for telecom. Consultant Taylor explained that some FF are a payment once a year and maybe has not received it yet. Councilor Lehman asked about the various amounts given for FF. Recorder Johnson explained it is based on a percentage. Mayor Cape asked about the General Other Income, because it appears that the amounts seem to be all over the place. Consultant Taylor will look but more than likely a one-time payment that came in. Staff stated that it will go into the accounts and double check that the deposits were put in correctly and move them to the correct funds.

**Discussion regarding expenses:** Administrator Thomas went over the big number changes in the General Fund Expenses. One is for Code Codification this year. Councilor Lehman explained that this was discussed during Committee Meeting that came about from a recommendation from the Sheriff's Office. Another big number change is the increase in the YCSO contract. Councilor Lehman clarified that the public safety revenue will go towards the contract. Councilor Lehman asked since there is \$78,000 in the public safety if somewhere in the budget need \$78,000 can we take the \$78,000 from public safety and use the money towards that. Administrator Thomas explained that since public safety revenue is in the general fund then you could, theoretically, move the money around. But it should be used for policing services.

Consultant Taylor discussed Tourism Fund and the ending fund balance. Recorder Johnson discussed that we can take the money out of ending fund balance and move to Tourism Expense. This money from the Tourism fund could then go towards paying for the sign's removal and for new signs. The Committee asked to move \$10,000 out of Tourism ending fund balance and move it into tourism expense to use for the signs. This would leave \$1,585 in the ending tourism fund balance. Recorder Johnson then explained if we don't spend all the money, then the money would go into ending fund balance at the end.

Public Works Superintendent asked to change rental expense for 407 S Trade from \$5,000 to \$10,000. The rental property needs a new furnace and will cost more than \$5,000. Councilor Lehman asked about the rent income and where it goes. Administrator Thomas explained the rent income goes towards the mortgage payment. Mayor Cape explained that the rent has gone up to cover the mortgage payments.

Councilor Lehman asked where the extra \$5,000 would come from. Consultant Taylor explained would come out of fund balance. She went onto explain fund balances. Mayor Cape said he will have to look into the right process regarding rental portion moving forward at the Council Meeting due to Councilor being the renter. Consultant Taylor explained that she has allocated all the funding balances to contingency with the pandemic going on and if need money out of contingency would need Council approval.

**Recommendations from Committee and Staff regarding Street Fund:** Recorder Johnson brought up that Staff noticed nothing budgeted for repair and maintenance for the new fiscal year. Public Works Supt. Mathis asked for \$40,000 for repairs and maintenance. The Committee then added \$1,000 for a Street Engineer. Mayor Cape brought up would still leave around \$17,000 as an ending balance. He asked if Staff could staff bump up repair and maintenance by more. Consultant Taylor explained the process to do so. The Committee agreed to make repairs and maintenance amount \$50,000, sidewalk maintenance to \$7,500 and Storm Drain Maintenance to \$2,000. Consultant Taylor said budget allows and that would leave a net income of around \$6,000.

**Recommendations from Committee and Staff regarding Water Fund:** Administrator Thomas went over all the different expenses in the fund. There were no changes made.

**Recommendations from Committee and Staff regarding Sewer Fund:** Consultant Taylor brought up that sewer rates will need to be reviewed with a rate study, it her estimation our rates will need to be raised, a study could confirm this and by how much. Administrator Thomas talked with our City Engineers regarding a sewer rate analysis and how much it would need to be to conduct. Consultant Taylor said we could do it with the SDC Funds. The \$70,000 Capital Grant Project is for the Wastewater Master Plan and this project would need to be different. Engineer said that the City is overdue for rate increases and they need to go up. Councilor Lehman asked if we need rate study or just a raise. Administrator Thomas explained why we would need a rate study, as that would inform us as to how much to raise the rates. Mayor Cape explained further and went over the different options. Administrator Thomas said most cities just automatically have a 3% increase added every year. Mayor Cape is hesitant to implement such an increase due to the increases on the water side already. Councilor Lehman asked about where our margin is right now. Consultant Taylor explained where the fund is at right now and that is a net loss of about \$50,000. There was discussion regarding rate increases. Public Works Supt. Mathis brought up what the cost would be around for a rate study and it would be around \$10,000 with OAWU. Consultant Taylor said could put the money in budget for a rate study and could use SDC funds for it. Committee agreed to move \$15,000 out of SDC and put towards rate study which would make total of \$85,000 coming out of SDC - \$70,000 towards wastewater master plan and \$15,000 for rate study.

Chairperson McArthur asked if there was further discussion regarding the proposed budget. Councilor Lehman asked when City could get the rate study done. Public Works Mathis said he would contact Keller and OAWU to get something set up. There was no further discussion.

**BUDGET COMMITTEE MOTIONS:**

- a. Councilor Andrade moved to approve City of Amity's budget for fiscal year 2020-2021 at an ad valorem rate of 3.6105 per \$1,000 of assessed valuation to be certified for collection to Yamhill County. Mayor Cape seconded. With no other discussion, motion passed 4-0.

ADJOURNMENT: Councilor Lehman moved to adjourn. Councilor Andrade seconded. With no other discussion, the meeting adjourned by a unanimous vote of the Committee.

**Respectfully submitted by:**

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**Natasha Johnson, City Recorder**

**Approved:**

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**Sandy McArthur, Budget Chairperson**