MINUTES

KEIZER BUDGET COMMITTEE
Wednesday, October 23, 1991
Keizer City Hall

CALL TO ORDER

Chairman Simon called the meeting of the Keizer Budget Committee to order at 7:35 p.m. Roll call was taken as follows:

Present
Robert L. Simon, Chairman
Carl Beach
Jerry McGee
Al Miller
Jo Anne Beilke
Dick Inman
Mike Hart
Roy Duncan
Bob Newton

Absent
Maur Horton
Andy Orcutt
Joe Van Meter
Gin Denison
Dennis Koho

Staff
Donald H. Otterman, City Manager
Chuck Stull, Police Chief
John Lien, City Attorney
Susan Darby, City Recorder

DISCUSSION

Mr. Otterman stated that when the Budget Committee meeting was initially set, it was his intent to begin discussing program budgeting and the budget cycle for 1992-93. However, after attending a meeting at Marion County where a number of changes to Oregon budget law were addressed, he believed it would be best to discuss with the Budget Committee how those changes affect the City of Keizer. Mr. Otterman indicated that he still wishes to implement program budgeting as much as possible this year.

Mr. Otterman said that jurisdictions must report to the county an estimate of the taxes to be collected in the following year. The deadline to do this is

December 4. The county then prepares a report on the impact of each jurisdiction's tax needs on other taxing agencies. The reason for this legislation is that some cities may wish to request a much larger share of the $10 tax rate limitation. For those taxing agencies that exceed the $10 limitation, they must go under what is termed "compression", which means to have their tax rates decreased so that the maximum does not exceed $10. Mr. Otterman reported that the millage rate for Keizer is about $7.50.

The concern expressed by agencies at the Marion County meeting is that this method short cuts the budget process. Many jurisdictions do not begin putting their budget together until the first of the year, especially if they will be living within their tax bases. Mr. Otterman said that this legislation affects all cities in Marion County even if they will only be requesting a 6% increase in their tax base.

Mr. Otterman stated that this legislation affects Keizer in two ways. The first is that Keizer will need to operate on a levy again next year unless a new tax base is passed. The second is that Keizer will need to request a tax base in May of 1992. Department of Revenue regulations require cities to request updated tax bases if they have operated above their existing tax base for three years. Since this is Keizer's third year operating above its tax base, it must request a new base from the voters. He stressed that the base does not have to be approved by the voters - the city simply needs to request approval.

Mr. Otterman indicated that he had originally set sights for a tax base request in May, using the input of the Keizer Tomorrow Committee study and recommendations. However, because of the new time frames established for holding public hearings and submitting measures for the ballot, the Keizer Tomorrow Committee will not complete its study in time for the May election deadline.

Mr. Otterman said that what the Budget Committee needs to consider is:

1) The tax base levy proposal.

2) Whethe the tax base request will simply be an effort to meet the Department of Revenue requirements, with more effort being put into passage of a levy.

3) If both a tax base and levy are requested, and the tax base is approved, operating under the tax base.

4) Timing of going to the voters for the tax base and/or levy.

Mr. Otterman displayed on the overhead projector a breakdown of the deadlines for the various election dates which was provided by the county. SB

1185 requires that the city have a special public hearing on the impact of its property tax on other jurisdictions. The bill says that although a hearing must be held to obtain input, it is not required that the taxes be reduced as a result of that hearing.

Mr. Otterman said that should the city decide to go for a levy election in March, it will need to hold the special public hearing no later than December 24 of this year. For a measure election in May, the city will need to hold the special public hearing by February 17. He stressed that the numbers must be pretty good at that time in order to hold the hearing. At the county meeting, concern was expressed that since the February 17 hearing deadline for the May election is before the March election, if the March election failed, a city would be unable to go back for the May election. According to Marion County Clerk Al Davidson, a city can have the February 17 hearing on the May election. If the March levy passes, the city would not need to go ahead with the May election. The May budget would need to be prepared prior to the March election.

In response to a question from Ms. Beilke, Mr. Otterman said that State law requires an estimate ONLY. It does not say the estimate cannot be exceeded.

Mr. Otterman indicated that the time frames within which to put a levy committee together will be very tight if the city decides to go out in March. Any campaign would need to be completed by the end of January or beginning of February. The actual measure needs to be filed with County Elections by January 23.

Another consideration is that tax bases have to go to voters in either May or November. It would be possible to put a tax base together by May to meet the Department of Revenue requirements, and then put another tax base request together for November after the Keizer Tomorrow Committee completes its work. However, the city MUST request a tax base in May.

Mr. Hart asked about layoff notices to employees. Mr. Otterman stated that by contract, layoff notices must be given to police department employees 30 days prior to the actual layoff. Therefore, notices would have to be given by the end of May if there is no levy or base passed by that time. The last attempt would be the June 30 election, which is only one day prior to the start of the new fiscal year. Holding off until the June election would impose a substantial impact on the city if the levy does not pass.

Mr. Otterman indicated that the committee may also wish to consider putting both a levy and a tax base on the May ballot. However, it is hoped that a new tax base would be adequate for several years and, therefore, it would be of a higher amount than the levy. Making the levy and base the same amount would put the base out of date relatively soon. He indicated that it is his hope to get a base approved and then not levy the full amount until the city grows into it.

Chairman Simon said that putting both on the same ballot would be self-defeating. In addition, such a base would not provide for future growth.

In response to questions from Chairman Simon, Mr. Otterman described the status of the work being conducted by the Keizer Tomorrow Committee. He anticipates that their recommendations won't be forthcoming until after the first of the year at least. Mr. Newton said that it is not necessarily a disadvantage that Keizer Tomorrow Committee will not have its work completed by this time. If they come up with any new suggestions for city services, those items should be submitted to the voters as separate issues and not be mixed in with the operating budget for the city. Mr. Hart believed that may be somewhat self-defeating in terms of a tax base for future services. Mr. McGee said that the big ticket items would be funded by bonded indebtedness rather than by levies or tax bases. Mr. Inman said that the Keizer Tomorrow Committee recommendations should be separated out for their own levy. The city could then go back later to update the tax base, if necessary. Chairman Simon indicated that the next tax base election could not be held before 1994, in even years. Mr. Newton said that the Keizer Tomorrow Committee's work is focusing on ten to twenty years from now and would not necessarily impact the budget over the next year.

Mr. Otterman questioned whether additional staffing will be implemented in the police department. According to many recommendations already received, the city is behind in staffing. A tax base would allow the city to set a maximum amount that can be grown into. Mr. Beach did not believe the voters would give that much leeway to raise taxes within a maximum amount. Mr. McGee pointed out that the city did not levy all of the taxes it could have this past year. That, he believed, showed good faith to the people. Mr. Newton noted that this has been done twice in the past.

Ms. Beilke felt that the city should request what is needed now. With population increases, the police staffing is still below where it should be. She suggested looking realistically at the needs of the city. Mark Caillier says there is now a gang lodged in Keizer, and the community's safety is at hand.

Chairman Simon indicated that a tax base should project out a minimum of four years. If lucky, the city may be able to get by for five or six years on a base. Chairman Simon said that having more than one measure on a ballot tends to confuse the voters.

In response to a question from Mr. Beach, Mr. Otterman stated that the May election will be a walk-in, while the March and June elections will be vote by mail.

Ms. Beilke moved to place a levy on the March ballot and a tax base on the May ballot. Mr. Inman seconded the motion.

Mr. Duncan said that if the March levy fails, the city could be in a dire position with much of the staff. He suggested going with something they feel the public will support as early as possible. Mr. Stull suggested the committee look at what can realisticallybe sold and the manpower to do the selling.

Mr. Beach indicated that there are some fairly strong supporters in the community, however, they may not be willing to lend their assistance on two or possibly three levies this next year. He indicated that it was difficult to raise the $3,500 for the last levy election.

Mr. Duncan suggested a very conservative budget should the committee decide on the March election.

The motion failed by the following vote:

AYES: Beilke, Duncan (2)
NAYS: Beach, Inman, Simon, McGee, Hart, Newton, Miller (7)
ABSENT: Horton, Orcutt, Van Meter, Denison, Koho (5)

Ms. Beilke moved to place a tax base on the May ballot and a levy on the June ballot. Mr. Hart seconded the motion.

Mr. Otterman indicated that the timing factor enters in here in that a special hearing on the June election will need to be held by April 27, three weeks prior to the May election.

The motion passed by the following vote:

AYES: Beach, Beilke, Hart, Inman, McGee, Miller, Newton, Simon (8)
NAYS: Duncan (1)
ABSENT: Horton, Orcutt, Van Meter, Denison, Koho (5)

Discussion focused on whether the Volunteer Coordinating Committee should become involved in appointing members to the levy committee.

Mr. Otterman discussed the need to come up with an estimate by December 4. Mr. Miller said that the status quo budget can be interpreted in two different ways, either services or dollar amount.

In response to a question from Mr. Inman, Mr. Otterman stated that if the tax base passes in May, the city could go back in May or November of 1994 for another base. The existing tax base is approximately $661,000 which was originally passed in 1987-88 and has increased by 6% each year. The current budget is about $1,086,000.

The committee discussed the possibility of getting into compression over the next few years, and the effects on other taxing agencies like the Fire District. Mr. Otterman noted that if property values do not increase as they have over the past 18 months, the rate will start to climb up.

Ms. Beilke stated that the Fire District just received a large increase in its tax revenues, and that they will have to prove to her that they deserve another increase should they request one in the near future. She noted that the city's need for services far exceeds the Fire District's need.

The committee decided to set its next meeting for November 6 at 7 p.m. Mr. Otterman indicated he would put together some proposals based on current levels, and then have some separate projections on costs for additional staffing like police officers, a lieutenant, a secretary, etc. He stressed that he will only be able to project those costs for one year. Also to be discussed is BPST recommendations and how those are to be implemented - whether all at one time or phased in over several years. Mr. Otterman indicated that one penny in taxes equates to about $6,000 in revenues.

Ms. Beilke asked for information on the number of housing units that will be going up in the next year. Mr. Otterman indicated that this will have an impact on the overall assessed value of the city. If it continues at the present rate, growth will include about 750 to 800 people per year.

Mr. Otterman indicated he would prepare the budget with separate "add-on" packages for the committee to consider. Mr. McGee suggested that Mr. Otterman do this same type of thing for the revenue side of the budget.

The committee agreed to schedule a second meeting on November 20 at 7 p.m. to consider the budget of the police department since it is the largest portion of the general fund.

Mr. Miller asked about the current police negotiations. Mr. Otterman stated that Akin Blitz is supposed to be getting the figures together. Mr. Miller told Mr. Otterman to have Mr. Blitz wrap up the figures by the November 20 meeting.

There being no further business, the committee adjourned the meeting at 9 p.m.

Susan Darby

Susan Darby, City Recorder

by: Tracy Davis pro tem

approved 11-25-91