MINUTES

KEIZER BUDGET COMMITTEE
Monday, June 30, 1992
Robert L. Simon Council Chambers
Keizer City Hall

CALL TO ORDER

Chairman Bob Simon called the meeting to order at 7:02 p.m. Roll call was taken as follows:

Present
JoAnne Beilke (arrived 7:35 p.m.)
Diane Hansen
Mark Caillier
Roy Duncan
Dick Inman
Carl Beach
Bob Simon, Chair
Andrew J. Orcutt
Mike Hart
Dennis Koho
Jerry McGee
Bob Newton
Joe Van Meter (arrived 9:15 p.m.)

Absent
Al Miller

Staff
Donald H. Otterman, City Manager
Paul Frykberg, Accountant
Wally Mull, Public Works Director
Charles Stull, Police Chief
John Lien, City Attorney
Linda Sanders, Recording Secretary

PUBLIC TESTIMONY

There was no public testimony to come before the Committee.

PUBLIC HEARING URBAN RENEWAL BUDGET

Mr. Morgan gave the staff report regarding the Urban Renewal Agency Budget. He stated the purpose of the review was to adopt the bottom line, not specific proposals. He explained the projected income from increment financing is expected to be about $600,000. A 3.5 million dollar bond is anticipated to be sold for further income. This would increase the increment rate reflected on tax statements to about $.74.

Mr. Morgan highlighted some of the expenditures of funds projected for 1992-1993, including the adding of a quarter-time staff to be funded by the district, printing and advertising for one city wide mailing and the costs related to issuing a bond. The projected budget would end the year with a surplus of $1,707,193 which would be carried over for projects in subsequent years.

Mr. Duncan asked if Urban Renewal is self supporting. Mr, Morgan answered that property tax revenue is used to fund the district which makes is self supporting in that sense. The opposite side is that if that growth in assessment had been able to be taxed by other entities, there would have been money available, so that the money is borrowed from other tax entities. Mr. Morgan clarified that the Urban Renewal money would not be available for police services if the levy did not pass.

Mr. Inman questioned the specifics of the bond sale. Mr. Morgan related that the bond is issued by the Urban Renewal Agency and bought by a bank. It is a municipal bond and repayment comes from future tax increment receipts against that bond debt. The bond would have no more than a 7 year life and the interest is uncertain. Councilor McGee noted he did not support the full taxing capabilities last year since nothing was going on and the design plan had not been completed. This year is a different situation. He did want to be convinced that a bond or renting money, would be good business. He felt the additional increment monies coming in might result in the City being at the same place in 1995, if a bond were not issued. He did note that the bond would allow projects to get done faster.

Mr. Morgan stated there is a certain economy of scale which would make dividing the project into only three parts thus saving funds. Certain big ticket items are scheduled to happen up front including the storm drainage and sewer work in the south end. He also hoped the bond would be paid more quickly because of appreciation increasing faster than 5%.

Mayor Orcutt stated he felt it was prudent to go out for a bond issue now. He supported doing the job at one time and not piece meal. The costs will also go up at the inflation factor and since interest rates are favorable now, he thought it was a good time. Councilor McGee asked what it will cost for the bond. Chair Simon stated it depended upon what the market will charge.

Mr. Otterman stated there were various ways to structure bond issues. In the instance of the water bonds, the City looked for the largest savings up front. In this case a financial consultant would do computer runs regarding the costs for all in 5 years, all in 10 years, front loading or back loading the payments. The amount in the budget for repayment for the first year came from Charlie Kupper and was based on other community's experiences this spring.

Councilor Hart questioned who would be paying the $.74 increment, since he thought the public would want to know whether it was all the City or just the property owners in the Urban Renewal District. Mr. Morgan stated the $.74 is not an actual tax rate. It reflects the amount that overall taxes on all the people in Keizer is higher than if the Urban Renewal District were not there. Otherwise the increment could be moved into other entities of which the total for Keizer would be $.74. The Legislature made is different than it had been historically in that it is city wide and thus it is higher.

Mr. Inman asked what will happen if the bond is not paid back through increased value. Mr. Morgan said that some of the bond could be put in savings for upcoming payments. He also said that it is possible appreciation could be larger than projected. If the Urban Renewal District were in default the City would not be affected since the City does not guarantee the bonds. Councilor Koho noted that unless property values take a nose dive, there will always be $600,000 to levy.

Speaking in the Public Hearing were:
Jim Warner, 4789 13th Avenue N., Salem, Oregon 97303. Mr. Warner stated he wanted to make sure the problems are addressed. He had some major concerns regarding taxes rising resulting in the property values falling. He felt it was possible people could be chased out of Keizer. He

thought people like to get places sooner and they would go to Lancaster. When traffic slows down, businesses will be looking for new spots. He felt Keizer is a strip city and people drive to get away from beautification projects. He stated he used Front Street now because it is faster.

Mr. Warner also questioned whether Urban Renewal works and cited Eugene as an example. He was concerned that the attempt to make the city look better could kill economic growth since people were driving to go north or south and incidental shopping sometimes takes place. Councilor Koho said that he was interested in having Mr. Warner stay involved in the process.

Jim Keller, 1919 Mistwood, Keizer, Oregon 97303. Mr. Keller stated he was a member of the River Road Redevelopment Board and the Chamber of Commerce. The Chamber would be scheduling a meeting for July 15 for the business community and notices will be sent to all businesses. He stated that he was in business on the north end of Keizer which wouldn't be affected as much and that the south end businesses need to be heard. He also had concerns regarding construction and other issues.

Mr. Otterman said he would like to recommend that the Budget Committee make a recommendation regarding the Urban Renewal Agency Budget to the Urban Renewal Agency and to the City Council and let the Agency and the Council make a final decision. Mr. Duncan asked if the present proposed budget is only the concept. Mr. Morgan said that hearings would begin by the end of the summer and before the Urban Renewal Agency by September.

Councilor McGee asked if it was necessary to make a decision on the Bond tonight. He wanted to make a decision on taxing and then leave the bond issue until many of the details can be worked out. He proposed that the bond issue didn't have to be that large. Mr. Morgan said revenue needed to be anticipated. The decision can be deferred until the Design Plan is approved. Councilor Hart said he felt that tonight the total revenue should be discussed and the decision on the bond issue could be later.

<u>Councilor Koho moved that the Budget Committee recommend to the Urban Renewal Agency and the City Council a 1992-93 Budget of $4,272,872 with revenue not to exceed $600,000 of increment financing and a 3.5 million dollar bond issue. Mayor Orcutt seconded the motion.</u>

<u>The motion passed unanimously with the following votes:</u>
AYES: Beilke, Hansen, Caillier, Duncan, Inman, Beach, Simon, Orcutt, Hart, Koho, McGee, Newton (12)
NAYS: None
ABSTENTIONS: None
ABSENT: Miller, Van Meter (2)

DISCUSSION CITY OF KEIZER 1992-93 BUDGET

Mr. Otterman stated he and Mr. Frykberg had gone through resources and actual expenses through the end of the year and projected the ending fund balance. The last time the Budget Committee went through the estimates was over a month ago. The present estimates are much closer.

He said that direction was needed from the Budget Committee regarding a loan that was made from the Water fund for General Fund for property needs to be paid during the 1992 Fiscal Year. The budget from the General Fund does not have enough resources to fully pay off that loan. He would like to suggest that the Budget Committee take $19,302 from the Unappropriated amount in Revenue Sharing, reduce the line item for Building Maintenance and Remodeling from $45,000 to $30,372 and add a line time to transfer money to repay the loan from the Water Fund. This would be in keeping with what the City has done in the past. Councilor Koho asked if this required action of the Budget Committee since the expenditures don't exceed the fund spent. Mr. Otterman stated that the expenditures were being allocated and a line item was being added although there was not a change in the total bottom line dollar.

Mr. Beach made a motion that the Budget Committee concur with the recommendation of the City Manager to take $19,302 from the Unappropriated fund balance of Revenue Sharing along with $14,628 from the Building Maintenance and Remodeling line item to create a line item transferring funds to repay the loan from the Water Fund. Councilor Koho seconded the motion.

The motion passed unanimously with the following votes:
AYES: Beilke, Hansen, Caillier, Duncan, Inman, Beach, Simon, Orcutt, Hart, Koho, McGee, Newton (12)
NAYS: None
ABSTENTIONS: None
ABSENT: Miller, Van Meter (2)

The next fund to be looked at was the Street fund. Mr. Otterman stated it had been revised although there were no proposed changes since the budget had been mailed out. Chair Simon asked where the City was with Federal money for the completion of Lockhaven. Mr. Otterman stated there has been a change in the funding so that the money will come directly to the City rather than the project being coordinated by the State. Mr. Mull said that plans have been submitted to the State, bids are all set to go and it is hoped that bids will be opened the last week in July. Construction is hoped to be done in August prior to the start of school. The state will approve the project and give the City $.94 on the dollar and the City will do it.

Councilor Hart asked about the error on Olsen Road in the vicinity of Payless and whether anything was happening to get it repaired. Mr. Mull said that there have been some plans with the changes Dairy Queen is making. A turn lane up to Trail is planned with left and right turn lanes coming off of Trail.

Mr. Otterman stated the Utility Fund had been revised to reflect the actual amounts as of June 25. In answer to a question regarding changes, Mr. Frykberg said the auditors had been in and analyzed funds and balances. They picked up odds and ends of errors in the software program. They suggested adjustments to bring everything into balance so the new year would begin clean.

Other funds examined were: 911 Emergency Communications, Water Fund, Lockhaven Improvement Reserve Fund, City Hall Replacement Fund and City Facilities Maintenance Fund. Mr. Otterman noted the City Facilities Maintenance Fund includes a half-time City Employee whose position had been shifted from the various funds it was previously in. Councilor McGee was concerned about the extra money being spent for a janitorial company contract. Mr. Otterman stated the City is trying to bring up the standard of janitorial services, especially in the Police Department.

Councilor Koho moved that the Budgets discussed be adopted. Council Hart seconded the motion.

The motion passed unanimously with the following votes:
AYES: Beilke, Hansen, Caillier, Duncan, Inman, Beach, Simon, Orcutt, Hart, Koho, McGee, Newton (12)
NAYS: None
ABSTENTIONS: None
ABSENT: Miller, Van Meter (2)

The Committee took a break at 8:15 p.m. with plans to reconvene at 9:20 with the results of the levy.

DISCUSSION - PROPOSED BUDGET WITHOUT A LEVY

The Budget Committee was reconvened at 9:17 p.m. by Bob Simon, Chairman.

Mr. Otterman introduced a budget designed for the option of the levy not passing. It utilized a total of $ 557,320 in property taxes. The budget proposes the lay off of a total of 7 positions in the Police Department, 5 are currently filled and 2 are vacant. It also proposed the layoff of one Court Clerk and the Layoff of 1 Personnel Analyst.

Ms. Beilke asked when the layoffs would become effective. Mr. Otterman stated two days from now.

Chairman Simon asked about the possibility of going out for another levy. Mr. Otterman stated that could be done and the vote would be September 15. The information would have to be to the County by July 30. An extension would have to be requested from the County as far as certifying property taxes. Chairman Simon asked what the feeling of the Council was regarding a September vote.

Councilor McGee questioned what an extension was. Mr. Otterman stated the amount of property taxes must be certified to the County by July 15th or an extension must be requested if a levy is pending.

Mr. Duncan stated he didn't want to see any police laid off, but that if the levy was set for September with the police kept and then the levy failed, the City would be more in the hole. He said the people have spoken although he thought they were making a bad mistake. Councilor Koho tended to agree. As he spoke to groups, he stated they would be choosing a level of police service. He also stated from his perspective there would not be another chance.

Mayor Orcutt believed that the people were informed about the possibilities of the levels of service that would be available if the levy did not pass. The majority of the people voted for the particular level and he did not believe the City should go out for another levy.

Councilor McGee asked how long the City could survive. He asked if it was possible to go to the September date on current resources and give the people another opportunity. Bob Simon felt the resources would just about be exhausted by September. Mr. Otterman said that with the 7 positions that would be laid off, the cost is about $20,000 a month. It would cost about $60,000 for those positions and that money would have to be cut out of the present budget. The Budget before the committee tonight anticipates the payment of the Water fund Department without the shifting of funds. Since the Budget Committee approved, earlier in the evening, to have those funds moved, a surplus of $35,000 is available which could cover one of the months. Mr. Otterman stated with that shift, there is a surplus of $35,000 because of the shift of those funds. Chairman Simon noted the City could wind up down $30,000 if the level of service is continued.

Councilor Newton, noted his disappointment, but suggested that the committee go back for the September 30 vote and make some hard choices to cut out some items on the budget that have been considered absolutely essential. This could keep the current level of service going for the three month period until the next vote. The extra time would allow us to more clearly communicate the level of service and the damage that the community might expect. He said there had been a conscious effort not to "cry wolf" during the campaign and the citizens didn't get the effect of the harm that could be caused. He suggested that the communication costs were high and that if the Police officers could just communicate with the Police Department base, he would prefer to keep them on the streets. That would be better than the alternative.

Councilor McGee stated there are now two positions that are vacant. He also said that there is another administrative position in the City that is to become vacant that could equate to an officer. Mr. Otterman would not recommend that the position equate to an officer. There is a requirement to have someone fulfill at least the Charter and statutory requirements for the City Recorder. Not all of it would be available to switch to a Police Officer. The City Hall is already running so lean and two positions will have to be absorbed, in Court and in Personnel. Mr. Otterman noted that budget leaves John Morgan, Skip Wendolowski, a half funded receptionist and a portion of one secretary from the General Fund. He just did not think they could absorb any more cuts.

Councilor Newton said that he was suggesting that the first decision that needed to be made was whether to go out for another vote or note.

Councilor Newton moved that the Budget Committee go back to the voters on September 15, 1992 for a new levy. The motion was seconded by Councilor McGee.

Councilor Koho asked when the decision had to be made. Mr. Otterman stated the amount of property taxes had to be certified by July 15, but a budget had to be adopted tonight. At this point, it would have to be the budget that does not consider the levy.

Councilor Koho stated he was not sure he could vote for the motion but was willing to intensively hold some public hearings, viewing this as a tie vote. He wanted to try to gauge the will of the people. If there is a strong support for a reduced levy them he was willing to be flexible, although he did not want to shove another levy down the throat of the people.

Councilor Newton suggested that some items be cut out of the budget to fund the officers for the 2 1/2 month period and the current level of service continue until that next vote. If that were to be a no vote then the Budget would have to be decreased.

Ms. Beilke stated she had mixed emotions about this. She said the citizens on the Committee have a responsibility to do the best job they can. She felt the voters were told police would be cut. She didn't think they understood budgeting and the release of Urban Renewal Agency information clouded the thinking. She herself was confused at this point and was not going to support the motion since she believed the credibility would be shot of the Committee if the people were not let off.

Councilor Hart said there were two issues. Would the City lay the officers off and what would the City do in the future? He was concerned about the cost of laying off the officers and then the cost of bringing the officers back. Chairman Simon said he had experienced this before and it is an expensive proposition. He thought if the Committee is going for a levy in September that the City should stretch and officers should not be laid off. Ms. Beilke asked what would happen in September?

Mr. Beach, who was treasurer for the Citizens for Keizer Committee, felt the group had done as well a job as in any year in publicity. He felt the levy was supportable and was within the prerogative of the citizens. He was disappointed that the voting numbers were down and people didn't care enough to mail in the ballot. He thought there were enough possibilities to explain the levy. The people who were opposed were not expressing themselves. He also wondered what more could be done to get people to get more information.

Councilor McGee stated he would support the vote which he viewed as a tie vote. He felt an obligation to the 50% who wanted the community a certain way and he thought the group should work harder and try more to make it pass. Chairman Simon noted he tended to agree with Councilors Newton and McGee. Even though the loss was by a very small margin, some citizens recognize the benefit for services and they would be denied if the lesser budget is chosen. He would hate to see the Police Department have to start over since the organization has been trained. He thought one final effort should be made.

Councilor Koho stated he would be voting no but was willing to support a motion to rescind the layoff notices and to gather again in 10 days and he would like the opportunity to talk to some other folks before he made a decision. Ms. Beilke said she felt the campaign had to come from a unified effort of the Budget Committee. She also said she was tired.

Chief Stull said that the community can not imagine what the situation would be like in the next 90 days. The main issue of public safety would have a huge impact. He stated he could not police the community with 16 officers. The effect has not been shown to the Committee or the Council. When the community is affected, they are going to be very vocal. The Police Department may not be able to recover if approval to hire more officers comes a year from now. It would take 6-9 months for the officers to hit the street. He strongly suggested considering the alternative in September. Ms. Beilke said she did not believe the community understood the impact. Chief Stull said if the officers are laid off there is no way that he could provide police services. The community did not realize what they were voting for and the impact.

Councilor Van Meter suggested that the Committee table this discussion for 10 days rather than reeling with the emotion of the defeat. Chairman Simon said that we have got to make a decision as to whether we are going out in September. Then the Committee can take some time to look at the budget and decide on the levy. Mr. Otterman said the request for an extension has to be to the County by July 15 and the wording for the ballot by July 30. A budget must be adopted tonight based on a "no levy" situation.

Chairman Simon asked for more discussion on the motion. Councilor Hart spoke to keep the officers, but to not necessarily work on the budget this evening. He suggested having the staff work on the figures and then schedule a meeting. Chairman Simon said that if the vote is to go In September, there will be time needed to reconsider the changes to make in the Budget. Tonight the Budget Committee will have to decide whether they are going for a levy in September. The Council will have to decide whether to keep the officers on. He strongly urged them to do so. He stated there was a motion on the floor.

Mr. Duncan stated that he would support the suggestion as understood by Councilor Koho, but he would have to vote against the motion. Chairman Simon stated the Committee had to decide tonight whether they would be going for a levy in September and then the Committee would have a month to decide what they were going to do.

Councilor McGee urged the committee to vote for another attempt in support of those who did support the levy. Mayor Orcutt asked about the respect for the people who voted no. They voted no twice. He asked how many times the Council would keep going out. They've said they don't want this level of services. Chairman Simon stated the Council and Council's past have worked hard to build a decent Police Department and he would like to have one more shot at salvaging the police Department.

Ms. Beilke said she would support some kind of levy in September. Mr. Duncan asked whether the City could wait until July 15th to let the County know. Mr. Otterman said we have to decide tonight whether to go for a levy to ask for an extension. A budget does have to be approved tonight. Ms. Beilke called the question.

<u>The motion passed with the following votes:</u>
AYES: Beilke, Hansen, Inman, Beach, Simon, Duncan, Caillier, McGee, Newton, Van Meter, Hart (11)
NAYS: Orcutt, Koho (2)
ABSTENTIONS:
ABSENT: Miller (1)

Chairman stated the next order of business would be to adopt some type of budget. Mr. Otterman asked whether layoffs would be happening or would the Committee try to postpone the layoffs until after the September election. Chairman Simon stated he did not believe the Budget committee can make those kinds of decisions although they can make recommendations. The City Council makes the decisions. The purpose of the present exercise is to salvage the Police Department. Mr. Otterman said that if there is support to try to postpone layoffs, he had two recommendations where funds might be available, if the Budget Committee feels like it wants to recommend that to the City Council. Mr. Otterman stated that the money could come from the K-9 unit line item and the second place could be to transfer funds from Revenue Sharing

Councilor McGee asked for a point of order to hear a decision on whether the Budget Committee should discuss specifics. Chairman Simon asked for information from the City Attorney John Lien. Mr. Lein said the Budget Committee is entitled to make recommendations to the Council regarding what is in the budget. Chairman Simon stated the Committee should proceed on making recommendations.

Councilor Koho noted the Budget already approved the money to operate from July 1 to September 15 and he didn't know if any recommendations needed to be made. Mr. Otterman said that if the levy failed, funds would have to be shifted or expenditures cut. He also noted that a Public Hearing should be opened during the meeting.

Chairman Simon asked whether Council authority was needed to maintain the police force. Mr. Otterman stated he was looking for a recommendation from the Budget Committee to the City Council or a decision not to make a recommendation.

Mr. Beach moved that the Budget Committee recommend to the Council that the City of Keizer be staffed as now with no layoffs until the election of September 15. Ms. Beilke seconded the motion.

Mr. Duncan moved to amend to include "until we recommend something else." The motion died for lack of a second.

Mr. Otterman questioned whether the motion included only the Police Department or the other two city positions. Mr. Beach clarified that the motion included all the positions and layoff notices would be destroyed.

Mr. Duncan stated he could not vote for the motion since he was only supporting staffing of the Police Department. Councilor McGee also stated he could not support the motion.

The motion passed with voting as follows:
AYES: Beilke, Hansen, Caillier, Inman, Beach, Simon, Hart, Van Meter, Newton, Koho, McGee (11)
NAYS: Orcutt, Duncan (2)
ABSTENTIONS: None
ABSENT: Miller (1)

Chairman Simon opened the Public Hearing. There were no comments from the Public. The Hearing was closed.

Mr. Otterman stated that the Budget Committee needed to recommend to the Council a budget.

Councilor Koho moved that the Budget Committee recommend to the Council adoption of the budget as printed with "No Levy" on the top. The motion was seconded by Mr. Beach.

Not totally sure this was intent - tape changed

Councilor Newton stated that his intention was to find $60,000 to shave off to go to voters as the levy. Then the Committee could get together to make the hard decisions.

Chairman Simon said that if the Committee recommends to the Council that the status quo will be maintained, the Council will authorize shifting of funds. Then the council can determine the kind of levy that we are going back to the city for. Councilor Newton was concerned that the first signal sent to the County would be the one that would have to be lived with. Mr. Otterman clarified that the County stated to the City Accountant that the only thing they wanted was the request for the extension without any figures included. He said a budget would have to be put in place but the extension has to be asked for without figures.

Mayor Orcutt said that if we put this in place then go out for a levy, then a supplementary budget would be approved afterwards. Councilor Hart said that if the "No Levy" budget is used the police officers are already removed. He asked whether page 2, with the dollar figure could be used. Chairman Simon stated that a dollar figure should be used and that the Council could vary the bottom line number only by 10%. Figures could be moved in the budget. Property taxes can not be increased. Chairman Simon noted the Council had the authority to move the funds around.

The motion passed unanimously with the following votes:
AYES: Beilke, Hansen, Duncan, Caillier, Simon, Inman, Beach, Hart, Newton, Van Meter, Orcutt, Koho, McGee (12)
NAYS: None
ABSTENTIONS: None
ABSENT: Miller (1)

Chairman Simon Asked for a weeks notice to review the budget before the next Committee meeting.

OTHER BUSINESS: There was no other business for the Budget Committee.

WRITTEN COMMUNICATIONS: There were no written communications for the Committee.

ADJOURNMENT: A motion was made by Mr. Duncan and seconded by Mr. Hansen that the Committee adjourn. The motion passed unanimously. The meeting was adjourned at 10:10 p.m.

The following changes were made to the proposed budget for the 92-93 Budget year:

* The municipal court clerk position was reduced to half time.
* The Personnel Analyst's position was eliminated in the Administration Department.
* Seven police officers would be laid off including the School Resources officers, the Investigations unit and the traffic officers.
* The present acting Police Sergeant would be returned to the rank of Officer.
* The Lease of vehicles line item in the Police Department was eliminated and payment for the Radio system was moved to the Revenue Sharing Fund. A patrol car, a K9 car and the records management system were removed from Revenue Sharing.
* 20% of the Community Development Director's position was moved from Administration to the Urban Renewal Agency Budget.