

COUNCIL MEMBERS PRESENT:

Chuck Ryan	Mayor
Nancy Connolly	Council President
Andrea Blum	Councilor
Richard Esterman	Councilor
Michael Preedin	Councilor

STAFF PRESENT:

Cory Misley	City Manager
Joe O'Neill	Fin. Director
Paul Bertagna	PW Director
Kerry Prosser	City Recorder
Kim Keeton	Acct. Tech.

COMMITTEE MEMBERS:

David Moyer	Chair
Bill Hall	Committee Member
Gary Ross	Committee Member

I. CALL TO ORDER

Chair Moyer called the meeting to order at 3:30 p.m., and City Recorder Prosser took roll call.

II. ELECTION OF CHAIR

Council President Connolly nominated Dave Moyer to serve as Budget Committee Chair. Councilor Blum seconded the motion. The motion carried 8-0.

III. BUDGET MESSAGE

City Manager Misley highlighted key priorities from the budget message, including how the Council goals connect to and impact the budget. He noted this was the largest budget the City had ever proposed. City Manager Misley said the Sisters economy was more diverse and sustainable than ever, which had allowed the City to respond quickly during the COVID-19 pandemic.

IV. PUBLIC COMMENT- None

V. BUDGET PRESENTATION

Director O'Neill reviewed some changes that had been made to the budget book that would enable the reader to pick it up and understand the budget and the community.

Director O'Neill reviewed staffing and labor updates:

- One new staff position: A Parks and Events Coordinator, that would be filled in the fall.
- 2.2% Cost of Living Adjustment (COLA).
- 3% merit adjustments for performance.
- Two promotions.

Director O'Neill said noted health insurance rates would increase by 5.5%; PERS contribution rates would be 18.8% for Tier 2 and 14.5% for OPSRP. He reviewed Worker's Compensation

would have a minimal increase, and property and liability insurance would increase by 15% and 5%, respectively.

Director O'Neill reviewed changes to the General Fund revenue sources:

- Staff estimated that the rate of collected property tax would drop to 93% due to the pandemic's economic effects.
- Transient Room Tax (TRT) was projected at 50% of historical receipts for July – October 2020 with a 30% reduction in the remainder of the fiscal year.
- Created an additional reserve fund (rainy day) to accommodate if revenues fall below projections.
- Staff was cautiously optimistic about planning and inspection fees remaining stable.
- Business License fees were expected to fall in part as the City was working on a plan to allow local businesses to pay a discounted rate.
- Due to the late and limited opening of Creekside campground park, user fee revenue was expected to decline.
- State Shared Revenues (gas, cigarette, and liquor) were budgeted to increase.
- System Development Charges were budgeted conservatively in FY 2020/21.

Director O'Neill reviewed a Rainy-day reserve fund that was established to account for changes in the economic climate. A Reserve fund was also established for law enforcement.

Director O'Neill noted the total proposed budget for FY 2020/21 was \$18,000,113.

The Committee discussed changes in the amount of TRT collected and how it would be distributed.

A. General Fund

Council-Manager: Contracted services increased due to the Vision Intergovernmental Agreement and RARE participant funding. The affordable housing program was a new line item for the Affordable Housing Grant program.

Finance: Contracted services included funds for a short-term rental audit and long-range strategic planning model.

Maintenance: There was a partial capital expenditure for a new vehicle for City Hall.

Tourism: The creation of a Tourism Department this year was part of the re-organization of the General Fund. The staff had organized the breakdown of these revenues by types: restricted tourism funds were shown as a resource in the Tourism Department, and restricted affordable

housing funds were shown as a resource allocated either in the Affordable Housing Reserve or Affordable Housing Program line items. This FY 2020/21 budget included a conservative decrease in TRT revenues. The 33% of TRT restricted for tourism promotion, or tourism facilities was anticipated to decrease significantly due to COVID-19.

Parks: The City's Creekside Campground was the most significant General Fund revenue source and resources for the Parks Department. Due to COVID-19, the Campground did not open in April or May as scheduled. The staff had budgeted a conservative decrease in anticipated revenues for FY 2020/21. There was an increase in Personnel Services due to the creation of a new position to support this Department; half of the salaries and wages for the new position were allocated to this Department. There was a jump in electricity due to the heated sidewalks at Village Green Park.

Law Enforcement: The creation of a Law Enforcement Department this Fiscal Year (FY) was part of the re-organization of the General Fund. The workplan includes monitoring the first year of new law enforcement contracts with DCSO, creating a strategic plan, and holding the first Sisters-specific National Night-Out event.

Community Development: The most significant change in the FY 2020/21 Community Development Department (CDD) budget was the Comprehensive Plan and Housing Plan update. These projects were funded through the CDD Contracted Services line item. The Compressive Plan update included grant funds to support a consultant facilitating the work.

Economic Development: In 2019, the City entered into a new three-year contract to continue economic development services under the name Sisters Country Economic Development (SCED) Program. The Program focused on an economic development strategy to grow the base of locally operated traded-sector businesses that provide a range of family-wage jobs and economic diversification. The Program was designed to provide solutions relating to workforce issues, business finance, marketing, access to incentive programs, real estate development, and other factors impacting Sisters' businesses.

Chair Moyer recessed the meeting at 5:35 pm.

Chair Moyer reconvened the meeting at 5:42 pm.

B. Street Fund

The Street Fund received revenue from state highway gas tax, local fuel tax, franchise, and permit fees. Contracted services included a Transportation System Plan update and the East Portal plan. Snow removal in the downtown was also added to the budget.

The Board discussed the tree loss on the right-of-way and potential ways to stop it from reoccurring.

C. Street SDC Fund

There was \$150,000 allocated for US20/Locust roundabout work and \$50,000 for the Transportation System Plan (TSP) update.

Councilor Preedin wanted to look at somehow accelerating the Roundabout project. City Manager Misley replied we had been meeting with the Oregon Department of Transportation (ODOT), and we're working through the steps; 1. Design (ongoing) 2. Right-of-way acquisition (this year) 3. Construction.

Director Bertagna appreciated the sentiment and said we needed to know what our proportional share of the project would be; this project was going to require more skin in the game as there was currently no funding of this project with ODOT. Councilor Preedin thought we should keep the public informed and be aggressive with grant applications.

D. Park SDC Fund

There was \$12,500 allocated for the East Portal Master Plan. The Parks Master Plan would be updated in FY 2021/22.

E. Parking District Fund

The Parking District Fund provided the accounting for development fees collected from developers or businesses located in Commercial Parking District. This fund was for capital expenditures.

F. City Hall Debt Service Fund

This fund accounts for debt service payments for city hall.

G. Water Fund

The Water Fund's purpose was to operate and maintain the existing wells and all other facilities and preventative maintenance for all equipment. Projects included the completion of Well #4 in FY 2020/21. Demand from annexations and zone changes on our water system had increased water mitigation fees. Credit card fees had increased as more people were paying with cards, it was a necessary cost of doing business.

H. Water SDC Fund

The Water System Development Charge Fund accounted for planning, design, and construction of water system improvements for new development and were paid by the collection of system development charges and interest income. There was a lot of crossover on projects from the

water fund, including Well #4. It was noted, big projects affect the System Development Charges. If you run low on buildable land inventory, your growth restricts, and your System Development Charges could fall. We were conservative on revenue predictions for this fund.

I. Sewer Fund

The Sewer Fund supports the City's wastewater utility, ensuring the safe collection and discharge of wastewater effluent. Significant projects included developing the scope and procuring a consultant for the Lazy Z master plan and bio-solids removal in the City's primary lagoon. The revenue for this fund was easier to project as it was steady. We were looking at less commercial sewer use because of COVID-19.

J. Sewer SDC Fund

The Sewer System Development Charge Fund accounts for planning, design, and construction of sewer system improvements. We were conservative in the System Development Charge projection for FY 2020/21.

VI. OTHER BUSINESS

A. Preview June 02, 2020 Agenda

VII. RECESS

Chair Moyer called a recess at 7:00 p.m. and continued the meeting until June 2, 2020, at 3:30 p.m.



Kerry Prosser, City Recorder



Chuck Ryan, Mayor