

## CITY OF WHEELER

### BUDGET COMMITTEE MEETING MINUTES

April 9th, 2024

#### **Call to Order**

Councilor Porter called the meeting to order at 6:02 PM.

#### **Roll Call**

Present onsite:

City Council: Councilor Deanne Ragnell, Councilor Heidi Stacks, Councilor Karen Matthews,  
Councilor Walt Porter, Councilor Gordon Taylor, Mayor Clif Kemp

Budget Committee: Courtney Banks, Mike Anderson, Judith Stone-Aaen

City Staff: Pax Broder, Madison Chesnut

Guests: *None*

Present via Zoom: Phil Chick

#### **Appointment of Presiding Officer**

Councilor Stacks indicated that she had been the Chair of the Budget Committee last year, and that Councilor Porter had presided over the committee the year prior. It was decided that the Chair of the Budget Committee should be from the citizen members rather than the Councilors.

Mike Anderson agreed to volunteer for Chair of the Budget Committee.

Councilor Stacks **made a motion to appoint Mike Anderson as Chair of the Budget Committee.** Councilor Matthews **seconded the motion.** **The motion was passed 7-0** (Yes: Matthews, Ragnell, Taylor, Stacks, Porter, Stone-Aaen, Banks; No: none).

Councilor Stacks mentioned that there was budget input from a citizen that was proposed, and suggested that it be reviewed and then discussed at the subsequent Budget Committee meeting.

Mr. Anderson suggested going through the budget and addressing each section one at a time rather than “jump around” too much. Mr. Anderson requested that whatever questions get asked go through him.

#### **Review of Budget Message and Proposed FY 2024/2025 Budget**

Pax read the Budget Message. *A copy of the full budget is included in the Agenda Packet.*

Mrs. Stone-Aaen asked if grant matching funds were included in the budget. Pax replied that the budget does include matching funds for the grant for a new SCADA system. The loan for the water system is to be repaid with the water debt service fee. He didn't believe there was a match needed on the FEMA grant for Gervais Creek. The new restrooms are being designed now and

we don't have a construction estimate yet. The grant from the Oregon Parks and Recreation Department is actually a percentage of the project total, up to \$75,000.00. The hope is to complete the project with the funds already secured.

Councilor Matthews asked that the pie chart colors be modified to make it easier to read. It was suggested that labeling these with a letter code would make it more clear.

### General Fund

Pax read through the resources and requirements and gave a description of each line item.

Mr. Anderson questioned if the City had received any ordinance violation revenue this year. Pax confirmed that the City had not, as the code enforcement chapter of Wheeler's Code of Ordinances will need to be updated first, which is a project the City is actively working on.

Mr. Anderson questioned if the City had received the \$50,000.00 in homelessness support that was budgeted for in the current fiscal year. Pax replied that the League of Oregon Cities had asked the State for \$50,000.00 for each community, but that request was ultimately denied so the City didn't receive the funds and it has been removed from the proposed budget.

Mrs. Stone-Aaen asked if the State Liquor Tax was exclusively alcohol products. Pax confirmed that it was from all alcohol products (including beer and wine). Councilor Matthews questioned if the revenue was only from the alcohol sold in Wheeler. Madi stated that this part of alcohol tax revenue is given to Wheeler based on our population.

Councilor Porter asked for clarification on the longevity payment. Pax confirmed that the longer the length of an employee's service, the higher the percentage payout is. Currently the City Staff are all relatively new and are in the lowest tier (1.5%). Mrs. Stone-Aaen mentioned there had historically been a Christmas bonus and wondered if the longevity payment was the same thing. Mr. Anderson confirmed that people in the community have historically contributed to a Christmas bonus that was separate from what is listed in the budget.

Councilor Matthews questioned why the Audit fee was estimated to be lower than what had been budgeted in the current fiscal year. Madi confirmed that the \$15,000.00 cost is the estimate from the Auditors, which is the same fee as it was this fiscal year. She was unsure why the current budget had a higher amount set aside for this expense.

Councilor Matthews questioned why the City Hall Utility/Maintenance line in the General Fund included funds for a transfer switch instead of that coming from the Building Reserve Fund. Madi stated that the Building Reserve Fund acts as a savings account for larger capital projects, and a purchase of only \$3,000.00 wasn't justified as a larger capital project.

Councilor Porter questioned what the Homeless Support revenue (that the City never received) was supposed to be spent on. Councilor Stacks confirmed that this was a bill that came through last year, but they never explained how to spend the funds and it never came to fruition.

Mr. Anderson asked what had been spent on legal fees so far this year. Pax estimated that the City has spent about \$45,000.00 this fiscal year to date.

Mrs. Stone-Aaen asked if City Staff go to League of Oregon Cities training. Pax confirmed that they do, and that the training is often free so long as you are a member.

Mrs. Stone-Aaen stated that historically there was a provision that Wheeler would get revenue from citations. Pax confirmed that for traffic violations that is still the case (as they are handled by the Manzanita Police), but the City is still working on a method to enforce City ordinance violations through Tillamook Justice Court. Once established, the City would get some revenue from these citations as well.

Councilor Stacks requested that a copy of the WET Team's proposed budget be included in the overall budget.

Councilor Matthews requested clarification on allocated vs non-allocated funds. Pax clarified that allocated funds are ones that are for the organizational units and programs within the fund, and would typically be spent (to pay personnel services, materials and services, etc.). Non-allocated funds are those that aren't in a particular organizational unit or program within the fund, which includes transfers between City funds, funds held as an operating contingency, funds held as reserved for future expense, or funds that are unappropriated to a specific expense line item.

Mrs. Stone-Aaen asked if the City would be penalized for having the allocated and non-allocated totals backwards in the current fiscal year budget. Pax didn't believe so, as the Department of Revenue has looked over the current fiscal year budget.

Councilor Porter asked if the restricted tourism funds could be spent on the restrooms that the train passengers frequent. Madi confirmed that transient lodging tax in Wheeler is at 9%. That tax is then divided up to 2% and 7%. The 7% can be spent on any general government expenses. The other 2% gets split again on a 70/30 split. The 30% (of the 2%) can also be used for general government expenses, but the remaining 70% (of the 2%) has to be reserved for very specific tourism-related facilities. Unfortunately the restrooms wouldn't fall under that category.

Councilor Ragnell asked who imposes these rules. Madi confirmed that the State sets these rules (and collects this tax on our behalf). Councilor Matthews questioned if a kiosk near the restroom would qualify for use of these restricted TLT funds. Madi felt that it likely could, but she'd have to look into it further.

Mrs. Stone-Aaen asked for clarification on previously levied taxes. Pax clarified these are unpaid taxes from prior years that the City is expecting to get payment for.

#### Building Reserve Fund

Pax read through the resources and requirements and gave a description of each one.

Mr. Anderson questioned if there were specific projects in mind for the funds in capital outlay for City Hall and the Garage Storage. Pax confirmed that the capital outlay lines are essentially functioning as a savings account and there is no intent to spend those funds at this time. The intent is to accomplish some smaller building repairs using the funds that are listed in “materials” and “outside services.” Madi stated that she could move those funds to “Reserved for Future Expenditure,” however that would eliminate our ability to spend any of it in the next fiscal year should the need arise. Mr. Anderson felt it may make sense to indicate on the fund introduction on the prior page that the capital outlay funds are intended to be saved, as that may not be clear to the general population. He suggested something along the lines of “Funding will be reserved for improvements to or construction of City buildings, or major maintenance issues not covered under basic maintenance.”

Mrs. Stone-Aaen said “please paint this building.” The City has received three quotes and is actively looking into it.

#### Parks Fund

Pax read through the resources and requirements and gave a description of each one.

Mrs. Stone-Aaen asked if there would be any problem with grants if the City is charging boat launch fees. Pax confirmed that the State Marine Board is aware of the fee being charged.

Councilor Matthews asked what the percentage split was between the time the Public Works Director spends in the parks and the time the Public Works Technician spends in the parks. Pax confirmed that the Public Works technician is a 0.75 FTE position and the Public Works Director is a 1.0 FTE position. Madi confirmed that the budget is based on a culmination of their time. Councilor Matthews wished to point out that the Public Works Technician spends more time in the parks than the Public Works Director, and their salaries are different.

Councilor Stacks asked Phil what he wants the Seasonal Public Works Technician to do for the City. Phil replied that they would be doing brush cutting, parks, road shoulders, etc. Phil and Ron have to complete a lead service line inventory project this year, which involves going to every service meter and checking both the City side and customer side of it to see if there is any lead piping. Phil thought it would be wise to have an extra set of hands to help with general summer maintenance as they work on this project. In addition, he thought it would be beneficial to let someone “get their foot in the door” of the Public Works field as it is an “aging” field right now, particularly with regards to water systems.

Councilor Matthews stated that she didn't have adequate funding for grass seed and fertilizer in the current year, and that the City will be losing grass if we don't start taking better care of it. Some areas will require some plugging, aerating, and thatching. It has become very compact. She requested an increase of \$300 in Waterfront Park Materials/Supplies/Utilities, taking the funds from the Unappropriated Ending Balance. Madi confirmed that the Unappropriated Ending Balance contains the money that the fund will start the subsequent fiscal year with as "cash on hand," so it is important to have some money in that line item.

Councilor Matthews asked if the \$2,000.00 grant received from the Nehalem Bay Garden Club was listed on this proposed budget. Madi said that it is not on the proposed budget as it was received and needs to be spent this fiscal year (as anything unspent would go into "cash on hand" the next fiscal year).

Mr. Andeson asked if there was a plan for where the new restroom will be built. Pax said that the current plan is for it to be in the same location. Mr. Anderson said there will be some changes made based on the fact that the existing restroom isn't ADA compliant but the new one will be. These changes need to be considered as well. Councilor Ragnell felt that the \$150,000.00 in grants that have been awarded may only cover the cost of the building, but not necessarily the ADA pathways. Additional grant funding may need to be secured.

Mayor Kemp stated that the proposed budget underestimates the boat launch fee revenue by at least 4-fold. He suggested increasing the projected income from the ramp fees if we are going to increase the amount that can be spent in Waterfront Park Materials and Services. Madi confirmed we had the ramp fee in place for only about  $\frac{3}{4}$  of the season last year. The revenue was more than predicted and was around \$3,000.00, so this year the estimate was set at \$4,000.00.

Councilor Porter stated that he had a problem with speculation. He didn't think it would be wise to increase the expected revenues before you have gone through a whole season and have more data.

Mrs. Stone-Aaen suggested a fundraiser at the park. Councilor Matthews said there can be some budget law issues that arise at that point.

Mrs. Stone-Aaen asked about the stolen backhoe and if the City had collected insurance on it. Councilor Porter replied that it was not insured. Madi mentioned that the Public Works Equipment Reserve Fund is up next and is the fund that is saving towards the purchase of a new backhoe.

#### Public Works Equipment Reserve Fund

Pax read through the resources and requirements and gave a description of each one.

Councilor Matthews asked what the cost of a new backhoe would be. Phil believed the old one was right around \$20,000 but a replacement would likely cost a bit more (even in pre-owned). He felt it would likely be between \$25,000.00 and \$30,000.00.

Councilor Matthews asked how many miles are on the current Public Works truck and how long Phil expects it to last. Phil stated that it doesn't have many miles on it and it isn't super urgent, but it is something the City should start setting funds aside for. It gets run pretty hard, consistently, and has a few problems. He thought a replacement would be needed in 3-4 years.

Councilor Stacks mentioned that we are working on an Oregon Emergency Resilience grant and wondered if we request a new work truck with a plow attachment as part of it, would that free up funds for purchasing a new backhoe? Madi felt that it would. Pax confirmed that this particular grant offers the actual equipment requested rather than issuing funds to purchase said equipment. As such, this grant is not indicated in the proposed budget.

Mr. Anderson mentioned that a plow is used to remove rock in the coast range more often than snow, it just isn't called a rock removal tool. Phil suggested purchasing a plow even if the City isn't awarded the Resiliency grant, as every winter we are getting snow now. He had a conversation with Marc Johson of the Nehalem Bay Health District and they may be willing to contribute some funds towards the purchase of a plow.

Councilor Porter asked if a snowplow would go under a different insurance rate code. Madi felt that was possible.

Mrs. Stone-Aaen asked if the City had a contingency plan for renting a backhoe until the stolen one is replaced. Pax mentioned that we currently contract with outside excavation companies.

#### Street Fund

Pax read through the resources and requirements and gave a description of each one.

Councilor Matthews said the City was denied the Small Cities Allotment Grant in prior years because Pennsylvania Avenue doesn't connect to another through-street. Pax said he would look into that, but this grant could be used to pave other areas of town if Pennsylvania Ave wound up not qualifying.

Councilor Stacks questioned why Pennsylvania Ave would get paved before the new water lines go in. Pax confirmed that the City has applied for the loan to fix the water lines and the loan is currently in the Oregon Health Authority Capacity Assessment. The goal was to get funds from the Small Cities Allotment Grant to pave over the road *after* those new water lines have been installed. There are plenty of other roads in Wheeler that also need to be paved.

Councilor Matthews asked if the Street Light line item included repairs to the streetlights. Pax said it was for the utility expense, and he would have to look into what repairs are needed and what the cost would be. Likely it could be paid for out of funds set aside for maintenance.

Pax mentioned that the current year's budget included \$900.00 for a "Street Sign Project" and that was left in the proposed budget as it was assumed to be for the purchasing of parking time limitation signs for downtown. It later came to Pax's attention that the "Street Sign Project" may have been for the replacement of lettering on street name signs, a project that wasn't on his radar. If the City wishes to accomplish both projects, some additional funds may need to be set aside.

Councilor Porter asked how much of Highway 101 would be restricted parking. Pax stated that the east side of Highway 101 would have limited-duration parking (seasonally), and the parking in front of the Depot, in Waterfront Park, and the boat trailer parking on the west-side of Highway 101 would all have a \$10 all-day parking fee. Mrs. Stone-Aaen questioned if any other coastal towns charge for parking along Highway 101 and feared it may have a detrimental effect on tourism. Mayor Kemp confirmed we don't intend to charge for parking on the east side of Highway 101, just put time limits on it. This will require approval of the local businesses and approval from ODOT. The goal is to keep the spaces in front of the businesses open for customers instead of getting filled up by people who are out fishing all day. Councilor Stacks said that in her initial conversations with the businesses in town they seemed to be thankful that we are trying to accommodate them better. Mr. Anderson questioned if there would be new pavement striping involved with the parking time restriction project. Pax confirmed that the intent is to get everything restriped during this current fiscal year. Mr. Anderson asked if there was an estimate for what these parking signs would cost. Pax estimated it would be about \$1,000.00. Madi confirmed that this fund has very limited resources in the fiscal year being considered. Her suggestion was to prioritize which of the street sign projects was more important and utilize the \$900.00 to accomplish that project, and hold off on the other for now. Mrs. Stone-Aaen asked if the State would do the signage on Highway 101. Pax said that we have had conversations with ODOT regarding the parking project and the signs on the east-side of Highway 101 would be our responsibility. The signs on the west-side of Highway 101 are in the area we lease from the Port of Tillamook Bay, so those aren't in the ODOT right-of-way. The Budget Committee then decided to leave the Street Sign Project at \$900.00 and to have those funds used for the parking time restriction signs.

Councilor Matthews stated that in previous years the estimated construction cost to repair Hemlock Street was in the range of \$1.2M - \$1.4M. Mrs. Stone-Aaen said this road has been a problem for 40 years and the City has spent a lot of money on it over the years.

#### Street LID Fund

Pax read through the resources and requirements and gave a description of each one.

Councilor Stacks asked if this fund would pay for improvements outside of the downtown district. Madi explained that this fund was developed to repay a loan the City took out on behalf of property owners in the local improvement district to replace the streetlights and is entirely for work that was already done. The City took out a loan and did the work, and these property owners are now paying the City back. The City set up a payment plan and has liens against the property owners. They pay member assessments on an annual basis. The last loan payment will be made in 2026.

#### Storm Water Drainage Fund

Pax read through the resources and requirements and gave a description of each one.

Mrs. Stone-Aaen asked for clarification on contract maintenance and engineering services. Pax stated that contract maintenance is typically for routine and recurring maintenance or servicing. Engineering is utilized if we are changing stormwater drainage or putting in new stormwater drainage and need an expert to make sure it is designed and installed safely and appropriately.

Mrs. Stone-Aaen asked for clarification on the trucks that she has seen working on the stormwater system in front of her house on Pennsylvania Ave. Pax mentioned that the Nehalem Bay Wastewater Agency periodically uses pump trucks on their wastewater system, and perhaps that is what she was seeing. Mrs. Stone-Aaen was told that they were from Tillamook, and she saw them put a rotor down the storm drain.

Councilor Matthews asked for clarification on the Regular Operating Maintenance line. Madi replied that the current year's fiscal budget was originally adopted with \$5,000.00 on this line item, but a supplemental budget had been approved to increase the amount when the flooding and dredging emergencies occurred. In the proposed budget, this line item has been reduced back down to historic levels.

#### Storm Water Capital Improvement Fund

Pax read through the resources and requirements and gave a description of each one.

#### Water Fund

Pax read through the resources and requirements and gave a description of each one.

Councilor Matthews asked what would happen to the proposed new SCADA system if the cell tower went down. Pax replied that the signals may not transfer until the cellular data comes back online. Councilor Matthews expressed concern that warnings from a SCADA system would likely be most needed during a storm event, which is the most likely time to lose cellular network service.

Mrs. Stone-Aaen asked for clarification on exactly what the SCADA system does. Pax replied that it is the "brains" of the water system. It tracks the water levels in the holding tanks and can send notification if it detects a leak. There are also remote pump sites that are supposed to click



on automatically as needed, but those currently have to be manually activated because the existing system doesn't intercommunicate the way it is supposed to. A new SCADA would help notify us of a problem with the water system in rapid fashion so the City could address the issue immediately, potentially saving thousands of gallons of water and avoiding boil water notices.

Mrs. Stone-Aaen asked for clarification as to whether this is the same system that can detect customer leaks. Pax replied that it is different, as the water meters relay usage amounts hourly that the City can track via a Kamstrup program, and it will notify the City of potential leaks based on flow rate, ambient temperature, and a host of other data points. The SCADA system is more for the master transmission lines.

Pax stated that the Department of Revenue had asked the City to move the Water Debt Service Fees and the loan repayment (for the replacement of AC water mains) into a fund that didn't have General Obligation Bonds being paid back with property taxes, as those cannot be co-mingled in the same fund. In the current year's fiscal budget, the Water Debt Service Fees and loan repayment are inappropriately located in the Water Debt Service Fund along with the General Obligation Bond Debt. To fix this, the proposed budget has the Water Debt Service Fees and loan repayment moved into the Water Fund in order to keep the General Obligation Bond debt appropriately separated from the debt being repaid with the Water Debt Service Fee that is charged on the water bills.

Pax stated that the Well Operations and Maintenance was left at \$33,000.00 in the proposed budget to match the amount set aside the prior year, though he mentioned this was likely an overestimate as the current year's budget seemed to be designed for a double payment (to catch up on a missing charge from the prior year).

Pax stated that the current water debt service fee on the water bills was designed to repay a \$1M loan at 1% interest over 30 years, which would be an annual payment of \$38,740.00. The SDWRLF loan that the City has applied for is closer to \$1.464M, but will be 52% forgivable. The interest rate will likely be higher than 1% due to the current water rates in Wheeler. This loan is being finalized now, so the exact numbers are not yet available. The proposed budget was designed with a repayment plan for the full \$1M at 1% interest, though once the loan is finalized this annual repayment amount (and the water debt service fee that is charged on water bills) could potentially be lowered.

Mrs. Stone-Aaen asked if there was a date on this loan. Pax replied that the loan paperwork has been submitted, and the City is currently waiting for the OHA Capacity Assessment before we begin the loan underwriting process. Once finalized, the loan repayment is for a 30-year period.

#### Water Capital Improvements Fund

Pax read through the resources and requirements and gave a description of each one.

Mrs. Stone-Aaen asked about the \$1M that was indicated in the current year's fiscal budget. Pax confirmed that the original letter of interest the City submitted for a loan to replace the AC piping was for \$1M and it was anticipated that the grant funds would be received in the current fiscal year. Unfortunately, there were delays with the funding becoming available, so the City wasn't invited to apply until March of 2024. At that point the amount the City requested had increased to \$1.464M due to rising costs, which is indicated in the proposed budget.

#### Bonded Debt

Pax read through the resources and requirements and gave a description of each one.

Madi clarified that the projected payment dates needed to be updated to reflect the *next* calendar year, and that adjustment will be made.

Councilor Porter questioned if USDA Loan #7 was going to be paid off as it didn't show an Unappropriated Ending Balance. Madi replied that a healthy debt service fund would have at least a year's worth of payment left over to be able to make an emergency payment. Unfortunately, there wasn't enough money left over in this fund to have all three loans with a full year's payment left in Unanticipated Ending Balance. These loans were taken out in 2004, the work was done in 2005, and the loans will be paid off in 2044. Madi said she would bring some more information on these loans to the next meeting including original loan amounts and interest rates.

#### General Comments

Pax wished to give a special thanks to Madi for all the hard work that she put into building this proposed budget.

Madi indicated that the next meeting on April 23<sup>rd</sup> will include a Public Hearing with a very specific purpose to discuss State Shared Revenue Funds.

Mr. Anderson stated that Seasonal Public Works Tech should be listed as the maximum number of hours rather than listed as 8 hours a week for 8 weeks.

Mr. Anderson stated that the citizen budget input that was received would be discussed at the next meeting, as the committee needed time to review. Pax wished to clarify that a large portion of what was submitted would involve policy changes rather than adjustments to the budget. Mr. Anderson stated that he felt the citizen input would not be relevant to the committee until the Public Hearing on the 23<sup>rd</sup>. Madi clarified the purpose of the Public Hearing on the 23<sup>rd</sup>, and that the Budget Committee is currently open for public comment, but there isn't a requirement to act on those comments. Mr. Anderson suggested that all committee members review what was submitted, put it on the Agenda for the next meeting, and have City Staff prepare a comment on what they believe are budget issues and what they believe are policy issues.

Mrs. Stone-Aaen stated that we want public input and want the public to be engaged with the City government. Mr. Anderson confirmed that public input is important, but this committee can only address the budget, they cannot address policy (that would be a City Council decision). Madi confirmed that public comment is integral to the operations of the City, she just wanted to clarify the Budget Committee’s responsibilities.

**Adjournment**

Councilor Matthews **made a motion to adjourn until April 23rd.** Councilor Taylor **seconded the motion. The motion was passed 9-0** (Yes: Kemp, Matthews, Ragnell, Taylor, Stacks, Porter, Banks, Stone-Aaen, Anderson; No: none).

Mr. Anderson called the meeting to close at 8:59 PM.

Dated: April 9, 2024



Mike Anderson, Budget Committee Chair

Pax Broder, City Manager/Recorder