

**City of Mt. Angel**  
City Council Meeting Minutes

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**CITY COUNCIL**

**February 16, 2016**

**6:30 PM**

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The Mt. Angel City Council met in a workshop session in the Community Meeting Room, 290 E. Charles Street, Mt. Angel, Oregon.

1. **CALL TO ORDER:** Council President Kelly Grassman stated Mayor Otte would be arriving late and called the joint budget workshop session of the City Council and the Budget Committee to order at 6:33 p.m.

**ROLL CALL:**

**COUNCIL**

Andrew Otte, Mayor  
Kelly Grassman, Council President  
Don Fleck, Councilor  
Ray Eder, Councilor  
Pete Wall, Councilor  
Darren Beyer, Councilor

**STAFF:**

Eileen Stein, City Manager  
Justin Hogue, Assistant to the City Manager  
Mike Healy, Police Chief  
Chaunee Seifried, Finance Director  
Dan Bernt, Public Works Director  
Carrie Alexandria Caster, Library Director

**BUDGET COMMITTEE:**

Jim Kosel, Committee Member  
Stephanie Trierweiler, Committee Member  
Kristi Brackinreed, Committee Member  
Don Robison, Committee Member

**ABSENT:**

Karl Bischoff, Councilor  
Cindy Buchheit, Committee Member  
Jan Donohue, Committee Member  
John Kuppenbender, Committee Member

2. **GENERAL FUND BUDGET STRATEGIES FROM JANUARY 9<sup>TH</sup> GOAL SETTING MEETING:**

City Manager Stein reviewed several financial projection scenarios prepared for the General Fund which had been provided to the Council and the Budget Committee in their meeting packet. The scenarios included different budget proposals and resulting revenue needs.

There was discussion among members about the fund balance in the scenarios. Manager Stein commented on the pattern of increasing fund balance in past years, contrasted with future declines. She noted the decrease in FY 14-15 due to the need to pay for the Ebner Park project.

City Manager Stein reported back on the Council's request for more specific information about the taxable and non-taxable lots in Mt. Angel. She stated there are 1,199 lots in the city of Mt. Angel of which 115 are designated as tax exempt. While this represents approximately 10% of the physical land, in terms of market value it is 25% of the total real market value of lots in the city. Manager Stein asked the Council

and Budget Committee to consider this as they think about financing city government. Councilor Grassman stated that this disparity makes a significant difference as these properties are still using city services, as property taxes make up the majority of the General Fund.

City Manager Stein reviewed a handout showing the projected costs for General Fund programs in FY 16-17, associated revenue for each of the programs, and the program “deficit” in terms of additional revenue to make that program “whole”. The handout also showed “undesignated” General Fund revenues such as property taxes and franchise fees. She also discussed what she defined as the “base budget” (service levels in the FY 15-16 budget) and “service enhancements” (for FY 16-17 and beyond) necessary to achieve the Council’s vision for the city by 2035, the new target set by the Council.

Councilor Grassman asked why the Council would consider service enhancements when there is a deficit now. City Manager Stein explained that to bring those deficits into balance, there are the undesignated revenues as she’d just mentioned, but she stated the City will also need to increase revenue or decrease expenditures for city services. Manager Stein noted on the handout different ideas to raise revenue for the City, including imposing new service fees collected via the City’s utility billing system. Examples include a fee for parks maintenance, street lighting, or a city administration fee. She provided a chart showing the projected revenue that would potentially be collected if certain fee amounts were charged to the approximately 900 City utility accounts. She also suggested raising the franchise fees on each of the franchises to the maximum allowed by state law as not all of the franchises with the City are at the maximum amount.

Budget Committee Member Jim Kosel, asked about the difference between the number of tax lots and the number of utility accounts. Staff did affirm that there are some tax lots that have one meter serving multiple units.

Councilor Wall, asked, in reference to the Bavarian Village Mobile Home Park that has multiple lots but is serviced by one meter, if the plan would be to charge the extra fees to the individual lots. Councilor Grassman said she was wondering the same thing and asked if staff would investigate how to bill per individual unit and what kind of revenue would be generated. City Manager Stein said that staff could look into various ways of handling those types of properties and report back to the Budget Committee.

Councilor Wall, noting the proposed Community Services Officer, asked Chief Healy to share his vision for this position so that the Council and Budget Committee had a better understanding of how he felt it would benefit the City. Chief Healy said he envisioned a position called a Community Services Coordinator, a non-sworn position that would provide community education, schedule times for officers to meet with community members, and help the public become more educated about the laws and responsibilities of community citizenship. Committee Member Kosel asked if this included code enforcement. Chief Healy responded that the job description he had in mind would not typically provide code enforcement, but perhaps there were be an education component or evaluation of the problem, but an officer would still respond to an actual complaint.

Councilor Eder asked if any projections had been made with the new housing developments coming in. City Manager Stein replied staff has not yet made those projections.

Councilor Beyer asked if the Community Services Coordinator would need to be full-time. Chief Healy said that it would be more advantageous to the community to have a full-time position because of the various tasks involved and also to attract qualified, long-term candidates, who would build solid relationships within the community.

Councilor Eder expressed a concern about the service fees becoming an involuntary tax. Mr. Kosel asked about franchise fees and if it would be detrimental for the City to charge the maximum franchise fees. City Manager Stein says it is not, most city's charge the maximum franchise fee.

City Manager Stein explained how the inequity of the property tax system in the state of Oregon negatively impacts the City of Mt. Angel's budget and thus the City is left to find other ways to fund city services.

Committee Member Brackinreed, asked if the service fees would be delineated out on the billing statement so the public would understand what the fees would be funding. She also asked if this kind of increase would have to go before the voters. City Manager Stein replied that the fees would be clearly stated on the billing and that these types of fees are set by the City Council and do not require a vote.

Councilor Grassman suggested that \$10 go toward parks and \$8 for the library. She felt this would make good progress toward closing the financial gap, and people would probably support those causes. She also questioned if there is a way to get a bond initiative through for administrative services. Councilor Beyer asked if there was a better way to go than a bond.

City Manager Stein said they have not gotten into the discussion about bond levies yet, but there is the potential of using that financial vehicle to finance some city services.

Committee Member Brackinreed asked if the tax-exempt properties pay the privilege tax. And she also asked if the business license could be contingent on the number of employees. City Manager Stein said she would have staff look into what kinds of fees could be assessed on the tax-exempt properties. Regarding business licensing, the fee structure could be set up any way that seemed appropriate to the Council.

Mr. Kosel asked about the extra-territorial accounts and if they were able to impose the privilege taxes on those accounts. City Manager Stein said she would need to discuss that with legal counsel on this question. There was some discussion on fees for extraterritorial accounts to help compensate for the services the City provides.

Councilor Eder said he was inclined to agree with Councilor Grassman, that the service enhancement package cannot be considered at this time. Councilor Grassman asked to hear from the members of the Budget Committee.

Committee Member Trierweiler said she also agreed that the money needs to be found to cover the budget shortfalls before more money is spent on adding the service enhancements.

Committee Member Robison said that he has the perspective of living on fixed income. He is concerned for people that cannot stretch their budget anymore if faced with increased fees. He has a similar concern about non-profits, who generally survive hand-to-mouth and are supported largely by the community.

Committee Member Brackinreed, said she felt there are some fees that Mt. Angel does not have, like the business license fee that is common in other communities and should be seriously considered as a means of generating revenue without increasing fees significantly for residents.

Committee Member Kosel said that he agreed that the service enhancements should wait and he was also concerned what too many increases would have on those who are on a fixed income.

Councilor Grassman said she would like more information presented at the Budget Committee meetings about the user fees and if they could be assessed per unit in some of these multi-unit properties.

Committee Member Brackinreed asked if non-profits could be either charged different rates or exempt depending on the type of non-profit. City Manager Stein said that it would be the prerogative of the Council, but that legally it would be difficult to differentiate.

Committee Member Robison was very concerned, as a non-profit, about being able to survive with an increase in city service fees. While there is, on the one hand, the issue of tax-exemption, there is also the balancing issue of the services provided to the community by non-profit entities.

Committee Member Kosel, asked if the new laws regarding minimum wage would affect the projections presented. City Manager Stein said that the full effect of the law will come in 2022 meaning there will be time to prepare for those impacts if the legislation passes.

Committee Member Robison agreed that the new law would be a consideration in staff retention. City Manager Stein replied there always is a concern about retention even with the current wage scale. Small cities often cannot offer the same competitive compensation as larger cities, so people move on to higher paying positions.

City Manager Stein asked for direction on raising the franchise fees so she can prepare for those as agreements come up for renewal. Several Councilors agreed that it would be in the best interest of the City to go ahead and assess the maximum franchise fee. PGE and the telephone franchise are the only franchises that do not pay the maximum, at this time.

Councilor Grassman asked about the business registration fee and how other members felt about it. City Manager Stein said there are a lot of good reasons that the City might want to know what commerce is being conducted in the city, how to get a hold of the owner, what kind of business is operating, and how that might impact the environment. Councilor Grassman said she would like some more information, and especially looking at a different scale for smaller versus larger businesses. Councilor Wall shared that when

he was the city manager many years ago, the idea of a business license was very unwelcome, however, that attitude seems to have changed over the years. City Manager Stein said she would do some research and prepare a fee scale for the Council to consider. Committee Member Brackinreed asked about in-home businesses. City Manager Stein said they should be included and staff would work that into the proposal for the Council to consider. Councilor Wall said he would be willing to bring it up with the Chamber board and see what the business community would support.

*Mayor Otte arrived at the meeting at 7:30 p.m.*

Mayor Otte stated that while he missed a portion of the meeting, he stated that if the City is looking at a \$191,000 deficit, the Council needs to solve for more than the \$191,000. The community needs to come together to support the needs of the community. He feels that a suite of options needs to be presented to the community for consideration in solving the budget process.

City Manager Stein recapped her understanding of the Council's and Budget Committee's direction from the discussion. She asked for direction about considering city service fees as discussed earlier. She stated there seems to be an interest in considering user fees with possibly some exemption for non-profits.

Councilor Grassman said she agreed with the Mayor on his assessment of the situation. She does not think that there is time to educate the community to the extent that is necessary to gain support. She thinks the suite of options is necessary and would like all relevant information on the user fees and levy options.

Committee Member Kosel asked about what service would be considered for a supplemental operating levy and whether it would be the Police Department. City Manager Stein said that she views a levy as creating room in the General Fund. It would take the burden off of one component of the fund by adding a revenue source and relieving the fund of that obligation, thus freeing the normally budgeted money to be used elsewhere. She stated there does not need to be so much room created in the General Fund budget that she would recommend putting the Police Department on a supplemental operating level, in total, but perhaps partially if possible. She explained she sees the library as a good prospect for a levy, rather, especially since it enjoys a great deal of community support.

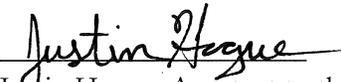
Councilor Beyer asked whether the costs for lining sewer pipes and other infrastructure improvement projects could be put out for a levy. City Manager Stein said that sewer projects are not included in the General Fund being discussed at this meeting, but she reminded the Council there are recommendations forthcoming from the Infrastructure Task Force.

Councilor Eder asked when there would be a next meeting. City Manager Stein stated the first Budget Committee meeting will be April 18<sup>th</sup>. She asked whether there is need for another meeting like this one before the first official meeting on that date. The Council and Budget Committee members did not think so, but wanted to make sure that City Manager Stein had the direction she needed to prepare the budget. City Manager Stein stated that she did and thanked the members for their discussion and direction.

3. ADJOURMENT:

Mayor Otte adjourned the meeting at 8:19 p.m.

Respectfully submitted by:

  
Justin Hogue, Assistant to the City Manager

Attested by:

  
Andrew Otte, Mayor