



Harrisburg Redevelopment Agency and City of Harrisburg Budget Committee Minutes of May 20, 2019

The Budget Committee for the Harrisburg Redevelopment Agency was called to order at 6:33 pm, at the Harrisburg High School Multi-Purpose Room, located at 400 S. 9th St. Presiding was last year's Budget Committee Chairperson, Connie Barnes. Also present were as follows:

- Mike Caughey
- Charlotte Thomas
- Randy Klemm
- Barbara Shipley
- Marilyn Pollard
- Raande Loshbaugh
- Amanda Greene
- City Administrator Brian Latta
- City Recorder/Asst. City Administrator Michele Eldridge
- Public Works Director Chuck Scholz
- Finance Officer Tim Gaines

Absent were Mayor Robert Duncan, and Councilors Kim Downey, Adam Keaton and Robert Boese.

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Introductions were made for all members of the committee, and City staff present.

Nominations and Election of the HRA Budget Committee Chairperson and Vice-Chair

- Barnes **nominated Barb Shipley to be the Chairperson of the HRA Budget Committee, and was seconded by Caughey. The Committee then voted unanimously to appoint Barb Shipley to be the Chairperson of the HRA Budget Committee.**
- Shipley **then nominated Marilyn Pollard to be the Vice-Chair, and was seconded by Barnes. The Budget Committee then voted unanimously to appoint Marilyn Pollard to be the Vice-Chair of the HRA Budget Committee.**
- Latta delivered the Budget Message, from page 9, which was in relation to the HRA. The HRA continues to have infrastructure improvements to make, and funds are still

available for the grant and loan programs. We will continue to pay off the debt on this fund until the debt is fully re-paid.

At the hour 6:38pm, a Public Hearing was announced to provide members of the public an opportunity to ask questions about and to comment on the budget.

- Thomas asked on the \$200,000 grant, was it a reimbursement grant like the other HRA loans?
- Latta told her that was correct. They ask for reimbursement from us, we request it from the state, and then we pay them their reimbursement.
- Thomas liked that, because we have a little more control over the funds that are being used in relation to City projects.
- Latta noted that while there are no personnel services in the HRA. We do have an administrative fee that reimburses the city for the work we do in the HRA. We hope to have the remaining infrastructure improvements bid out and the work completed prior to July 4th, in 2020.
- Klemm asked if it were possible to include a forecasted column showing what we have expended/received in the current fiscal year? It would be helpful to him to know how much has been spent.
- Gaines said that he would add another column with that information. He might need to change the size of the format to do that for them.
- Caughey agreed that he would like to see that information as well.

The Public Hearing was closed at the hour of 6:46pm.

- Loshbaugh then **motioned to recommend approval of the budget to the HRA Board of Directors, and was seconded** by Thomas. **The Budget Committee voted unanimously to recommend approval of the budget to the HRA Board.**
- Klemm then **motioned to recommend approval of the 100% division of taxes. He was seconded** by Barnes, and the **Budget Committee voted unanimously to approve the 100% division of taxes.**

The HRA Budget Committee adjourned at 6:48pm.

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Nominations and Election of Budget Committee Chairperson and Vice-Chair.

- Caughey **nominated Barb Shipley to be the Chairperson of the Budget Committee, and was seconded** by Klemm. **The Budget Committee then voted unanimously to approve the appointment of Barb Shipley to be the Chairperson of the Budget Committee.**
- Thomas then **nominated Raande Loshbaugh to be the Vice-Chair of the Budget Committee, and was seconded** by Shipley. **The Budget Committee then voted unanimously to approve the appointment of Raande Loshbaugh to be the Vice-Chair of the Budget Committee.**

Budget Message Delivered by the City Administrator.

- Latta said the Budget Message was longer this year and he wasn't going to be reading it to everyone. The City is doing well financially. What we have been working on improving in the budget is some long deferred maintenance costs the Council has decided we needed to have funded. For years, we haven't been adequately funding street maintenance. We did a street assessment report in 2016 that identified how much money it would take over a 20-year period to bring our streets up to an acceptable level of service. That figure came to \$250,000 a year. We took the process slow, and last year, were able to free up \$100,000, through several different strategies. This year, in another work session, the City Council confirmed that we needed to add another \$75,000 to the street maintenance lines. This engendered some really tough decisions. Staff has been instrumental in coming up with some new ideas in relation to strategies we could use to do this. We didn't want to fully burden any specific department, or service, so we tried to come up with an even disposition across many of the city's funds. As it was, we had the Library cutting back by \$15,000, while Public Works and the General Fund were reduced by \$30,000 apiece. Page 4 of the budget message covered the areas that we were making the changes too. He anticipates the additional \$75,000 needed for next year's budget, would likely come from the state gas tax increases, which were approved in 2017, and would be implemented over a three year period. All of the decisions that he made were really hard ones. He wants to support everyone, and has a hard time reducing, for example, the H.A.R.T. Community Center by 50%. They do receive the largest donation the City donates to any other organization. The Museum gets \$4,000, while other groups, like the HFEA and Harvest Festival, get \$3,000 each. He reviewed the other reductions on the list on page No. 4. Part of the difficulties we are having with the budget aren't just the street maintenance funding we need. Some of it is due to PERS. He pointed out citywide we have \$42,000 in PERS being added to the budget. He then reviewed some of the changes he had made to the budget, including the unappropriated fund balance lines. This change will require the City to pass a supplemental budget to be able to use the unappropriated funds, and allows us more control over them. He then reviewed the budget highlights of the year, and included that employees would receive a 2% cost of living increase. This does not apply to his position.

Thomas commented on the property taxes, that we know we are close to 4%. Do we know what the number will increase by? Latta told her that we would get to that in the general fund discussion. Iysabelle Davis, of 1044 Heckart Lane, said that she was wondering why the Library was being reorganized to have two employees, when previously, only one was needed. Latta told her that the proposal was given by the Librarian, in response to the need to reduce the library budget. The goal we have is to maintain and increase the services we have now. The proposal is to keep the people we have now, to keep that Library knowledge in that department. The financial savings are due to a reduction in benefits that previously had been provided to the Librarian. The new positions will not be benefited.

Cheryl Spangler, City Librarian, said that she felt like her job was being cut, and that if she brought up the benefits/retirement option, that maybe the City would allow her to keep her job in exchange. It wasn't like hey, let's retire so that she can afford the \$2,000 a month it will

cost her to maintain her insurance. She reminded the Budget Committee that the City had not been acknowledging the needs for street maintenance funds for some time now, but now all of a sudden, we have to make it up, and some people are deeply affected by those decisions. It just seemed abrupt, to suddenly come in the month of April, and to decide that there would be budget cuts and somebody has to figure out retirement in only two months, while the City has held off on adequately funding this need for years now.

H.A.R.T. Community Center Board members, Jennie Nesler, Frances Smith, lysabelle Davis, and H.A.R.T. Director Maggie Cooley, all commented for some time, about all the resources that the H.A.R.T. center provides to the community. They asked the Budget Committee to not cut their funding at this time. They eloquently pointed out the number of services that they provide, and that Harrisburg does not have these types of services being provided by anyone else. Smith noted that they deal with people who are already on the edge of services that are available. If we don't have that \$15,000, those people will lose out. Davis wanted to point out that while she knows we need streets, maybe the City is not doing its research on the services that are necessary to its citizens. How do you put a value on something this important, and then just take it away?

Latta wanted to clarify the decisions proposed in the budget have not been made yet. This is why we are here this evening. The Budget Committee makes a recommendation to the City Council. Our responsibility is to gather the information needed by the Budget Committee, based on projects that are prioritized by the City Council, and try to make sure those things are funded. He understands that what we are doing in the Library is life changing. He has been through this process himself, and lost his job, so he knows it's difficult. His strategy was to try to take a little bit from everyone, and to not put the entire burden on one department.

Caughey said that he had already planned on stating that the H.A.R.T. donation should stay the same as it's been in the past, at \$15,000. He knows it's difficult for staff to come up with ways to pay for the things we need to do. He would donate himself if he could! He knows it's making it difficult for staff to find a way to make it work, but he feels strongly that the H.A.R.T. Community Center does good things, and should be continued to be funded. Klemm agreed, and said that the increase in the gas tax has a potential of being \$75,000, and \$7,500 is only ten percent of that. It's a small enough amount to pay them, and would give them the support that they need. Latta added that he had received a request from the H.A.R.T. Center, the day before the agenda packet went out, and their actual request was for \$20,000; \$5,000 above what the normal request was.

Shipleigh said that there was no question that they provided a valuable service, but she wanted to know how many community members use their services. What do they pay for pre-school? Is there a sliding scale? Cooley told her yes, they did have something of a sliding scale. They tried to cover the actual costs of resources used, and they have a parent co-op, so that parents can either pay, or help to volunteer in the school. Shipleigh suggested that they restructure themselves to charge to cover some more of those costs. She realizes what they are dealing with, and she's very sensitive to that, but at the same time, it's hard on everyone, and we all have to change in order to cope with smaller resources. Smith spoke about their modest budget, and that the main costs are in relation to the preschool, and the workers compensation for their employee, and the volunteers. The resources they used to offer have been affected. Klemm would like to see the budget for the H.A.R.T. Center. He was one of the

original board members of the H.A.R.T. Center, and was the chair of it for a time. He recognizes what they provide, and knows how difficult it is for them to provide preschool, mental health resources, the dental van, and prevention services. Smith said that she would provide that. Thomas asked them how many people in Harrisburg they serve. Cooley wasn't certain off the top of her head, but could provide that for her in the future.

Latta related the history of the H.A.R.T. Community Center, for those members who didn't know all of it. The H.A.R.T. Center began as a non-profit organization about 20 year ago. After a few years, they became part of the city organization to assist with administrative functions. Shortly thereafter, the state began to fund their programs less and less and the City began to pay more and more. In the final few years the City was paying upwards of \$70,000, which it simply couldn't afford. We had tried to obtain a local option levy, but it failed 72% to 28% or a similar number. Council decided with that vote by the citizens, they were being stretched, and needed to cut their support back to \$15,000 as well. Thomas commented the state has cut back on multiple sources of revenue for everyone, including cities. Both streets, and schools, were largely paid for by the state, and then everything changed. She understands the frustration; it applies to all of us.

Gaines was going to review the Enterprise funds, but realized that he was missing a page from the sewer fund. As such, Latta decided that since everyone was here in relation to the General Fund, that he would go ahead and talk about that during Gaines absence.

General Fund Discussion: Latta reviewed the resources in the general fund, and pointed out the figure to Thomas in relation to taxes to be levied. Taxes to be levied were almost \$600,000, and the tax rate is 0.0031875. He commented on the large amounts seen under building permits, and in the Linn County housing grant. Loshbaugh asked him if the building permits were a wash, and he said they were in/out payments. We get a small percentage of building permit fees, but most of it was paid out. The grant for Linn County Housing was a 'pass' through grant; it was our turn to do the finances for that program. He noted some of the transient room tax money is required to be spent on tourism, at 70% of that revenue. We donate to the museum, the HFEA and to the Harvest Festival through this fund.

- Thomas thought that money was spoken for to those organizations.
- Latta agreed and said you can't use that revenue to cover HART.
- Latta noted we are reducing the number of contracted hours with the Sheriff's office, but we are using some of those savings to contract out for additional traffic services; he has RFP's out to nearby towns for those.
- Loshbaugh wanted to know if they would be employees then.
- Latta said no, they would operate through a contract. Whoever we contract with keeps track of employees and makes the decisions of where and when they work. The enhanced traffic enforcement is a one-year pilot program, to see if we can maintain the level of services we expect.
- Klemm thought with some of those violations that are in town, that the money will be held locally here. (Through Municipal Court.)
- Latta told him it's not our goal to generate revenues. Our goal is in law enforcement, safety and making sure that laws are followed. The Linn County Sheriff's Office is more interested in busting crimes, then in doing traffic enforcement, which is why we are

looking into this change. He then explained how the money would be handled. He added that we have \$15,000 scheduled for legal representation; but we have only spent \$5,000 this year so far.

- Thomas asked if that \$15,000 is a buffer then.
- Latta told her yes, it was. If we have a lawsuit, then we might use that. If we have a large amount to pay out, we would take it from contingency. Our city attorneys are great in how they charge. We really appreciate them. He then spoke about an additional amount in codification that is for the online agenda creation, and publishing audio to the website. He and Eldridge are working on that right now. We also reduced professional training.

The committee asked about the janitorial services the city uses. Latta told them it's a contracted service, provided by Suzan Jackson. She does work for several other places in town as well. Smith, in the audience, wanted to know how that complies with wage and hour laws, but was told that as a contracted service, the city doesn't have to worry about that. She doesn't have office space at the City. He then spoke about the one time transfer to the street fund we had last year, of \$30,000, and how we've reduced the transfers to other funds. He suggested that now is an appropriate time to make changes to the HART Center donation or library transfer, if they want to do that.

- **Klemm would like to see the HART Community Center get \$15,000 and motioned as such.**
- **Caughey agreed with him as the second, and asked Gaines to find a way to fund that additional \$7,500.**
- Barb Shipley told the HART Center, that they might want to think about restructuring how they operate. You provide a fabulous service to our community, but with grants drying up, and the City attempting to provide more services, they will likely need to operate more like a business.
- **The Budget Committee then voted unanimously to restore the original \$15,000 payment to the HART Center.**
- Latta told the HART Community Center this is motion is subject to the adoption of the budget. We will meet again on June 3rd. Since committee members have asked for additional budget numbers from the HART Center, they will want to provide that information to him by Tuesday next week, due to the Memorial Day weekend. He encouraged them to all return to the next meeting.
- Loshbaugh said that she thought she understood now, why we are taking an almost full-time person, and are eliminating benefits to come up with two part-time people, with no benefits.
- Latta told her correct. We are removing benefits from a single employee, which gives us the funding we need to donate some to street maintenance but will also provide more money for books and for programs.
- Spangler then spoke about how many people she has in the Library all the time, and about the programs that they are running. She is looking at some interesting apps, and other programs that she can get that will help provide things such as books on your phones. She also spoke about how important the computers are, and that people are always looking for jobs on the internet.

- Latta said we are continuing to provide 28 open hours at the library; they are just structured differently. We will provide more programs, and more books. The goal is to keep the library open, at the same hours, and to find money to do other things.
- Spangler then related how hard it's been in only two months to have to decide how she was going to retire and make this all work. She only found out in April that we were doing this. Brian is working to try to make things better, but she has such a short time to wrap her head around it all. She's been in denial, and then was angry. She wants the city to realize that they really are screwing with people's lives when we make changes like this.
- Latta said that we've talked about this for some time; all employees affected by this have had at least 4 months' notice of the proposed changes. He talked about his previous job, that he was laid off from with 3 months' notice.
- Loshbaugh asked about the elimination of the utility billing position in addition to the Library?
- Latta told her we would cover that in the water and sewer discussion. We've had a drastic increase of customers paying on-line, so we don't need as many people up front; that was a decision that he and the supervisor made.
- Caughey asked why, if Spangler was retiring in PERS, was PERS still in the fund?
- Latta told him that by Spangler opting for the PERS retirement, we don't have to pay out PERS anymore for her. However, the other employee does qualify for that. Anything over 599 hours qualifies for PERS. That's why we limit our seasonal employees to under those hours.
- Gaines said that he would make the changes they requested and present them with a new document that includes the comparison to where we are today.
- Klemm **motioned to adjourn at this the time of 8:41pm. He was seconded by Loshbaugh, and the committee voted unanimously to adjourn at this time.**

Budget Chairperson

City Recorder/ACA