

**City of Lowell
Budget Committee
Thursday, May 9, 2024 at 6:00 p.m.**

**Lowell Rural Fire Protection District Fire Station 1
389 N. Pioneer Street, Lowell, OR 97452**

Members of the public can provide comment or testimony in person at the meeting location above or through the following:

- Joining remotely by phone, tablet, or PC. For details, click on the event at www.ci.lowell.or.us.
- By mail to City Hall, PO Box 490, Lowell, OR 97452.
- In person at Lowell City Hall, 70 N. Pioneer St., Lowell, OR 97452 during regular business hours.
- By email to jcaudle@ci.lowell.or.us.

Meeting Agenda

Call to Order/Roll Call/Pledge of Allegiance

Selection of Budget Committee chairperson

Approval of Agenda

Approval of the Minutes

1. May 17, 2023 Budget Committee meeting
2. May 24, 2023 Budget Committee meeting

Old Business

New Business

1. Presentation of the City Administrator's recommended budget for the fiscal year beginning July 1, 2024 and ending June 30, 2025.
 - (a) Presentation by City Administrator Jeremy Caudle
 - (b) Question from the Budget Committee
 - (c) Review of the budget detail sheets
 - (d) Debate and further direction from the Budget Committee
2. Public comments on the recommended fiscal year 2024-2025 budget.

The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired or other accommodations for persons with disabilities must be made at least 48 hours before the meeting to City Clerk Sam Dragt at 541-937-2157.

Budget Committee Meeting Agenda

3. Public hearing on potential uses of state revenue sharing funds. – Discussion/ Possible action
 - (a) The public hearing is now open at ____ (state time)
 - (b) The purpose of this hearing is to provide the public with the opportunity to suggest potential uses of state revenue sharing funds. The City of Lowell estimates that it will receive the following in fiscal year 2024-2025.
 - State revenue sharing -- \$13,244
 - Cigarette tax -- \$708
 - Liquor tax -- \$24,724
 - Marijuana tax -- \$2,862
 - (c) The public hearing is now closed at ____ (state time)
4. Consideration of fiscal year 2024-2025 tax rate of \$2.1613. – Discussion/ Possible action
Suggested motion: “I move to approve the fiscal year 2024-2025 tax rate of \$2.1613 per \$1,000 of assessed value.”
5. Consideration of fiscal year 2024-2025 recommended budget. – Discussion/ Possible action
Suggested motion: “I move to approve the fiscal year 2024-2025 budget for the City of Lowell, Oregon in the amount of \$4,706,927, of which \$81,886 is unappropriated and reserved.”

Other Business

- Reminder: Additional Budget Committee meetings are scheduled for May 15 at 6:00 pm and May 22 at 6:00 pm. These meetings are tentative and will occur only if necessary.

Adjourn

**Notice of City of Lowell Budget Committee Meeting
and Public Hearing on the Use of State Revenue Sharing Funds**

A public meeting of the Budget Committee of the City of Lowell, located in Lane County, Oregon, to discuss the budget for the fiscal year July 1, 2024 to June 30, 2025 will be held at the Lowell Rural Fire Protection District Fire Station 1, 389 N. Pioneer Street, Lowell, OR 97452. The meeting will take place on May 9, 2024 at 6:00 pm.

The purpose of this meeting is to receive the budget message and to receive comment from the public on the budget. This is a public meeting where deliberation of the Budget Committee will take place. Any person may appear at the meeting and discuss the proposed programs with the Budget Committee. Additionally, a public hearing concerning the allocation of "State Revenue Sharing Funds" will be conducted during this meeting in accordance with ORS 221.770. Citizens are invited to propose uses for these funds, distributed by the State of Oregon to the City of Lowell for the fiscal year in question.

Subsequent Budget Committee meetings are planned for May 15, 2024, and May 22, 2024, both commencing at 6:00 pm. However, these meetings will only be held if necessary.

All meetings will be accessible for viewing and participation via video conference through the City's designated Zoom meeting. Instructions for joining the Zoom sessions can be found on the respective meeting page of the city's website: www.ci.lowell.or.us. Recordings of the meetings will also be made available on the City website no later than 5 business days after each meeting.

Public comments can be submitted in written format, via participation in the Zoom meeting, or in-person at the meeting location. Written comments received by 4:00 pm on May 9, 2024, will be read during the public comment section of the meeting held on the same day. Comments through Zoom or in-person participation will also be taken during the public comment section of the May 9, 2024, meeting.

For those interested in reviewing the budget document, it can be accessed online at www.ci.lowell.or.us or obtained by email request to jcaudle@ci.lowell.or.us. Additionally, physical copies of the budget document are available during regular business hours (Monday through Thursday, 8:00 am to 5:30 pm) at Lowell City Hall, located at 70 N. Pioneer St., Lowell, OR 97452. The recommended budget document for the 2024-2025 fiscal year will be available for inspection no later than May 1, 2024.

Further information can be obtained by calling 541-937-2157, visiting Lowell City Hall, or contacting the email address provided above.

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City of Lowell, Oregon
Minutes of the Budget Committee Meeting
May 17, 2023
Lowell Rural Fire Protection District Fire Station 1

The City of Lowell Budget Committee Meeting was held May 17, 2023. The meeting location was Lowell Rural Fire Protection District Fire Station 1 at 389 N. Pioneer Street, Lowell, OR 97452. Mayor Bennett called the meeting to order at 6:00 pm.

Members Present:

Mayor Don Bennett, Gail Harris, Tim Stratis, Jimmy Murray, Maureen Weathers, Bill George, Lisa Bee-Wilson, John Petrie

Staff Present:

City Administrator Jeremy Caudle, Max Baker Public Works Director

Election of Officer:

Gail Harris nominated John Petrie for Chair of the Budget Committee, second by Mayor Bennett. **PASS 8:0**

Approval of Agenda:

Maureen Weathers moved to approve the agenda, second by Gail Harris. **PASS 8:0**

Approval of Minutes:

Bill George moved to approve the May 4, 2022, minutes, second by Maureen Weathers. **PASS 8:0**

Old Business: None

New Business:

Presentation of Fiscal Year 2023-24 Proposed Budget – CA Caudle presented a Power Point Presentation of the Recommended FY 23/24 Budget. Discussing the issue and giving suggestions for possible changes that he felt were needed to keep up with raising costs. One suggestion was a significant increase in the water sewer rates. He reminded the members that there is a Sewer Master plan nearing completion.

Councilor Harris agreed with the CA and asked if there was a possibility of a grant from the PLC. To which CA Caudle informed that grants do not reimburse for something that we have already paid before being awarded. Committee member Bee-Wilson stated that the city should charge for what the actual cost is.

Committee member George stated that he believed there would be citizens who would have a financial hardship with the increase. Councilor Murray agreed and said that there is anxiety about the water during the summer. Councilor Harris said that there has always been a concern about raising the rates. But there must be an answer.

Committee Member Bee-Wilson asked about the capacity for the existing sewer facility and water facility, what is the max? Public Works Director Baker stated that the sewer plant capacity was upgraded in 2004 and 2012 and was designed for a larger city. The actual treatment facility itself, the collection is a different area and needs an upgrade. The water plant on the other hand was originally built back in the 1940's and is very restricted to 200 gallons a minute. The water plant can handle a set number of homes, and there needs to be an upgrade to cover the new construction in the future. To bring both plants to the same level.

Committee Member Bee-Wilson asked about options for hiring to do a rate review, would it be possible to have a college student assist with this? CA said that a rate study is a niche field; and that would need a credentialed rate consultant who would be more qualified.

Councilor Stratis asked if the new meters are more accurate and show that there is less water used than what the old meters showed? Public Works Director Baker explained that there has been multiple testing with the old and new meters, and the new meters are more accurate.

Committee Member George asked if the city was at fault for the damage at E 1st street? And if not, why would the city need to appropriate funds for the repair? CA Caudle restated the city's stance that the city is not at fault, and the situation is being worked on. If the cost recovery drags out for a significant amount of time, then the council may need to look at loan financing to see if there are other options.

Committee Member George asked if there any way that the SDC's can purchase the new equipment that is needed for the existing water plant to run for 24 hours? What are SDC's for if not for something like that? CA Caudle informed that the laws regarding SDC's are strict and specific. In order for a project to be SDC eligible it must increase capacity and it must be identified in the master plan. Public Works Director Baker said that unfortunately updating an old established water plant is different from making a new water plant.

Committee Member George asked if there was any way to not raise the rates so significantly. Councilor Weathers said that a rate study would help determine what the right amount of increase would be best. Public Works Director Baker explained that multiple vendors have had more than one increase in the past year, which is causing a significant financial issue. Committee Member George asked about a process that would be within the rules for borrowing from one fund to another.

Councilor Harris clarified that the budget committee is not yet making any determination on the rate increase. CA Caudle stated that the committee will not be making a final determination on the rate increase tonight, however the budget before the committee is based on the rates in the budget documents.

Public Works Director Baker reviewed for the members the increases including the chemicals, testing and other necessary equipment to get the job done. CA Caudle suggested that the members should look to the detail sheets in regard to the water fund. Committee Char Petrie agreed.

Committee Member Bee-Wilson asked for clarification on the splitting up of salary between funds. Councilor Murray offered that "if the question of the water fund is what we charge

residents for the cost to manage the water plant, the personnel is probably the biggest part of that cost. If it costs X dollars to run the water plant, we should reflect that in our budget.

Committee Member George asked if there is an interest rate for interfund loans. CA Caudle stated that there is a formula that he will look into.

Councilor Harris stated that if we put off the increase that is being suggested for another year, will that mean that the next increase will have to be bigger and bigger in the coming years. Councilor Weathers agreed that there should be an increase but would like to have information on what the future would look like if we didn't increase as much as is being suggested.

Committee Chair Petrie suggested that the committee have CA Caudle recalculate and see if there is a huge swing and possibly meet again next week with an updated analysis of the increase.

CA Caudle asked the committee, knowing that the water fund balance is not in such an emergency state though it is still critical, is if the budget committee had a target that they would like to see the budget, the water fund balance for June 30, 2024? Councilor Murray stated that they would suggest the CA's suggestion. Councilor Stratis asked if they should take the math into consideration when looking at this? CA Caudle offered that if there was no savings target then the per EDU rate goes to 38.62. From 46.72 to 38.62. The rates that were factored in for the monthly rate had a little bit extra than the fixed costs was to allow for a targeted savings rate.

Councilor Harris asked what removing the extra amount over costs would do for the city. CA Caudle stated that there would be no built-in savings. Councilor Murray stated that the city has been running in deficit and not meeting the cost per year to run the water, which is why there is such a dramatic increase. To meet costs and to have some savings to fall back on.

Committee Chair Petrie suggested that the committee step back and allow for more information before deciding, he then asked if the water fund was the only problem. CA Caudle stated that none of the other funds are in a serious situation in his opinion.

CA Caudle asked again if the committee had a targeted level of fund balance that you would like to meet in the water fund for June 30, 2024? The committee discussed options to reach the eventual goal of \$100,000.00.

CA Caudle informed that in preparation for next week's meeting he will adjust the fund balance for the water fund, factor in a capitol loan for the sewer fund for the PLC and he will adjust the numbers so that the ending fund balance for the water fund for fiscal 23-24 will be \$50,000.00.

Councilor Murray asked if CA Caudle could also show what the balance would be if the city doesn't do the capitol fund transfer. CA Caudle agreed to have this information ready for the next meeting.

Committee Chair Petrie opened Public hearing at 8:20 pm

Public comment: None

Committee Chair Petrie closed the Public hearing at 8:21 pm

Committee comment: none

Public hearing on potential uses of state revenue sharing funds. – Discussion/ Possible action

Committee Chair Petrie opened Public hearing at 8:21 pm

The purpose of this hearing is to provide the public with the opportunity to suggest potential uses of state revenue sharing funds. The City of Lowell estimates that it will receive the following in the fiscal year 2023-2024.

- ♣ State revenue sharing -- \$11,800. 00
- ♣ Cigarette tax -- \$780.00
- ♣ Liquor tax -- \$23,680. 00
- ♣ Marijuana tax -- \$2,400.00

Public comment: None

Committee Chair Petrie closed the Public hearing at 8:24pm

- Consideration of fiscal year 2023-2024 tax rate of \$2.1613. – Discussion/ Possible action.

Committee member George made a motion to approve the fiscal year 2023-2024t ax rate of \$2.1613 per \$1,000 of assessed value.” Seconded by Councilor Harris. **PASS 8:0**

- Consideration of fiscal year 2023-2024 recommended budget. – Discussion/ Possible action.

Councilor Stratis made a motion to postpone action on the recommended budget for the fiscal year 2023-2024 budget for the City of Lowell, Oregon in the amount of \$4,236,396, of which \$268,898 is unappropriated and reserved, until May 24, 2023. Seconded by Committee member George. **PASS 8:0**

Committee Chair Petrie adjourned the meeting at 8:26 pm

Adjourn: 7:56 PM

Approved: _____

Budget Committee Chair

Attest: _____
Jeremy Caudle – City Recorder

**City of Lowell, Oregon
Budget Committee
Meeting Minutes
May 24, 2023**

The Lowell Budget Committee met on May 24, 2023. The meeting location was Lowell Rural Fire Protection District Fire Station 1 at 389 N. Pioneer Street, Lowell, OR 97452. Chair Petrie called the meeting to order at 6:00 pm.

Members present:

City Council: Mayor Don Bennett, Tim Stratis, Gail Harris, Maureen Weathers, Jimmy Murray

Appointed members: John Petrie, Bill George

Absent:

Lisa Bee-Wilson

Staff/others present:

City Administrator Jeremy Caudle; Public Works Director Max Baker

Approval of the agenda:

No changes.

New business:

1. Continued discussion of FY 2023-2024 budget.

CA Caudle shared a power point presentation that summarized changes to the recommended budget since the last meeting. Topics of discussion included:

- Methodology behind water rates. This includes water sale projections and estimating what percentage of water sales are at the higher variable rate and lower variable rate.
- What costs the fixed monthly rate is intended to capture and what costs the variable rate is intended to capture.

There was discussion among Budget Committee members on not implementing a sewer fund rate increase to offset a water fund increase.

Following that discussion, Chair Petrie reviewed end of year projections with CA Caudle. He asked several questions on how the costs relate to the rates and how the proposed rates affect revenues and, in turn, how to balance the Water Fund budget. The citizens of Lowell, as Petrie explained, are the water utility's customers, and the burden on the customer base should not be excessive.

Councilor Weathers raised questions on why water sales projections appear to have declined. This led to further discussion among the committee on how rates could affect

consumption, in turn leading to further declines in user charges, to the detriment of the Water Fund's financial condition.

Councilor Harris suggested lowering sewer rates and absorbing the resulting deficit so that total utility rate increases aren't as high.

There was discussion on completing rate studies to have a long-term plan for rates in both utilities.

Committee member George emphasized that a large rate increase all at once is neither equitable nor fair for customers.

Councilor Harris reiterated the pros and cons of a large rate increase versus spreading out the increase, which Mayor Bennett also discussed.

Discussion on the extent of proposed rate changes ensued.

CA Caudle demonstrated a spreadsheet on the overhead TV projection. The spreadsheet calculated rate changes based on different usage scenarios.

The Budget Committee then asked about the possibility of transferring resources from other funds into the utility funds. The committee also debated an appropriate level of projected ending balances for the utility funds.

Following this discussion, Councilor Stratis stated that the committee needs to decide on an appropriate rate change and projected ending balance for the utility funds.

Mayor Bennett inquired if adding a higher tier 3 could shift some of the burden off customers whose consumption is at the lower tiers.

After further discussion, Councilor Murray moved to accept the rates as proposed in the City Administrator's memo and to forward them to the City Council for final approval, which Mayor Bennett seconded.

Councilor Weathers asked what the percentage increase would be for the proposed rates.

Councilor Harris emphasized that the proposed rates could be adjusted before final adoption at a later meeting.

Don Bennett: YES; Tim Stratis: YES; Gail Harris: YES; Maureen Weathers: YES; Jimmy Murray: YES.

John Petrie: NO; Bill George: NO.

APPROVED: 5-2.

Councilor Stratis moved to approve the fiscal year 2023-2024 budget for the City of Lowell in the amount of \$4,118,382, of which \$283,627 is unappropriated and reserved, which Councilor Murray seconded.

Committee member George asked about banks fees, deposit insurance for the city's bank balances, and so on.

Don Bennett: YES; Tim Stratis: YES; Gail Harris: YES; Maureen Weathers: YES; Jimmy Murray: YES.

John Petrie: NO; Bill George: NO.

APPROVED: 5-2.

Adjourned at 7:54 pm.

APPROVED:

, Chairperson

ATTEST:

Jeremy Caudle, City Recorder