



TO: Budget Committee

CC: City Department Directors

FROM: Robert Strope, City/District Manager/Budget Officer

DATE: May 10, 2022

RE: Budget Questions and Answers

Thank you to the members of the Budget Committee who provided questions thus far. This allows the Staff to provide a more comprehensive response. Below are the questions submitted with our answers. It is our practice to provide all questions and answers to the full Committee. Additional questions will be answered and forwarded as they are received. Note that some of the questions may have been edited, if I have missed any important elements of your inquiry resulting in an incomplete answer, please let me know and we will gather additional information.

1. **QUESTION Urban Renewal Agency (URA) Under Levy:** Given the goal of maintaining an ending fund balance of \$250,000, it looks like if we wanted to there is another ~\$94k that could be moved to the General Fund. What was the thinking in keeping that money in the URA vs. using it for something else?
 - a. The Under Levy amount could be adjusted, however, the amount that would be available for the City's General Fund did not warrant revising the Proposed Budgets to capture that additional amount in my view. When combining the amounts in both the URA's General and Debt Funds, the unappropriated ending fund balance would be \$346,706. Subtracting the \$250,000 would allow for an additional \$96,706 to be added to the URA Under Levy, which would provide \$39,698 to the City's General Fund.

2. **QUESTION URA and Economic Development:** How long have our goals been public/private partnership projects, new businesses for the Business Park, downtown retail, and attracting small scale manufacturing? How many new jobs and / or tax revenue increases have these strategies each produced during that time?
 - a. The Goals related to public/private partnerships, adding businesses, and improving downtown retail have been part of the Urban Renewal Agency Plan and Project list from the formation of the District. The current Call for Projects program was implemented in FY 2009-2010, and provides matching funds for projects within the URD. The strategy regarding attracting small scale manufacturing is new this spring.

- b. We do not track job creation related to the projects and do not track individual property tax increases so we cannot provide an exact amount of increased tax revenues. We have seen an increase in the property tax values within the URD at a higher rate than outside the URD that coincides with the investments made by the Agency. Based on the higher rate of growth in assessed value within the District, we do know that the investments have made a difference.
3. **QUESTION City Budget Message:** What updates you can you provide on the projections discussed at the April 2019 City Council and Budget Committee Work Session regarding spending more than revenue through 2023? Is 2023 the year we still expect to return spending to the level of revenue or less? Will all the capital projects you and the directors think are necessary in the next 10 years be completed or at least fully funded by then?
- a. We have not updated the projections used at the 2019 Work Session and no, we are not expecting to reduce spending to the level our revenues in 2023. We will continue to use our ending fund balance to address our capital needs and cover any cashflow deficits in the General Fund. This will continue until such time as our projected ending cash drops below the minimum required. The use of the URA Under Levy is one of the tools being used to impact the revenues to the City's General Fund.
 - b. We do not have sufficient funds to cover all current capital project needs. The most notable being the need for a new building for the Police Department. We are currently able to meet our needs for things such as vehicle replacements including police vehicles and ambulances.
4. **QUESTION Recreation Division Programming:** One of the objectives stated is to develop youth, teen, and family excursion programming. Is there any increase in funding for them to do this important work? Will they be adding any other new programming? Are funds needed to support this programming?
- a. New program offerings haven't been ironed out yet, but some of the ideas include teen recreational sports leagues, community hikes, junior camp counselors and lifeguards, diving for teens, and teen trip opportunities (i.e. ski bus).
 - b. The funding to support these new programs is included with the existing budget request.
5. **QUESTION Library Staffing:** What is the thinking behind the staffing level and hours open for the library? Why are we towards the bottom on similar libraries on both of these things? How much money would it take to move us to the middle on both of these things?
- a. The Library's budget, along with Police, Fire, and Parks and Recreation, were all reduced to address budget shortfalls several years ago. This resulted in reduced hours of operation at both the Veterans' Memorial Pool and the Cook Memorial Library. We also reduced positions in Police and Fire. The current staffing levels and hours are reflective of those reductions.
 - b. The library is open 46 hours a week. With the library's newly acquired two part-time positions, our Saturday hours are fully staffed, with two people in the building at all times. This has become mandatory for security reasons. Our open hours have varied

throughout the years, and we are always striving to make them convenient for our patrons.

- c. According to the State Library of Oregon, the statewide median is 0.53 staff per 1,000 population served. Based solely on ***last year's*** Stats Report data, La Grande would need 10.75 FTE to hit the statewide median ratio of 0.53 FTE per 1,000 served. We currently sit at 6.21 FTE, and a full-time Tech I salary and benefits costs run around \$72,000/year. To come close to median, we would need an added \$288,000/year for 4 full-time staff.
6. **QUESTION URA Carried Over Funds:** Why is so much Urban Renewal money being carried over from last year? I see a few projects are incomplete, but it seems like quite a lot was either not granted or not used.
- a. The FY 2021-22 Budget included the following amounts:
 - i. \$350,000 for new Call for Projects (CFP) and of the two projects funded, one withdrew and the other will not begin until FY 2022-23.
 - ii. Business Park CFP \$125,000, Traded Sector \$200,000, and the URA Initiated CBZ Project \$300,000, none of which were awarded.
7. **QUESTION Water Fees:** In a previous budget meeting, I remember a statement by Public Works in reference to water service fees that the City of La Grande water fees were in the bottom 30% for cities in State of Oregon. Can you provide me a link where I would find this comparison? (response below from Kyle Carpenter, Public Works Director)
- a. Given the lack of available statistical information to make a statement similar to the one mentioned, I am comfortable in saying that I do not know when such a statement was made. I do remember statements of this nature being made in 2015-2017 when discussion of the last rate increases imposed by the City were made to the water and sewer rates to justify the validity of those increases. At that time the statistical data to make such assertions was available from various studies available to the public.
 - b. To best attempt to make a judgement on where the City's current utility rates compare with other municipalities in Oregon I would point to the League of Oregon Cities 2020 Water Rate Survey Report (attached). The data set included 105 of Oregon's 241 Cities, which equated to approximately 57% of the State's population, and is the most comprehensive study on the subject that I know of. On page 9 of the study you will find the section which addresses the average cost associated with the delivery of 5,000 gallons to a residential customer with a ¾" meter. The average monthly cost determined for the state was \$41.23, with the average of Eastern Oregon coming in lower at \$39.25. Since 2017, La Grande's equivalent monthly cost for this amount of water delivered would equate to our base rate charge and come to a monthly fee of \$27.31 (including the Franchise Fee, see attached resolution). Based on the available information I can say that we are significantly lower than the state (and the region) average for our monthly water delivery fees, but I do not have the raw data that would be required to determine to what percentile the City's rates rank overall.
8. **QUESTION Parks Vehicles:** What is the justification for the Parks Department request for a new ¾ ton pickup? In the last 10 years, Parks has received a total of 6-7 new pickups

including a 2019 Dodge and a 2017 Ford 3/4 pickup. Parks has 2 full time employees and 2.74 part-time.

- a. The Proposed Budget includes \$28,000 to purchase one 2500 class (3/4 ton) pickup which will replace the 1998 Dodge 2500 that is beyond its useful life. This expense was approved last year by the Budget Committee and is part of the Adopted Budget for FY 2021-22. These funds are being carried over into the FY 2022-23 year because of supply chain issues.
- b. The Parks and Recreation Department currently has a total of eight pickups, three of which are used sparingly due to their age (vintage 1980's). The Department has only purchased three new pickups over the last 5 years (2017 Ford F-250; 2019 Dodge 2500; 2021 Chev 1500). Pickups are used for a variety of tasks. Some of them include towing mowers, but other times we tow tractors, trash trailer, miscellaneous equipment up to Morgan Lake, and heavy-weight rented construction equipment to a variety of locations, etc. Although the budget document shows 2.74 FTE seasonal maintenance workers, these are mostly summer workers that average full 40-hour work weeks and there are up to 5 of those individuals working all summer. The full-time Urban Forester is an additional position not reflected in the Parks FTE count but uses a pickup on a daily basis. So yes, all the trucks are needed and being used throughout the summer months. Below is a list of each vehicle and their use:

1	2021	CHEVROLET	SILVERADO K1500	Used Daily for Rounds (year-round)
2	2019	RAM	2500 TRADESMAN	Used Daily for Urban Forestry (year-round)
3	2017	FORD	F250	Used Daily for Rounds (year-round)
4	2011	FORD	F150	Used 6 months - Seasonal Employee
5	2002	GMC	SIERRA K1500	Used 6 months - Seasonal Employee
6	2001	FORD	RANGER	Used 6-months - Irrigation
7	1998	DODGE	3/4 TON PICKUP	Used sparingly for special projects
8	1987	CHEVROLET	R20 3/4 TON PICKUP W/TILT BED	Used sparingly for special projects
9	1986	CHEVROLET	CUSTOM DELUXE 30	Used 5 months - Seasonal Employee
10	1982	CHEVROLET	1 TON DUMP TRUCK	Used sparingly for special projects

9. **QUESTION Building Department Fund Balance:** Why does the Building Inspection Department need \$1,600,000 in Unappropriated Ending Fund Balance? I believe the inspection fees should be reduced given the amount of cash on hand and because the history of revenues to expenses shows no shortage.

- c. Although the building department fund has grown steadily over the past few budget cycles, the FY 21-22 budget year is estimated to finish with revenues significantly lower than FY 20-21. As a result, FY 22-23 is estimated to start with a smaller cash balance than FY 21-22. With rising costs of materials and labor, lowering fees could put us in a position of having to raise the fees in a few years. It is preferable to keep the fees that same and delay an increase until such time as the increased costs of providing the services requires it.

- d. Regarding whether or not there is a specific requirement for amount of an operating reserve or Unappropriated Ending Fund Balance, OAR 918-020-0090 requires a building department to “Provide adequate funds, equipment, and other resources necessary to administer and enforce the building inspection program in conformance with an approved operating plan.” There is not a regulatory requirement that sets the amount of fund balance, it is up to the local jurisdiction to assure there are adequate funds for the Building Department to function. The current fee structure for the Building Department was adopted in 2010 and revised in 2017 in format and language only.

- e. The Building Department is funded by Building permit fees, not taxes and those fees are only to be used for the administration and enforcement of the building inspection program (ORS 455.210). While the current fund balance is significant, these funds will allow for stable permit fees and enable the Building Department to continue to provide a full array of inspection services even during a downturn in construction without increasing those fees.