



CITY of LA GRANDE
THE HUB OF NORTHEASTERN OREGON

TO: Budget Committee

CC: City Department Directors

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

DATE: May 10, 2023

RE: Budget Questions and Answers (Second Memo)

Thanks again to the members of the Budget Committee who provided questions thus far. You have received a memo dated May 4, 2023, with answers to the first group of questions. Below are additional questions submitted with our answers. Again, 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:** What are the principal and interest payments for? This appears different than the debt service fund lines in the Urban Renewal debt fund.
 - a. **Answer:** The principal and interest in the Urban Renewal General Fund are resources. These are payments that we receive for the URA Business Assistance Loan program that we did in 2016. There are a total of three loans that remain outstanding.

2. **QUESTION Urban Renewal:** We have \$1,187,406 carried over from 2023 to proposed 2024. URA planned projects. To me, this seems like we are not spending the money, so perhaps do not have a need for such a large Urban Renewal budget. What more can urban renewal do for La Grande? Is it time to sunset Urban Renewal? UR paid \$249,254 in principal and interest last year.
 - a. **Answer:** The funds carried over from prior years are either for projects approved but not completed (\$182,119) or will be used to fund the capital programs in the Proposed Budget, reducing the amount of new revenues required by the Agency. This, in turn, increases the amount of funds available to other taxing jurisdictions through the under levy. The Proposed Budget is based on the Agency's intent to fully fund the core economic development programs, including the \$1,350,000 in capital projects funding. The question of whether or not to sunset the Urban Renewal is outside the scope of the Budget Committee's role. The Agency has discussed the issue of whether or not it was time to sunset the Agency and determined it was not.

3. **QUESTION Urban Renewal Agency:** How much principal is owed on all projects combined? Is there any penalty for early payoff?
 - a. **Answer:** April 2018 bonding principal balance for the Business Park is \$594,570, 2015 bonding principal balance for Adams Avenue Street Scape projects is \$1,085,000 and the 2011 bonding principal for the Big H project is \$585,000 for a total of \$2,264,570. Currently we can pay the 2011 Bond for the Big H project and the 2015 Bond for the Adams Avenue Street Scape project without penalty. In January 2026 we will be able to pay-off the

2018 Bond for the Business Park without penalty. The reduction in the Maximum Indebtedness (MI) limit occurred when the debt was incurred, therefore the debt service, including interest, doesn't impact the amount of MI remaining. Paying off the loans does save the interest, but it also reduces the funds available to spend, impacting cash flow.

4. **QUESTION IT Services:** How much do we currently pay ESD for IT services? What's behind the change in the cost distribution formula? How many hours of IT services have we used each year? Do we really have enough need to justify a FT IT person added to the budget? I recognize that cybersecurity threats are real and municipalities are a prime target, so we do need adequate IT support. Can we contract this out?
 - a. **Answer:** For FY 22-23 IMESD IT services totaled \$118,215. FY 20-21 total hours used were 15,380 and in FY 21-22 total hours used were 33,302. This line shows each department's share of the IMESD contract, and is based on prior the prior year's use relative to other departments. This will be changing depending on what happens with how we replace the services provided by IMESD. We have included a new IT position in the City Manager Department and have retained expense lines related to the current contract services model. With the unknown of how we are going to replace the services, we took these actions to reflect a combination of contract and in-house expenses to cover our IT service needs.

5. **QUESTION:** Workers Comp increased for all departments. Is the Paid Leave Oregon a mandatory requirement?
 - a. **Answer:** Yes, Paid Leave Oregon is mandatory.

6. **QUESTION Fire/EMS** Are all the new firefighters being paid out for General Fund? I heard that there is a grant to cover one of the positions. If so, how much is the grant for and how long will come in? When will the General Fund have to pick up the extra expense?
 - a. **Answer:** All firefighters are paid from the General Fund. Among the revenue sources to help pay for those costs are ambulance collections, Fire Med memberships, and grants. One of the Firefighter positions will be partially funded by the Oregon State Fire Marshal grant that the department was awarded recently. The grant is for three years and covers 90% of wages, benefits, equipment and training during year one, 75% during year two and 50% during year three. The grant award is for \$ 332,216. The remaining portion of that position and the two additional positions we are requesting will be paid out of the General Fund.

7. **QUESTION Fire/EMS:** The proposed budget includes \$301,479 for overtime. How much of this overtime is required FLSA resulting from the 56 hour shift schedule? Can we rethink how we schedule and minimize the overtime? Can we use casuals or floaters to cover sick/vacation time for full-time workers to reduce overtime? Will overtime as a percentage go down if we hire three new firefighters?
 - a. **Answer:** Overtime cost over the last couple of years have been high, mostly due to staffing shortages and the need to cover vacancies on shift. FLSA accounts for approximately \$114,000 of the overtime budget. When talking about FLSA overtime, it is important to remember that these are not "extra" hours, these are regularly scheduled hours required to be paid at an overtime rate. If these hours were paid at regular rate, they would total \$76,000, so the net added cost annually for these hours would be \$ 38,000. A portion of our overtime budget is for call back of staff for the "third out" crew that the Budget Committee and City Council supported a number of years ago. We had stopped the practice of calling back staff in anticipation of a call that would require a response with a third ambulance. The decision was made to reduce response times for emergency calls. Our EMT casuals are individuals that have other full-time employment and are not able to be used to cover shift on a regular basis. Because they are EMS providers and not Firefighters, we only use them occasionally

to cover shifts as not to reduce our firefighting capability. I am not aware of other shift schedules that would allow for the required coverage and less required overtime. Most other shift schedules that fire departments are using would require the hiring of more personnel, more personnel than we are requesting with this budget, which is already a challenge. Overtime will be reduced significantly once the three new positions are in place and trained and we retain staff.

8. **QUESTION Fire/EMS:** What are the long-term implications of adding three firefighters to the service? How much can the City expect to pay (with potential OT) annually for salary and benefits for these new hires?
 - a. **Answer:** For the long term, the addition of three FF/EMT positions will allow for the ability to staff fire and other emergency calls more effectively and efficiently with less reliance on call back personnel. I believe that the implications of not adding the three positions would require us to continue to increase overtime, make it difficult in retaining/recruitment of employees. This is impacted due to call volume as well as delays in responding to emergencies with lower staff numbers. Each of the new positions is budgeted to cost \$ 139,000 during year one. Some of that cost will be made up from the savings in overtime for call backs which will be reduced once these members are finished with initial training and able to respond.

9. **QUESTION Fire/EMS:** Professional Services and Fees is doubled since 2021 and 50% higher in a year. What kind of benefit are we getting from having extra monies leveraging GEMT program? Is this for the wild land engine? If so, are other jurisdictions that will benefit going to pay any portion? Where is \$200,00 being spent on this line?
 - a. **Answer:** Approximately \$40,000 of this line is to pay for annual requirements and contracts such as laundry services, annual testing of fire equipment, maintenance and testing of various EMS equipment, Policy service and annual elevator inspection. \$15,000 is budgeted for the cost of Fire Chief recruitment. \$ 72,000 is budgeted to pay our ambulance billing service which we estimate will collect this fiscal year in excess of \$ 1.7 million on our behalf. \$70,000 is budgeted for leveraging the GEMT program as well as the administrative cost of the program. In fiscal year 23-24 the GEMT program is projected to add \$200,000 to the General Fund.

10. **QUESTION Police:** It appears Fuel and Lubrication costs increase 53.4% which seems pretty high. Can you explain the reasons behind this? Fleet maintenance only went up 28.6%, which conversely seems low to me. Why the differences?
 - a. **Answer:** These increases are tied directly to inflationary expenses that we've experienced over the last several years. They have nothing to do with operational changes. The fuel/lubricants line is gas for our patrol vehicles. We are not driving more miles or using more fuel. This is directly tied to the price per gallon of fuel that the City purchases in bulk through our Public Works department. Fleet maintenance is used to pay for routine vehicle maintenance, including oil changes. This is also where we pay for major repairs, brakes, and tires. We have seen significant increases over the last several years in parts and labor costs. The increased requests are tied directly to our projection that we will be overspent in both of these lines in the current FY.

11. **QUESTION Police:** What does "other rentals" cover?
 - a. **Answer:** This is our annual lease for the police department facility. Currently, our building lease is \$60,791 annually. \$56,541 from the police budget and \$4,250 from the 911 budget.

12. **QUESTION Police:** It is time to seriously consider electric for some of the fleet with fuels/lubricants almost tripled in 3 years. Higher up-front costs, but no fuel or lubricant costs year after year.

- a. **Answer:** We are not ready to make this move. This position is in keeping with best practices in the law enforcement industry nationwide. We continue to monitor the technology and if/when this becomes the right move for the police department we will go that direction. Nationwide, there are a few agencies that are doing this. The overwhelming majority of the rest of us are watching closely and seeing how it works out. The fact is, there is currently not a purpose designed EV for our use. Our patrol vehicles are purpose designed "patrol package" vehicles. Upfront cost, lack of local maintenance options, and lack of aftermarket police equipment that fits - are contributors to why EV's are not our best choice right now. I have been around long enough to remember a few times when we attempted to use other than "police package" vehicles. This consistently resulted in vehicles/equipment that was not well suited for our use and created additional maintenance issues or shortened the life of the vehicle. I expect that as the EV market continues to evolve, manufacturers will eventually develop model lines specifically marketed toward police/special service use. Additionally, our vehicles that are not used for patrol, such as our administrative vehicles, travel vehicles, etc. are not where we are feeling the increases in costs. Our patrol cars are the vehicles that incur the vast majority of our fuel consumption, tires, routine maintenance, and breakdowns.

13. QUESTION Police: What is the new computer system for \$17,000?

- a. **Answer:** The Computer System (s/h), which represents computer system "software and hardware" is \$17,000. This is down from \$17,500 last year. This line is used to purchase new computers, software, and all hardware components, including printers, monitors, switches, etc. You may see that we're projecting that we will only expend 8,100 of this line this year. This does not demonstrate an inflated line, it is contingent and necessary to have the funds in case we have computers/hardware fail.

14. QUESTION Police: What is the advertising line used for and why is it increased, for recruiting? There is also a line for recruitment, what is that line used for?

- a. **Answer:** We are requesting \$5,000 in the advertising line, which is down from \$5,800 last year. We're projecting to spend \$2,050 in the current FY from this line. This is used for advertising for vacant positions, paying for statutorily required advertisements for certain property/evidence disposal, and the City ordinance required annual noxious vegetation notice. The vacant position advertising fluctuates from year to year, depending on needs for recruitment. The recruiting line in the budget pays for other costs (not advertising) associated with recruiting and onboarding new employees. Medical exams, psychological exams, drug tests, hearing tests, etc. We are not requesting an increase in the recruiting line this year.

15. QUESTION Police: Why is moving, towing and storage up from \$2,200 to \$14,400?

- a. **Answer:** The moving, towing and storage line is primarily in the Code Enforcement budget. Of the \$14,400 requested, \$14,000 is in Code Enforcement and \$400 is in the police budget. This is up \$2,000 from last year. These funds are used to tow, store, and dispose of abandoned/junked RV's. Abandoned RV's have been an emerging issue all over the state that we first began realizing 3-4 years ago. As a frame of reference, if/when we tow/impound an abandoned RV it on average costs the City between \$1,000-\$1,500 by the time it is eventually disposed of. The Oregon legislature has considered several bills over the last few years that would provide funding to help address this state-wide issue. Until that happens, this is our best approach to keep our streets from being littered with abandoned RV's.

16. QUESTION Building Inspection: The amount of beginning cash keeps increasing. Is it necessary to maintain such a balance or could some of the that money be used to temporarily reduce fees or be transferred to the Building Inspection Reserve fund?

- a. **Answer:** The beginning cash was bolstered over the last two budget years by a very large once in a generation project. This one project has added approximately \$330,000 over the last two years, the majority of the increase in beginning cash over this period of time. Our fees are all collected before the project begins however the expenses for the project will continue throughout the project and in many cases are spread out over several budget cycles after the fees are collected. With this being said without that one project, the Building Department would be significantly closer to being evenly budgeted and with increased cost of goods and services this could easily have the Building Department operating in the red this coming budget year. A temporary reduction in fees may be discussed by the City Council in the Housing Production Strategy Implementation Work Session scheduled on November 13th However any changes in fees would have to also be approved by Union County and the Oregon Department of Consumer and Business Services (ORS 455.210). The purpose of the Building Inspection Reserve Fund is for capital purchases for the Building Department and not necessarily a reserve for lean times, transferring money into this fund would be of no operational advantage or disadvantage other than to lower the cash balance of the Building Inspections Fund.

17. QUESTION Building Maintenance: The Facilities Repair listed items do not add up to \$38,850, but only \$27,850. Where is the other \$11,000 going?

- a. **Answer:** The Building Maintenance – Facility Repair line has a proposed budget amount of \$33,850, \$18,850 above the prior year’s budget of \$15,000. The budget narrative only included a summary of the notable project items that we plan to pursue over the next year and did not include some of the smaller project or routine items that we plan for annually (e.g. landscaping – shrub replacement, benches, and sprinkler system improvements.). This budget line also includes an “Emergency Repairs” funding amount to address unforeseen events. In the past, emergency repairs have included addressing urgent plumbing issues, electrical issues, repairing doors, elevator repairs, HVAC, other.

Following is a more comprehensive project list for this budget line:

Grounds Maint – Lawn/tree/shrub care. Additional landscaping planned and needed around the City Hall sign and Monument, to include shrubs, bench, other. Materials and plants to replant in front of City Hall and sprinkler system improvements	\$1,000
Emergency Repairs – plumbing, electrical, HVAC, elevator, other.	\$5,000
Window glazing and painting	\$1,500
Painting – City Hall hallways, offices, outside railings, etc.	\$1,250
Replace water fountain with bottle filler/water fountain combo unit.	\$1,600
Replace women’s restroom toilet	\$1,000
Building Dept. ceiling tile replacement	\$500
City Hall lighting repair & replacement from florescent to LED	\$22,000
TOTAL	\$33,850

18. QUESTION City Manager: Under the budget resources. Misc. & Interest are down 41%. What is in this line and why is it down? I presume the Other Govts is down because the one time ARPA funds are in this line.

- a. **Answer:** The interest line within the General Fund revenue is interest that we earn monthly from the Local Government Investment Pool. In FY 22-23 we had budgeted \$25,000 and estimate that we will get \$190,000. Due to the drastic change in the economy interest rates increased from 0.90% in May 2022 to 3.75% in February 2023. This increase was not anticipated. With the unknown of our economy a conservative approach was used to estimated interest for FY 23-24. You are correct in the Other Govts section as this went down to receiving those one time ARPA funds.

- 19. QUESTION City Manager:** What is “other professional services”? Why is it up to \$35K from \$22K in 2021.
- a. Answer:** This is the payment of ambulance membership fees paid to Union and Elgin, based on our estimated 2022-2023 amount, we increased it. Union and Elgin participate in the Ground Med program, similar to LifeFlight membership, along with the City of La Grande. Therefore, they each receive a portion of the sales of the memberships.
- 20. QUESTION City Manager:** Why are we spending \$18K on computer system maintenance and repair? Up from \$1500 in 2021.
- a. Answer:** This line shows the Department’s share of the ESD contract, and is based on prior the prior year’s use relative to other departments. This will be changing depending on what happens with how we replace the services provided by ESD.
- 21. QUESTION City Manager:** Why we are also spending \$5,500 on a computer system. What is this for?
- a. Answer:** This line is used to replace hardware and software. We do not have a specific purchase in mind, but are likely going to need to replace at least one computer and add one for the new IT person assuming we hire someone.
- 22. QUESTION City Manager:** What are we getting for spending \$44,500 (\$30,000 to UC animal control + \$14,500 to shelter) for animal control? Do we get any data about number of calls, nature of calls? Do we need to spend more or spend it differently to get a better handle on the feral cat and at-large dog problems plaguing our community?
- a. Answer:**
- i. The County has jurisdiction for animal control and we have historically provided some supplemental funding for their program, similar to their providing supplemental funding for the Library. We do not receive any data from the County, but could ask for it for informational purposes. The City does not have standing to direct the County on how they administer animal control services.
 - ii. The City could consider allocating funding related to feral cats; however, we would need to determine an amount, how the funds would be used, who would receive the funds, and the expectations tied to the funding.
 - iii. The separate funding which passes through the County to the Shelter consists of two portions. The first portion, \$9,500 was included as a commitment from the City as part of the agreement between the County and the Shelter. Previously, the City had a separate agreement with the Shelter tied to the funding. When the City increased the contribution in 2022, it was with the understanding that the funds be passed through to the Shelter and not result in any decrease in funding by the County.
- 23. QUESTION City Manager:** Why do we have \$14,391,396 unappropriated?
- a. Answer:** Unappropriated ending fund balance is cash carried over to the next year’s budget and this amount is for all funds, including Urban Renewal. It reflects the beginning cash on hand, plus all revenues, minus expenditures, contingency, and reserved for future expenditure amounts.
- 24. QUESTION City Manager:** What are we saving \$750K for? This is “reserved for future expenditure.
- a. Answer:** The \$750,000 included in the General Fund Proposed Budget reflects additional dollars above the contingency. The City Council can approve using Contingency Funds by Resolution if expenditures are going to be over budget, but if those insufficient to cover expenditures, the City can access the Reserved for Future Expenditures to meet unexpected needs by doing a Supplemental Budget. The City can’t access the Unappropriated Ending

Fund balance through a Supplemental Budget. We are not specifically saving this \$750,000 for any specific purpose, it is a term of art for those dollars.

- 25. QUESTION City Manager:** Do we know what percentage is hotels/motels vs short term rentals?
- a. Answer:** Currently there are a total of 48 properties paying transient room taxes (TRT) Out of the total of 48 there are 34 active short-term rentals, or 71%. However, the hotels, motels, and RV parks account for approximately 93% of the total TRT revenues received. Note that any stays, even at hotels, which exceed 30 days are not subject to TRT.
- 26. QUESTION Finance:** What is covered by auditing costs?
- a. Answer:** This includes the costs to have our annual independent audit to be performed and the fees to have our audit filed with the State of Oregon.
- 27. QUESTION Finance:** Why is computer maintenance/repair up to \$8,200?
- a. Answer:** This line shows the Department's share of the ESD contract, and is based on prior the prior year's use relative to other departments. This will be changing depending on what happens with how we replace the services provided by ESD.
- 28. QUESTION Finance:** What do professional services and fees cover and why is it up 30% from 2021?
- a. Answer:** A majority of our expenses in the Professional Services and Fees lines covers credit card merchant fees. These are fees we incur when a customer pays their bill with a credit or debit card. This also includes on-line payments through our on-line bill pay system. In FY 2021 we had a total of 30,960 payments either paid with credit card or through our on-line bill pay system. For this current fiscal year we estimate that there will be approximately 37,000+ payments. The amount of these type of payments is increasing every year.
- 29. QUESTION Finance:** What is \$18,200 for computer systems covering?
- a. Answer:** \$15,000 is carry forward from FY 22-23 for computer switch board that is housed in City Hall. The remaining is for scheduled replacement of a computer and the annual anti-virus protection for the computer systems within the Finance Department.
- 30. QUESTION Parks:** What is in the queue for the \$44K facilities repair?
- a. Answer:** The \$50,000 budgeted for facilities repair is the normal amount required for repairs in all parks throughout the year. Some examples include irrigation equipment and upkeep, painting, vandalism repair and other miscellaneous maintenance.
- 31. QUESTION Boiler Funding:** Where is the \$20K for the boiler found in the general reserves? Is this the 001-110-729922 line?
- a. Answer:** Yes
- 32. QUESTION Aquatics:** What is covered in the departmental supplies? This shows a substantial increase, but the budget message states that \$\$ was moved away from dept supplies to facilities repair.
- a. Answer:** Departmental supplies include concessions, staff uniforms, pool exercise equipment, and more. This request hasn't changed from this year to next. As detailed in the Aquatics' narrative, Professional Services and Fees was decreased and moved to Facilities Repair to more accurately represent expenditures for contractors that are hired to preform facility repairs.

33. QUESTION Recreation: What will the bus/van be used for? How often? What is more cost effective: to rent, lease or buy a bus/van?

- a. Answer:** This request is to replace the 1982 bus that is used along with our 2013 van to transport children during daily summer camp trips to local hikes, fishing at Morgan Lake, and other various activities around the county. Recreation vehicles are also used for our excursion programs that go to various places around the region including Seattle, Boise, Pendleton, and Portland. We also partner with the School District and EOU to provide transportation for the GOASAP after school middle school program. Since these vehicles are used daily in the summer and several times throughout the year, it's most cost effective to purchase a replacement for the old bus.