

City of Springfield
Work Session Meeting

MINUTES OF THE WORK SESSION MEETING OF
THE SPRINGFIELD CITY COUNCIL HELD
MONDAY, DECEMBER 3, 2007

The City of Springfield Council met in a work session in the Jesse Maine Meeting Room, 225 Fifth Street, Springfield, Oregon, on Monday, December 3, 2007 at 6:40 p.m., with Mayor Leiken presiding.

ATTENDANCE

Present were Mayor Leiken and Councilors Lundberg, Wylie, Ballew, Ralston, Woodrow, and Pishioneri. Also present were City Manager Gino Grimaldi, Assistant City Manager Jeff Towery, City Attorney Joe Leahy, City Recorder Amy Sowa and members of the staff.

1. Building Maintenance Funding Needs.

Public Works Director Dan Brown presented the staff report on this item. He introduced Stacey Kintigh, the new Maintenance Supervisor in the Public Works Maintenance. The City does not fund building maintenance at a level which ensures that our buildings will be safe and functional for the duration of their life expectancies. At its January 2007 goal setting session, the City Council directed staff to develop alternatives to provide funding to address both short and long term building maintenance needs. Then, in February 2007 the Council received a City Building Condition Report, prepared by DLR Group, architects, which identified \$600,000 (in 2005 dollars) of deferred building maintenance as well as annual needs of \$300,000 (in 2005 dollars) for the next 5 years, rising to annual needs of \$1M (in 2005 dollars) for the subsequent two decades.

Excluding the Booth-Kelly complex, the new Justice Center, and the Springfield Depot, the City buildings inventory is comprised of 13 buildings with an estimated replacement value of \$35,000,000 - \$40,000,000.

The basic goal of infrastructure management is to keep the infrastructure in good working order for its anticipated life. Industry standards for annual expenditures for building maintenance range from 2 to 4 % of the replacement value of the facilities. DLR Group's *City Building Condition Report* categorizes maintenance needs first by building and time frame (immediate; within the year; the next five years; and long term – the next 24 years), and then by prioritization which considers safety, aesthetics, structural/mechanical and working conditions. DLR identified immediate needs of approximately \$600,000 --- half of which are designated as safety or structural/mechanical needs --- and this is our backlog. The average need for the subsequent five years is about \$300,000 per year. As previously mentioned, all cost estimates in this report are in 2005 dollars so, as time passes, the estimated costs will have to be adjusted for inflation. Both the City Council and City staff realize the importance and urgency of the need for increased building maintenance funding. We are the stewards of the public's infrastructure so it is important that we strive to ward off premature failure of the infrastructure, including our City buildings. The task team focused on compiling funding source suggestions and evaluating them. The results are included as Attachments B and C. Although the team considered almost every

conceivable source, it turned out that all decent ideas seem to have already been considered and evaluated by the City in previous searches for new revenues. Many of the options were found insufficient by themselves to provide the revenue necessary to either eliminate the backlog projects or to provide the annual revenues for building maintenance in perpetuity.

Mr. Brown noted that Mr. Duey was present to help answer any questions that Council may have on this issue related to the funding. Staff recommends that increased building maintenance funding be identified through the normal budgeting process for the FY09 Budget, rather than implementing a new tax or fee to create a dedicated funding source for building maintenance. City staff would look at the budget and try to identify the \$300,000 needed per year over the next five years in the normal budget process. One time funds may be able to come from reserves, but the ongoing funds would need to be identified from more sustainable revenue sources or reductions.

Councilor Woodrow said most private companies had a depreciation fund. The depreciation fund was not necessarily dollars, but a paper figure for taxes. He would like to see if the City could establish a depreciation fund, putting a percentage of money into this fund that would build up over the years. He was not sure what percentage that could be. He was wondering if staff could bring back some information on this.

Mr. Grimaldi asked if a depreciation fund would be for capital replacement only or maintenance, too.

Councilor Woodrow said it could be for either.

Mayor Leiken asked if the proximity of most of the public buildings was close to downtown.

Mr. Brown said the fire stations were spread out, but most other buildings were downtown.

Mayor Leiken said one of the challenges was to try to put any type of tax forward to the public. It would be interesting to see if urban renewal funds could be used as well as some Booth Kelly funds. It was hard to get the public behind something like this, even though it was a practical application. The challenge would be to get the public to understand the outcome and what it would do for them. There could be a way to sell that, but it could be difficult. The City utilized taxes well to get these things done. He would suggest getting that word out to the public.

Councilor Lundberg said she agreed with the recommendation. She looked at which was the bigger asset – reserves or buildings. The buildings would cost more in the long run if not maintained and were the biggest asset. The City had enough on our plate in terms of growth and development and it was time to take care of what we had. She agreed some type of set aside fund should be established. The City had taken care of our streets and she would like us to do the same with our buildings.

Councilor Pishioneri concurred. He suggested that when staff looked at the budget process, they look at where the funds came from and each department's ability to pay. It may not be a straight across percentage. He would like to see staff look internally at Public Works funds. He did not want to go for other taxes.

Councilor Ralston said we needed to do the responsible thing and make the improvements, but noted that the budget process was going to continue to be very difficult. He said he would be very surprised if we could come up with the needed funds. There was not only this funding issue, but the issue of increases in wages and benefits. He agreed with the Mayor that the citizens had to recognize that it would be irresponsible for the City not to take care of their assets. He would not approve new taxes, but thought perhaps General Obligation (G.O.) Bonds could be a way to do this appropriately. He didn't feel the City could save enough money to do the work.

Councilor Ballew said this was a microcosm of the whole City. The City had made an effort to be as lean as possible. In order to provide these services, the City needed more revenue, such as the amusement/entertainment tax or restaurant taxes. She was fine with leaving this for one year, but they needed to look at other options in the future to get more revenue, or service levels would deteriorate. It was difficult to prioritize services.

Councilor Wylie said ongoing maintenance should be part of the ongoing budget, and not part of a rainy day fund. She asked if there would be some sort of revenue forecast at the January Budget Committee meeting. Yes. She discussed some of the taxes listed in the council briefing memorandum included in the agenda packet. She felt there should not be additional taxes for something we should already have in our budget.

Mr. Brown said in the November 1995 election, a bond provided \$2M for building maintenance. He explained some of the projects that were completed with those funds. He agreed that building maintenance was not something easy to sell to citizens.

Mayor Leiken said the work staff had done was very good.

Councilor Ralston said he would not support using reserves. Before long our reserves were depleted. The reserves were to be used for emergencies.

Councilor Lundberg said being involved in that 1995 bond measure, she knew it was difficult to sell to the public because it was something we should have in our budget anyway. The voters had been very generous over the years and she was not comfortable asking for money for maintenance since we just passed a measure for construction of the new Police facility. We needed to figure out how to address this as an ongoing budget item. She referred to prioritizing and felt that exercise was still legitimate.

Mr. Brown said we still had a number of years left on the 1995 bond measure.

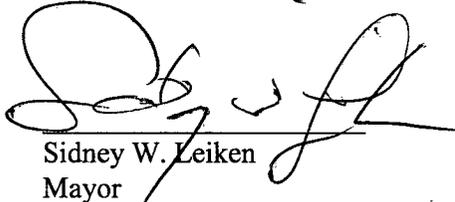
Mayor Leiken said staff had a meeting with Representative Barnhart, Chair of the House Revenue Committee scheduled. It was worth sitting down with the State legislature to discuss some issues. Federal dollars were no longer allocated to cities and it was frustrating for the City because this was where people lived and worked. He would like to talk to the representative about what the legislature could do to help. There needed to be a partnership. He noted that all government was considered one and the same to the public.

Mr. Grimaldi confirmed that Council agreed with the recommendations. He also noted the suggestion for establishing reserves for building maintenance, improvements and replacement. Staff could bring that information to Council during the budget discussions.

ADJOURNMENT

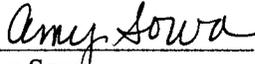
The meeting was adjourned at 7:04 pm.

Minutes Recorder – Amy Sowa



Sidney W. Leiken
Mayor

Attest:



Amy Sowa
Amy Sowa
City Recorder