

## BOARDMAN CITY COUNCIL – BUDGET COMMITTEE MEETING MAY 21, 2019

The City of Boardman Budget Meeting was called to order by Mayor Toms at 7:15 pm.

Committee Members: Toni Connell, Roy Drago, Bill Ellis (arrived at 7:21 pm), Julie Gisi, Brandon Hammond, Art Kegler, Ted Lieurance, Lisa Mittelsdorf, Sonja Neal, David Norton, Brenda Profitt, and Sandy Toms

Absent: Del Turner and David Jones - Excused

Staff: Karen Pettigrew – City Manager, Heather Baumgartner – Recorder, Rick Stokoe – Chief of Police, Marta Barajas – Finance Director and Tom Kligel – Budget Officer

Audience: None

Committee Member Ted Lieurance moved to appoint Brenda Profitt as Chairman. Committee Member Brandon Hammond seconded the motion. All were in favor.

Chairman Profitt established the ground rules for the meeting. The meeting would last no longer than 45 minutes with no breaks. Each person will have a 2-minute speaking time. Chairman Profitt turned the meeting over to Mr. Tom Kligel, Budget Officer.

Mr. Kligel presented the budget message. The City budget will increase by 15% which includes small increases in the General Fund and the Utility Funds and larger increases in the Reserve Funds. The General Fund includes administration, planning, public safety, code compliance and facility management. The Utility Funds provide for basic services such as water, sewer, garbage, and street maintenance. The Building Fund covers plan reviews and inspection services. The Reserve Funds provide for capital expansion projects and major repairs. The Capital Fund is used for new construction projects. The Debt Funds provide long term loan or bond repayments.

Mr. Kligel explained that the General Fund Resources has an increased revenue of \$428,550.00. An increase of property tax revenues in the amount of \$171,500.00 is expected due to a combination of population, housing growth, and increased property values. The expiration of a 20-year exemption on industry paid Umatilla Electric Coop fees is projected to increase the revenue from franchise fees in the amount of \$330,100.00.

Chairman Profitt asked how long the City would anticipate a payback on the \$250,000.00 transfer from the general fund and the water fund. Mr. Kligel explained that the \$250,000.00 was only a transfer not a loan.

In General Government Expenditures there is a projected increase of \$10,349.00 due to salary and benefit increases. PERS increased 23%. A significant increase, in the amount of \$135,208.00, is expected in Public Safety due to hiring a Criminal Investigator in the near future. This increase will cover the cost of salary, benefits, and equipment necessary to perform the job duties. City Manager Pettigrew requested the committee look at the overall payroll increase; the overall salaries and wages compared to the benefit cost due to the increase in PERS and see the effect on benefit costs. Committee Member Gisi asked if there was anything special about equipment purchases. Mr. Kligel explained, with a new public safety employee the department would need to purchase an additional vehicle. Code Compliance saw a decrease of \$25,000.00 in Total Capital Purchases due to a replacement vehicle being purchased

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during last year's budget. Facilities showed very little change from last budget year. Committee Member Toms asked what the term of the loan was, for the debt service. Mr. Kligel explained it was a 15-year loan. Non-Departmental Expenditures showed an increase of \$308,697.00. This increase was due to a \$31,500.00 increase in service contracts, \$15,000.00 increase in other grants, \$100,000.00 decrease in transfers, \$275,000.00 increase in contingency, and \$100,000.00 increase in reserve/unappropriated funds.

Committee Member Mittelsdorf asked a question in regard to franchise fees. She confirmed that the City of Boardman's Franchise Fees were lower than other cities. The City of Boardman's Franchise Fees are 3.5% in comparison to 5%, or higher, in the surrounding cities.

Mr. Kligel explained that the Water Fund Resources has a decrease of \$192,500.00. The Beginning Cash in the Water Fund is \$195,000.00 less than last year due to the construction of the Water Master Plan project expected to be completed by June 2019. Other Revenue shows a \$3,000.00 increase due to the increase in water rates.

Water Fund Expenditures showed an increase of \$43,339.00 in payroll costs due to the addition of a public works employee. This includes wages and benefits. The Repairs and Maintenance budget line has a decrease of \$45,800.00 due to the water lines being upgraded which should result in less repairs being needed. The transfer budget line has a decrease of \$200,000.00 due to the Water Master Plan project nearing completion.

Mr. Kligel explained that the Sewer Fund Resources has a decrease of \$43,000.00. The Beginning Cash in the Sewer Fund is \$114,000.00 less than last year. Fees and Service Resources has an increase of \$25,000.00. Other Revenue has an increase of \$2,950.00 due to sewer rates increasing.

Sewer Fund Expenditures showed an increase of \$43,365.00 in payroll costs due to the addition of a public works employee and the benefits for that employee.

Mr. Kligel explained that the Garbage Fund Resources has an increase of \$35,000.00. The Beginning Cash in the Garbage Fund is \$10,000.00 more than last year. Fees and Service Resources has an increase of \$25,000.00 due to an increase in garbage rates.

Garbage Fund Expenditures showed an increase of \$32,050.00 in contingency due to the higher volume of container for pickup usage in the Port of Morrow area.

City Manager Pettigrew contacted Hermiston Sanitary Service in regard to the recycle bins on SE Front street. She requested they put signs up in both English and Spanish. The new signs are now in place.

Mr. Kligel explained that the Street Fund Resources has an increase of \$102,000.00. The Beginning Cash in the Street Fund is \$64,000.00 more than last year. State & County revenue has an increase of \$35,000.00 due to the new State Transit Tax. The City received a grant last year from Morrow County for street repair.

Committee Member Mittelsdorf asked what the decrease amount was. She believed it was about \$225,000.00. Mr. Kligel explained it was close to 60%.

Street Fund Expenditures showed an increase of \$8,666.00 in Service Contracts; \$35,600.00 in Repairs & Maintenance and \$68,275.00 in Contingency due to street projects planned for 2020.

Mr. Kligel explained that the Building Fund Resources has an increase of \$1,859,915.00. The Beginning Cash in the building fund is \$1,005,000.00 more than last year. Inspection Fees has an increase of \$13,200.00; Building Permits has an increase of \$490,500.00; Permit Surcharge Fees has an increase of \$58,950.00; Plan Reviews has an increase of \$169,765.00; Fire/Life Safety reviews has an increase of \$95,000.00 and Other Revenue has an increase of \$27,500.00 due to the projected growth in the City of Boardman and the Port of Morrow area.

In Building Fund Expenditures there is an increase of \$113,490.00 in Payroll costs; \$231,575.00 in Contractual Fees; \$212,900.00 in Contingency and \$1,867,000.00 in Reserve/Unappropriated Funds in anticipation of the future growth of the City of Boardman and the possibility of hiring additional staff.

Mr. Kligel explained the Reserve Funds have four different funds: General Reserve, Water Reserve, Sewer Reserve and Street Reserve. These reserve funds were created to facilitate cash management and savings needs for capital improvements and emergency repairs.

The General Reserve Fund Resources has an increase of \$125,500.00. The General Reserve Fund assisted in the development of the Field House located behind City Hall. The beginning cash balance is \$275,000.00 more than last year.

In General Reserve Fund Expenditures Capital Purchases has an increase of \$85,000.00 and Contingency has an increase of \$48,000.00.

The Water Reserve Fund Resources has a decrease of \$754,502.00. The Beginning Cash balance is \$99,000.00 less than last year due to the completion of the Water Master Plan project which has a current cost of \$2,896,500.00. System Development Charges has an increase of \$122,200.00 and Transfers has a decrease of \$770,702.00.

Committee Member Connell asked where the System Development Charges [resources] increase to \$124,200.00 from last year's \$2,000.00, came from. Mr. Kligel explained it is from the construction of Port View Apartments phase 2.

Water Reserve Fund Expenditures has a large decrease of \$637,700.00 in Capital Projects due to the water project completion last budget year.

The Sewer Reserve Fund Resources has an increase of \$673,902.00 in anticipation of a Master Sewer Study to determine the need for a third lagoon system for the City. There is an increase in resources of \$688,000.00 in Beginning Cash; \$104,800.00 in System Development Charges and \$5,000.00 in Other Revenue. Transfers shows a decrease of \$123,898.00.

Sewer Reserve Fund Expenditures has a large increase of \$513,602.00 in Capital Projects and \$115,300.00 in Contingency.

The Street Reserve Fund Resources has an increase of \$450,700.00 due to Cash Carry Over, Transfers In, Urban Renewal Agency District reimbursements, and small grants from other entities. The Beginning Cash balance is \$144,000.00 more than last year. Grants & Loans has an increase of \$110,000.00; Other Revenue has an increase of \$8,000.00; and Transfers has an increase of \$188,700.00.

Street Reserve Fund Expenditures has an increase of \$30,000.00 in Capital Purchases, \$285,700.00 in Capital Projects, and \$150,000.00 in Contingency for additional road repairs for this budget year.

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City Manager Pettigrew communicated to the committee about the resources from last year compared to this year. She explained that there is a lot of thought and discussion put into the decision to put money into reserves for future projects.

Mr. Kligel explained the Community Development Block Grant to the committee. The City of Boardman agreed to be the financial sponsor for the Boardman Migrant Head Start program to receive a Community Development Block Grant passed through by the Oregon Infrastructure Finance Authority. The \$2,000,000.00 grant is for the construction of an 8,000 square foot facility in Boardman for a Head Start Program. From January 1, 2016 to present, actual funding and grant activity totals \$143,014.00.

Mr. Kligel explained that the City of Boardman operates two Debt Service Funds to disburse required annual debt payments; Water Bond and Sewer Bond. Payments out of last year's budget were \$426,900.00 on an outstanding debt balance of approximately \$3,763,000.00 with a decrease of \$332,000.00 from the prior year.

The Water Bond was originally \$3,784,000.00 on a 25-year term. This year's debt payment is approximately \$275,200.00 with a remaining debt of \$1,522,000.00. The water debt matures in 2025.

The Sewer Bond was originally \$3,000,000.00 on a 40-year term. This year's debt payment is approximately \$151,700.00 with a remaining debt of \$2,241,000.00. The sewer debt matures in 2029.

Committee Member Ted Lieurance moved that the City of Boardman Budget Committee approve the proposed City of Boardman Budget for 2019-20 as presented, (\$21,218,787.00) and approve the tax rate of \$4.2114 per \$1.000 of assessed value, with bond levies in the amount of \$410,000.00. Committee Member Sandy Toms seconded the motion. Roll Call: Connell – Yes, Drago – Yes, Ellis – Yes, Gisi – Yes, Hammond – Yes, Kegler – Yes, Lieurance – Yes, Mittelsdorf – Yes, Neal – Yes, Norton – Yes, Profitt – Yes, Toms – Yes. Motion passed 12-0-2 absent

**The meeting was adjourned at 8:05 pm.**

  
Sandy Toms – Mayor

  
Heather Baumgartner – City Recorder