

The meeting was called to order by Mayor Sandy Toms at 7:00 p.m. and she led the group in the Pledge of Allegiance. Roll call was taken:

Budget Committee Members: Sandy Toms, Marc Rogelstad, David Jones, Brenda Profitt, Christie Perry, Neil Livingston, Blaine Ganvoa, Lavern Gertlar, Ed Glenn, Ted Lieurance, and Ray Michael
Absent: Julie Gisi, Art Kegler and Bob Okeson
Staff: Karen Pettigrew-City Manager, Lila Killingbeck-Recorder, Joanna Dahm-Recorder, Chief Stokoe, and Tom Kligel
Audience:

Committee Member Perry moved to appoint Ray Michael as Chairman. Committee Member Marc Rogelstad seconded the motion. All were in favor.

Chairman Michael established the ground rules for the meeting. The meeting would last no longer than 2 hours with no breaks. Each person will have a 3 minute speaking time. Chairman Michael turned the meeting over to Mr. Tom Kligel, Budget Officer.

Mr. Kligel started out by telling the Committee that the city will end the current fiscal year on a very positive note. He stated that property tax revenue was higher than expected and utility funds had a better than normal operational year. He explained that the Building Fund is doing remarkably well with a high level of activity and will continue to do so through the next fiscal year due to all the activity generated within the Port area. Mr. Kligel added the 2014-15 budget projections will present a 2.29% increase from the previous year and is represented by increases in the General Fund, the Utility Funds and the Reserve Funds; and a decrease in the Building Fund.

Mr. Kligel stated the 2014-15 General Fund Budget projects a 19% increase in revenue from the previous year due to an increase in cash carryover, property tax, state revenues and other revenues and decreases in grants and loans. Mr. Kligel also added that the Tower Road property is expected to close in the summer of 2014 as well as projected sale of land for a commercial substation. He went on to explain that payroll was up 8% due to training of the new City Clerk. Benefit Costs were down \$30-40,000. The proposed budget for the General Fund is \$3,928,836.

Mr. Kligel stated the expenditures for the General Government Department will increase by \$19,000 due to an increase in personnel costs, leases and rentals, and equipment purchases, and decreases in utilities.

Mr. Kligel explained the Public Safety Department will have an increase in expenditures by 1% caused by an increase in personnel costs, equipment purchases and insurance. He also stated there would be a significant reduction in Capital Purchases.

Mr. Kligel explained the Water and Sewer Funds are operating funds and receive funds from user fees. Mr. Kligel stated the Water Funds beginning cash was slightly higher causing a 2% change. He also stated expenditures for utilities are up by \$10,000 due to an increase in the electrical rates. The Dumping Fees for the Sewer Fund has gone up and the Circle 52 Revenue has been a good thing. The proposed budget for the Water Fund is \$756,800 and the Sewer Fund is \$793,750.

Mr. Kligel explained the Garbage Fund has had a good year due to all the activity in the Port. The beginning cash carryover for the Garbage Fund was \$55,000 and fees and services bring in another \$390,000. Mr. Kligel added that an increase in funds also adds an increase in expenditures. The proposed budget for 2014-15 is \$445,000.

Mr. Kligel stated that in the last two years the Street Fund has taken quite a hit because of the decrease of funds from Morrow County. Mr. Kligel explained that the Street Fund has a larger cash carryover because not

many repairs were done in 2013 and 2014. Mr. Kligel added even though the fund isn't being used much still provides a functional need for operational expenses and personnel costs. The beginning cash carryover is \$225,000, state and county revenue is projected to be \$182,000 and other revenue to be \$2,500. He stated that the fund is up 6%. City Manager Pettigrew stated that the Port of Morrow (with the help of ODOT Funds) was able to repair a large portion of Columbia Avenue for the City. Committee Member Perry expressed her gratitude for City Manager Pettigrew developing a good working relationship with the Port. The proposed budget for 2014-15 is \$409,500.

Mr. Kligel stated the Building Fund is a healthy fund which is comprised mostly of Industrial activity in the Port area. He stated the fund has a 3.5 million budget even without cash carryover. The beginning cash carryover is \$2,875,000. City Manager Pettigrew stated that the VaData permits and Umatilla & Morrow County have contributed. Mr. Kligel added they are looking at adding a seconded inspector which will increase the Building Fund Expenditures.

Mr. Kligel stated he was requesting a change in the General Reserve Fund, he would like to use funds for generic projects by adding a loan for \$150,000. He would like to change loans to \$150,000 and reserve to \$50,000. He stated he would like to change the Water Reserve Fund by changing loans to \$150,000 and decreasing reserve to \$50,000. Mr. Kligel stated that he would like to change the Sewer Fund Reserves by changing the loans to \$150,000 and decrease the Reserve to \$280,000.

Mr. Kligel stated he would like to transfer money from the General Reserve Fund to the Street Reserve Fund in order to fund big projects in the future. City Manager Pettigrew added that the City applies for a grant from ODOT every other year and if we are ever awarded the grant we have three years in which to generate the matching funds needed to complete the selected project and having the extra money sitting in the street reserve fund will help out.

Committee Member Glenn moved to approve the amendments to the Reserve Funds as discussed. Committee Member Perry seconded the motion. All were in Favor.

Mr. Kligel stated that the Bond Payments have remained about the same. He stated that the 2014-15 fiscal year payments are \$463,000 on an outstanding debt balance of around \$5,173,906 down \$222,751 from the prior year. Resources to generate funds to make the payments are collected from annual Certified Tax Levy and projected cash carryover. Committee Member Glenn asked if there were two Water Bonds. Mr. Kligel responded that there was one from 1976 for \$480,000 which will expire in 2016 and one from 2003 for 3,800,000.

Committee Member Jones moved to approve the proposed 2014-15 Budget. Committee Member Toms seconded the motion. Roll Call: Ganvoa-yes, Gertlar-yes, Glenn-yes, Jones-yes, Lieurance-yes, Livingston-yes, Michael-yes, Perry-yes, Profitt-yes, Rogelstad-yes, Toms-yes. Motion passed 11-0-3 absent

Budget Committee Meeting was adjourned at 8:25 p.m.

Sandy Toms-Mayor

Joanna Dahm, Recorder