

BOARDMAN CITY COUNCIL – BUDGET COMMITTEE MEETING MAY 8, 2018

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

Committee Members: Toni Connell, Jr. Drago, Bill Ellis, Julie Gisi, David Jones, Ted Lieurance, Lisa Mittelsdorf, Lori Moss, Sonja Neal, Brenda Profitt, Sandy Toms, and Del Turner

Absent: Brandon Hammond, Art Kegler

Staff: Karen Pettigrew – City Manager, Heather Baumgartner – Recorder, Rick Stokoe – Chief of Police, Kevin Kennedy – Public Works Director and Tom Kligel – Budget Officer

Audience: None

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

Chairman Profitt established the ground rules for the meeting. The meeting would last no longer than 1 hour 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 system is in good shape. The City is looking at next year's budget at a 11.7% decrease throughout the entire budget. It's dropping about \$2.5 million from the prior year. Most of that is in the Building Fund, but overall that is quite a bit. Personnel dropped about .5%, salaries and benefits are holding. The only real increases will be in debt services, transfers, and contingencies. Next year's budget is holding steady at operating cost with an increase in special projects, transfers, and contingencies to help support the city if something surprising comes up.

Mr. Kligel referenced a handout called Support Worksheets for the 2018-19 Budget. Under section 1., Transfers Recap, he stated that Oregon Budget Law allows transfers from fund to fund, but the balance has to equal zero. He further explained that he budgets expenses in groups. For example; phone, electricity and water costs would be grouped into utilities.

Mr. Kligel referenced the handout and began in the General Fund. He explained that the General Fund resources will increase by 3.4% mostly due to increased property tax revenue.

Mr. Kligel explained that the budget must be approved by June 30, 2018 or the City will not be able to operate in July, by budget law.

Mr. Kligel referenced page 5 of the handout under resources. There was an increase in beginning cash that he explained was due to management of cash from the year before or additional funds received. The decreases in the General Fund are due to grants, loans, and other revenue. Other revenue decrease was due to an error that was backed out for correction from the last budget committee meeting.

Mr. Kligel moved into expenditures in the General Fund. There was only an \$18,600 change overall or less than 1%. Salaries were budgeted higher due to the possibility of 2 retirements and recruiting for replacements in the next year.

BOARDMAN CITY COUNCIL – BUDGET COMMITTEE MEETING MAY 8, 2018

Mr. Kligel explained the changes in the Public Safety – Police Expenditures. Payroll, repairs and capital purchases were decreased and repairs and maintenance were increased. Capital purchases decreased due to the purchase of two police cars this year that would not be purchased next year. There was only about a \$37,000 change from last year.

Mr. Kligel explained the \$25,000 increase in Code Compliance was due to the budgeted purchase of a new vehicle.

Mr. Kligel explained the \$11,300 increase in the facilities department was due to the increased payment for debt services to decrease the overall interest throughout the life of the loan.

Mr. Kligel explained the \$120,500 increase in non-departmental is due to professional fees to anticipate recruitment for those that will retire. The transfers were up due to an increase of items from 3 items last year to 4 items this year.

Mr. Kligel referenced page 10, the Water Fund. The beginning cash shows an increase of \$278,000 from last year. This is due to the amount purchased from the Port of Morrow. There is a contract and the last five years they have beat that contract which increases the resources cash balance. There is also an anticipated increase of about 6% due to the apartment complex being built. There is an increase in expenditures of \$329,100 in transfers. This will go to the water reserve for future capital projects. In past years that reserve has paid for things like the new water lines going in this year.

Mr. Kligel referenced page 14, the Sewer Fund. Fees and Services resources increased due to an anticipated rate increase and from the apartment complex. The increase of \$87,000 in transfers and contingency under expenditures is for the sewer reserve.

Mr. Kligel referenced page 18, the Garbage Fund. There was a \$25,000 increase in this fund due to a higher volume of garbage pick up in the Port of Morrow area.

Mr. Kligel referenced page 22, the Street Fund. There was an \$80,000 carry over due to not having much in expenses this year. The City uses the funds in the street for paving, striping, etc. It costs about \$100,000 to pave a block. This fund handles mostly payroll. About 5 years ago the City used to get a larger amount of road tax and help from the county. The county has eliminated their portion which has really decreased the resources in this account. The City tries to maintain \$100,000 in this fund to cover the cost of paving and striping. This year the city only used about \$20,000 of this fund so they had an increase in carry over in anticipation of completing a larger street project. City Manager Karen Pettigrew commented that the county gave us money several years ago. Last year the county had an increase in revenue from windmills and gave the City \$60,000. The county said they would be doubling the amount this year to \$120,000. The additional funding will be placed into the street reserves. Committee Chair Brenda Profit asked if anyone could remember the amount the county used to give the city. A brief discussion indicated it was about \$225,000. This fund also covers snow removal as needed.

Committee Member David Jones was called out for an emergency at 7:40 p.m.

Mr. Kligel explained the \$62,800 increase in repairs and maintenance was due to the anticipated paving and striping for this year.

BOARDMAN CITY COUNCIL – BUDGET COMMITTEE MEETING MAY 8, 2018

Mr. Kligel explained the decrease in the Building Fund resources. Mr. Kligel explained that a basic \$1000 permit generates about \$2000 in revenue for the City. The Building Fund is difficult to budget due to the remittance of State, County, and other Cities contractual shares of permit fees collected. The activity at the Port of Morrow has been high and is expected to maintain this trend, but at a slower pace. The 26% decrease in the budget is due to the possibility of decreased permit revenue and IGA fees. Mr. Kligel further explained that the Building Fund could be used as a loan source to other funds if the need arises. Mr. Kligel mentioned that the building department was considering hiring an assistant building inspector in the near future.

City Manager Karen explained the decrease in land and building improvements on the expense side of the Building Fund. She referenced last years adopted budget and explained the anticipated purchase of the BMCC building. The city had budgeted \$350,000 for this purchase. The city anticipates purchasing that building before the end of June.

Mr. Kligel explained the city carries 4 reserve funds and referenced page 31. He further explained that the General Reserve Fund was used to complete projects the city wants to complete for the community. The Water, Sewer, and Street Reserve Fund need to be used for water, sewer, and street projects.

Mr. Kligel explained the decrease of 43% in the Water Reserve is due to the construction of the improved water transmission line and the Ranney Collector bank restoration projects. The decrease of 23% in the Sewer Reserve is due to a decrease in revenue and an increase in expenditures for land purchases and contingency funds. A future sewer project will be in the Master Sewer Study to determine if the city needs a third lagoon system. The 5% decrease in the street reserve is due to an increase in expenditures in professional fees and contingency. The Street Fund is to support upcoming road projects such as the paving of Olson Road.

Mr. Kligel explained the Community Development Block Grant. Mr. Kligel explained that it is a \$2 million project that the City are is financial sponsor for the Boardman Migrant Head Start Program. The City has only spent about \$130,000 in the last two years. The City is responsible for paying the invoices and CASA reimburses them for those expenses. At this time there is no carry over. City Manager Pettigrew gave a more detailed explanation of the Community Development Block Grant. The Oregon Infrastructure Finance Authority (IFA) funded \$2 million for the construction of an 8,000 square-foot Migrant Head Start. This grant was issued in January 2016 with a projected completion date of January 2019.

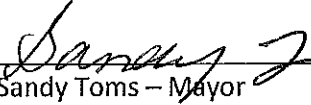
Mr. Kligel moved into explaining the Debt Funds. The resources to generate funds for these payments is collected through an annual Certified Tax Levy and a projected cash carryover. The projected levy amount for 2018-2019 is \$439,000.00 which results in a projected \$.86 rate per \$1,000.00 of assessed value. This is down \$.09 from 2017-2018. The water bond was to fund upgrades to water and controls and to install a second collector well system. The original funded amount from October 2000 was \$3,378,000.00 for a 25-year term. It was refinanced in April of 2006 and again in September 2016. Approximately \$275,800.00 will be paid in 2018-2019 which will bring the balance to \$1,757,000.00. The sewer bond was to fund upgrades to the sewer system. The original funded amount from June 2003 was \$3,000,000.00 for a 40-year term. It was refinanced in September 2016. Approximately \$151,200.00 will be paid in 2018-2019 which will bring the balance to \$2,338,000.00.

Committee Member Toni Connell moved that the City of Boardman Budget Committee approve the proposed City of Boardman Budget for 2018-19 as presented, (\$18,353,832.00) and approve the tax rate

BOARDMAN CITY COUNCIL – BUDGET COMMITTEE MEETING MAY 8, 2018

of \$4.2114 per \$1.000 of assessed value, with bond levies in the amount of \$439,000.00. Committee Member Sandy Toms seconded the motion. Roll Call: Connell – Yes, Drago – Yes, Ellis – Yes, Gisi – Yes, Lieurance – Yes, Mittelsdorf – Yes, Moss – Yes, Neal – Yes, Profitt – Yes, Toms – Yes, Turner – Yes. Motion passed 11-0-3 absent

The meeting was adjourned at 8:10 pm.


Sandy Toms – Mayor


Heather Baumgartner – City Recorder