

CITY OF MERRILL
FIRST BUDGET MEETING MINUTES FY 26/27
May 04, 2026

6:00 PM

The 1st Budget Committee meeting for FY 26/27 began at 6:04 p.m.

The Budget Officer began the meeting stating that the first Budget meeting is to receive the budget message for fiscal year (FY) 2026-2027.

ROLL CALL:

The following Budget Committee members were present:

Council Committee Members:

Councilor McCollam (absent)
Councilor Gatliff (absent)
Councilor Baley
Councilor Johnson

Citizen Committee Members:

Shelley Smith
Kolene Trotman
Margie Carleton
Franceska McAuliffe

Budget Officer: Rayna Hernandez

Others present: Juan Carlos Roman Vazquez - Department Head of Public Works
Parker Hetherwick-Department Head of Police Department (Sergeant)

The Budget Officer introduced members in a round-table manner.

Approve Meeting Minutes May 15, 2025: Budget Committee Member Smith made a motion to approve the May 15, 2025 Meeting Minutes. Councilor Johnson 2nd the motion. The motion passed 5-0 with all in favor. *Budget Committee Member Trotman arrived at 6:12 p.m.*

The Budget Officer explained that each Department Head would discuss their department budgets with additional details explained by the Budget Officer.

The Budget Message was presented by the Budget Officer with references specifically to some of the information available within the thirteen-page FY 2026-2027 written budget message made available to all Budget Committee members on April 27, 2026 with projected budget totals of \$6,095,208 which consists of \$5,408,989 in appropriations and \$686,219 in unappropriated and reserve amounts.

The Budget Officer reviewed the Committee meeting timeline reminding members that the 2nd Budget meeting would be May 11, 2026 at 6:00 pm., explaining that the purpose of the second meeting would be to take public comment as well as provide a time for Committee deliberation. After public comment and Committee deliberation, if changes are made, a 3rd budget meeting would be required. A 3rd meeting would be scheduled soon after May 18, 2026 in order to allow preparation and publishing time and advance notification for publishing the budget hearing.

The Budget Hearing is scheduled for June 11, 2026 at 6:00 pm. The Budget Hearing will be held prior to the regularly scheduled monthly Council meeting.

The Budget Officer discussed main budget message components, per fund, for the upcoming FY 26/27 budget cycle that included the following:

Department Heads to share their respective budgets for FY 26-27.

Budget Officer/City Recorder Hernandez:

General Fund Revenue and Expenditures:

General Commercial Land Reserve has \$91,859 for contractual property sale revenue. The contract has been re-established. General Equipment Reserve has a transfer-in of \$6,000 per schedule and a transfer to General Fund for the Falvey Road Safe Route to School contribution of \$50,000. General Fund line items are based upon actuarial and estimates in relation to certified population. Planning is estimated at \$1,500, which may be low based upon upcoming projects. The majority of Vendor Reimbursement is Pacific Power Irrigation. Capital Outlay reflects the \$50,000 Safe Routes to School contribution. Budget Committee discussed Capital Outlay for the use of City Hall maintenance. Councilor Johnson requested Misc. Fund be increased by \$4,000.00 to honor the contract for the website reconfiguration. Discussion ensued regarding the project. Line-item Misc. Fund was increased by \$4,000.00 and Police Appropriations decreased by \$4,000.00. No objections followed.

Cost projections common to all funds:

1. Vector Control contract assumed increase 1,200
2. Wage increases per schedule.
3. Utilities
4. Insurance 20%

Sergeant Hetherwick:

Police Fund Revenue and Expenditures:

Sergeant Hetherwick read the Police Reserve and Police Expenditure Funds by line-item. Debt Service (Add Police Vehicle) is a contingency in the event a vehicle may need to be purchased. Wage line-items were corrected from Sergeant to Marshal.

Sergeant Hetherwick stated the 2017 Ford Explorer was purchased two years prior and has 160,000 miles. Police Departments will consider a police vehicle high mileage at 130,000-140,000. Deschutes has a 2020 Dodge Durango V8 with 75,000 miles and fully equipped for \$19,000. A new fully equipped vehicle of similar make is estimated at \$95,000-\$100,000. The Budget Committee was in favor; however, the City Council has the ultimate authority to authorize the purchase. The action item was taken to agendaize Police Vehicle Purchase at the June 11, 2026 Budget Hearing and City Council Meeting.

Public Works Director Matthews:

Water Fund, Sewer Fund, and Street Fund Revenues and Expenditures:

Transfers into the Water Sewer Reserve remain the same. Dumping Revenue has remained consistent. Public Works Director Roman Vazquez read each line-item. Water debt service for the Water Project Loan of \$89,426. Water Resources reflect the transfer in of \$89,846. Water debt service is \$89,426 for the Water Project Loan due December 1, 2026. Lagoon debt service is \$43,645.17 with the last payment in 2029. Discussion ensued about utilizing Capital Outlay for the purpose of purchasing a reliable vehicle for Utility Worker Roman Vazquez though it was originally intended for the replacement of a backhoe that burnt; however, a backhoe has already been purchased. The Safe Routes to School Grant (Falvey Reconstruction) requires the relocation of waterlines. The bids were just received in the amount of \$190,000 though only budgeted for \$140,000. There were no objections to the change in the Water Fund Revenue and Expenditures. Street Fund ODOT revenue is estimated at \$78.71 per certified resident of 859. Waste Management Revenue, Street Fund per Ordinance, is estimated at \$10,500. Safe Routes to School Grant has been budgeted for \$3,800,000 and is expected to be completed in 2026. Vector Control was increased in all 3 funds.

Sewer Department:

5. \$10K for a lagoon pump is budgeted to be purchased in the event of existing pump failure, which has occurred FY 2024-2025 and FY 2025-2026.

Street Fund:

Compensation notes:

6. Health insurance was capped December 2015 at \$1,560.80. Contractual obligations are deducted from employee payroll.

Other notes:

7. Unappropriated funds will be budgeted to have a certain amount left at the end of the year to begin the following year with enough cash to operate until tax money or other revenues are received later in that fiscal year.
8. Operating contingencies are allowed as one line item per fund.
 - a. General Fund: Contingency is reported on the Recorder budget sheet for both Police and Recorder departments and are considered for unexpected operating situations.
 - b. Water/Sewer Funds: Contingency is reported on the Water budget sheet for Water and Sewer Departments.

- c. Street Fund: Street Fund budget sheet.

Decisions and Service Enhancement for FY 26/27:

General Fund: Payment in Lieu of Property Taxes (PILT): The PILT Revenue is reserved in the General Equipment Reserve for City needs.

Water & Sewer Funds:

Due to annual debt service obligations for the lagoon and most recently water system improvement infrastructure cost projections, Council is acting to be proactive in transferring the \$16 (\$12 Water, \$4 Sewer) in advance of the water improvement infrastructure completion in order to meet debt obligations without affecting overall budgets or depleting Reserves. The total project cost over \$3.3 million with an annual debt payment of \$89,426.

Street Fund:

Received \$3.8 million Safe Routes to School Grant.

Personnel Wage/Compensation Plan:

Wage adjustments for staff were based on approved salary schedule relative to pay schedules adopted 25/26 FY.

Insurance:

Insurance Property Liability budgeted for 20% increase.

If no changes are made during the 2nd budget meeting, motions are required to approve the following:

1. Appropriation approval amount
2. Budget approval amount
3. Revenue Sharing: State Revenue, Oregon Liquor Control Commission and Cigarette Tax, and Marijuana Revenue
4. Adopt the Tax rate

Budget Committee Member Shelley inquired about Vector Control. Budget Officer Hernandez stated that Vector Control is Mosquito Abatement. Discussion ensued.

Public Works has been attempting to budget for a new vehicle; however, funds have been diverted to new pumps, materials for multiple waterline breaks, destroyed property, etc. Public Works Director Roman Vazquez expanded upon the events: backhoe burned in January 2026, PW vehicle required a new alternator, new starter, and shift broke resulting in the vehicle running across HWY 39 unmanned into the Fairfield fence, multiple waterline breaks on S. Merrill Rd., and the Bobcat burned May 4, 2026.

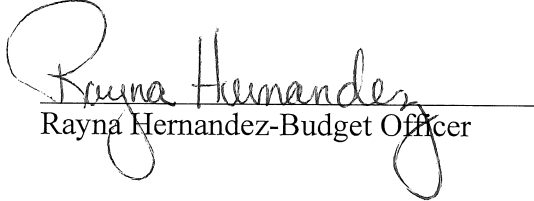
Budget Committee Members inquired to the purpose of the retention pond being installed at the junction of Falvey Rd. Budget Committee Officer Hernandez and Public Works

Director Roman Vazquez highlighted the car accidents impacting local residents property with the retention pond as a proactive measure to prevent future incidents. Sidewalks will be installed. Budget Committee Member Trotman inquired about signage. ODOT discussed giving the City of Merrill a stipend towards a welcome sign. Discussion ensued regarding designs.

Budget Officer Hernandez proposed a prospective project by the Merrill Park District. The project would be to roto till the right-of-way (ROW) on Third Street and plant with grass. The Budget Committee stated opposition for the following reasons: water, maintenance by non-railroad staff/contractors, child safety, and benefit to the overall public. Public Works Director Roman Vazquez stated the railroad prevented City of Merrill Public Works from using motorized equipment to repair a broken waterline within a Railroad ROW. The ground had to be excavated by hand and put back to the same specifications with pictures as documentation. Budget Officer Hernandez stated the City of Merrill also had an agreement with the Railroad that included a \$10,000 donation to release its interest in Lincoln Street within the ROW.

Councilor Johnson made a motion to adjourn the May 04, 2026 First Budget Committee Meeting. Budget Committee Member Shelley 2nd the motion. The meeting adjourned at 6:59 p.m.

Respectfully submitted,


Rayna Hernandez-Budget Officer

5/11/2026
Date

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