

**CITY OF MERRILL**  
**FIRST BUDGET MEETING MINUTES FY 24/25**  
**May 09, 2024**

**6:00 PM**

The 1<sup>st</sup> Budget Committee meeting for FY 24/25 began at 6:20 p.m.

The Budget Officer began the meeting stating that the first Budget meeting is to receive the budget message for fiscal year (FY) 2024-2025.

**ROLL CALL:**

The following Budget Committee members were present:

**Council Committee Members:**

Councilor McCollam (absent)  
Councilor Gatliff  
Councilor Baley  
Councilor Johnson

**Citizen Committee Members:**

Vacant  
Miles Gatliff (absent)  
Ben Keeney  
Franceska McAuliffe

**Budget Officer:** Rayna Hernandez

**Others present:** Greg Matthews - Department Head of Public Works Department  
Parker Hetherwick-Department Head of Police Department (Sergeant)  
Teresa Perry-Code Enforcement Officer

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

Approve Meeting Minutes May 19, 2023: Budget Committee Member Keeney made a motion to approve the May 19, 2023 Meeting Minutes. Councilor Baley 2<sup>nd</sup> the motion. The motion passed 5-0 with all in favor.

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 2024-2025 written budget message made available to all Budget Committee members on April 29, 2024 with projected budget totals of \$5,541,134 which consists of \$5,008,079 in appropriations and \$533,055 in unappropriated and reserve amounts.

The Budget Officer reviewed the Committee meeting timeline reminding members that the 2<sup>nd</sup> Budget meeting would be May 16, 2024 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 3<sup>rd</sup> budget meeting would be required. A 3<sup>rd</sup> meeting would be scheduled soon after May 23, 2024 in order to allow preparation and publishing time and advance notification for publishing the budget hearing.

The Budget Hearing is scheduled for June 12, 2024 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 24/25 budget cycle that included the following:

### **Department Heads to share their respective budgets for FY 24-25.**

#### **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 expired and is estimated for \$150,000-\$180,000 market value. 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 Business License and Occupational Franchise was reduce in 2022/2023 due to the renewal of Waste Management Ordinance that states the revenue is for the use of streets; however, Budget Committee increased line-item due to actuarial; Cite Revenues-Fine Shares have remained at \$5,000; Transient Room Tax increased based upon actual audited 2022-2023 revenue. General Fund Expenditures include increased City Recorder and City Clerk Wages; Utilities are expected to increase by 6%; Insurance is estimated to increase by 16% though budgeted for 20%; Capital Outlay reflects the \$50,000 Safe Routes to School contribution. Budget Committee discussed Capital Outlay for the use of an air conditioner, refurbishing City Hall floors, and the installation of playground equipment.

##### **Cost projections common to all funds:**

1. Vector Control contract \$900
2. Wage increases per schedule.
3. Utilities 6%
4. Insurance 16-20%

#### **Sergeant Hetherwick:**

##### **Police Fund Revenue and Expenditures:**

Transfer into the Police Reserve remains at \$2,000. Insurance and Bonds was budgeted for 16-20% as estimated by City Insurance Services. Wages for City Recorder and Clerk

were increased. \$74,000 is budgeted for a Sergeant with 100 hours overtime. KC Software Integration was appropriated for \$8,000. Sergeant Hetherwick stated Klamath County is transitioning to new software and may donate licensing to Merrill and Malin Police Department. The City would still be responsible for equipment, which is estimated at \$5,000. Sergeant Hetherwick requested the formation of a K-9 Unit. The initial cost for the K-9 is \$5,000 in addition to insurance, veterinary costs, outfitting the police vehicle, etc. Budget Officer Hernandez stated that the Budget Committee must decide whether to approve the unit or hire an officer. The unit would be budgeted under materials and services due to the canine being considered property and appropriations have been made for an officer in personnel expenditures. Funds may not be transferred between the categories. Each member was polled, 5-0 in favor of an officer. Sergeant Hetherwick suggested fundraising as a means to fund the unit. The Budget Committee was in favor of the idea.

### **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 increased in the past few years. Current actual Dumping Revenue is over \$100,000. The distribution of Dumping Revenue is changing Fiscal Year 2024-2025 to deposit \$30,000 in the Water Sewer Reserve, and deposit \$60,000 in the Sewer Fund for employee wage increases. Budget Committee Member Keeney made a motion to increase the Water Sewer Reserve Dumping Revenue to \$10,000 to reflect actuarial. Councilor Johnson 2<sup>nd</sup> the motion. The motion passed 5-0 in favor. Water debt service for the Water Project Loan of \$89,426. Water Resources reflect the transfer in of \$89,846. Councilor Johnson made a motion to delete the Water Equalization Revenue line-item in Water Resources. Councilor Gatliff 2<sup>nd</sup> the motion. The motion was passed 5-0 in favor. Water Resources reflect the transfer in of \$89,846. Councilor Johnson made a motion to delete the Water Equalization Revenue line-item in Water Expenditures. Councilor Gatliff 2<sup>nd</sup> the motion. The motion was passed 5-0 in favor. The Budget Committee increased the Water Service Income due to Swisher Road Annexation and new connections. Wages for employees increased though the allocation in all funds have changed. Budget Officer Hernandez displayed the allocation to the Budget Committee for clarification. Public Works Director Matthews requested Utilities increase with the revenue from Water Service Income. Water debt service is \$89,426 for the Water Project Loan due December 1, 2024. A hydrant was damaged on Front Street with an estimated cost replacement of \$18,000. A quote to insure 12 hydrants is \$600, all hydrants for \$2,000. At the May 08, 2024 City Council Meeting, a motion was made to insure all City hydrants; therefore, \$2,000 cost of hydrant estimates shall increase the Insurance Water Expenditure, Sewer Expenditure, and Street Expenditure by \$667. Wages in the Sewer Fund have increased due to the addition of \$60,000 Dumping Revenue. Lagoon debt service is \$45,033 with seven years remaining on the loan. Discussion ensued about utilizing Capital Outlay for the purpose of purchasing a reliable vehicle for Utility Worker Roman Vazquez. Street Fund ODOT revenue is estimated at \$80.34 per certified resident of 853. Waste Management Revenue has been added to the Street Fund per Ordinance. Safe Routes to School Grant has been budgeted for \$3,800,000 and is expected to be completed in 2025-2026.

**Sewer Department:**

5. \$6K for a lagoon pump is budgeted to be purchased in the event of existing pump failure but has been extended to include Lagoon Float and Locator.

**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 24/25:**

**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 23/24 FY.

**Insurance:**

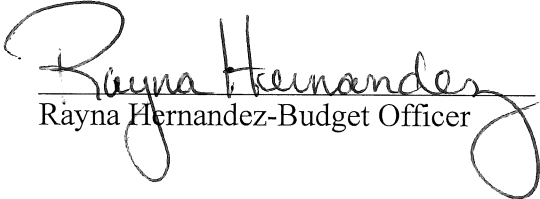
Insurance Property Liability estimated to increase by 16% though budgeted for 20%.

If no changes are made during the 2<sup>nd</sup> 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

Councilor Johnson made a motion to adjourn the May 09, 2024 First Budget Committee Meeting. Councilor Gatliff 2<sup>nd</sup> the motion. The meeting adjourned at 7:45 p.m.

Respectfully submitted,

  
Rayna Hernandez-Budget Officer

5/16/2024  
Date