

**CITY OF MERRILL
FIRST BUDGET MEETING MINUTES FY 22/23
May 12, 2022**

6:00 PM

The 1st Budget Committee meeting for FY 22/23 began at 6:00 p.m.

The Budget Officer began the meeting stating that the first Budget meeting is to receive the budget message for fiscal year (FY) 2022-2023.

ROLL CALL:

The following Budget Committee members were present:

Council Committee Members:

Councilor Carleton
Councilor Johnson
Councilor Baley
Councilor McCollam (absent)

Citizen Committee Members:

Teresa Perry
David Wade (resigned)
Kallie Gatliff
Ben Keeney

Budget Officer: Rayna Hernandez

Others present: Greg Matthews - Department Head of Public Works Department
Bill Carlson - Mayor

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

Approve Meeting Minutes May 21, 2021: Councilor Carleton made a motion to approve the May 21, 2021 Meeting Minutes. Budget Committee Member Perry 2nd the motion. The motion passed with all in favor.

The Budget Message was presented by the Budget Officer with references specifically to some of the information available within the thirteen page FY 2022-2023 written budget message made available to all Budget Committee members on April 29, 2022 with projected budget totals of \$4,743,190 which consists of \$3,856,462 in appropriations and \$886,728 in unappropriated and reserve amounts.

The Budget Officer reviewed the Committee meeting timeline reminding members that the 2nd Budget meeting would be May 19, 2022 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 19, 2022 in order to allow preparation and publishing time and advance notification for publishing the budget hearing.

The Budget Hearing is scheduled for June 14, 2022 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 22/23 budget cycle that included the following:

Department Heads to share their respective budgets for FY 22-23.

Budget Officer/City Recorder Hernandez:

General Fund Revenue and Expenditures:

General Equipment Reserve has a transfer in of \$7,000 per schedule. Estimated revenues in the General Fund have been reduced due to certified population reduction. Police Cite Revenues-Fine Shares were discussed. Budget Committee was in agreement to keep the proposed \$12,000 revenue. Transfer of \$4,000.00 into General Fund Savings, which is portion of the satisfied police vehicle debt. Discussion of purposing a portion of Capital Outlay for new chairs for City Council Chambers ensued. No opposition was stated in a round table vote. Legal expenses were increased to cushion the decline of revenue in Street Fund and increased audit expenditures.

Cost projections common to all funds:

1. Vector Control contract \$750. Increased to \$825.
2. Property and Liability Insurance forecasted at 20% increase.

Police Fund Revenue and Expenditures:

Transfer into the Police Reserve increased to \$6,000, which is portion of the satisfied police vehicle debt. Insurance and bonds are to be increases by 20% as estimated by City Insurance Services. Discussions were held in regard to personnel titles that may need to be created to allow for accommodations. Budget Committee Member Perry inquired to the creation of a Job Description. Budget Officer Hernandez affirmed. The Budget Committee approved line-item verbiage Officer Wage/Code Enforcement. Contractual Services in the amount of \$20,000 was added to the Police Fund though Klamath County

Police Department Debt Service:

3. Loan for 2019 Dodge Charger satisfied.

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. Water debt service for the Water Project Loan of \$89,426. Water Resources reflect the transfer in of \$89,846, transfer of \$10,000. The \$10,000 is not expected to be utilized as Utility Worker I is budgeted for certification and would absorb the additional Utility Worker II wages. Public Works Director Wage is 2% increase. Utility Worker will be eligible for retirement, and minimum wage increase would place worker at minimum wage; therefore, worker has been increased two levels per salary schedule. Recorder Wage line item needs to be corrected. Clothing expenditure in Water Fund was increased to \$800 to allow Utility Worker a stipend. Legal and audit were increased due to increased expenditures. Lagoon debt service has seven years remaining on the loan. Van Brimmer Ditch expenditures passed the budgeted threshold. Budget Committee approved to increase line item to \$2,400. Street Fund ODOT revenue estimated to decrease due to economics. A \$100,000 interfund loan has been added for the Chip Seal Project. The invoice is paid and then reimbursed by Oregon Department of Transportation. Wages are budgeted 40%, 40%, and 20% to compensate for the lack of revenue in the Street Fund though majority of line-items have decreased. Safe Routes to School Grant has been budgeted for \$2,400,000 and is expected to be completed in 2025-2026.

Sewer Department:

4. \$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:

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

Other notes:

6. 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.
7. 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 22/23:

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 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 \$100,000 Small City Allotment Grant and \$2.4 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 17/18 FY.

Insurance:

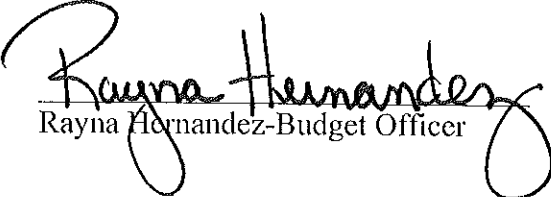
Insurance Property Liability estimated to increase by 20%.

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~~ *strike from minutes.*
4. Adopt the Tax rate

Councilor Johnson made a motion to adjourn at 7:03 pm. Budget Committee Member Gatliff 2nd the motion. The motion passed with all in favor.

Respectfully submitted,


Rayna Hernandez-Budget Officer

6/19/2022
Date