

CITY OF CHELLEY
SPECIAL MEETING
MINUTES

AUGUST 13, 2007

PRESENT: Mayor Eric Christensen
Council Members: Lorin Croft, Steve Cederberg, John Lent, Charlotte
Fredrickson
Police Chief: Alan Dial
Public Wks Dir: Rick Anderson (absent)
Recreation Dir.: Dawn Lloyd
City Clerk: Sandy Gaydusek

PRAYER: Charlotte Fredrickson

Mayor Christensen called the meeting to order discuss the budget for the fiscal year 2007-2008. Sandy presented the tentative budget in the amount of \$6,425,614. Sandy presented the following narrative describing the condition of the funds and proposed expenditures:

FISCAL YEAR 2007-2008 BUDGET

This year the city's levy rate is proposed to increase by 3%, and a small forgone amount will be used. The levy rate will increase to .007215107 and the city will ad valorem taxes will increase by \$19482, the forgone amount is \$200, and we will receive \$13639 for new construction and annexation. The total amount of property taxes we will levy for is \$682514 which is \$33121 more than last year. Our net taxable market value for this year is \$94,595,132 which decreased by approximately 2 million dollars from last year. BAF had a decrease in personal property tax of almost 3 million dollars and the home exemption was raised another \$8000. An example of property taxes is property valued at \$100,000 will pay \$721.51 (An increase of \$49 from last year). The entire city will be re-appraised next year, which should make our levy rate go down a little hopefully. The sewer rate is proposed to be increased by 16.56% (residential \$5.00 per month). The main purpose for the increase to the sewer rates are to continue appropriating funds for an upgrade or new sewer treatment facility (\$932,000 set aside by the end of the year). Sanitation fees will increase by 1.85% (\$.25 for flat residential), and water fees will increase by 1.59% (\$.25 for a flat residential rate). The city has proposed to increase the fees by \$5 per park registration fees to help cover some of Dawn's salary and park maintenance. There will also be an increase to those using the recreation programs that reside outside of city limits. This will be increased from \$5 to \$10. This does not include the pool fees or swimming lessons this year, however general pool admissions fees will raise for everyone to cover the minimum wage increase. Property taxes are supplementing the recreation programs by about \$50,000 or more. We are also proposing to increase the sewer tap fee from \$1300 to \$2600 to be uniform with the regional rate. There is one new fee proposed for Notarization services (\$2). Blue Cross, our employee medical insurance will be increasing 32%. We are proposing a 3% cost of living raise for the city employees; the cost of living index for the past year was 2.7%.

GENERAL FUND – This fund totals \$1,469,868 which includes the carryover in the amount of \$416,509 from last year. This is actually up slightly from last year, probably due to the slight increase in Blue Cross, but this year it will be quickly ate up. This year the general fund will receive \$678,514 from the property taxes. A contingency of \$107,558 is expected to be left for capital improvements at the end of the new fiscal year. This year some of the contingency for capital outlay is proposed to be spent on park grant match (\$4,000), recodify ordinances (\$1500), stump grinder (\$8000) insurance increase, salaries, etc. The pool is in need of repairs which will exceed \$100,000. The general fund cannot support these repairs; it will have to be funded by the State Revenue Sharing Fund over the next two years, last year \$50,000 was put aside. We hope to generate a little more revenue by allowing only full time employee's immediate family free swimming passes. This year the budget increased for this fund to support a new police officer (\$35000 wages) (\$7000 medical insurance) (\$6500 FICA and PERSI) the school is paying an additional \$13000 to help with the expense of the SRO. This year they will pay \$35000 instead of \$22,000. Some of the difference should be re-cooped by eliminating most of the part time

officers. We should be careful not to expend any major funds for equipment out of this fund for the next few years until the contingency is built back up. I also took a little more of property taxes and sales taxes from the street and street light fund this year, however I need to try and put the revenue back in the next few years or it could jeopardize those funds. This fund receives its monies from property taxes, sales tax, pool admission, dmv fees, building permits, city licenses, etc.

STREET FUND- This fund totals \$1,090,218 which includes the carryover of \$817,218. This year the street fund will receive \$2,000 from property taxes. A contingency of \$630,358 is expected to be left for capital improvements for future years. This year some of the contingency is proposed to be used for a new line truck (\$40,000), five year lease for a new loader (\$25,000 per year), a backhoe thumb (\$4000), CAD program (\$2500), backhoe rental (\$7900), etc. Other expenses have risen due to the increase of gasoline, electricity, heating, insurance, etc. We have accumulated \$240,000 for street replacement at \$20,000 per year. This fund receives its monies from property taxes, state highway user tax, sales tax, franchise fees, etc. The city's revenue from the county road and bridge is expected to remain the same as little year or possibly a slight increase.

STREET LIGHT FUND – This fund totals \$135,283 which includes the carryover of \$119,283. This year the street lighting fund will be allotted \$2,000 from property taxes. A contingency of \$106,783 is expected to be left for capital improvements for future years. This fund receives its monies from property tax and sales tax.

WATER FUND – This fund totals \$675,446 which includes the carryover of \$385,446. A contingency of \$134,011 is expected to be left for capital improvements for future years and unexpected expenses which is an increase from last year (approx. \$24,000). This year some of the contingency will be used to drill a new well (\$150,000-the remaining will be expended from revenue sharing and water reserve funds), the remaining portion of the water study (\$5000). A new well was budgeted to be drilled last year; however the project was not completed and re-budgeted this year. The rates are proposed to increase by 1.59% this year. The only source of revenue to support this fund is from water users.

SEWER FUND – This fund totals \$1,335,566 which includes the carryover of \$717,066. A contingency of \$1,066,756 is expected to be left for capital improvements and updates; however \$932,000 is specifically appropriated to the update of our sewer lagoon or regional waste water facility. This means only \$134,756 will be left for any emergencies or unbudgeted expenditures. A 16.56% raise in rates is being proposed this year to help fund improvements or construction of a sewer treatment facility as we are mandated by EPA. The only source of revenue to support this fund is from sewer users.

SANITATION FUND – This fund totals \$395,840 which includes the carryover of \$136,840. A contingency of \$72,998 is expected to be left at the end of the year. I have begun budgeting \$15,000 or more per year for the purchase of a new sanitation truck. At the present we have \$56,000 towards this purchase. We will be paying for the current truck lease purchase until 2009 and then it will be ours. We have proposed to raise the rates by 1.85%. The only source of revenue to support this fund is from the sanitation users.

WATER & SEWER RESERVE FUNDS – These funds total \$449,671 which includes a carryover of \$410,671. A contingency of \$374,671 is expected at the end of the fiscal year. These funds are used for any future capital outlay in the water and sewer departments. This year \$75,000 is proposed to be spent on a portion of a new well. The revenue in these funds is received from the water and sewer tap fees the city gets when a new home is tapped into our water and sewer systems. An increase is proposed for the sewer tap from \$1300 to \$2600.

RECREATION FUND – This fund totals \$43,343 which includes a carry over of \$6,493. A contingency of \$4,598 is expected at the end of the year. I had to move another 20% of Dawn's wage back to the general fund to be able to balance the recreation fund. Only 20% of Dawn's wages are being expended out of this fund. Hopefully next years after we review the revenue trend that I may be able to move 5 to 10% of her wages back to the recreation fund. 80% of Dawn's wage is supplemented by property taxes. This fund includes all of Dawn's recreation programs; girl's baseball, volleyball, jazz basketball, flag football and boy's baseball. The revenue is brought in by the fees charged to the participants of each program and is used to purchase new equipment and normal operation. This year the city is proposing to increase fees by \$5 for participants that reside outside of the city limits.

STATE REVENUE SHARING – This fund totals \$820,229 which includes a carryover of \$705,229. A contingency is expected to be left over at the end of this fiscal year \$663,529. A portion of the contingency this year is being used for to drill a new well (\$75,000), a new police car (\$25,000), office equipment (\$2100), Contribution to Sr. Citizens and PUT (\$1,100), bleachers (\$5,000) refurbishing council table and microphone system (\$5500), counter top finish in city office (\$1500), park shelter (\$12,000), resurface tennis courts (\$12000), lawn mower (\$15000), etc. This fund is only used for updates and capital improvements, not normal operations. It has been past policy to use one half to three quarters of the revenue expected to be received during the year and allow the remaining portion to build up the contingency for major improvements to the street, water, sewer, etc. This year, we will be spending \$156,700. However, \$75,000 if for a new well in case it is drilled this year. Each year \$15,000 will be put away for a dog pound for two more years, \$25,000 will be set aside for construction of a new park, \$3,000 for an emergency siren, and \$3,000 will be set aside for expansion of the walk path.

The total budget this year is \$6,425,614 which raised approximately \$887,600. Some of our contingencies have decreased this year, such as recreation and the general fund. Our budget has risen this year because of the contingency being saved for the treatment plant, insurances and wage increases, a new police officer, etc. It is important to have some contingency in each fund to be saved and added to for major improvements such as the street replacement program, recreation path, park construction, water line or well construction, improvements to our sewer lagoon, and the most important; by having a healthy contingency is allows the city to operate on a cash basis during the last three months of the year (Oct-Dec). During these last three months there is not a large projection of revenue coming in. In January is when the majority of the property tax money is received and is invested and used throughout the year. If the city did not have a healthy contingency then it may be necessary to take out a loan to fund the last quarter of the year which then would have to be repaid with interest.

Steve moved, Charlotte seconded to adopt the tentative budget for fiscal year 2007-2008 in the amount of \$6,425,614 to be considered for adoption at the budget hearing on September 4, 2007, at 7:30 p.m. Approved unanimously.

Lorin moved, Steve seconded to call for a public hearing on September 4, 2007, at 7:30 p.m. to consider an increase in fees of over 5% and implementation of other fees. These fees include sewer rate, sewer tap fee, pool admission, notary fee, park registration, and recreation program fees. Approved unanimously.

Sandy presented the Urban Renewal Tentative Budget for fiscal year 2007-2008 in the amount of \$434,958. John moved, Lorin seconded to adopt the tentative budget and consider it for adoption on September 4, 2007 at 7:30 p.m. Approved unanimously.

Adjourned: 8:00 p.m.

ATTEST: Tracy Coudwisk APPROVE: Eric Chute