

CITY OF SHELLEY
SPECIAL MEETING
MINUTES

AUGUST 16, 2010

PRESENT: Mayor Eric Christensen
Council Members: John Lent (tele-conferenced), Charlotte Fredrickson, Earl Beattie, and Kurt Russell
Police Chief: Alan Dial (absent)
Public Wks Dir: Chuck Lloyd (absent)
Recreation Dir.: Dawn Lloyd (absent)
City Clerk: Sandy Gaydusek

This meeting was opened to consider adoption of the tentative budget for the new fiscal year 2010-2011 for the city and the Urban Renewal Agency.

Sandy discussed the proposed budget for 2010-2011 with the direction the Mayor and Council have given her regarding the taxes, rates, expenses, etc. She presented a narrative outlining each fund and carry over and expected contingency. A copy of this narrative is attached for the record.

Charlotte moved, Kurt seconded to adopt the City of Shelley tentative budget for 2010-2011, and to hold the budget hearing on September 7, 2010. John – aye, Charlotte – aye, Kurt – aye, and Earl – aye. Approved unanimously.

Sandy presented the proposed tentative budget for the Urban Renewal Agency for 2010-2011. John moved, Charlotte seconded to adopt the URD tentative budget for 2010-2011 and to hold the budget hearing on September 7, 2010. John – aye, Charlotte – aye, Kurt – aye, and Earl – aye. Approved unanimously.

The city picnic will be held Thursday, September 2, 2010 at 6:30 p.m.

Adjourned 9:00 p.m.

ATTEST: Sandy Gaydusek APPROVE: Eric Christensen

FISCAL YEAR 2010-2011 BUDGET

This year the city's levy rate is proposed to decrease due to the increased city valuation even with the decision by the council to take the 3% property tax increase as allowed by law. The levy rate should actually decrease to .006366128 from .006487213 from last year. The city's ad valorem taxes will increase by \$32,414 (\$430 from annexation and \$9,266 from new construction). The total amount of property taxes we will levy for is \$789,470. Our net taxable market value for this year is \$124,010,999 (estimate only due to the Public Utilities Value being preliminary) which increased by approximately \$7,245,797 from last year which was \$116,765,202. The reason for the increase is the new construction which was mainly commercial property totaled \$5,209,702 and rolled into the yearly valuation. An example of property taxes is property valued at \$100,000 after the homeowners exemption will pay \$636.61 (A decrease of \$12 from last year). The fee increases planned for this year is \$2.15 (\$39.85) for sewer and \$.10 (\$14.65) for sanitation services and \$20 (\$50) increase to truck usage rates. The fee implementation planned for this year is Dog Turn In Fees of \$25 and Special Circumstances Turn Off Fees of \$100. There is 1.8 million dollars set aside for future costs to the wwtp. We will begin paying DEQ back for the sewer bond six months after the wwtp project is closed out. This is estimated to be sometime this year. There will be two payments per year totaling \$488,000. There are no proposed fee increases for the pool or recreation programs. The employee's medical insurance will be increasing 12%, and the city has elected to "buy down" from a \$3000 deductible, which will raise our liability by \$800 per employee, but based on historical figures we should still see a \$7000 to \$11000 savings. We are proposing no cost of living raises and no merit raises for another one year period. I was pleasantly surprised to see the effect the wage freeze and capital expenditure freeze had on the budget. Carry over's and contingency increased with the exception of the street and street light fund.

GENERAL FUND – This fund totals \$1,644,185 which includes the carryover in the amount of \$505,733 from last year. This is actually up from last year by \$102,785. This year the general fund will receive \$747,452 from the property taxes. A contingency of \$289,030 is expected to be left for capital improvements at the end of the new fiscal year which is up by about \$114,606. This year the capital expenditures from this fund include 2 mobile cameras (\$20,000), 2 tasers (\$2400), 1 computer system (\$1500), and a new telephone system (\$8000). The city hasn't seen much improvement in building permit fees other than several homes that have been build in Wind River Estates and Juniper Court. I was able to put \$38,018 of the property taxes into the Street Fund to help alleviate the past decrease in State funding; however there is a small increase projected for this year (1%). The pool has experienced cool rainy seasons at the opening of the pool so it has been hard to tell if the admission revenue has increased. We will continue watching to see if the extra session added to the revenue stream at the pool. This fund receives it's monies from property taxes, sales tax, pool admission, dmv fees, building permits, city licenses, etc.

STREET FUND- This fund totals \$956,366 which includes the carryover of \$711,348 which is down \$34,762 from last year. This year the street fund will receive \$38,018

from property taxes. A contingency of \$500,941 is expected to be left for capital improvements for future years. It is down (\$32,009) due to a reduction of State funding, from previous years, but a slight increase (1%) has been projected for this year. This year some of the contingency is proposed to be used for the lease for a new backhoe (\$25,000 per year to be paid off next fiscal year 11/11). Also planned is a used flat bed truck that will be new to the fleet (\$25000). Again this year there was no funds appropriated for the Sidewalk Replacement Program, however the interest to use this funds have seemed to diminish from the public. We have accumulated \$300,000 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 last year.

STREET LIGHT FUND – This fund totals \$148,298 which includes the carryover of \$131,298 (down \$4094). This year the street lighting fund will be allotted \$4,000 from property taxes. A contingency of \$119,298 is expected to be left for capital improvements for future years. This fund receives its monies from property tax and sales tax. This year the contingency is down slightly

WATER FUND – This fund totals \$771,254 which includes the carryover of \$411,554 (up \$25177). A contingency of \$215,969 is expected to be left for capital improvements for future years and unexpected expenses which is an increase from last year (approx. \$48,827). This year the only contingency that will be used is to drill a new well (\$200,000-the remaining will be expended from revenue sharing and water reserve funds). A new well was budgeted to be drilled for several years now; however the project has been approved by DEQ and the design will be going out to bid. There will be no rate increase this year in the water fund. The only source of revenue to support this fund is from water users.

SEWER FUND – This fund totals \$3,110,628 which includes the carryover of \$2,222,628. A contingency of \$1,926,983 is expected to be left for capital improvements and updates. 1.6 million of that contingency is for improvements, updates, etc. for the wwtp if needed. It is anticipated that \$180,000 will be needed to complete the construction of the wwtp part of which is grant matches. The contract with RSCI should be complete at the beginning of the new fiscal year. \$35,000 has been budgeted for the sewer line repair on South Park. The rate increase proposed for this fund is \$2.15 per ERU which is approximately 5.7%. It is proposed that the city will pay the Regional Authority \$9 per ERU monthly for the operation and maintenance of the regional plant. This totals \$173,000 annually. The bonds payments will begin this year also where \$488,000 has been appropriated. With the bond payments (\$26 per ERU), and the O&M (\$9 per ERU) fee for the Regional Authority, this leaves \$4.85 per ERU for the city to operate its collection system. We will probably need to raise our rates another \$2.15 next year to operate our collection system efficiently. We need to review this further once it is determined how the regional plant will operate. Will the city be contracted to provide the maintenance and administration? We also will need to change our ordinance so the charges are based on ERU (equivalent residential users). Another change will be the obligation for all users to pay for the debt service and the wwtp operation. Therefore,

everyone, even those who have left for the winter will be responsible to help pay for the loan and operation of the plant (\$35 per month per ERU). We have calculation charts to calculate the business ERU's. This may take a little bit of time to accurately visit the businesses and calculate their ERU's, but this should be in place by October 1st. Some users will see a considerable increase such as the schools, others should see close to the same rates as they have now. Some home occupations will be effected also such as home beauty salons and day care providers. The only source of revenue to support this fund is from sewer users.

SANITATION FUND – This fund totals \$498,160 which includes the carryover of \$221,285 (up \$38,088). A contingency of \$68,025 is expected to be left at the end of the year. The contingency will drop because I have budgeted for a new sanitation truck. \$100,000 is budgeted to be put down and the remaining will be leased for a five year period again. \$20,000 or more per year will be budgeted for the next new truck in five years. Tipping fees increased by about \$2000 annually through Jefferson County. There is a \$.10 proposed rate increase to cover the additional raise in tipping fees. The only source of revenue to support this fund is from the sanitation users.

WATER & SEWER RESERVE FUNDS – These funds total \$643,911 which includes a carryover of \$612,711. A contingency of \$493,911 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 \$150,000 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. Since there has been a reduction in growth, these funds have not accumulated contingency as usual.

RECREATION FUND – This fund totals \$53,142 which includes a carry over of \$22,142. A contingency of \$8500 is expected at the end of the year. Since moving a portion of Dawn wage back to the General Fund we have been able to retain a small contingency. Only 10% of Dawn's wages are being expended out of this fund. At this time I don't feel comfortable moving any of Dawn's wages back to this fund. 90% of Dawns wage is supplemented by property taxes. This fund includes all of Dawns 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. There is no fee increase proposed this year due to the economy

STATE REVENUE SHARING – This fund totals \$912,520 which includes a carryover of \$812,520. A contingency is expected to be left over at the end of this fiscal year \$756,420. A portion of the contingency this year is being used for to drill a new well (\$100,000), leased police vehicles (\$10,000), contribution to Sr. Citizens (\$2000) and PUT (\$1,100), Bobcat (\$37,000), Picnic Tables (\$2000), Pool Bathroom (\$4000). We are using approximately 56% of the projected income this year and the remaining will go into contingency. State revenue was down about \$15,000 from last year; however it is projected to slightly increase by 1%. 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, however that is not the case this year.

The total budget this year is \$8,748,655 which ^{is} down approximately \$3,087,912 due to the bond usage for the construction of the wwtp. Some of our contingencies have decreased this year, such as the street fund and the street light fund. Other reasons our budget has decreased this year is because of the freeze on wages, and the personnel who will be on leave for the year. 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, 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. During this budget year contingencies will be reviewed and the city will need to watch unbudgeted expenditures to keep our contingencies healthy.