

CITY OF CHELLEY
SPECIAL COUNCIL MEETING
MINUTES

AUGUST 17, 2004

PRESENT: Mayor Eric "Swede" Christensen
Council Members: Lorin Croft, Chad Landon, Steve Cederberg, John Lent
City Clerk: Sandy Gaydusek
Public Works Director: Rick Anderson
Police Chief: Alan Dial
Recreation Director: Dawn Lloyd

PRAYER: Mayor Christensen

This meeting was called to order at 7:30 p.m. for the purpose of reviewing the proposed tentative budget for the fiscal year 2004-2005.

Sandy presented a copy of the proposed tentative budget, graphs and a narrative regarding each fund. She said some of the contingencies have decreased this year because of several events such as the Centennial Celebration, Centennial Park, Fencing the Transfer Station, etc.

Sandy presented the following information: This year the city's levy rate will not increase. It will remain at .00631899, and the city will ad valorem taxes will actually decrease by \$8,500 and we will receive \$12,867 for new construction. The total amount of property taxes we will levy for is \$545,720. Our net taxable market value for this year is \$86,361,807. An example of property taxes is property valued at \$100,000 will pay \$631.90. The sewer rate is proposed to be increased by 11.87% (residential \$2.25 per month), and for those property owners in the West River Acres using the sewer lift station rates will increase by \$5.75 per month. Also, the sanitation rates are proposed to be increased by 4.1% (residential \$.50 per month). Also, proposed is to increase the water rates by \$.25 per month (residential) to help with inflation. The main purpose for the increase to the sewer rates are to continue appropriating funds for an upgrade or new sewer treatment facility. The purpose for the increase in sanitation rates is to help build up the contingency to purchase a new garbage truck and operate and maintain the sanitation department appropriately. Some of the pool fees are also proposed to be increased such as the family punch passes and the swimming lessons. The average percentage of increase is 35%. Alan has proposed to begin charging \$5 per for fingerprinting with the exception of those prints the SRO does. The water and sewer tap fees have been proposed to increase also. The water tap is proposed at \$900 and the sewer tap is proposed at \$1200. There are no other proposals to increase or impose any other fees. Blue Cross, our employee medical insurance will be increasing approximately 14% for the plan the city has chosen. The increase was due to a small group trend in the market. We are proposing a 3% cost of living raise for the city employees; hopefully this may offset some of the cost for the increase in the dependant medical insurance. Our liability insurance decreased this year by approximately \$4000.

GENERAL FUND – This fund totals \$1,337,440 which includes the carryover in the amount of \$550,920 from last year. This year the general fund will receive \$517,220 from the property taxes. A contingency of \$171,782 is expected to be left for capital improvements at the end of

the new fiscal year which has decreased by \$24,863. This year some of the contingency is proposed to be spent on pool refurbishing (\$25,000), landscaping Centennial Park (\$10,000), park refurbishing (\$21,000), insurance increase, etc. This year the city is proposing to increase pool fees such as family punch pass cards and swimming lessons. Upon review with surrounding cities this helps us get in line with everyone else's fees and also cuts down the amount of money that has to supplement the pool with property taxes. This fund receives its monies from property taxes, sales tax, pool admission, building permits, city licenses, etc.

STREET FUND- This fund totals \$870,417 which includes the carryover of \$594,617. This year the street fund will receive \$10,500 from property taxes. A contingency of \$468,632 is expected to be left for capital improvements for future years. This year some of the contingency is proposed to be used for a snow plow blade, welcome signs, paving the transfer station, new truck bed and the development of a transportation plan, etc. Other expenses have risen due to the increase of gasoline, electricity, heating, insurance, etc. We have accumulated \$175,000 for street replacement at \$25,000 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. The city's revenue also decreased in the cable franchise due to a decrease of Cableone revenue and an increase to them in delinquencies.

STREET LIGHT FUND – This fund totals \$106,540 which includes the carryover of \$74,540. This year the street lighting fund will be allotted \$18,000 from property taxes. A contingency of \$79,540 is expected to be left for capital improvements for future years. There is a slight decrease in contingency due to the new street lights that were installed in the West River Acres Subdivision. This fund receives its monies from property tax and sales tax.

WATER FUND – This fund totals \$526,490 which includes the carryover of \$246,490. The contingency has decreased by approximately \$14,000 from last year due to water line upgrades spent for the West River Acres Subdivision (Approximately \$50,000). There is a \$.25 proposed rate increase for this service. A contingency of \$47,530 is expected to be left for capital improvements for future years and unexpected expenses. 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), and to upgrade the North Shelley Business Park Subdivision (\$17000). A new well was budgeted to be drilled last year; however the project was not completed and re-budgeted this year. The contingency is dropping and the city may want to take caution in spending any funds that have not been budgeted for a specific use until the contingency has been built back up. A \$.25 increase is proposed to help inflation cost. The only source of revenue to support this fund is from water users.

SEWER FUND – This fund totals \$586,612 which includes the carryover of \$225,612. A contingency of \$369,532 is expected to be left for capital improvements and updates; however \$309,000 is specifically appropriated to the update of our sewer lagoon or regional waste water facility (\$130000 was spent last year on interim upgrades). This means only \$60,532 will be left

for any emergencies or unbudgeted expenditures. An 11.87% 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 and \$.25 of that raise will be to help cover inflation. This year some of the contingency will be used for additional expense to operate the aerators and the sewer lift station. The only source of revenue to support this fund is from sewer users. The city also proposes to increase the sewer rates by \$3.50 per month for those needing the sewer lift station in the West River Acres Subdivision.

SANITATION FUND – This fund totals \$285,346 which includes the carryover of \$52,346. There is an increase of 4.1% (\$.50) proposed this year to help maintain and operate this department and to build up contingency for a new sanitation truck. A contingency of \$5561 is expected to be left at the end of the year. The contingency has decreased substantially due to the unexpected expense to repair the sanitation truck and the over expended funds to construct the transfer station. Hopefully, with the savings the city should see since they have chosen to haul the garbage to Jefferson County will allow the contingency to build up. This year we were able to expend the lease payment of \$25,000 from this fund. Last year we had to pay the first lease payment out of State Revenue Sharing. The only source of revenue to support this fund is from the sanitation users.

WATER & SEWER RESERVE FUNDS – These funds total \$285,071 which includes a carryover of \$264,071. A contingency of \$210,071 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. A 50% increase is proposed for each fund making a Water Tap \$900 and a Sewer Tap \$1200.

RECREATION FUND – This fund totals \$40,219 which includes a carry over of \$19,719. A contingency of \$8819 is expected at the end of the year. 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.

STATE REVENUE SHARING – This fund totals \$762,030 which includes a carryover of \$654,030. A contingency is expected to be left over at the end of this fiscal year \$568,930. 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 (\$9,000), Contribution to Sr. Citizens and PUT (\$3,100), a new dump truck (\$25,000), a new ATV (\$6000), an addition to city hall (\$50,000) 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 \$193,100. However, \$125,000 of this amount is for

capital improvements that could not be a yearly expense such as the new well and the addition to city hall.

The total budget this year is \$4,885,493 which raised approximately \$226,905. Some of our contingencies have decreased this year, such as water and the general fund. 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.

Sandy said the budget hearing is scheduled for September 7, 2004, at 7:30 p.m. She said if everything looks okay, she needs a motion to adopt the tentative budget. Chad moved, Steve seconded to accept the tentative budget for 2004-2005 as presented by Sandy and to publish this budget and invite all to attend the Budget Hearing set for September 7, 2004, at 7:30 p.m. Approved unanimously.

The Mayor and Council discussed the procedure to change the Governing Body's wages. Sandy said it has to be done before an election and it does not take effect until January 1st after the election.

Sandy said Betty Ritter contacted her because she has had some interest in buying some of her mobile home park that is undeveloped to place horses there. The Mayor and Council determined this would not be possible because the zoning is not correct.

Sandy presented the Urban Renewal Tentative Budget for 2004-2005. The budget is \$165,000 this year. Chad moved, Lorin seconded to approve the Urban Renewal Agency Tentative Budget for 2004-2005 and publish it for the Budget Hearing on September 7, 2004. Approved unanimously.

The Mayor and Council discussed the two proposals that had been submitted for a bond counsel for the proposed Waste Water Treatment Facility. Blaine Skinner submitted a proposal in the amount of \$7500 plus out of pocket expenses to provide the legal services needed if the bond is passed, and if the bond does not pass the maximum he would charge is \$1500. Mike Moore submitted a proposal in the amount of \$7,000 plus out of pocket expenses to provide the legal services if the bond passes, and if the bond does not pass the maximum he would charge is \$750. Chad moved, Steve seconded to approve the hiring of Mike Moore to be used as bond counsel during the bonding of the proposed waste water treatment facility. Approved unanimously.

Alan discussed the FDA investigations concerning Basic American Foods. He said a death that happened thirteen years ago may be brought back up depending on the outcome of their investigations.

Adjourned: 8:38 p.m.

ATTEST: Sandy Hayward APPROVE: Eric R. Christensen