

CITY OF SHELLEY
BUDGET HEARING
MINUTES

AUGUST 31, 2021

PRESENT: Mayor Stacy Pascoe

Council Members: Earl Beattie, Jeff Kelley, Kim Westergard (absent), and Adam French

Police Chief: Rod Mohler

Public Wks Dir.: Justin Johnson

Recreation Dir.: Mikel Anderson

City Clerk/Treasurer: Sandy Gaydusek

The meeting was opened at 6:10 p.m.

This Budget Hearing was held to consider adoption of the Budgets for fiscal year 21-22 for the City of Shelley, Shelley Urban Renewal Agency, and Country Club Urban Renewal Agency. All publications and notifications for this hearing have been completed. Sandy said this information was placed in the official newspaper, posted on the city website, placed on the city marquee, and printed on the monthly utility billing post card.

Sandy presented the narratives and graphs she had prepared for the city summarizing the proposed budget and outlining each fund. (a copy of the narrative is attached) She said the budget totals \$16,493,202 for the new fiscal year. She said a 3% property tax increase is proposed, and the addition of using \$35,356 of forgone amount to improve the park with a pickle ball court/tennis court.

Mayor Pascoe opened the Budget Hearing for in favor testimony, opposed testimony and neutral testimony. No testimony was given.

Mayor Pascoe opened the hearing to increase and establish fees for the new fiscal year. The fees to be increased are the sewer by \$.64 to cover the increase that EIRWWA is raising their O&M fees. The sanitation monthly residential fee will be increased by \$3.36 to cover the increase to tipping fees at the Bannock County landfill. Bannock County is raising their tipping by \$15 to \$35 per ton. We are proposing to increase our fees to cover a \$15 per ton increase. The pool will be increasing all admission fees for twelve and over by \$.50, and the recreation program will increase fees by \$5 per sport. It is also proposed to increase the subdivision review fees and to establish a fee for the water model study and the pre-application fee. The labor and equipment fees will be increased as well. (A copy of the notice of fee increase is attached) There was testimony in favor, opposition, or neutral testimony given.

Sandy presented the annual Appropriation Ordinance which reflects the above fee increases and expenditures as discussed which includes a 3% cost of living increase for the employees, the addition of a pool certification stipend of \$50 per month. The anticipated capital outlay expenditures are listed in the attached narrative. Leif moved, Jeff seconded to accept the proposed fiscal budget for

2022-2022 as presented. Approved three in favor, one absent. Jeff moved, Leif seconded to suspend the reading of Ordinance 624 on three different days and read the title of Ordinance 624 once. Approved three in favor, one absent. Jeff read the title of Ordinance 624. Jeff moved, Adam seconded to adopt Ordinance 624, the annual Appropriation Ordinance for fiscal year 2021-2022 as presented. A roll call vote was taken: Adam – aye, Leif – aye, and Jeff – aye. Three in favor, Kim absent. Motion carried.

Sandy presented the budget for the Country Club Urban Renewal Agency in the amount of \$296,350 for fiscal year 2021-2022. These funds will be used in the district for possibly another TIF agreement with Golden Valley Natural. Adam moved, Leif seconded to accept the proposed budget for fiscal year 21-22 as presented. A roll call vote was taken: Adam – aye, Leif – aye, and Jeff – aye. Approved three in favor, Kim absent. Motion carried.

Sandy presented the budget for the Shelley Urban Renewal Agency in the amount of \$16,100 for fiscal year 2021-2022. These funds will be used in the district for the completion of the Sewer Facility Study. Adam moved, Leif seconded to accept the proposed budget for fiscal year 21-22 as presented. A roll call vote was taken: Adam – aye, Leif – aye, and Jeff – aye. Approved three in favor, Kim absent. Motion carried.

Sandy presented Resolution 21-04 increasing the sewer fees by \$.64 per ERU. Adam moved, Leif seconded to adopt Resolution 21-04. Approved three in favor, Kim absent.

Sandy presented Resolution 21-05 increasing the labor and equipment use fee from \$35 per hour to \$50 per hour for labor, and from \$85 to \$125 per hour for the vac truck. All other equipment will remain \$85 per hour. Jeff moved, Adam seconded to adopt Resolution 21-05. Approved three in favor, Kim absent.

Sandy presented Resolution 21-06 regarding subdivision review fees. Leif moved, Jeff seconded to adopt Resolution 21-06 increasing the fees by 100% and adding the pre-application meeting fee and the water model review fee. Approved three in favor, Kim absent.

Adam moved, Leif seconded to adopt Resolution 21-07 increasing swimming lesson fees by \$5 and admission by \$.50. Those residing outside city limits will still pay an additional \$10 per child for lessons. Approved three in favor, Kim absent.

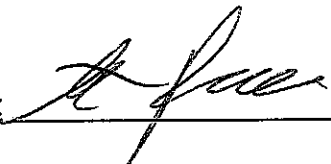
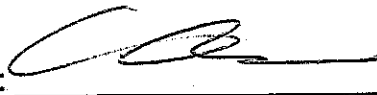
Jeff moved, Adam seconded to adopt Resolution 21-08 increasing fees for the Recreation programs by \$5 per registration per sport. Those residing outside city limits will still pay an additional \$10 per child. Approved three in favor, Kim absent.

Leif moved, Jeff seconded to adopt Resolution 21-09 increasing the monthly fees for sanitation service in the city. The rates will go up \$3.36 per residential can and a percentage thereof for a larger can or multiple dumps. Approved three in favor, Kim absent.

Adam moved, Leif seconded to adopt Resolution 21-10 regarding the use of Forgone Amounts to be recovered this year in the amount of \$35,356 to be used for park improvements. Approved three in favor, Kim absent.

Sandy asked if she could have 80 hours of personal leave bought out. She said she has quit accruing PL due to carrying to high of a balance. Jeff moved, Leif seconded to approve weeks of vacation pay be paid to Sandy. Approved three in favor, Kim absent.

Adjourned: 7:05 p.m.

APPROVE:  ATTEST: 

FISCAL YEAR 2021-2022 BUDGET

The city's valuation increased substantially \$43 million this year up to \$218,145,606. A total of \$1,199,758 will be levied for in property taxes which include a proposed 3% increase totaling \$33,715, new construction of \$20,940 and recovered forgone of \$35,356. The levy rate last year was 0.006462614. The projected levy rate this year is 0.00549980364. Property owners with a value of \$100,000 after the home owner's exemption may see a decrease of \$97 annually if the valuation on their property did not increase, but most properties seen a substantial increase so they may not see any reduction. I have put \$30,000 of the additional monies into the general fund to help pay for the new officer, as well as the forgone amount of \$35,356 to help pay for park improvements including a pickle ball court. I added more to the street light fund since we are seeing more developments that we will be responsible to pay for the electricity of the street lights. The street fund was only increased about \$20,000 more from last fiscal year. An example of property taxes is property valued at \$100,000 **after the homeowner's exemption** will pay \$550, last year they paid \$646. Legislature passed a bill a few years ago that exempts businesses from paying personal property taxes on the first \$100,000 of personal property (equipment). This has lowered a portion of the city's valuation. However, the State will be sending funds to replace the revenue that will be reduced to the city each February (approximately \$14,000). This has not been included in the property tax projected revenue; however, the revenue is appropriated to the General Fund. The proposed fee increases planned for this year will raise the sewer rate by \$.64 per ERU. EIRWWA has increased their O&M by \$.64 in their budget, and the city is not increasing this year. At this time, there is no increase planned for the water connection fee or sewer connection fee. Usually, EIRWWA reviews this in January to see if an increase is needed. The water rate is proposed to remain the same with no increase. We are proposing an increase of \$5.05 (\$20.00) for residential cans and \$21.74 (\$86.06) for industrial cans due to the growth we are seeing and needing to increase our can inventory and potential second truck. But the major portion of the increase is because Bannock County is raising their tipping fees. They have proposed an increase of \$35 unless an agreement is signed with Bingham County, then the increase will be \$15. If that is the case, we can reduce our increase to \$3.30 (18.25) for residential and \$14.15(\$78.47) for industrial cans. We are proposing to raise the fees for Subdivision Review to cover the cost we pay our engineers to review them. We will also be implementing a preapplication meeting fee and a water model review fee. The employee's medical insurance will not increase this year since we are changing to the Mountain View Network. Employees who wish to keep the PPO network will be able to, but will have to pay the difference in premiums through payroll deduction. We will still have a \$3000 deductible with the city buy down to \$500 and will be adding RX out of pocket with a \$3000 to \$500 buy down to match our deductible program. The out of pocket for certain RX is \$4600, but our max will be \$3000. Our liability per employee using their full deductible is now \$2000 plus \$2000 for RX. However, with the turnover we have had I have conservatively budget 40% liability. The out-of-pocket max is increasing from \$4000 to \$4600. Dental Coverage is not increasing this year. Persi rates are not planned to increase this year. The city is proposing a 3% cost of living raise based on the

Department of Labor index from June 2020 to June of 2021 (2.6) However upon checking July 20 to July 21 it has raised to 3.2%; The Mayor and Council Members will receive an increase beginning January 1, 2022. Merit raises will be considered per the wage scale. The increase for payroll including the Mayor and Council raises totals approximately \$69271. (The COL portion is \$40948). The certification pay, shift differential, and free city utilities for employees has worked out great The above wages include the certification and shift differentials. This year Rod would like to add SRO certifications - \$100 per month.

GENERAL FUND – This fund totals \$2,966,960 which includes the carryover in the amount of \$1,625,015 from last year. This is up from last year by about \$119,476. This year the general fund will receive \$754,490 from the property taxes \$35,356 from forgone and \$14101 from personal property tax replacement. It appears that the Country Club URA will be amended to provide future upgrades so it may be a while before the city should expect to see an increase in tax revenue. The TIF was paid off in August of 2021. We may receive \$10,000 per year for an admin. fee if the plan is amended. A contingency of \$895,910 is expected to be left for capital improvements at the end of the new fiscal year. We have changed our investment firm to ICCU and hopefully will see an increase in our interest and bond revenue. At the time we changed, we received \$17,420 at the end of June in the General Fund due to a large change in bond value. I budgeted \$0 to be on the conservative side since we don't know what the market will do. Mike Curnutt is on the Retirement Health Program, so I budgeted \$10,000 for that. It has worked out great with time sharing and making Jordan the Building Inspector, however with the growth I changed 75% of his wages and benefits to come out of the General Fund. I have budgeted for some permitting software which will cost \$1100 annually. I believe we will be able to use this software for business licenses also. I have budgeted for a new desk top and chairs (\$4000) in the city office and we are still paying on the lease for the new AS400 (this is the last year). This year the capital expenditures from this fund include Recreation District Election (\$19,000), pool repairs to the showers, (\$5,000) camera system (\$5,000), update city maps (\$5000), life jackets (\$1500). \$2000 for Movies in the Park. Aquazip (\$1250) Cash Register (\$600), cameras for pool (\$1000)I have budgeted \$300 per year for new Welcome Signs as instructed during a prior budget. That way we will have enough to replace the signs again in 2023. I budgeted for a new police officer making a total of nine in the department. With the wages and benefits for a year (\$65,000). The police department is mainly funded with property tax money (89%). Also, we budgeted for certification pay for the SRO \$100 per month. Hopefully overtime costs will come down once we have another officer. We are still supplementing a portion of the pool's operation. In 2010 the pool was in the red by \$26680, 2011 by 34,876, 2012 by \$25,429, 2013 by \$27,256, 2014 by \$27,474, 2015 by \$18,777, 2016 by \$22,089, 2017 by \$44,533, 2018 by \$33,608, 2019 by \$33,429, 2020 by \$15,362. I am projecting the pool will be in the red by \$30,000 this year. I have budgeted for an increase in pool fees - \$.50 for admission and \$5 more for swimming lessons. All returning lifeguards will see an increase of \$.25 each year instead of the current \$.10. We will also pay for their recertification but not the initial certification. Each year \$3000 is added to the park construction in the general fund each year making a total of \$46,200 this year which will be used along with the forgone to put in a pickle ball

court. I have added all of Mikel's wage to the Parks Dept. to be able to balance the Recreation Fund. I made an adjustment to the current year since it appeared we would be over fund balance by the end of the year. Tree City USA has been reserving some of their appropriation for a larger project and have about \$20,000 on their line item for this year. We will be replacing four playground horses at Pillsbury Park if approved \$4000. The General Fund is in good financial condition. The General Fund budget grew by \$110,332, which is partially due to increases in contingencies, health insurance, wages, retirement, etc. This fund receives its monies from property taxes, sales tax, pool admission, dmv fees, building permits, city licenses, etc.

STREET FUND- This fund totals \$1,217,622 which includes the carryover of \$591,139 which is up \$80,649 from last year. We have been spending about \$400,000 in street improvements. We have increased the property tax portion to the street fund, by \$20,000 which will give the street fund \$354,983 in tax revenue to operate on. This year \$450,000 has been budgeted for street improvements this year which includes \$80,000 for seal coating. It has helped by adding the 3% of property taxes each year to the street fund, the carryover and contingencies continue to increase. A contingency of \$209,975 is expected to be left if no emergencies occur. It's hard to project exactly where the crew will be working; streets, water, sewer, etc. Therefore, payroll is projected a little higher. Franchise fees will remain the same, and \$8,000 was appropriated for the Sidewalk Replacement Program instead of \$15,000 as we did last year and it seemed to work out fine. This amount should still be enough to help those who need to replace their sidewalks. This year we received a surplus from the state under HB308 of \$51,000. This has been budgeted to go towards a new street sweeper with an additional \$25000 out of this fund. HB 362 added about \$3500 this year. This year an increase to equipment and labor usage is proposed to be increased to \$50 per hour and \$125 per hour for the vac truck. Also budgeted is an angle blade for the bobcat (\$3500) a new computer (\$1100) and a vac truck repair (\$6000) This fund receives its monies from property taxes, state highway user tax (\$177,000), sales tax (\$18,000), franchise fees (\$53,000), and road and bridge (\$20,000).

STREET LIGHT FUND – This fund totals \$172,631 which includes the carryover of \$129,702 (up \$24,545). This year the street lighting fund will be allotted \$24,929 from property taxes. I added \$10,000 of property tax money for this due to the additional subdivisions we will be responsible for paying the street lighting costs. A contingency of \$117,631 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 \$2,601,817 which includes the carryover of \$1,122,817 (up \$230,096). A contingency of \$1,165,847 is expected to be left for capital improvements for future years and unexpected expenses which is an increase from last year. We increased the fees 17.15% in April 2016 and about \$60,000 to \$70,000 each year will go to build up capital improvement funds. We also increased by \$5 in April of 2020. Each year we should accrue about \$164,000 (40.8%) or more for capital outlay. A water project is planned if we can get a grant from CBDG, Army Corp, and Rural Development. ECIPDA is contracted to seek these grants. I have budgeted \$950,000 in

grant funds to do this project. The project will include a booster pump (\$425,000), a generator (\$150,000) and a sixteen-inch line between Well 4 and 5 (\$1,000,000). We will have \$610,000 left in ARPA funds that can also be used. This would leave \$15,000 out of capital outlay to fund the remainder of the project. \$10,000 is set aside for hydrant replacement each year. 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 \$2,782,981 which includes a carryover of \$1,771,981 which is up about \$89,549. There is an expected contingency of \$1,226,598 which is down from last year. This is due to the East Fir Project. There is an increase of \$.64 per ERU proposed for EIRWWA since they have proposed to raise their O&M fees by that much. It is unknown if their budget will pass until after August 19th. If they do not raise their fees, the city will not need any increase either. The East Fir Project will cost about \$960,000, and ECIPDA is helping to obtain a grant to fund part of it. I have budgeted \$460,000 for our portion with the hopes that we can get a \$500,000 grant. We will also be utilizing the SLRAT system to finish our sewer study (\$30,000) and to GIS map our findings. The sewer study will be finished with money set aside in the Shelley URA which will finish out this retired URA. Currently we collect an extra \$4.50 from residents in West River Estates for the lift station. There is no increase proposed for the lift station patrons. Approximately \$72,650 is accrued each year in the Sewer Bond Fund after the bond is paid and \$55,000 is accrued in the Sewer Guarantee Fund based on the anticipated ERU count. These funds can also be used for capital improvement at the treatment plant once the bonds have been paid off. We currently collect \$8.08 per ERU for our collection system, \$23.78 for the Bond, \$2.37 for the guarantee, and \$12.78 for EIRWWA. I am figuring that we should be at least at 2030 ERU's during next fiscal year. The next phase of the treatment plant will be to add another train which is estimated at 12 million dollars. This will be necessary when the capacity runs low. Hopefully by this point we should have enough built up in our contingency to fund our portion (27%) of this project and as well as the membranes, etc. In the future we may need to increase the rates to help fund new infrastructure at the plant. The only source of revenue to support this fund is from sewer users.

SEWER BOND FUND - This fund totals \$1,418,234 which includes a carryover of \$843,234 which is up \$86,437 from last year. The Bond payment is \$487,350 annually. We have an expected contingency of \$930,884 this year. Originally the bond payment was based on about 1600 ERU's. Since we have 2030 ERU's there is contingency being created which can call the bonds in for early pay off, or be used for capital improvement to the system. Our bond term is twenty years and this will be our tenth year making payments.

SEWER BOND GUARANTEE FUND – The city is mandated by the bond covenants to hold 10% of the bond payment in a guarantee fund to make payments in the case of emergencies. This fund totals \$626,265 and will carry this contingency at the end of the year. This can be used for capital improvement to the system once the bond is paid off.

SANITATION FUND – This fund totals \$975,709 (up \$33,802) from last year) which includes the carryover of \$406,709. A contingency of \$395,844 is expected to be left at the end of the year. We purchased a new sanitation truck in 16-17 which is currently paid off. We put \$25,000 away each year towards another new truck when needed, and starting this year there will be an additional \$25,000 put away for a second truck due to the growth we are seeing. Currently we have \$125,000 accumulated for a down payment on a new truck and \$25,000 for a second truck. We also need to plan for a new driver in the next few years. We are running out of cans and budgeted \$33,000 for new cans this year. Also, if growth continues at a rapid rate the transfer station will not hold everything. We may need a roll off and a truck to haul it. The tipping fee with PSI is going up due to Bannock County increasing their fees. They may increase \$35 or \$15; we won't know for a bit. However, we do need to increase our rates to provide service for the growth occurring. We need more sanitation cans – 200 cans cost \$20,000. If Bannock County raises by \$35 we will need to increase our rates by 33.8% which is \$5.05 per residential can and \$21.74 per industrial can; residential = \$20.00 industrial = \$86.06 However, if they raise \$15 that can be decreased down to a 22% raise. Residential \$18.25 and Industrial \$78.47. The last time the sanitation rates were raised was in 2012. The only source of revenue to support this fund is from the sanitation users.

WATER & SEWER RESERVE FUNDS – These funds total \$1,692,963 which includes a carryover of \$899,063. A contingency of \$387,313 is expected in the water reserve and \$541,750 is expected in the sewer reserve at the end of the fiscal year. \$200,000 from the Water Reserve Fund is being appropriated to the water project if needed. These funds are used for any future capital outlay in the water and sewer departments. 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. Growth seems to be picking up so the funds will continue to grow to use for future infrastructure improvements; we have seen growth in Copper Meadow, the Parks, Sunset Vista, etc. I have projected about 100 new connections this new fiscal year. We recently raised our connection fees. EIRWWA gets \$5639 for every sewer connection, leaving \$1000 for the city, this includes the new connection fee of \$6639.

RECREATION FUND – This fund totals \$54,509. A contingency of \$14,959 is expected at the end of the year which is up from zero. All of Mikel's wage will be coming out of the general fund/parks. I had to make an adjustment and move his wages and benefits back this year so I would not go over fund balance. There is a \$5 increase proposed for all programs this year. That will generate about \$5480 more in revenue. Contingency has gone down about but there's really not much to work with. I will look and see if any of Mikel's wages can be moved back next year. I have budgeted \$3000 for new equipment out of capital outlay. This fund includes all of Mikel's recreation programs; jazz basketball, flag football and boy's and girl's baseball and soccer. Outside city limit participants still pay \$10 more to help with this since they do not pay city property taxes. 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 \$989,121, which includes a carryover of \$829,121 (up \$116,825). A contingency is expected to be left over at the end of this fiscal year \$839,121. Revenue from this fund comes from sales tax and has begun to increase again after a reduction. A portion of the revenue this year is being used for contribution to Sr. Citizens (\$2000) and PUT (\$800), Police Vehicle (\$52,000 lease ends this year), enclosed trailer for movie equipment (\$3000) . We will also be spending \$70,000 for a new tool cat if the school buys our skidster for \$35,000, if not we will wait on the tool car. Also, a new street sweeper is proposed to use \$50,000 out of the street surplus funds, trade in value of \$50,000 and we will expend the other \$25,000 out of this fund. I will also begin budgeting \$35,000 per year to put away towards the construction of an equipment building. The remaining will go into contingency to build this fund up for more improvements and infrastructure. 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., I have capital outlay budgeted for the recreation path, street, water, sewer, and building for future projects.

The total budget this year is \$16,493,202 which is up approximately \$4,449,854 due to the water project, the sewer project, ARPA funds, forgone, etc. All contingencies have increased this 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 sewer improvements, and the most important; by having a healthy contingency it 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.