

North Powder City Budget Committee Meeting
May 18, 2020
6:30PM
Wolf Creek Grange

Attendance: Mayor Mike Wisdom, Councilors Joyce Lawyer, Mike (Big Mike) Morse, Logan McCrae and David (Shorty) Schwehr, Committee members Carolyn Flynn, Sue DeHaas, Roger Townsend, Casey Townsend, City Recorder Beth Wendt, Budget Officer Jason Bingham, and Librarian Maggie Guthrie. Committee members Mary Jones and Kelsey McDaniel were present via electronically. (Kelsey later joined meeting in person).

Mayor Mike Wisdom called the meeting to order. The Pledge of Allegiance was said and self-introductions were made.

Mayor Mike asked for nominations for a Budget Committee President/Chairman. Big Mike nominated Shorty Schwehr. Shorty declined the nomination. Joyce nominated Carolyn. Roger seconded the nomination. There were no more nominations. All were in favor of Carolyn. The meeting was turned over to Carolyn.

Carolyn reviewed the Committee meetings schedule. No changes were made. The next meeting will be June 8th at 6:30PM to go over any revisions to the proposed budget. The final meeting will be June 22nd for the Council to adopt the budget.

Jason presented the budget and the budget message. Again we spent less than we budgeted for in 2019-2020. Jason proposed a possible water and sewer rate hike to keep in balance. The budget is a little be short but since we don't usually spend everything that is budgeted, we should be okay.

The projected actual for 2019-2020 for the general fund shows we budgeted to over spend about \$4000. We are projecting that we will have about \$22,000 carryover. For 2020-2021 we are budgeting to bring in approximately \$178,000 in the general fund. Payroll is estimated at \$72,000 and \$115,484 in expenses, leaving a negative balance of -\$9009. We are budgeting to use some of the cash carryover from the current year.

Jason noted that payroll includes an increase in minimum wage as well as increases for public works, Library, and City Recorder. A 2% increase was included for the Public Works Director and about \$2 for the City Recorder. The Mayor's stipend was increased by 25 cents and 74 cents for the Librarian. Beth explained that because minimum wage goes up 50 cents, if Maggie just got a 2% raise its less than the minimum wage increase. So she proposed 50 cents plus 2% to make it more comparable. Jason felt the adjustments were fair, but we still have to pay for them. He reminded that the committee only approves the funds to be available and it is the Council that actually makes the decision to spend it. There weren't a lot of changes in health insurance. With every payroll increase, PERS goes up as well. One of the reasons we had as much carry over is because PERS didn't kick in for everyone like we budgeted.

There weren't many changes in the General Fund. Mike Morse wondered why the franchise tax was down. Beth explained that CenturyLink continues to drop because more and more people are using cell phones. OTEC and Avista are dependent on usage. We also haven't received all of the payments for the current year. Beth pointed out that we actually budgeted to receive \$150 more than last year. Jason noted that we are budgeting to receive \$129,000 which includes about \$10,000 in carryover. He added that there is additional 2% budgeted for payroll, just as a cushion. It is included in every fund. Joyce wondered about money to purchase a meter to put in by the new fire station. Beth interjected that we have money in Capital Outlay to do that kind of thing. Mayor Mike asked about money for ordinance enforcement. Beth noted included \$2500 for that. Big Mike wondered if that was enough.

Jason commented that the audit and accounting expenses were up about 5%. There was some money in community enhancement and for a DLCD grant. He pointed out transfers to the Library, Street, Fire and General Capital Reserve.

The Library Fund didn't change much. There was quite a bit of carryover cash and we anticipate several grants. Maggie noted that the Leo Adler Grant has to be spent in full by July 1st every year. There is a line item for a new grant. The Ready to Read Grant also has to be spent in full. Maggie understood that the Lori Hayes Memorial fund was to be used for maintaining the memorial flower garden.

The Street Fund had a \$75,000 carryover. Expected income comes from State Revenue Sharing, ODOT and some city licenses. Jason commented that State Revenue Sharing is anticipated to drop about \$1000. Mayor Mike wondered if that was enough to be proactive. Jason pointed out grants for parks and streets. Beth noted that we received the \$10,000 from the Masonic Lodge. Joyce commented that we estimate the Playground Project to be about \$70,000. Beth noted that we budgeted \$75,000. Carolyn wondered what determines which street repairs are done. Beth said that is a Council decision. The committee only recommends to make the funds available. Carolyn had a problem with F Street. Beth reiterated that it is up to the City Council to decide. She recommended that Carolyn take her request for repairs to a City Council meeting. Jason pointed out a \$24,000 transfer from the General Fund. We have \$60,000 that is available for any kind of street, sidewalk, or playground expense. There is also \$18,000 allocated specifically to sidewalks. Kelsey wondered if there was an expiration on using that money. Beth didn't think so. We just have to spend it for sidewalks or bicycle paths and when we spend it we have to let the County know how it was spent. Sue commented that \$18,000 doesn't go very far on sidewalks. Jason added that there is money budgeted for grants.

The Fire Department is the same as last year, \$19,300. Jason thought it would increase 5% next year.

We have \$255,000 in the General Capital Reserve. We budgeted to receive about \$3800 in interest. Because interest rates have gone down we calculated at 1.5% instead of 2%. Money was budgeted so we have flexibility to buy or sell the fire building. We have \$223,972 and \$50,000 that can be used to buy equipment, street repairs, or to buy land or a new building. This is the city's savings account. We transferred \$15,000 into this account from the General Fund.

Jason reminded that water and sewer have to stand on their own. We have budgeted to put money aside for future. If we put \$25,000 aside for depreciation, we fall short about \$2840. We could put less money into reserves but that just keeps moving our target. In order to put \$25,000 aside and to cover the payroll increase, it takes a \$2 per month increase in water rates. Roger verified that was \$2 in water and \$2 in sewer for a total rate increase of \$4. Jason said even then we still come up short by \$453. Carolyn commented that we had the lowest water rates around for the longest time. Jason said the bottom line is it would take \$5400 to make the fund balance and that means a \$2 rate increase. He reiterated that it isn't the end of the world if we don't put less money into reserves but then we aren't going in the right direction. Joyce thought there might be other ways to make up some of the short fall. She was concerned about raising rates again after we raised them so much last year. Roger asked what the base is now. Beth noted that the base rate is \$36.50 for 9000 gallons. Overages are 75 cents per 1000 gallons for over 9000 up to 20,000 gallons and anything over 20,000 is 95 cents per 1000. Roger felt there other ways around the \$2 increase but it is splitting some fine hairs. Mayor Mike commented that if steps had been years ago, we might not have to consider an increase now. Roger felt if we didn't do an increase now we could get hit harder later on. Mayor Mike thought that was what prompted the Council to take the jump we took last year. Maggie wondered if we approve a \$2 increase this year, how long would it take to catch up. Jason thought it would take about \$1 per year and we were short about \$1 last year. So a \$2 increase this year should bring us into balance.

The sewer fund is budgeting to bring in about \$124,000. Even with a \$2 increase we will still be short about \$1600. Beth remarked that we hope when the wastewater project is completed it will lower some of our operating expenses. Mayor Mike wondered how long it would be before Rick can start testing for his water and wastewater certifications. Beth thought he could take the wastewater test as soon as he was ready but it would be at least a year before he would be eligible to even try for his water certification. Mayor Mike commented that as soon as Rick has his certifications we wouldn't have Jimmy on the payroll any longer. Beth noted that because of changes to PERS, starting this past January we have had to pay PERS on both Jimmy and Mayor Mike. We haven't had to do that in the past. Kelsey wondered if there was potential to cut Jimmy's wages once Rick gets certified in either water or sewer. Beth didn't know if Jimmy would go for that or not. Mayor Mike thought Jimmy was more than ready to let it all go. Roger wondered if it cost the City anything to have the brush pile and if so is there a way to generate some income from it. Casey suggested people could make a donation to the City for using the brush pile. Beth thought it was worth considering but reminded that any money collected would go into the general fund and wouldn't help the water and sewer funds. Carolyn asked when we anticipate completing the wastewater project. Beth said it is supposed to be done by December 2021. Jason reiterated that there was a \$2 rate increase included in the budget but it would actually take \$3 to even it out.

Kelsey wondered what happened with the funds that were approved last year for a library assistant in order to open the Library on Saturdays. Maggie said she has been training someone but we are waiting for the lock down to be over.

Jason noted that we have \$375,000 beginning cash in Fund 55, the water and sewer savings account. We budgeted to receive \$276,000 for a CDBG design grant for the wastewater system and another \$2million for construction. \$23,000 is being transferred in from water and \$35,500 from sewer. \$64,000 is being transferred to fund 65 for wastewater improvements. We have \$375,000 available for equipment purchases and other big expenses.

Payments on our DEQ loan come from Fund 65. The interest rate on the loan is .88%. Right now we are earning 1.75% interest on our savings so we are making a little bit. The loan is a 5 year loan and annual payments are \$21,567. We have budgeted to make a double payment just in case interest rates drop more. Beth noted that we have already made one of the five payments.

To summarize, we have under budgeted but we are using carryover cash to do it. Mayor Mike like the idea of bringing the City employee wages up. He felt it was long overdue. Big Mike commented that if you treat a good employee well they will work harder and do better for you.

Beth noted there were changes. Jason added that because there were no changes, the committee could approve the budget. Kelsey moved to approve the budget as presented. Shorty seconded. All were in favor (including Mary Jones).

Since the committee unanimously voted to approve the budget, there will not be a meeting on June 8th. The next meeting will be a Special Council Meeting on June 22, 2020 to present the approved budget to the City Council for adoption.

Shorty made a motion to adjourn. Roger seconded. Meeting adjourned at 7:40PM.

Respectfully submitted,

Attest:

Beth Wendt
City Recorder