

The budget meeting was called to order by Mayor Chet Phillips at 6:30 p.m. and roll call was taken:

Budget Committee Members:

Chet Phillips, Christie Perry(via phone 7:01 pm), Neil Livingston, Steve Doherty, Dan Daltoso, Ray Michael, Kathie McGowan, and Ted Lieurance

Absent: Blaine Ganvoa, Jill Pambrun, Ed Glenn, and Julie Gisi

Staff: Karen Pettigrew-City Manager, Lila Killingbeck-Recorder, Tom Kligel-Budget Officer, Chief Stokoe, Lt. Dieter

Committee Member Phillips opened the Budget Meeting and explained that the first order of business was to elect a Budget Chairman.

Committee Member Michael nominated Committee Member Daltoso as chairman. Committee Member Christie McGowan seconded the nomination. The vote was 7-1 in favor.

Chairman Daltoso and the Budget Committee decided to waive the ground rules. Chairman Daltoso turned the meeting over to Budget Officer Kligel.

Budget Officer Kligel gave an overview of the budget message. There was a \$50,000 increase from last year's budget. He was also able to budget a \$96,000 contingency in the General Fund. There were increases in benefits. The health insurance increases were calculated differently this year. City County Insurance is switching to a calendar year during the 2012-13 budget year. The premium could be calculated on a 5 month plus 12 month rate or a 17 month rate. The estimated increase is 9.7% overall, but the final numbers won't be established until late May. The budget is prepared on the estimated 9.7% over 17 months. Hopefully, the rates will come in lower.

There is an estimated amount for software upgrade and conversion for \$30,000 - \$40,000 plus hardware upgrade to \$9,000 for a new server. The City's old software is unable to do the new payroll issues that are coming in 2013 for health care reform, and the software has not been upgrade for 15 years.

There is an increase in professional fees and consulting fees for Urban Renewal changes and for changes in the Comprehensive Plan goal revisions that are anticipated.

Mr. Kligel pointed out that there has been a change in the publication requirements and there is a copy of the LB1 included with the budget packet. There will reduce the cost of advertising. He pointed out the section of the FTE on the new form. He stated that this is the number of employees not the cost of the employees. This is a concern because it doesn't give the correct picture of cost per department per employee, and it could be easily misunderstood.

In the General Fund it was pointed out that there was \$500,000 cash carryover from last year. This was caused by more tax collected than anticipated and the anticipated land sale of Tower Road Property to Loves Travel Stop. Committee Member Doherty asked where the sale of the Tower Road property to RDO Farms is in the budget. Mr. Kligel stated that it is included in the

cash carryover. Mr. Kligel pointed out that included in the budget handouts there is a recap of the 2012-13 transfers. This helps follow the transfers through the budget document.

In General Government section there were 2 major changes: Increase in personnel costs of \$11,000 and \$9,000 equipment purchases for a new server. Public Safety there was an increase in Personnel Costs, a reduction in Professional Fees, increase in Equipment Purchases for vehicles. There is \$8,000 lease cost per vehicle which is the same as last year. Committee Member Phillips asked about the reason for leasing with the cost of interest increasing the expense. Mr. Kligel explained that the interests in low and the lease option helps with cash flow. Committee Member Daltoso asked about the increase in the Operating Supplies. Mr. Kligel explained that the increase is in the Uniform section for replacement of handguns and holsters. They have not been upgrade in many years. There is also an increase in fuel costs trying to anticipate the increased costs that have been predicted. Committee Member Doherty asked what happens to the old guns. Chief Stokoe stated that they will be traded in for a \$150.00 credit on the new handguns. The new holsters will be required because the new guns won't fit in the old ones.

In Non-Departmental the Professional Fees are up for consultants for URA, Comprehensive, and the Water Master Plan completion. The Community Development has increased because of the revenue received from Transient Room Taxes which are passed through to the Boardman Chamber of Commerce for their work regarding tourism. There is also some increase for Council Goals and matching funds for the grant for the Field of Dreams project down near Sailboard Beach. Mr. Kligel recapped the transfers: \$547,000 for property purchases from Love's Travel Stop/RDO Farm, \$100,000 to repay Sewer Reserve from the property purchases, and \$375,000 to Street Reserve to meet the requirements for paving Olsen road. Mr. Kligel pointed out that there is also a \$275,000 in the General Fund Reserve line for carryover for the 2013-14 budget year.

The Committee moved on to the Water Fund. Mr. Kligel explained that the Water Fund is considered an Operating Fund which means it generates its own revenue to pay for its own expenses. This kind of fund also can budget funds to Water Reserve and to Contingency for cash carryover in the future.

Committee Member Perry joined the meeting by phone at 7:00 p.m.

Committee Member Michael asked about the last time the water rates had been increase. Mr. Kligel stated that it had been at least 3 years and it may be time to review those rates soon. Committee Member Livingston asked about the increase in the Equipment Purchases. Mr. Kligel stated that that is where a percentage of the computer server is budgeted and there was also an increase budgeted for fuel this year.

The Committee moved to the Sewer Fund. Mr. Kligel pointed out that there is a decrease in cash carryover this year. The other significant expense was the server in the Equipment Purchase, this fund along with Water and Street share expenses on many of the same items. Mr. Kligel pointed out that the Committee will see that on each fund next to Salaries they would see the FTE number which is on the new LB1 sheet.

The Garbage Fund is an operating fund. The service is contracted to Sanitary Disposal. Mr. Kligel does not anticipate any changes in revenue. The expenses will have some change due to employee increases and equipment purchases. This fund needs to have a cash carryover to continue to pay the garbage contract for June, which is due in July. The Committee discussed the service of the City Cleanup Voucher program that has been so popular. The Committee feels that this is great program and glad to see it budgeted again for this budget year. The garbage service in Boardman is mandatory so it is great to be able to keep this service in a range that is affordable.

Mr. Kligel moved on to the Street Fund. The revenue will be down \$250,000 in the State and County Revenue section. This is a result of the issue which arose last year with Morrow County changing their distribution to the cities in Morrow County. As far as the City it has not been totally resolved. Mr. Kligel anticipates that the Street Fund will break even this year. There will need to be some decisions made for next year regarding revenue for the Street Fund. At this time most of the expenses are being shared with the Water and Sewer Fund, but there is only a small contingency and a small transfer to the Street Reserve planned. Mr. Kligel was able to keep the Repair and Maintenance budget this year, but this one time money. If spent on projects that have been put in this year's budget, there will be no money coming in to replace it. Committee Member Doherty asked if other County had done this and there was a discussion. City Staff had attended the County Budget workshops and continues to work on the plan to receive funds. City Manager Pettigrew stated that some cities have talked about division of those funds by population not assessed value. This doesn't seem like the best option for Boardman.

Mr. Kligel led the review of the Building Fund. He stated that the revenue for this fund in usually a roller coaster, but this year was a breakeven year. The estimates are the best guess carryover, reserves and contingency being used. The permit fees that are received are has 35% expense paid out to state, county, and other cities. Other expenses are: vehicle, software conversion, and professional fees for archiving records. Building department is generous with split of expenses. Committee Member Doherty asked about the \$14,000 in transfers. Mr. Kligel explained that this is the cost of rent to the Building Department to the General Fund.

The General Reserve fund has revenues from the sale of property from Love's Travel Stop and RDO Farms. This fund will be used for loans to URA if Council approves, Capital projects, and purchases. All of these expenses will need to be approved by the Council for funding at the time projects are approved. The Water and Sewer Reserves had received \$60,000 System Development Fees in the 2011-12 budget year which increased cash carryover, along with that there are transfers from Water Fund of \$100,000 to Water Reserve. The Sewer Reserve also received from General Fund \$100,000 and from Sewer Fund of \$125,000. In the Street Reserve there is a \$50,000 Small Cities Enhancement Grant for the improvements to Olson Road and a transfer from the General Fund of \$375,000. In all of the Reserve Funds there has been an expense budgeted to replace 2 dump trucks and replacement of one of the Hypo-chloride cell. There are also anticipated loans to Urban Renewal Agency. These loans would need to be approved by the Council before expenditure is made. The Street Reserve has \$379,000 planned for the Olson Road improvement.

The Water and Sewer Bonds are funded by tax collections and cash carryover from the previous year's tax collections. This year the Bond payments will total \$467,000, because of the 94%

collection rate and Assessor will need to collect \$471,000. In order to receive the needed collection there will need to be \$1.28 per \$1000 property value assessed. This assessment is up by 4 cents from last year due to lower property values. When the Bonds were passed the maximum amount to be assessed was \$2.05 per \$1000, so to keep the rate low helps the property owners in Boardman. City Manager Pettigrew pointed out that because of these Bonds the City is able to keep the user fees and taxes lower than in other communities.

Mr. Kligel pointed out that overall the resource and expenditure look like there is a \$700,000 increase in next year's budget, but when there are transfers those amount are double counted in the ending balance.

Chairman Daltoso asked the committee if there were any questions. He then asked for a motion. Committee Member Michael moved to approve the proposed City of Boardman Budget for the 2012-13 as presented in the amount of \$9,874,395 and approve the tax rate of \$4.2114 per \$1,000 of assessed value, with the Bond levies in the amount of \$471,000. Committee Member Doherty seconded the motion. All were in favor.

City Manager Pettigrew thanked the Budget Committee for their attendance. She also thanked Budget Officer Kligel for his work on the budget.

Committee Member Phillips thanked the committee for being prepared, smooth and transparent. He thanked Mr. Kligel for an excellent job.

Budget Meeting was adjourned at 7:45 p.m.

Chet Phillips-Mayor

Lila Killingbeck, Recorder