

**MILL CITY
BUDGET MINUTES
Monday, May 2, 2022**

Chair Debbie Schenck opened the meeting at 6:30 PM with the flag salute. Councilor members present were, Dawn Plotts, Tony Trout, and Steve Winn. Tim Kirsch and Janet Zeyen-Hall arrived at 8:08 PM. Budget Members present were Carl Henrikson, Glen Kent, David Nelson, Gary Olson (via telephone), Caitlin Purdy and Debbie Schenck. Staff in attendance: City Recorder, Stacie Cook and Finance Clerk Lacy Classen.

Citizens in attendance: Ann Carey.

APPROVAL OF MINUTES: **Caitlin Purdy** moved, seconded by **Councilor Winn** to Approve the Minutes of April 25, 2022. The motion passed.

PUBLIC HEARING: STATE REVENUE SHARING FUNDS

Chair Schenck opened the public hearing at 6:33 PM and called for the staff report.

STAFF REPORT: City Recorder Stacie Cook stated that the City receives revenues from the state for liquor, cigarette and gas taxes. There are no requirements for most of these funds. If they are not designated for specific items then the dollars are placed in the General Fund for use. Gas taxes must go into the Street Fund and be spent on street, trail or sidewalk work. The purpose of the hearing is to take public testimony on the use of these funds.

PUBLIC TESTIMONY: None.

QUESTIONS FROM BUDGET COMMITTEE MEMBERS: Chair Schenck asked if marijuana revenues are accounted for in the state shared funds. Mrs. Cook said that they are not at this point because there is not a good estimate on what may be received. When revenues do come in they will go into the General Fund.

Ms. Purdy asked if there are estimates for the other funds. Mrs. Cook said that \$40,844 is anticipated as liquor, cigarette and marijuana revenue in the General Fund.

Glen Kent asked if there are projections for marijuana tax, as this could hypothetically bring in quite a bit of money. Mrs. Cook said that she does not believe that the revenues from marijuana will be very high for two reasons; one, the state has taken a portion of the 10% tax that is to be split between cities to cover costs for the drug rehabilitation legislation that passed in the last election and; two, the marijuana taxes are split like alcohol tax, which is based on population.

Chair Schenck closed the public hearing at 6:37 PM.

REVIEW OF REMAINING FUNDS: Mrs. Cook said that the changes discussed at the last meeting have been made. Mr. Classen handed out revised sheets and Mrs. Cook went through each of the changes.

Sewer Fund – Mrs. Cook stated that this is a proprietary fund, which means that it must be self-supporting and fund can only be used for sewer.

Mrs. Cook said that the WWTP is near capacity. Staff is working to secure funds to make repairs needed as well as to complete an interim capacity improvement. The estimated total for the entire project is \$7.5 Million. Roughly \$4 Million has been secured. Regardless of whether all funds are secured through grant opportunities or not, the City will need to consider a rate increase. If a loan is necessary the City will be required increase rates to approximately \$60.00 per month.

Gary Olson asked about the timeline to go through grant/loan processes for sewer. Mrs. Cook said that it

will likely be about a year to get through the paperwork. Mr. Olson said that he agrees that a rate increase needs to be done and would like to see a 10% increase adopted. SDC's also need to be reviewed.

Chair Schenck asked if it is the Budget Committee's responsibility to come up with what the rate increase should be. Mrs. Cook said that it is not technically the Budget Committee's responsibility but it would be a good idea. One option might be to recommend a rate increase done in two increments.

The BFB is anticipated to be \$124,513 and the Sewer Charges will increase slightly. Sewer revenue is expected to be \$443,989.

Expenditures include salaries and benefits, lab tests/audit, DEQ fees, insurance, office supplies, sludge management and maintenance costs as well as transfers to the Equipment Reserve and Bonded Debt Funds.

Railroad Bridge Maintenance & Restoration Fund – The BFB is \$385,045. A “grant” of \$15,000 for holiday décor is anticipated.

Expenditures include admin and engineering for any potential projects, funds for an SOB project and funds for holiday lighting.

Skatepark Fund – There are no anticipated revenues in the upcoming FY. The funds have been allocated out in expenditures as placeholders should the SKATE Committee have any elements of the project that they need to have funding for.

Canyon Journeys Trail/Mill City Falls Park Fund – The total revenues include BFB and funds from FEMA. These funds are for the replacement of the Cedar Creek Bridge.

Housing Rehabilitation Fund – The only anticipated revenue is the payment of \$21,687 for the Storm Drainage Fund loan. Expenditures include \$30,000 for nuisance abatement. There are no anticipated loans.

General Facilities Reserve Fund – Mrs. Cook said that there is a table in the narrative that tracks the Reid House Endowment dollars. The numbers do not match those that are in the budget because it is strictly endowment dollars. A portion of the expenditures within the budget will be taken from the endowment funds.

BFB is anticipated to be \$998,818. Revenue assumptions include the Reid House Endowment of \$87,500 and FEMA reimbursement funds of \$561,000.

Expenditures include costs for the Mill City Falls Park project and a transfer to the General Fund of \$10,000.

Water System Reserve Fund – This fund is to save funds for water system projects and holds SDC dollars when the City receives them. This budget includes Phase 2 of the Water System Improvement Project and will accept and expend dollars from the SDWF loan that the City has.

BFB is anticipated to be \$137,150. Revenues include SDC's, SDWRLF and a transfer from the Water Fund of \$50,000.

Expenditures include water system improvements and engineering/administration related to the project.

Street Reserve Fund – BFB is anticipated to be \$306,507. Revenues include a \$100,000 SCA Grant as well as a transfer from the Street Fund of \$65,000.

Expenditures include \$250,000 for the SW 2nd Avenue SCA project and \$25,000 for sidewalk

maintenance/replacement.

Sewer System Reserve Fund – As with the Water Reserve Fund, the Sewer Reserve Fund holds SDC's brought in annually. The BFB is anticipated to be \$465,463 with revenues from SDC's and a transfer of \$110,000 from the General Fund.

Expenditures include WWTP improvements/expansion as well as admin and engineering for the project.

Equipment Reserve Fund – BFB is anticipated to be \$195,409. Revenues assume transfers in of \$45,000.

Expenditures are placeholders for potential equipment only. There are no plans to purchase any equipment at this time.

Storm Drainage Reserve Fund – BFB is anticipated to be \$160,650. Revenue assumes the grant from the Oregon Legislature of \$2,923,500.

Expenditures include admin and engineering and capital outlay for the Storm Drainage project.

Bonded Debt Service Fund – The funds to pay back outstanding loans go into this fund. There are three currently; 2006 water, 2017 sewer and the new SDWRLF.

Mayor Kirsch and Councilor Zeyen-Hall arrived.

BFB is anticipated to be \$234,606 with revenues consisting of transfers from the Water and Sewer Funds of \$232,500 and \$163,00, respectively.

Expenditures include principle and interest payments for each of the three loans.

Chair Schenck asked if there are contracts between the City and employees that discuss salaries. Mrs. Cook said that there are not contracts. COLA and merit increases are included in the budget for each employee anticipating potential increases. However, none are guaranteed.

Caitlin Purdy moved, seconded by **Councilor Trout** to Recommend to City Council to Approve the \$4.1578 Permanent Tax Rate for FY 2022-2023. The motion passed.

Gary Olson moved, seconded by **Councilor Trout** to Recommend to the City Council to Adopt a Sewer Rate Increase of 10%, Effective October 1, 2022. The motion passed.

Gary Olson moved, seconded by **Caitlin Purdy** to Recommend to the City Council to Review the SDC Charges and Increase to an Appropriate Level to Meet Current Expenses. The motion passed.

Caitlin Purdy moved, seconded by **Carl Henrikson** to Recommend to the City Council to Approve the FY 2022-2023 Budget in the Amount of \$15,883,973.00. The motion passed.

Mrs. Cook thanked the Budget Committee members for their time spent reviewing the budget.

ADJOURNMENT

The meeting was adjourned at 8:30 p.m.

Prepared by:

Stacie Cook, MMC
City Recorder