

CITY OF CHELLEY
SPECIAL MEETING
MINUTES

AUGUST 11, 2008

PRESENT: Mayor Eric Christensen
Council Members: Lorin Croft, Steve Cederberg, John Lent, Charlotte
Fredrickson
Public Wks Dir: Rick Anderson
Recreation Dir.: Dawn Lloyd
City Clerk: Sandy Gaydusek

PRAYER: Lorin Croft

Sandy presented the proposed budget for fiscal year 2008-2009 for the city in the amount of \$15,181,735, which includes \$7,859,000 for bond proceeds. Sandy presented a narrative discussing each fund and its appropriation. A copy of the narrative is attached. Sandy said with a 3% increase in property taxes it would generate an additional \$32,000 in revenue. Sandy said however, even with an increase to property taxes the levy rate would decrease since our total valuation raised almost \$14,000,000 due to a citywide re-appraisal that was done by Bingham County.

Sandy said she received a quote for medical and dental insurance from Regence Blue Shield and Delta Dental. She said Regence could provide almost the same medical insurance we are receiving with Blue Cross with the exception of the prescription drug program for \$48,000 less annually. Sandy said Ken Anderson said next year there may be a tear increase as allowed by law, but it shouldn't be any more than what Blue Cross is charging this year. Sandy said the prescription drug plan has a co-pay of \$5 for generic, \$25 for name brand, and \$50 for non-formulary. She said currently the employees pay \$10 for generic and \$20 for name brand. The Mayor and Council felt it would be beneficial for the city to change their medical provider to Regence Blue Shield and Delta Dental for dental services.

Sandy said the cost of living index this year is 4.2% according to the Department of Labor. The Mayor and Council agreed to budget a 4% increase for the employees.

Sandy presented a proposal to increase the city utility rates by \$4.75 monthly for a residential flat rate or a percentage thereof for all other accounts. Water should receive \$1.50 per month, sewer \$2.50 per month, and sanitation \$.75 per month. She said this is due to operational increases such as fuel, electricity, wages, etc. Sandy said we might be able to reduce the increase for water and sanitation a small amount, but they have been somewhat neglected since we have been raising the sewer rates to get in line for the regional plat operation. The Mayor and Council agreed the rates should be raise by \$4.75 monthly or a percent thereof.

Sandy said most of the State Revenue Sharing Fund has been appropriated for the sewer treatment plant until judicial confirmation has been approved. She said the new funds that

should come in throughout the year would replace \$25,000 taken from the General Fund to purchase a new police car prior to the new budget year.

Sandy said that a new session has been figured into the pool schedule for next year. She said this should generate approximately \$6,000 and should cover the minimum wage increase. Sandy said there has been no capital outlay expenses planned this year since most of the funds have been appropriated to the treatment plant construction.

Lorin moved, Charlotte seconded to adopt the tentative budget for the fiscal budget year 2008 – 2009 in the amount of \$15, 181,755 and hold a budget hearing on September 2, 2008, at 7:30 p.m. at City Hall to consider final adoption of the budget. Approved unanimously.

Sandy presented the Urban Renewal Agency budget for fiscal year 2008-2009 in the amount of \$558,000. She said the façade projects are almost complete and there should be enough funds for an infrastructure project. John moved, Steve seconded to adopt the tentative Shelley Urban Renewal Agency budget for fiscal year 2008-2009 in the amount of \$558,000, and hold a budget hearing on September 2, 2008 at 7:30 p.m. at City Hall to consider adopting the final budget. Approved unanimously.

Rick discussed the installation of curb stops for the water lines in Juniper Court Subdivision, and the paving on Holley Street.

Adjourned: 8:30 p.m.

ATTEST:



APPROVE:



FISCAL YEAR 2008-2009 BUDGET

This year the city's levy rate is proposed to increase by 3%. The levy rate will actually decrease to .006568646 due to the city wide re-appraisal by the county, and the city will ad valorem taxes will increase by \$20474, and we will receive \$12000 (1,700,725) for new construction and annexation. The total amount of property taxes we will levy for is \$714514 which is \$32000 more than last year. Our net taxable market value for this year is \$108,776,437 which increased by approximately \$14,181,305 from last year which was \$94,595,132 (had dropped 2 million from the year before because of BAF depreciation). The main reason for this large increase is the new appraisals per Sara Staub. An example of property taxes is property valued at \$100,000 will pay \$656.86 (A decrease of \$68 from last year). However, remember a city resident probably won't see this savings because their valuation has increased. The sewer rate is proposed to be increased by 7.10% (residential \$2.50 per month). The main purpose for the increase to the sewer rates are to continue appropriating funds for an upgrade or new sewer treatment facility (\$1,400,000 set aside by the end of the year). Sanitation fees proposed to increase by 5.43% (\$.75 for flat residential), and water fees will increase by 9.38% (\$1.50 for a flat residential rate). The water and sanitation funds have been slightly neglected due to the large increase in the sewer rates to get to where the city needs to be when the regional plant becomes operational. The large increase in fuel, litigation, tipping fees, waste hauling fees and other expenses have made it necessary to up the water and sanitation rates to remain operating on a cash basis. We have proposed to create an extra session at the pool to help with the minimum wage increase. Potentially \$6000 will be generated by the extra session. Also swimming lessons will increase for those residing outside of city limits from \$5 to \$10 extra, and there will be no discount for multiple children enrolled in swimming lessons. Property taxes are supplementing the recreation programs by about \$50,000 or more, and with no fee increase I was forced to move 10% of Dawn's wage back to the General Fund. Blue Cross, our employee medical insurance will be increasing 29%, however we have a new competitive rate that has come in from Blue Shield that will change our increase to less than one half of a percent. We are proposing a 4% cost of living raise for the city employees; the cost of living index for the past year was 4.2%.

GENERAL FUND – This fund totals \$1,587,702 which includes the carryover in the amount of \$407,713 from last year. This is actually down slightly from last year by \$8242. This year the general fund will receive \$710,514 from the property taxes. A contingency of \$138,846 is expected to be left for capital improvements at the end of the new fiscal year which is up by about \$31,000. This year some of the contingency for capital outlay is proposed to be spent on park grant match (\$4,000), restroom park grant match (\$8000), comprehensive plan update (\$4000), Bingham County Fire service (\$6500), insurance increase, salaries, etc. There is also an increase of \$8600 since I moved another 10% of Dawns wage and benefits back to the general fund from the recreation fund. The pool needs some repairs; it will have to be funded by the State Revenue Sharing Fund over the next two years, last year \$50,000 was put aside, however this year I cannot put anything aside until the judicial confirmation is finished. Most of the State Revenue Funds are appropriated to the wwtp. This year the budget increased

due to fuel, wages, insurance, and day to day operation. I moved half of the Intermountain Gas and Rocky Mountain Power franchise fees to the General Fund from the Street Fund (\$50,000). This helped to build some contingency however, we should be careful not to expend any major funds for equipment out of this fund for the next few years until the contingency is built back up. Possibly once the contingency is built back up some of the property taxes can go back into the street fund. This fund receives it's monies from property taxes, sales tax, pool admission, dmv fees, building permits, city licenses, etc. General City Business Licenses will establish a new fee of \$25 per license this year and will begin in January 2009. It is unknown how much will be generated in fees however I budgeted conservatively with \$600. We have also talked about increasing the tax base by annexing several areas around the city which is using city water.

STREET FUND- This fund totals \$1,082,272 which includes the carryover of \$859,272. This year the street fund will receive \$2,000 from property taxes. A contingency of \$625,762 is expected to be left for capital improvements for future years. It is down slightly due to the franchise fee move to the General Fund, but I will keep a close eye on this fund for any other adverse impacts. This year some of the contingency is proposed to be used for a five year lease for a new loader (\$25,000 per year to be paid off in 2010), CAD program (\$2500), backhoe rental (\$7900), etc. Other expenses have risen due to the increase of gasoline, electricity, heating, insurance, etc. We have accumulated \$260,000 for street replacement at \$20,000 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, however the State Users Highway tax has decreased due to the economy. Any annexation the city may do will also help this fund.

STREET LIGHT FUND – This fund totals \$155,535 which includes the carryover of \$139,535. This year the street lighting fund will be allotted \$2,000 from property taxes. A contingency of \$121,535 is expected to be left for capital improvements for future years. This fund receives its monies from property tax and sales tax. This year the contingency is up from last year since we did not have to pay for a portion of the traffic light at Center Street. There may be an increase in street light usage due to growth and an increase in electricity.

WATER FUND – This fund totals \$692,660 which includes the carryover of \$375,660. A contingency of \$150,450 is expected to be left for capital improvements for future years and unexpected expenses which is an increase from last year (approx. \$16,439). 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), legal fees to acquire additional water rights (\$20,000 plus). A new well was budgeted to be drilled last year; however the project was not completed and re-budgeted this year. The rates are proposed to increase by 9.38% this year. The only source of revenue to support this fund is from water users (should generate \$27,000).

SEWER FUND – This fund totals \$9,762,321 which includes the carryover of \$1,232,821. A contingency of \$9,467,336 is expected to be left for capital

improvements and updates; however \$1,400,000 is specifically appropriated to the update of our sewer lagoon or regional waste water facility, and 7,859,000 is expected in bond proceeds. This means only \$183,336 will be left for any emergencies or unbudgeted expenditures. \$20,000 has been budgeted for the expense of judicial confirmation for the wwtp. A 7.10% 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. The only source of revenue to support this fund is from sewer users.

SANITATION FUND – This fund totals \$441,044 which includes the carryover of \$168,044. A contingency of \$95,604 is expected to be left at the end of the year. I have begun budgeting \$25,000 or more per year for the purchase of a new sanitation truck. At the present we have \$80,000 towards this purchase. We will be paying for the current truck lease purchase (\$25,000) for the last year. The gas budget doubled to \$16,000 this year, tipping fees increased by about \$5000 and \$15,604 is remaining to be used for emergencies. We have proposed to raise the rates by 5.43%. The only source of revenue to support this fund is from the sanitation users.

WATER & SEWER RESERVE FUNDS – These funds total \$551,511 which includes a carryover of \$512,511. A contingency of \$451,511 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 \$100,000 is proposed to be spent on a portion of a new well. All sewer reserves have been appropriated for the wwtp until judicial confirmation is approved. 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.

RECREATION FUND – This fund totals \$33,254 which includes a carry over of \$679. A contingency of \$0 expected at the end of the year. I had to move another 10% of Dawn's wage back to the general fund to be able to balance the recreation fund (\$8600). Only 10% of Dawn's wages are being expended out of this fund. Hopefully next years after we review the revenue trend that I may be able to move 5 to 10% of her wages back to the recreation fund. 90% of Dawns wage is supplemented by property taxes. 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. This year the city is proposing to increase fees by \$5 for Sr. Girls Baseball. Dawn will begin looking for available grants to help this fund. The increase in minimum wage, and Dawn's wage and benefits have made this fund so it cannot balance without an increase in fees. Hopefully next year we can look at other options.

STATE REVENUE SHARING – This fund totals \$865,283 which includes a carryover of \$750,283. A contingency is expected to be left over at the end of this fiscal year \$750,000. A portion of the contingency this year is being used for to drill a new well (\$75,000), a new police car (\$25,000), contribution to Sr. Citizens (\$2000) and PUT (\$1,100). All other monies have been appropriated to the wwtp until judicial confirmation is approved. A new dog pound was slated to be constructed this year, but will have to wait for the outcome of judicial confirmation. 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 \$28,000. However, \$75,000 is for a new well in case it is drilled this year.

The total budget this year is \$15,181,755 which raised approximately \$8,756,141 due to the bond proceeds that are expected. Some of our contingencies have decreased this year, such as recreation and the street fund. Other reasons our budget has risen this year is because of the contingency being saved for the treatment plant, insurances and wage increases, etc. 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.