

City of Bandon

CITY COUNCIL AGENDA DOCUMENTATION	DATE: June 1, 2020
SUBJECT: Budget Committee Meeting Minutes	ITEM NO: 6.2.2

BACKGROUND:

Meeting Minutes of the Budget Committee as submitted by Richard Taylor Minutes Clerk.

- April 27, 2020 – City & UR Budget Meeting
- May 4, 2020 – City & UR State Revenue Sharing Meeting

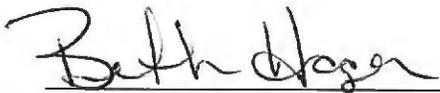
FISCAL IMPACT:

None

RECOMMENDATION:

For information only.

SUBMITTED BY:



Beth Hager, *Administrative Assistant*

**City and Urban Renewal Budget Committee Meeting
at Bandon City Hall
April 27, 2020**

COMMITTEE:

- Sheryl Bremmer
- Ruth Keith
- Michael O'Neill
- Doug Spencer
- Renée Taylor *
- Blythe Tiffany
- Matt Winkel *

CITY COUNCIL AND MAYOR:

- Mary Schamehorn, Mayor
- Peter Braun, Councilor
- Claudine Hundhausen, Councilor
- Chris Powell, Councilor
- Geri Procetto, Councilor
- Madeline Seymour, Councilor
- Brian Vick, Councilor

STAFF:

- Dan Chandler, City Manager
- Denise Russell, City Recorder
- Paula Burris, Finance Director

*** Schamehorn requested the appointment of Renee Taylor and Matt Winkel and their appointments were ratified by Council on Tuesday, April 28, 2020.**

1.0 CALL TO ORDER/ROLL CALL

Schamehorn called the meeting to order at 7:05 p.m., and Roll Call was taken as indicated above. O'Neill and Winkel attended remotely via Zoom and Bremmer joined the meeting using the City's Facebook Live video. Everyone else was present at the City Council Chambers.

2.0 ELECTION OF OFFICERS

Seymour nominated Schamehorn to serve as Chairman and Braun seconded the motion, which was given unanimous approval. The meeting was suspended for several minutes while Russell and Chandler worked to correct technical difficulties and enable the remote participants to see and hear the meeting. After the meeting resumed, Schamehorn nominated Seymour to be Vice-Chairman. Hundhausen seconded the motion, which passed unanimously. However, the audio issues continued on Zoom and Facebook, causing the meeting to be paused again until the problems were rectified at 7:19 p.m.

3.0 PRESENTATION/DISCUSSION OF FY 20-21 PROPOSED MUNICIPAL BUDGET

Chandler began by outlining how the presentation and discussion of the Budget would unfold over two scheduled Budget Committee Meetings. At the current meeting, he planned to cover the Budget's highlights. A week later, at the May 4 meeting, there would be a Public Hearing regarding State Revenue Sharing. Chandler also intended to address the City's Electric Fund at that meeting.

Chandler noted that a number of sheets would be handed out to the Councilors and Committee members at the end of the meeting, to replace pages in their binders that contained errors.

Everyone also had received printouts of a slideshow that had been prepared for the meeting, and Chandler used them as a guide for his presentation on the Budget. He stated that the key issues affecting the Fiscal Year (FY) 2020-2021 Budget were the projected loss of around \$230,000 in Transient Occupancy Tax (TOT) revenue, and the water and sewer revenue shortfall from the previous year. Chandler said the Budget assumed there would be a rate increase approved by the voters in September. He indicated the alternative would be to make cuts in the Proposed Budget, primarily to the police force. If the rates are not increased, Chandler said money would have to be taken or borrowed from the Electric Fund.

Some accounting changes were proposed in the 2020-2021 Budget. As an illustration, Chandler referred to how the Planning Director position's salary and benefits would appear in past budgets as if they were being incurred in other departments, such as the Electric Department. As a result, the Planning Department budget would appear inaccurately small. By contrast, the Proposed Budget would show the full cost of the Planning Department, including the salary, with a transfer into Planning shown in each of the "customer" departments involved.

Chandler discussed the uncertainties resulting from the COVID-19 pandemic. In addition to the reduction in the City's TOT revenue, a reduction of 15 percent in State Gas Tax revenue was anticipated. He stated that this would not affect the City's General Fund or operations, but it would affect the amount of money available for road and street work. It was unknown what impact having Bandon's hotels and restaurants closed for a big portion of the year and more people staying at home than usual would have on water, sewer, and electrical usage.

A bar chart comparing FY 2019-2020 TOT revenue by quarter with projected FY 2020-2021 TOT revenue was included in Chandler's handouts. It showed the City expected very little TOT revenue from April to June 2020, less than normal revenue during the summer months, and the possibility of pent-up demand bringing a slight increase during the late fall and winter quarters.

The Proposed Budget incorporated increases of \$206,000 in Water Department revenue and \$168,000 in Sewer Department revenue to make up the gap in the Water and Sewer Funds, based on voter approval of rate increases in September. Chandler thought the necessary monthly rate increase would be modest and could be added to either the base rate for water and sewer service or to usage charges or both. His plan would be to ask the Utilities Commission to recommend a rate structure that would best fill the funding gaps.

Chandler went on to list the five types of funds in the City's Budget: General Fund, Special Revenue Funds, Enterprise Funds, Capital Funds, and Debt Service Funds. He described the General Fund as the most flexible fund. It can be used for most City operations, but chiefly for the police force. Special Revenue Funds are limited in their scope. They include the State Gas Tax, which by Oregon's constitution can only be used for roads and streets, and the Transient Occupancy Tax. Aside from the Utility Tax, the TOT is the largest single contributor to the City's General Fund. Enterprise Funds are derived from the operations the City runs like a business—Water, Sewer, and Electric. Capital Funds are set aside for capital improvements such as physical structures. Debt Service Funds are used to pay off General Obligation Bonds (GO Bonds) and other bonds.

Before addressing specifics of the FY 2020-2021 Budget, Chandler briefly defined some key terms: budget, proposed budget, adopted budget, fiscal year, and appropriation. He explained that as City Manager, his role was to submit the Proposed Budget to the City Council for consideration. The final version approved by the Council would become the Adopted Budget, in effect for the fiscal year beginning July 1, 2020 and ending June 30, 2021. This Budget would constitute the City's plan of financial operation, based on estimated revenues and expenditures.

A legal authorization of funds approved by the City Council is called an appropriation, and funds may not be spent without an appropriation. Chandler noted that the City had to go through a supplemental budget in the recent past because funds that had not been appropriated showed up as a result of audits and financial statements.

A pie chart in the handouts illustrated the portion of the overall expenditures that was budgeted for each of the City's programs. The largest amount—about 38 percent—was the cost of the Electric Department, mainly for purchasing electricity from Bonneville Power Administration.

The total Proposed Budget for FY 2020-2021 came to \$20,656,294—around \$3,350,000 less than the FY 2019-2020 budget. Chandler pointed out that most of the reduction came from funds that were anticipated to have been spent during the current year but were not. The biggest amount resulted from the decision to defer issuing GO Bonds for water and sewer improvements and therefore not begin spending that money until the next fiscal year. The City plans to issue the bonds in the next fiscal year, so they will be reflected in the tax bills in November. However, the work associated with the GO Bond funds can start this year, using other capital funds—base rate charges and SDCs (System Development Charges), which can be repaid later from bond proceeds. Chandler consulted with the City's bond counsel to confirm that this procedure would be acceptable. He saw this as providing a one-year break for property owners before their taxes increase from the issuance of bonds.

In its 2020-2021 Budget, the City's total staff was projected to be 37.5 FTE (Full Time Equivalents), compared to the current year's 43.25 FTE. Chandler explained that the substantial reduction in FTE was attributed to the elimination of 1.5 FTE from the Library budget and two supervisory positions from Public Works.

Chandler described the General Fund (100) as the “heart” of the City's discretionary spending. He said the six-person full-time police force accounts for 40 percent of the General Fund's expenditures and would nearly be covered by the combined total of the General Fund's three biggest contributors—the TOT, property tax, and utility tax. Money allocated from the enterprise funds—Water, Sewer, and Electric—essentially subsidizes the costs of accounting, governance, administration, human resources (HR), and other personnel. In particular, the bulk of the billing and accounts payable clerks' services are performed on behalf of the utilities, which in turn generate revenue to cover the wages of those clerks.

While examining projected expenses in specific departments, Chandler also offered an explanation of their revenue sources. The Administration budget of \$481,00 would be \$23,000 less than the current year. Administration expenses are charged partially to the General Fund. The enterprise funds pay about 75 percent of the City's administrative expenses, to cover the utilities' share of those costs. Aiming at greater transparency, the 2020-2021 Budget incorporates changes to the way the administrative costs are allocated and displayed.

The budget for accounting and billing expenses for 2020-2021 was set at \$327,697, a decrease of about \$9,000 from the current year. Since the bulk of the Finance Department's work involves billing the City's utility customers and processing payments, 90 percent of its operational costs are funded by the utilities.

Chandler stated that the FY 2020-2021 goals for administrative services, accounting, and billing would include taking better advantage of technology. For example, the City is looking toward implementing a cost-effective way to accept debit and credit card payments. Each month, thousands of dollars of cash transactions are made at City Hall, and hundreds of people come through the front door to make those payments and have conversations about themselves and

their community. Staff took note of the effect of having those doors closed to the public during the COVID-19 pandemic.

Chandler added that another improvement in technology will take place when additional modules are implemented in the City's accounting system to replace some procedures currently being done by hand. He noted that the City's new Finance Director, Paula Burris, was already working on some of the upgrades, and Staff has begun to notice the increased efficiency.

The Police Department budget was planned to decrease by about \$2,500 to \$1,159,000. Chandler repeated his earlier statement that if water and sewer rate increases are not approved by voters in September, the utilities will have to be subsidized with money from the General Fund, and because of that it would be likely the City would have to lay off police officers, at least temporarily. Currently, there are six officers and a clerk providing 24-hour coverage, so that no one must be awakened in the middle of the night on their day off to answer a call.

Chandler asserted that the lack of a dedicated funding source was a key issue for the Parks budget, which has relied partially on the General Fund. He observed that the roughly \$44,000 reduction in the Parks budget, dropping it to \$41,629, reflected a change in the assumption regarding grants that are not expected to be received in the coming year. The 2020-2021 Park budget was set at \$41,629

The Community Beautification Fund derives its revenues from all the fees paid by the garbage franchisee. Chandler explained that this money chiefly pays for the outside contractor who provides all the City's landscaping maintenance services, including public areas such as City Hall, the Visitor Information Center, the Fire Memorial, the Old Town Parking Lot and Pedway, the Welcome-to-Bandon signs, the City Park entrance, the Library, and the Community Center and its parking lot islands. Community Beautification was estimated to receive \$62,600 in FY 2020-2021, down approximately \$5,800 from the current year.

Chandler explained how an accounting change made next year's Planning Department budget appear to be much higher than the current year. Although he stated the department will be getting by with fewer staff and fewer costs than in 2019-2020, along with some additional revenue, the more than \$74,700 increase in the Planning budget would result from fully accounting for planning costs within the department itself, with transfers from other departments to reflect the actual expenses. Previously, some of the planned \$140,485 budget would have appeared as services, personnel, salary, and benefits in other departments. Chandler elaborated that the same amount of money is being paid by other departments, but it shows up transparently as a transfer.

As a cost-cutting measure, the City plans to operate in FY 2020-2021 without a Planning Director. Chandler said the current City Planner will remain, and the City will either hire a Senior Planner or will contract with Lane Council of Governments (LCOG) to provide planning services. LCOG does this for other communities on the coast. Chandler described the arrangement as a simple pass-through: The applicant pays LCOG for its services, and the City neither makes money nor loses money in the process.

Chandler added that some potential planning fee increases had been discussed by the City Council that would boost revenue from \$3,975 to \$91,250, and the budget reflected those increases. He said much of that revenue would come from processing additional use permits on a break-even basis, and he stressed that the City is conscious of the fact that fee increases must be accompanied by good, timely service in turning applications around quickly.

The Community Center's budget, proposed to be \$81,256, would remain almost unchanged from the current year, with revenues forecast to be \$25,000. The Center receives funding through the General Fund, Urban Renewal District 2, and Public Works (for maintenance and capital improvements).

The Sprague Theater, because it was not open at the time of budgeting, would see a decrease of around \$30,300 from the current year. Its 2020-2021 budget would be \$28,850, with anticipated revenue of \$11,000 and grants expected to cover \$10,000. Chandler pointed out that the water and sewer rate shortfall in the current year caused the funds that were planned for a new roof and siding for the Theater to be moved to cover the water and sewer costs. He said that the maintenance on the Sprague still needs to be done and will not be less expensive if the City waits, so the City plans to use Urban Renewal District 2 funds, depending on legal opinion regarding their applicability.

Chandler expressed surprise that some City surveys have found many people do not realize that fire protection in Bandon is covered by a contract with Bandon Rural Fire Protection District, which is indexed to the City's total taxable assessed valuation. That amount will be \$113,821 for FY 2020-2021, which Chandler said would be far less than it would cost Bandon to operate its own fire protection service.

Next, Chandler addressed Special Revenue Funds, which under Oregon law are defined as funds that can only be spent for a specific designated purpose. The State Gas Tax, for example, is constitutionally mandated to only be spent on roads and streets. Chandler noted that when the State Gas Tax was adopted in the early 20th Century, it was agreed that property taxes may not be spent on roads and streets. State Shared Revenue, also considered Special Revenue, may be shared with other organizations and was to be discussed at the next Budget Committee meeting.

Block Grant Funds provide small business loans. At the time of the meeting, there were eight active loans, with \$129,592 available. Because those funds are unrestricted, Chandler said a substantial amount was taken from them in the current year to make up for the shortfall in the water and sewer funds.

Water, Sewer, and Electric are the City's three enterprise funds. The proposed 2020-2021 budget included an increase of about \$61,600 in the Water Fund (940), bringing it to \$1,070,220. Chandler attributed some of the increase to the City's plan to add .5 FTE to the Water Department, to enable a current employee who is splitting time between Water and Sewer assignments to move to the Water Plant full-time and to provide the opportunity for him to obtain the necessary certifications to legally operate that plant. That would give the City 2 FTE at the Plant and would allow the Water Plant Supervisor, Jim Youravish, to get his Level 3 certification.

In addition to working with rates that are insufficient to cover the costs of operating the Water Plant, the City lacks operating reserves and contingency that are normally considered good practice. Chandler hoped the City would reach the point of having rates that fully fund the Plant and provide an opportunity to establish reserves. Responding to a question from Hundhausen, Chandler confirmed that the reserve funds could be used for emergencies, breaks, and such, and he noted that the American Water Works Association recommends about three months' operating expenses held in reserve. He observed that the City has capital funds in reserve, but not operating reserves.

Chandler stated that the City plans to begin design work this year for capital projects authorized by the GO Bonds approved by voters in 2019. He pointed out that the City Budget has a separate

Water Plant Improvement Fund (941) that tracks capital expenditures that are completed using the base rate increase approved by the voters in 2016. Some capital expenditures are also budgeted from the Water SDC Reimbursement Fund (720) and the Water SCD Improvement Fund (721).

The Sewer Fund (950) was proposed to increase by more than \$15,200 over the current year, reaching \$944,980 for 2020-2021. Chandler indicated the Sewer Department faced the same issues as the Water Department, with insufficient revenue to cover expenses. The City has two Wastewater Treatment employees who can work independently at the plant, and Chandler suggested it would be great in a year or two to have another employee who could float between the Water and Sewer Plants. He said that would put the City closer to the recommended level of staffing.

The City's Electric Fund (910) was looking at a \$7,806,528 budget for FY 2020-2021, down more than \$300,000 from the current year. Chandler said work needed to be done to determine appropriate reserve and contingency policies for this department, and he intended to discuss this issue further at the next budget meeting.

Bandon's Streets have a variety of funding sources: the SDC Reimbursement Fund (710), the SDC Improvement Fund (711), the Storm Drainage SDC Reimbursement Fund (715), the Storm Drainage SDC Improvement Fund (716), and the Local Option Street Tax Fund (750). Chandler mentioned that the Local Option Street Tax only runs for ten years and must be renewed. He anticipated putting the issue before the voters in the spring of 2021, and he emphasized the need to conduct outreach and inform the public of what that tax provides. The proposed Streets budget for 2020-2021 was \$2,893,302.

The Parks Department does not have a dedicated fund. It draws support from the Urban Renewal Districts, the General Fund, and the Community Beautification Fund. Chandler said parks maintenance was an ongoing issue. He recommended work on the ball field project and ball field redesign plan that were adopted a couple of years ago. The project includes rotating the layout of one of the fields, putting the home plates next to each other. Some deferred fence maintenance could also be done as part of the project. Chandler thought the ball field improvements might attract people to Bandon after the pandemic, making it a great place for Little League tournaments.

The proposed Library budget of \$355,000 represents a nearly \$129,000 decrease from the current year. Chandler explained that some of the difference resulted when Staff went through the City's audit and financials and found that the beginning Library Fund balance was over \$100,000 off. There has also been a change in the distribution formula used by the Coos County Library Service District, which means the District will be keeping more money for itself. The reduced Library budget will mean staff cuts—probably one full-time and one part-time position.

Chandler said the Library Fund (230) is its operating fund, derived almost solely from what it receives from the District. The Library Memorial Fund (220) has built a large balance over time, which can act as a reserve for improvements to the building. The Memorial Fund also accepts donations that are given with restrictions on their use, and it maintains the Lisa Wampole Children's Library Fund specifically for the Children's Room.

Hundhausen asked if the cuts to Library staff would be based on seniority, and Chandler responded that they would. He elaborated that under the collective bargaining agreement, an employee with seniority has "bumping rights" and generally can bump into a lower position if

qualified. In the case of the two Library workers, Chandler was not sure if either employee would choose to bump or perhaps retire.

Chandler paused to thank Russell for putting the presentation materials together. Procetto remarked that this was the most time she had spent reading a City Budget since she had been on the Council, and she thanked the Staff for doing a “marvelous job.”

Finished with his presentation, Chandler welcomed questions. Hundhausen asked and Chandler confirmed that the City had no reserves in the Water and Sewer Funds for operations. She wondered what the City would do if something broke in an earthquake. Chandler replied that if equipment breaks, it can be repaired using capital money. As an example, he noted that SDC funds are being used to install a grinder pump at the Wastewater Plant to grind up all the waste. For operating issues, such as when an employee is sick or has to take medical leave, the City might have to contract with another employee or an outside authority to fill that role temporarily, and Chandler explained that would be the kind of situation where a capital reserve would be put to use. Currently, the General Fund serves as the reserve for the Water and Sewer Funds. The Electric Fund has its own reserve, and he foresaw some discussion as to whether some of that reserve could be allocated as a general City reserve that could be used by other departments if necessary.

Referring to the expenditure detail for the General Fund on page 25 of the Budget, Taylor wanted to know what caused the cost of Audit Services to vary noticeably from one year to the next, and she asked if the audit could actually be performed for \$20,000, the amount proposed for FY 2020-2021. Chandler answered yes to the budgeted audit amount and yes to Taylor’s speculation that the audit expenses were higher in 2019-2020 due to the need to catch up. He noted that the City also had to catch up on financial statements that had to be done before the audit could be conducted, so a large portion of the \$114,042 audit expense for the current year actually went toward getting the financial statements in order. Chandler declared that the City was caught up, and he expected a nice audit book on his desk any day from Pauly Rogers, the City’s CPAs.

Chandler checked with Winkel and O’Neill, participating in the meeting remotely using Zoom, to see if they had questions, and neither of them had any.

4.0 ADJOURN TO URBAN RENEWAL AGENCY BUDGET COMMITTEE MEETING

Schamehorn adjourned the City Budget Committee Meeting at 7:57 p.m. and immediately convened the Urban Renewal Agency Budget Committee Meeting.

5.0 ELECTION OF OFFICERS

Seymour nominated Schamehorn to be Chair of the Urban Renewal Agency Budget Committee. Procetto seconded the nomination, which was approved by unanimous voice vote.

6.0 PRESENTATION/DISCUSSION OF FY 20-21 PROPOSED URBAN RENEWAL BUDGET

Chandler told the Committee that the City of Bandon has two Urban Renewal areas: District 1 was established in 1987 and includes Old Town, the Woolen Mill area, and the South Jetty; District 2, established in 1990, includes the area around Bandon City Park, some of the adjacent residential areas, and 11th Street. The total proposed Urban Renewal Budget for 2020-2021 was \$2.37 million, with \$1.5 million of that in District 1. Chandler attributed the decrease of about

\$110,000 from the current year to a change in the beginning fund balances that resulted when the City's financial statements were caught up to date.

The proposed 2020-2021 District 2 Budget was \$845,467—including materials and services expenditures (consulting, auditing, accounting, and administrative services). Chandler said the capital portion of that was \$764,000—intended to address capital projects in the district. The City has a number of potential capital projects, but the budget does not list specific projects. Instead, Staff will bring the proposals before the Council throughout the year as they come up. Some ideas for projects were already known, among them roof and siding replacement on the Sprague Theater and ball field improvements.

For District 1, Chandler suggested the potential conversion of the Woolen Mill property into a mixed-use workforce housing district was the most exciting project, with work around the Jetty and Old Town likely as well. He stated the role of Urban Renewal in any Woolen Mill project would depend on what sort of proposals the City receives. The City plans to send out requests for proposals from the private sector, soliciting ideas and creativity, and aiming toward putting that property back on the tax rolls. Urban Renewal may be able to help fund the infrastructure for any development there.

Hundhausen sought to confirm that around 35 or 40 new domiciles had been developed in Bandon in the last year, and Braun said there had been 30 to 40 new permits. She wondered what portion of the tax revenue from those properties would go to the City. Schamehorn told her the City receives the SDCs—\$13,750 per house. At a property tax rate of \$.46 per \$1,000, Chandler calculated that the City collects \$232 a year on a \$500,000 house.

Hundhausen stressed that the SDCs are the only way the City is able to recover the community's cost of development. Braun added that Planning Department fees also contribute.

Pages containing changes to the Budget were handed out.

7.0 ADJOURN THE BUDGET COMMITTEE MEETING

Schamehorn adjourned the Urban Renewal Budget Committee Meeting at 8:03 p.m.

Budget Committee Meeting Minutes
Submitted by Richard Taylor, Minutes Clerk

**City and Urban Renewal Budget Committee Meeting
at Bandon City Hall
May 4, 2020**

COMMITTEE:

- Sheryl Bremmer
- Ruth Keith
- Michael O'Neill
- Doug Spencer
- Renée Taylor
- Blythe Tiffany
- Matt Winkel

CITY COUNCIL AND MAYOR:

- Mary Schamehorn, Mayor
- Peter Braun, Councilor
- Claudine Hundhausen, Councilor
- Chris Powell, Councilor
- Geri Procetto, Councilor
- Madeline Seymour, Councilor
- Brian Vick, Councilor

STAFF:

- Dan Chandler, City Manager
- Denise Russell, City Recorder
- Paula Burris, Finance Director

1.0 CALL TO ORDER/ROLL CALL

Schamehorn called the meeting to order at 7:00 p.m., and Roll Call was taken as indicated above. Keith and Powell attended remotely via Zoom and Bremmer joined the meeting using the City's Facebook Live video. Everyone else was present at the City Council Chambers, with Spencer arriving at 7:10 p.m.

2.0 PUBLIC HEARING ON STATE REVENUE SHARING

Schamehorn opened the hearing immediately. A revised list of organizations requesting a share of the City's State Revenue Sharing Fund (260) was provided to the Committee members, and Schamehorn noted that Bandon Feeds the Hungry had withdrawn its request after receiving a large donation from another source. She observed that the amounts proposed to be given from the fund were smaller than in the past due to the condition of the City's budget, and there would be a limit of \$2,500 per applicant.

Due to social distancing restrictions during the COVID-19 pandemic, applicants had been asked not to speak at the Public Hearing. Their requests and presentations, however, were available to the Committee members in printed form. Schamehorn added that the organizations that applied for funds were the same ones that have done so previously, so the Committee would only be deciding on the amounts to be awarded.

The total of the funds requested by 12 local organizations was \$28,753.65. Schamehorn recommended a total disbursement of \$20,250, distributed as follows:

- Bandon Bridge Club\$500
- Bandon Community Emergency Response\$2,500
- Bandon Historical Society Museum\$2,500
- Bandon Lions Charitable Association – 4th of July Celebration\$1,200
- Bob Belloni Ranch, Inc.....\$1,000
- Common Ground Mediation.....\$850
- Coos County Area Transit – Dial-A-Ride\$2,500
- Coquille Watershed Association.....\$2,000
- Greater Bandon Association\$2,500
- South Coast Business Employment Corp. – Senior Nutrition Program\$2,000
- SMART.....\$1,500
- The SAFE Project.....\$1,200

Hundhausen inquired about funding for the Youth Center. Schamehorn thought the organization had not applied for funds, and Russell clarified that the Youth Center had been removed from State Revenue Sharing in the previous budget, and instead was entered as a separate line item.

Vick moved to approve the State Revenue Sharing distribution. Seymour seconded the motion, which passed by unanimous voice vote.

3.0 DISCUSSION/ACTION ON PROPOSED FY 2020-2021 MUNICIPAL AND URBAN RENEWAL BUDGETS

At the previous Budget Committee meeting on April 27, 2020, Chandler provided a presentation of the budget for the Committee members. Schamehorn commented that the budget had been balanced with difficulty, and it was time to hear comments from the Committee.

First, Chandler highlighted several changes made to the draft that had been presented the week before. He said the Proposed FY 2020-2021 Budget would allocate the Finance Director’s expenses to the enterprise funds, joining the other accounting and administrative expenses supported by the Water (940), Sewer (950), and Electric (910) Funds. That change would reduce expenditures in the General Fund (100) and cause several minor adjustments to be made throughout the enterprise funds, where there would be additional expenditures.

Chandler stated that Election Expense, in the Administration Department, would increase from \$4,500 to \$10,000, because of the likelihood of two issues going before the electorate—a rate-setting measure in September and a renewal of the Local Option Street Tax the following May.

Believing from a management perspective that it would be valuable for the Electric Fund to have established Contingency and Reserve line items, Chandler asked the Electric Department to lower some of its discretionary capital expenditure estimates. As a result, Materials and Services was reduced by \$82,000, from \$827,000 to \$745,000; Capital Outlay was reduced by \$90,000, from \$825,000 to \$735,000; and Contingencies and Reserves was increased by \$62,887, from \$929,869 to \$992,756. Chandler said that year after year the Electric Fund has carried balances over, and he felt it would be easier to explain to the public what that fund balance represents if it is contingency in the event of a huge storm or reserves for a future capital expenses.

In the Water and Sewer Funds, Chandler noted that the revenue lines have been split to provide one line reflecting the current rate and one line showing the amount needed from a rate increase. He said the amount needed to be gained from a water rate increase would be \$218,459; from a sewer rate increase, \$169,935 would be needed.

Taylor, Winkel, and Seymour expressed appreciation for the budget changes.

Seymour made a motion to approve the City Budget for Fiscal Year 2020-2021 as presented, specifying the rate of ad valorem taxes for the General Fund at \$0.4580 per \$1,000, the rate of taxes for the Local Option Street Tax at \$0.8455 per \$1,000, and the amount of taxes for all other funds receiving tax revenue at \$206,143. The motion was seconded by Procetto. Schamehorn repeated the tax specifications. By unanimous voice vote, the motion carried.

Seymour moved for the Budget Committee to approve the Proposed Urban Renewal Budget for Fiscal Year 2020-2021 without changes and to approve the full maximum taxing authority that each Urban Renewal Plan allows. Taylor seconded the motion. The motion passed by unanimous voice vote.

On behalf of the Committee and Council members, Schamehorn expressed appreciation for all the work that went into setting up the Council Chambers for the meeting.

Vick remarked, "This is one of the cleanest, most well put together budgets I've ever seen, and Dan [Chandler] needs to be congratulated. He really worked hard on this."

Seymour said the budget was easy to understand. Schamehorn added that Chandler had used much of what Winkel had already put together as a template.

4.0 ADJOURN

Schamehorn adjourned the City Budget Committee Meeting at 7:14 p.m., saying there would not be another meeting of the Budget Committee this year.

Budget Committee Meeting Minutes
Submitted by Richard Taylor, Minutes Clerk