

**MILL CITY
BUDGET MINUTES
Monday, March 29, 2021**

Mayor Kirsch opened the meeting at 6:32 PM with the flag salute. Councilors present were, Janet Zeyen-Hall, Brett Katlong, Dawn Plotts, Tony Trout and Steve Winn. Budget Members present were Ann Carey, David Hinkley, David Nelson, Gary Olson, Caitlin Purdy and Debbie Schenck. Staff in attendance: City Recorder, Stacie Cook and Finance Clerk Lacy Classen.

Citizens in attendance: Roel Lundquist.

ELECTION OF BUDGET COMMITTEE CHAIRPERSON: Councilor Katlong nominated Councilor Trout and Councilor Trout nominated Councilor Zeyen-Hall for the position of Chair. Mayor Kirsch called for a show of hands for Councilor Trout then Councilor Zeyen-Hall. Councilor Trout nomination carried.

REVIEW OF BUDGET CALENDAR: Councilor Trout asked Mrs. Cook to go through the budget calendar. Mrs. Cook stated that the next meetings are set for March 5, 12 and 19, as needed.

PRESENTATION OF PROPOSED BUDGET MESSAGE: Mrs. Cook went through the budget message stating that the 2021-2022 budget is estimated to be just over \$9,000,000.00. The budget presented this evening will be changing as the City has received information from the League of Oregon Cities that the American Rescue Plan will provide an estimated \$400,000.00 to Mill City. At least one half of this revenue should be received before the end of the current fiscal year with the balance in the 21-22 FY. The tax assessment of \$4.1578 will be retained.

Mrs. Cook said that staff has been more conservative than normal with estimated taxes as a result of the losses due to the wildfires. Taxes are anticipated to be just over \$418,764 for FY 21-22.

The General Fund EFB is anticipated to be about \$400,000. The recommendation is that a \$300,000+ reserve be retained in order to ensure the ability to pay three to four months of expenses should revenues be delayed.

The Street Fund shows a lower EFB than prior years due to dollars being expended on street improvement projects.

The Water Fund is stable due to the increase in revenues brought in by the rate increase, however, the balance is anticipated to be lower than last year due to reimbursements from the Safe Drinking Water Loan coming in after the end of the current fiscal year.

The Sewer Fund balance is declining. The costs associated with the system continue to rise. This fund will need to be watched.

Gary Olson asked how much of the \$2.6 Million water loan/grant is loan. Mrs. Cook said that the loan is just about \$2 Million. Mr. Olson asked what the interest rate is. Mrs. Cook said that it is a 1% interest rate.

Mrs. Cook went through the special purpose funds, giving brief explanations of each.

Challenges for the budget include:

- Maintain a minimum \$300,000+ ending fund balance in the General Fund every year.
- Review General Fund revenue sources and adjust fees and charges as needed.
- Annually transfer \$45,000 to the Equipment Reserve Fund from the three public works funds and the General Fund for vehicles and equipment replacement.
- Use the Water Reserve Fund for the Safe Drinking Water improvements. Construct 7,000 lineal feet of new water mains and purchase and install 350-400 radio read water meters by January 1,

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- Complete a “Sewer Pre-Design Report” and secure federal/state financing for wastewater collection and treatment plant improvements by July 1, 2022.
- Continue to work with the Linn County Roads Department and the SAVE OUR BRIDGE committee to complete the Railroad Bridge restoration and SW Broadway Avenue reconstruction projects using the TIGER Grant.
- Plan for “Community Improvement” projects for use of the Reid House endowment funds and fire insurance settlement \$\$\$.

Mrs. Cook explained that the role of the Budget Committee is to ensure that funds are being spent prudently. Members should review the proposed budget and be prepared to discuss at the next meeting. Mrs. Cook encouraged members to contact staff prior to go over the document and questions. Staff will provide information to the Committee and gather any additional documentation needed between meetings.

EXPLANATION OF BUDGET STRUCTURE: Mrs. Cook stated that the City used to have a line item budget, showing a multitude of items that were budgeted for in the fiscal year. The state required that the City change the budget format so that it is more in line with other cities and counties, making it easier for the general public to be able to navigate.

The budget is now based on organizational units. Mrs. Cook gave a brief explanation using the General fund, noting that there are Resources (revenues) for Administration and Finance, Public Safety and Parks and Facilities. Within each of these are revenues anticipated to come into the City related to each of the specific areas. Also included for each of the organizational units are Requirements (expenses) pages. These outline anticipated expenditures for the specific areas.

David Hinkley asked if there is a formula used to divide the salary and benefits within each of the funds. Mrs. Cook said that there is a percentage basis used to determine the allocations.

REVIEW OF BUDGET NARRATIVE: Mrs. Cook explained that the narrative correlates directly to the budget document, denoting specific items of interest that are outlined within the proposed budget. The narrative should be used as a tool to determine what has been budgeted within a fund.

Ms. Cook said that the General Fund is anticipated to have a BFB of \$396,482 which does not include the \$875,000+ of insurance settlement dollars. Revenues include licenses and permits, franchise fees, court payments and state revenue sharing dollars in addition to others.

Expenditures related to the General Fund include salaries and benefits, audit, City Attorney, Planning and Engineering consultants as well as the LCSO contract and transfers to other funds.

The Street Fund is anticipated to have a BFB of \$82,187 with revenue coming from the Pacific Power franchise fees and State Highway Taxes.

Expenditures are salaries and benefits, insurance, consultant fees, street lights and transfers out.

Mrs. Cook said that the Water Fund is an enterprise fund, meaning that revenues must only be used for water related items and the fund should be self-supporting. The BFB is anticipated to be \$150,268 with revenues coming from water charges.

Expenditures are salaries and benefits, contracted services, insurance, lab tests, consultants, and maintenance in addition to transfers out to other funds.

The Sewer Fund is also an enterprise fund. Revenues come from sewer charges. Expenditures are salaries and benefits, contracted services, regulatory fees, insurance, consultants, maintenance and sludge management as well as transfers to other funds.

Staff will recommend a rate increase by the end of the calendar year.

The Railroad Bridge Maintenance and Restoration Fund holds the required match for the TIGER grant. Should the dollars not be necessary for the project then they will remain in the fund for future maintenance purposes.

The Skatepark Fund holds dollars for use when needed for engineering/design/construction of a skatepark. However, the SKATE Committee will need to do additional fundraising in order to obtain funding to complete the project.

The Canyon Journeys Trail/Mill City Falls Park Fund has a BFB of just over \$11,000. There is a transfer in f \$140,000 to replace the Cedar Creek footbridge. Expenditures include the bridge replacement as well as engineering and administration for the project.

Roel Lundquist, SW Linn Blvd, asked about the name change for this fund and how it became the Canyon Journey Trails/Mill City Falls Park. Mrs. Cook said that she believes there was a modification done to the name via resolution but will confirm.

The Housing Rehab Fund is used to provide zero percent interest loans for housing rehab. Funds from the original loans are the City's to do as they wish with. A loan from this fund to the Storm Drainage Fund has been authorized by the Council. Funds have also been used for code enforcement property clean up in previous years.

The General Facilities Reserve Fund was established for financing land acquisition and capital improvements. The BFB is anticipated to be just over \$212,000 with revenues coming from The Reid House endowment as well as insurance payouts for the losses during the Beachie Creek Wildfire.

Expenditures include funds for parks land acquisition, clean up of the Reid House property and a transfer to the General Fund for project management.

The Water System Reserve Fund holds funds for capital improvements for the water system. System Development Charges paid to the City also are held in this fund. The BFB is anticipated to be \$343,863 with revenues from SDC's, the SDWRLF and transfers from other funds.

Expenditures include project administration and engineering as well as capital outlay for the water project and a transfer to the Bonded Debt Fund for the water loans.

The Sewer System Reserve Fund holds funds for capital improvements for the sewer system. System Development Charges paid to the City also are held in this fund. The BFB is anticipated to be \$239,657. Revenues are anticipated to be grant dollars and a transfer from the Street Fund t pay for street improvements.

Expenditures include administration and engineering for the SCA grant as well as capital outlay for the project and funds for sidewalk work.

Mrs. Cook said that the remaining fund narratives would be gone through at the April 5, 2021 meeting.

ADJOURNMENT

The meeting was adjourned at 8:31 p.m.

Prepared by:

Stacie Cook, MMC
City Recorder