

**BOARDMAN CITY COUNCIL
BUDGET COMMITTEE MEETING - MAY 12, 2020**

The City of Boardman Budget Meeting was called to order by Mayor Toms at 7:16 pm.

Committee Members: Ted Lieurance, David Norton, Alejandra Mendoza, Sonja Neal, Lisa Mittelsdorf, Art Kegler, Brandon Hammond, David Jones, Leslie Pierson, Roy Drago, Sandy Toms

Absent: Katy Norton – Excused, Bill Ellis, Julie Gisi

Staff: Karen Pettigrew – City Manager, Heather Baumgartner – Recorder, Rick Stokoe – Chief of Police, Marta Barajas – Budget Officer, Barry Beyeler – Community Development Director

Audience: None

Committee Member Hammond moved to appoint David Jones as Chairman. Committee Member Kegler seconded the motion. All were in favor.

Chairman Jones established the ground rules for the meeting. The meeting would last no longer than 45 minutes with no breaks. Each person will have a 2-minute speaking time. Budget Committee Chairman Jones turned the meeting over to Mrs. Marta Barajas, Budget Officer.

Mrs. Barajas presented the budget message. She explained that the City of Boardman has been busy. She explained that the General Fund is comprised of five departments; General Government, Public Safety-Police, Code Compliance, Facilities, and Non-Departmental.

The utility funds are service specific. The Water Fund, Sewer Fund, and Garbage Fund are currently operating sufficiently. Increased construction activity plus completed housing developments, such as apartment complexes contribute to increased utility services demand.

The Street Fund is difficult to fund due to it having only one source of resources which is the State Road Tax apportionment.

The Building Fund is very busy and is designed to provide services related to building plan reviews and inspections throughout the county. Most of the activity is focused in the Port of Morrow area. Major projects are hard to predict, but with anticipated sooner rather than later start dates and a confident stance on their realization, the city has adopted a budget with resources believed to be attainable.

The Community Development Block Grant Capital Fund was established due to a Community Development Block Grant awarded to the City of Boardman in 2016. This CDBG project is in conjunction with the Oregon Child Development Coalition.

The City of Boardman has two debt service funds. These are the Water Bond Fund and the Sewer Bond Fund. These funds are to account for the bonds issued in 2000 for a water project and in 2003 for the sewer project. The 2020-2021 levy request \$410,000 approximately \$0.71 per \$1,000 of assessed value. The original rate established in 2003 was \$1.19.

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The City of Boardman anticipates beginning the year with a larger balance in beginning capital, mainly due to the unexpected award of money from the Columbia River Enterprise Zone II. The City is a first-time recipient of CREZ II funding. Past awards were specific for partial personnel costs of a School Resource Officer.

The General Fund begins on page 8. The General Fund is the principal fund within the City. The General Fund accounts for all the financial activities needed to provide administrative leadership for the City of Boardman. The General Fund is separated into five departments; General Government, Public Safety-Police, Code Compliance, Facilities, and non-Departmental.

The beginning cash in the General Fund is \$2,753,294 up \$1,133,294 from last year. The Resources in the General Fund include revenues generated from property taxes, state revenue sharing, franchise fees, grants and loans, transient room taxes, and asset sale proceeds. Expenditures of the General Fund include payroll costs, police communication costs, professional and service contracts, tourism, city parks maintenance, and City Hall debt retirement.

The 2020-2021 General Fund Budget projects a 4.3% increase in property tax revenues. Early 2019 marked the end of the 20-year exemption on industry-paid Umatilla Electric Co-Op fees. Expenditures will increase in personnel costs, as PERS retirement contributions and wage and salaries increased in July 2019.

Expenditures for the General Government Department will increase by approximately \$103,000. Operating costs have decreased, but payroll has increased.

The Public Safety-Police Department will see an increase of \$51,800. Personnel costs will increase with approximately \$18,000 going to PERS retirement. Our current operating costs have decreased by 11%. The department now employs a Captain, two Sergeants, and two Detectives. The School Resources Officer (SRO) continues to be on staff and supported through outside funding.

The Code Compliance Department will increase by \$2,400. This is mainly due to the increased fees incurred for animal shelter placements.

The Facilities Department is the debt for the mortgage of City Hall. It was refinanced in 2016 with a substantial savings to the City. Additional payments are scheduled to be made with a new target for debt repayment by the end of 2022. The outstanding debt balance at the end of fiscal year 2019-2020 is approximately \$455,000, at a debt service rate of 3.5%. Total payments of \$240,000 are scheduled to go against this debt.

Committee Member Toms asked why there was an increase in facilities repairs and maintenance from \$19,000 last year to \$35,750 this year. Mrs. Barajas explained that this line item also covers fees associated with landscaping fees. For example, the cost to have the trees removed from the City Park fall under this line item. There are more trees anticipated to be removed.

Committee Member Hammond asked why there was an increase in facilities service contracts from \$18,000 last year to \$63,212 this year. Mrs. Barajas explained that the City of Boardman has a contract with Boardman Parks and Recreation to assist in maintaining the lawns and

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sprinkler systems. Janitorial services are also under facilities expenditures. She further explained that she had reallocated expenses associated with the utilities from the field house to the facilities expenditures.

The Non-Departmental funds will see a 21% budget decrease in 2020-2021 operational expenses. The City has allowed a significant increase in transfers to reserve funds, contingency, and a healthy ending balance. The General Fund will continue to carry a reasonable contingency account for unforeseen opportunities and the anticipation of future management retirements in the next few years.

The proposed General Fund Expenditure for fiscal year 2020-2021 is \$6,003,200.

The Water Fund begins on page 12. The Water Fund resources are expected to be sufficient to cover all cost of operations. The City operates two large collector wells servicing over 885 accounts. The Water System pumps approximately two (2) billion gallons annually. The Port of Morrow is the City's largest industrial consumer. Some of the major projects in the Water Fund have been replacing the water building backup generator system and upgrading collector well #1 in the early 2000's. Collector well #2 was upgraded in 2016-2017. In fiscal year 2017-2018 the City began construction on the Water Master Plan. This created an extension to the City's main water line and provided a circular security to the City's water system. This multimillion-dollar project was completed by late June 2019 and was funded through the Water Reserve Fund.

The beginning cash in the Water Fund is \$426,690 up \$111,690 from last year. Revenues for the Water Fund are generated by user fees from the residents and businesses of Boardman and from industrial users in the Port of Morrow. Major expenditures of the Water Fund are payroll costs, system maintenance, and utility costs for pumping. The most recent rate increase of \$0.83 per unit, per month, was July 1, 2019. Excess revenues will allow for refunding of the Water Reserve Fund, designated for capital water projects. As the population of the City grows, the need for pipeline expansion and capital water projects will soon follow and funding will be of utmost importance for project timeliness.

Chairman Jones asked what was actually included in the service contracts line item. Mrs. Barajas explained that IT services and engineer costs are reflected in the amount.

The Water Fund budget projects an increase, as opposed to last year's decrease of 15.5% due to smaller cash carryover than the previous fiscal year. Water Fund expenditures will increase in transfers out to the fund and in the contingency fund.

The proposed Water Fund Expenditure for fiscal year 2020-2021 is \$1,268,790.

The Sewer Fund begins on page 15. The Sewer Fund resources are expected to be sufficient to cover all cost of operations. The City currently services over 875 users and maintains approximately 14 miles of sewer line. The City Sewer System utilizes the Lagoon Cell concept of waste collection and disperses treated water for crop irrigation. In 2003, the City completed several sewer system upgrades, constructed a third lagoon cell, and purchased an irrigation system for treated water dispersal. The City is now looking at adding another lagoon, as the oldest lagoon will soon need to be serviced for continued use. As with all infrastructure, major

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maintenance is required after a period of time and before a catastrophic breakdown or unforeseen circumstance depletes resources or requires other immediate funding sources.

The beginning cash in the Sewer Fund is \$378,000 up \$143,000 from last year. Sewer Fund revenues are generated from user fees, outside vender dumping, and the rental of irrigated farm acreage. Major expenditures of the Sewer Fund are payroll costs, utility costs for pumping, and system repairs and maintenance. The most recent sewer rate increase was on July 1, 2019 in the amount of \$1.38 per unit, per month. Excess sewer funds will continue to be transferred to the Sewer Reserve Fund for future and capital needs.

The Sewer Fund is projecting a 19% increase in revenues for 2020-2021. This increase is the result of a higher cash carryover than the previous fiscal year. The previous fiscal year paid out funds for the Master Water Pipeline project, which also included sewer system upgrades and repairs in certain areas of Boardman. The transfers to the Sewer Reserve Fund are projected to increase for 2020-2021, as is the contingency account. Payroll and overall operating costs will remain constant with an increase capital purchases for the coming year.

Committee Member Lieurance asked why the capital purchases line item increased from \$25,000 to \$94,000. Mrs. Barajas explained that the City has equipment that is aging. The City wants allowances in place to replace that equipment in the event it fails. Chairman Jones asked if the fees to Anderson Perry for engineering services was also included in the service contracts line item. Mrs. Barajas confirmed. Chairman Jones asked how much the City was paying Anderson Perry per year. Mrs. Barajas explained that it varied depending on how many projects and the size of the project.

The proposed Sewer Fund Expenditure for fiscal year 2020-2021 is \$1,065,050.

The Garbage Fund begins on page 18. The City has a contract with Sanitary Disposal, Inc. to collect solid waste from all residents and businesses in the City of Boardman. The City currently has approximately 879 user accounts.

The beginning cash in the Garbage Fund is \$117,300 up \$32,340 from last year. The principal source of revenue for the Garbage Fund is generated by user fees for solid waste collection. The annual revenues have slowly increased over the last few years due to the steady increase in the City's population and construction in the Port of Morrow area. There was an 8% increase in garbage fees as of July 1, 2019. This was a pass-through cost to our customers. The increase in cost along with an increase in the number of customers have contributed to increased revenues in the last couple of years. These revenues are very tight when covering expenses. Careful expense management allows for this fund to continue to be functional on a positive note. As this is a contracted service, the pass-through cost increase goes hand in hand with an increase in the Service Contract fees. This accounts for the increase in revenue and the increase in expenses.

The other expense in the garbage fund, is the multi-year offering of garbage dump vouchers. The City provides vouchers to the residents within the city limits and then covers the dumping fees charged for those dumpsters. The fee structure the City pays for this service will be a little different due to COVID-19 social distancing mandates, but the City doesn't anticipate much of a cost variance.

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Chairman Jones asked if the City of Boardman was losing money. Mrs. Barajas explained that the City does not make any money in this account. The resources and expenditures are close to equal.

The proposed Garbage Fund Expenditure for fiscal year 2020-2021 is \$612,340.

The Street Fund begins on page 21. The Street Fund provides for the planning and maintenance of streets, walking paths and sidewalks, storm drains, and traffic safety. The Street Department maintains over 22 miles of streets, keeping them clean and repaired. A master Transportation Plan is filed with the Oregon Department of Transportation outlining the City's long-range traffic flows and future safe traffic routes. This Plan is updated periodically.

The beginning cash in the Street Fund is \$322,650 up \$17,650 from last year. Revenues from the Street Fund come from State Road Tax disbursements. Receipt of County Road Tax sharing was eliminated in fiscal year 2011-2012. The City will solicit grant funds from available sources to help achieve the planned street repair and maintenance activities. The major expenditures in the Street Department are payroll costs, street repairs, paint striping, and paving, street lighting, and seasonal maintenance. Emphasis on street repairs and traffic safety are the main objectives for this Fund. Due to the limited resources, the Street Fund is unable to transfer funds to its reserve fund.

The 2020-2021 budget forecasts a 40% decrease in State Road Tax revenue due to a decrease use in vehicles across the state due to the COVID-19 stay at home mandate. To remain conservative, the City has taken this decrease and speculated a cash shortage the state will have with the extended State of Emergency Declaration. This year's cash carryover is higher than previous years as a result of a budgeted transfer from the General Fund. The carryover funds will be expended in 2020 on road repairs and maintenance already planned. The Street Fund contingency account will have an increase in the foresight of future expenditures and major repairs.

The proposed Street Fund Expenditure for fiscal year 2020-2021 is \$537,950.

The Building Fund begins on page 24. The Building Fund was established to serve the residents of Boardman with construction information and timely inspection services. The City also contracts with Morrow County and other small cities in the immediate area for inspection services. The City's Building Official is licensed and certified to provide building and mechanical inspections, as well as, plan review services. The Building Department is responsible for inspections of all projects from small home improvements to large commercial and industrial construction projects. All plumbing inspections are currently contracted out and provided on a weekly schedule.

The beginning cash in the Building Fund is \$5,955,000 up \$1,740,000 from last year. Revenues for the Building Fund come from building permit fees and plan review fees. The Building Fund generates resources to provide for operational expenditures. A major expense in this fund is the remittance of State, County, and contractual cities share of permit fees collected; depending on the type of permit, a percentage is remitted to the pertinent municipality. The City also has the

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cost for the contracted services of the plumbing inspector. Other expenditures in the Building Fund include payroll expenses associated with an enterprise fund.

The unique activity of this fund makes it difficult to budget from year to year. It is such a volatile environment with many unknowns; it then becomes necessary to reserve resources from good years to balance lean years. A significant portion of the Building Department activity is generated from the Port of Morrow and its industries. That activity, in the last few years, has been very high and is projected to continue. The 2020-2021 budget will increase by 8.3% due to an increase in cash carryover. The coming year projects a similar pattern to the 2019-2020 fiscal year. If the demand for these services surpasses the City's current capacity, the Building Department is considering hiring additional staff. This has been worked into the budget, as it was last year, because it could happen at any moment and the City wants to be ready if the need arises.

The proposed Building Fund Expenditure for fiscal year 2020-2021 is \$7,802,306.

The Reserve Funds begin on page 27. There are currently four reserve funds; General Reserve, Water Reserve, Sewer Reserve, and Street Reserve. The reserves were created to facilitate the cash management and saving needs for capital improvements and emergency repairs.

The General Reserve Fund receives its resources from General Fund transfers and grant funds for specific activities. In 2018-2019, this fund assisted in the development of the field house located behind the City Hall. The 2020-2021 budget for this fund will increase due to a larger cash carryover from the prior year. No specific projects are currently projected for the 2020-2021 fiscal year. Remaining funds will be reserved for future capital projects as they are needed. The beginning cash in the General Reserve Fund is \$508,350 up \$113,350 from last year

The proposed General Reserve Fund Expenditure for fiscal year 2020-2021 is \$967,250.

The Water Reserve Fund was fully expended in 2018-2019 with the completion of the Water Master Plan; a project to construct water line upgrades to the City water system. This major construction project was completed at a final cost of \$3,017,900. The Water Reserve Fund will continue to operate in the future with 2020-2021 resources from SDC charges of future construction projects and from transfer-ins from other funds. Expenditures for 2020-2021 are budgeted to facilitate the possibility of capital projects during the year. Some would include the preliminary costs associated with a proposed addition to the water system, including a 1-million-gallon water reservoir tank. Full construction costs would be in the years to come, if the pending General Obligation Bond is approved by the voters. The beginning cash in the Water Reserve Fund is \$375,770 up \$374,770 from last year.

The proposed Water Reserve Fund Expenditure for fiscal year 2020-2021 is \$704,370.

The Sewer Reserve Fund budget is projected at \$2,154,100. This is an increase of \$205,798, or 11% from the previous year. This increase is solely due to the cash carryover and a Sewer Fund transfer. SDC are not expected to be as high as previous years, with most of the multi-unit projects being completed. Expenditure projections for capital projects and contingencies have also been increased. The purchase of land for a third lagoon and the costs associated with the

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preliminary costs of design are allocated in these expenditures, with construction costs allowable in the coming years, pending voter approval of a General Obligation Bond. The beginning cash in the Sewer Reserve Fund is \$1,908,700 up \$208,700 from last year.

The proposed Sewer Reserve Fund Expenditure for fiscal year 2020-2021 is \$2,154,100.

The Street Reserve Fund is projected to increase by \$308,400 or 26.7% in 2020-2021. Revenue projections include an increase in cash carryover, transfers-in, and an Urban Renewal Agency District reimbursement payment. The increase in expenditures is in capital projects. Several street repairs and upgrades are planned for 2020-2021.

The proposed Street Reserve Fund Expenditure for fiscal year 2020-2021 is \$1,561,400.

The Community Development Block Grant (CDBG) begins on page 34. The City of Boardman agreed to be the financial sponsor for the Boardman Migrant Head Start program to receive a Community Development Block Grant (CDBG) passed through by the Oregon Infrastructure Finance Authority (IFA). This grant award is for the construction of a new 8,000 square-foot facility in Boardman for a Migrant Head Start program. The \$2,000,000 grant project timeline commenced on January 1, 2016 with a three-year completion date. At the end of 2019, the project received an extension to the original deadline. All funding proceeds, support documentation, and record keeping will be coordinated by the City of Boardman with pass thru funding under the guidance of the CDBG staff and with support from CASA of Oregon as the project manager. This project is in conjunction with the Oregon Child Development Coalition (OCDC), who will be running the Head Start and who has secured the additional funding for the project. Actual funding and grant activity through the current date of 2019-2020 fiscal year totals \$162,975. The project is still active, with site work to commence and the issuance of the purchase order for the modular buildings, in the next few months. The City is still in support of being the sponsor for this project and so has included the pass-through activities in this coming fiscal year's budget.

The proposed CDBG Capital Fund Expenditure for fiscal year 2020-2021 is \$1,837,925.

The Bonded Debt Funds begins on page 37. The City of Boardman has two debt service funds to disburse required annual debt payments. Payments for the 2019-2020 fiscal year were \$426,549 on an outstanding debt balance of approximately \$3,423,000 down \$340,000 from the prior year. The projected levy amount for this year is \$410,000 resulting in a \$0.71 rate per \$1,000 of assessed value, down \$0.08 from last year's rate.

The Water Bond was issued in October 2000 for \$3,784,000 on a 25-year term. It was refinanced in April 2006 and again in September 2016. The 2020-2021 approximate debt payment is \$275,000 at 2.3% interest rate. The debt balance of the Water Bond at the beginning of fiscal year 2020-2021 is approximately \$1,282,000. The water debt matures in June 2025.

The proposed Water Bond Fund Expenditure for fiscal year 2020-2021 is \$274,486.

The Sewer Bond was issued in June 2003 for \$3,000,000 on a 40-year term. This was refinanced in September 2016. The 2020-2021 approximate debt payment is \$152,250 at 2.3% interest rate.

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The debt balance of the Sewer Bond at the beginning of fiscal year 2020-2021 is approximately \$2,141,000. The sewer debt matures in 2029, a reduction of 14 years from the original issuance.

The proposed Sewer Bond Fund Expenditure for fiscal year 2020-2021 is \$152,243.


Chairman Jones asked if the General Obligation Bond passed, would the current Water and Sewer Bonds be paid off. Mrs. Barajas confirmed they would be paid off.

Mrs. Barajas explained that page 43 showed all city expenditures by category totaling \$24,941,410.

Committee Member Toms asked if there was a need to have an additional budget meeting. Mrs. Barajas explained that the budget may change based on the May 19, 2020 voting results for the General Obligation Bond.

Chairman Jones communicated the next budget meeting was scheduled for May 26, 2020 at 7:00 p.m. All were in favor.

The meeting was adjourned at 8:08 pm.


Sandy Toms – Mayor


Heather Baumgartner – City Recorder