

BOARDMAN CITY COUNCIL-BUDGET COMMITTEE MEETING MAY 9, 2017

The meeting was called to order by Committee Member Profitt at 7:20 pm and she led the group in the Pledge of Allegiance. Roll call was taken:

Committee Members: Brenda Profitt, Lisa Mittelsdorf, Roy Drago, Jr, David Jones, Ted Lieurance, Ray Michael, Kym Erevia, Toni Connell, Brandon Hammond and Art Kegler

Absent: Julie Gisi, Del Turner, Bill Ellis and Sandy Toms

Staff: Karen Pettigrew-City Manager, Pam Neal-Recorder, Rick Stokoe-Chief, and Tom Kligel, Budget Officer

Audience: None

Committee Member Mittelsdorf moved to appoint Brandon Hammond as Chairman. Committee Member Ray Michael seconded the motion. All were in favor.

Chairman Hammond established the ground rules for the meeting. The meeting would last no longer than 1 hour with no breaks. Each person will have a 2-minute speaking time. Chairman Hammond turned the meeting over to Mr. Tom Kligel, Budget Officer.

Mr. Kligel stated the 2017-18 General Fund Budget projects a 9% decrease in revenue from the previous year due to a previous assets sale at Tower Road that will not happen. The proposed budget for the General Fund is \$3,942,010.00.

Mr. Kligel stated the total salary increased about 4% due to the PERS increase of 20% in 2017. He stated that we had an advantage that we have 4 employees that are now retired from PERS, therefore it is quite a savings. There are 24 full time employees, we budget for 25.5. He stated that there may be 4 employees retiring within the next 5 years. Caution needs to be made for salary increases upon replacements hired.

Mr. Kligel explained the Public Safety Department will have an increase in expenditures by 10% caused by a reorganization of existing personnel. We now have 2 Sergeants which changes to value in salaries. He also stated 2 cars will be purchased. The vehicles are normally kept at a maximized mileage of 100,000.

Mr. Kligel explained the Water and Sewer Funds are almost identical but for different reasons. The Water Fund is down about \$350,000 mostly due to cash carry over and transfers to the Water Reserve Fund for future capital projects. Revenue comes from City residents and business and from the Port of Morrow industrial users. In July of 2016 rates were raised, this was the first increase since 2008-09. Explanation was given regarding the refinance of the Water and Sewer Bonds in 2017. The loan fees of \$25,000 were charged equally to the Water and Sewer Funds. The proposed budget for the Water Fund is \$915,400 and the Sewer Fund is \$862,550.

Mr. Kligel explained the Garbage Fund is very active due to all the activity in the Port. The beginning cash carryover for the Garbage Fund was \$70,000 and fees and services bring in another \$430,000. There will be a small change in the budget of \$30,000. Committee Member Mittelsdorf asked for the total cost per year of the garbage clean up held 2 times per year. A \$4,000 figure was given by Mr. Kligel, she questioned having a third clean up per year since this is such a successful event. This will be further discussed for consideration. The proposed budget for 2017-18 is \$500,000.

Mr. Kligel stated that in the last two years the Street Fund is funded mostly by the revenue of the State. It generates a consistent amount of \$200,000. He explains the Street Reserve Fund - grants and loans of \$100,000, this is a reimbursement of grant funds transferred out several years ago. These funds were

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returned and will possibly be used for road work at the batting cage area. He expects the budget next year to be very tight and this fund may need to have a reorganization. The proposed budget for 2017-18 is \$378,300.

Mr. Kligel stated the Building Fund is a complicated fund to budget. This fund is based on projects that are projected to happen. If an Industrial project does or doesn't happen there could be a realization of several hundreds of thousands of dollars up or down. Mr. Kligel explains that if the revenue is not in the budget, this creates a major supplemental problem. We can receive grant funds with no issues but we cannot take in regular revenue and spend the revenue without budgeting it first. The 2017-18 budget is way down by 57% because of the 2016-17 projected projects that did not happen. Committee member Profitt asked for clarification of the land and building improvements funds of \$350,000. Mr. Kligel stated that the City is looking at purchasing a piece of property. It has not been decided as of yet but the possibility is there, so funds need to be a part of the budget. Committee member Erevia questioned the ability to borrow funds from the Building Funds. Mr. Kligel explained the \$1,500,000 proposed in the budget is for that, if needed. He also stated that City Council would have to approve a Resolution to borrow funds. Committee member Mittelsdorf requested further explanation of the restrictions of the use of the building funds. Mr. Kligel explained that the building funds can only be used for building fund activity. This fund is very restricted by the State. It has the ability to loan to other funds but it must be paid back. The beginning cash carryover is \$3,775,000. The proposed budget for 2017-18 is \$7,235,440.00.

Mr. Kligel stated the transfer of \$50,000 listed in the General Reserve Fund is from the General Fund for the restroom at the batting cages being built in 2017.

Mr. Kligel stated that the Water Reserve Fund beginning cash of \$1,518,000 is quite high. The City expects to spend most of these funds on the Water Master Plan. The City will begin the work on Collector 3 after the first of the year. Capital project expenditures of \$1,269,500 is for Collector 2 and the Bank Restoration project. Capital Purchases of \$350,000 are for booster pumps in the water building. The combined Professional Fees are the consulting and engineering costs associated with the projects.

Mr. Kligel explains the Community Development Block Grant of \$1,946,137 is for the Migrant Head Start program. The construction may not be completed by the beginning of the 2017-2018 school year due to the winter weather.

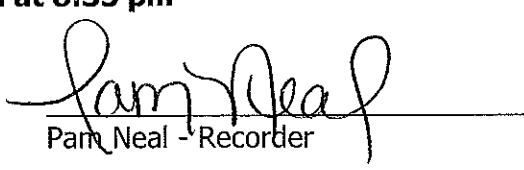
Mr. Kligel explains the Water & Sewer Bond Funds. The City completed a refinance of both bonds in 2016. The Water Bond saved \$290,000 in interest costs with the loan term remaining the same, scheduled payoff to be 2025. The Sewer Bond will save \$1,400,000 of interest costs and reduced the loan term by 14 years, scheduled payoff to be 2025. Both bonds are paid by tax levies.

Mr. Kligel stated that the budget category recap summary shows a decrease in total budget of \$11,194,777 mostly due to materials and services down \$3,617,462 and the reserves down by \$7,385,200 which is a reflection of the building department revenue decrease.

Committee Member Jones moved to approve the proposed 2017-18 Budget. Committee Member Erevia seconded the motion. Roll Call: Mittelsdorf-yes, Drago, Jr-yes, Everia-yes, Jones-yes, Lieurance-yes, Hammond-yes, Michael-yes, Connell-yes, Profitt-yes, Kegler-yes. Motion passed 10-0-3 absent

Budget Committee Meeting was adjourned at 8:33 pm


Brenda Profitt - Committee Member


Pam Neal - Recorder