

CALL TO ORDER:

Mayor Jeannie L. Sanders called the budget workshop to order at 7:00 p.m., which was held in the 14th Avenue Medical Clinic Boardroom.

Present: Mayor Jeannie Sanders, Councilmembers Larry Bray, Eleanor Brodahl, Kenneth Johnson, Shannon McKay, Marc Spohr, and Tim Wilson.

Also Present: Department Heads: Curt Andrews, Police Chief Ron Axtman, Debbie Kudrna, Dick Lee, Rhonda Miller; and City Administrator, Ehman Sheldon.

Absent Was: Councilmember Everett Cole.

Mayor Sanders thanked everyone for their work on the budget workshops.

2005 BUDGET

City Administrator Ehman Sheldon provided an introduction to the meeting. He advised that tonight's meeting would cover the remainder of the General Fund and Reserve Funds. Monday's meeting will complete the budget review and recap the General Fund budget. He noted that the Police Department has taken several cuts to help balance the budget.

Finance Officer Rhonda Miller reviewed the updated General Fund budget, which includes the changes that had been previously discussed. She reported that the employer contributions for the State's pension systems are increasing for PERS from 1.38% to 5.08% and LEOFF 2 from 3.25% to 4.32%. We have also been advised that Labor & Industry's rates will increase approximately 3.7%.

Street Fund: The Finance Officer reviewed the projected street revenues, which includes sales tax, motor vehicle tax, motor vehicle fuel tax, and the pass through funding from Adams County. Public Works Director Dick Lee reviewed the 2005 street projects, which includes the Columbia Street storm water, neighborhood street overlay project, and engineering for mid-Broadway. He reported that preliminary review of Broadway indicates that it may need to be reconstructed. The Mayor stated that preliminary plans were to not have any overlay projects in 2005, but they felt it necessary to upkeep the streets. Mr. Sheldon reported that we have approximately \$300,000 in street reserves, of which \$200,000 is set-aside for emergencies. Mr. Lee was asked to get prices for 2005 and 2006 street overlay projects. Mr. Sheldon provided a map, which showed street projects through 2009 and mentioned that they will review the plan and bring it back to Council.

Mr. Lee proposed a residential sidewalk on either the east or west side of 10th Avenue from Main Street south, possibly reaching Ash Street. There is \$100,00 appropriated for the sidewalk and handicap roll downs. He explained that the street will be assessed to determine the best location for the sidewalks and the property owners will be involved in the planning process. Mr. Lee reported that there are no personnel changes in streets in 2005. He has requested \$130,000 for a new street sweeper and saving \$24,510 for future truck and equipment purchases. Mr. Lee stated that for every eight hours of use of the street sweeper, it requires 3.2 hours of repair and they are currently waiting for backorder parts. He suggests that the new sweeper be a regenerative air design. Mr. Lee explained that their Accela software program allows them to track and depreciate their equipment. He then reviewed the other changes in the street operations and reported a net reduction of \$11,870 for 2005.

Tourism: The Finance Officer briefly reviewed the tourism fund activities, which indicates a \$46,000 beginning balance. She noted that the Council's policy has been to maintain a minimum balance of \$40,000 in the account, which will allow approximately \$35,000 in expenditures for 2005. She reported that she will review the applications, which are \$59,668 (to-date) and set up a meeting with the Lodging Tax Advisory Committee soon.

Real Estate Excise Tax: Ms. Miller reported that the estimated revenues for the tax fund for 2205 are approximately \$60,500 and the sidewalk project has been set at \$100,000. She reported that there is not a reserve fund for the real estate excise tax fund.

Utility Tax: The Finance Officer reported that the utility tax rate is set by ordinance at 6% and reviewed the revenues and expenditures. The expenditures included a transfer into the General Fund of \$400,000 (50%), bond payments on the City Hall/Police Department building at \$188,000, capital purchases at \$192,000, and a transfer of \$50,000 towards a new fire truck.

Sidewalk Construction: Ms. Miller reviewed the beginning fund balance and sidewalk construction fund project (\$100,000). She explained that funding from the real estate excise tax fund could be used for any public improvement.

Water Fund: Mr. Lee noted that they would continue the radio read meter replacement project and the annual steel line replacement project. He recommends that we implement a citywide steel line replacement program, estimated at \$1,040,000, funded with a Public Works Trust Fund Loan. He advised there are no personnel changes in the water department and requested \$23,280 be set aside for future truck and equipment purchases. Mr. Lee reported that with all of the minor reductions of water operating expenditures it equates to a net reduction of \$14,230. He also reported that the citywide fire hydrant project is complete. Mr. Sheldon noted that we do have a water reserve fund for unexpected repairs. Mr. Lee stated that Well #8 might be on-line by year-end. The Mayor explained that our insurance carriers had required us to implement a maintenance program for the wells. Mr. Lee explained that our telemetry system monitors the city's well systems, although they are still able to manually control the infrastructure. The Finance Officer reviewed the projected water revenues and expenditures, which includes the second year of the three-year incremental increase. The Mayor explained that the water contract with J R Simplot provides a formula to calculate their annual volume rate.

Reserve Funds: The Finance Officer reported on each of the reserve funds. She explained that we had used \$5,000 in the solid waste reserve in 2002 for alley improvements and the recent ordinance amendment includes a transfer to cover additional expenses in the solid waste category. A solid waste rate increase will be discussed at the next budget meeting. Ms. Miller then reviewed the donation fund and the water/sewer bond reserves. She noted that it expires in 2007.

Mr. Sheldon reviewed the items that will be discussed at the Monday night meeting. The Mayor responded to a question about the water fund balance, explaining that the three-year incremental water rate increase was imposed to help replenish the deficit. She also noted that an additional increase may be needed and it has been suggested that an annual CPI increase be implemented.

ADJOURNMENT

With no further items to discuss, Mayor Jeannie L. Sanders adjourned the workshop at 8:16 p.m.

By: _____
JEANNIE L. SANDERS, Mayor

ATTEST:

By: _____
DEBBIE L. KUDRNA, City Clerk