

**City Council Workshop
MINUTES**

August 22, 2023, at 4:00 PM

CALL TO ORDER

Councilmember and Mayor Pro Tem Casey Olson called the meeting to order at 4:00 p.m.

Present: Carol Langley City Council Place #1

Casey Olson City Council Place #2

Sara Countryman City Council Place #3

Cheryl Fox City Council Place #4

Stan Donaldson City Council Place #5

Absent: Byron Sanford Mayor

Also Present: Gary Palmer City Administrator

Nici Browe City Secretary & Director of Administrative Services

Dave McCorquodale Assistant City Administrator/Planning & Development Dir.

Mike Muckleroy Public Works Director

Maryann Carl Finance Director

James Gilley Financial Advisor

1. Review and Discuss FY2024 Preliminary Budget.

Mr. Gary Palmer introduced the agenda for the workshop and said there was a lot to cover and reminded the council that they have now done an initial review of the budget twice and made some cuts in order to be able to have a balanced budget.

He added that the fund balance policy stated we should hold at least 45% in reserves, currently the city is at 38% this is directly from the auditors when they presented on the audit. Going forward we will be seeking the 45% reserve.

Councilmember Casey Olson inquired from a department head standpoint are they under or over budget?

Each Department head provided a response to Councilmember Casey Olson's question with all being under budget overall within their departments, with some individual lines being over in some departments.

Mr. Palmer stated that he had met with Katherine Vu of WGA to go over the CIP. We created an aspiration CIP list, and looked at the funding, which was \$3.4 million, we cut back projects to get to close to \$1.1 million and we also have the AARPA funds of \$368,000 to spend.

Mr. Chris Roznovsky of WGA informed the City Council that the Flagship Boulevard project also came in under budget due to the removal of the concrete to a tune of \$75,000. He also added that the

Downtown project is being deferred as it will not be done this next year therefore that is \$350,000 available this fiscal year.

Mr. Roznovsky also added that the 2023 Sanitary Sewer Rehabilitation Project although in the works the actual first pay estimate of \$500,000 will not occur this fiscal year.

Councilmember Stan Donaldson inquired how many water wells are in the city.

Mr. Roznovsky responded that there are two working right now.

Councilmember Stan Donaldson inquired about the status of Water Well #3.

Mr. Roznovsky responded that the booster pump is out at Water Plant No. 3 which is not tied to a specific well. The booster pump is still out, and it appears to be about another two months before we expect to receive the replacement.

Mr. Palmer stated that now we have a CIP list, the next step is to see alternative ways to fund those projects, so we reached out to Bond Counsel and Financial Advisor to see what our debt capacity is.

Mr. Palmer introduced James Gilley from US Capital Advisors to present to the city council the city's ability to carry debt.

James Gilley

Mr. Gilley began by stating he approached this situation with this philosophy,

1. the city has an immediate need,
2. an aspirational need

and he has put together a packet with two options for those needs.

The Packet and presentation are attached to these minutes (for official records only)

Mr. Gilley stated that when looking at the tax assumptions (assessed valuation) over the last ten years the city is running on average at 50%.

Mr. Gilley provided the city council with two scenarios to cover projects that have been identified. He informed the council that Scenario 1 would be to issue Tax Notes for \$1.1 million to cover urgent items, which is a quicker turnaround. Tax Notes do not need to be voted on and have a limit of seven (7) years. Certificates of Obligations you can issue debt for up to thirty (30) years.

Scenario 2 is Certificates of Obligation which would be \$3.4 million and all projects that have been identified based on discussions with Mr. Palmer and the Engineers could be taken care of under this scenario. The split of debt would be a 75% under utility as it is able to be paid by the revenue from the water and sewer and excluded items such as streets which do not generate revenue would be a 25% from General fund.

Mr. Gilley provided more detailed explanations of tax notes, their uses, the timelines to issue them.

He then went on to describe the difference between selling tax notes/bonds in the private market and the public market.

Selling in the public market allows a larger investor to purchase them and sell them on to a secondary investor, therefore they are more liquid and there is usually a 9–10-year call feature. Is much more flexible.

Selling in the private market means a bank (direct placement) will purchase and hold the bonds for the lifetime of the debt. Less flexible.

Councilmember Stan Donaldson asked if we could do both Scenario 1 and Scenario 2 to achieve everything we need to achieve.

Mr. Gilley responded that yes in theory you could, however, he would recommend doing a single issuance as ultimately it is more economical.

The city council discussed some projects with the city engineer as part of items to be covered under any debt.

Mr. Gary Palmer noted that there will be a meeting with himself and engineers and staff to create a list of priority CIP projects that then can be discussed further at the CIP budget workshop.

Mr. Gilley provided the council with an example of the repayment schedule for both scenarios.

Councilmember Casey Olson stated it looks that the city's capacity to borrow debt is good.

Councilmember Sara Countryman stated that beyond this she would like to have a discussion regarding impact fees.

Mr. Gary Palmer then said that at tonight's council meeting you will be approving the property tax rate. Remember this is a proposed not a final, therefore if you raise taxes, you can only do it here, so setting a maximum cap is the best way to set about it. Whatever you approve of tonight you can go below but not above at budget adoption time.

Councilmember Sara Countryman stated from everything she heard tonight at the it appears we don't need to raise the property tax rate.

Councilmember Casey Olson agreed he heard that \$0.40 would still allow the city to borrow and do everything it needs to.

Councilmember Carol Langley asked Mr. Palmer when the council would see the final budget.

Mr. Palmer responded that there is a public hearing to go over the budget on September 12th, in fact you will be calling for that hearing tonight in the council meeting.

Ms. Maryann Carl stated that the public hearing will be on the proposed budget, changes from the workshops and allow the public to make comments. The 26th of September is the official adoption of the final budget.

Councilmember Sara Countryman asked if we could sell assets to gain revenue to go towards what is owed on the Certificates of Obligations.

Councilmember Casey Olson said if they are not required to be held for a certain number of years that would be good.

Councilmember Carol Langley said not until the EDC is paid back first, it put up money for some of those assets.

Councilmember/Mayro Pro Tem Casey Olson adjourned the meeting.

Adjourned at: 5:07 P.M.

Submitted by: Nici Browe, TRMC
City Secretary

Date Approved: _____

Byron Sanford, Mayor