



## **Agenda & Notice of Preliminary Meeting of the Budget Committee City of Newport/Newport Urban Renewal Agency**

The Budget Committee of the City of Newport and the Newport Urban Renewal Agency will meet at **6:00 P.M. on Wednesday, March 12, 2014**, Council Chambers, 169 S.W. Coast Highway, Newport, Oregon 97365. A copy of the meeting agenda follows.

The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired, or for other accommodations for persons with disabilities, should be made at least 48 hours in advance of the meeting to Peggy Hawker, City Recorder 541-574-0613.

The Budget Committee reserves the right to add or delete items as needed, change the order of the agenda, and consistent with Oregon Local Budget Law discuss any other business deemed necessary at the time of the meeting.

### **MEETING AGENDA March 12, 2014 - 6:00 P.M. Budget Committee**

- I. Call to Order
- II. Introduction of Budget Committee Members and Staff
- III. Limitation of Discussion Pursuant to Oregon Local Budget Law
- IV. Discussion of City Council Draft Goals
- V. Discussion on Proposed Process for Reviewing the Budget
  - a. How budget materials will be presented and reviewed by the Budget Committee
  - b. Changes in expected revenues
- VI. General Discussion Items
  - a. Discussion of Proposed FY 2014-15 Budget format changes
  - b. General economic factors
  - c. Financial Reserves Policy under review
- VII. Budget Committee Comments
- VIII. Meetings to Deliberate on Fiscal Year 2014-15 City and NURA Proposed Budgets
  - a. First Meeting on Wednesday, April 30, 2014 at 6:00 PM
  - b. Second Meeting on Wednesday, May 7, 2014 at 6:00 PM
  - c. Third Meeting on Wednesday, May 14, 2014 at 6:00 PM
- IX. Adjournment

### Pre-meeting Topics for Budget Committee Discussions

We are sometimes asked whether the budget committee can be called together for "preliminary" discussions prior to their first "official" meeting under ORS 294.426 at which the budget message is delivered and for which notice must be published.

Following is a list of the types or topics of discussion that can be conducted prior to that first official meeting:

- Training on the budget committee process, calendar, expectations for committee members, etc.
- Committee members' preferences for ground rules, rules of order, conduct of meetings, voting / reaching consensus, fact finding process, etc.
- Orientation on the organization and its various departments, programs, staffing, etc., and on the activities or services provided by each.
- Orientation on the budget document, the fund structure and the types of activities or programs and expenditures made from each fund in the budget.
- General discussion of vision and goals, spending priorities, or philosophy on how to allocate scarce resources or make trade-off decisions as to which programs get funded and which don't.
- General economic projections by the finance officer of possible changes in resources or requirements expected next year.
- Any and all discussion of the current year budget or prior year budgets, including what, in general, might be done differently next year.

What cannot be discussed before the formally "noticed" meeting?

ORS 294.426(6): "The budget committee may not deliberate on the budget document as a body before the first meeting." So, we recommend that you do not talk about:

- Specific estimates or appropriation amounts associated with any fund or line item, resource or requirement.
- The question of whether to fund specific programs or expenditures.
- The question of whether to impose any tax levy, or the amount of any levy.





# 2014-2015 PROPOSED GOALS



Annual Goal Setting Session February 24, 2014  
For  
Adoption of Goals March 17, 2014

**Mission Statement:** The City of Newport pledges to effectively manage essential community services for the wellbeing and public safety of residents and visitors. The City will encourage economic diversification, sustainable development, and livability.



## CITY COUNCIL GOALS FOR THE 2014-2015 FISCAL YEAR

### Annuals Goal Setting Session – February 24, 2014

### For Adoption of Goals – March 17, 2014

#### Introduction

The Newport City Council met in an annual goal setting session on Monday, February 24, 2014 beginning at 9:00 a.m. and concluding at 3: 15 p.m. The meeting was held in the City Council Chambers located in City Hall at 169 SW Coast Highway. The Council Reviewed the Mission Statement, heard presentations on departmental goals, reviewed the initial analysis from the city administration of the Infrastructure Task Force recommendations, and reviewed various plans and documents in order to identify potential future goals for the City to pursue in the next fiscal year and beyond.

Furthermore, the City Council discussed the visioning effort that was completed in February 2005 that involved major institutional players within the City of Newport. It was suggested that the Mayor and City Manager have conversations with the Chamber of Commerce and other groups to discuss some endeavor to review this initial visioning effort, to determine whether it would be advantageous to consider updating this original plan or consider initiating a comprehensive community visioning process that would involve various stakeholders and citizens of the City of Newport.

Throughout the course of the Goal Setting Session, Councilors identified various projects or goals that the City Council would like considered in the upcoming budget for this next fiscal year. These issues were noted on 5 x 8 index cards throughout the various presentations on February 24, 2014. Once the cards were collected they were organized into various groupings for the Council's review. Councilors were provided with 12 stickers which could be placed on 12 items that were identified through the course of the work session to determine overall Council priorities. Those items that were identified by 2 or more Councilors as a priority have been included as Council goals for the 2014-2015 fiscal year. Other ideas mentioned during the Goal Setting Session are also listed for informational purposes. Please note that the specific goals by the City Council may include some goals that were identified as priorities by the departments. Please note that, as part of the upcoming budget process, the budget message from the City Manager will detail how these goals have been addressed or not addressed in the proposed budget for the fiscal year beginning July 1, 2014 and in June 30, 2015. The Budget Committee can evaluate the city manager's proposed budget and make any modifications to reflect the wishes of that body.

#### 2014-2015 City Council Goals

*The Goals prioritized by the City Council are identified by the numbered items (i.e. 1.1, 1.2) The number within parentheses indicates the number of Councilors who identified this item as a priority in the Goal Setting process.*

#### 1.0 Community Development

1.1 Initiate an update to the City's Parks Systems Master Plan (4).

1.2 Pursue steps to create a North Side Urban Renewal District (2).

**Other Items Identified by the Council during the Goal Setting Session:**

- System Development Charges, rates need to be evaluated and amended as necessary (1).
- Pursue a review and possible amendment of the business license code (1).
- Pursue annexation of any properties currently surrounded by the City of Newport.
- Develop the necessary funding mechanisms for a land bank for the City of Newport and or Lincoln County.

## **2.0 Infrastructure**

**2.1** Proceed with the development of a Storm Water Master Plan for the City of Newport (3).

**2.2** Continue emphasis on paving gravel streets within the City of Newport (3).

**2.3** Explore opportunities for utilizing Local Improvement Districts to help address the effort to reconstruct infrastructure throughout the City of Newport (2).

### **Other Items Identified by the Council during the Goal Setting Session:**

- Improve pedestrian and bicycle access around school facilities (1).
- Construct a multipurpose building for community use (1).
- Utilize a North Side Urban Renewal District for funding street infrastructure improvements in this geographic area of Newport (1).
- Upgrade the audio/visual equipment in the Council Chambers including improvements to internet streaming of City Council meetings (1).
- Continue working with ODOT on the long-term plans for the replacement for of the Yaquina Bay Bridge (1).
- Implemented a system to recognize Councilors who wish to address agenda items.
- Pursue the OMSI and COHO grant street overlays through the South Beach Urban Renewal District.
- Look for long-term opportunities that may arise for the relocation of the Library facility.
- Continue working with ODOT for Highway 101 pedestrian crosswalks.
- Pursue storm water quality issues resulting from erosion and other activities.
- Implement a pavement maintenance program.
- Conduct a seismic study of the main Fire station.
- Fund the various updates to the city's Library facility.
- Pursue bike access improvements on Oceanview Drive.

## **3.0 Water and Sewer Improvements**

**3.1** Pursue efforts to retrofit the City's water tanks to sustain future seismic activities (3).

**3.2** Explore the extension of the water distribution system to serve properties in and around the airport to allow for the expansion of commercial activities (3).

**3.3** Pursue a rate study for water, sewer and storm water rates for the City of Newport (2).

**3.4** Pursue the utilization of a radio read water meter system to reduce operational costs and provide immediate detection of leaks and other water problems (2).

### **Other Items Identified by the Council during the Goal Setting Session:**



- Pursue the placement of existing utilities underground (1).
- Complete the Wastewater Master Plan (1).
- Evaluate the City's water shut-off policy (1).
- Pursue various activities to reinforce or replace the City's dams which creates the reservoirs for the drinking water for the City of Newport (1).
- Pursue improvements at the Wastewater Treatment Plant (1).
- Utilize wastewater sludge as part of a city wide organic/composting program.
- Modify the existing city code to require all homes be connected to city sewer.
- Pursue a redundant water line under Yaquina Bay to increase reliability of water service to South Beach.
- Proceed with the Agate Beach wastewater improvements.
- Replace the Nye Beach pump station.
- Update the Water Supply System Plan.

#### **4.0 Operations**

- 4.1 Hire a permanent Finance Director (3).
- 4.2 Consider combining two part-time positions to create a full-time position within the Finance Department (2).
- 4.3 Consolidate the collection of bills through the Finance Department (2).
- 4.4 Create reserve funds for the purchases of major rolling stock equipment for the City of Newport (2).
- 4.5 Facilitate organization of duties within the Finance Department to ensure timely financial reports and a timely annual audit (2).
- 4.6 Pursue training opportunities on the City's financial software (Caselle) for departmental employees (2).

#### **Other Items Identified by the Council during the Goal Setting Session:**

- Pursue a major (national) event for the City of Newport, such as surfing or other similar events (1).
- Evaluate the Parks and Recreation programs to determine which offerings are cost effective (1).
- Issue an RFP for banking and audit services (1).
- Consider utilization of in-house staffing for custodial services (1).
- Fill the City's Human Resource position (1).
- Consider reorganization and management of the Municipal Airport (1).
- Combine the two retirement actuarial reports into one report (1).
- Replace aging computers in the Library (1).
- Develop strategic partnerships in order to implement various aspects of the City's Park Master Plan (1).
- Pursue the cross-pollenization of ideas, goals and visions of the City's various advisory committees.
- Pursue additional security cameras at the Library.
- Utilized more press releases from departments to inform the community of various city issues.
- Develop a comprehensive process to place liens on property where delinquent bills are due.
- Fill the Senior Planning position in the Community Development Department.
- Fill the Building Official position for the City of Newport.
- Create an Assistant City Manager position.
- Create a halftime position for an Emergency Preparedness Coordinator.

- Fund a comprehensive Facilities Maintenance Plan for the City of Newport.

## **5.0 Public Safety**

**5.1** Pursue the development of storage areas for emergency supplies at various locations within the City of Newport in the Event of a major disaster (3).

**5.2** Pursue accreditation for the City's Fire Department (3).

**5.3** Consider the replacement of the City Police Department records management system (2).

### **Other Items Identified by the Council during the Goal Setting Session:**

- Increase the number of neighborhood watch groups (1).
- At a School Resource Officer within the Police Department (1).
- Conduct seismic evaluations on various public facilities (1).
- Continue efforts to upgrade the Police radio communications system (1).
- Provide an update on the status of the consolidation of 911 dispatch services for Lincoln County.
- Consider the provision of ambulance service by our local Fire department.
- Consider steps to build a future Police and Fire department building, to two house those operations.
- Educate the community on disaster readiness.

### **Recommendations for Implementing the Findings of the Infrastructure Task Force Report Presentation to City Council on January 6, 2014**

In addition to the goals identified above, the City Council has incorporated the following action items relating to the Infrastructure Task Force Report as part of the Council goals for 2014-2015 fiscal year and beyond. At the January 6, 2014 City Council meeting, there was a joint meeting between the City Council and the Infrastructure Task Force in which a series of recommendations were forwarded to the city on issues that need to be addressed in order for the city to go forward with required infrastructure improvements in the future. The report assumed an annual investment in both water and wastewater of 1.5 million dollars per year in each of these utilities. Furthermore, costs relating to storm water, streets and city facilities were not available at the time the report was given to the City Council.

Since that time, staff has developed a preliminary cost for building improvement based on the current insured value of city facilities. Based on our insurance evaluations the General Fund is currently responsible for facilities with a replacement value of nearly \$35 million. Utilizing industry standard for reinvestment of 2% annually, the city would need an annual investment of \$696,000 for buildings and facilities that are supported by the General Fund. Within the Sewer Fund the various buildings and equipment have an evaluation of over \$47 million. Utilizing the same industrial standard of reinvesting 2%, for annual support for maintenance and replacements these buildings the annual reinvestment would be \$942,210. In the Water Fund the city has facilities in the amount of 11.5 million dollars the total annual investment in maintaining these facilities would be \$231,141 per year based on a 2% annual investment in this infrastructure. Please note that the annual investment of 2% of the value of the facilities in water and sewer likely understates the needed reinvestment due to the wear and tear that occurs in these facilities. Finally for the airport, buildings and equipment have a value of \$3.5 million with an annual investment of \$70,850 to maintain these structures. (See Attachment A)

In regard to street resurfacing and improvements a preliminary annual cost for completing these projects is \$275,000. This is the amount of funding that PWD Director, Tim Gross, has been allocating for these improvements at this time. While this likely understates the financial needs for the roads, this is the best number that can be developed until the



city completes a pavement management strategy identifying over quality, rates of deterioration of roads and a more detailed replacement schedule. The city is also fortunate to obtain from time to time additional funding from outside sources for the major commercial streets serving the citizens of Newport.

The City of Newport has not developed a master plan for the storm sewer system. This is the area we have the least amount of information on and a more extensive analysis will need to be done to come up with a number that will realistically reflect an annual capital cost in rebuild the city storm sewer system to address obsolescence and capacity issues. These are significant needs in this area.

The Infrastructure Task Force report identified potential near term (one to five year recommendations) as well as potential longer term or ongoing recommendation to the City Council. In reviewing the potential near term (one to five year recommendations) we have broken those recommendation down into items that will be addressed as part of the development of the proposed 2014-15 budget, items that will need to be address during 2014-15 fiscal year, and subsequent fiscal years. We have broken down these tasks in order to make sure that the expectations of the City Council with the approach outlined within this report.

#### Items to be Address Prior to Preparing the Proposed Budget 2014-15:

1. The current rate plan that the City Council previously endorsed to pay for infrastructure improvements is as follows: 10 % in fiscal years 2014-15 and 2015-16, 8% in fiscal year 2016-17 and 5% increases each year thereafter for water. For sewer 15% in fiscal year 2014-15, 10% in fiscal year 2015-16, and 10% in fiscal year 2016-17 with 5% increases in 2017-18 and thereafter. Storm water would increase by 5% each year and infrastructure would increase by 5% each year.
2. This structure was based on a "pay-as-you-go" basis. Interim Finance Director, Bob Gazewood has prepared detailed summaries for the impact of borrowing 4.5 million dollars from the DEQ two times three years apart for a total of \$9 million followed by an additional \$4.5 million in revenue bonds every three years over two spending periods. This demonstrates that in the Wastewater Fund, \$18 million worth of work could be accomplished over the next six years with an annual rate increase of 4% through fiscal year 2018-19, 3% a year beginning in 2019-20, and 1.5% in 2028-29 and 0.0% beyond. (See Attachment B & C) The difference of bonding versus pay-as-you-go can be illustrated by Attachment D which shows the difference in Water and Sewer rates for providing \$1.5 million a year for capital projects. If a pay-as-you-go program were instituted, and \$1.5 million a year in capital outlay funds were provided, then rates would need to be increased from \$32.67 to \$47.74 per month to cover that expense. Bonding would instead require an increase in 2014-15 to \$34.30 to provide the source amount of capital funding. A similar increase can be noted in the wastewater Fund. Based on these facts the City will opt for bonding these improvements instead of pay-as-you-go.
3. The report discusses the use of General Obligation Bonds or Revenue Bonds to finance infrastructure improvements. It would be appropriate to utilize Revenue Bonds for the financing of the utility improvements since those are substantially supported by utility rates. General Obligation Bonds would be more appropriate for potentially streets, facilities and storm water which have less opportunity for generating revenues to offset that payments.
4. The city is working on a number of sources of outside funding for some of the major infrastructure projects that will be coming down the road, which could either reduce the city's obligation on certain projects is successfully funded, or allow the city to utilize its local funding on additional infrastructure work to continue the process of renovating the city's various infrastructure systems. The grants are often times available for major street projects, however as we have experienced, it is important to understand the financial ramifications of accepting a grant particularly if federal funds are involved. Outside financial assistance is essential to rebuild infrastructure to meet the long term needs of the city, in addition to funding raised through rates or other sources.
5. As part of the recommended budget, the impact of removing the payment in lieu of taxes from the Water and Sewer Fund to the General Fund will be discussed and illustrated in proposed budget.



6. Rates for the 2014-15 fiscal year would be increased by 5% in Water and 4% in wastewater instead of the current plan of 10% for water and 15% for wastewater based on these current estimates and utilizing bonding for infrastructure replacement over the next 12 years.

**Fiscal Year 2014-15 Activities:**

1. Finalize Wastewater System Master Plan. The master plan document should consider potential rate structures and SDC revisions to accomplish master plan recommendations.
2. Finalize Storm Water Master Plan. The master plan document should consider potential rate structures and SDC revisions to accomplish master plan recommendations.
3. Begin Pavement Management Strategy planning.
4. Review the Infrastructure Task Force Recommendations for additional action items as part of the 2015-16 goal-setting efforts.

**Fiscal Year 2015-16 Activities:**

1. Update Water System Master Plan. The master plan document should consider potential rate structures and SDC revisions to accomplish master plan recommendations.
2. Contract consultant to conduct rate study taking into consideration the recommendations from the completed master plan documents, and specifically addressing low/fixed income assistance.
3. Adjust SDC rates based upon master plan recommendations.
4. Complete Pavement Management Strategy.

**Fiscal Year 2018-19 Activities:**

1. Review potential local tax changes and the potential benefits for infrastructure financing.

The referenced Attachments can be found in Appendix I of this report. On behalf of the City of Newport we express our thanks to Patricia Patrick-Joling (Budget Committee), Fred Springsteen (Budget Committee), Mark McConnell (Former Mayor), and Councilors, David Allen, Ralph Busby and Mark Saelens for their efforts at exploring cost effective ways in order to address the City's significant future infrastructure replacement needs.

**Departmental Goals**

The various departments of the city were asked to provide goals for the next fiscal year (FY14-15), goals 2 to 5 years out, and goals in excess of 5 years for review by the City Council. These goals were presented to the City Council at a Special City Council meeting on February 24, 2014, and are incorporated these as part of the overall adopted goals for the City of Newport 2014 – 2015 fiscal year. The department goals are included in to this report Appendix II.

**Approval of the Goals**

The City Council met in a full day Special City Council meeting on February 24, 2014 to review and establish the draft goals as listed within this document. The City Council is soliciting public comment on any of the goals contained in this document, in preparation of approving the final goals for the 2014 – 2015 fiscal year. Any comments can be directed to the City Recorder, Peggy Hawker at [p.hawker@newportoregon.gov](mailto:p.hawker@newportoregon.gov) by Tuesday March 11, 2014. The goals will also be reviewed by the city Budget Committee at the introductory meeting which will be held on Wednesday, March 12, 2014. Comments will also be accepted at the March 17, 2014 City Council meeting prior to the approval of the goals for the next fiscal year.

Respectfully submitted,

Spencer R Nebel, City Manager

<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>	<i>G</i>	<i>H</i>	<i>I</i>	<i>J</i>
Account Number	Account Title	2011-2012 Prior Year Actual	2012-2013 Prior Year Actual	2013-2014 Current Year Beg Budget	2013-2014 Current Year Amend Budget	February-14 8 Month Actual	2013-2014 Final Total Estimated	2014-2015 Department Requested	2014-2015 Proposed Budget
<b>GENERAL FUND - 101</b>									
<b>ADMINISTRATION - 1010 - 1052</b>									
<b>MAYOR &amp; COUNCIL - 1010</b>									
	<b>Material &amp; Services</b>								
101-1010-6003	AUDIT SERVICES	-	21,060	30,000	30,000	-	30,000	30,000	
101-1010-6004	LEGAL SERVICES	3,636	-	5,000	5,000	21,175	30,000	30,000	
101-1010-6005	FINANCIAL SERVICES	-	-	14,000	14,000	-			
101-1010-6006	NEGOTIATION SERVICES	13,247	11,375	-	-	-			
101-1010-6008	ADVERTISE & MARKETING SERVICE	193	503	200	200	6,879	8,000	8,000	
101-1010-6011	ELECTION SERVICES	-	-	1,500	1,500	-		5,000	
101-1010-6030	OTHER PROF & TECHNICAL SERV	5,976	-	-	-	1,301	1,400	1,000	
<b>Total Professional &amp; Technical Services</b>		23,051	32,939	50,700	50,700	29,355	69,400	74,000	-
101-1010-6101	CLEANING EXPENSES	-	983	-	-	-			
101-1010-6103	ELECTRICAL EXPENSES	-	2,172	4,131	4,131	1,564	2,700	3,000	
101-1010-6106	GARBAGE EXPENSES	-	313	613	613	206	500	500	
101-1010-6109	GAS HEATING EXPENSE	-	543	1,549	1,549	300	500	500	
<b>Total Property Expenses</b>		-	4,011	6,293	6,293	2,070	3,700	4,000	-
101-1010-6201	TRAVEL, LOCAL (LINCOLN CNTY)	42	-	100	100	-	100	100	
101-1010-6202	TRAVEL, OUT OF COUNTY	2,890	338	1,000	1,000	215	400	1,000	
101-1010-6203	TRAVEL, OUT OF STATE	-	-	-	-	2,309	2,500		
101-1010-6207	ADVERTISING & MARKETING EXP	1,245	198	-	-	315	400	400	
101-1010-6208	PRINTING & BINDING EXPENSES	226	63	100	100	-	100	100	
101-1010-6209	NON CAPITAL LEASES	458	795	-	-	-			
101-1010-6211	MAINTENANCE AGREEMENTS	1,144	2,208	2,000	2,000	-			
101-1010-6213	MEMBERSHIPS, DUES & FEES	818	18,458	20,000	20,000	11,871	20,000	20,000	
101-1010-6215	SHIPPING EXPENSES	33	219	500	500	44	100	100	
101-1010-6216	TRAINING (SEMINARS, WORKSHOPS)	2,426	3,607	7,000	7,000	4,070	5,000	7,000	
101-1010-6219	VOLUNTEER EXPENSES	6,174	5,878	7,500	7,500	-	7,500	7,500	
101-1010-6222	PERMITS, LICENSES, LEGAL NOTICES	73	350	100	100	17	20	50	
101-1010-6225	SERVICES BY OTHER GOV AGENCIES	455	2,127	7,000	7,000	4,123	7,000	7,000	

6.1



BUDGET WORKSHEETS  
FISCAL YEAR 2014 - 2015

3/7/2014 12:47 PM

A	B	C	D	E	F	G	H	I	J
Account Number	Account Title	2011-2012 Prior Year Actual	2012-2013 Prior Year Actual	2013-2014 Current Year Beg Budget	2013-2014 Current Year Amend Budget	February-14 8 Month Actual	2013-2014 Final Total Estimated	2014-2015 Department Requested	2014-2015 Proposed Budget
101-1010-6226	PERSONNEL RECRUITING EXPENSES	-	1,116	-	-	14,683	15,000	500	
101-1010-6231	NON-PROFIT SEED MONEY	9,986	10,000	10,000	10,000	-		10,000	
101-1010-6236	CATERING EXPENSE	-	-	-	-	454	1,500	2,000	
101-1010-6245	COPIER LEASE AND COPIES	-	-	-	-	1,612	2,400	3,000	
<b>Total Operating Expenses</b>		25,971	45,358	55,300	55,300	39,714	62,020	58,750	-
101-1010-6302	COMPUTER SOFTWARE	-	20	-	-	-			
101-1010-6303	COMPUTER HARDWARE	-	239	1,000	1,000	-		1,000	
<b>Total Hardware &amp; Software</b>		-	259	1,000	1,000	-	-	1,000	-
101-1010-6402	OFFICE SUPPLIES & MATERIALS	1,691	1,830	3,000	3,000	1,501	2,500	3,000	
101-1010-6405	REFRESHMENTS	677	512	500	500	846	1,500	1,000	
101-1010-6409	AUDIO & VIDEO EXPENSES	3,174	4,909	14,000	14,000	5,223	10,000	12,000	
<b>Total Consumable Supplies</b>		5,542	7,251	17,500	17,500	7,570	14,000	16,000	-
101-1010-6502	OFFICE SUPPLIES & MATERIALS	155	31	1,000	1,000	357			
<b>Total Non-Consumable Supplies</b>		155	31	1,000	1,000	357	-	-	-
<b>Total Material &amp; Services</b>		54,719	89,849	131,793	131,793	79,066	149,120	153,750	-
<b>TOTAL MAYOR &amp; COUNCIL</b>		54,719	89,849	131,793	131,793	79,066	149,120	153,750	-

6.2

		A	B	C	D	E	F	G	H	I	J
				2011-2012	2012-2013	2013-2014	2013-2014	February-14	2013-2014	2014-2015	2014-2015
				Prior Year	Prior Year	Current Year	Current Year	8 Month	Final Total	Department	Proposed
Account Number	Account Title			Actual	Actual	Beg Budget	Amend Budget	Actual	Estimated	Requested	Budget
<b>GENERAL FUND - 101</b>											
<b>LIBRARY - 1010</b>											
<b>Personal Services</b>											
101-1100-5010	WAGES & SALARIES			459,770	401,348	505,015	505,015	243,493	372,664	382,567	
101-1100-5020	PART TIME/EXTRA HELP WAGES			24,469	73,675	-	-	62,052	93,545	115,102	
101-1100-5030	OVERTIME			5	-	-	-	21	21		
101-1100-5210	INSURANCE BENEFITS			112,886	117,822	102,956	102,956	56,239	77,138	77,484	
101-1100-5220	FICA EXPENSES			34,556	38,496	38,647	38,647	22,846	35,137	38,072	
101-1100-5230	RETIREMENT			73,118	74,150	90,885	90,885	44,443	68,656	74,518	
101-1100-5242	WORKER'S COMPENSATION			900	454	1,569	1,569	775	1,345	1,766	
101-1100-5250	UNEMPLOYMENT INSURANCE			2,831	4,991	6,568	6,568	3,261	5,349	6,470	
	<b>Total Personal Services</b>			<b>708,536</b>	<b>710,936</b>	<b>745,640</b>	<b>745,640</b>	<b>433,129</b>	<b>653,855</b>	<b>695,979</b>	<b>-</b>
<b>Material &amp; Services</b>											
101-1100-6004	LEGAL SERVICES			3,203	225	500	500	-			
101-1100-6014	ELECTRICAL SERVICES			215	-	-	-	581			
101-1100-6030	OTHER PROF & TECHNICAL SERV			93	-	20,000	20,000	20,000			
	<b>Total Professional &amp; Technical Services</b>			<b>3,511</b>	<b>225</b>	<b>20,500</b>	<b>20,500</b>	<b>20,581</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Property Expenses</b>											
101-1100-6101	CLEANING EXPENSES			17,598	16,594	-	-	1,500			
101-1100-6103	ELECTRICAL EXPENSES			11,897	13,978	12,000	12,000	6,481			
101-1100-6105	WATER & SEWAGE EXPENSES			-	-	750	750	-			
101-1100-6106	GARBAGE EXPENSES			1,451	1,487	1,600	1,600	807			
101-1100-6109	GAS HEATING EXPENSE			4,098	4,091	5,000	5,000	1,944			
101-1100-6112	VEHICLE MAINTENANCE & REPAIR			172	698	1,000	1,000	244			
101-1100-6113	BLDG & GROUND MAINT & REPAIR			8,287	17,416	9,000	9,000	3,888			
101-1100-6114	EQUIPMENT MAINTENANCE & REPAIR			-	396	-	-	-			
	<b>Total Property Expenses</b>			<b>43,503</b>	<b>54,660</b>	<b>29,350</b>	<b>29,350</b>	<b>14,864</b>	<b>-</b>	<b>-</b>	<b>-</b>
101-1100-6201	TRAVEL, LOCAL (LINCOLN CNTY)			333	417	750	750	166			
101-1100-6202	TRAVEL, OUT OF COUNTY			2,479	1,976	3,000	3,000	521			
101-1100-6203	TRAVEL, OUT OF STATE			-	480	-	-	-			



BUDGET WORKSHEETS  
FISCAL YEAR 2014 - 2015

<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>	<i>G</i>	<i>H</i>	<i>I</i>	<i>J</i>
Account Number	Account Title	2011-2012 Prior Year Actual	2012-2013 Prior Year Actual	2013-2014 Current Year Beg Budget	2013-2014 Current Year Amend Budget	February-14 8 Month Actual	2013-2014 Final Total Estimated	2014-2015 Department Requested	2014-2015 Proposed Budget
101-1100-6204	TELEPHONE EXPENSES	4,715	6,505	5,600	5,600	3,321			
101-1100-6207	ADVERTISING & MARKETING EXP	191	600	400	400	243			
101-1100-6208	PRINTING & BINDING EXPENSES	-	40	100	100	-			
101-1100-6211	MAINTENANCE AGREEMENTS	2,228	4,046	3,900	3,900	1,974			
101-1100-6212	ALARM MONITORING EXPENSES	352	425	500	500	355			
101-1100-6213	MEMBERSHIPS, DUES & FEES	68,474	25,766	28,000	28,000	30,444			
101-1100-6214	INSPECTIONS	125	-	-	-	-			
101-1100-6215	SHIPPING EXPENSES	3,461	3,583	4,000	4,000	999			
101-1100-6216	TRAINING (SEMINARS,WORKSHOPS)	2,027	2,672	3,000	3,000	598			
101-1100-6219	VOLUNTEER EXPENSES	211	305	500	500	217			
101-1100-6232	LEASES LIBRARY MATERIALS	19,150	19,639	24,000	24,000	12,331			
101-1100-6235	COMMUNITY INVOLVEMT/PARTICIPAT	106	7	-	-	12			
101-1100-6240	OTHER OPERATING EXPENSES	728	9,123	-	-	-			
101-1100-6245	COPIER LEASE AND COPIES	-	-	-	-	3,614			
<b>Total Operations Expenses</b>		104,580	75,584	73,750	73,750	54,795	-	-	-
101-1100-6301	OPERATING LICENSES	4,374	4,104	6,500	6,500	7,272			
101-1100-6302	COMPUTER SOFTWARE	-	15	-	-	-			
101-1100-6303	COMPUTER HARDWARE	-	434	-	-	6,522			
101-1100-6305	MAINTENANCE AGREEMENTS	2,416	4,183	6,000	6,000	-			
101-1100-6307	DOMAIN RENEWAL	25	25	25	25	-			
101-1100-6309	VOICE OVER INTERNET	-	-	-	-	232			
<b>Total Hardware &amp; Software</b>		6,816	8,761	12,525	12,525	14,026	-	-	-
101-1100-6401	BLDG/GROUNDS SUPPLIES/MAT	353	1,378	1,750	1,750	138			
101-1100-6402	OFFICE SUPPLIES & MATERIALS	16,023	14,601	18,000	18,000	7,942			
101-1100-6403	VEHICLE FUEL,OIL,OTHER LIQUIDS	401	450	500	500	257			
101-1100-6404	SUBSCRIPTIONS & PERIODICALS	-	-	-	-	87			
101-1100-6405	REFRESHMENTS	407	432	500	500	283			
101-1100-6409	AUDIO & VIDEO EXPENSES	-	113	500	500	-			
101-1100-6414	GENERAL SUPPLIES	-	28	-	-	-			
101-1100-6416	FIRST AID-HEALTH & SAFETY	6	-	-	-	-			
<b>Total Consumable Expenses</b>		17,189	17,002	21,250	21,250	8,707	-	-	-
101-1100-6501	BLDG/GROUND SUPPLIES & MAT	1,558	89	2,000	2,000	683			

6.30

<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>	<i>G</i>	<i>H</i>	<i>I</i>	<i>J</i>
Account Number	Account Title	2011-2012 Prior Year Actual	2012-2013 Prior Year Actual	2013-2014 Current Year Beg Budget	2013-2014 Current Year Amend Budget	February-14 8 Month Actual	2013-2014 Final Total Estimated	2014-2015 Department Requested	2014-2015 Proposed Budget
101-1100-6502	OFFICE SUPPLIES & MATERIALS	-	256	-	-	-			
101-1100-6506	NON-CAPITAL EQUIP & MACHINERY	-	-	9,000	9,000	2,123			
101-1100-6507	FURNITURE & FIXTURES	327	-	1,200	1,200	600			
101-1100-6509	REFERENCE BOOKS	4,148	3,798	4,000	4,000	2,639			
101-1100-6510	ADULT BOOKS	30,111	35,166	40,000	40,000	21,962			
101-1100-6511	CHILDREN'S BOOKS	14,610	14,587	15,000	15,000	9,910			
101-1100-6512	LIBRARY ADULT PROGRAMMING	808	692	1,500	1,500	613			
101-1100-6513	LIBRARY CHILD PROGRAMMING	2,573	2,894	3,000	3,000	1,921			
101-1100-6515	DVDs and CDs	5,582	9,064	9,000	9,000	5,960			
101-1100-6524	SUBSCRIPTION & PERIODICALS	5,167	2,444	8,000	8,000	7,820			
<b>Total Non Consumable Expenses</b>		64,884	68,991	92,700	92,700	54,231	-	-	-
101-1100-6601	LIABILITY INSURANCE PREMIUMS	7,157	6,786	9,000	9,000	6,822			
<b>Total Insurance &amp; Judgements</b>		7,157	6,786	9,000	9,000	6,822	-	-	-
<b>Total Material &amp; Services</b>		247,640	232,009	259,075	259,075	174,025	-	-	-
<b>Capital Outlay</b>									
101-1100-7013	BUILDING IMPROVEMENTS	10,100	9,117	10,000	10,000	-			
	Lounge Seating (18)							10,000	
	Computer Carrels (8)							14,320	
	End Tables (10)							3,500	
	Security Cameras (4)							4,000	
<b>Total Capital Outlay</b>		10,100	9,117	10,000	10,000	-	-	31,820	-
101-1100-9755	RESERVE FOR FUTURE CAPITAL	-	-	10,000	-	-			
<b>TOTAL LIBRARY</b>		966,276	952,062	1,024,715	1,014,715	607,154	653,855	727,799	-

6.4



The City may, subject to applicable laws, apply other funds available to make payments with respect to the Bonds and thereby reduce the amount of future tax levies for such purpose.

The Bonds do not constitute a debt or indebtedness of Lincoln County (the "County"), the State, or any political subdivision thereof other than the City.

## Bonded Indebtedness

### Debt Limitation

*General Obligation Bonds.* ORS 287A.050 establishes a limit on bonded indebtedness for cities. Cities may issue an aggregate principal amount up to three percent of the Real Market Value of all taxable properties within the city if the City's voters approve the general obligation bonds. A lower limit may be applied by an individual city's charter. The statutory limitation does not apply to general obligation bonds issued for water, sanitary or storm sewers, sewage disposal plants, hospitals, infirmaries, gas power, or lighting purposes, or the acquisition, establishment, or reconstruction of any off-street motor vehicle parking facility nor to bonds issued pursuant to application to pay assessments for improvements in installments under statutory or charter authority which are completely self-supporting. General obligation bonds are secured by the power to levy an additional tax outside the limitations of Article XI, Sections 11 and 11b. **The Bonds are general obligation bonds and are subject to this debt limitation, as shown below:**

#### City of Newport General Obligation Debt Capacity

Real Market Value (Fiscal Year 2014) <sup>(1)</sup>	\$ 1,454,951,755
<b>Debt Capacity</b>	
General Obligation Debt Capacity (3.00% of Real Market Value)	\$ 43,648,553
Less: Outstanding Debt Subject to Limit	(7,900,000) <sup>(2)</sup>
Remaining General Obligation Debt Capacity	\$ 35,748,553
Percent of Capacity Issued	18.10%

(1) The City's fiscal year commences July 1 and ends on June 30 of the following year (the "Fiscal Year"). Source: Lincoln County Department of Assessment and Taxation.

(2) Represents voter-approved, unlimited-tax general obligations of the City subject to the statutory limit, currently only, the Bonds. Preliminary, subject to change. The City's outstanding General Obligation Refunding Bond, Series 2008 and General Obligation Bonds, Series 2009A and 2009B financed wastewater and water projects which are not subject to this limitation. Source: City of Newport Audited Financial Reports for the Fiscal Year Ended June 30, 2012, and this issue.

*Full Faith and Credit Obligations.* Local governments may pledge their full faith and credit for "limited tax bonded indebtedness" or "full faith and credit obligations." The Oregon Constitution and statutes do not limit the amount of limited tax bonded indebtedness that a city may issue. Full faith and credit obligations can take the form of bonds, certificates of participation, notes or capital leases. Collection of property taxes to pay principal and interest on such limited-tax debt is subject to the limitations of Article XI, Sections 11 and 11b. **The Bonds are not full faith and credit obligations.**

*Pension Bonds.* ORS 238.694 authorizes local governments to issue full faith and credit obligations to pay pension liabilities without limitation as to principal amount. Pension bonds are not general obligations as defined under State law and the City is not authorized to levy additional taxes to make pension bond payments. **The Bonds are not pension bonds.**

*Revenue Bonds.* The City may issue revenue bonds for any public purpose, which are secured by revenues pursuant to ORS 287A.150. **The Bonds are not revenue bonds.**

## Outstanding Long-Term Debt

<b>Tax Supported Debt Obligations</b>	<b>Date of Issue</b>	<b>Date of Maturity</b>	<b>Amount Issued</b>	<b>Amount Outstanding<sup>(1)</sup></b>
<i>General Obligation Bonds:</i>				
Series 2008 Refunding	04/16/08	02/01/19	\$ 7,470,000	\$ 4,990,000
Series 2009A	03/31/09	06/01/20	6,265,000	5,430,000
Series 2009B	03/31/09	06/01/29	9,630,541	9,630,541
Series 2013 Bonds <sup>(2)</sup>	12/19/13	06/01/33	7,900,000	7,900,000
Total General Obligation Bonds				<u>27,950,541</u>
<i>Full Faith and Credit Obligations:</i>				
Series 2007B	10/01/07	01/01/24	1,015,000	215,000
Series 2009B	09/01/09	01/01/19	2,580,000	1,585,000
Total Full Faith and Credit Obligations				<u>1,800,000</u>
<b>Total Tax Supported Debt</b>				<b><u>\$ 29,750,541</u></b>
<b>Revenue Supported Debt Obligations</b>	<b>Date of Issue</b>	<b>Date of Maturity</b>	<b>Amount Issued</b>	<b>Amount Outstanding<sup>(1)</sup></b>
<i>South Beach Urban Renewal Obligations:</i>				
Series 2010B Financing Agreement	07/14/10	06/15/23	8,465,000	<u>6,555,000</u>
<i>Wastewater Obligations:</i>				
Series 2010A Financing Agreement	07/14/10	06/15/23	5,560,000	<u>4,380,000</u>
<i>Other Limited-Tax Obligations:</i>				
Seal Rock Water District Agreement	12/1/2007	11/1/2037	958,502	<u>858,266</u>
<b>Total Revenue Supported Debt</b>				<b><u>\$ 11,793,266</u></b>

(1) As of Date of Delivery.

(2) This issue. Preliminary, subject to change.

Source: City of Newport Audited Financial Reports for the Fiscal Year Ended June 30, 2012.



**General Obligation Bonds  
Projected Debt Service Requirements**

Fiscal Year	Outstanding Bonds		The Bonds <sup>(1)</sup>		Total Debt Service <sup>(1)</sup>
	Principal	Interest	Principal	Interest	
2014	\$ 1,325,000	\$ 395,875			\$ 1,720,875
2015	1,425,000	350,625	\$ 35,000	\$ 451,893	2,262,518
2016	1,540,000	300,750	190,000	310,600	2,341,350
2017	1,655,000	246,850	210,000	304,900	2,416,750
2018	1,780,000	184,875	235,000	298,600	2,498,475
2019	1,925,000	110,925	265,000	289,200	2,590,125
2020	1,476,407	537,093	290,000	278,600	2,582,100
2021	1,137,806	937,195	315,000	267,000	2,657,000
2022	1,100,080	1,034,920	340,000	254,400	2,729,400
2023	1,070,476	1,129,524	370,000	240,800	2,810,800
2024	1,033,610	1,231,390	400,000	226,000	2,891,000
2025	992,889	1,342,111	435,000	210,000	2,980,000
2026	953,895	1,451,105	465,000	192,600	3,062,600
2027	915,503	1,559,498	500,000	174,000	3,149,000
2028	878,144	1,671,857	540,000	154,000	3,244,000
2029	841,733	1,783,268	575,000	132,400	3,332,400
2030	-	-	615,000	109,400	724,400
2031	-	-	660,000	84,800	744,800
2032	-	-	705,000	58,400	763,400
2033	-	-	755,000	30,200	785,200
	<u>\$ 20,050,541</u>	<u>\$ 14,267,859</u>	<u>\$ 7,900,000</u>	<u>\$ 4,067,793</u>	<u>\$ 46,286,193</u>

(1) Principal and interest are provided for illustrative purposes only; amounts and structure are preliminary, subject to change.

## Debt Ratios

The following table presents information regarding the City's direct debt, including the Bonds, and the estimated portion of the debt of overlapping taxing districts allocated to the City's property owners.

Debt Ratios

Real Market Value	\$ 1,454,951,755	
Estimated Population	10,150	
Per Capita Real Market Value	\$ 143,345	
	<b>Gross Direct Debt<sup>(1)</sup></b>	<b>Net Direct Debt<sup>(2)</sup></b>
<b>Debt Information</b>		
City Direct Debt <sup>(3)</sup>	\$ 41,543,807	\$ 27,950,541
Overlapping Direct Debt	36,453,020	35,842,699
Total Direct Debt <sup>(3)</sup>	<u>\$ 77,996,827</u>	<u>\$ 63,793,240</u>
<b>Bonded Debt Ratios<sup>(3)</sup></b>		
City Direct Debt to Real Market Value	2.86%	1.92%
Total Direct Debt to Real Market Value	5.36%	4.38%
Per Capita City Direct Debt	\$ 4,093	\$ 2,754
Per Capita Total Direct Debt	7,684	6,285

(1) Gross Direct Debt includes all unlimited (general obligation bonds) and limited (full faith and credit obligations) tax supported debt. The City Gross Direct Debt includes all of the tax-supported debt obligations, including the 2010A Financing Agreement, 2010B Financing Agreement and the Seal Rock Water District Agreement.

(2) Net Debt is Gross Direct Debt less self-supporting limited and unlimited tax supported debt. The City Net Direct Debt includes the general obligation bonds.

(3) Includes the Bonds. Preliminary, subject to change.

Sources: Debt Management Division, The Office of the State Treasurer as of November 6, 2013 and City of Newport Audited Financial Reports for the Fiscal Year Ended June 30, 2012.

## Debt Payment Record

The City has promptly met principal and interest payments on outstanding bonds and other indebtedness in the past ten years when due. Additionally, no refunding bonds have been issued for the purpose of preventing an impending default.

## Future Financings

*Capital Projects.* The City anticipates issuing up to \$9.5 million for urban renewal, water and wastewater projects in calendar year 2014.

*Short-Term Notes.* The City does not anticipate issuing short-term debt within calendar year 2013 or 2014.

## Revenue Sources

The following section summarizes certain of the major revenue sources of the City.

### Property Taxes

Most local governments, school districts, education service districts and community college districts ("local governments") have permanent authority to levy property taxes for operations ("Permanent Rates") up to a maximum rate (the "Operating Tax Rate Limit"). Local governments that have never levied property taxes may request that the voters approve a new Operating Tax Rate Limit.



Market Value of property (the "Measure 5 Limits"). If the taxes on a property exceed the Measure 5 Limit for Education or General Government, then tax rates are compressed to the Measure 5 Limit. Local Option Levy rates compress to zero before there is any compression of Permanent Rates. In Fiscal Year 2014, there was \$0 of compression of the City's Permanent Rate due to the tax rate limitation.

Taxes imposed to pay the principal and interest on the following bonded indebtedness are not subject to Measure 5 Limits: (1) bonded indebtedness authorized by a specific provision of the Oregon Constitution; and (2) general obligation bonded indebtedness incurred for capital costs approved by the electors of the issuer and bonds issued to refund such bonds. **Property taxes imposed to pay the principal of and interest on the Bonds are not subject to the limitations of Article XI, Sections 11 and 11b.**

In 2007 the Oregon Supreme Court determined that taxes levied by general purpose governments (such as cities and counties) may be subject to the \$5 per \$1,000 limit if those taxes are used for educational services provided by public schools.

*Property Tax Collections.* Each county assessor is required to deliver the tax roll to the county tax collector in sufficient time to mail tax statements on or before October 25 each year. All tax levy revenues collected by a county for all taxing districts within the county are required to be placed in an unsegregated pool, and each taxing district shares in the pool in the same proportion as its levy bears to the total of all taxes levied by all taxing districts within the county. As a result, the tax collection record of each taxing district is a *pro-rata* share of the total tax collection record of all taxing districts within the county combined.

Under the partial payment schedule, taxes are payable in three equal installments on the 15th of November, February and May of the same Fiscal Year. The method of giving notice of taxes due, the county treasurer's account for the money collected, the division of the taxes among the various taxing districts, notices of delinquency, and collection procedures are all specified by detailed statutes. The lien for property taxes is prior to all other liens or encumbrances of any kind on real or personal property subject to taxation. By law, a county may not commence foreclosure of a tax lien on real property until three years have passed since the first delinquency.

A Senior Citizen Property Tax Deferral Program (1963) allows certain homeowners to defer taxes until death or sale of the home. A similar program is offered for Disability Tax Deferral (2001), which does not have an age limitation.

The following tables represent historical tax information for the City.

**Taxable Property Values**

Fiscal Year	Real Market Value <sup>(1)</sup>	Total Assessed Valuation	Urban Renewal Excess	AV Used to Calculate Rates <sup>(2)</sup>
2014 <sup>(3)</sup>	\$ 1,454,951,755	\$ 1,207,747,440	\$ 120,599,150	\$ 1,087,148,290
2013	1,560,311,465	1,195,467,310	120,811,520	1,074,655,790
2012	1,649,057,216	1,179,423,536	118,267,110	1,061,156,426
2011	1,801,795,380	1,166,132,304	147,678,310	1,018,453,994
2010	1,893,766,578	1,139,514,427	279,430,215	860,084,212
2009	1,923,363,137	1,091,420,957	266,404,235	825,016,722

(1) Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors.

(2) Assessed value of property in the City on which the permanent rate is applied to derive *ad valorem* property taxes, excluding urban renewal and any other offsets.

(3) The County is accepting valuation appeals through December 2013 for the 2014 Fiscal Year values. Hearings will begin in February 2014. As of December 2, 2013 six appeals have been filed for properties within the City taxing district. If all six are successful, the City's Total Assessed Valuation would be reduced by \$533,430. The City cannot anticipate the outcome of the appeals but they are not expected to have a material impact on the City's finances.

Source: Lincoln County Department of Assessment and Taxation.

The following table presents the Fiscal Year 2013 tax rates for the City and other taxing jurisdictions within Lincoln County that overlap the City. The City's Operating Tax Rate Limit is \$5.5938 per \$1,000 of assessed property value. The Operating Tax Rate Limit was calculated in conjunction with the implementation of Measure 50 in 1997. The Permanent Rates shown in the following table are the rates that are actually applied to the assessed value of the taxing district. The Permanent Rates may be different from the Operating Tax Rate Limit of the taxing district due to the decision by the taxing district to levy less than its Operating Tax Rate Limit.

**Fiscal Year 2014 Representative Levy Rate  
(Rates Per \$1,000 of Assessed Value)**

General Government	Billing Rate	Bond Levy Rate	Consolidated Rate
Lincoln County	\$ 2.8202	\$ 0.0000	\$ 2.8202
Lincoln County Extension Service	0.0451	0.0000	0.0451
Lincoln County Animal Services	0.1100	0.0000	0.1100
Lincoln County Transportation Services	0.0974	0.0000	0.0974
Port of Newport	0.0609	0.5674	0.6283
City of Newport	5.5938	1.5420	7.1358
Pacific Communities Health	0.3625	0.0000	0.3625
<b>Total General Government</b>	<b>9.0899</b>	<b>2.1094</b>	<b>11.1993</b>
<b>Education</b>			
Linn-Benton-Lincoln ESD	0.3049	0.0000	0.3049
Oregon Coast Community College	0.1757	0.1756	0.3513
Lincoln County School District	4.9092	0.7734	5.6826
<b>Total Education</b>	<b>5.3898</b>	<b>0.9490</b>	<b>6.3388</b>
<b>Total Tax Rate</b>	<b>\$ 14.4797</b>	<b>\$ 3.0584</b>	<b>\$ 17.5381</b>

NOTE: County assessors report levy rates by tax code. Levy rates apply to the assessed property value. Measure 5 Limits are based on the Taxable Real Market Value and are only reported in total dollar amount of compression, if any, for each taxing jurisdiction (see "Property Taxes - Tax Rate Limitation - Measure 5" herein).

Source: Lincoln County Department of Assessment and Taxation. Note that there are 8 tax codes in the County that overlap the City and Tax Code 104 has the highest property value of these tax codes. Total tax levies in the City range from \$17.5381 to \$20.3661 per \$1,000 of assessed property value.



**Major Taxpayers**  
(As of Fiscal Year 2014)  
City of Newport

Taxpayer	Business/Service	Tax <sup>(1)</sup>	Assessed Value <sup>(2)</sup>	Percent of Value
Northwest Natural Gas Co.	Natural Gas Utility	\$ 328,079	\$ 18,699,000	1.55%
Central Lincoln People's Utility District	Electrical Utility	301,595	17,179,000	1.42%
Fred Meyer Stores Inc.	Retail	258,986	14,767,060	1.22%
Wal-Mart Real Estate	Retail	204,562	11,663,870	0.97%
Hallmark Inns & Resort Inc.	Hospitality/Lodging	186,943	10,659,270	0.88%
Shilo Inn Newport LLC	Hospitality/Lodging	145,888	8,318,330	0.69%
E.Y. Inc. & E.W. & J.B. Inc.	Shopping Center	126,645	7,221,110	0.60%
Charter Communications	Telecommunications	118,559	6,760,100	0.56%
LC Apartments LLC	Apartments	100,141	5,709,900	0.47%
Longview Hills MHC LLC	Mobile Home Park	84,623	4,825,110	0.40%
Subtotal - ten of City's largest taxpayers			105,802,750	8.76%
All other City's taxpayers			1,101,944,690	91.24%
Total City			\$ 1,207,747,440	100.00%

Lincoln County

Taxpayer	Business/Service	Tax <sup>(1)</sup>	Assessed Value <sup>(2)</sup>	Percent of Value
Georgia Pacific Toledo LLC <sup>(3)</sup>	Paper Mill	\$ 2,456,783	\$ 165,454,940	2.44%
Central Lincoln People's Utility District	Electrical Utility	931,868	71,842,000	1.06%
Plum Creek Timberlands LP	Lumber Mill	632,769	54,150,780	0.80%
Northwest Natural Gas Co.	Natural Gas Utility	593,323	39,971,000	0.59%
Coroc/Lincoln City LLC	Real Estate Development	538,780	33,224,580	0.49%
Charter Communications	Telecommunications	421,765	27,207,500	0.40%
The Worldmark Club	Hospitality/Lodging	416,460	36,364,270	0.54%
Nestucca Forests LLC	Lumber Mill	348,612	29,663,050	0.44%
CenturyLink	Telecommunications	285,333	20,705,100	0.31%
Tristar NW Oregon Timberlands LLC	Timberland	269,694	22,240,690	0.33%
Subtotal - ten of County's largest taxpayers			500,823,910	7.38%
All other County's taxpayers			6,281,104,547	92.62%
Total County			\$ 6,781,928,457	100.00%

(1) Tax amount is the total tax paid by the taxpayer within the boundaries of the City and County, respectively. This amount is distributed to individual local governments by the County. A breakdown of amounts paid to each individual local government is not available.

(2) Assessed value does not exclude offsets such as urban renewal and farm tax credits.

(3) Georgia Pacific was founded in 1927 as a wholesaler of hardwood lumber. It manufactures and markets tissue, packaging, paper, building products and related chemicals. The company is headquartered in Atlanta. The company employs about 500 people at its Toledo manufacturing plant which manufactures pulp and paperboard. Source: [www.gp.com](http://www.gp.com), Harris InfoSource.

Source: Lincoln County Department of Assessment and Taxation.

### Franchise Fees

The City collects franchise fees from various public utilities. NW Natural supplies natural gas to the area. Telephone service to the area is provided by a variety of communications service providers, however, CenturyLink is the primary provider. Electricity is provided by Central Lincoln People's Utility District. Franchise fees in the City totaled \$833,046 in the Fiscal Year 2013.

### State and County Shared Revenues

The City receives several State and County shared revenues. The most significant of these revenues are State gasoline taxes, liquor tax, cigarette tax, State revenue sharing, and County library tax. In Fiscal Year 2013 the

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## Economic News Release

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## Consumer Price Index Summary

Transmission of material in this release is embargoed until  
8:30 a.m. (EST) Thursday, February 20, 2014 USDL-14-0253

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## CONSUMER PRICE INDEX - JANUARY 2014

The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.1 percent in January on a seasonally adjusted basis, the U.S. Bureau of Labor Statistics reported today. Over the last 12 months, the all items index increased 1.6 percent before seasonal adjustment.

Increases in the indexes for household energy accounted for most of the all items increase. The electricity index posted its largest increase since March 2010, and the indexes for natural gas and fuel oil also rose sharply. These increases more than offset a decline in the gasoline index, resulting in a 0.6 percent increase in the energy index.

The index for all items less food and energy also rose 0.1 percent in January. A 0.3 percent increase in the shelter index was the major contributor to the rise, but the indexes for medical care, recreation, personal care, and tobacco also increased. In contrast, the indexes for airline fares, used cars and trucks, new vehicles, and apparel all declined in January. The food index rose slightly in January. The index for food at home rose 0.1 percent, with major grocery store food groups mixed.

The all items index increased 1.6 percent over the last 12 months; this compares to a 1.5 percent increase for the 12 months ending December. The index for all items less food and energy has also risen 1.6 percent over the last 12 months. The energy index has risen 2.1 percent over the span, and the food index has increased 1.1 percent.

Table A. Percent changes in CPI for All Urban Consumers (CPI-U): U.S. city average

	Seasonally adjusted changes from preceding month							Un-adjusted 12-mos. ended Jan. 2014
	July 2013	Aug. 2013	Sep. 2013	Oct. 2013	Nov. 2013	Dec. 2013	Jan. 2014	
All items.....	.2	.1	.1	.0	.1	.2	.1	1.6
Food.....	.1	.1	.0	.1	.1	.0	.1	1.1
Food at home.....	.1	.1	.0	.0	.0	.0	.1	.5
Food away from home (1)...	.2	.2	.1	.1	.3	.1	.1	2.0
Energy.....	.2	-.4	.3	-.9	-.4	1.6	.6	2.1
Energy commodities.....	.7	-.4	-.1	-1.5	-.8	2.6	-.5	.5
Gasoline (all types)....	.8	-.5	-.2	-1.6	-.8	2.6	-1.0	.1
Fuel oil (1).....	1.1	1.2	.9	-.6	.4	2.4	3.7	2.0
Energy services.....	-.6	-.5	.8	.1	.0	.1	2.2	4.5
Electricity.....	-.1	-.1	.5	.2	.5	.4	1.8	4.4
Utility (piped) gas service.....	-2.1	-1.8	1.6	-.5	-1.5	-1.0	3.6	4.9
All items less food and energy.....	.2	.1	.1	.1	.2	.1	.1	1.6
Commodities less food and energy commodities....	.0	.0	-.1	-.1	.0	.0	-.1	-.3
New vehicles.....	.0	.0	.1	-.1	-.1	.0	-.3	.0
Used cars and trucks....	-.4	-.1	.3	.4	.3	.0	-.5	1.5
Apparel.....	.6	.2	-.4	-.4	-.1	.4	-.3	-.3
Medical care commodities	.2	.3	.2	.3	.1	-.6	.5	.8
Services less energy services.....	.2	.2	.2	.2	.3	.1	.2	2.3
Shelter.....	.2	.2	.2	.1	.3	.2	.3	2.6
Transportation services	.5	-.3	.2	.4	.3	-.4	.1	1.2
Medical care services...	.2	.6	.3	.0	.0	.2	.2	2.5

1 Not seasonally adjusted

6.12



# CITY OF NEWPORT, OREGON

## GENERAL ECONOMIC FACTORS AFFECTING THE FY 2014-15 BUDGET

### I. POPULATION ESTIMATES:

	Population	Number Change	Percent Change
July 1, 2013	10,160	10	0.10%
July 1, 2012	10,150	85	0.85%
July 1, 2011	10,065	35	0.35%
July 1, 2010	10,030		
April 1, 2010 Census	9,989		

### II. STATE SHARED REVENUES - ESTIMATES:

	Liquor Tax Tax	Cigarette Tax	State Gas Tax
<b>A. Per Capita Rates</b>			
FY 2014-15	\$ 14.25	\$ 1.25	\$ 57.23
FY 2013-14	\$ 14.12	\$ 1.33	\$ 55.91

#### B. Distributed on Per Capita Basis

	Liquor Tax Tax	Cigarette Tax	State Gas Tax
FY 2014-15	\$ 144,780	\$ 12,700	\$ 581,457
FY 2013-14	\$ 143,318	\$ 13,500	\$ 567,487
<b>Estimated Revenue Increase (Decrease)</b>	<b>\$ 1,462</b>	<b>\$ (800)</b>	<b>\$ 13,970</b>

#### C. Distributed Other Than by Per Capita

	State Shared Liquor Revenue	
<b>FY 2014-15 - Estimate</b>	<b>\$ 115,000</b>	<b>Subject to Further Review</b>
FY 2013-14 Adopted Budget - Estimate	\$ 110,000	
FY 2012-13 Actuals	\$ 110,800	
FY 2011-12 Actuals	\$ 130,131	
FY 2010-11 Actuals	\$ 80,119	

GENERAL ECONOMIC FACTORS AFFECTING THE FY 2014-15 BUDGET - Continued

III. GENERAL FUND: PROPERTY TAXES - CURRENT YEAR:

	Assessed Value	Increase Over Prior Year	Percent Increase	
FY 2014-15 - Projection Estimate	1,220,187,239	12,439,799	1.03%	
FY 2013-14 Actual	1,207,747,440	12,280,130	1.03%	
FY 2013-14 Adopted Budget - Estimate	????	????	????	
FY 2012-13 Actuals	1,195,467,310	16,043,774	1.36%	
FY 2011-12 Actuals	1,179,423,536	13,291,232	1.14%	
FY 2010-11 Actuals	1,166,132,304			
	FY 2014-15	FY 2013-14	FY 2012-13	FY 2011-12
Assessed Value Projection/Actual	1,220,187,239	1,207,747,440	1,195,467,310	1,179,423,536
Deduct: Urban Renewal Excess (Est)	(120,700,000)	(120,599,150)	(120,811,520)	(118,267,110)
Net Value to Compute the Tax rate	1,099,487,239	1,087,148,290	1,074,655,790	1,061,156,426
City of Newport Permanent Tax Rate	0.0055938	0.0055938	0.0055938	0.0055938
Calculated Amount Tax Rate Will Raise	6,150,312	6,081,290	6,011,410	5,935,897
Deduct: Uncollectible in First Year	409,611	405,014	400,607	446,121
Actual Taxes Received by City			5,610,803	5,489,776
Estimated Taxes Projected to be Received	5,740,701	5,676,276		
Assumed Tax Collection Rate	93.34%	93.34%		
Actual Tax Collection Rate			93.34%	92.48%

CAUTIONARY NOTE: If tax collection rate holds at or near 93.34 % for FY 2013-14 the Budgeted amount of Property Taxes of \$5,780,000 would be over budgeted by \$103,724. (\$5,676,276 less \$5,780,000 = \$(103,724).

NOTE: City of Newport Permanent Property Tax Rate is \$5.5938 per \$1,000 Assessed Value (AV).

IV. SALARY AND BENEFIT INFORMATION FOR FISCAL YEAR 2014-15:

A. Wages

1. There are three collective bargaining groups:

a. NEA - Newport Employee Association (Public Works)

Nine (9) steps in salary ranges with annual step increases with satisfactory performance;  
3.5% increase between steps;  
2.0% COLI (Cost of Living Increase) on July 1 per contract;  
Receive "On Call" pay of \$100 per day when on call during a weekend and holidays.

b. NPA - Newport Police Association

Nine (9) steps in salary ranges with annual step increases with satisfactory performance;  
3.5% to 4.5% increase between steps varying by step and position;  
2.0% COLI (Cost of Living Increase) on July 1 per contract;  
Receive \$90 for immediate and \$180 for advance certification;  
Receive 4% for detective pay; 5% for K9 pay; 5% for community service pay; and  
2.5% evidence pay each month, varies by employee;  
Receive 9 hours "In Lieu of Holiday pay" each month, which can be taken as compensatory time-out or addition to monthly salary.



## GENERAL ECONOMIC FACTORS AFFECTING THE FY 2014-15 BUDGET - Continued

### c. IAFF - International Association of Fire Fighters: This contract expires on June 30, 2014.

Five (5) Steps for Firefighters; Nine (9) steps for Fire Engineers; and five (5) steps for Fire Captains;  
3.5% increase between steps;

Annual Step Increases permitted on anniversary dates, o July 1 or January 1;

Certified EMT or ARFF employees receive 2% additional each month;

Two employees are EMT and ARFF certified and receive 4% additional pay;

Receive 10 hours "In Lieu of Holiday Pay" each month, which can be taken as compensatory time-off or addition to monthly salary.

No COLI added at this time since the current contract ends on June 30, 2014.

### 2 Non Union Employees

Nine (9) steps in salary ranges with annual step increases with satisfactory performance;

3.5% increase between steps;

In the past, Non-Union employees received a COLI equaling to what other bargaining units have received.

Airport employees receive "On Call" pay of \$200 per month.

## B. Benefits

### 1 Medical/Vision/Dental, Life and Long-Term Disability Insurances

Employees who work 30 or more hours each week are eligible for health insurance;

Non-Union, NEA and IAFF are on the High Deductible Health Plan (HDHP);

The HDHP Plan will increase no more than 7% on January 1, 2015;

NPA employees are on Plan VC-PPP;

the VC-PPP Plan will increase no more than 5% on January 1, 2015;

Employee pays 10% and the City pays 90% of the premium.

The monthly amounts the City pays for each employee by category and by plan is detailed below.				
Coverage	HDHP		Plan VC-PPP	
	Aug-Dec 2014	Jan-Jul 2015	Aug-Dec 2014	Jan-Jul 2015
Employee Only	\$ 407.38	\$ 468.49	\$ 603.40	\$ 693.91
Employee plus Spouse	\$ 845.14	\$ 971.91	\$ 1,260.03	\$ 1,409.03
Employee plus Child	\$ 741.55	\$ 852.78	\$ 1,104.58	\$ 1,270.77
Employee plus Children	\$ 1,056.09	\$ 1,214.50	\$ 1,518.50	\$ 1,746.28
Employee plus Family	\$ 1,214.69	\$ 1,396.89	\$ 1,748.03	\$ 2,010.28

### 2 Life Insurance- Monthly Amount City Pays per Employee

NEA/Non-Union Non-Supervisors	\$ 2.95	per month per employee
IAFF	\$ 4.90	per month per employee
NPA	\$ 6.74	per month per employee
Non-Union Supervisors/Managers	\$ 7.70	per month per employee

3 LTD - Long-Term Disability Insurance 0.616% of salary/wages

4 FICA 7.65% of salary/wages

6.15

## GENERAL ECONOMIC FACTORS AFFECTING THE FY 2014-15 BUDGET - Continued

### 5 Retirement

Employees who work 30 or more hours each week are eligible for retirement benefits;

#### a. City Retirement Plan

Covers all non-sworn employees at 30 or more hours;

City contributes 6% of salary towards the Defined Contribution Plan and 14.48% towards the Defined Benefit Plan for employees employed prior to March 5, 2012. The 14.48% rate may be adjusted down if a COLI is received; For Employees hired after March 5, 2012, the City matches up to 3% additional, if the employee adds money into a 457b Plan.

#### b. Public Employees Retirement System (PERS)

Only Police and Fire sworn officers are in PERS;

City pays 6% plus 13.07% for Tier 1 & 2 employees;

City pays 6% plus 6.88% for OPSER employees.

### 6 Workers Compensation Insurance

Rates vary by job classification or job duties of the employee;

Some examples of varying rates by job classification are:

Office Staff at 0.2518% of wages;

Police Officers at 3.3810% of wages;

Firefighters at 3.2191% of wages;

Street Maintenance at 7.4453% on wages.

### 7 Workers Benefit Fund

All Employees at 0.0165 per hour worked.

### 8 Unemployment Insurance

All employees at 1.3% of wages



# CITY OF NEWPORT, OREGON

## FULL-TIME EQUIVALENTS (FTES) BY FUND COMPARED TO ACTUAL NUMBER OF EMPLOYEES AT FEBRUARY 28, 2014

Fund	Budgeted 2013-14	Actual Number of Employees February 28, 2014			FTE -2/28/14
		Full-Time	Part-Time	Total	Total
General Fund	73.09	61	8	69	63.57
Public Works Admin Fund	6.58	4		4	4.08
Streets Fund	5.08	5		5	5.08
Water Fund	11.08	10		10	10.08
Wastewater Fund	8.08	8		8	8.08
Building Inspection Fund	1.30		1	1	1.13
Parks and Recreation Fund	21.50	6	31	37	19.83
Airport Fund	3.00	2		2	2.00
Total FTES - Budgeted vs. Actual	129.71	96.00	40.00	136.00	113.85

6.17

City of Newport, Oregon  
Revenues with Comparison to Budget  
July 1, 2013 through January 31, 2014  
General Fund

A	B	C	D	E	F	G	H	I	J	K
Description	Amended Budget	July	August	September	October	November	December	January	YTD Amount	Unexpended
<b>1 REVENUES</b>										
2 CURRENT PROPERTY TAXES	5,780,000	-	-	15	16	5,048,181	76,878	72,119	5,197,209	582,791
3 DELINQUENT PROPERTY TAXES	200,000	-	-	45,916	32,005	24,660	36,069	15,006	153,656	46,344
4 FEES IN LIEU OF FRANCHISE	240,000	23,817	31,954	38,074	36,138	32,960	25,438	28,183	216,564	23,436
5 911 STATE EXCISE TAX	-	-	-	-	-	30	-	-	30	(30)
6 FRANCHISE TAXES	897,030	(66,775)	100,966	114,346	46,216	25,382	37,630	108,134	365,899	531,131
7 STATE CIGARETTE TAX	13,398	-	1,257	1,186	1,333	-	1,240	1,113	6,129	7,269
8 STATE LIQUOR PRORATION	145,450	-	-	12,909	23,164	-	22,763	15,849	74,685	70,765
9 STATE REVENUE SHARING	110,000	-	-	-	-	-	-	-	-	110,000
10 VRC/B&B ENDORSEMENT TAX	5,000	275	325	575	200	125	125	508	2,133	2,867
11 COUNTY LIBRARY CONTRIBUTION	330,000	-	-	19,784	-	-	164,948	27,491	212,223	117,777
12 NRPFD IGA PAYMENT	210,000	-	-	-	-	-	73,795	-	73,795	136,205
13 DLCD PLANNING GRANT	9,000	-	-	-	-	-	-	-	-	9,000
14 FEDERAL GRANTS	40,000	-	-	-	-	-	-	-	-	40,000
15 FEMA - AFG GRANT	189,525	-	-	-	-	-	-	-	-	189,525
16 LAW ENFORCEMENT GRANTS	12,838	-	-	-	-	-	-	-	-	12,838
17 K-9 PROGRAM REVENUE	5,000	-	-	-	-	-	-	-	-	5,000
18 STATE GRANTS	1,000	-	-	-	-	-	1,091	-	1,091	(91)
19 MISC GRANT	19,200	-	3,117	-	28,846	-	4,379	-	36,342	(17,142)
20 MISC. SALES & SERVICES	223,130	2,918	5,669	4,470	3,522	85,400	382	7,637	109,998	113,132
21 RENTS & LEASES	75,000	9,510	9,281	9,249	8,177	8,084	10,479	8,084	62,864	12,136
22 BUSINESS LICENSES	145,000	121,555	638	7,524	503	240	-	-	130,460	14,540
23 MUNICIPAL COURT FINES	185,000	13,962	17,732	10,797	13,792	9,844	10,359	6,005	82,491	102,509
24 LIBRARY FINES	8,000	866	1,061	1,079	979	679	773	883	6,320	1,680
25 GIFTS & DONATIONS	-	-	-	1,000	-	-	-	-	1,000	(1,000)
26 INTEREST ON INVESTMENTS	5,000	651	589	600	502	1,465	2,138	2,007	7,952	(2,952)
27 FIBER OPTIC CONDUCT IRU	192,126	-	-	192,126	-	-	-	-	192,126	-
28 SERVICES PROVIDED	845,016	70,389	70,389	70,389	70,389	70,389	70,389	70,389	492,723	352,293
29										
30 TOTAL REVENUES	9,885,713	177,168	242,978	530,039	265,782	5,307,439	538,876	363,408	7,425,690	2,460,023
31										
32 TOTAL EXPENDITURES	10,486,766	686,400	801,459	945,498	744,213	724,482	778,082	863,483	5,543,617	4,943,149
33										
34 TOTAL CONTINGENCIES	129,528	-	-	-	-	-	-	-	-	129,528
35										
36 EXCESS OF REVENUES OVER (UNDER)										
37 EXPENDITURES	(730,581)	(509,232)	(558,481)	(415,459)	(478,431)	4,582,957	(239,206)	(500,075)	1,882,073	(2,612,654)
38										
39 OTHER FINANCING SOURCES (USES)										
40 TRANSFER IN	1,595,510	-	225,211	253,469	194,532	95,362	75,827	53,437	897,838	697,672
41 TRANSFERS OUT	(1,931,613)	(133,027)	(133,027)	(133,027)	(133,027)	(133,027)	(133,027)	(133,027)	(931,189)	(1,000,424)
42										
43 TOTAL OTHER FINANCING SOURCES (USES)	(336,103)	(133,027)	92,184	120,442	61,505	(37,665)	(57,200)	(79,590)	(33,351)	(302,752)
44										
45 NET CHANGES IN FUND BALANCE	(1,066,684)	(642,259)	(466,297)	(295,017)	(416,926)	4,545,292	(296,406)	(579,665)	1,848,722	(2,915,406)
46										
47 FUND BALANCE - BEGINNING OF YEAR/MONTH	2,202,657	2,202,657	1,560,398	1,094,101	799,084	382,158	4,927,450	4,631,044	2,202,657	4,051,379
48										
49 FUND BALANCE - END OF YEAR/MONTH	1,135,973	1,560,398	1,094,101	799,084	382,158	4,927,450	4,631,044	4,051,379	4,051,379	1,135,973
50										
A	B	C	D	E	F	G	H	I	J	K
51 NOTE: Fund Balance at February 28, 2014 is \$3,411,300										

6.18