

April 21, 2010
6:00 P.M.
Newport, Oregon

CALL TO ORDER

Mayor Bain called the April 21, 2010, meeting of the City of Newport Budget Committee, to order at 6:00 P.M.

INTRODUCTIONS

Bain introduced the attendees who included Budget Committee members: Chip Norman, Lon Brusselback, Terry Obteshka, David Allen, Chuck Forinash, Patricia Patrick, Dac Wilde, Robert Smith, Bill Bain, Mark McConnell, Janet Webster, Richard Kilbride, Jeff Bertuleit, and Don Huster.

Staff included Jim Voetberg, City Manager, Peggy Hawker, City Recorder, Cheryl Atkinson, Executive Assistant, Penelope McCarthy, City Attorney, Lee Ritzman, Public Works Director, Gene Cossey, Airport Director, Ted Smith, Library Director, Jim Protiva, Parks and Recreation Director, Ross Schultz, Interim Finance Director, and Linda Brown, Assistant Finance Director.

ELECTION OF OFFICERS FOR THE 2010-2011 BUDGET PROCESS

MOTION was made by Patrick to nominate David Allen as chair of the Budget Committee. MOTION was made by Wilde to nominate Robert Smith as chair of the Budget Committee. The vote was a tie, and Allen and Smith agreed to co-chair the committee, with Allen chairing the first meeting.

ADOPT AGENDA

MOTION was made by Bain, seconded by Webster, to adopt the agenda as presented. A discussion ensued and Allen suggested that amendments to the agenda could be made as the committee works through the agenda, noting that the committee may want to go through funds other than those listed on the agenda. McConnell noted that the agenda has been posted on the website and the public is relying on it to know when to attend. It was agreed that revisions could be made to the agenda during the meeting.

Webster asked about ground rules for public comment. Allen stated that folks wishing to comment would be allowed three minutes, but if they needed additional time, it would be allowed.

APPROVAL OF BUDGET COMMITTEE MINUTES OF MAY 11, MAY 14, AND MAY 19, 2009

A discussion ensued regarding each set of minutes. A change was requested on the May 19, 2009 minutes to reflect that the Budget Committee approved the budget, rather than adopted the budget. MOTION was made by McConnell, seconded by Brusselback to approve the minutes with the change to the May 19, 2009 minutes. The motion carried in a voice vote with Webster and Norman abstaining as they did not attend these meetings.

BUDGET OFFICER, JIM VOETBERG, DELIVERS BUDGET MESSAGE

Voetberg reviewed the budget message noting that many issues this year are no different than last year. He reported that the end-of-year reserves are estimated at \$178,000, and should be approximately \$1,000,000. He noted that health insurance premiums are expected to increase approximately eight percent. He reported that some of the North Side Urban Renewal District bonds will be paid off early which would create approximately \$750,000 new revenue for the General Fund. He noted that approximately \$484,000 revenue could be realized in the Street Fund as a result of a stormwater fee, but if not instituted, would mean that amount less to the General Fund. He thanked the staff for their work on the budget.

Schultz reviewed changes that had been distributed at the beginning of this meeting. Voetberg noted that the stormwater fee is based on permeable surface area, and a rough estimate is \$4.00 monthly for a residence. He reported that the firefighters union had agreed to a four percent concession, and that he is reversing his recommendation of a staff reduction in that department. He added that he is in discussion with the other unions. He noted that non-represented employees will be treated the same as union employees, and concessions are anticipated.

Wilde asked about the projected increase in PERS for the next year. It was noted that there are 27 employees in the PERS program.

Webster asked whether the population is flat, and Voetberg reported that it is.

Voetberg reported that there are two outside agency requests - one from the Lincoln County Land Trust, and one from the Oregon Coast Aquarium. Allen noted that the issue of non-profit requests is one that the City Council planned to address.

Allen noted that the changes to the budget document were good and have made it a more readable document.

PUBLIC HEARING ON STATE SHARED REVENUES

Allen opened the public hearing on state shared revenues at 6:45 P.M. He asked for public comment, and there was none. He closed the public hearing at 6:47 P.M. McConnell noted that these funds have been used to support non-profit agencies in the past, and hoped that this will occur again in the future. It was noted that Council needs to consider this issue this year.

PUBLIC HEARING ON THE CITY OF NEWPORT PROPOSED 2010-2011 BUDGET AND THE CITY OF NEWPORT URBAN RENEWAL AGENCY PROPOSED 2010-2011 BUDGET

Allen opened the public hearing on the city and URA budgets at 6:48 P.M. He asked for public comment.

Yale Fogarty expressed his concern for public safety and stated that it is a city responsibility to provide a safe place to work. He noted that the Fire Department is deferring maintenance on some gear, and added that safety is not a budget item. He expressed concern that the Police Department would hire an employee and two weeks later recommend the position for lay-off. He added that taking police officers off the street is risky. He stated that an injury to one is an injury to all, and asked that the public safety budgets not be cut.

Joanne Barton addressed the Budget Committee as a resident and Port of Newport Commissioner. She acknowledged the difficulties of balancing the budget, and endorsed the maintenance of the Fire Department staffing. She asked that the NOAA award not be used as a political football in budgeting issues. She urged the community to respond as a team.

Matthew Smith expressed concern with public safety issues. He stated that if the South Beach fire station is unmanned, fire responders will have to come from north of the bridge which will increase the response time. Allen noted that public safety is an essential core goal of the City Council.

Ken Real, president of the Newport Police Association, expressed agreement with the previous speakers. He noted that the Budget Committee and City Council will have to make tough choices. He added that everyone needs to make some concessions, and that the Association is working on a compromise.

PARKS AND RECREATION BUDGET PRESENTATION

Protiva reported that a business plan had been prepared for the Parks and Recreation Department, and that it was initially thought that services would not have to be reduced. He noted that additional changes had to be made, and that hours at the pool and recreation center had been reduced, and the department has 5.8 fewer full-time equivalents than a year ago.

Protiva reported that the department received grants for South Beach trails, Coast Park, and the renovation of the senior center.

Smith questioned the amount of travel and training dollars allocated throughout the budget. Protiva reported that some Parks and Recreation employees, such as lifeguards and chemical applicators, have to maintain certifications, which requires training. He also noted that continuing education gives the department cutting edge advantages. Smith noted that in tough times, people are looking at these expenditures.

Obtreshka asked about the 44 new members and whether the marketing plan attracted them to the rec center. Protiva noted that another club had shut down, and some previous members had rejoined.

Forinash noted that \$25,000 had been allocated in the current budget for the South Beach trail, and asked whether any of this money was used for that purpose. Protiva reported that exploratory work was performed with some of the money, and the unused portion will be rolled into the project in subsequent years.

It was asked whether the two restroom projects are on track. Protiva reported that they are 90% complete. He added that both restrooms are over budget, and to compensate, one of the Highway 101 improvements will not occur this year.

Forinash asked whether there was any budgeted money for landscaping in South Beach. Protiva noted that he anticipates landscaping with the South Beach peninsula improvements. Bain reported that the city had received a one million dollar Immediate Opportunity Grant that will be used for improvements near Marine Science Drive. Protiva noted that additional parks in South Beach will include Wilder Park and the proposed dog park.

McConnell asked whether staffing cuts to the Parks and Recreation Department were part-time or full-time. Protiva reported that it was a combination of both, including the full-time administrative assistant, a coordinator position going from full-time to half-time, part-time lifeguards, and the elimination of the contracted supervisory position in parks. He noted that a total of 2.5 staff lost benefits through the reduction.

McConnell asked about contractual services on page 81, and Schultz reported that \$35,000 was for liability insurance. McConnell asked about the materials and supplies line item on page 91, and Schultz noted that this expenditure is for programs. Protiva will provide detail.

Smith noted that the track program with the Parks and Recreation participants is an excellent program. He asked if there is enough money in the proposed budget to clean the restrooms.

Brusselback noted that the travel and training budget for the department with 34.4 full-time equivalents is approximately \$300 per person, and he noted that he does not believe that is excessive.

Webster asked about the grant monies for Coast Park. It was noted that the city pays for the project and is reimbursed. Protiva reported that there is also an in-kind match for this grant, and a cash match from parks SDCs.

Bertuleit noted that he does not want to see the cardio equipment needing to be replaced all at once. He added that he hoped a staff person has been trained to maintain this equipment. Protiva indicated that there is no money in this budget for replacement of the cardio equipment. Bertuleit also reported that the rec center windows are often left open, and suggested an energy savings if they were kept closed. Protiva will investigate this issue. Brusselback noted that the rec center is more than 40,000 square feet, and utilities cost approximately \$46,600, which he stated is not excessive. Obtshka reported that energy audits are underway and that energy savings programs will be reviewed after the audit.

A discussion ensued regarding subsidies, and Schultz reported that two General Fund funds were combined in the Parks and Recreation Department. These included the senior center and parks maintenance. Allen asked whether the city is expecting the same subsidy level, and Schultz reported that the subsidy level is flat.

A short break was taken.

Gary Corkum addressed the Budget Committee noting that he was the previous pool manager. He suggested that closing the pool is the solution to the budget deficit because once it is closed; a bond measure would be easily passed. He urged the Committee to not minimize necessities for luxuries. Allen noted that the pool closure would be a City Council decision.

AIRPORT BUDGET PRESENTATION

Cossey asked for questions regarding the proposed airport budget. Kilbride asked about adding a position at the airport, during the busy season, to greet people and man the front desk and phones. Cossey noted that there is money budgeted under personal services for a temporary, part-time employee during the summer. Schultz noted that there is \$25,000 budgeted for this position. Voetberg reported that an airport volunteer group is being organized.

Smith asked about the status of the airport business plan. Cossey reported that there are two distinct divisions at the airport - the general aviation division and the FBO. He noted that he needs additional time to see how the airport runs, but the FBO business plan will be before the City Council at one of the next two meetings.

Smith asked whether there is a future plan to move the National Guard facility to the airport. Cossey noted that this move would be included in a strategic plan for the airport.

Wilde asked about the consideration of a private operator for the FBO. Cossey reported that it is too soon to determine whether this should occur in the long term. Obtshka asked how the city would interest someone in purchasing the FBO, and Cossey noted that profit opportunities will have to be delineated.

McConnell asked what the miscellaneous line item, on page 101, referred to, and Cossey noted that it was for the sales of av gas and jet A fuel.

Wilde asked that miscellaneous and contract services line items be footnoted so that the Budget Committee can determine what the expenses are for.

Forinash asked whether a trail from the airport to the beach is part of the plan, and Cossey noted that this is a good idea, but that he would need to see the proposed location.

Webster asked whether there would be any TSA issues if the National Guard located at the airport, and Cossey reported that there would be no issues.

Allen noted that the Part 139 certificate is important to the airport, and that the city needs to prove that the airport has sufficient personnel and equipment. He asked whether the Part 139 certificate was in jeopardy due to current staffing. Cossey reported that the airport is barely able to get by with staffing, and equipment is not a major problem at this time. He noted that equipment will be needed in the next few budget cycles. Cossey reported that the FAA is used to seeing minimum staffing at small airports.

Smith asked about airport fire services, and Cossey reported that there is an ARFF truck at the South Beach fire station, with trained firefighters, and that this is adequate for the Part 139 certificate. Voetberg reported that the airport and FBO employees are being cross-trained.

COMMITTEE COMMENTS

Kilbride distributed two handouts at the beginning of the meeting. He noted that the legal-sized sheet is what the Budget Committee might want to do. He suggested cutting the departmental budgets, and letting the departments determine how to spend the allocated monies.

Kilbride reported that the reserve is projected at \$291,000 which is two percent of the budget. He noted that there should be a minimum of \$1,062,385 in reserves. He noted that this year started with \$775,000 in reserves and much of that has been spent. A discussion ensued on a realistic goal for reserves this budget year.

Kilbride suggested starting with nine percent and backing down to five percent if necessary. Bain noted that if it is decided to target a five percent reserve, the city manager must be given this information to work with. Huster suggested looking at the bigger picture to make a long-term course correction. McConnell suggested that the city manager be given direction on the contingency, and that a written policy should be developed containing a certain percentage to the capital improvement fund each year.

Kilbride reported that he and Patrick had e-mailed the city manager asking to give City Council input on the budget.

Ken Real reported that he likes Kilbride's plan to give the departments a certain allocation and let them determine how it is spent.

NEXT MEETING

The next meeting is scheduled for April 28, 2010, at 6:00 P.M. It was suggested that a tentative third meeting date be set for May 5. McConnell and Webster will be unable to attend the May 5 meeting, if that meeting is necessary.

ADJOURNMENT

The meeting was adjourned at 8:45 P.M., and the public hearing will remain open until the next meeting.

David N. Allen, Co-Chair

Robert Smith, Co-Chair