

## **CITY OF NEWPORT**

### **MINUTES OF THE BUDGET COMMITTEE MEETING**

**MAY 11, 2009**

**6:00 P.M.**

#### **CALL TO ORDER**

Chair Allen called the May 11, 2009, meeting of the City of Newport Budget Committee, to order at 6:07 P.M.

#### **ROLL CALL**

Those in attendance were Dac Wilde, David Allen, Don Rowley, Don Huster, Bill Bain, Terry Obtshka, Richard Kilbride, Roger Snelling, Patricia Patrick, Jeff Bertuleit, Lon Brusselback, Mark McConnell, and Chuck Forinash. Robert Smith was excused

Also in attendance were Dale Shaddox, City Manager, Gary Firestone, City Attorney, Peggy Hawker, City Recorder, Cheryl Atkinson, Executive Assistant to the City Manager, James Bassingthwaite, Community Development Director, Rick Crook, Fire Chief, Ted Smith, Library Director, Dennis Reno, Airport Manager, Lee Ritzman, Public Works Director, Jim Protiva, Parks and Recreation Director, Janice Riessbeck, Finance Director, Mark Miranda, Police Chief. Also in attendance were: Linda Brown, Dave Teem, Judy Mayhew, Jerry Sabanskas, and John McClellan.

#### **APPROVAL OF BUDGET COMMITTEE MINUTES – MAY 5, 2009.**

Bain stated that his comments regarding the pie chart on revenues had not been accurately portrayed, noting that fees for services accounted for 22%; property taxes accounted for 32%; and transient room taxes accounted for 7% of the total budget. He specifically noted that approximately one-half of the room tax monies are available for General Fund purposes. Allen suggested the following changes: page three, second paragraph from the top, replace “special revenue” with “proprietary,” so that it reads, “It was noted that previously defined enterprise funds were now called proprietary funds.” Riessbeck noted that the draft minutes are correct as written. Allen asked that the word public be inserted on page three, second to the last paragraph so that it reads, “public comment.” Allen suggested that on page four, second to the last paragraph, “page 193” should be replaced with “page 194.” Riessbeck suggested not using page numbers at all as they might change in the final budget document. Allen suggested that on the third to the last line, of page four, the text should read “to move the amount in line item 9510 on page 194 from. . .” Allen suggested that on page five, the second to the last paragraph, “by City Council members” should be inserted, along with “The motion carried unanimously in a voice vote by City Council members.” MOTION was made by Bain,

seconded by McConnell, to approve the minutes as corrected. The motion carried unanimously in a voice vote.

### **REVIEW AND DISCUSS CITY BUDGET**

Bain suggested that the meeting conclude around 8:30 P.M., and the Committee concurred.

Shaddox noted that the General Fund, Street Fund, Parks and Recreation Fund, and the Transient Room Tax Fund are intermingled and he will be going back and forth among the funds. He noted that new pages for personnel summaries were distributed last week.

Allen distributed copies of an e-mail from Robert Smith that addressed the preservation of part-time positions in the recreation programs and other city activities, and the addition of two new police vehicles. Allen recognized Steve Salisbury, who distributed copies of comments regarding the budget format, employee benefits, the Airport FBO budget, and the city attorney.

Wilde asked about the article in the Sunday Oregonian regarding SeaPort Airlines. Bertuleit asked about the airport budget reduction. Salisbury reported that the FBO budget had been reduced by 40% and that the finance and legal departments had increased by 52%. Salisbury reported that FBO revenues had been down since November, and that there have been no promotions of fuel sales, landings, etc., and that the airport director had been relegated to administrative tasks. Salisbury noted that there is no one at the airport's front desk to greet people. He recommended working smarter and spending money to make money. Bertuleit asked where additional monies would come from to further support the FBO. Bain commented that Newport has scheduled air service, rather than commuter air service. Allen stated that the city attorney discussion is a potential conflict of interest as the firm he is associated with may be interested in submitting a proposal for legal services. Firestone reported that the City Council had decided to hire a city attorney, rather than contract for legal services. Riessbeck noted that the information regarding benefits is specific to Newport, and that 54% is an average of benefits compared to salaries. Kilbride reviewed percentages of benefits for most of the city departments. Obteshka asked for comparables regarding percentages of benefits. Bassingthwaite distributed handouts regarding costs of benefits. The handouts indicated that the city's benefits are consistent with the private sector in overall costs, and on the lower end of the national government scale. Salisbury asked how Bassingthwaite's numbers relate to the reality of the wage level of the private sector in Newport. Wilde reported that Work Force Oregon will be holding a meeting on Monday at noon at the Avery Building.

Shaddox spoke regarding capital requests. Bertuleit asked whether the city has a process for donated items.

Riessbeck reported that there are \$10,168,152 projected revenues in the General Fund. She noted that property taxes were projected to increase the allowable three percent, and

that the proposed budget holds the line on other revenues. She pointed out that allof the grant revenues are offset by expenditures. A discussion ensued regarding capital replacement priorities, and event center monies. Firestone explained that Council can ask that a certain amount of room tax proceeds be used for specific purposes. Wilde asked who prioritizes the capital requests. Kilbride noted that if \$831,000 is not transferred from the Transient Room Tax Fund to the General Fund, other significant cuts would need to be made. Shaddox noted that the number of capital expenditures budgeted does not accurately reflect departmental spending. He suggested creating a capital fund in the future. Bain noted that "general government purposes" is room tax vernacular and may not be the same with other funds. Riessbeck reviewed equity transfers to the General Fund. Snelling asked whether it is prudent to project a three percent increase in property taxes. Riessbeck reported that there is a built in amount, of eight percent, that will not be collected. She added that real market value increased more than 90% over the last ten years.

The Mayor and City Council budget was discussed. It was noted that the \$15,000 budget for contractual services is for the videotaping of City Council meetings. It was noted that departments can spend whatever is necessary, as long as the total expenditures do not exceed the bottom line. Huster suggested looking at the benefit the city derives for the cost of the volunteer dinner.

Riessbeck reviewed the City Manager budget. She noted that IT has been removed. Shaddox reported that insurance costs are down across the board because the city previously budgeted full family insurance for all city employees, and this year, the amount reflects actual use. Shaddox reported that travel and training budgets have been substantially reduced. Patrick asked where office furniture is budgeted, and it was noted that it is included in the materials and services line item, or in materials and supplies, or office supplies. Furniture expenditures in excess of \$5,000 would be a capital outlay item.

The Information Technology budget was reviewed. It was noted that the budget includes regular network expenses, licensing, and internet service providers.

Riessbeck reported that the Municipal Court clerk is funded  $\frac{1}{4}$  time in the Municipal Court budget, and  $\frac{3}{4}$  time in the Finance Department budget. She noted that software maintenance costs are reflected in this budget.

Riessbeck reported that the City Attorney budget is similar to the current year. Allen asked about the legal and risk management requested line item. Firestone reported that there is a substantial contingency fund that could be used for specific events located elsewhere in the budget.

Allen called for public comment. Walter Sherman suggested that future economic development is based on tourism, and that the airport provides a conduit for tourists to get into Newport. He suggested that the airport can make a difference in how the city grows, and that it is a definite asset to the community. Patrick noted that the airport is an essential component in the event of an emergency.

Rita Jordan, operator of the ABC Pre-School and Daycare Center in South Beach, stated that she would like to see landscaping in the area of 35<sup>th</sup> Street and Ferry Slip Road. Shaddox noted that there might be tax increment monies that could be used for this. Forinash asked about using Urban Renewal Agency funding for this request. Shaddox noted that he would have a response at the next meeting.

Joyce Gaffin asked whether all South Beach projects are to be funded through URA monies, or whether there is city money available for them. Shaddox noted that there is no city money for capital projects, but there is city money for maintenance. Gaffin also addressed the right-of-way on Coho between 27<sup>th</sup> and 29<sup>th</sup> Streets. A discussion ensued regarding this area and whether it is in the bicycle/pedestrian plan. Allen suggested that Gaffin be persistent in her pursuit of improvements in this neighborhood.

Ken Dennis suggested there be designated line items in the budget for trails. He recommended multi-use trails be constructed in South Beach. He also requested covered, secured bike storage facilities be constructed, and asked that these be included in the budget. Bertuleit asked whether there are more or less opportunities for grants for these purposes. Dennis noted that there should be more opportunities in the future. Obteshka suggested Dennis work with the various districts to include bike lockers in the parking plans that are being developed. McConnell noted that he would like to be able to ride his bike from lighthouse to lighthouse on the old railroad right-of-way. McConnell asked about transportation enhancement monies and their use for trails. Shaddox reported that there is \$10,000 in the Street Fund for these types of projects.

Riessbeck reviewed the Finance Department budget. She noted that it includes funding for the annual audit and software licensing and maintenance for the accounting software. McConnell asked how retirement is increased, and it was noted that it is a percentage of payroll. Allen asked about the accounting specialist position that was added last year, and whether that person was hired to provide some services to the airport. Riessbeck reported that the finance department is providing more services to the airport. She noted that the finance department has taken over the cash management and grant management activities of the airport. She noted that the finance department is picking up most of the financial work of the airport, and this work is distributed over several employees.

Shaddox discussed the Police Department budget. He noted that a school resource officer position was approved last year, but not filled, and that the city cannot afford any new positions in this department. He added that the city has applied for a COPS grant to fund two police officer positions for three years, with the city funding the fourth year. Shaddox reported that the police department had made many capital requests that were not recommended for funding. Patrick asked about telephone expenses. Miranda noted that cell phones are not for personal use. She asked about the \$5,000 equipment lease, and Miranda noted this expense was for a copier. Patrick asked about firearms, and whether the city buys firearms for individual officers. Miranda replied that it was his intent to identify a particular gun that the city would buy for officers, rather than having each officer provide their own gun, which is the current situation. Patrick asked who takes care of the guns. Miranda reported that weapons must be inspected annually and the employee

is responsible for maintenance. Allen asked whether \$200,000 was adequate for overtime. Miranda reported that it was probably adequate. Allen asked whether it would be more cost effective to purchase new vehicles than to spend the budgeted amount on vehicle maintenance. Miranda stated that it would help to have new vehicles. Obteshka asked how many miles would be put on a police vehicle before a new one was needed. Allen asked how Miranda felt about the training levels. Miranda stated that much of the police training is mandatory.

### **ADJOURNMENT**

The meeting recessed until Thursday, May 14, 2009, at 6:00 P.M.

Firestone requested an excused absence from the May 14 meeting. It was granted.

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David N. Allen, Chair