

May 14, 2014
6:00 P.M.
Newport, Oregon

CALL TO ORDER

Chair Webster called the May 14, 2014 meeting of the City of Newport and Newport Urban Renewal Agency Budget Committee to order at 6:00 P.M.

ROLL CALL

Committee members in attendance were: Don Davis, Dean Sawyer, Fred Springsteen, Laura Swanson, Chuck Forinash, Sandra Roumagoux, Richard Beemer, David Allen, Ralph Busby, and Janet Webster. Mark Saelens arrived at 6:15 P.M., and Robert Smith arrived at 6:42 P.M. Don Huster was excused.

Staff in attendance was City Manager Nebel, City Recorder Hawker, Interim Finance Director Gazewood, Library Director Smith, Fire Chief Paige, Assistant Fire Chief Murphy, and Police Chief Miranda.

Others in attendance were Catherine Rickbone, Executive Director of the Oregon Coast Council for the Arts; Cynda Bruce, Lincoln County Transit District; Linda Neigebauer, and Marletta Noe.

APPROVAL OF MINUTES - MAY 7, 2013, MAY 14, 2013, AND MAY 30, 2013

MOTION was made by Springsteen, seconded by Beemer, to approve the minutes from the meetings of May 7, 2013, May 14, 2013, and May 30, 2013, as presented. The motion carried unanimously in a voice vote.

QUESTIONS AND COMMENTS RELATED TO THE BUDGET

Swanson asked at what point she could add issues of concern, and it was noted that this opportunity will occur later in the meeting.

CONTINUED PUBLIC HEARING ON THE 2014/2015 FISCAL YEAR PROPOSED BUDGETS FOR THE CITY OF NEWPORT AND THE NEWPORT URBAN RENEWAL AGENCY

The continued public hearing on the 2014/2015 fiscal year proposed budgets for the City of Newport and the Newport Urban Renewal Agency continued.

PRESENTATION BY THE LINCOLN COUNTY TRANSIT DISTRICT

Cynda Bruce, director of the Lincoln County Transit District, had provided information related to the history and ridership of the shuttle in Newport. She reviewed the information and responded to questions from the Committee. Linda Neigebauer provided financial information related to the shuttle service and responded to questions from the Committee.

A discussion ensued regarding the need for an intergovernmental agreement with the district that would include a scope of services, and require an annual report that would include statistics on ridership, service costs, marketing, and other aspects of the shuttle in Newport.

RECAP OF THE BUDGET AS MODIFIED

Nebel reviewed his memo to the Budget Committee dated May 12, 2014, and reviewing changes to the proposed budget. He referred the Committee to page 60 of the attachment to this memo related to the analysis and impact of tax levies on general obligation bonds based on projected and proposed tax levies for fiscal year 2014/2015 offset by potential allocation of projected unappropriated ending fund balances at June 30, 2015. Following a brief discussion, MOTION was made by Beemer, seconded by Roumagoux, to support column J which will result in a mill levy of 2.1616 which is a small reduction in the mill levy. The motion carried unanimously in a voice vote.

Nebel recommended the addition of \$20,000 for professional services in the Community Development Department since the request for a new senior planner position was not included in the budget. MOTION was made by Beemer, seconded by Forinash, to add \$20,000 for professional services in the Community Development Department budget. The motion carried unanimously in a voice vote.

PUBLIC COMMENT ON THE PROPOSED FISCAL YEAR 2014/2015 BUDGETS FOR THE CITY OF NEWPORT AND THE NEWPORT URBAN RENEWAL AGENCY

Webster called for public comment on the proposed fiscal year 2014/2015 budgets for the City of Newport and the Newport Urban Renewal Agency. There was none, and the public hearing was closed for Committee deliberation.

RECOMMENDATION FOR THE IMPLEMENTATION OF A FUND BALANCE POLICY BY THE CITY COUNCIL

Nebel recommended that the contingency in the General Fund be set at four percent of General Fund expenditures which would drop the General Fund balance levels to a low of 13% and a high of 18%. MOTION was made by Beemer, seconded by Roumagoux, to support the City Manager's recommendation, and set the General Fund contingency at four percent which would drop the General Fund balance levels to a low of 13% and a high of 18%. The motion carried unanimously in a voice vote.

CONVENING THE BUDGET COMMITTEE FOR THE CITY OF NEWPORT

CITY OF NEWPORT BUDGET AND TAX LEVIES

MOTION was made by Beemer, seconded by Roumagoux, that the Budget Committee for the City of Newport approve a budget for the fiscal year beginning July 1, 2014, and ending on June 30, 2015, with a sum total of requirements of \$65,206,715, Unappropriated Fund Balance and Reserves of \$4,977,470, and budget levels for appropriated purposes of \$60,229,245 in accordance with the foregoing summary of funds and changes, and that the Budget Committee recommends that the fiscal year 2014/2015 budget be adopted by the City Council. The motion carried unanimously in a voice vote.

MOTION was made by Beemer, seconded by Allen, that the Budget Committee for the City of Newport approve taxes provided for in the city's budget for fiscal year 2014/2015 at the rate of \$5.5938 per \$1,000 of assessed value, plus an amount of \$2,376,705 for the debt fund in accordance with the following individual General Obligation Bonds:

Wastewater Bonded Debt	\$921,221
Water Treatment Plant Bonded Debt	\$906,271
Swimming Pool Bonded Debt	\$549,213

The motion carried unanimously in a voice vote.

CONVENING AS THE BUDGET COMMITTEE FOR THE NEWPORT URBAN RENEWAL AGENCY

MOTION was made by Beemer, seconded by Allen, that the Budget Committee for the Newport Urban Renewal Agency approve a budget for the fiscal year beginning July 1, 2014, and ending June 30, 2015, in the sum of total requirements of \$9,854,444, Unappropriated Ending Fund Balance and Reserves at \$2,907,218, and budgeted levels for appropriation purposes of \$6,947,226, in accordance with the foregoing summary of the Northside Urban Renewal Agency fund changes, and that the Budget Committee recommend that the fiscal year 2014/2015 budget be adopted by the Newport Urban Renewal Agency. The motion carried unanimously in a voice vote.

MOTION was made by Beemer, seconded by Allen, that the Budget Committee for the Newport Urban Renewal Agency approve a request for the maximum amount of revenue that may be raised by dividing the taxes under Section 1c, Article IX of the Oregon Constitution, and no amount to be raised by the imposition of a special levy. The motion carried unanimously in a voice vote.

CONVENING AS THE BUDGET COMMITTEE FOR THE CITY OF NEWPORT AND THE NEWPORT URBAN RENEWAL AGENCY

DISCUSSION ON THE DEVELOPMENT OF A MULTI-YEAR FINANCIAL PLAN FOR THE CITY OF NEWPORT

Nebel reported that the city is currently experiencing a structural budget deficit where the operating expenditures are exceeding the current level of revenues to fund services in a number of funds including the General Fund. He added that this is an issue that needs to be addressed on a long-term basis either by reducing expenditures, increasing revenues, or some combination of both in order to pay for various services and operations currently provided by the city and to maintain buildings and facilities and other activities funded by the General Fund. He stated that he intends to review this matter internally during the first four months of the fiscal year and present a report to the City Council in November on the extent of the deficit and the development of a plan to eliminate it in the future. Nebel noted that it may be appropriate, at that time, to incorporate public involvement in the review of alternatives and options in order to provide guidance for the development of the proposed budget for the 2015/2016 fiscal year and beyond.

Nebel reported that as a part of the Budget Committee meetings, he has worked with staff to compile an initial list of issues, from Budget Committee discussions, that will be incorporated into this evaluation. He noted that the list is not comprehensive and welcomed other ideas.

MOTION was made by Roumagoux, seconded by Swanson, to adopt the items listed under 5.0 "Budgeting and Accounting," in Nebel's memo of May 12, 2014. The motion carried unanimously in a voice vote.

Webster asked for Committee comments. Saelens noted that at some point additional detail may be needed. Forinash asked whether the sharrow program could be placed in the capital outlay plan, and Nebel noted that this is possible.

Webster asked whether the Committee wished to add items to Nebel's list. Webster suggested better reporting, and a determination of needs and how the transportation system is working, relative to item 1.4.

Swanson asked that an emergency manager be included.

Allen referenced a memo related to tourism monies paying for infrastructure needs.

Paige asked about funding for replacing fire apparatus.

Swanson asked whether a mid-term Budget Committee meeting is planned, and Nebel noted that he would report to the City Council in November. A discussion ensued regarding public engagement and the use of city committees in the process.

EVALUATION OF THE 2014/2015 FISCAL YEAR PROCESS FOR DEVELOPING, REVIEWING, AND APPROVING THE BUDGET FOR THE 2014/2015 FISCAL YEAR

It was suggested that:

1. There be two weeks between the first and second Budget Committee meetings.
2. More committee and staff involvement as a part of the internal review.
3. Continue with the hit and wish list.
4. Additional time between receipt of the budget documents and the first Budget Committee meeting.

Webster thanked Nebel for his work. Nebel thanked Gazewood and Brown. It was noted that Webster will make a presentation to the City Council on June 16, 2014, on behalf of the Budget Committee.

ADJOURNMENT

Having no further business, the meeting adjourned 7:17 P.M.