

May 8, 2012
6:00 P.M.
Newport, Oregon

DRAFT

CALL TO ORDER

Mayor McConnell called the May 8, 2012, meeting of the City of Newport Budget Committee, to order at 6:00 P.M.

ROLL CALL

Committee members in attendance were Don Huster, Oly Olson, Richard Beemer, Chuck Forinash, Jeff Bertuleit, Robert Smith, Mark McConnell, Fred Springsteen, Lon Brusselback, Janet Webster, Sandy Roumagoux, Dean Sawyer, Jeff Wiseman, and David Allen.

Staff in attendance was City Manager Voetberg, City Recorder Hawker, Community Development Director Tokos, Library Director Smith, Fire Chief Paige, Police Chief Miranda, Parks and Recreation Director Protiva, Finance Director Marshall, and Assistant Fire Chief Murphy.

INTRODUCTIONS

The Budget Committee members introduced themselves.

ELECTION OF BUDGET COMMITTEE OFFICERS

MOTION was made by Roumagoux, seconded by Beemer, to elect Robert Smith as Chair of the Budget Committee. The motion carried unanimously in a voice vote.

It was concluded that it is unnecessary to elect a Secretary of the Budget Committee as staff takes and prepares minutes.

APPROVAL OF BUDGET COMMITTEE MINUTES FOR 2011

MOTION was made by McConnell, seconded by Webster, to approve the Budget Committee minutes for the 2011 Budget Committee meetings. The motion carried unanimously in a voice vote.

BUDGET MESSAGE - JIM VOETBERG, BUDGET OFFICER

Staff was introduced.

Voetberg reported that the FY2012/2013 budget will be the third year of a three-year plan toward economic stability. He added that the city took its first step two years ago through staff reductions, careful monitoring of material purchases, and instituting financial controls to better track revenues and expenditures. He reviewed the accomplishments to date, including: elimination of \$1.2 million of negative fund balances; elimination of 19 appropriations that had been exceeded; submission of a timely audit; the inclusion of ending fund balances in excess of ten percent; the purchase of a new financial software system; modification of the city's retirement plan for non-represented employees; new or extended collective bargaining agreements; and the initiation of modification of the city's health insurance plan.

Voetberg reviewed budget revenues that included: a 2.5% increase in property tax revenues; flat franchise fees and state Revenue Sharing monies; flat room tax revenue; a five percent reduction in General Fund transfers to the Parks and Recreation Fund; an assumed increase in the Water and Wastewater Funds; revenues from the infrastructure surcharge; and the addition of a Storm Water fee.

Voetberg reviewed budget expenditures that included: a two percent COLA and eligible steps for all employees; changing the city's health insurance from the current plan to a High Deductible Health Plan; the city's contribution to its retirement plan; an increase in the ending fund balances; the addition of one FTE in the Finance Department; the addition of a .28 FTE in IT; the addition of one FTE in the Fire Department; the addition of one FTE in the streets department; the continued vacancy of a Police Records Clerk; moving the Parks Maintenance Division to the General Fund, and combining with the Building Division to create a new Division called Facilities and Grounds; \$100,000 being set aside in the General Fund for the purchase of a new fire engine next year; and \$125,000 being set aside in the Airport Fund which is approximately half of the local match required for the AIPP Runway 16/34 rehabilitation project.

Voetberg responded to Committee questions. Webster asked whether the property tax increase is actual, and Voetberg noted that it is. Webster asked whether the transient room taxes are more realistic this year. McConnell noted that the utility rates and stormwater fee projections are an assumption, and asked what happens if the revenue projections are too low. Voetberg noted that if there are excess funds, they could be available for use or carried over to another use.

PUBLIC HEARING - STATE SHARED REVENUES

Smith opened the public hearing on State Shared Revenues at 6:24 P.M. Marshall noted that the estimate for State Shared Revenues is \$60,000, and that this funding goes into the General Fund into account 1900. McConnell asked whether there will be non-profit agency grants. A discussion ensued regarding the non-profit agency grants, and it was asked that the Land Trust be included along with Meals on Wheels. McConnell noted that child care is a huge issue, and that it would be great if some of this money could be used to support child care.

Smith asked for public comment. There was none.

Smith closed the public hearing on State Shared Revenues at 6:27 P.M.

PUBLIC HEARING - CITY OF NEWPORT FISCAL YEAR 2012/2013 PROPOSED BUDGET AND THE CITY OF NEWPORT URBAN RENEWAL AGENCY FISCAL YEAR 2012/2013 PROPOSED BUDGET

Smith opened the public hearing on the City and Urban Renewal Agency budgets at 6:27 P.M.

Marshall stated that the city has averaged 13% increases in health insurance premiums, but this year it was flat. Marshall discussed the relationship between the Transient Room Tax Fund, the Airport Fund, and the Parks and Recreation Funds. Marshall noted that if the General Fund is not complete, there is no other place to go, and that this Fund should be balanced, understood, and the services associated with the General Fund should make sense. Marshall reviewed the revenues and transfers to/from the General Fund. He suggested reviewing the General Fund by fund, and to look at five other funds at the next meeting.

Webster asked whether the city's level of debt is comfortable, and Marshall responded that it is. Olson asked whether there is an itemized list of debts, and Marshall responded that there is.

GENERAL FUND

Marshall noted that there are seven cost centers associated with the General Fund. It was noted that the Mayor and City Council cost center includes \$10,000 for non-profit grants, \$3,500 for the Lincoln County Land Trust, and \$3,500 for Meals on Wheels.

Marshall responded to questions regarding hardware/software expenses. Olson noted that there needs to be a definition of what the codes (chart of accounts) mean. McConnell asked how legal services were being budgeted, and Voetberg responded that they are allocated to various departments.

A discussion ensued regarding the Police Department budget, and Smith recommended remembering the vacant Records Clerk position for the future, and advised not to pull people off a patrol duties. A discussion ensued regarding overall Police Department staffing, and Miranda noted that there is one patrol vacancy. Miranda noted that the typical attrition for police departments is approximately ten percent annually. Olson asked about the city's participation in LINT. Miranda explained the staffing situation and noted that the city should be able to assign an officer to the LINT in December. McConnell suggested developing a method to have a new FTE continually in the pipeline.

A brief discussion ensued regarding emergency dispatching services.

After a short break, the Committee discussed the Fire Department budget. Paige reviewed the historic staffing of the Fire Department, noting that it has included eight engineers with two people on 24 hour shifts at the main station, and two people at the south station,

Monday through Friday. It was noted that there is \$80,000 budgeted for overtime to cover vacations, illness, and injuries. Paige discussed the stipend program for which \$56,000 was budgeted. He also reviewed hardware/software needs and emergency dispatch. Olson asked whether the city provides workers compensation insurance for volunteers, and it was noted that the city does provide this coverage. McConnell asked about the increase in professional/technical services, and it was noted that this was for legal services and emergency dispatch. Webster asked about the \$100,000 budget for the fire truck, and Paige noted that the department is down one engine, and that a new engine will cost at least \$500,000. Paige reported that he would like to establish a capital replacement program. Paige discussed funding of a regional study. Voetberg noted that the engine is the highest priority. Allen asked whether the new volunteer response system is in place, and Page reviewed the organization including: captain positions; the volunteer shift program; the potential grant for three firefighters; tones indicative of a one or a two engine response; and the status of how responders respond from home. Allen asked about volunteer numbers, and Page noted that he would like to have 35 - 40 by the end of the year. Springsteen asked whether there is a regulation that determines the number of trucks required by a department, and Page noted that NFPA standards address this matter.

A discussion ensued regarding the proposed Library budget. Smith reported that materials and services have remained flat in this proposed budget. He noted that the library information system is changing, and the cost should decrease from \$70,000 to \$30,000 annually, and the difference will be put into the acquisition of books. He reiterated that the budget is flat with the exception of the increase in the book budget. Roumagoux asked whether it is difficult to get volunteers, and Smith noted that the Library's volunteer cadre is steady.

A brief discussion ensued regarding the Community Development Department budget. Tokos reviewed the attorney fees and capital outlay figures. McConnell suggested that the department needs an engineer for property work.

A discussion ensued regarding the General Fund Non-Departmental budget. Marshall reviewed the beginning fund balance, property taxes, and franchise fees. He added that generally, these are services provided to other funds. He noted that the General Fund is stretched to the limit in 2012/2013, and that the total operating transfer is from the Transient Room Tax Fund. Marshall reported that professional and technical services, property services, and operating expenses cannot be identified with a specific cost center.

Marshall reported that Public Works and Capital Projects will be discussed at the next meeting.

Further discussion ensued regarding the total legal fees for next year which are projected to be between \$130,000 and \$150,000, the total services provided for other funds, and how those numbers were determined. Marshall reported that the FCS study was used to determine costs for services provided to other funds. Webster asked whether any of the total intergovernmental revenue was due to grant money. Allen suggested placing the FCS study (or its executive summary) on the city website. Olson asked what the rate

increases relate to in total dollars. Marshall reported that he will bring the utility information to the next meeting. Marshall reviewed the contingency and unappropriated ending fund balances.

TRANSIENT ROOM TAX FUND

A discussion ensued regarding the Transient Room Tax Fund. Marshall stated that as long as the transient room tax revenues are \$2.3 million, it can continue to give what it has consistently given. A discussion ensued regarding the importance of transfers. It was noted that the Airport Fund has major projects with major matches. A discussion ensued regarding how much of the transfers to the Airport Fund and the Parks and Recreation Fund are tourism related. Marshall stated that he would provide a spreadsheet. McConnell asked how the tourism facility grant fund shows up in this budget, and Marshall reported that it shows up in contingency. McConnell discussed the monies dedicated to the Destination Newport Committee, and Voetberg reported that \$325,000 is earmarked for advertising, and \$25,000 is earmarked for tourism marketing grants.

PARKS AND RECREATION FUND

A discussion ensued regarding the Parks and Recreation Fund. Protiva reported that the budget includes one-half of the Senior Center and one-half of sports programs. He addressed the hours at the Recreation Center, swimming pool, and senior center and the plan to maintain current hours. Protiva addressed special events including the Coast Hills Mountain Bike Race and the Home and Garden Show. He added that he is planning bigger events while maintaining basic services. Allen noted that the swimming pool and recreation center revenues are down and asked whether this was a trend. Protiva confirmed that the revenues are slightly off. McConnell stated that the goal is to create a foundation to increase gifts and donations to the Parks and Recreation Department. Bertuleit asked how the pool deficit is made up. Brusselback asked about miscellaneous sales and services. McConnell asked how staff developed transfers to each fund, and Marshall reported that transfers were based on the relative size of the cost centers. Forinash addressed the need for additional recreational trails noting that there is opportunity in the South Beach area.

CONTINUE THE PUBLIC HEARING TO MAY 15, 2012 AT 6:00 P.M.

The public hearing was continued to May 15, 2012, at 6:00 P.M.

REVIEW UPCOMING AGENDA

It was agreed that the next agenda will include: Airport Fund, Urban Renewal Agency, Public Works, and City Manager comments.

ADJOURNMENT

Having no further business, the meeting adjourned at 8:30 P.M.

Margaret M. Hawker, City Recorder

Robert Smith, Chair