

CITY OF NEWPORT

MINUTES OF THE BUDGET COMMITTEE MEETING

MAY 19, 2009

6:00 P.M.

CALL TO ORDER

Chair Allen called the May 19, 2009, meeting of the City of Newport Budget Committee, to order at 6:00 P.M.

ROLL CALL

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

Also in attendance were Dale Shaddox, City Manager, Gary Firestone, City Attorney, Janice Riessbeck, Finance Director, 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 & Recreation Director and Mark Miranda, Police Chief. Also in attendance were: Linda Brown, Dave Teem, Ken Real, Brent Gainer, Jim Rodriguez and Judy Mayhew.

REVIEW AND DISCUSS CITY BUDGET

Allen asked Riessbeck to explain the new budget pages that had been distributed prior to the start of the meeting. Riessbeck explained that the new budget sheets would clarify the room tax distribution throughout the budget as Allen had requested in a prior e-mail. She also noted a rather large change had occurred in the Wastewater Treatment Fund because of a carry over of the Elizabeth Street Project into this fiscal year budget.

Shaddox stated that Obtshka had requested a benefit comparison with Lincoln City be sought, and that information had been received. Assistant Finance Director, Linda Brown, explained the differences. She commented on page 21 of Newport's proposed budget document, it is noted that the average cost for benefited employees is an additional 54%. Lincoln City's average is 51%; however, they have a higher deductible premium, which makes the cost lower, and their entire city is on PERS. Newport has PERS for Fire and Police, but a different policy for all other employees.

Allen declared a potential conflict of interest regarding city legal services. Allen then referred to page 134, the Building Inspection Fund, which is where the Budget Committee had stopped discussion at their meeting of May 14th.

McConnell inquired if the contractual services in this fund were through the county. Bassingthwaite responded it is through a private company. McConnell asked if we had broken even with this arrangement, and Bassingthwaite indicated the City actually made money in this fund over the last two years because of the building boom.

Agate Beach Disposal Site Closure Fund -- Firestone explained the fees we collect for this fund must remain in this fund until such time the site is permanently closed. It was noted the closure date could be at least 20 years out.

Allen noted Mayor Bain had to miss a portion of the last meeting. Therefore, he requested the two motions, from that meeting, be read. Riessbeck read the following motions:

MOTION was made by Smith, seconded by McConnell, to accept the recommended budget regarding recreation funding, and make contingency monies available on the acceptance of a form business plan to be completed in the fall of 2009. The motion carried unanimously in a voice vote.

MOTION was made by Kilbride, seconded by Brusselback, to allocate \$25,000 from General Fund contingency, and \$25,000 from the Transient Room Tax Fund (tourism) contingency, to fund staffing for the airport, with ½ going to airport operations, and ½ going to the FBO operations, and to instruct the airport director to spend this money in the best interest of the airport, and to complete a business plan by the fall of 2009. The motion carried unanimously in a voice vote.

Steve Salisbury, resident of Newport, stated he would be willing to create a business plan for the airport free of charge. Allen stated that offer can be made known at the City Council's next meeting. Allen further said the matter could be taken up with City Manager Shaddox and Airport Manager Reno.

The timing for the business plans, which included both the Airport and Parks and Recreation Department, was discussed. Protiva reported someone had offered free assistance in preparing a business plan for the Parks and Recreation Department as well.

Patrick stated she would like to hear from both Reno and Protiva on their proposed budgets. Reno stated they would make the proposed budget work. He indicated he would like to see a business plan created as quickly as possible and begin executing it before the very busy season starts. Shaddox commented it was important to get the information from the rate study, but he could see working on the business plan and acquiring information for the rate study moving along simultaneously. Bain said he could see that process working for the Airport, but not for the Parks & Recreation

Department. A discussion ensued on how far out a business plan should extend and how flexible it should be.

Protiva commented fees definitely need to be researched for his fund. He reported he had reviewed four different business plans of other parks and recreation departments, and it was obvious to him that for him to provide a credible professional business plan, he will need to meet and discuss with professional people who develop such plans.

Kilbride stated he assisted in reviewing the firms that had sent in proposals for the fees and rate study. He commented it could be as late as November before the rate study is completed.

McConnell asked if we approved fee increases for the Parks & Recreation Department, if those increases could begin on July 1st. Smith reminded committee members that summer programs were already being advertised and fees should not be increased. He recommended waiting until the rate study is completed before considering the increase in fees.

Room Tax Fund – Allen noted that Shaddox had previously explained line 2 and 3, on page 145 of this fund. The \$300,000 budgeted is for outside advertising and marketing. Currently the firm of Grady Britton is the outside agency that works with the Destination Newport Committee in determining how best those funds should be spent. Once the budget is determined, it is presented to Council for their approval. The \$50,000 budgeted in the Room Tax Fund is being made available to the Destination Newport Committee should a new project be presented to them, or a variety of events or programs come to light during the year that could benefit the community.

Forinash asked if these funds included the weather camera that no longer operates. Shaddox explained it does not include the purchase of the camera, but the \$300,000 will include the monthly fee for the operation of the webcam.

Shaddox explained that community and holiday celebrations had been combined into one line item and would now be referred to as community celebrations. This line item includes funds for the Fourth of July fireworks and the purchasing of holiday decorations. He noted the Event Startup Grant line item was zeroed out for the proposed budget. Lines 19 through 23, page 145, and lines 1-2 and 5-8, page 146 depicts the total capital investment the City will be making. These lines total \$675,000.

Shaddox reported why the proposed Airport restrooms were not completed and were not included in the 2009-10 Budget. He further explained which capital projects had been carried over from the previous budget.

McConnell asked that the \$5,000 budgeted for the Sister City Program in the 2008-09 budget, be carried over to the 2009-10 Budget. He stated the funds would be needed this year as a group from our sister city, Mombetsu, would be visiting this year.

A discussion followed on whether to retain funding for the Event Startup program. Chair Allen said if the committee chose to fund this program again they could take it out of contingency. Bain concurred. Kilbride indicated if the program is funded for the 2009-10 fiscal year, he wants new criteria written for the funds and for it to be very specific.

McConnell inquired about the Highway 101 Interpretive Walkway Project. Protiva indicated this project was started a couple of years ago. He shared conceptual drawings of the proposed project. McConnell commented that certain areas of the community appear to be receiving more attention than others, and he requested the other areas not be neglected.

Allen inquired about line 21 on page 146 entitled "Reserve for Future Tourism Facility". Shaddox explained it was moved from unappropriated to allow for more flexibility and allow funds to be expended if a project is identified during the budget year. A lengthy discussion followed on room tax funds and the split of 54% for general government purposes and 46% going towards tourism purposes.

Forinash asked if funds could be added to the capital projects for trails in South Beach. Riessbeck responded that anything could be added if it works in the budget. It was also noted there could be funds available in the South Beach Urban Renewal District budget for trails.

Allen asked for public comment at this time. Steve Salisbury, resident of Newport, commented if he were to work on a business plan for the airport, he will need to acquire Reno's computer and/or hard drive that had been removed from the airport in November of last year. He stated without the historical data from that computer a good business plan cannot be created. He also indicated he did not agree with hiring a consultant to study the fees. The other concern Salisbury shared was the different business districts being advertised in the community, rather than advertising the city as a whole.

Catherine Rickbone, Executive Director of OCCA, shared the number of attendees who are benefited at the Performing Arts Center and Visual Arts Center. She indicated this information was requested by a Budget Committee member at their last meeting.

Pete McKeeman, President of the City Center Association, noted the capital projects on page 146, lines 1 and 7 had been projects identified for several years. He noted this is the only business district without a public restroom, and it is desperately needed. It would be located in the parking lot on the corner of S.W. 9th and Hurbert Streets. He then shared a rendering of the proposed deco park located at the corner of Highway 101 and Hurbert. He explained the funding for this project, and explained how it would create a landmark for this business district.

A ten minute break was called by Chair Allen at 7:35 p.m.

Following the ten minute break, Allen reviewed the capital improvement projects that had been discussed prior to the break. Brusselback asked if the projects not being funded

would remain in the budget. Shaddox responded they would be identified, but not budgeted.

Fire Reserve Fund – Whether or not the training tower would be completed this fiscal year was asked, and Chief Crook responded that it should be completed soon. The proposed leasing of equipment was discussed, and why it was determined to go this route, rather than purchasing outright. Riessbeck explained with the amount of equipment being proposed in this budget, she could present it to a lending firm and attain a good savings.

Allen referred to the e-mail received from Budget Committee member, Don Huster, since he could not be present at this evening's meeting. Huster's e-mail asked if there was any way the department could defer buying the expensive equipment, but rather repair the current equipment they own. Crook explained one apparatus is 34 years old, and it is nearly impossible to find parts to keep it maintained. It was pointed out that our fire rates do depend upon the reliability of our equipment. It was the general consensus of the committee to retain the funds set aside to lease a new water tender and aerial apparatus.

Parks & Recreation Reserve Fund – It was noted by Protiva that the Senior Center Expansion/Remodel Project was being funded by a CDBG grant, and that process is moving along smoothly.

Public Parking Fund – Bassingthwaite explained the revenues for this fund comes from payments in lieu of parking, and the sale of the old Naterlin Bus service that was sold quite a few years ago. He further noted the fees collected in lieu of parking was originally for the entire city, but now is only collected in established business districts. It was also explained that line 10 on page 158 could assist the business parking districts during their formation and with small projects they may wish to incorporate.

Line Undergrounding Fund – This fund is assisting in the undergrounding of utilities in the Bay Boulevard project. Shaddox indicated with the federal dollars involved in this project and all the hoops that have had to be met, more funds may need to come out of contingency to cover the project.

Street SDC Fund – The match for an ODOT grant for the Naterlin Drive Sidewalk Project is included in this fund per Shaddox.

Water SDC Fund – Kilbride noted the revenues have dropped considerably in this fund.

Wastewater SDC Charges – Shaddox explained the next phase of the Elizabeth Street sewer line is shown in this fund.

Storm Drain SDC Charges – The completion of the Storm Drainage Master Plan is budgeted in this fund per Shaddox.

Park SDC Fund – Protiva noted the Coast Park Development Project would only occur if the City receives a matching grant. McConnell noted there is not a public park in South

Beach, and he would like to see a park in this area of the City. Protiva commented that once the Park Master Plan is completed it should indicate a park is needed in this area. Bassingthwaite also indicated the Landwaves' Project in South Beach has identified neighborhood parks for this area. McConnell requested that any trails identified for the South Beach area include bike pathways that have connectivity to other trails.

Debt Service Funds – Kilbride inquired if the City had paid off a portion of the bonded debt. Riessbeck reported yes, and this had been possible through refinancing our debt service. Kilbride also asked if the Performing Arts Center is paid off now, and Riessbeck responded there is no debt owing on the PAC.

Chair Allen explained this was the time for the Budget Committee to review the entire budget for any recommended changes. Riessbeck stated that LinCom had notified her today with the amount for contractual services for central dispatching. The amount they are requesting is \$86,908 less than what we budgeted for this fiscal year. She explained that this amount could be used elsewhere in the General Fund if the committee so desired. The committee requested the volunteer dinner in the Mayor & Council Fund be added back in the amount of \$7,500, and to reduce the \$86,908 by that amount.

Smith requested that the Senior Activity Center Department Fund, lines 9 and 10, page 74 be restored to the requested amounts of \$20,355 and \$1,000. This would take \$3,585 from the overage in Central Dispatch.

Wilde stated the requested repairs for painting and carpeting at the Library should be addressed. It was determined that \$5,000 would be added to line 17, page 63 for painting and \$3,000 to line 18, page 63 for carpeting. It was recommended the Library Foundation be asked to contribute towards funding the remaining balance for both these items. Kilbride said he could ask the Foundation. This would reduce the Central Dispatch fund by \$8,000, in addition to those amounts already deducted.

Wilde also indicated the roof repair at the Senior Center was very important and should not be overlooked. Protiva reported that currently the roof has three leaks in different locations. It was recommended the \$23,000 for the roof repair at the Senior Center be added back into the budget and reduced from the Central Dispatch running total. Riessbeck noted after the above proposed budget changes, there would be \$44,823 remaining from the \$86,908. Wilde suggested putting some funds back in the part-time staff in Parks & Recreation Department. McConnell requested the Lincoln County Land Trust be funded. Patrick noted we were the only City not funding the Ken Truman Recovery Center, and asked it to be funded. A lengthy discussion ensued with regards to the policy established on those requests received from non-profit organizations. Allen suggested the policy for funding non-profits be determined by Council, rather than the Budget Committee, and deferred these requests for their consideration.

The Police Department and the reductions made in their department were discussed. It was determined that replacing the one requested patrol vehicle would be a priority. The budgeted amount for this vehicle is \$46,000. With this being added back into the general

fund, the \$44,823 remaining from Central Dispatch would be utilized with the balance being transferred from general fund contingency.

From previous discussions with regards to the Wastewater Fund, \$29,000 that was budgeted for an extra pump for Big Creek Station Pump No. 1 would be returned to contingency.

The funding of the Sister City Program was revisited, and \$5,000 was added back into the budget, with \$5,000 being transferred from contingency. A discussion of funding the Events Startup Grants was discussed, and it was determined \$25,000 would go towards this program, which would also need to be transferred from contingency in the Room Tax Fund.

Forinash requested an additional line be added to the Room Tax Fund to reflect trails in South Beach, and to take \$25,000 from the Hwy. 101 Interpretive Walkway Project for this purpose. No funds would need to be transferred from contingency for this request.

A discussion followed on non-funded items in the Parks & Recreation Department, page 120. It was the general consensus of the committee that no changes in this fund would occur until the business plan has been developed, as well as the study on fees and rates completed.

Hearing no further discussion, Allen asked for a motion on adopting the budget.

MOTION: Bain moved, seconded by McConnell to approve the 2009-10 fiscal year budget as amended, including the two motions from the May 14, 2009, meeting, and further move that we declare the permanent tax rate of 5.5938, and the estimated required property tax levy for Water Bonded Debt of \$377,841; and Wastewater Treatment Plant Bonded Debt of \$556,200 and Water Treatment Bonded Debt of \$311,045. On call for vote, all members present voted aye, motion carried unanimously.

Shaddox reported on future budgets, and how the general fund will get a large boost with the closure of the North Side Urban Renewal District. Funding for capital projects will need to be included in Master Plans and priorities for funding them. Also Shaddox would recommend not increasing staff unless there is a revenue stream to cover the cost. He also said it would be good for the Budget Committee to meet mid-year to revisit the business plans for both the Airport and Parks & Recreation Department.

There being no further discussion, the meeting adjourned at approximately 9:34 p.m.

Cheryl Atkinson, Executive Assistant

David Allen, Chair