

May 31, 2011
6:00 P.M.
Newport, Oregon

DRAFT

CALL TO ORDER

Chair Smith called the May 31, 2011, meeting of the City of Newport and Newport Urban Renewal Agency Budget Committees, to order at 6:00 P.M.

ROLL CALL

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

Staff included Jim Voetberg, City Manager, Peggy Hawker, City Recorder/Special Projects Director, Lee Ritzman, Public Works Director, Tim Gross, Senior Projects Manager, Ted Smith, Library Director, Toby Cole, Acting Fire Chief, Jim Protiva, Parks and Recreation Director, and David Marshall, Finance Director.

UPDATE FROM MAY 23 MEETING

Allen referred to the budget message regarding the reserve for \$400,000 from the capital improvement surcharge in the wastewater fund for the Agate Beach water storage tank, and asked whether these funds could be used for this purpose. Gross indicated that the project is currently planned to be funded through water SDC's. Voetberg reported that the capital improvement fee revenues come into the wastewater treatment fund, but are eligible for water infrastructure. Allen requested the motion or resolution that approved the infrastructure fee, noting that the language is critical to the usage of these funds. Marshall noted that it might be a loan to complete the planned water projects, but otherwise, there might be an issue regarding its use for water projects.

TRANSIENT ROOM TAX ANALYSIS AND DISCUSSION

Marshall distributed a handout and delivered a brief history of the transient room tax fund. Smith noted that he had read a wonderful report from OCCA and stated that this report is needed from all groups receiving TRT monies. He suggested giving the Chamber of Commerce \$200,000 and allowing \$176,000 for marketing. He asked how the marketing dollars were spent. Lorna Davis, executive director of the Chamber of Commerce, updated the Committee on the use of funds. She noted that currently, the city has a contract for marketing with Grady-Britton, and some of the money is directed to agency administrative services. Allen noted that the budget documents are a window into how the city operates, and noted that additional text can be included to delineate line items. Smith asked generally how the airport and community celebration monies are used. Smith asked whether the Budget Committee could receive the city's financial

reports, and it was noted that they are included in the on-line City Council packets. Webster asked about delinquencies, and Marshall reported that eventually, the city collects everything. Olson asked how the revenues are made up if they do not come in as projected. Marshall noted that this budget is reduced by 8%. Allen asked for clarity of line items by asterisks or definition.

OTHER FUNDS

Marshall reported that the SDC fund is conservatively budgeted. Ritzman reported that there are SDC's collected for transportation, water, sewer, parks, and storm drainage. Bertuleit asked why the projected SDC budget is so high. Protiva noted that the SDC funds can be allowed to grow so that more funding may be available for use when a project is developed.

URBAN RENEWAL AGENCY

Smith reported that the Port is supportive of the URA projects. Bertuleit asked whether there are a lot of capital projects. Forinash suggested a narrative on the URA and funding. Ritzman explained how URA funds are obtained and how they can be used. Allen noted that there was no capital projects fund itemization, and asked whether the projects to be funded had been determined by the City Council or staff. He noted that the URA has not discussed priorities since January. Gross reported that four projects have been identified, including: the remainder of Ash Street; tsunami evacuation route; Highway 101 sewer/water improvements; and the extension/reconstruction of the estuary trail by the Hatfield Marine Science Center. Allen asked why the trail extension/reconstruction was chosen over other options. Forinash noted that there was not a lot of dialog regarding prioritization of projects, and suggested a work session to discuss the URA projects. Webster noted that there was no robust description of URA priorities, and suggested more discussion. Bertuleit asked what amount of funding remains annually after debt service. Marshall reported that there is \$799,000 available for URA projects. Smith asked who decides how this money is spent. Allen noted that projects within Phase One of the South Beach Urban Renewal Plan should be looked at, and if there are insufficient funds, the URA should prioritize the projects with input from staff. Ritzman reported that a priority list is included in the plan. Allen suggested that in the future, the URA should vet projects before inclusion in the budget.

CAPITAL PROJECTS FUND

Gross and Ritzman described the capital projects fund. It was noted that it has been difficult to track capital projects, so the capital projects fund was created and funded through transfers, grants, and gasoline taxes. Webster asked whether the South Beach trail is a place holder. Protiva noted that at the time the budget developed, it was a viable option. Webster asked whether the Bicycle/Pedestrian Committee recommendations had been considered in the development of the budget. Gross noted that no projects were identified from the recommendations of the Bicycle/Pedestrian Committee. MOTION was made by Forinash to take monies from the TRT contingency for the construction of a fence by the Coast Guard station. Huster asked whether the

Budget Committee may make funding recommendations. Gross noted that the goal was to develop a five-year capital improvement plan, and he discussed the philosophy of the plan and its impact on future budgets. Bertuleit noted that it was too bad that it was developed without URA input.

Allen asked whether the legal services expenditure of \$75,000 was under budgeted. He noted that the last two months expenses have been approximately \$15,000 each, and noted that this amount multiplied by twelve months is greater than the \$75,000 budgeted for legal services. He added that he is concerned that the city needs to allocate more money to legal services. Marshall noted that part of the last two months legal expenses may be associated with start up costs. Allen noted that the city is still saving money over having an in-house attorney.

Bertuleit suggested removing the reconstruction of the estuary trail and leaving the funding in as a placeholder with general terminology. He noted that the South Beach tsunami evacuation enhancements were appropriate. He asked what the purpose was of having an unappropriated balance. Marshall noted that this matter was discussed last week. He distributed a TRT handout and noted that there is \$1,046,000 in contingency funds. Bertuleit noted that he would prefer appropriating all these monies. Sawyer recommended no cutting the Police Department position, stating that he would like to see funding for an officer placed back into the budget. Forinash asked whether any projects on the Bicycle/Pedestrian Committee wish list were included in the budget. Gross noted that the fence on the west side of the Coast Guard property was not specifically identified in the capital improvement plant. Forinash asked whether the fence could be included in the TRT fund. It was noted that the fence was estimated to cost \$15,000, and Gross recommended that if it is budgeted, that it be budgeted at \$20,000 to allow for contingency. MOTION was made by Forinash, seconded by Beemer, to budget \$20,000 for the construction of a fence on the west side of the Coast Guard station that would allow access to the north jetty and beach. Protiva noted that this is just a step in the process. Allen asked where the money was coming from, and it was noted that it would be from the beginning fund balance. Having no further discussion, the motion carried unanimously.

Linda Neigebauer asked about the general parking fund and whether the amounts were firm. She asked whether \$36,000 could be used in Nye Beach noting that the Parking Advisory Committee was comfortable in spending all its allocation next year.

Allen suggested creating a city attorney fund to shift legal fees into rather than in the Mayor/City Council fund.

Allen noted that during the budget adoption process, there would be two separate public hearings on the proposed water and wastewater fee increases. He added that he would vote for approval tonight, but asked for a full vetting of the proposed utility increases before budget adoption.

MOTION was made by Wilde, seconded by Springsteen, to approve the 2011-2012 fiscal year budget as submitted on May 17, 2011, with changes as identified in the

Proposed Budget, Volume 3, submitted on May 31, 2011. The motion carried unanimously.

Allen noted that the Budget Committee needed to also approve the tax rate and bonded debt along with the URA budget.

MOTION was made by Allen, seconded by Webster to approve the 2011-2012 fiscal year budget and levy 100% of the tax increment for the South Beach Urban Renewal District. The motion carried unanimously.

MOTION was made by Allen, seconded by Beemer to declare the permanent tax rate of \$5.5938 and the estimated required property tax levy for the Water Bonded Debt of \$125,000; and Wastewater Treatment Plant Bonded Debt of \$975,000, and Water Treatment Bonded Debt of \$575,000. The motion carried unanimously.

ADJOURNMENT

Smith thanked the Budget Committee for its work, and having no further business, the meeting adjourned at 8:15 P.M.