



BUDGET COMMITTEE AGENDA
Tuesday, April 26, 2016 - 5:00 PM
169 S.W. Coast Highway, Newport, Oregon 97365

The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired, or for other accommodations for persons with disabilities, should be made at least 48 hours in advance of the meeting to Peggy Hawker, City Recorder at 541.574.0613.

The agenda may be amended during the meeting to add or delete items, change the order of agenda items, or discuss any other business deemed necessary at the time of the meeting.

**1. INTRODUCTIONS AND GENERAL COMMENTS BY BUDGET OFFICER,
SPENCER NEBEL**

1.A. General Comment by Budget Officer

[Introductory Letter to Budget Committee-April 19, 2016.pdf](#)

2. ELECTION OF COMMITTEE CHAIR FOR THE 2016/2017 FISCAL YEAR

3. APPROVAL OF 2015 BUDGET COMMITTEE MINUTES

3.A. Approval of 2015 Budget Committee Minutes

[March 19, 2015 - Minutes.docx](#)

[April 29, 2015 - Minutes.docx](#)

[May 13, 2015 Minutes.docx](#)

[May 20, 2015 Minutes.docx](#)

4. BUDGET MESSAGE - DELIVERED BY BUDGET OFFICER, SPENCER NEBEL

5. PUBLIC HEARING REGARDING THE USE OF STATE SHARED REVENUES
6:00 P.M. or at the conclusion of the Budget Message. This is an opportunity for audience members to comment on the use of State Shared Revenues.

5.A. State Shared Revenues Public Hearing

[General Economic factors Affecting The FY 2015-16 Budget.pdf](#)

[2016-17 Report to Budget Committee on State Shared Revenues.pdf](#)

[2016-17 FY STATE SHARED REVENUES POSSIBLE USES Public HEARING.pdf](#)

6. PUBLIC COMMENT AND QUESTIONS FROM THE PUBLIC ON THE CITY OF NEWPORT FISCAL YEAR 2016/2017 PROPOSED BUDGET AND THE URBAN RENEWAL AGENCY FISCAL YEAR 2016/2017 PROPOSED BUDGET
6:00 P.M. or at the conclusion of the public hearing on the use of State Shared Revenues.

This is an opportunity for audience members to bring to the Budget Committee's attention any item not listed on the agenda. Comments will be limited to three minutes per person with a maximum of 15 minutes for all items. Speakers may not yield their time to others.

7. DISCUSSION REGARDING THE CITY'S FUND BALANCE POLICY

7.A. Discussion Regarding Fund Balance, Contingencies & Reserves Policy

[Memo-Fund Balances, Contingencies and Reserve Funds-4-19-16.pdf](#)

[FINANCIAL POLICY-Draft 4-11-16.pdf](#)

8. BUDGET OFFICER WILL REVIEW THE PROPOSED BUDGET BY FUND

Throughout this review, Committee members will be able to ask questions and individually indicate whether they would like to consider any modifications of any provisions of the proposed budget. The Budget Officer will list this issue for consideration by the Committee at the May 10, 2016 meeting. The item will not be debated by the Budget Committee at this meeting, but the Committee will vote on each specific modification to the proposed budget at the May 10, 2016 meeting.

9. GENERAL QUESTIONS FROM THE BUDGET COMMITTEE

10. PUBLIC COMMENT

This is an opportunity for members of the audience to bring to the Budget Committee's attention any item not listed on the agenda. Comments will be limited to three minutes per person with a maximum of 15 minutes for all items. Speakers may not yield their time to others. A time for public comment will be scheduled at 6:00 P.M., on each of the subsequent Committee meeting dates of Tuesday, May 10, 2016 and Tuesday, May 17, 2016.

11. ADJOURNMENT



Spencer Nebel
City Manager
CITY OF NEWPORT
169 S.W. Coast Hwy.
Newport, OR 97365
s.nebel@newportoregon.gov

MEMO

DATE: April 19, 2016

TO: Budget Committee

FROM: Spencer Nebel, City Manager

SUBJECT: April 26, 2016 City of Newport and the Newport Urban Renewal Agency Budget Committee Meeting at 5 P.M.

Thank you for agreeing to participate as a member of the Budget Committee to review the proposed budget, identify possible changes and ultimately submit an approved budget to the City Council for their consideration. Three meetings of the Budget Committee have been scheduled with the first meeting on Tuesday, April 26 to conduct a thorough page-by-page review of the proposed budget, and to suggest changes to the proposed budget. The second meeting will occur on Tuesday, May 10 to review the suggested changes to the proposed budget and, by majority vote, decide whether those changes should be incorporated into an approved budget. On May 17, the Committee will formally consider approving a budget for the fiscal year beginning July 1, 2016 and ending June 30, 2017.

For the April 26 meeting, we have provided three documents for your budget binder. The first is a new cover to replace the existing cover which incorporates the modified dates, as agreed upon in the preliminary meeting. The second document is the agenda and supporting materials for the April 26 meeting. This can be placed under the tab marked "1st Budget Meeting" in your binders. The third document is the proposed budget for the 2016-17 fiscal year. The budget can be placed in the back of your binder under the tab marked "Proposed Budget". As we provide additional materials for the second and third meetings of the Budget Committee, these materials are intended to go into your binder as well. Based on feedback from last year, we are using one binder for all Budget Committee materials. As we get to the conclusion of this process, I will certainly be interested in any comments the Budget Committee has regarding the materials, the binder, and the process, so that we can consider that as we plan for 2017-18 fiscal year budget development.

Since we are starting the meetings at 5 P.M. on April 26 and May 10, we will have food provided so that we can work through the dinner hour in order to get this task completed. We are not planning to have any food for the 6:00 P.M. meeting start on May 17 due to the later start and a planned short duration of the meeting.

The first meeting of the City of Newport and the Newport Urban Renewal Agency Budget Committee will be held in the City Council Chambers on Tuesday, April 26, 2016 at 5 P.M. Mayor Roumagoux will call the meeting to order and conduct elections for the Chair of the Budget Committee. Once elected, the Budget Committee Chair will preside over the Meeting to handle a number of housekeeping issues that need to be addressed.

The City Charter designates the City Manager as the Budget Officer for the City of Newport. Part of this responsibility is that the Budget Officer will deliver the budget message to the Budget Committee. At or after 6 P.M. a public hearing has been scheduled for the Budget Committee concerning the use of State Shared Revenues, and following the public hearing, there will be a time for public comment and taking questions from the public on the City of Newport Fiscal Year 2016-17 Proposed Budget and for the Urban Renewal Agency Fiscal Year 2016-17 Proposed Budget. Please note, a time has also been scheduled for public comment at 6 P.M. for the Budget Committee meetings on Tuesday, May 10 and Tuesday, May 17.

The primary task for the April 26 meeting is to review the entire proposed budget for the 2016-17 fiscal year and identify any possible modifications to the proposed budget for further discussion. It is important that any changes be suggested at the first budget meeting in order to prepare information for the Budget Committees consideration at the May 10 meeting. Again, any Budget Committee member can suggest an item to be changed from the budget during this review. The item is not debated or discussed but placed on a list for a report that will be brought back to the Budget Committee on May 10 where the Budget Committee will discuss and decide, by majority vote, whether to make specific modifications to the budget. It is important that the Committee get through the entire review of the budget at this first meeting and suggest any possible changes at this first meeting.

It is our intent to have a report on each of the items that have been suggested for possible modification available for the Budget Committee on Friday, May 6. This report will be available at the Finance Office in hard copy and will be emailed to the Budget Committee members as well.

Thank you again for taking the time to review the proposed budget, particularly the budget message, and for participating in this important process that will set the direction for the City of Newport for the next 12-month period.

Respectfully submitted,



Spencer R. Nebel
City Manager

March 19, 2015
6:00 P.M.
Newport, Oregon

CALL TO ORDER

The Budget Committee meeting of March 19, 2015 was called to order at 6:00 P.M.

ROLL CALL

Those in attendance were Fred Springsteen, Laura Swanson, Mark Saelens, David Allen, Dean Sawyer, Ralph Busby, Janet Webster, Don Huster, Patricia Patrick-Joling, Dietmar Goebel, Chuck Forinash, and Engler. Sandy Roumagoux and Robert Smith were absent.

Staff included Spencer Nebel, City Manager, Peggy Hawker, City Recorder/Special Projects Director, Mike Murzynsky, Finance Director, and Linda Brown, Assistant Finance Director.

INTRODUCTION OF BUDGET COMMITTEE MEMBERS AND STAFF

Budget Committee members and staff introduced themselves.

LIMITATION OF DISCUSSION PURSUANT TO OREGON BUDGET LAW

Nebel reported that only certain preliminary discussions can occur prior to the first official meeting of the Budget Committee at which the budget message is delivered and for which notice must be published. He noted that the types or topics of discussion that are allowable prior to the first official meeting include: training on the Budget Committee process, calendar, expectations for Committee members, etc.; development of ground rules, rules of order, conduct of meetings, voting/reaching consensus, fact finding process, etc.; orientation on the city and its departments, programs, staffing, etc., and on the activities or services provided by each; orientation on the budget document, the fund structure and the types of activities or programs and expenditures made from each fund in the budget; general discussion of vision and goals, spending priorities, or philosophy on how to allocate scarce resources or make trade-off decisions as to which programs get funded; general economic projections by the Finance Director of possible changes in resources or requirements expected next year; and any discussion of the current year's budget or prior year's budgets, including what generally might be done differently next year.

Nebel reported that items that cannot be discussed before the first official meeting include: specific estimates or appropriation amounts associated with any fund or line item, resource, or requirement; the question of whether to fund specific programs or

expenditures; and the question of whether to impose any tax, levy, or the amount of any levy.

DISCUSSION OF CITY COUNCIL GOALS FOR FISCALYEAR 2015/2016

Nebel reported that the City Council met in a goal setting session on February 23, 2015, and developed the following priority goals for next year: Create an online dashboard that would include the financial reporting on project costs and schedules for Public Works Department projects; Proceed with the discussion of regionalization of the Airport with various stakeholders; Install exterior lighting at the Library; Proceed with the replacement of the HVAC system at City Hall; Move forward with Phase Two of the Library Strategic Plan; Develop a long-term financing plan for city facilities and begin funding that plan; Pursue city beautification with flower plantings, stronger code enforcement, annexation of certain South Beach properties, and billboard ordinance modifications; Proceed with an update of the city's Parks Master Plan; Make a concerted local effort, involving the building owners and lot owners in the Deco District to repair their buildings; Encourage economic development by being friendly to small businesses and finding ways to make Newport a better place for small business success; Create a larger more prominent display for Coast Guard memorabilia within the city; Pursue the hiring of a Fire Prevention Officer/Emergency Manager; Assign a Police Officer to the LINT team; and Jointly fund a school resource officer with the Lincoln County School District.

Swanson inquired as to what happens with the secondary goals and those of advisory committees. Nebel reported that the departments and committees will move forward with those goals. She noted that there are some similarities between primary and lesser goals.

Goebel asked about the possible installation of parking meters on the Bayfront and in Nye Beach. Nebel noted that a parking study may be considered which would define how to fund parking meters.

DISCUSSION ON PROPOSED PROCESS FOR REVIEWING THE BUDGET

Nebel reported that Budget Committee members are charged with the review and approval of the budget, submitted by the City Manager, for the fiscal year beginning July 1, 2015, and ending on June 30, 2016. He stated that the Budget Committee is empowered to approve the budget as submitted or can revise the proposed budget and approve a modified budget. He added that the Budget Committee also approves the ad valorem property tax amount or rate for all applicable funds

Nebel reported that this is a preliminary meeting of the Budget Committee at which discussions will focus on the City Council goals; the proposed process for reviewing the budget; general economic projections by the Finance Director regarding my changes in resources expected in this next fiscal year, and how the budget materials will be presented and reviewed by the Budget Committee.

Nebel reported that the budget will be distributed to the Budget Committee on Monday, April 20, 2015, and that the meetings of the Budget Committee are proposed as follows: Wednesday, April 29, 2015 at 5 P.M.; Wednesday, May 13, 2015 at 5 P.M.; and Wednesday, May 20, 2015 at 5 P.M.

Nebel noted that at the April 29, 2015 meeting, the Budget Committee will initiate its statutory requirement by electing a chair; approving the 2014 Budget Committee minutes; and reviewing the proposed 2015/2016 fiscal year budget following the budget message. He proposed that a page-by-page review of the budget occur at the first Budget Committee meeting.

Nebel reported that the process will allow any member of the Budget Committee to suggest specific changes to a proposed expenditures or revenues during the initial review process. He stated that the changes are not debated or discussed at this meeting. He added that at the end of the initial budget review, a list of all of the suggested changes will be compiled, and staff will provide a report for the Budget Committee's consideration for the second Budget Committee meeting.

Nebel reported that at the second Budget Committee meeting, after reviewing any staff comments, or suggested changes, the Budget Committee will determine (by majority vote or consensus) which items are to be changed in the approved budget. He stated that this process will allow Budget Committee members to bring up ideas for changes. He added that as the Committee reviews any of these changes, they can be discussed and voted on to be incorporated into the approved budget document.

Nebel reported that at the third meeting, the Budget Committee will formally approve the budget and recommend adoption by the City Council.

Nebel asked that the Committee keep the binder, prepared by staff, throughout the budget development process. He stated that the plan is to use one binder to organize all information for the Committee's deliberation through all Committee meetings. He noted that additional binder tabs will be provided as the budget and supporting information is distributed to the Committee. Nebel reported that the binder includes a detailed Budget Calendar.

Webster inquired as to whether staff would be present during the Committee meetings. Nebel noted that if there are issues that need to be addressed by staff, representatives of the affected department(s) would attend the second meeting for a response.

Allen suggested that the final Committee meeting begin at 6:00 P.M., to allow the working public to attend. It was the consensus of the Committee that the final Committee begin at 5:30 P.M.

GENERAL DISCUSSION ITEMS

Murzynsky presented an overview of the proposed budget format changes. He reviewed the fund accounting and budget layout. He noted that he would be creating the budget book and audit based on GFOA standards. He reviewed the new fund structure and the cross-references. A sample of the transient room tax budget worksheets from last year was distributed, and the format and expenditure headings were reviewed. A discussion ensued regarding beginning fund balances, contingencies, and ending fund balances. Patrick-Joling asked whether city grant matches are included in the budget. Murzynsky noted that these could be set up as a reserve, and Nebel added that these types of projects could be included as capital outlay projects.

Brown presented an overview of the new accounting structure. Allen suggested separate categories for insurance and judgments. Nebel suggested that judgments could be retitled as uninsured claims.

A discussion ensued regarding the Financial Reserves Policy. Nebel noted that this will be the first year of policy implementation.

A discussion ensued regarding the financial information for the last year and the current year-to-date. Murzynsky indicated that the fiscal year is three-quarters complete, and the city is doing "okay." He indicated that the next report will have more detail. Nebel noted that generally, the city has experienced a steady and significant growth in gas taxes and transient room taxes. He added that an expanded economic indicator section will be included in the budget message. He stated that last year, the city experienced a structural budget deficit, and that he will provide an analysis of that as a part of the proposed budget.

Allen asked how a new urban renewal district would divert growth. Nebel reported that the last northside urban renewal district focused on public buildings, and that the proposed district would focus on core area improvement.

Webster asked how minimum wage legislation would affect the budget.

Busby asked whether the budget document would be formatted in Excel this year.

Nebel asked that the first Budget Committee agenda include an item for the appointment of a citizen Budget Committee member to the Urban Renewal Advisory Committee.

Nebel reiterated that the budget document will be available on April 20.

Patrick-Joling asked whether fees are separated by type in the budget document.

Nebel reported that Bob Gazewood is preparing a comprehensive fees schedule that will be presented as a part of the budget materials.

ADJOURNMENT

Having no further business, the meeting adjourned at 7:45 P.M.

April 29, 2015
5:00 P.M.
Newport, Oregon

CALL TO ORDER

Mayor Roumagoux called the April 29, 2015 meeting of the City of Newport and Newport Urban Renewal Agency Budget Committee, to order at 5:00 P.M.

ROLL CALL

Committee members in attendance were Don Davis, Richard Beemer, Fred Springsteen, David Allen, Robert Smith, Sandra Roumagoux, Dean Sawyer, Janet Webster, Ralph Busby, Chuck Forinash, Laura Swanson, Patricia Patrick, and Mark Saelens. Don Huster was absent.

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

ELECTION OF CHAIR FOR THE FISCAL YEAR 2014/2015

MOTION was made by Busby, seconded by Beemer, to elect Webster as Chair of the Budget Committee. MOTION was made by Springsteen, seconded by Swanson, to elect Smith as Chair of the Budget Committee. In a show of hands, Webster received eight votes, and Smith received four votes, and Webster was elected Chair of the Budget Committee.

BUDGET OFFICER SPENCER NEBEL DELIVERS BUDGET MESSAGE

Nebel reviewed the budget message that was included as a part of the proposed budget. He noted that he would review the budget page by page, and that he would like the Committee to offer changes, additions, and deletions, and that he would compile a list of suggested changes. He noted that there are reports from two department heads regarding potential changes to the proposed budget.

Nebel reported that the city's economic condition is gradually improving, but still fragile. He reviewed: budgetary trends; property taxes; other major revenues; water, sewer, and infrastructure fees; expenditure trends; financial activity for the 2013/2014 fiscal year; the General Fund; goals for the 2014/2015 fiscal year; the proposed 2014/2015 fiscal year budget; recommended revenues; water, sewer, and infrastructure rates; proposed expenditures; departmental staffing requests; proposed equipment purchases; proposed capital outlay; communications; and the Urban Renewal Agency future budgetary and financial issues.

PUBLIC HEARING CONCERNING THE USE OF STATE SHARED REVENUES

The public hearing on the use of state shared revenues was opened at 6:40 P.M. Gazewood explained that there will be one hearing on the use of state shared revenues before the Budget Committee, and one hearing before the City Council. He explained the funding for state shared revenues, and added that the city must show the relationship of the shared revenues to the budget figures. There was no public comment, and the public hearing was closed at 6:49 P.M.

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

The public hearing on the City of Newport and Newport Urban Renewal Agency proposed 2014/2015 fiscal year budgets was opened at 6:49 P.M.

Nebel reviewed the proposed budgets and developed the following “hit and wish” list for responses and discussion at the next Committee meeting:

1. Fees In Lieu of Franchise Fees – Impact on the Future;
2. Fees In Lieu of Franchise Fees – Impact on the Future;
3. Rents and Leases – Detailed List of What it Includes;
4. Election Services;
5. Legal Services – Overall Cost;
6. Information Technology – Extra Wages Plus Benefits;
7. Cell Phone Expense Schedule;
8. New Police Officer Positions – 2.5;
Police Officers – Full-Time – 2;
Police Officer – Part-Time - .5;
Benefits for all New Police Department Position Requests;
9. Vehicle Maintenance and Repair – Summary Sheet on Line Item;
10. VOIP Schedule;
11. Detailed Line Item Report;
12. Central Dispatch – Costs and Functionality;
13. Police Department Computer Equipment Acquisition;
14. Add Two Firefighter Positions;
15. Add a .5 Emergency Management Coordinator Position;
Benefits for the .5 Time Emergency Management Coordinator;
16. Add Defibrillator;
17. Is the City Fully Funding PERS and the City Retirement Fund;
18. Fire Grant – What is It (described on page 22);
19. Update on Grants Applied for and Received, Plus Associated Expenses;
20. Liability Insurance – Delineate Share by Department;
21. Small Tools and Equipment – Schedule and Explanation (page 23);
22. Library Membership and Dues – What is It;

23. Add Money to Parks for Beautification throughout the Community;
24. Status of Adopt-A-Park Program;
25. Sidewalks, Sharrows, and Bike Paths - \$15,000;
26. Total Property Expenses – Total Mission and Year is Off-Center at the Top (page 31);
27. Wages and Salaries for New Senior Planning Position;
Wages and Salaries for New Senior Planner Position – Urban Renewal;
28. Benefits for New Senior Planner Position – General Fund;
Benefits for New Senior Planner Position – Urban Renewal;
29. Other Professional Services – What is This;
30. Why Do We Need a Parks Master Plan;
31. Does the Community Development Department Handle Economic Development Recruitment;
32. Why Are We Charging Salaries to the Urban Renewal District;
33. Which Street Lights are Supported by the City and Which are Supported by the PUD;
34. What is the Status of an Agreement for Funding the Local Transit Services;
35. Clarification on Northside Urban Renewal Restricted Fund;
36. Debt Reserves Report – 201, 202, 203;
37. Why is there an Increase in Temporary Employment for Street Maintenance;
38. Why the Increase in Materials and Services for Street Maintenance;
39. Where is Wayfinding Signage Funded;
40. Water Rate Structure Report;
41. Water Deposit Policy;
42. Report on SOS Fund for Utility Customers (Liability Account – Funds 303 and 304);
43. Report on the Increase in Vehicle Fuel, Oil, and Other Liquids – Schedule;
44. Update on Infiltration and Inflow Mitigation Program;
45. What is the Basis for the SDC Increases;
46. What is the Basis for the Building Permit Increases;
47. Should We Increase Funding in Sports and Senior Center Programming (401);
48. What Operational Cost Projections Have Been Developed for the New Pool;
49. Report on Transfers to the Parks and Recreation Fund;
50. Reduce Airport Budget by \$100,000;
51. Report on Transfers from the General Fund and TRT Fund to the Airport Fund;
52. History of Transient Room Taxes and Current Use of TRT Funds;
53. Why is Liability Insurance Allocated from TRT Funds;
54. “Fees” rather than “Fines” Title on Summary Sheet i- Page 123;
55. Elimination or Reduction of Housing Fund;
56. South Beach Urban Renewal District – Use of Bond Proceeds;
57. Bond Repayment Plan – SE Fogarty Street to John Moore Sewer Outfall Project;
58. Increase Lifeguard Salaries by \$1/Hour;
59. Agate Beach Playground Equipment Replacement;
60. Would the Building Official Salary be Completely Funded by Permit Fees;
61. Purchase Four Police Vehicles Rather than Three.

Nebel asked that additional questions or recommendations be e-mailed to him by 9:00 A.M., on May 1. He added that responses to the “hit and wish” list issues would be available at the next meeting, at which there would be a brief review.

REPORT ON FINANCIAL POLICY FOR UNAPPROPRIATED FUND BALANCES AND CONTINGENCIES

Nebel reported that this item will be discussed at the next Budget Committee meeting.

ADJOURNMENT

Having no further business, the meeting adjourned at 8:34 P.M.

May 13, 2015
5:00 P.M.
Newport, Oregon

CALL TO ORDER

Webster called the May 13, 2015 meeting of the City of Newport and Newport Urban Renewal Agency Budget Committee, to order at 5:00 P.M.

ROLL CALL

Committee members in attendance were Sandra Roumagoux, David Allen, Laura Swanson, Ralph Busby, Dean Sawyer (arrived at 5:10 P.M.), Robert Smith (arrived at 5:17 P.M.), Patricia Patrick, Don Huster, Wendy Engler, Janet Webster, Dietmar Goebel, Chuck Forinash, and Mark Saelens. Fred Springsteen was excused.

Staff in attendance was City Manager Nebel, City Recorder Hawker, Finance Director Murzynsky, Assistant Finance Director Brown, Library Director Smith, Assistant City Engineer Sweetman, City Attorney Rich, Parks and Recreation Director Protiva, Fire Chief Murphy, Police Chief Miranda, and Community Development Director Tokos.

QUESTIONS AND REMINDERS RELATED TO THE BUDGET PROCESS

Nebel reported that the "hit and wish" list developed at the previous Budget Committee meeting would be reviewed at this meeting.

Nebel reported that he and Murzynsky have put together an initial projection of revenues and expenditures utilizing the proposed budget values as the point of beginning for the projections. He stated that this initial review shows that the expenses for the city are projected to grow at a faster rate than the revenues to pay for those expenses. He noted that this is slightly overstated by utilizing the proposed budget amounts which, in certain cases, overstate the actual expenses that will likely be incurred by departments through the course of the fiscal year due to job vacancies and conservative budgeting practices. He added that this is a first attempt at looking a little further into the future to determine impacts that certain budgetary decisions will make on the longer term finances of the city. He stated that as staff continues to gain more confidence in the financial reporting, he and Murzynsky will continue to fine tune these projections so that the Budget Committee will be able to use these projections to help with decision making in the future. He noted that the general observation is that the city needs to exercise caution in adding net expenses without adding sufficient revenues or reducing other expenses to support those expenditures.

Nebel reported that staff is in the process of developing a comprehensive fee schedule for the city. He stated that former Interim Finance Director Gazewood has been working on the compilation of miscellaneous resolutions and ordinances that contain various fees charged by the city. He noted that while he has not yet completed the compilation of these fees, there are parts of his report to share with the Budget Committee so that the Committee has some idea of the direction staff is going with

these fees. He added that once a completed fee schedule is compiled, staff intends to have Council approve that fee schedule. He stated that the fee schedule will be the basis for reviewing various fees and charges on an annual basis to determine whether they are sufficient to offset the costs they are intended to offset. He noted that in the case of personnel, capital outlay projects, equipment, and general operating budgets, department heads will be asked to review the fees affecting their departments on an annual basis with a recommendation for any modifications being made as part of the budget process. He added that this will be incorporated into the review that the Budget Committee will perform for the 2016/2017 fiscal year budget and ultimately approved by the City Council, on an annual basis, with the other budget approvals. He stated that no action is required of the Budget Committee on this year's fee schedule since it currently reflects a compilation of the existing fees charged by the city. He noted that he anticipated having the final fee schedule ready for Council consideration by the second meeting in June.

RECONCILIATION OF THE APRIL 29, 2015 HIT AND WISH LIST

Nebel reported that his memo contains a response to each of the "hit and wish" list items that were proposed during the review of the proposed budget which an individual member of the Budget Committee requested be placed on the list for further explanation and/or possible modifications to the proposed budget. He stated that in addition, where staff has found any discrepancies in the budget, the memo lists those as items for consideration by the Budget Committee as well. He noted that for each item there is a narrative on the background of that item fund, fiscal impact of change on modifying the proposed budget, his recommendation as to whether any changes should be made to the proposed budget, and any additional supplemental attachments.

Nebel reported that Webster will introduce each of these items and if a Budget Committee member would like to pursue a change in the proposed budget, that Budget Committee member should make a motion specifying the desired budgetary change. He stated that if that motion is seconded, the Chair will ask if there are questions or clarifications and then ask for a discussion on the item. He added that following the discussion, Webster will call for a vote on that motion. He noted that if a majority of the Budget Committee members support the change, the change will be incorporated into the budget document that will be considered for approval by the Budget Committee at the May 20 Budget Committee meeting, otherwise, the budget will remain as proposed.

Allen asked how Nebel will prioritize requests that are made year after year. Nebel reported that he has asked that departments request what is really needed. He stated that in terms of positions, he recommends that two be looked at – Senior Planner and the Emergency Management Coordinator. He added that the Lincoln County School District is not able to fund its share of the School Resource Officer position. Smith asked whether a fund (reserves) could be established for future positions.

Engler asked about the Agate Beach Playground equipment replacement. Nebel reported that he has no recommendation regarding this request. He stated that the General Fund has significant contingency, but that there are a number of possible uses. A discussion ensued regarding the need for a beautification master plan, and the fact that one position is unable to handle all beautification responsibilities. Forinash asked

whether there is a possibility of getting an intern to handle some of these issues. Engler asked about funding for the summer to perform some beautification, and about the possibility of a one-time position to develop a beautification plan. Nebel noted that a plan needs to be in place before hiring staff. Allen added that the plan is needed, but some projects could be accomplished with the existing staff, and budget, toward beautification and code enforcement.

1. Funding for Non-Profits through the General Fund

Background: Nebel reported that for a couple of years, the City Council allocated \$10,000 in State Shared Revenues as a small grant program for non-profit organizations, in the city, conducting various services that are beneficial to the residents to the city. He stated that this was discontinued in the 2013/2014 budget and there was no request for this appropriation to be made in the 2014/2015 budget, or in the proposed budget for the 2015/2016 fiscal year. He noted that the funds were distributed through an application process that was available to various non-profit organizations. He added that currently, these funds are designated for general governmental services.

Fiscal Impact of Change: Nebel reported that if this program is added to the budget, the General Fund expense would increase by \$10,000 reducing the fund balance.

Recommendation:

Nebel did not recommend that this appropriation be added at this time.

Allen noted that this funding fell by the wayside in 2013. He noted that it is important, and possibly could be provided every other year, but added that it sends a message. MOTION was made by Smith, seconded by Allen, to set aside \$10,000 for appropriate funding of screened, non-profit organizations, for grant purposes. The motion failed in a 7-6 vote.

2. Maintenance of Bayfront Murals

Background: Nebel reported that a request was made during citizen comments regarding appropriating funds for maintenance of the Bayfront murals. He stated that the packet contains a report from Hawker which indicates that the Public Arts Committee has recently initiated discussions on this issue. He noted that the Bayfront is a major economic contributor to the city, and the murals certainly play a significant role in creating a unique and interesting atmosphere in this district. He added that some of the murals are showing significant deterioration.

Fiscal impact of Change: Nebel reported that this program could be funded through the Room Tax Fund. He noted that the proposed budget is leveraging a significant number of funds from this source. He added that in a later discussion, it is suggested that the city may want to hold on the Nye Beach turnaround project until the next fiscal year, and if this decision is made, there would be capacity to add this project.

Recommendation: Nebel reported that he does not recommend that this project be added, at this time, unless there can be a shift of other projects in this fund.

Patrick noted that some of the murals are on private property. It was reiterated that if the Nye Beach turnaround project is delayed, it could open up funding for this year. Busby noted that there are ways to protect the city's and property owner's rights, and some of the murals are on city property. He noted that this would be the ball rolling. MOTION was made by Forinash, seconded by Busby to add funding for the maintenance of the Bayfront murals. Webster noted that she has a conflict in this issue. Forinash noted that he has a mural, but no conflict. The motion carried in a voice vote with eight members voting yes, three members voting no, and two abstentions.

3. Fluoridation Equipment

Background: Nebel reported that the city initiated fluoridation of the city's water system following a number of steps including an advisory vote, actions by the City Council to implement the addition of fluoride into the city's water system, and a citizen initiated ballot proposal to reverse that decision which failed in the subsequent vote. He stated that the city then provided fluoride to the city's water system until about 2005 when an administrative decision was made to stop adding fluoride at the old water filtration plant. He noted that it is Gross' understanding that the new plant originally had provisions to add fluoride to the city's water system, however as part of the cost reductions for this project, the equipment was not added to the new plant. He noted that Gross has obtained information from HDR Engineering on the cost of similar systems in similar sized water plants, and if the equipment can be accommodated in the existing space in the plant, the cost is estimated at approximately \$300,000 for installation of the equipment.

Nebel reported that the space in the plant is currently being used for storage which will be remedied through the construction of a cold storage building at the plant during this next year. He stated that with the current project workload, it is unlikely that this project could be designed, bid, and implemented in this next fiscal year. He noted that since there was a directive from the 1960s, from the voters, to add fluoride to the city's drinking water system, and since this was discontinued nearly ten years ago apparently based on an administrative decision, that it would be appropriate for Council to discuss this item and determine what direction to go related to adding fluoride to the city's drinking water. He noted that an alternative would be to appropriate money for engineering to develop a more actual estimate which would also identify long-term operational maintenance costs for this equipment with these funds being appropriated for the 2015/2016 fiscal year, in the amount of \$50,000 coming from the Water Fund-601.

Fiscal Impact of Change: Nebel reported that the Water Fund could absorb the cost for preliminary design for the equipment and the process to add fluoride to the city's water system.

Recommendation: Nebel recommended that the Budget Committee consider adding \$50,000 to initiate preliminary engineering for the addition of fluoride to the city's water system in the event Council elects to restore fluoride to the city's water system following public discussion on this matter.

Bill Wiist, immediate past Chair of the Lincoln County Public Health Advisory Committee, recommended that the re-implementation of adding fluoride to the city's water system occur by June 30, 2016. He recommended that a motion be passed appropriating \$300,000 for fluoridation equipment.

Marletta Noe stated that children should be seeing a dentist every six months. She noted that she would like to see Council revisit this issue after obtaining additional information on what fluoride does to the human body. She also suggested that residents be allowed to vote on the issue again.

Allen requested a copy of Wiist's comments related to the fluoridation issue.

Patrick recommended that the Council evaluate this issue. Allen suggested a public discussion of the issue in front of the City Council. He noted that the appropriation could be made through a supplemental budget. Nebel noted that there are sufficient reserves in the Water Fund. Allen reiterated that this is a policy choice for the city and its constituents.

MOTION was made by Webster, seconded by Swanson, to appropriate \$50,000 to initiate preliminary engineering for the addition of fluoride to the city's water system in the event Council elects to restore fluoride to the city's water system following public discussion on this matter. Nebel noted that there should be funds available if Council opts to move forward with this issue.

4. Fund Detective Sergeant Position

Background: Nebel reported that in the requested budget, Miranda requested the addition of a new Detective Sergeant position in the department. He stated that the added expenses for funding this new position was \$109,724, and that it was not recommended in the proposed budget. He noted that the current budget proposes staffing as follows:

Police Chief	1
Police Lieutenant	1
Police Sergeant	4
Detective (Please note that 2 of these positions have been due to turnover and one of these has traditionally been assigned to LINT)	3
Police Officers	11

Total Sworn Officers	20
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- Community Service Officer 1
- Executive Assistant 1
- Records Evidence Clerk 1
- Records Clerk 2

Nebel reported that the budget included 50% funding for a School Resource Officer contingent upon the Lincoln County School District funding the other half of this position. He stated that the District has indicated that, due to their budgetary situation, they are unable to financially participate in funding this position. He recommended that these funds be utilized toward funding an Emergency Response Coordinator position in the proposed budget.

Fiscal Impact of Change: Nebel reported that adding a Detective Sergeant position to the Police Department will result in an increase in expenses of \$109,724 for next year.

Recommendation: Nebel did not recommend funding this position.

Busby noted that the crime rate gets lots of attention. MOTION was made and seconded to add the Detective Sergeant position to the budget. The motion failed in a voice vote.

5. Fund Recreation Coordinator Position

Background: Nebel reported that in 2010, three full-time equivalent positions were reduced in the Parks and Recreation budget. He stated that Protiva has requested restoration of one of these positions to coordinate various youth and adult activities at the Recreation Center.

Fiscal Impact of Change: Nebel reported that the cost to the Recreation Fund would be an additional \$59,575 this year. He stated that this would likely require an additional transfer from the General Fund.

Recommendation: Nebel did not recommend that this position be added at this time.

6. Gifts

Background: Nebel reported that the proposed amount from revenues for gifts was shown as \$50,000. He noted that this was an overstatement, and the amount should have been \$5,000.

Fiscal Impact of Change: Nebel reported that this will reduce the General Fund revenues by \$45,000.

Recommendation: Nebel recommended that the error be corrected to reflect \$5,000 instead of \$50,000 for gifts and donations in the non-departmental fund expenditures.

7. Laptops for the Council

Background: Nebel reported that a question was raised as to the proposed expenditure of \$7,000 to purchase laptops for the Council. He stated that these funds are being appropriated in the event that the City Council elects to utilize agenda management software that would allow for paperless agendas. He noted that in this case, the printing of an average of 2,200 pages of information for each regular Council meeting would be eliminated. He added that agenda management software systems make it much easier to navigate and make notes on agenda items; provides for a much more searchable database when looking for previous actions taken by Council; reduces time in the compilation of the packet; and simplifies the process for him in providing agenda reports to Council, as well by requiring department heads to submit complete electronic packets that end up in a queue. He stated that currently, he spends a fair amount of time compiling the individual documents from department heads and there is always the opportunity to inadvertently omit something from the packet that may be critical for that meeting. He added that laptops would allow Council members to receive the agenda in a paperless format and work from their laptops (or iPads) during the Council meeting. He noted that in Sault Ste. Marie, this type of system was utilized, and even for the two non-computer literate Commission members, they would never want to go back to the paper agendas. He added that before a decision is made to proceed with the system, a demonstration would be scheduled with the City Council. He stated that he believes it is important that the funds remain in the budget to allow this to go forward should the Council elect to do so during the 2015/2016 fiscal year.

Fiscal Impact of Change: Nebel reported that the elimination of this purchase would result in a decrease in expenses for the General Fund in the amount of \$7,000 in account 101-1025-67100.

Recommendation: Nebel did not recommend a change in this expenditure at this time. Swanson noted that she supports the change to paperless packets.

8. School Resource Officer

Background: Nebel reported that in the current budget, \$95,866 was appropriated to jointly fund a School Resource Officer with the Lincoln County School District. He stated that revenues of \$47,933 was also included recognizing the districts contribution, but due to budgetary constraints, the District has indicated that it is not able to fund its portion of this proposed position for the 2015/2016 fiscal year. He added that one of the alternate programs explored by the Police Department is to utilize the 2015 COPS hiring

program. He noted that under this program, \$125,000 would be contributed over a three-year period to offset a portion of the wages. He stated that in the first year, this would cover approximately \$42,000 of the estimated \$95,866. He added that the Chief was indicating that between uniforms, equipment, and purchase of a vehicle for this position, additional one-time start-up costs would be \$60,000. He noted that the city would be obligated to maintain this program for one year following the completion of the three- year grant period. He stated that at this point, he thinks the city should not proceed with this appropriation, and the Chief indicates that the grant is likely to be very competitive. He reported that even if the city obtained the grant, the city would have salary and benefit expenses of approximately \$250,000 over the life of the program. He stated that in addition, the vehicle, equipment, and uniform expenses during this four-year period are estimated at \$60,000. He added that the city would be better off waiting until next year to see if schools are in a better position to participate in jointly funding this position.

Fiscal Impact of Change: Nebel reported that the elimination of the revenue and expense will result in a net gain of \$47,933 to the General Fund budget. He stated that he will be recommending that these funds be used to offset the creation of an Emergency Response Coordinator position in the city.

Recommendation: Nebel recommended that the Budget Committee remove the proposed revenues of \$47,933 and proposed expenses \$95,866 from the budget for the School Resource Officer from department 101-1070.

It was the consensus of the Committee to remove the proposed revenues and expenditures as the District is unable to participate in the program. It was further the consensus of the Committee to utilize these monies for the city's emergency coordinator position. Allen stated that he would like to revisit this matter if the District is able to participate the future. Sawyer added that this is an important position and that he supports it.

9. Participation with the Lincoln County Interagency Narcotics Team (LINT)

Background: Nebel reported that the City of Newport along with the City of Toledo, Lincoln County Sheriff's Office, and the Oregon State Police along with support from the Lincoln County District Attorney's Office stopped participation in the LINT due to staffing issues. He stated that only Lincoln City is currently participating with an officer in the LINT. He noted that the state, Sheriff's Department, and Toledo are currently not participating, and that the LINT has been placed on hiatus at this time. He stated that if the Budget Committee were to recommend that one of the existing staff members be permanently assigned to LINT, the Police Chief indicates that during times of significant turnover, the services on the street will suffer. He noted that if the Budget Committee would recommend that the addition of a position specifically for LINT, then the cost to the General Fund for that position would be approximately \$96,000.

Fiscal Impact of Change: Nebel reported that the addition of a new officer to specifically work for LINT would require \$95,866 of additional appropriations out of the General Fund.

Recommendation: Nebel did not recommend that an additional office be hired for LINT at this time.

Sawyer stated that he disagreed with cutting this position. He added that crime has skyrocketed, and many of the crimes are drug-related.

10. Police Overtime

Background: Nebel reported that a question was raised regarding the breakdown of overtime. He stated that the Chief has given a general breakdown of typical causes for overtime. He noted that even if a position was added, the impact might reduce a portion of shift overtime, but since shift coverage is determined by shift, it would take an additional officer, on all four shifts, to have a meaningful impact on the reduction of this portion of the overtime.

11. Police Programs and Programs Supplies.

Background: Nebel reported that a question was asked regarding a breakdown of this item. He noted that the packet contains a breakdown from the Police Chief.

12. Police Safety and Health Expenses

Background: Nebel reported that a question was asked regarding the detail of this line item, and that the Police Chief has prepared a written response.

13. Maintenance Agreements for the Police

14. Background: Nebel reported that a question was asked regarding this line item, and that the packet contains a report from the Police Chief outlining issues associated with this request.

15. Funding an Emergency Coordinator Position

Background: Nebel reported that he had hoped to be able to recommend this position at budget time. He stated that based on the estimated fund balance requirements, he did not include the position in the proposed budget. He noted that at a staff level, several scenarios for possible funding of this position have been discussed. He added that the recommended salary range is \$49,440 - \$65,000 (level 14) if this position is funded. He noted that a separate cost center would be created for funding this position

with \$10,000 being shifted from both the Police and Fire Department cost centers. He stated that since the school resource officer will not be funded, in part by the District, this frees up a portion of the funding needed for this position. He stated that there was discussion that this position should be funded in part, by the Utility Funds and the Room Tax Fund since the large tourist population is a major concern related to the emergency management issues that Newport needs to be fully prepared for. He added that impacts to the operation of the water and sewer systems will be a significant area that will require major planning efforts. He recommended that if this position is funded, the source of funds should be allocated as 50% from the General Fund, 20% from the Room Tax Fund, 15% from Water Fund, and 15% from the Sewer Fund. He noted that within the General Fund, \$10,000 from both the Police and Fire proposed budgets would be shifted to cover emergency planning miscellaneous expenses that have historically been borne by those departments.

Fiscal Impact of Change: Nebel reported that the fiscal impact of this position would be: Wages \$57,000; Benefits \$30,000; Miscellaneous Office Cost/Training, etc. \$20,000; with these costs allocated 50% from the General Fund, 20% from the Room Tax Fund, 15% from the Water Fund, and 15% from the Sewer Fund. He added that within the General Fund, the proposed Police and Fire operation budgets would contribute \$10,000 each across office expenses to support this function.

Recommendation: Nebel recommended funding this position if there are no other new positions added and the School Resource Officer is not funded. MOTION was made by Smith, seconded by Swanson to fund the emergency manager position.

16. Fire Volunteer Cost/Other Paid Breakdown

Background: Nebel reported that a question was raised as to why the proposed budget reduced this line item from what was requested. He stated that this was based on reviewing historical expenses incurred for this line item. He noted that it is his opinion that \$65,000 will be sufficient for covering this expense. He added that the packet contains a report from Murphy indicating how these funds are utilized. He noted that the 2013/2014 amount was \$56,408 and it is estimated that the expenses for the current fiscal year will be \$58,470. He stated that while this is a reduction in the requested amount, it is an increase from the previous year.

17. Lieu of Holiday Pay for the Fire Department

Background: Nebel reported that since firefighters are on duty 24 hours a day, seven days a week, there are limitations to their ability to take holidays off work. He stated that as a result, instead of getting holidays off, firefighters receive ten hours in lieu of holiday pay each month. He noted that this is provided to the firefighters through payment of compensatory time. He stated that the departmental request presumes that everyone will exercise their right to cash in their compensatory time to receive cash for the in lieu of holiday pay. He added, that in practice, most do not, and that he believes that the

proposed amount is still very conservative based on past history. He stated that there is also the possibility that when firefighters cash out compensatory time, that expense may be getting charged to a different part of the budget. He added that he does not believe that any change is necessary with the proposed budget line item.

18. Fire Department Program and Program Supplies

Background: Nebel reported that a question was asked as to what constitutes this cost. He noted that the packet contains a report from Murphy.

19. Library Salaries Year-to-Year

Background: Nebel reported that it was noted that while there is a half a position reduction, the Library and compensation does not appear to reflect that. He added that all but three staff members will still be receiving step increases during the next fiscal year increasing the compensation. He stated that there was an unfilled vacancy for part of the fiscal year which reduced the salaries during the current year. He noted that upon review, the budget number reflects the calculated salary and benefits for the fully staffed Library at the new FTE.

20. & 20 Library Elevator Lighting.

Background: Nebel reported that Smith indicated that between the Library lighting and the elevator renovation, it is more important to proceed with the elevator renovation at this point in time. He stated that Smith would like to proceed with both the lighting and the elevator renovation at the same time, and if this were the case, it would be necessary to add an additional \$55,000 to the budget for the elevator renovation. He stated that if the elevator project replaces the lighting project for the next fiscal year, then the net increase to the General Fund would be \$5,000 to do the elevator renovation instead of the lighting project.

Recommendation: Nebel recommended that the Budget Committee replace the Library lighting project with the elevator renovation project resulting in a reduction of \$50,000 for the lighting project and an increase in \$55,000 for the elevator renovation project. MOTION was made by Smith, seconded by Roumagoux to replace the lights and renovate the elevator at the Library.

21. Utilize Part-time City Employees Instead of Contracted Barrett Employees

Background: Nebel reported that a question was asked about the benefit of utilizing contract temporary and part-time employees. He stated that the packet contains a response from Barb James, of HR, outlining the advantage that the city realizes by using a temporary service. He noted that while James is providing HR services on a full-time basis, there is a significant amount of catch-up work that she will be doing in the

next year or two in bring the city into compliance with many regulatory trainings and other similar efforts.

22. Design HVAC in the Attic rather than on the Roof

Background: Nebel reported that at a Budget Committee meeting, concern was expressed that the city was planning to replace the failing rooftop HVAC system with new rooftop units. He stated that based on City Hall's dedication date of 2002, and the fact that in 2011, the city was looking at replacing those units, it is evident that the rooftop units have a relatively short life in this environment. He noted that structural and duct work changes would be necessary to install the units in the attic, however it would be expected that the mechanical system would have a significantly long life. He added that in reviewing this matter, the City Engineer recommends engaging an architect to design the modifications necessary to move the HVAC into the attic which would mean the work on the HVAC system would have to extend into the 2016/2017 fiscal year unless additional funds can be secured during the current fiscal year. He stated that based on the comments made at the Budget Committee meeting, and the City Engineer's reconsideration of this matter, he believes it is worth incurring the architectural expenses to get a better solution for HVAC needs at City Hall.

Fiscal Impact of Change: Nebel reported that this cost can be found in 101-1320-73200 in the amount of \$275,000.

Recommendation: Nebel recommended that the fund remain in place for the HVAC system since these are the remaining Northside Urban Renewal Funds that can be spent on this particular project. He also recommended that the Budget Committee recommend that Council proceed with a design to place a new HVAC system in shelter in order to maximize this reinvestment in the mechanical system for the City Hall facility.

23. Volunteer Programing for Beautification

Background: Nebel reported that the city utilizes volunteers for many efforts throughout the city. He stated that in his own experience, volunteers are great to use for initiating new projects, planting flowers, and other one-time park and public works activities. He added that it is more difficult to utilize volunteers for regular maintenance of landscaped areas, flower beds, and other similar activities. He noted that the Parks and Recreation Department has tried, for years, to get a park adoption program going with minimal success. He stated that \with current activities on the plates of many of our key players, that he thinks that this suggestion needs to be discussed and evaluated during the upcoming fiscal year to develop a program utilizing volunteers for various beautification projects. He noted that in his budget message, he indicated that he intends to schedule a work session in August 2015 to discuss various aspects of city beautification including strong code enforcement. He added that he believes that the issue of the use of volunteers is something that could be further explored during that same work session.

JoAnn Barton spoke in support of the Parks Master Plan and a Master Beautification Plan. She suggested the possibility of a beautification team; utilizing the services of the Master Gardeners; and better landscaping at the Performing Arts Center.

MOTION was made by Roumagoux, seconded by Swanson, to appropriate \$10,000 for a seasonal employee to perform maintenance on city properties.

24. Expending Parks and Recreation Seasonal Employees

Background: Nebel reported that it was suggested that the city expand the use of seasonal employees in Parks and Recreation maintenance activities. He stated that he would not recommend any changes to the budget at this time since he thinks it is necessary to get a clear understanding between the Council and staff as to what the priorities are in regard to the maintenance of park properties. He added that he believes this would be appropriate to fold into the proposed August 2015 beautification work session and code enforcement.

Fiscal Impact of Change: Nebel reported that there was not a specific change required, although additional seasonal personnel would impact the Parks Maintenance Fund 101-1330 in the General Fund.

Recommendation: Nebel reported that he does not recommend a change in the budget at this time, however this would be appropriate to discuss in the August work session on beautification issues.

25. Potential Grant for Parks Improvements

Background: Nebel reported that the city is working on grant opportunities for various aspects of city improvements, including the city's park properties, through Chase Park Grants (the city's grant consultant).

26. Senior Planner Position

Background: Nebel reported that as indicated in the budget message, there are two positions that he believes are important to consider filling that he did not recommend as part of the proposed budget for the next fiscal year. He stated that one position is the Emergency Coordinator position, and the second position is the Senior Planner position. He noted that with increased economic activity, plus a variety of planning issues that will be facing the city during this next fiscal year and beyond (Northside Urban Renewal District, Future Recreation Plan, Airport Master Plan, parking studies, and other similar initiatives), additional help is needed here. He added that historically, this position was funded through 2011/2012. He noted that in discussing this with Tokos, not filling this position will mean a delay in moving some of the initiatives along, since his first priority has to be meeting the statutory timetables for reviewing land use decisions, site plans,

building codes issues, and other similar matters that have strict schedules for turn-around. He stated that while Tokos has indicated that he can probably muddle through another year without this position being filled, he believes that with the uptake in the economy this may not be the best decision for the city.

Nebel reported that his primary concern with filling this position, at this point, is a certain level of uncertainty in regard to the city's ability to support the position over the long term. He stated that he has been taking a conservative approach to these types of decisions. He added that in this particular case, however, he believes that it may be appropriate to fund half of the position in the upcoming fiscal year with the intent to have someone in place by January 1, with the provision that the final decision authorizing the actual filling of the position, be made after the close-out of the current fiscal year. He stated that this will allow for a reevaluation of the city's ability to support this position in the future. He noted that he had increased the Other Professional Services line item in the proposed budget by \$25,000 to compensate for not filling this requested position.

Fiscal Impact of Change: Nebel reported that if this position is authorized on a half-year basis starting in January 2016, then the fiscal impact would be an additional expense to the General Fund 101-1400 of \$52,306, and 101-1400-6900 Other Professional Services would need to be adjusted from \$60,000 to \$35,000, the amount this line item was increased due to the requested position not being funded.

Recommendation: Nebel recommended that the Budget Committee consider adding \$52,306 to the Community Development budget (101-1400) to create a Senior Planner position effective January 1, 2016, and 101-1400-6900 Other Professional Service would need to be adjusted from \$60,000 to \$35,000, which is the amount this line item was increased due to the requested position not being funded. He stated that both actions are contingent upon review of city finances following the close-out of the 2014/2015 fiscal year. MOTION was made by Sawyer, seconded by Huster, to appropriate funds for this position, after a review of city finances, at mid-year.

27. Transit Funding Through Intergovernmental Agreement

Background: Nebel reported that the packet contains the annual report to the City of Newport regarding the services and ridership including the Newport City Loop rider statistics. He stated that the city provides a payment of \$90,000 yearly from the General Fund to provide regularly scheduled shuttle service throughout the city, ten hours daily, seven days a week. He noted that this payment has been made for a number of years to the Lincoln County Transportation Services District with the service being provided without an intergovernmental agreement governing the relationship. He stated that the city has recently received a draft intergovernmental agreement between the Lincoln County Transportation Services District and the City of Newport regarding the provision of extra bus services in the city. He reported that no payment has been made for the current fiscal year due to not having an agreement in place. He noted that this was contingent on entering into an intergovernmental agreement which is now in draft form. He added that the recommendation, in the budget, is to continue with the \$90,000

subsidy to the Lincoln County Transportation Services District for the Newport City Loop.

Fiscal Impact of Change: Nebel reported that this funding has been appropriated in line item 101-1900-657000 in the amount of \$90,000.

Recommendation: Nebel reported that he has no recommendation regarding modifying the proposed budget, however, the City Council will be considering approval of an intergovernmental agreement prior to the end of the fiscal year, so that payment for 2014/2015 fiscal year can be made.

Webster stated that she was disappointed in the report from the Lincoln County Transportation Services District. Nebel noted that there could be a presentation, by representatives of the District, at the next meeting. Allen stated that he would like a report at the next meeting, or at the budget adoption hearing. Saelens noted that the District is purchasing larger buses to enhance ridership. Webster stated that she wanted a report on ridership, outreach, and publicity. MOTION was made by Webster, seconded by Roumagoux, to appropriate funding for the District, contingent on an adequate report from the District prior to the City Council adoption of the budget.

28. Parking Study – Bayfront Meter Component

Background: Nebel reported that it was suggested that the appropriation of \$45,000, with \$15,000 coming from the Bayfront, \$10,000 from Nye Beach, and \$5,000 from City Center, could be reduced for the Bayfront area through a deduction of \$7,500 by narrowing the scope of that particular study. He stated that there was general consensus of the Bayfront Parking Advisory Committee that the stakeholder engagement could be narrowed. He added that the request for proposals will be drafted incorporating this feedback. He stated that Tokos is recommending the entire amount be appropriated with the RFP breaking down the cost based on the work that would be done in each district.

Fiscal Impact of Change: Nebel reported that the actual cost would reflect the breakout of expenses by the successful proposer for completing this work. He stated that if funding was reduced from the Bayfront component of \$7,500, that would leave \$7,500 for the study in account 211-4510-60900.

Recommendation: Nebel recommended that the budget should be left intact since any unused funds will revert back to the appropriate parking fund.

29. How is General Parking Contingency Allocated

Background: Nebel reported that the remaining funds of \$232,646 in 405-4510-9901 have been reserved for future parking system improvements in the Bayfront area. He

stated that the Nye Beach and City Center areas have previously used their allocation of the general parking contingency for specific projects in those districts.

30. Housing Fund Professional Financial Services

Background: Nebel reported that a question was raised as to whether the potential funding that has been made available for loan agreements should be left in the housing fund contingency. He stated that since these funds have been appropriated for the specific purpose of facilitating government assisted workforce housing, he believes it is appropriate to have funding appropriated for this purpose. He noted that any loan agreements will require the City Council approval. He added that there are remaining funds in contingency of \$32,000 that, by action of the Council, could be also used for this purpose.

Fiscal Impact of Change: Nebel reported that \$100,100 is under Financial Professional Services 212-4710-60200. He stated that there is no fiscal impact to the Housing Fund if the funds were transferred back to contingency. He added that if they were transferred back to the fund balance, then those funds would not be available except in the case of an emergency.

Recommendation: Nebel did not recommend a change in this funding.

31. Lincoln County Land Trust Dues

Background: Nebel reported that in reviewing this matter with Tokos and Murzynsky, the entry of \$3,600 in membership dues and fees was not part of Tokos' request and can be eliminated. He stated that he was under the mistaken impression that in addition to the \$30,000 contribution to the Lincoln County Land Trust the city had dues as well, and this information was in error.

Recommendation: Nebel recommended shifting \$3,600 from the membership dues and fees line item to contingency in Housing Fund 212.

32. Airport Ending Fund Balance

Background: Nebel reported that a question was raised as to why the Recreation Fund Balance was reduced to \$0, however there remains a fund balance in the Airport Unappropriated Ending Fund balance line item. He stated that it is his general feeling that these adjustments should be done over time. He noted that the fund balance policy allows an unappropriated ending fund balance to fall between 0% and 20% for the Airport Fund with a recommended contingency of 10%. He stated that he is concerned that if the entire Airport Unappropriated Ending Fund balance is eliminated in this current year, it will give the false impression of having more General Fund dollars. He added that this would also require an increase the subsidy for the Airport. He noted that by smoothing this out, he thinks it will have less of an impact on the General Fund. He

added that Murzynsky has prepared a summary if the Budget Committee wishes to eliminate unappropriated ending fund balance in the Airport in this current fiscal year.

Fiscal Impact of Change: Nebel reported that if the Budget Committee wanted to make a reduction to this fund balance the transfer from the General Fund to the Airport would be reduced to \$204,452 making the Airport Unappropriated Ending Fund balance \$0.

Recommendation: Nebel reported that he does not recommend a change in the proposed budget, however if a change is made he would ask that the Budget Committee remember the subsidy to the Airport in the next fiscal year will likely require a significant increase over the current year since \$100,000 of the unappropriated ending fund balance is being utilized in one year for a one-time reduction in the General Fund transfer.

33. OCCA 1% Increase

Background: Nebel reported that OCCA asked for a 1% increase in the operating subsidy for the 2015/2016 fiscal year. He stated that he intends to include the requested amount in the budget of \$116,453 for the 2015/2016 fiscal year.

Recommendation: Nebel recommended that the line item for the OCCA/PAC/VAC be increased from \$115,300 to \$116,453.

34. Transit Room Tax Project Expenditures

Background: Nebel reported that a question was raised regarding the use of the 46% portion of the Room Tax Revenue that is designated for Tourism Promotion and Tourism Related Facilities. He stated that the municipal code provides that the City Council shall have the authority to determine which facilities are tourism related. He noted that the City Council may determine that some facilities are in part tourism related facilities, and the funds reserved for tourism related facilities may be used to cover an equivalent portion for the cost of such facility. He added that he intends to include language in the resolution approving the budget that will clearly indicate that the City Council has reviewed the projects for eligibility of use of the tourism portion of room tax for that specific purpose.

35. Agate Beach Trail Connection

Background: Nebel reported that a question was raised as to whether the trail connection contained a provision for a bike ramp. He stated that the answer is no, however if the stairs are made of poured concrete then a bike stairway (channel next to the stairs for pushing bikes up could be included in the project).

Recommendation: Nebel recommended that if the construction allows, a “bike stairway” can be added to the project depending on construction type. MOTION was made by Saelens, seconded by Sawyer, to direct staff to come back with funding numbers for this trail connection with bike stairs. MOTION was made by Saelens, seconded by Forinash to allocate funding up to \$10,000 to continue with the bike sharrow program.

36. SDC Fund Forgiveness

Background: Nebel reported that a question was asked whether SDC funds could be reduced or forgiven to encourage development in specific areas. He noted that the packet contains a description of the requirements under state law regarding SDCs.

37. City Hall Campus Parking Plan

Background: Nebel reported that the packet contains the proposed reconfiguration of the City Hall campus parking. He noted that there is continued discussion on specific allocation of spaces and scheduling of major events to ensure adequate parking exists in this circumstances.

38. SDC Land Appropriation for \$50,000

Background: Nebel reported that a question was raised as to the purpose of the \$50,000 proposed appropriation for land in the Street SDC Fund. He stated that this is for the acquisition for additional right-of-way to continue the process to identify an easement connecting NE 6th Street above the intermediate school with the Yaquina Heights Drive. He noted that during the past fiscal year, a section of the highway was acquired to minimize the possibility of that continuing to be a dead-end street in the future.

39. Remaining Time Period on Agate Beach Closure Fund

Background: Nebel reported that the post-closure obligations are projected to end in 2027 at the conclusion of a 30-year period. He noted that if problems are identified, the closure fund requirements could be extended.

40. Appropriated vs. Expended Funds for Capital Outlay Projects

Background: Nebel reported that a question was raised by Busby regarding the appropriated amount for capital outlay for the current year, and the amount staff is estimating expending for the current fiscal year. He stated that this is due to several factors. He noted that first of all, staff is normally budgeting the entire amount for a multi-year project in each appropriation year. He noted that this effectively commits

designated funds (i.e. bond funds, grants, and other funds) for the specific projects they are intended to be utilized for. He added that while the total amount is appropriated, it is not expected that the total amount will be expended in any given fiscal year. He cited the pool project as an example, noting that in the current fiscal year, the entire project was appropriated since there is a designated source of funds for that project (the pool bond). He added that at the time it was appropriated, it was known that this project would minimally impact the current fiscal year, but by appropriating those funds at that time, the budget clearly shows that those funds are not available for any other purposes. He noted that if the city did a multi-year budget, more effort could be spent on dividing out the appropriated amounts into other years. He stated that at this point, with the level of sophistication of the city's budgeting and finance systems, he believes it is much safer to budget the entire project amount from designated funding whether it is likely those funds will be fully spent in the upcoming fiscal year or not.

Nebel reported that the second issue affecting the actual construction of the project falls with the city's consulting firms which have limits to the amount of work they can produce at certain points of time. He stated that this can have the impact of causing delays in getting projects fully designed and on the street. He noted that currently the CIP is being managed by the Public Works Director/City Engineer and Assistant City Engineer. He added that with the addition of a Senior Project Manager which was budgeted in the current fiscal year but not filled, the review and administration of these projects can improve. He stated that for small projects that require internal design, additional staff will help facilitate those projects as well. He noted that there is a substantial work load for moving these projects from appropriation to preliminary design, to full design with specifications, and bidding and construction. He added that this is one of the reasons why all of the projects requested were not recommended to be pursued this year. He added that staff needs to play catch-up with what is already on the books.

41. Cost Outside the Original Water Treatment Plant Bond for Northside Storage Tank

Background: Nebel reported that the packet contains a report from Gross on the cost for the lower Agate Beach Tank and the Water Treatment Bond. He added that it is unknown what exact work was anticipated as part of the original Water Treatment Plant Bond, but that Gross has listed the components of the project as it exists today.

42. Policy Implications of Fluoridating

Background: Nebel noted that this policy discussion is outside of the Budget Committee's responsibility.

43. – 46. Various Categorical Increases in Expenditures

Background: Nebel reported that in reviewing the overall budget, it was noted that overtime in all funds was 10.3% higher than the last appropriation year; membership dues and fees were 13.2% higher than last year; and training was 26.5% higher than the last year. He noted that with the overtime, staff under appropriated funds for the current fiscal year for overtime. He added that in looking at the estimated expenditures, staff is estimating that overtime will exceed the line items in a couple of accounts, primarily Fire and Police. He stated that as a result, he has incrementally increased the overtime appropriation from last year to recognize the fact that these costs are being understated based on historical levels.

Nebel reported that on the training line item, the majority of this is the implementation of new training requirements for city employees with much of this training being provided online. He stated that the level of training the city has historically done with many of its line employees has not been adequate. He noted that the entire training cost in the General Fund is \$87,600 out of \$11,300,000 of expenditures. He stated that the city's history with litigation also demonstrates the value of having trained employees not making mistakes that will end up costing the city taxpayers additional money.

Nebel reported that membership and dues are 13% higher than last year. He stated that a portion of this is with the new HR position, a new building official position that is in house, and in house City Attorney, for their participation in activities. He added that there was a shift of a line item for LGPI that had been charged to legal but which is more appropriately charged to membership and dues.

Nebel reported that in professional services, most cost centers have been reduced, however the SDC fund is proposing \$25,000 to review the SDC charges in the current fiscal year. He stated that this proposed appropriation is the primary difference the previous fiscal year budget.

47. Shared Lane Markings (Sharrows)

Background: Nebel reported that a question was raised as to whether sharrows could be designated as a capital project item. He stated that sharrows can be designated as a capital outlay item. He noted that the city has not budgeted costs for sharrows in this next fiscal year. He added that the city is planning, during this summer season, to place sharrows on Elizabeth Street from Coast Street to Yaquina Bay State Park. He stated that these sharrows have been purchased and will be installed when time and weather conditions are appropriate. He added that if additional lane markings are requested in future years it should come as a capital outlay request with specific locations in mind. He noted that in the alternative, the Budget Committee could appropriate an amount for sharrows for the 2015/2016 fiscal year.

48. Highway Gas Tax Distribution

Background: Nebel reported that a question was raised as to distribution of the gas tax. He stated that in reviewing this issue, staff is recommending a slight adjustment to the proposed budget for the Budget Committee's consideration. He noted that at the hearing it was indicated there would be a 1% allocation for bicycle paths and trails at \$5,578. He added that the city appropriates \$15,000 as part of the sidewalk projects from the transportation funds. He stated that \$5,578 should be transferred from the Street Fund to the Room Tax Fund in order to apply toward the Lucky Gap Trail at Agate Beach. He noted that there is a sufficient appropriated fund balance in the Street Fund to cover this transfer.

Recommendation: Nebel recommended that the Budget Committee use \$5,578 of the state gas tax toward the Agate Beach State Park to Highway 101 connector to decrease the contribution from the Room Tax Fund for this project.

49. Georgia Pacific Transfer Fees

Background: Nebel reported that the city receives franchise fees from Georgia Pacific for impact to rights-of-way. He stated that by Resolution No. 3565, the City Council committed three years of funding for 2008, 2009, and 2010 totaling \$170,000 for the testing of ocean waters, habitat, beaches, and animals near the Georgia Pacific outfall. He noted that there was a general section of this resolution that provides that the Council review and approve fees paid by Georgia Pacific under the Georgia Pacific agreements for 2011 and beyond. He added that for the current fiscal year, the proposed budget utilizes the franchise fees for general government purposes. He stated that the city has made substantial commitments to address various stormwater issues in the current fiscal year and beyond in several funds.

50. Will 6th Street be Repaired this Year?

Background: Nebel reported that this work is anticipated to occur this year. MOTION was made by Engler, seconded by Forinash, that an extension to Nye Street be provided.

51. Population Trend for Tourist vs. Permanent Residents

Background: Nebel reported that the packet contains information provided by Tokos on this item.

52. What does ACS Mean?

Background: Nebel reported that the packet contains a report on this item from Murzynsky.

53. More Information on Utility Bills

Background: Nebel reported that the packet contains a copy of the printed bills front and back. He stated that the Finance Department is exploring ways to add additional information on utility bills, and that staff will report to Council on this issue in July. Allen suggested a quarterly newsletter could be sent with utility bills.

54. Corrected Summary Sheets

Background: Nebel reported that the packet contains the corrected summary sheets for the budget. He stated that as final changes were made for the budget some of these were not carried forward to the summary sheets.

55. Video Broadcast of Council Meetings

Background: Nebel reported that one of the items not proposed in the budget was for permanently mounted cameras and equipment for video recording Council meetings. He stated that this would greatly facilitate video operations for City Council meetings.

56. Additional dollars for Paving Streets

Background: Nebel reported that the city currently utilizes the local gas tax, in the amount of \$155,000, the state fund exchange in the amount of \$109,000, and can use a portion of the street funds for repaving city streets. He stated that currently, there is not an additional source of funds for this purpose in the budget. He noted that the city cannot raise the local gas tax without a vote of the people.

57. Dedicated Funds for City Property Maintenance

Background: Nebel reported that the city's current funding structure does not provide for the establishment of funding reserves for city buildings. He stated that improvements are funded on an annual basis for the various buildings and maintenance needs are certainly not being funded at the level they should in order to maintain the integrity and quality of the various city facilities, particularly those that rely on the General Fund dollars. He noted that this also impacts park facilities. He recommended that the City Council continue to evaluate this issue to determine the adequate levels of investment that are necessary to maintain city facilities and finding mechanisms to fund those demands.

58. OCCA Projects

Background: Nebel reported that there are a number of OCCA projects where fundraising coupled with city facilities grant funds are proposed to be used for improvements next year. He stated that traditionally, these have not been budgeted, but should be budgeted.

Recommendation: Nebel recommended that the Budget Committee add these projects with the funding sources to the budget for approval. MOTION was made by Engler, seconded by Saelens to add these projects with the funding sources.

59. Fund a Parks and Grounds Maintenance Position

Background: Nebel reported that a request came from a Budget Committee member to consider funding a parks and grounds maintenance position with an individual that had knowledge relating to landscaping, beautification, volunteer management and other types of activity.

Fiscal Impact of Change: Nebel stated that the total cost to the General Fund would be estimated at \$75,000 to fill this position.

Recommendation: Nebel reported that while there certainly would be a benefit from adding a position with a person with this skill set, he did not believe that the General Fund could support this level of this position at this time. He stated that this can certainly be part of the discussion on beautification efforts that is scheduled for August 2015 to develop a long-term plan for these issues.

60. Acquisition of Parcel North of the Senior Center for Additional Parking

Background: Nebel reported that a suggestion was made for the city to acquire property located to the north of the Senior Center to expand the parking for the Senior Center and other city purposes. He stated that the packet contains a report from Tokos on this matter.

Fiscal Impact of Change: Nebel reported that the property is being advertised for lease at \$2,880 per month.

Recommendation: Nebel reported that he believes this is something staff should continue to monitor, but that he does not believe the city is in a position to acquire this property at this time, even if it were available for purchase.

61. Delay the Nye Beach Turnaround Payment Rehabilitation Project

Background: Nebel reported that it was suggested by a Budget Committee member that the Nye Beach Turnaround project be delayed in order to review the possibility of trying to meet other needs to enhance the Turnaround. He stated that based on the high demand on the Room Tax Fund for the current fiscal year, delaying this project may make some sense.

Fiscal Impact of Change: Nebel reported that the amount appropriated from Room Tax for this project is \$97,200, and it was proposed that this be matched with funds from the Nye Beach Parking Fund in the amount of \$25,000. He stated that if these funds were not spent in this year, the funds could be carried over for consideration in the 2016/2017 fiscal year.

Recommendation: Nebel concurred with postponing this project for one year, and noted that some funds should be appropriated if there is going to be any design work done during this current year. He recommended the appropriation from the parking fund be eliminated and that \$25,000 of Room Tax Funds be appropriated to assist in planning and preliminary design for any improvements to this lot. MOTION was made by Engler, seconded by Busby, to plan to perform this work in the next fiscal year.

PUBLIC COMMENT

Marletta Noe endorsed the NW 6th Street sidewalk. She requested that the green space be eliminated.

ADJOURNMENT

Having no further business, the meeting adjourned at 8:15 P.M.

May 20, 2015
5:30 P.M.
Newport, Oregon

CALL TO ORDER

Webster called the May 20, 2015 meeting of the City of Newport and Newport Urban Renewal Agency Budget Committee to order at 5:30 P.M.

ROLL CALL

Committee members in attendance were: Dean Sawyer, Laura Swanson, Chuck Forinash, Sandra Roumagoux, David Allen, Ralph Busby, Janet Webster, Robert Smith, Don Huster, Mark Saelens, and Wendy Engler. Fred Springsteen, Patricia Patrick-Joling, and Dietmar Goebel were excused.

Staff in attendance was City Manager Nebel, Finance Director Murzynsky, Assistant Finance Director Brown, City Attorney Rich, and Financial Specialist Siller.

Others in attendance were Catherine Rickbone, Executive Director of the Oregon Coast Council for the Arts; Marletta Noe, Newport resident; and Jay Omar, News-Times.

RECAP OF THE BUDGET AS MODIFIED

Nebel reviewed his memo to the Budget Committee dated May 15, 2015, providing a summary of the City of Newport and the Newport Urban Renewal Agency revenues and expenditures, and the Committee's changes to the proposed budget. These changes include the addition of \$5,000 from the Room Tax Fund for mural preservation on the Bayfront; a correction of an error regarding the amount of revenue anticipated in the General Fund from donations; elimination of the proposed School Resource Office due to the Lincoln County School District being unable to participate in funding this position; the creation of an Emergency Coordinator position and cost center; elimination of the proposed Library lighting project and replacing it with the renovation of the Library elevator; addition of \$10,000 for temporary employees for park maintenance; funding a Senior Planner position mid-year subject to the city's financial performance leading up to that time; elimination of an appropriation for membership and dues in the amount of \$3,600 which was placed in the budget in error; addition of a 1% increase for the Oregon Coast Council for the Arts agreement for the VAC and PAC; \$10,000 added for a shared lane marking project on Bay Boulevard.; the transfer of revenue sharing funds toward the Lucky Gap Trail at Agate Beach; the inclusion of the VAC and PAC projects in the Capital Outlay Fund to recognize those projects that are being funded primarily by volunteer donations but will be completed as city projects; and the reduction of the appropriation for the Nye Beach Turnaround leaving only planning dollars instead of the full resurfacing project for this fiscal year. Nebel also noted the Committee's

recommendation that the Lincoln County Transit Authority make a presentation before the \$90,000 for transit support is appropriated next year. Nebel recommended that the Committee wait until after public comment to take action in approving the budget. Nebel thanked the city staff for all of the time and hard work that went into preparing the budget.

QUESTIONS AND COMMENTS RELATED TO THE BUDGET

Webster asked about the negative figure for the change in the unappropriated ending fund balance of the general fund on page 9. Nebel explained that the negative figure represents the net results of the budget committee's changes to the proposed budget. The unappropriated ending fund balance of the general fund decreased by \$82,873 as a result of the budget committee's changes.

Forinash asked if the \$10,000 added to temporary help in the parks maintenance budget would be available for use in city wide beautification. Nebel noted that the funds would be used for temporary employees in parks maintenance as it was approved by the Budget Committee. There will be a work session of City Council in August focused on developing a plan for beautification of the city as a whole. Before funding is committed for beautification, we will need to have a plan developed outlining exactly what it is we are going to do and how it will be implemented.

Engler asked for clarification on the \$25,000 for the Nye Beach District transferred to the contingency fund. Is funding for the planning of Nye Beach turnaround still in place? Nebel confirmed that \$25,000 remains available in the Room Tax Fund for the design/planning of the Nye Beach project.

EVALUATION OF THE PROCESS FOR DEVELOPING, REVIEWING, AND APPROVING THE BUDGET FOR THE 2015/2016 FISCAL YEAR

Nebel asked the committee to share their thoughts on the budget process, and ideas for how it could be improved for the coming years. Saelens began by stating that he was pleased with this year's budget process. He suggested that perhaps a 4th meeting be added to the process as to break up the long four-hour meeting with extreme discussion into two separate sessions. Nebel and Roumagoux expressed that the timing would be an issue with trying to add a fourth meeting. Nebel suggested that less time could be spent on the page by page review. He also noted that he would like to see the proposed budget delivered to the Committee a little bit sooner, so they would have more time to review it before the first meeting. Busby suggested that questions from the committee be submitted, or at least prepared in advance of the meeting. Smith agreed that submitting questions in advance would save time, and noted that there would still be some "surprise" items that would surface during the meeting. Allen noted that if questions were submitted in advance they would have to be read aloud at the public meeting and put into the record.

Nebel suggested that instead of reviewing page by page, the review could be done on a fund by fund basis which would save a lot of time. The page by page review may not be necessary. Allen agreed that the idea would save much time, but he would still like to see a page by page review of the general fund. Webster also agreed that

reviewing the fund summary pages instead of every page would be effective for saving time and appropriate for the smaller funds.

Webster suggested that it would be helpful to have Nebel's budget message delivered to the Committee earlier because it provides a comprehensive overview of changes and major requests that will be in the budget. She also stated that she would like to see more detailed information about the capital projects regarding the scope and timeline for each project. The public would benefit from and appreciate the extra information on the projects. It would be nice to spend more time reviewing the capital projects. Nebel explained that one of City Council's goals is to implement online reporting and tracking of capital projects. Nebel agreed that more detailed descriptions and more information on capital projects would be beneficial for all.

Webster suggested that subjects such as "new positions" be lumped together and discussed as a group at the second budget meeting. This could eliminate a lot of the extra time that is spent discussing details of such items. Busby added that an upfront summary or presentation of expense increase areas would be helpful as well. Nebel agreed that implementing these suggestions would improve the process. He added that a summary of all funds would be helpful as well, providing a total budget figure.

Webster suggested that when the answers and explanations for the "hit and wish" list are presented, that some of the answers do not need to be discussed in full detail at the second budget meeting. Perhaps the action items could be grouped together to serve as the main focus. Busby added that it would be good to prioritize discussion items based on the dollar amount, spending less time on \$1,000 items and giving more focus to the higher dollar amount issues.

Webster went on to note that City Council goals are not integrated and reflected very well in the budget as the goal setting is happening in parallel timing with budget preparation. Saelens explained that, as a Council member, he was pleased to see the goals integrated in the budget and that maybe it is easier for the councilors to see the connection between the goals and budget. He also said that in some cases the goal was not able to be funded in this budget year. It was also noted that the goal setting does happen before the budget, and that not all goals are monetary issues. Roumagoux and Engler explained that the beautification goal is more to explore options and visions than the actual funding and action on the subject. Before it can be funded we must define a common vision and a plan for implementation. Nebel explained that in order to have some goals impact the budget for the following year, the goal setting would have to take place in August or September. Allen suggested that Council adjust the timing of the goal setting session so that it coincides with the up-coming budget that would reflect the goals. Nebel stated that setting the goals too far ahead of the budget could be problematic because there could be other budgetary issues that come up and take higher priority than previously stated goals. Allen suggested that a primary goal setting session in August and then a supplemental follow-up session in February to address any other issues that may have come up. That would allow the timing needed for the goals to be integrated into the budget more effectively. Saelens suggested a work session be held by City Council to discuss the possibility of adjusting the goal setting schedule.

Nebel explained that ideally we would have a common long-term vision in which we develop goals to work toward accomplishing the vision, however we are currently

making goals without really having a defined vision. Council will be working towards developing and defining our “community vision.”

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. Marletta Noe spoke up and sent out thanks to all of the people who have put in the intensive work to make this budget happen. She expressed that she is tired of hearing complaints about the way the budget is administered from people who are not involved and do not show up to the meetings. Noe went on to comment on the Art Deco District and stated that it really does not look much like an Art Deco District. She also stated that the plans for the new hospital going into the district area does not meet the expectations she would envision for the Art Deco District. The designs and remodels of buildings in our districts should meet the expectations for the area. She would like to see the beautification address some of these district issues. Webster thanked Noe for her comments.

Catherine Rickbone expressed her thanks for the time and talents that have gone into the budget process and also her great thanks for the support of the Oregon Coast Council for the Arts.

CONVENING AS THE BUDGET COMMITTEE FOR THE CITY OF NEWPORT

CITY OF NEWPORT BUDGET AND TAX LEVIES

MOTION was made by Roumagoux, seconded by Engler, that the Budget Committee for the City of Newport approve a budget for the Fiscal Year beginning July 1, 2015 and ending June 30, 2016 for the City of Newport in the sum of Total Requirements of \$76,177,409; Unappropriated Ending Fund Balance and Reserves of \$4,787,619; and budgeted levels for appropriation purposed of \$71,389,790 in accordance with the foregoing summary of Funds and changes, and further recommends that the approved budget for Fiscal Year 2015/16 be adopted by the City of Newport. The motion carried unanimously.

MOTION was made by Engler, seconded by Saelens, that the Budget Committee for the City of Newport approve taxes provided for in the city’s budget for the Fiscal Year beginning July 1, 2015 and ending June 30, 2016 at the rate of \$5.5938 per \$1,000 of assessed value, plus an amount of \$2,329,169 for the debt funds in accordance with the following individual General Obligation Bonds.

Water Treatment Plant Bonded Debt	\$904,825
Wastewater Bonded Debt	\$935,925
Swimming Pool Bonded Debt	\$488,419

The motion carried unanimously.

**CONVENING AS THE BUDGET COMMITTEE FOR THE
NEWPORT URBAN RENEWAL AGENCY**

MOTION was made by Sawyer, seconded by Engler, that the Budget Committee for the Newport Urban Renewal Agency approve a budget for Fiscal Year beginning July 1, 2015 and ending June 30, 2016, in the sum of Total Requirements of \$6,011,664; Unappropriated Ending Fund Balance and Reserves at \$3,288,822; and budgeted levels for appropriation purposed of \$2,722,842 in accordance with the foregoing summary of Funds and changes, and further recommends that the approved budget for Fiscal Year 2015/16 be adopted by the Newport Urban Renewal Agency. The motion carried unanimously.

MOTION was made by Swanson, seconded by Sawyer, 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, with no amount being raised by the imposition of a special levy for the fiscal year beginning July 1, 2015 and ending June 30, 2016 for the Newport Urban Renewal Agency. The motion carried unanimously.

Sawyer and Roumagoux thanked Nebel, the city staff involved, and the Committee for all the time and work that has gone into the budget process.

ADJOURNMENT

Having no further business, the meeting adjourned 6:35 P.M.

CITY OF NEWPORT, OREGON

GENERAL ECONOMIC FACTORS AFFECTING THE FY 2016-17 BUDGET

I. POPULATION ESTIMATES:

	Population	Number Change	Percent Change
July 1, 2015	10,165	70	0.69%
July 1, 2014	10,095	-65	-0.64%
July 1, 2013	10,160	10	0.10%
July 1, 2012	10,150	85	0.85%
July 1, 2011	10,065	35	0.35%
July 1, 2010	10,030		

II. STATE SHARED REVENUES - ESTIMATES:

	Liquor Tax Tax	Cigarette Tax	State Gas Tax
A. Per Capita Rates			
FY 2015-16	\$ 14.86	\$ 1.20	\$ 57.47
FY 2015-16	\$ 14.44	\$ 1.25	\$ 56.74
FY 2014-15	\$ 14.25	\$ 1.25	\$ 57.23

B. Distributed on Per Capita Basis

	Liquor Tax Tax	Cigarette Tax	State Gas Tax
FY 2015-16	\$ 151,052	\$ 12,198	\$ 584,183
FY 2015-16	\$ 146,710	\$ 12,700	\$ 576,478
FY 2014-15	\$ 144,638	\$ 12,688	\$ 580,885
Estimated Revenue Increase (Decrease)	\$ 4,341.50	\$ (502.00)	\$ 7,704.15

C. Distributed Other Than by Per Capita

	State Shared Liquor Revenue
FY 2016-17 - Proposed Budget	\$ 140,000
FY 2015-16 - Adopted Budget	\$ 140,000
FY 2014-15 - Adopted Budget	\$ 115,000
FY 2013-14 Adopted Budget - Estimate	\$ 110,000
FY 2012-13 Actuals	\$ 110,800
FY 2011-12 Actuals	\$ 130,131
FY 2010-11 Actuals	\$ 80,119



Meeting Date April 26, 2016

BUDGET COMMITTEE MEMO
City Of Newport, Oregon

Issue/Agenda Title: State Shared Revenues Public Hearing

Prepared by: Mike Murzynsky, Director of Finance

Date: April 19, 2016

Item before the Budget Committee:

The Oregon State Department of Administrative Services each year notifies the City of Newport that the City is eligible to receive a portion of the State Shared Revenues. The monies are allocated based on the Certified Estimated Population from Portland State University's Center for Population Research multiplied by revenues projections which are based on current law (see page labeled General Economic Factors....). Annually the League of Oregon Cities (LOC) has assembled this data into a report which is used by the City of Newport to calculate its share of the four types of available revenues. The four types are:

- 1) Liquor tax
- 2) State Shared Liquor Revenue
- 3) Cigarette tax
- 4) State Gas tax

For your convenience a link to the LOC State Shared Report is included:

http://www.orcities.org/Portals/17/Library/2016StateSharedRevenueReport_FINAL.pdf

There is one more tax, the 911 Emergency Communication Tax, which is given to entity's with a 911 reporting system and as you know that we do not have that type system thus we are not eligible to receive it.

As part of the budget process the City Budget Committee convenes a Public Hearing to receive citizen input on the uses of these four revenues. As noted on the page labeled Public Hearing before the Budget Committee on Possible Uses, the total of \$303,250 will be possibly used as an offset of the General Fund expenditures of \$16,479,244. The estimated Highway Gas Tax of \$580,545 will be possibly used for Street and Roads (\$578,341), and Bicycle Paths and Trails (\$5,841) within the Capital Projects fund.

When the City Council meets in June 2016 to adopt the official budget for the 2016-17 Fiscal Year they will also create a resolution letting the State know that the City of Newport is interested in participating in this annual sharing of state revenues.

Proposed Motion:

No motion is expected of the Budget Committee for this process, its job is to gather information from the public on uses of the State Shared Revenues and forward the data to the City Council as part of their recommendations.

Attachments:

- 1) Oregon Shared Revenues - Public Hearing.....
- 2) General Economic Factors Affecting the FY 2016-17 Budget

CITY OF NEWPORT, OREGON

OREGON SHARED REVENUES
 PUBLIC HEARING BEFORE THE BUDGET COMMITTEE ON THE POSSIBLE USES
 FISCAL YEAR 2016-17 PROPOSED BUDGET
 "ATTACHMENT A"

REVENUE TYPE	CERTIFIED EST. POPULATION @ 7/1/2015	PER CAPITA RATES ESTIMATES	ESTIMATED REVENUES		
A. GENERAL SHARED REVENUES	Not Applicable	Not Applicable	\$ 140,000	*	
B. OTHER SHARED REVENUES					
Liquor Tax	10,165	\$ 14.86	\$ 151,052	*	
Cigarette Tax	10,165	\$ 1.20	\$ 12,198	*	
Highway Gas Tax	10,165	\$ 57.47	\$ 584,183	99.0% of Allocation for Streets and Roads	578,341
				1.0% of Allocation for Bicycle Paths & Trails	5,841.83
C. COMPARISON TO PROPOSED BUDGET REQUIREMENTS					
FY 2016-17 PROPOSED BUDGET - ALL FUNDS			<u>\$ 75,020,443</u>	Summary of Funds	
FY 2016-17 PROPOSED BUDGET - GENERAL FUND			<u>\$ 16,479,244</u>	<u>\$ 303,250</u>	* - See Page one
FY 2016-17 PROPOSED BUDGET - STREETS FUND FOR OPERATIONS (Fund 251)			\$ 580,545	\$ 578,341	Allocated - See Page four
- CAPITAL PROJECTS FUND (Fund 402)			\$ 9,360,877	\$ 5,842	Allocated - See Page seven
Total State Gas Tax Allocation			<u>\$ 9,941,422</u>	<u>\$ 584,183</u>	



Spencer Nebel
City Manager
CITY OF NEWPORT
169 S.W. Coast Hwy.
Newport, OR 97365
s.nebel@newportoregon.gov

MEMO

DATE: April 19, 2016

TO: Budget Committee

FROM: Spencer Nebel, City Manager

SUBJECT: City of Newport Fund Balance, Contingencies & Reserves Policy

In developing a budget for the 2016-17 Fiscal Year, Finance Director, Mike Murzynsky, Assistant Finance Director, Linda Brown, and I continue to work to make our budget process compliant with the Department of Revenue rules and guidelines. The State of Oregon has some very specific and detailed requirements for local units of governments to follow. One area that we will be discussing with the Budget Committee is in regards to the city's fund balance policy. In 2014, the Council adopted a policy that Interim Finance Director, Bob Gazewood, and I developed. While the policy was reasonable from a cash flow standpoint for the city's various funds, it was not consistent with various aspects of the Department of Revenue guidelines for local budgets.

Enclosed is a draft policy that will be reviewed by the Budget Committee. The most significant change in this policy is that the unappropriated ending fund balance for each of the operating funds should only contain enough cash to meet cash flow requirements through the course of the fiscal year. For the General Fund, that means there needs to be sufficient cash preserved by the time the city reaches November when the property tax revenue is collected by the County and provided to the local government. The unappropriated ending fund balance cannot be appropriated during the fiscal year unless there is a declared emergency. The Department of Revenue provides that surplus funds in any fund for a local unit of government should be contained in a reserve for future expenditure. The 2016/17 proposed budget has been developed along these lines. The reserve for future expenditures are funds that are not intended to be spent during the fiscal year. However, if the need arises during the fiscal year. To utilize this money, a supplemental budget may be adopted to appropriate the expenditure.

The third category of funding is the general operating contingency. The general operating contingency is for the placement of funds that may necessitate spending during the year

on items that cannot be specifically identified at the time the budget is being prepared. So unlike the reserve for future expenditure, there is general thought that contingency is likely to be used during the course of the year.

The funding policies take into account that our budget uses conservative assumptions so that we normally have unspent appropriated funds at the end of the fiscal year. As a result, I believe it is appropriate not to tie up significant funding in fund balance, undesignated reserves for future expenditures or contingency in the budget. Based on my third go around with the budget process, I feel the proposed budget appropriate a comfortable level of expenditures in each of the operating funds.

Prior to presenting this revised document to the City Council, I wanted to incorporate any comments that the Budget Committee may have about the draft policy.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "S. Nebel".

Spencer R. Nebel
City Manager

FINANCIAL POLICY

City of Newport Fund Balance, Contingencies & Reserves Policy

1.0 -- PURPOSE:

The purpose of this policy is to provide guidance to the city administration, Budget Committee, and City Council regarding the maintenance of unappropriated ending fund balances, reserves for future expenditures, and contingencies for the various operating funds. This policy is intended to identify desired levels to protect the city's financial position in the event of unanticipated emergencies.

2.0 -- DEFINITIONS

2.1 -- Unappropriated Ending Fund Balance (UEFB)

Budgeted requirements may include an unappropriated ending fund balance. The purpose of an unappropriated ending fund balance is to provide the local government with a cash or working capital balance with which to begin the fiscal year following the one for which this budget is being prepared (ORS 294.371 and OAR 150-294.398, renumbered from 294.371).

The amount of an unappropriated ending fund balance is determined by estimating cash requirements between July 1 of the fiscal year following the one which is being budgeted, and the time sufficient revenues will become available from other sources to meet cash flow needs. The maximum amount that should be budgeted in an unappropriated ending fund balance is the difference between the cash requirements and the other resources available during that period.

The unappropriated ending fund balance is not included in the resolution making appropriations. No expenditures can be made from an unappropriated ending fund balance during the year in which it is budgeted, except in an emergency situation arising during the year by involuntary conversion (theft, vandalism, accident, etc.), civil disturbance or natural disaster.

2.2 -- Reserved for Future Expenditure

An amount "**reserved for future expenditure**" is a line item requirement which identifies funds to be "saved" for use in future fiscal years.

Since the initial intent when the budget is adopted is not to spend the amount reserved for future expenditure, it is not included in the resolution making appropriations. If the need arises during the fiscal year to spend this money, a supplemental budget may be adopted to appropriate the expenditure.

An exception to this is in an emergency situation created when property is destroyed by involuntary conversion, civil disturbance or natural disaster. ORS 294.481, renumbered

from 294.455, describes when and how any available monies, including reserved amounts can be used to make such expenditures.

2.3 – General Operating Contingency

An estimate for **general operating contingency** may be included in an operating fund. The estimate is based on operations that may necessitate spending during the year on items that cannot be specifically identified at the time the budget is being prepared. The contingency is not a separate fund. It is a line item within an operating fund, separate from any of the other major object classifications. Its purpose and proper use are explained in Oregon Administrative Rule 150-294.352(8).

Each operating fund (each fund from which operating expenses are paid) is allowed one appropriation for a general operating contingency. A non-operating fund cannot have an appropriation for a contingency. During the fiscal year, money budgeted and appropriated as contingency must be transferred to another appropriation category before it can be expended.

2.4 – Reserve Fund

Reserve funds may be set up to accumulate money for financing the cost of any service, project, property or equipment that the district can legally perform or acquire (ORS 294.346, renumbered from 294.525). Under Local Budget Law, a reserve fund is a way to save money from year to year. Expenditures can be appropriated and made directly from a reserve fund.

The resolution creating a reserve fund should state the purpose for which the money in the fund can be spent. At least every 10 years after the establishment of a reserve fund, the governing body must review the fund to decide if it should be continued or abolished. Any unexpended or unobligated balance left in the fund when it is abolished can be transferred to the general fund or any other fund designated by the governing body.

Unlike reserves for future expenditures, reserve funds are established for a specific purpose to be funded over a number of fiscal years for specifically planned purposes.

3.0 - FUNDING LEVELS FOR UEFB & CONTINGENCIES

3.1 - Calculation of Funding Levels

The proposed budget shall be the basis for establishing U.E.F.B., reserves for future expenditures and contingencies for all operating funds. The funding levels shall be calculated based on the total expenditures, less transfers as outlined in this section. Any operating funds in which the U.E.F.B., reserve for future expenditures and/or contingencies fall more than 10% outside of these parameters shall be noted in the budget message.

Any unappropriated dollars in development funds and capital outlay funds shall be held as a reserve for future expenditures. Debt retirement funds shall be funded to meet requirements for the payment of interest and principal and related expenses. Any

required reserves for future payments or payment scheduled in future years shall be held as part of the reserves for future expenditures for that debt fund.

The Contingency, Unappropriated Ending Fund Balances and Reserve for Future Expenditures for operating funds of the City of Newport shall be calculated as follows:

General Operating Contingency is calculated by multiplying the total expenditures of the fund without transfers by the targeted percentage in Section 3.2 of this policy.

Unappropriated Ending Fund Balance is then calculated by multiplying the total expenditures of the fund without transfers, less the General Operating Contingency, by the targeted percentage in Section 3.2 of this policy.

Reserve for Future Expenditures will include all remaining funds not required for contingency or UEFB. The Reserve for Future Expenditures should fall within a range calculated by multiplying the percentages outlined in Section 3.2 of the policy, times the total expenditures of the fund without transfers, less contingency and UEFB.

3.2 - Fund Balances, Reserves & Contingency Levels

The funding targets of the unappropriated ending fund balances, reserves for future expenditures and contingencies for operating funds shall be as follows:

	<u>Contingency</u>	<u>UEFB</u>	<u>Reserve for Future Expenditures</u>
General Fund	4%	10%	8% to 15%
Self-Supporting Funds (1)	10%	12%	0% to 25%
Funds Supported by Transfers (2)	10%	8%	0% to 25%

(1) Self-Supporting Funds - Street, Water, Wastewater, Room Tax Fund, & Building Inspection Fund

(2) Funds Supported by Transfers - Public Works Fund, Parks & Recreation & Airport

4.0 - TARGETED FUND BALANCE GOALS

4.1 - UEFB Falls Below Targeted Levels

In the event that the UEFB falls below the designated range for that type of fund, the city administration shall develop a proposed plan to bring the UEFB back to the appropriate range for consideration and approval by the City Council within six (6) months after this discovery.

4.2 - UEFB Exceeds Targeted Levels

In the event that the UEFB falls above the designated range for any funds, the city administration shall develop a plan to bring the UEFB within the targeted limits through a one-time capital expenditure, commitment of funds to reserves, or other fiscally responsible actions for that fiscal year. In subsequent fiscal years, the funding requirements and or expenses for that fund should be evaluated to determine whether

revenues can be reduced, services increased, or other actions taken to address subsequent fund balance issues.

4.3 - Balance Review

Annually, in February of each year, the Finance Director will evaluate the targeted levels to determine their adequacy for the upcoming budget year, and will provide a report to the City Manager for review. The City Manager will present a report to the City Council when modifications are recommended for the targeted funding levels included within this financial policy.