

MINUTES OF THE BUDGET COMMITTEE OF THE CITY OF REEDSPORT APRIL 9, 2012,
7:00 P.M. AT CITY HALL.

PRESENT: Mayor Keith Tymchuk, Bill Otis, and Mike Macho, Kathi Wall-Meyer, Bill Walker and Ginger Anderson (Councilors Diane Essig was absent)

Committee Members Aeron Blackman, Jackie Potter, Tammy Van Syoc, Norman Morrison, Judy Macho and Mark Bedard (Committee member Lee Bridge was absent)

City Manager Scott Somers

OTHERS PRESENT: Floyd Dollar, Robin Dollar, Diane Novak, Deanna Schafer, Vera Koch, Chief Mark Fandrey, Harold Rose, Tom Anderson, John Steninger, Delaine Humphreys, DeeDee Murphey, Ed O'Carroll, Bobbi Unger, Dave Harris, Portia Harris, Joe Coyne, Steve Cluck, Nancy Hammond, Liz Adamo, Phyllis Dever, Tom Tarabe, Sara Haase and City Attorney Steve Miller

1. CALL TO ORDER

2. CITIZEN COMMENTS

This time is reserved for citizens to comment. Maximum of five minutes per item, please.

There were no citizen comments.

3. APPROVAL OF THE AGENDA

Committee Member Tammy Van Syoc moved that the Budget Committee approve the Agenda.

Mayor Keith Tymchuk seconded the motion.

MOTION:

that the Budget Committee approve the Agenda.

VOTE:

A vote was taken on the motion with the following results:

AYES 12 NAYS 0

(Mayor Tymchuk, Councilors Anderson, Otis, Macho, Walker, Wall-Meyer and Committee Members Bedard, Blackman, Van Syoc, Macho, Morrison and Potter voted in favor of the motion.)

Chair Mark Bedard declared the motion passed unanimously.

4. PUBLIC HEARINGS

Chair Mark Bedard opened the public hearing.

- A. Conduct public hearing for the City of Reedsport to receive state revenue sharing during fiscal year 2012//013: [note: A hearing is needed in order to comply with the ORS 221.770 regarding revenue sharing]
Please limit your presentation to 5 minutes.

Shall the Reedsport Budget Committee approve recommendations on uses of state revenue sharing funds for fiscal year 2012/013?

Chair Mark Bedard closed the public portion of the hearing.

Finance Director Vera Koch said that in order to receive state revenues apportioned among cities within the State, the City Council is required by Oregon Revised Statutes (ORS) to establish a process for annually electing to receive the distributions.

At the regular City Council meeting of May 21, 2001, the Council adopted Ordinance 2001-1022 establishing a process for electing to receive annual state revenue distributions. The Ordinance provides for a hearing before the City Budget Committee to consider the possible uses of state revenue sharing distributions in relation to the entire budget, including offset against property tax levies by the City.

The possible uses of state revenue may be used for

- Police Protection
- Fire Protection
- Street Construction, maintenance & lighting
- Sanitary Sewers
- Storm Sewers
- Planning, zoning, and subdivision control

The City of Reedsport supports all of the programs required as listed above, and levied a property tax for the fiscal year 2011/ 012, therefore making the City eligible to receive funding.

The proposed Fiscal Year 2012 / 013 operating budget includes the estimated state collected and distributed revenues, as an offset against property tax levies by the City as follows:

1. General Fund (#001)

a. Liquor Tax	\$40,000
b. Cigarette Tax	\$4,000
c. State Revenue Sharing	\$30,000
d. 9-1-1 Telephone Tax	\$21,000
Subtotal	\$95,000

2.	Street Fund (#002) (Gas Tax)	
	a. State Gasoline Tax	\$185,000
3.	Bicycle / Footpath Fund (#007)	
	a. State Gasoline Tax	<u>\$1,830</u>
Total:		\$281,830

Mayor Keith Tymchuk moved that the Budget Committee approve recommendations on uses of state revenue sharing funds for fiscal year 2012/013?

Councilor Bill Walker seconded the motion.

MOTION:

that the Budget Committee approve recommendations on uses of state revenue sharing funds for fiscal year 2012/013?

VOTE:

A vote was taken on the motion with the following results:

AYES 12 NAYS 0

(Mayor Tymchuk, Councilors Anderson, Otis, Macho, Walker, Wall-Meyer and Committee Members Bedard, Blackman, Van Syoc, Macho, Morrison and Potter voted in favor of the motion.)

Chair Mark Bedard declared the motion passed unanimously.

5. GENERAL BUSINESS

A. Receive fiscal year 2012 / 013 budget message from City Manager.

City Manager Scott Somers presented a power point slide overview of the City of Reedsport proposed budget for fiscal year 2012/013.

He explained that the budge is broken down into the following types of funds:

- General Fund (Government Funds)
- Miscellaneous Governmental Funds
- Proprietary or Enterprise Funds (business-type activities)
- Fiduciary Funds (outside party beneficiaries)
- Capital Enterprise and Improvement Funds
- Debt Funds
- Development Funds

Somers presented a chart that showed revenues and expenditures historically beginning in 2002 and ending in 2011. This chart reflects a gradual increase from 2002 to 2003, a drop in 2004 to below funding levels of 2002 and then a gradual increase until approximately 2007. At that time revenues began a gradual decline and leveled out in the last few years. He said that while revenues have remained constant, the cost of doing business has increased (supplies, personnel related expenses, ect.). In order to keep expenses below revenues cuts in personnel and services have been made. He said that this is a result of the unintended consequences of Measures 5 and 50 creating compression coupled with a major recession, resulting in Real Market Value depreciation. He said that the City has eliminated 8 full time equivalent employees since fiscal year 2001-2002 which results in a 20 percent reduction in staff in a 10 year period.

Somers discussed Budget Committee recommendations for reducing the budget deficit reflected in the current draft Budget Document. These recommendations came from a special work session exercise conducted earlier in the year.

In conclusion Somers said that if revenues continue on the anticipated trajectory, the elimination or outsourcing of city-provided services will be needed.

General Fund anticipated revenue for fiscal year 2012/2013 is \$2,826,680. Expenditures are anticipated as follows:

Public Safety \$1,462,860
General Government \$766,560
Unappropriated Expenditures \$420,000
Community Services \$50,355
Public Services \$126,905
Total: \$2,826,680

B. Begin review of the fiscal year 2012 / 013 budget document.

Chair Mark Bedard began reviewing the budget document.

City Manager fund 101 drew some questions regarding PERS retirement. Finance Director Vera Koch said that the rate for PERS is the same in all funds. There are actually different amounts for several different factors such as longevity and salary. It would be very time consuming to estimate each employee individually.

City Manager Scott Somers said that by using the flat rate it could over estimate the contribution slightly.

Council Anderson asked if this fund includes the Administrative Assistant also.

Koch said that it includes 1/2 of an FTE for the Administrative Assistant in all personal service line items, wages, retirement and benefits.

Bedard moved on to Legal Services.

Somers said that there are several changes regarding this fund. He said that due to a Budget Committee recommendation, the compensation will be changed from a retainer to an hourly rate. Also, several items have been eliminated for travel/training, dues and fees, ect. because technically these are independent contractors and the IRS is very strict on what a City can pay for and still not be considered an employee. Somers said that a decrease of approximately \$14,000 is anticipated.

Committee Member Norman Morrison asked if this is a reasonable amount.

Somers said that it is based on a survey completed last year using comparable sized cities. He said that the average is approximately \$138/hr. The estimate is based on past invoices from the current City Attorney of 15 hours a month that are charged to the City. He said that staff reduced that amount to 12 hours a month and used a dollar per hour figure of \$150.

Somers said that the Municipal Judge Salary has been reduced \$5000 due to moving from a retainer to an hourly rate.

Somers said that in the Municipal Court there is an increase in clerk's salary because last year this person helped out at the Discovery Center gift shop and a change was made in the accounting to reflect that. Somers said that this year the general fund transfer to the UDC would have had to been higher in order to cover this employee so the wages were moved back to the Municipal Court fund that even though she will continue to spent a quarter of her time at the Center.

Somers said that in 2009 the Planning Department had to lay a person off that performed planning services and Public Works Administration. This was a cost saving measure; the City now employees a contract planner two days a week.

At the Non-Departmental Fund Somers highlighted the section that lists the interfund transfers. Chair Mark Bedard explained that the elimination of the transfer to the Riverfront Fund came about from the Budget Committees recommendation of using \$25,000 of the transient room tax funds that traditionally have been transferred to the Chamber of Commerce for advertising. Somers said that this would require a contract re-negotiation with the Chamber.

Ms. Nancie Hammond asked to address the Committee from the audience. She said that it is important that everyone know that the amount of \$25,000 is the amount budgeted for advertising. To lose this amount would mean either shutting down the visitor's center or discontinuing events. She said that it is only fair that everyone know that, it is not money coming out of nowhere; it is coming out of the Chambers money.

Councilor Ginger Anderson said that she does not fully understand because the proposed pass through to the Chamber is \$135,000, and if you take away \$25,000 there is still a balance of \$110,000.

Ms. Hammond said that the Chamber's projections show approximately \$100,000 total transient room tax.

Committee Member Aaron Blackman asked if the City feels they are getting their "bang for the buck" by having the Chamber promote tourism.

Committee Member Judy Macho said that she feels with the attendance of the events and the amount of people that come here, that the City is getting a great value for the dollars.

Chair Mark Bedard said that to address Councilor Anderson's point, it is not as if the Chamber is losing \$25,000, they are losing an opportunity to market our area. The operation of the Chamber only loses 35% of that amount which comes out to \$8,750 that is used to fund the visitor center.

Finance Director Vera Koch said that \$135,000 is the number that is expected to be received from Motel tax in the whole area. This includes some of the money that the Discovery Center, the City and Winchester Bay Merchants receive.

City Manager Scott Somers said that currently Reedsport and Winchester Bay generated approximately an equal amount of taxes.

Councilor Anderson said that she understood from the budget worksession that the committee values the Discovery Center not only as a tourism facility but from an educational aspect also and that there is interest to continue to support it.

Chair Bedard said that the committee will continue on to the Police Department fund and then stop the review for the night.

City Manager Scott Somers said that the Committee will notice some slight decreases in expenditures in several line items in this fund. He noted that it was decided that the City can only afford one staff person to have a rotary membership this year so the Chief has eliminated this amount from his budget.

Councilor Anderson said that there appears to be no money in reserves for vehicle replacement.

Somers said that is accurate, two vehicles were purchased during this fiscal year and with the budget situation the department is going to try to get through the year with these.

Councilor Wall-Meyer said asked if the proposed firing range was going to cost the Police Department.

Chief Fandrey said that the work would be completed with grant funds. He said that the development of the range will actually save the department money.

Somers said that this department supports 9 sworn officers including the Chief and Sergeant.

The Committee elected to complete the Fire Department Fund review. The discussion centered on the \$15,000 transfer for capital equipment. It was stated that a used fire truck was recently purchased and this money will be to build the fund back up.

6. MISCELANEOUS

Chairman Mark Bedard said that he wanted to let everyone know that former Police Chief John Smart is now on hospice with advanced cancer. He expressed his wishes that prayers go out for him and his family.

Finance Director Vera Koch said that the Budget Committee meeting scheduled for the 23rd of April has been moved to the 30th of April.

7. ADJOURN

Mark Bedard, Chair

ATTEST:

Deanna Schafer, City Recorder