

CITY OF ROCKAWAY BEACH

REGULAR BUDGET COMMITTEE MEETING

APRIL 26, 2017

CALL TO ORDER Chair Walhood called the meeting to order at 5:06 p.m. There were four (4) guests present.

PLEDGE OF ALLEGIANCE

ROLL CALL Present: Chair Terry Walhood, Mayor Joanne Aagaard, Councilors Jim Doyle, Sue Wilson, Jonathan Beeman and Kristine Hayes. Citizen Budget Committee Members: Janet McIntire, Dave May, Patrick McIntire, Linda Olson, Laura Owens and Geoff Grace. Also present: City Manager Lars Gare, Public Works Director Luke Shepard, Finance Officer Marni Johnston, Fire Chief Barry Mammano and Police Chief Charlie Stewart .

APPROVE MINUTES May made a motion, seconded by Owens, to approve the minutes of the April 12, 2017, regular Budget Committee meeting as presented: May, Owens, Walhood, Aagaard, Doyle, Wilson, Beeman, Hayes, J. McIntire, P. McIntire, Olson and Grace voted in favor; motion carried.

PUBLIC HEARING TO RECEIVE PUB. TESTIMONY Walhood convened the public hearing at 5:09 p.m. to receive public testimony for possible uses of State Revenue Sharing Funds. She asked if there was anyone who would like to speak to this matter. Aagaard stated she would speak about Senior Meals for Gail Kennedy and passed out their budget. She stated they were asking for the same amount of State Revenue Sharing Funds as last year, \$8,000.00. She pointed out the number of meals they serve as required by the federal government and the volunteers and board hours that they were required to report also. She noted the meals were freshly prepared every Monday, Wednesday and Friday and that they do apply for grants as can be seen in their budget. Aagaard explained that they were not part of the Catholic Church, but rent their commercial kitchen. She noted they do get money from the Confederated Tribes and it goes to specific things such as the large commercial mixer they had needed. She stated they do fundraisers every year, breakfasts, dinners and silent auctions. Aagaard added that they now had a grant writer on the board. Ed Wortman, International Police Museum, stated he was asking for \$2,000.00 to use as seed money for grants. He said they had 3,841 people in the museum last year and were shooting for 6,000 this year. He added that he had just received the child ID kits for fingerprints and photographs that come in handy for the Police Department. Walhood closed the public hearing for proposed uses of State Revenue Sharing Funds at 5:17 p.m.

DISCUSSION/ APPROVAL OF BUDGET FOR FY 2017/2018 Walhood stated at the last meeting the committee had completed water, sewer, streets and debt service. Gare pointed out that the agenda indicates approval of the budget and forwarding it to the City Council for approval, but this was done by this committee and the next step was to the City Council for adoption. He said the Budget Committee was not a governing body, that was the City Council and he read from the manual giving the

parameters that the Budget Committee held. He stated the City Council can make changes after the Budget Committee approved the budget and the Budget Committee did not approve personal contracts or personnel wages the Committee approved the budget after all items were discussed. Gare noted the City Council was the ultimate arbiter. He said the Committee would now go to reserve funds first, these were to set aside funds for various purposes. He went over the specific dollar amounts. He noted the \$25,000.00 in Fire Equipment Reserve Capital Outlay. He stated on page 7, Project and Equipment Reserve, there were grants for Tourism Facilities, which was for the Nature Preserve, total resources were \$851,082.00, Capital Outlay Public Works vehicle \$140,000.00 for a new backhoe and another piece of equipment then down below was the match for the Nature Preserve grant. Gare moved members to the Transient Room Tax (TRT) bar graph comparing gross receipts, TRT paid in 2015 and 2016. He noted the gross receipts were not what the City received it was the TRT paid which was over ½ million in TRT paid, so this was a good revenue stream and it was being put to good use. He stated TRT paid in 2016 was up 3.131% from 2015, so the advertising was working and bringing tourists here, but more money had to be paid on other things. He stated page 19, was showing a fund balance of \$302,350.00. He pointed out that lines 4 and 5 reflected the 5% and 2% split and the total revenue was slightly over \$600,000.00. He stated then there was the Tourism Promotion, the 2% portion with a total for Material and Services of \$200,000.00. He went over Transfers Out for a total of \$704,032.00, which was pretty much all spent, but it was a self replenishing fund. Walhood asked how often the City received the TRT money. Gare replied quarterly, noting the middle 2 quarters were the most lucrative and the other two were less. There was some discussion regarding the budgeted amount for bad debt and how and if it would get used. Gare moved members to the General Fund and pointed out the graphs. He noted that the City had the lowest property taxes and that without TRT the City would be in a world of hurt. He covered administrative salaries and benefits stating that some salaries come out of enterprise funds, Fire was low because there was no significant manpower costs. He went to General Fund noting that revenues, expenditures and other items had increased but not as rapidly as the costs and the fact that the City was doing better with TRT was a definite increase from that revenue. He stated the City had been hovering around the \$1,000,000.00 mark since 2013, but property taxes and TRT were where the money was at. Gare stated that there had been increases in the Police Department, mainly adding another officer that was approved by the City Council, and then the junk vehicles they had to get rid of. He stated the Fire Department had been around \$90,000.00, Park & Recreation was at the same level, administration had been a flat line, debt service had been steady and transfers out to other funds were pretty much the same. He pointed members to page 1, where it showed revenues from other agencies that go into the General Fund. He noted the City was collecting the marijuana tax and all of these added up to just under \$100,000.00. He added that the City received some revenue from investments and facility rental. He also pointed out other revenue that

included different fundraisers, surplus property, and conflagration. Gare stated the last section was the Transfers In that came from a variety of sources that added up to \$464,200.00 with a total General Fund budget of \$1,383,500.00. Walhood asked if the Health Department rent had changed. Gare replied no, it had been many years since there had been an increase and he would look into that. Gare stated he would let Chief Stewart explain the Police Department budget. Stewart said they were seeing a significant increase in calls with another 800 calls annually, and he projected more calls and arrests. He stated personnel services had to do with having full time staff and PERS. Aagaard asked what the PERS rate was now. Finance Officer Marni Johnston replied that it was up to 24% for the employer and 6% that the employees kicked in, but Fire and Police are more. J. McIntire asked about PERS services for full time employees indicated on lines 2 and 3. Stewart said it did total 3 full time employees and that this would be the first full fiscal year that they were up to staff. He stated there had been an increase in overtime and standby time, noting that it wasn't just the calls for service, but the time and severity of the calls. May stated there was a 9% wage increase which seemed high as the officers who were union got a 3% increase. He stated he thought overtime was out of hand and Stewart needed to look at scheduling. Stewart stated he had actually decreased overtime and those weren't all scheduling based issues. J. McIntire asked Stewart to explain why the salary increases were so much higher than the 3% and there was a 9% increase for the Chief and 7% for officers. Johnston explained that if the officer got a certification they would receive an increase, so she had budgeted for certification fees. J. McIntire so if an officer were to get a 3% increase for each certification, then he could potentially see a 12% increase. Stewart stated he didn't budget for more than 2 certifications. P. McIntire asked how Stewart's activities affected the bottom line. Stewart said he tried to manage everything, but there were certain things the City didn't get charged for for instance some of what he does as a Chief. He stated there was a line added for attorney expense for legal issues in Materials and Services. He noted there were a couple of years of leases to pay. J. McIntire asked if on the leased vehicles was that considered on going costs and not purchasing. Stewart stated that most cities budgeted for reserve funds for vehicles, but this City hadn't, but long term there should be a reserve fund created. Doyle asked when overtime kicked in. Stewart said a gage for him was that typically any time after 10 hours as arrests increase and then calls into court, which was out of his hands. Wilson asked what his plans were for the \$16,000.00 in Capital Outlay. Stewart said some would carry over for fundraisers, the second ballistics shield, and trying to buy supplies centering around emergency management. He stated some of the other grant funded capital projects were to try to get AEDs for vehicles and trying for grants to supplement equipment costs. J. McIntire stated it showed on the revenue side Police Department grant funds and then it showed donations coming in, but she wondered where the funds were being expended. Johnston explained that on the revenue side (line 43) Stewart was going to raise \$14,000.00 and those were fundraising dollars that could be floated anywhere. She stated Stewart had

raised more money than expected, and he had the obligation to purchase what he had said he would, so it was budgeted for this year. Gare stated the next page was the Fire Department, their budget was more than last year because of the consultant fees to get professional advice on how they should proceed. He explained that they had to decide what they were going to do because the pressure was on volunteer fire departments regarding keeping current with the qualifications and training. He stated something needed to be done because they needed to hire one employee. He said there were two options, one is to form a district and the other was to go out for a Local Option Tax (LOT) that was renewable and that would fund the Fire Department in a slightly different manner. Gare added there was also the other part of public safety and that was law enforcement even though the population was only 1350 people there were still second homeowners. He said if the committee looked at what Garibaldi was doing he thought they got only one bite for either of those options, but either option would provide revenue the Fire Department needed. He explained that the building couldn't receive any grant money to repair it because it was in the inundation zone, so the only thing that could be done was to maintain it, which was a problem. Gare stated he did know the Fire Department had their nonprofit part which was not part of the City budget so he didn't know what their other resources were or what was available. Fire Chief Barry Mammano explained that they had been leaning toward a district, but thought it would be better to have a LOT. Gare said bottom line was there was money budgeted for a consultant who could come up with a plan of attack. He stated the next question was how to get it to the voters with the biggest challenge being, if they do a LOT, how much will they need, that number is unknown. Mammano stated that Garibaldi would be way over a dollar. Gare stated what Garibaldi was trying to do by forming a district was to tax at the rate of \$1.38/\$1,000.00. He stated he was proposing 1% TRT increase and give the majority of it to the Fire Department. Doyle asked how far down the road it would be for an LOT. Gare said he thought next May. Mammano added that with the LOT there was a chance theirs wouldn't skyrocket like Garibaldi's. Aagaard stated the Fire Department really needed it. She said she knew she wanted a Fire Department, they just had to get the word out. Discussion continued regarding the needs of the Fire Department. Mammano stated they had 17 members, they were on 24/7 with no pay and they needed help mainly with the building. He stated they had talked about having people stay at the station on holidays and increase stipends by \$5,000.00 and they would like 5 SCBAs at \$11,000.00 each. He stated they need turnouts, the Fire Hall needed a new floor badly and he didn't think it would pass an OSHA inspection. He said they would like to do an addition that would cost approximately \$100,000.00, and a new floor was \$40,000.00. J. McIntire asked if the City came up with the money would the current location be a safe zone. Mammano stated he didn't know. Olson asked if there would be room to move them to the Wastewater Treatment Plant. Mammano said it would be nice to get 10 acres higher up. Grace stated the Fire Hall really needed to be above N. 3rd Ave. Olson commented that the floor was really bad and the amount budgeted for maintenance was a joke. She

asked if the City could find money to start on the floor. Gare replied the short term was the 1% increase in TRT. Olson wanted to find the money for the floor. Mammano was asked if he was interested in relocation of the Fire Hall if grant funds to do so could be found. He said yes, but the good thing about the current location was that it was not in a residential zone. J. McIntire stated they had to look at a compromise, but when they looked at new locations they could get grants and having a Fire Department in a residential area happened all over the country, so there were lots of ideas. Mammano remarked that they could keep this building for the water rescue equipment only. Olson thought that something should be done right away. Grace said if the earth shakes, that building would be the first to go, it should be able to house a number of people and have a commercial kitchen. He added that if there were a new building they would have something to offer potential volunteers. He stated he felt the Department needed a paid chief and at least 2 paid firefighters. He added that he didn't know if the City wanted the liability if they couldn't respond to a fire. He noted they could start a live-in program. Walhood said she thought this all needed to be looked into. Wilson stated everyone knew the money was out there, but how was the Fire Department going to get it. Gare stated they hire a consultant, the consultant makes a plan and the City and Fire Department move forward with the plan. Discussion continued regarding how the Fire Department issues would be approached. Owens said she was hearing Mammano say that there was a real crucial need to get the floor fixed and she thought that should be done. Gare stated he would get the City Engineer to look at the floor. May asked where the marijuana tax money went. Johnston said that the state was saying it was for police services. Wilson wanted the marijuana tax delineated in a manner that showed it went to the Police Department. Gare stated if staff could get the ordinance passed to increase TRT, then the City would be able to spring for the floor to be repaired. Parks & Recreation Director Melissa McCarty stated this year she had asked for an increase of \$1,600.00 to cover employee wages, supplies and activities. She said for fundraisers the biggest were Linda and Pat Olson who had donated \$1,500.00, and Tillamook PUD, and that had helped to raise \$10,000.00. She said she wanted to match what the former director had raised and she had and she was trying to increase that each year. She stated the last year was the increase in hours because labor laws had changed so employees couldn't volunteer. P. McIntire asked about the scholarships. McCarty explained that it was money for the summer program that was donated to be used when kids didn't have the money for a fieldtrip. P. McIntire asked if she had a feel for how many kids used this. McCarty said she had used \$50.00 last year, so there was \$150.00 that could be used this year. P. McIntire asked if she saw this as a need. McCarty said she did. Olson stated their donation was for all the children to be used for scholarships. McCarty said she couldn't tell her how many times she was thanked for the program for something for these kids to do that didn't cost. She added that it was a great opportunity to give back to the community. Olson told McCarty how impressed she was with what she had done when they came to the library and how she controlled the

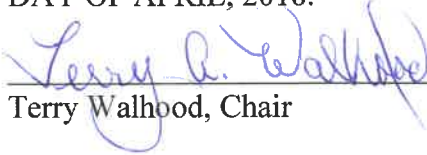
kids. Walhood noted that the Grub Club provided lunch. McCarty stated that was huge. Wilson asked if McCarty had offered the program to the hoteliers. McCarty said she had been thinking about that and trying to branch out more and thought it was a good idea. Gare said the next page 5 was Administration which was basically the City Hall budget and it started with personnel services, including City Council, that totalled \$85,624.00. He noted a lot of wages came from utility funds. He noted he budgeted for accrued vacations. He covered materials and services and listed some of the various items such as insurance, computers, ordinance update and a laundry list that included fines that need to be forwarded to the state, dues, bank fees, ads for notices in the paper, attorney and legal fees which were heavy, but that was what it cost and each department paid. He stated there was some travel and training, building maintenance this year would be used for cameras for the building. He pointed out that near the end was the State Revenue Sharing Funds for Senior Meals, \$8,000.00, Friends of the Library, \$2,000.00, the Race of Champions, \$1,000.00, and the International Police Museum (IPM) at \$500.00. Gare said he needed a motion from the committee to allocate whatever monies they wanted for Revenue Sharing and they needed to discuss the final amounts. Johnston pointed out insurance on line 19, had needed to be increased by \$300.00 - \$400.00 upon the advice of the City's insurance agent. Doyle said he would like to see the IPM increased to \$1,000.00. J. McIntire said she disagreed, stating these were public funds and weren't meant to go to private entities that could find funding themselves, and museums weren't free if they had people coming, they should charge them. She stated if State Revenue Funds were used, it needed to benefit the entire community, so Senior Meals and Friends of the Library were good, but subsidizing a private entity that could fend for themselves she didn't like. She added that she would be agreeable to the \$500.00 proposed, but had strong feelings about how State Revenue was being spent. May agreed with McIntire with regard to State Revenue Sharing Funds. Doyle stated Ed Wortman spent from his own pocket. J. McIntire said she understood, but she paid for things she felt passionate about. May made a motion, seconded by J. McIntire, to adopt State Revenue Sharing Funds for these line items as listed in the proposed budget. Hayes asked about the others who had asked for State Revenue Sharing Funds such as the Chamber of Commerce who had asked for \$3,300.00. Aagaard said she wanted to see a budget. J. McIntire explained she supported the motion and did not choose to include the Chamber because it was a private entity that was funded by membership and she still had a strong feeling that those funds should go to just the community and public dollars were sacred. Wilson stated they were dealing with a fiduciary responsibility and were accountable, these were great ideas but should be member sponsored. May, J. McIntire, Owens, Grace, P. McIntire, Olson, Aagaard, Wilson, Walhood, Doyle, Beeman and Hayes voted in favor; motion carried. Gare stated the committee had now gone through the entire budget. Wilson asked if the City could hire someone to look at the Fire Department needs prior to the next fiscal year. Gare stated staff might be able to find a little funding as they wanted the engineer to look at the

building. Owens made a motion, seconded by Doyle, to recommend approval of the budget for fiscal year 2017/2018. There was discussion regarding what could be done this fiscal year to repair the Fire Hall's floor. Olson stated she couldn't vote on a motion without something being done for the Fire Hall floor. Gare stated this would just move the budget to the City Council. Owens, Doyle, Aagaard, Beeman, Wilson, Walhood, May, J. McIntire and P. McIntire voted in favor, Grace, Olson and Hayes opposed; motion carried.

ADJOURN

Wilson made a motion, seconded by J. McIntire, to adjourn; May, J. McIntire, Owens, Grace, P. McIntire, Olson, Aagaard, Wilson, Walhood, Doyle, Beeman and Hayes voted in favor; motion carried. Walhood adjourned the meeting at 7:46 p.m.

MINUTES APPROVED THIS 25TH
DAY OF APRIL, 2018.



Terry Walhood, Chair



Terri Michel, City Manager