

CITY OF ROCKAWAY BEACH
BUDGET COMMITTEE MEETING

APRIL 8, 2015

- CALL TO ORDER** Council President Riley called the meeting to order at 5:00 p.m. There were four (4) guests present.
- ROLL CALL** Present: Rich Riley, Sue Wilson, Terry Walhood, Mardi Wing, James Doyle, Laura Owens, Linda Olson, Dave May and Nathan Beeman. Also present: City Manager Lars Gare, Public Works Director Luke Shepard, Park & Recreation Director Laurie DeKlyen, Finance Officer Marni Johnston, and Police Chief Pro Tem Charlie Stewart. Absent: Joanne Aagaard and Ann Swain.
- APPROVE MINUTES** Riley mentioned that Fire Captain Tom Martine was representing the Fire Department for Fire Chief Mammano tonight due to an illness in the family. He asked if Committee members had seen and read the minutes. Walhood made a motion, seconded by Wilson, to approve the minutes of the regular Budget Committee meeting of April 30, 2014, as written; Walhood, Wilson, Wing, Riley, Doyle, Owens, Olson, and May voted in favor; motion carried. Riley introduced Finance Officer Marni Johnston and City Manager Lars Gare.
- APPT. BUDGET COMM. CHAIR** Riley announced that ballots would be provided to members for the purpose of voting for a Chair. Ballots were passed out. Gare tallied the ballots and announced that Mardi Wing was the new Budget Committee Chair.
- PRESENTATION OF BUDGET MESSAGE** Gare presented the City Manager's Budget Message for fiscal year 2015/2016 to the Committee and read it into the record.
- PUBLIC HRG. FOR PROPOSED USES OF STATE REV. FUNDS** Chair Wing convened the public hearing at 5:14 p.m. for the purpose of receiving testimony regarding the possible uses of State Revenue Sharing Funds in the 2015/2016 budget, as required by ORS 221.770(1)(b). She stated testimony may only be given on this topic and asked if there was anyone desiring to testify on this matter before the Committee. Ann McBride, representing the Friends of the Library, wished to address the Committee. She told how the library was used by local people and visitors and provided the number of people who used the library. She said the library was open daily and on Saturdays. She noted that public functions and events were posted at the library and soon they would have a person coming from the Rinehart Clinic who would answer insurance questions. McBride listed the services and resources the library offered adding that the Fire Dept. and Police Dept. had agreed to coordinate programs at the library, also. She thanked the Committee for the increase last fiscal year to \$1,000.00 and the City for allowing them to have something in the City newsletter. She told of the expenses associated with the building and

noted the roofing and carpeting needed to be replaced. She provided a financial review for Committee members so that they could consider the library's needs. McBride asked for \$1,500.00 this year to help with the roofing and asked people to become members. She thanked the Committee for listening to her request, and provided a copy of her report. Wilson asked how much the library received in donations from their letter. McBride explained that the letter was a plea for new memberships so it had been at least a 60% increase of people who were now aware of the library because of the letter. She added some ask why they don't raise the membership fee, but they don't want to impact the seniors in the community. Walhood said she had understood that the Friends of the Library had received an additional \$3,000.00 in donations beyond the memberships they'd received. McBride stated \$2,770.00 was received over the year, but they recognized that some of the money received was a one-time gift such as the grant from US Bank, so that was why the State Revenue Sharing funds were so important to them. She said they were self-sufficient, the main branch only provided the librarian and the books and the rest was their responsibility. Owens asked when they expected to see the need for the new roof and if they had gotten and bids as it was expensive. McBride said the need depended on the weather and they had a savings they kept for emergency repairs. Riley asked if this was a \$500.00 increase over last year. McBride said yes. Finance Officer Johnston asked if they send anyone to the Library's budget meeting to ask for funding. McBride said they had no input in the Tillamook County Library's budget. She thanked the Committee for their time.

Penny Cheek, Special Olympics, thanked the Committee for their support from last year and said she appreciated it, but she also appreciated the personal support from the City Council, Police Dept., and the Fire Dept. Cheek said she would be more than delighted to have the same \$500.00 that was budgeted last year for the Race of Champions this year. Riley praised Cheek's work on the Special Olympics and noted that all the funds raised stayed in the community. He stated the participants really appreciate what Cheek does for them and this event. Riley asked if she needed more volunteers on the committee. Cheek stated she could always use more volunteers.

Owens stated she was in charge of VFW Community Garden and that there had been vandalism there in the past, so she would like the City to consider about fencing off the garden sometime in the future. Wing stated this concluded the public hearing on the possible uses of State Revenue Sharing Funds to be received by the City of Rockaway Beach in its 2015/2016 budget and declared the public hearing closed at 5:36 p.m.

**DISCUSSION OF
PROPOSED
BUDGET FY 15/16**

Gare suggested that the Committee start with the water and sewer funds because they only had 25 minutes remaining before the City Council meeting began. He stated he would have Public Works Director Luke Shepard walk them through those two funds. Shepard began by stating he

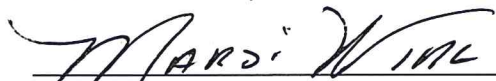
could say that in general water and sewer funds were in good shape. He said all beginning and ending fund balances were very robust and the only real change the Committee would notice was that the City was planning to spend more on Master Plan projects and he would those point out as he came to them. He started with the Water Operating Fund saying it was an enterprise fund and was self-supporting. He pointed out that the pie chart showed the biggest piece was in salary and benefits followed by materials and services. Riley asked if the new sandfilters were really keeping chemical costs down. Shepard directed Riley to page 15, line 23 that showed that chemicals were down 10% from last year and that over the last few years they had been reduced by 10% each year. Riley recalled the expense to replace the membranes and asked if Shepard had any way of planning ahead for those or would it be an emergency. Gare assured him that it would not happen all at once. Shepard stated they had already replaced some of them and the ones replaced were operating much better with the sandfilters in place. Wing asked about the anticipated life expectancy. Shepard said approximately 10 years. He directed Committee members to page 14 pointing out that these were the resources for the Water Operating Fund. He explained that it was up some because he was planning on taking in a little more and it was a nice steady revenue stream. He said page 15 were the expenditures for Water Operating and pointed out the wages, benefits, vacation and compensatory time. He noted that on line 23, Plant Chemicals and Supplies, was down from last year with the only increase being in System Maintenance and Supplies. Shepard stated page 16, was a continuation of expenditures where they could see \$85,000.00 in Improvements and New Lines then below were the transfers out and line 21, Unappropriated End Fund Balance, was pretty much the same as last year. Wilson asked if the Unappropriated End Fund Balance could be earmarked for the membrane replacement. Shepard said it could be. He stated they would notice as they went through the budget similar Unappropriated Fund Balances. Riley asked what the filters would cost. Shepard stated if the City had to replace them next year, it would cost \$600,000.00 and that would be if they were done all at once. He added that they most likely would be replaced at the rate of 5 per year when the time came. He stated in the Master Plan Reserve Fund on line 26, they could see a major change the increase being due to funding for priority 1 projects; the PVE booster station and line improvements. Shepard explained that page 18, reflected some older debt service that the City was still paying on; as members could see it was quite small as reflected on line 20, at \$35,400.00 and there was a decent fund balance as shown on line 26. He noted page 19, was a closed fund. He explained that page 20, was debt service for McMillan Creek reservoir with a total payment of \$136,100.00 shown on line 21. Shepard stated page 21, Water Systems Development Charge was a fund built up with fees collected from new construction, which he hadn't planned to spend much of, but would use for future projects. He noted when the new Water Plant was built a lot of the funding came from this fund. He stated the Sewer Operating Fund was also an enterprise fund and told the Committee, Public Works treats over

90,000,000 gallons of sewage a year. He again referred to the pie chart and that the biggest portion in this fund was salary and benefits followed by materials and services. He stated on page 22, the majority was from sewer bills which would bring in slightly more than last year. He said page 23, showed the biggest change in line 25, System Maintenance and Supplies, the increase was because of the age of the Wastewater Plant. He said the expenditures continued onto page 24, and pointed out under Transfers Out, line 17, that there was a large jump because he planned on doing some of the Master Plan projects. He noted the fund had a good Unappropriated End Fund Balance. Shepard stated page 25, was the Sewer Master Plan Fund and under Capital Outlay line 20, members would see budgeted \$225,000.00 the biggest change for Master Plan projects to the plant and sewer lift stations. He said everything else remained the same in that fund. He stated what the City had reserved on line 33, was more than last year and it was a healthy fund. He explained page 26, was the Sewer Systems Development Charge Fund which was what was charged to customers when they hook into the City's system and he had no plan to spend from this fund this year. He noted page 27, was a closed fund. Shepard stated page 26B, Sewer Improvements Debt Service Fund, was the fund that pays for the sewer outfall that was done a few years ago with a payment of \$204,600.00. Wing thanked Shepard. Gare announced that the next meeting was 2 weeks from tonight at 5:00 p.m.

ADJOURN

Riley made a motion, seconded by Owens, to adjourn; Walhood, Wilson, Wing, Riley, Doyle, Owens, Olson, May, and Beeman voted in favor; motion carried.

MINUTES APPROVED THIS 22ND
DAY OF APRIL, 2015.



Mardi Wing, Chair



Lars Gare, City Manager