

CITY OF ROCKAWAY BEACH

REGULAR BUDGET COMMITTEE MEETING

APRIL 30, 2014

CALL TO ORDER Chair Owens called the meeting to order at 6:00 p.m. There were (6) guests present.

ROLL CALL Present: Joanne Aagaard, Mardi Wing, Terry Walhood, Sue Wilson, Dave May, Linda Olson, and Laura Owens. Also present: City Manager Lars Gare, Public Works Director Luke Shepard, Fire Chief Barry Mammano, and Police Chief Ed Wortman. Absent: Tony Enzler, Ann Swain, and Rich Riley.

**PUBLIC HRG.
STATE REV.** Gail Kennedy, Board of Directors of Meals for Seniors, stated they were asking for \$9,000.00 from the City this year. She stated they do some fundraising and do some grants, but they still needed funding. She reported that the number of people fed had increased this year. She noted Senior Meals did deliver meals in Rockaway Beach and Garibaldi and they provide a social site. Owens asked what they had received last year. Kennedy stated \$8,000.00. Wilson asked if they had a full time employee. Kennedy answered that they had one full time employee. Wilson asked if it was 5 days a week. Kennedy stated that it was only 3 days a week, but they deliver meals 5 days a week. Aagaard explained the full time employee was on salary for only 200 hours a month and was not allowed to exceed that amount of hours. Kennedy added that they did spend a tremendous amount on food. Wilson asked if they received money from USDA. Kennedy stated no as they were not a USDA kitchen, but they did get a lot of food from the food bank. Walhood noted that the Hope Chest gave Senior Meals \$1,000.00 for the Grub Club. Olson asked what people pay for lunch when they come to the meal site. Kennedy stated they ask for a \$4.00 donation. Olson asked when the fee had last been raised. Kennedy said a couple of years ago, but they couldn't raise the fee.

Walhood stated she would like to request funding to be able to complete the project at Seaview Lake which had been going on for 3 years. She thanked everyone who had donated funds, but if the money was available she would like a couple of thousand dollars. Owens asked if that would finish the project. Walhood thought that it would. Aagaard asked what they wanted to do. Walhood stated \$2,500.00 would go to Tillamook PUD to do the electrical and then Miami Cove would do the electrical work to install a breaker box with a dawn to dark timer for lighting and the fountain. Owens asked where she was getting the money now and if some of it was coming from City Beautification since there was \$6,000.00 budgeted in that fund. Walhood agreed that some of that would go to Seaview Lake. Owens remarked that she would like to see the project come to a close as it had been going on for a long time. Aagaard commented that the lake looked nice.

Aagaard noted that the City did give \$500.00 to the Race of Champions which benefits the Special Olympics locally. She stated there were 2 runs and a walk and it's held on the Saturday of Labor Day weekend, so she asked that the City continue to support them with \$500.00. Walhood added that if there were any funds left, she would like some of it to go for the Nature Preserve for a delineation and an engineer's design for a walkway. She noted that those two items were needed prior to seeking funding for development of the Preserve from Oregon State Parks and Recreation. Discussion continued regarding the details of developing the Nature Preserve.

Ann McBride, President of Friends of the Library, thanked the City for the \$500.00 support last fiscal year. She stated this year they were asking for an additional \$1,000.00 because of the cost of maintenance of the 14 year old building and their responsibilities for the costs of cleaning supplies and general repairs. She stated their income came from membership dues, book sales and their supportive summer clientele who sometimes donate. McBride reported that their membership was up to 149 members and has now become a viable part of this community. Olson pointed out that the request in the newsletter had almost doubled their membership and she thanked the City. McBride agreed and said they would be asking again this year to have something in the June newsletter. Wilson asked if they had considered raising the dues. McBride said they had, from \$5.00 for individuals and \$10.00 for families to \$10.00 for everyone, but the expenses were running between \$7,000.00 and \$8,000.00 per year.

Owens stated this concluded the public input for State Revenue Sharing Fund uses and she closed the public hearing.

**APPROVAL OF
MINUTES**

Aagaard made a motion, seconded by Wing, to approve the minutes of the April 9, 2014, regular Budget Committee meeting as written; Aagaard, Wing, Walhood, Wilson, May, Olson, and Owens voted in favor; motion carried.

**DISCUSSION OF
BUDGET FOR
FY 2014/2015**

Gare said they should continue with the Fire Dept. then go into Roads and Streets and then Water and Sewer. He stated with regard to the Fire Dept. members could see the background and the numbers from last year to this current year. He explained that the main difference was the fundraising; this year showed zero because the Fire Dept. reestablished their 501C3. He said the Fire Dept. did have some capital expenditures for an addition to the Fire Hall and there was money to repair the doors. He added that the Fire Dept. fundraiser money was separate.

Park & Recreation Director Laurie DeKlyen stated because the Committee had talked about her budget at the last meeting she would have to work with the funds she was given. She talked about the donation letter and possibility that if Park & Rec received more funds with that, she might come back and ask to spend the donations received. She stated there had

been an average of 28-30 children in the park, which was up from previous years so she needed to have people there to watch the kids and keep them safe. DeKlyen said at this point she would try to keep within the budget established and that she was trying to get a steering committee to work on the fundraisers because she and Kathy Kammerer were not good at that. She noted they would be trying some different things to increase the Park & Rec income. Owens asked if DeKlyen had two paid employees. DeKlyen stated no, and explained that during the summer program it was her, and Kammerer who made minimum wage unless she substituted for DeKlyen she would receive a little more plus the two kids who helped and received minimum wage. Walhood expressed her concern with regard to the profits of the fundraisers this year as compared to previous years and thought they were down. DeKlyen agreed the profit was down some. She noted she didn't have the dunk tank any more for Carnival and couldn't seem to find one that was feasible so she was trying to figure out something to replace it.

Gare stated that the Committee had finished General Fund at the last meeting, but hadn't talked about the Fire Truck Reserve Fund. He said some funds from TRT would be added to bring the reserve account up to \$94,000.00. He noted that would not be enough, but the trucks were well maintained and he didn't see any problem. He stated the next fund was Project and Equipment Reserve and discussed the transfers in the total expenditures of \$104,800.00. Gare pointed out that the Committee had talked about the Roads and Streets Fund at the last meeting, but there was one other item related to the fund he wanted to mention and that was the Transportation Systems Development Charge (SDC) which every new building paid the fee intended for capital improvements. He noted there was no capital outlay scheduled from this fund this year. He stated the next funds were the utility funds. He asked Public Works Director Luke Shepard to talk about this. Shepard said his expertise was more on the operations side, but if anyone had questions he could try to answer them. Gare pointed out that it was a little higher because the City had more services to provide, but the funds were in good condition so there was no reason to raise utility rates. He stated the Water Treatment Plant (WTP) had used a lot of chemicals and electricity to keep everything up and running. He said even though the City's population was only 1,350 it still had more hookups than the City of Tillamook. He pointed out that the things the City had done to the WTP would reduce the cost of the improvements, and Shepard had done a good job of keeping those costs down. Owens asked about telemetry. Shepard explained that it was the communication between the systems. Gare further explained it was an automated system, so the City didn't have to have a person necessarily come out on site to do things, so the City paid for a phone line to accomplish this. He pointed out the balance forward of \$702,200.00 and the ending fund balance that was \$284,100.00, which indicated the fund was doing well. Shepard pointed out that in the Water Master Plan Reserve Fund members would see line 25 for a Jetty Creek OWEB grant

that had been removed, but there was \$30,000.00 on line 27 for City's portion of the match should the grant go through. He noted below that was money set aside for Master Plan projects. Gare noted the solvency of the Master Plan fund with an ending balance of \$566,900.00. Laprevote pointed out a debt service fund that was almost paid off. Gare said the payment on line 20 was what the City paid on that particular bond this year. Laprevote pointed out the Transfer In on line 9 to use the SDCs collected. He mentioned that there were two Water Improvement Debt Service funds; McMillan Creek Reservoir and Jetty Creek Water Treatment Plant. Gare stated the fund balance would stay constant because of the revenue funds coming in. He stated the Water SDC fund was what new construction paid when they hooked into the water system and the total capital outlay would be \$12,400.00. He noted there wasn't much coming in, but it was solvent. Gare directed members to the Sewer Operating Fund, which had total resources of \$1,550,200.00 with the big resource there being the base rate. He pointed out the payroll side of the fund below the total resources and materials and services below that. He briefly described the treatment process. Wilson asked what engineering costs on line 44 entailed. Shepard explained that anytime the City did a sewer line project the State required an engineer to supervise and also some regulatory reports needed to be compiled by an engineer. He noted some years too much was budgeted and some years not enough. Shepard said DEQ may have a small grant for small projects, so if they do, the City would like to be prepared for that and that was the reason for the grant match. Gare pointed out the Transfer In of \$70,000.00 for the Sewer Master Plan that would be spent. He stated the contingency was increased, but it couldn't be spent unless the City Council agreed. He said the Unappropriated Ending Fund Balance was \$686,500.00, so there was no rate pressure on those two funds. He pointed out that in the Sewer Master Plan Reserve Fund \$300,000.00 had been budgeted in case of a problem with a lift station. Laprevote explained the Sewer Improvements Debt Service was the sewer ocean outfall and the City was looking at refinancing that, but until then it was \$204,600.00. Gare stated next was the Sewer SDC Fund that was in good shape and was what new construction paid to hook into the system. He noted there was no plan to spend any this year. He said that brought the Committee to TRT which was what was collected from motels and short term rentals. He explained that there were two components; there was the 7% and then the 2% with most of it going to General Fund requirements and the remaining 2% had to be spent on advertising. Gare pointed out the TRT Fund Balance of \$90,400.00 with a projected 7% collection amount of \$250,000.00 and a 2% collection amount of \$71,400.00. He noted it might be pessimistic, but the projected total resources were \$413,200.00. He described the \$39,000.00 as being the money for the media advertising and the following two lines, Advertising/Tourism and Website, were for the City to spend on advertising for the Spaghetti Feed, the 4th of July, Carnival in the Park and any other miscellaneous advertising costs. He noted the 2% portion budgeted to bad debt for those who don't pay their TRT. Gare pointed out

the money the City gives the Lions Club for their Fun Day on the Beach on the 4th of July and the \$16,500.00 for fireworks. He noted the 7% portion budgeted to bad debt again. He said further down the page shows the Transfers Out of the 7% to the other departments for a total of \$198,000.00 and then the contingency line for total expenditures of \$413,200.00. Wilson asked about the unappropriated funds. Gare explained saying that those funds can only be spent if it's approved by the City Council. Wilson likened it to an emergency fund. Gare explained that the funds are there just so the City doesn't over spend the fund, as the City wouldn't want to put itself in an overspend situation. He added that if the auditor caught that, they would say the City violated State budget law, so it's just a safety valve. Mammano said next year the Fire Dept. would like the City to help with the Fire Fest costs. Gare said at the end of the year the City would probably have \$500.00 in the budget and if the Fire Dept. wanted it for flyers or something they could have it. He commented that this took the Committee through all of the funds. Owens asked if this would be an appropriate time for Steve Press, Chamber of Commerce Treasurer, to speak to the Committee.

Steve Press said he was in attendance on behalf of the Chamber and gave a report on their expenses for festivals and Chamber expenses. He asked for money in next year's budget for advertising for their festivals. He mentioned some electrical damage that had occurred at the Caboose. Walhood pointed out that Press had said the Chamber received money from Tillamook PUD to fix the electrical problem. Press said that was correct. Aagaard mentioned that the RFP for advertising was going out. Gare stated Press didn't want the RFP money; he just wanted funding for Chamber operations. Owens and Aagaard asked if Press had an amount in mind. Press said \$7,500.00. Wilson asked where the money collected from space rental for the festivals and membership dues came in. Press said that money was how they paid their operating expense. Owens asked the price of membership dues. Wilson said it was \$40.00, but it depended on the size of the business. Owens asked how many members they had. Press said he didn't know and would have to find out. Gare stated the request for \$7,500.00 would have to come out of the General Fund because the money in TRT was spoken for, so if the Budget Committee wanted to recommend to the City Council that they help the Chamber it would have to come out of the 7% because operations cannot be spent out of the 2%. He noted that the Chamber should have asked for financial support during the State Revenue Sharing public hearing. May suggested having the City Attorney review the matter. Wing thought the Chamber's request was based on their interpretation of the Comprehensive Plan. Walhood stated the Comprehensive Plan didn't say that the City had to help the Chamber financially, just that it would work cooperatively with the Chamber. Press said they were just asking for \$7,500.00 and that the City didn't have to give the Chamber the entire amount, it could give them a portion and then decide where it would come from. Aagaard suggested Press bring a line item budget that showed what the Chamber would be

spending the funds on. Gare explained that according to Oregon budget law the Budget Committee could approve the budget as presented and the City Council could increase any fund by 10% without having to go back to the Budget Committee. Gare stated the Council would hear about the request. He said the Committee could adopt this budget. Olson stated she didn't have a problem with helping the Chamber, but didn't think the City should be paying for their day to day operations. She added that she would like to help them out with their festivals, but wanted accountability of where the funds were going. Gare stated that concluded the presentation of the 2014/2015 fiscal year budget. Discussion continued regarding where the funds would come from to assist the Chamber. Aagaard made a motion, seconded by Walhood, to approve the 2014/2015 fiscal year budget as presented and that it be recommended to the City Council for their approval; Aagaard, Wing, Walhood, Wilson, May, Olson, and Owens voted in favor; motion carried.

**APPROVE THE
TAX LEVY**

Gare said that next the Budget Committee must approve the tax levy. Aagaard made a motion, seconded by May, to approve the Tax Levy rate of .9880/\$1,000.00; Aagaard, Wing, Walhood, Wilson, May, Olson, and Owens voted in favor; motion carried.

ADJOURN

May made a motion, seconded by Wilson, to adjourn; Aagaard, Wing, Walhood, Wilson, May, Olson, and Owens voted in favor; motion carried.
Owens adjourned the meeting at 7:48 p.m.

MINUTES APPROVED THIS 8TH
DAY OF APRIL, 2015.

Mardi Wing
Mardi Wing, Chair

Lars Gare
Lars Gare, City Manager