

Minutes of the
CITY OF CANNON BEACH
BUDGET COMMITTEE
Tuesday, May 21, 2013
Council Chambers

Present: Budget Committee Members: Chair - Herb Florer, Vice Chair - Richard Bertellotti, Don Royse, Marty Schwab-Harris, Council President Sam Steidel, Councilors; Nancy Giasson, Wendy Higgins, Melissa Cadwallader, Mayor Mike Morgan

Absent: Sally Stevens

Staff: City Manager Rich Mays, Finance Director Renee Sinclair, Chief Jason Schermerhorn
Accounting Clerk Jean White

CALL TO ORDER

Chair Florer called the meeting to order at 5:30 p.m.

Motion: Bertellotti moved to approve the agenda; Royse seconded the motion.

Vote: voted AYE; the vote was 9/0 in favor and the motion passed unanimously.

(1) Approval of the Minutes of the Budget Committee Meeting of May 13, 2013.

Motion: Bertellotti moved to approve the Budget Committee minutes as amended;
Royse seconded the motion.

Vote: Voted AYE; the vote was 9/0 in favor and the motion passed unanimously.

(2) General Fund Budget

Community Programs

Children's Center -

In response to a question from Royse about the Children's Center having its own line item, Mays stated it had been listed separately for several years then added back into the Community Grant line item. The Council wanted it to be a separate line item so it was easier to track. Giasson stated the Center has always received a percentage of the grant money. Morgan stated the Center was started many years ago and Center was an important part of the community.

In response to a question from Schwab-Harris about the reporting of the finances, Children's Center Board President Barb Knop gave a report. They will not be getting any money from Sunset Empire Parks & Recreation, nor United Way. They are looking for a new director that will be a salary position at a 7% increase from what has been paid in the past. Barb and the teachers are running the Center until the new director is hired. There are 8 children that live outside the City and the fee structure is the same for them. The Center has a line of credit and receivables have gone up because they raised the fee. Contributions were up because of two high donations from individuals (\$10,000 and \$34,000). The Wine Walk generated \$10,000 but it isn't a guarantee for 2014.

Schwab-Harris asked that one of the Council or a specific person, be on the Board of the Children's Center to report progress and concerns to the Council on a regular basis and that person have a strong understanding of a business plan and financial structure.

Florer stated there are 3 items of concerns: 1) what amount should the Budget Committee consider; 2) should it be a separate line item; 3) whether to have a council member or specific person on board of the Center. In response to a question from Royse about a financial plan and the amount she needs, Knop stated the Center's budget is set up to include the full amount of \$61,380.00. She is hoping the fund raisers will be more profitable in the coming years.

In response to a question from Schwab-Harris about number of students, Knop stated the Center is at capacity for legal limits. There are no specific employers whose staff use the facility.

Motion: Morgan moved that we approve the \$61,380.00, Bertellotti seconded the motion

Vote: Voted AYE; the vote was 9/0 in favor and the motion passed unanimously.

Morgan stated the Council will talk about oversight of the Center and Royse asked there be a written business plan for next year.

Tolovana Club Maintenance -

Mays discussed the \$10,000 landscaping plan from the 2012/2013 budget be used to paint the building and build a new deck and \$10,000 for landscaping in 2013/2014 budget. The amount already spent was on building repairs.

Shuttle Subsidy -

In a response to a question from Giasson about how well is Sunset Transportation doing, Mays stated the service is going on as we had planned. He proposed the shuttle run daily from Sand Castle to Labor Day, then weekends through to October. These changes will work within the \$42,000 budgeted.

Cadwallader asked that the bus route 20 and the shuttle be looked at so they don't overlap.

Visitor's Map -

In response to a question from Giasson about the Visitors Map, Mays stated some of the businesses are not members of the Chamber. The map is produced by the City not the Chamber of Commerce.

Morgan stated he thought the businesses were going to support the program after the first few years. Sinclair stated the fee was dropped 2 years ago. The fee was charged to specific businesses, there are 3 different fee rates based on the number of employees.

Giasson wanted the map name to be changed, because the map is only businesses. Mays stated there are others items on the map. Giasson asked the Cannon Beach Community Church be added back on the map.

Motion: Cadwallader moved to reactivate the map fee to all businesses for the Visitor's map.
Higgins seconded the motion

Vote: Voted AYE; the vote was 9/0 in favor and the motion passed unanimously.

Chamber of Commerce -

Morgan stated the Chamber should also give the Council a financial report, much like the Children's Center. Mays will have them supply one by next meeting of the Council.

Haystack Awareness Program

In response to a question from Morgan about the \$123,000 including the 2%, Sinclair stated the 2.07% cpi increase is only \$91,000.

In response to a question from Cadwallader about the Compensated Absences line item, Sinclair stated it is totally dependent on personnel when the budget is written.

In response to a question from Morgan about the Yoga Festival, Cardillo stated that Friends of Haystack Rock received around \$4000 to \$5000. This represents a festival manager fee of 15%.

In response to questions from Higgins about the increase in personnel expenses and \$17,000 in revenue, Mays stated the \$17,000 was from Friends of Haystack Fundraising. Sinclair stated the increase in salaries was due to PERS.

In response to a question from Morgan about grants, Cardillo stated they submitted several grants that weren't awarded so they are looking at adding merchandising revenue.

Cadwallader stated there are very few grants for staffing. Grantors look for new projects.

Planning

In response to a question from Morgan about the budget for the Forest Reserve Trail, Bartl stated is in the Forest Reserve Budget. Mark See has created an internal code for the staff to use while working on this project.

In response to a question from Morgan about the 2nd entrance to the beach, Bartl stated it would not be what was original proposed, more low key.

In response to a question from Florer about increase in HDL insurance, Sinclair stated new staff had added family plan to their insurance.

In response to a question from Cadwallader on the electric vehicle charging station, Bartl stated the state took over the project, but it has been completed.

Non-Departmental Admin Services

In response to a question from Royse about the budget line total, Sinclair stated the funds aren't balance because year-to-date is only through 3 quarters. These funds don't have a carry-over.

In response to a question from Schwab-Harris about the jump in central services, Sinclair stated part of the jump is due to an 11% increase in property, general and auto insurance. The electric bill also increased and there were upgrades with internet connections and computers.

Building Maintenance

There were no questions asked.

Farmers Market

In response to a question from Schwab-Harris about the fund and Higgins asking if other cities pay for a Farmers Market, Mays stated he didn't know of any other cities that have programs like this.

Conversation was on-going about whether we should keep the market a City Program.

Florer stated it sounds like no one is wanting to remove the program, but the Committee wanted the Council to know of the concern about the market being a City program vs a non-profit..

Giasson suggested we make the recommendation that we allow the program, but neither the amount of expenditures or the staff have changed from the past few years, so we shouldn't change the amount the City will give.

Municipal Court

In response to a question from Cadwallader about the increase in salaries, Sinclair stated it was due to reallocating of employees from the Police Department Budget.

Sports Park

Mays discussed the Council decision to have GEO Tech, Design & Engineering only on the budget.

Mays also stated the discussion about the timber is on the agenda for the Council on June 4th.

Police

In response to a question from Royse about the annualized amount, Sinclair stated the incentive pay and shift differential change and overtime was reported into salary.

In response to a question from Giasson about items discussed in one of the Council meetings, Schermerhorn stated under operating & materials that ammunition was added and a refrigerator for evidence. "Justice System" line item is for the I-pads in the vehicles. Police vehicles are in need of updating, most have very high mileage so the Chief is planning on getting rid of 2 and replacing with one vehicle which has an eco boost system.

In response to a question from Cadwallader about the desk for the Chief, Schermerhorn stated it is for his office and just like the one in the front office. Sinclair stated the amount for the desk is under the Facilities Budget.

Lifesaving

In response to a question from Bertellotti about the PERS, Sinclair stated some of Schermerhorn's and Wilbur's hours have been reallocated to this fund.

911

In response to a question from Schwab-Harris about the agreement with Seaside, Mays stated we are still working on getting a cost for services for 2013-2014. Sinclair stated the funds the City use to receive are now going directly to Seaside.

EPREP

In response to a question from Morgan about the extra food for day trippers, Steidel stated it is in TEV Kits (Tourist, Employees and Visitors) and the amount of \$10,000 is in the Storage Container line. The Kit includes; plastic cover (tent), poncho, food bar (a days worth of rations) and water. There is enough for about 500 people with a goal of 2500. The water and food bars are good for 5 years.

In response to a questions from Cadwallader about the KMUN Translator, Mays stated that KMUN is not responding back. He doesn't feel they are ready and that is why the project was not completed.

In response to a question from Morgan about the value after a cascading event , Steidel stated we would be able to communicate within Cannon Beach.

There was discussion and a decision to have the original \$12,000 put back into the budget as a place holder.

The Fire District will not be able to contribute funds to the EPREP. Schwab-Harris stated they are funded by a percentage of Property Tax and there is no other income.

Contingencies

In a response to a questions from Morgan about the Contingencies transfers, Sinclair stated there was unplanned expenditures of \$70,000.00 serving FY 2013.

Transfers

Mays spoke about the expenses. There were no questions asked.

(3) Tourism & Arts Fund Budget

In response to a question from Cadwallader about the total amount for FY 2013, Mays stated the amount is year-to-date through March.

In response to a question from Schwab-Harris about a reserve, Mays stated the Council decided not to have the reserve. There will be a fund balance carry-over.

In response to a question from Royse about the fund being overseen, Mays stated the Tourism & Arts Committee have on going meetings with the Council for evaluation of the program.

In response to a questions from Giasson about where the balance will be shown, Sinclair stated it would appear as an unrestricted fund balance on Tourism & Arts Fund segment of the budget.

(4) Building Official Fund Budget - Moved to Thursday's meeting

(5) RV Park Fund Budget

In response to a question from Bertellotti about the difference between Revenue and Expenses, Sinclair stated the primary RV Overhead is mostly fuel price. Florer stated the budget looks very conservative. Sinclair explained the difference between carry-over and unappropriated balances.

Sinclair stated she would re-valuate the overhead line item for the next meeting.

In response to a question from Morgan about Escape Lodging, Mays stated Escape Lodging is managing the site. All revenues are deposited into a City account and expenses paid by City.

In response to a question from Cadwallader about the playground equipment, Mays stated there was an accident and Escape Lodging removed the piece of equipment. The playground equipment can be fixed by putting wooden chips under the equipment.

Steidel asked for a report that separates the fuel from the rental revenue. Sinclair stated she will do a breakdown.

(6) Debt Service Fund Budget

In response to a question from Morgan about the North Entrance bond, Sinclair stated there is 3 more years.

INFORMATIONAL ITEMS

(7) Good of the Order

Nothing stated

ADJOURNMENT

Florer adjourned the meeting at 8:36p.m.

ATTEST:

Herb Florer, Chair

Jean White, Accounting Clerk