

**CITY OF MANZANITA
APRIL 12, 2010
BUDGET COMMITTEE MEETING**

CALL MEETING TO ORDER:

The meeting was called to order by Dave Dillon at 4:00 pm. Members present were Garry Bullard, Leila Salmon, Linda Kozlowski, Mike Scott, Sandy Heaman, Ray Scales, Dave Dillon, Larry Mueller and Terry Staehnke. Frank Wolf was absent and excused. Staff present: City Manager Jerry Taylor, Police Chief Erik Harth, Public Works Director Bret Siler and Administrative Assistant Kristin Grasse. There was 1 citizen in attendance.

ELECTION OF CHAIR & VICE-CHAIR FOR 2009/2010. A motion was made by Mueller, seconded by Staehnke to nominate Dave Dillon for Chair of the Budget Committee and Sandy Heaman for Vice-Chair of the Budget Committee. Motion carried unanimously.

PRESENTATION OF BUDGET MESSAGE BY BUDGET OFFICER: City Manager Jerry Taylor began the budget message by saying that the City revenues fortunately had been little affected by the slow economy. He had been overly conservative in estimating revenues for 2009-10. Although the practice is to underestimate revenues, there was a carryover amount of \$140,000 from the 2008-2009 that was unexpected. Taylor advised that the Water Fund was being drawn down, and resources are beginning to become strained, especially when looking at capital needs. The City's current water rates had not been raised since 2003, and raising rates may be something that should be considered if the City would like to continue to build a reserve for replacing major components in the future. The need for the City to find new revenue sources had become more evident in our capital needs which included storm drainage, roads, water system and city hall. He explained that staff was seeking direction regarding the replacement of the fourth Police Officer included in the proposed budget.

OVERVIEW OF BUDGET BY BUDGET OFFICER AND DEPARTMENT HEADS:

Taylor went over the summary of personnel services.

Page 7 – For 2010-11, the City will pay current rates for the retirement program, but rates are likely to increase significantly in 2011-12. The proposed budget includes the estimated higher rates. Rates change every 2 years. Health insurance benefits have increased by only 8%. CIS is going to a self insurance program and this will help keep medical costs down.

GENERAL FUND

Revenues – City Manager answered questions regarding the Civic Improvement fee line item and committee members asked for the definition of allowable expenditures to be addressed.

Administration – Professional Services costs have increased because people are starting to argue over smaller issues that we in turn have to discuss with the City Attorney.

Fire Division – Page 15, Budget page is still shown for historical purposes.

Law Division – Page 16, The major issue was the hiring of a 4th Officer and training all Officers to address code enforcement as well. Until July, 2009, the Division had four officers. Committee members asked questions about the fourth officer and patrol needs.

Building – Page 17, The Building Department is intended to be a self supporting program. Contract services represent 75% of the anticipated building permit revenue less the 12% state surcharge. By State law any building permit revenues collected must be used in the building department. There has been a slowing of building activity and for the first time in several years the Department has had to use other General Fund revenues.

Court – Page 18, Court Department is usually a self supporting department that is struggling. With the closing of Oswald West State Park to overnight campers and the smaller number of Police Officers there has been a decrease in fine revenue.

Parks – Page 19, A small number of improvements are in the proposed program. Parking changes are still being talking about as well as working with the NBWA to see if relocating the restroom is feasible.

Civic Improvement Reserve –Page 20, Taylor reviewed the purpose for what this fund was intended. No specific projects are anticipated.

Non-Departmental – Page 21, These are expenditures that don't fit into any one department such as dues, fees, and memberships. Taylor noted that the Contingency amount was larger than in recent years.

ENTERPRISE FUNDS

Water- Revenue – Page 25, Taylor stated that the Fund revenues are not sufficient to cover system depreciation or capital construction needs. The City should consider a rate increase for the monthly water service prior to the 2011-2012 fiscal year if it wishes to build a reserve and address the capital needs from the Master Plan.

Page 26 & 27, Expenditures/Water – Line replacement is done in collaboration with road work and repairs when it can be, to help with costs.

Page 28, Expenditures/ Wells – No major changes

Water Construction Page 29, Revenues – Interest earned is still down and SDC's did not change as of yet because new methodology is still being reviewed.

Page 30, Expenditures – Water construction projects were discussed.

DISCUSSION OF COMMITTEE MEMBERS AND AUDIENCE

Owen Nicholson strongly felt the money in the Civic Improvement Reserve should go to the Storm drainage and street projects since the City had not completed the planned improvements.

Dave Dillon suggested that a recommendation be made to Council to redefine the Civic Improvement Reserve

Dillon stated the next budget meeting will be held on April 20, 2010 at 4:00 pm at City Hall.

ADJOURNMENT: The meeting adjourned at 5:55 pm.

MINUTES APPROVED THIS
26TH DAY OF APRIL 2010

David Dillon, Chair

Attest:

Jerald P. Taylor, City Manager/Recorder