

MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL

January 9, 1997

The minutes of the proceedings of the City Council work session regarding Ballot Measure 47 and 97/98 budget planning of the City of Coos Bay, Coos County, Oregon, in the Council Chambers beginning at 6:00 p.m.

Those Present

Those present were Mayor Joanne Verger, Councilors Joe Benetti, Jeff McKeown, Cindi Miller, Don Spangler, Kevin Stufflebean, and Judy Weeks. City staff present were City Manager Bill Grile, Deputy Recorder Joyce Jansen, City Attorney Randall Tosh, Finance Director Gail George, Community Services Director Bruce Meithof, Police Chief Marc Adams, Assistant Police Chief Chuck Knight, Interim Fire Chief Mark Anderson, and Library Director Carol Ventgen. Members of the media were also present.

WORK SESSION

Mayor Verger explained the meeting was the first preliminary discussion by the City Council of the impact of Ballot Measure 47 on the City budget. The Mayor reported the City Manager would be making a presentation to the Council and instructed Council to consider direction for staff in preparing the budget. City Attorney Randall Tosh gave an overview of Ballot Measure 47 noting the concept of the measure is to cut property taxes by rolling the tax rate back to the 1994 level and cap increases at three percent. Mr. Tosh reported the measure is currently being challenged by Portland and other government agencies, and the litigation could take a year or more before supreme court hears it, unless the legislature takes action first. Mayor Verger reminded citizens that the work session was for Council discussion and that paper and a comments box had been provided for their comments and questions. City Manager Bill Grile reported he and the finance director had prepared seven packets of handouts for the Council. He commented the material was for Council review and for the Council to give options to staff for putting together the budget.

Mr. Grile explained handout number one provides a three year projection of general fund which is supported by property taxes. Mr. Grile reviewed the figures, noting in the current budget year property taxes were at \$3.6 million and estimated figures in 1997/98 is ten percent less including the three percent increase allowed by Measure 47. Mr. Grile said all other figures are estimates and until the City knows the legislature's allocation, the correct figures will not be known. He noted the franchise fees are expected to hold constant. Mayor Verger requested an explanation of franchise fees. Mr. Grile reported the City collects franchise taxes from cable TV, electricity, telephone, and solid waste for the use of City right-of-ways. Currently the City receives \$82,000 from cable, \$435,000 from electricity, \$102,000 from telephone, and \$55,000 for solid waste. Mr. Grile commented a bill may be coming out which would eliminate the City's ability to collect franchise fees and give the State the ability to collect user fees which would be redistributed to local government agencies.

Councilor Benetti inquired if the City could expect revenue from timber sales on water board property. Mr. Grile responded the water board would be preparing a watershed plan and the City would be reviewing the timber value. Councilor Benetti commented in the past the City used these

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revenues for one-time expenditures. Mr. Grile noted half the revenue from timber sales had gone into the general fund for capital outlay items. Councilor Benetti asked about the workers' compensation fund and Mr. Grile commented the funds were transferred to keep the City solvent for this year to keep from making program cuts. Mr. Grile noted in the projections for discussion tonight that no capital outlay items are budgeted for the next three years. Councilor Stufflebean inquired about budgeting the urban renewal funds. Mr. Grile said urban renewal would be discussed later and the Council would be making a policy choice regarding urban renewal.

Mr. Grile reviewed hand out number two noting \$6,711,201 is the amount needed to continue current programs at status quo. Mr. Grile noted the \$165,000 needed for negotiated Police and Fire contract increases, \$34,000 required for PERS actuarial increases, and \$199,000 additional 97/98 requirements would bring the amount required in 1997/98 for a status quo budget to \$6.9 million. Mr. Grile commented the revenue estimate with Measure 47 implemented would be \$5,525,517 which would bring the projected shortfall for 1997/98 to \$1,384,684. Mr. Grile commented the Mayor had requested information closest to what we estimate we will receive which is 1992/93 budget.

Mr. Grile noted the City is a service delivery business so personnel costs make up the majority of the budget, and costs are up 41.62 percent from four years ago. He reviewed the figures by categories which shows general government with a two percent decrease, and increases in police by 33.85, fire by 25.44, community services by 49.1 and community support by 52.18 percent. He noted police and fire represent 65 percent of the general fund. In comparing the percentage of change from 1992/93 to 1996/97 general government which is the city manager's office, finance, and non-departmental, is down from 17 percent to 13 percent; police has increased 36.96 percent; fire has increased 42.73 percent; community services increased 44.07; community support by 86.32. Mr. Grile explained community support includes non-profits such as SWOYA, Women's Crisis Service, Sister City program, Art Education program, Sun Building maintenance, Helpline, THE House, and Chamber building maintenance.

Mr. Grile compared personnel changes between 1992/93 and 1996/97. General government is less the volunteer coordinator position, police added two sworn personnel, one dispatcher and one clerical, fire added three firefighters and less one deputy chief, community services added one-half park supervisor, one planner I, one planning tech, one electrician, and one building maintenance worker. Councilor Weeks inquired about \$40,000 for SWOYA and Mr. Grile responded it was a one-time grant to SWOYA for financial help and \$30,000 contribution for their building by returning the amount paid to the City for their building fees. He further explained \$9,000 should be shown for the Fun Festival for public works and police overtime during the festival.

Councilor Benetti inquired about the electrician position and Mr. Grile said he does electrical inspections and electrical projects for OMI and city hall. Councilor Spangler asked why there was a big increase in community services. Mr. Grile responded the increase was due to adding a planer I, planning tech, building maintenance worker, and one-half parks supervisor. Finance Director George noted an increase for the swimming pool management from \$13,000 to \$23,000 due to a decrease in school support because of Measure 5. Councilor Stufflebean asked if urban renewal funds could be used for the art museum programs and Mr. Grile said the funds may not be used for operating expenses. Councilor Spangler asked if the boardwalk payments could be taken out of urban renewal. Mr. Grile said he would check and noted the payments are \$125,000 a year and it

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may take a vote of the people. Councilor Benetti noted there may be enough in urban renewal to pay off the boardwalk.

Mr. Grile reviewed handout number four which shows the personnel in general fund by number. The police department has 29 sworn and 14 non-sworn employees. The fire department has 20 sworn and one non-sworn employees, and has one more sworn position than required by the charter. Mr. Grile reviewed the positions in the city manager's office, finance, and community services department for a total of 87 employees in the general fund. He noted 13 employees are non-represented personnel to equal 15 percent of the total employees.

Councilor Benetti noted the charter requires 19 sworn fire personnel and asked if the Eastside fire station can function without the additional firefighter. Councilor Spangler asked if the new fire chief could look at the staffing needed for the department and Mr. Grile said he would. Councilor Benetti inquired about funding for the 9-1-1 dispatchers and Mr. Grile reported the money comes in and goes out and is a wash. Councilor Spangler commented the library fund is separate and asked if the Council would get involved with the taxing district. Mr. Grile responded the library district will be impacted, however the Council would not be addressing the library at this meeting.

Mr. Grile reviewed handout number five for required/mandated programs. Mr. Grile reported the City has the ability to provide some of the services at a lower cost and some of the services generate revenue for the City. He noted the charter mandates adequate police and fire protection through staffing. The planning mandate could be handled with one position, but the City better meets the needs with the current staffing level. Mr. Grile explained the other services are good programs but they are not absolutely mandated. He noted the cost for parks is \$336,558, building code enforcement loses \$85,000 a year, planning costs \$163,795, engineering \$87,057, electrical \$44,700, custodian \$22,283, building maintenance \$33,297, and non-departmental 89,789, for a total cost of \$1,205,049. The total cost includes mandatory increases due to the actuarial PERS increase and police and fire negotiated salary increases. The shortfall would be \$1,002,512.

Mr. Grile reviewed handout number six dealing with the hotel/motel tax funds. He noted the revenue is \$365,000 of which two percent is currently dedicated to the promotions committee, \$38,000 contract for the tourist information center, and \$125,000 per year for the next 11 years for bond payments, leaving \$97,714 available for other uses. Mr. Grile reported other uses being downtown projects, tourism projects, and accounting costs. Mayor Verger commented the hotel/motel tax rate is seven percent with two percent dedicated to the promotion committee and five percent for other items as mentioned. Councilor Spangler inquired what special projects came from the \$97,414. Finance Director George said such things as Christmas lights, flags, interpretive signs, and explained the amount varies from year to year. Councilor Weeks asked if bird control at the boardwalk also came from this fund and Ms. George said yes. Councilor Benetti asked if the fund has a carryover and Ms. George said this year was a carryover and the amount included money budgeted for the boardwalk restrooms. Mr. Grile noted the room tax was originally voted on to be used as an offset for the general fund and later the two percent was added for tourism and promotion. He commented the funds could also be used for tourism related items such as the Fun Festival. Councilor Miller inquired about the amount for grants and Mr. Grile said it represented the 101 enhancement project.

Mr. Grile reviewed handout number seven regarding the levy and tax rate study. The chart shows the amount of the levy authorized by the voters and the tax rates after measure five. Mr. Grile

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said the projections were made using the model provided by the Department of Revenue at the Measure 47 workshop held January 6th. The model represents how the Department of Revenue believes Measure 47 will be allocated. The City's share would be \$2,928,976 without urban renewal taxes levied. Mr. Grile noted the Council could choose to not levy the urban renewal which would be an additional \$3,324,138. Councilor Benetti asked if only part could be levied and Mr. Grile said yes. Mayor Verger noted that urban renewal funds can only be used in the district that pays it. Mr. Grile commented the amount to be levied could be addressed each year.

The last handout listed possible new revenue sources. Mr. Grile reported these were for Council consideration and included, not levying all or some of the urban renewal taxes, reallocating the use of occupancy tax revenues, selling or leasing various City buildings, asking voter approval to raise building permit inspection fees, looking at other fees such as planning and zoning fees, and increasing contract charges for public safety dispatching.

Mr. Grile reported SWOCC is interested in purchasing the Empire Lakes Community Building. Other buildings for consideration are the Art Museum, Marshfield Sun building and the Ed Lund building. He reported the City of North Bend contracts out their building permit inspection program and makes money on it. Currently the program in Coos Bay costs \$85,000 and benefits a small group of citizens. Mr. Grile reported the planning and zoning fees are low and although it is not attractive to have high fees, the programs are used by a small segment and everyone pays. He noted fee increases would require a vote of the people. Councilor Weeks suggested the city manager enter into a dialog with the local homebuilders. Mr. Grile commended the police department for looking at other options and noted the City currently dispatches for special districts that pay nothing.

Mayor Verger asked Council for make budget suggestions in general terms such as whether to sell or lease various buildings. Councilor McKeown noted the City must deal with Measure 47 on a long term basis and suggested leasing rather than selling as a way of generating long term revenue. City Attorney Tosh commented the tax court may have an impact on the use of public owned buildings. Mayor Verger suggested Mr. Grile look into leasing of certain buildings. Councilor Spangler said he would support leasing. Councilor McKeown asked if urban renewal funds could be allocated to offset some of the losses. Mr. Grile responded staff could do a better job of cost accounting against urban renewal funds, but it is not a huge amount of money. Mr. Tosh noted urban renewal funds must be tied to the district and meet certain criteria. Ms. George reported under Measure 47 urban renewal will be scaled back. Councilor Benetti said he favored keeping urban renewal and explained without it, property values would go down. Ms. George commented the Council may want to specify a few projects and collect only part of the money. Councilor Benetti suggested waiting and to see what the legislature decides. Mayor commented the City would not know what the legislature decides until May and we would be well into the budget process by then. Mr. Tosh noted the court has not yet ruled on the validity of Measure 47. Councilor McKeown expressed the need to give staff direction to come back with alternative proposals.

Mayor Verger suggested a way to keep the building program and have it pay for itself would be to approach the homebuilders association about raising the fees. She noted if the voters rejected the fee increase the program could be turned over to the State. Councilor Spangler inquired if the City could borrow money and what the interest would cost. Ms. George said the City would pay interest on \$700,000 for five months for a cost of approximately \$20,000.

Councilor Spangler asked if there were funds enough to get through next year if all of the

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carryover were used. Councilor Spangler explained this would give the City more time before having to make drastic cuts. He commented staff should look hard at spending money in this fiscal year. Councilor Benetti commented that no matter what the legislature does, the City must begin making some cuts now. Councilor McKeown said he would agree with reducing the carryover but was uncomfortable with eliminating the carryover.

Councilor Benetti noted there was a \$500,000 shortfall before Measure 47 came along. Councilor Spangler asked that alternatives be explored before laying off employees such as renegotiating salaries. Councilor McKeown commented that cutting salaries would bring down morale and there would also be a loss of production, and he would rather cut positions than salaries. Councilor Spangler suggested talking with unions about upcoming salary increases. Mr. Grile asked if it was Council consensus to ask police and fire to take a salary freeze. Mayor Verger and Councilor Benetti said all salaries should be frozen. Councilor Weeks inquired about looking into a reduced work week. Mr. Grile said that would be a 20 percent pay cut and his personal experience at the County with this was precisely as Councilor McKeown described. Councilor Stufflebean asked that staff be asked what they would like.

Mayor Verger asked Mr. Grile if he had enough information from Council to come back with some options. Mr. Grile requested clarification on police and fire salaries. Consensus of the Council was for the city manager to discuss a salary freeze with the police and fire unions. Mr. Grile asked if it were the consensus of the Council that he approach the homebuilders about fee increases, and Mayor Verger responded yes. Councilor McKeown commented it does not make sense to have that kind of a loss in that department. Mr. Grile commented he would like to look at different uses for the room tax revenue. Mayor Verger inquired if the tourism center could be moved into the promotions fund and Councilor Benetti noted that North Bend supports their center. He further explained the two percent was set aside for tourism and promotion, but the five percent can be used for whatever the City would like. Mr. Grile noted the funds currently pay for the information center and the boardwalk. Councilor Benetti suggested looking for volunteers to do work in the parks as the City cannot continue to maintain the parks at the current level. Mr. Grile asked if Council would like him to look into contracting out of certain parks maintenance and consensus of the Council was to look at alternatives to cut costs.

City Manager Grile will bring to the Council a concept for levying less of urban renewal and a couple budget options for review. Councilor Stufflebean commented he favored not levying all of the urban renewal next year and look at it again the following year. Councilors McKeown and Benetti commented the Council may want to leave the Urban Renewal as it is since there are a number of projects that could be done. City Manager Grile noted options could be not to levy urban renewal, levy less or leave it as is. Mayor Verger commented all departments should share in the cuts and not fall on any one group. She further commented the department heads will work with the city manager in deciding where the cuts will be.

Councilor Weeks inquired about the engineering costs listed on handout no. 5. Mr. Grile said the costs are for general fund projects that cannot be charged elsewhere, and for services provided to the public. He further explained that many of the engineering projects are contracted out and currently the City has two engineering technicians. Councilor McKeown asked if it would be more cost effective to have an engineer on staff and Mr. Grile responded staff had thought about it but had not hired anyone due to the budget situation. Councilor Spangler expressed concern for the

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cost shown and finance director George noted the budget was for four positions and currently the City has two filled. Ms. George said the City is spending approximately \$2000 a month for engineering services.

City Manager Grile thanked the Council for their direction on the budget and commented the Council had demonstrated they are serious about doing the very best job for the people of Coos Bay with the money available. Mr. Grile complimented the Council on their sensitivity to City employees during this time.

Mayor Verger commented the Council is facing a very serious job of budgeting for next year. She further commented this was preliminary to preparation of the budget and all decisions on the budget will be made by the Budget Committee. The Mayor noted that public input is encouraged during the budget meetings.

Adjournment

There being no further business to come before the Council, Mayor Verger adjourned the meeting to January 21, 1997 at 6:45 p.m. in the Council Chambers of City Hall.

Joanne Verger
Mayor of the City of Coos Bay
Coos County, Oregon

ATTEST:

Joyce Jansen
Deputy Recorder of the City of Coos Bay
Coos County, Oregon