

**CITY OF MANZANITA
MAY 10, 2021
BUDGET COMMITTEE MEETING**

CALL MEETING TO ORDER:

The meeting was called to order by Dave Dillon at 4:00 pm via Zoom. Members present were Mike Scott, Linda Kozlowski, Hans Tonjes, Jerry Spegman, Steve Nuttall, David Dillon, Jim Hickey, Jim Dopp, Chip Greening, and Kathryn Stock. Staff present: Interim City Manager John Kunkel, Finance & Administrative Specialist Nina Aiello, Police Chief Erik Harth, Public Works Director Dan Weitzel, and Building Official Scott Gebhart.

There were 27 members of the public present.

ELECTION OF CHAIR & VICE-CHAIR FOR 2021/2022. A motion was made by Kozlowski, seconded by Stock to nominate Dave Dillon for Chair of the Budget Committee. A motion was made by Hickey, seconded by Kozlowski, to nominate Kathryn Stock for Vice-Chair of the Budget Committee. Motion passed unanimously.

PRESENTATION OF BUDGET MESSAGE BY BUDGET OFFICER: Interim City Manager John Kunkel stated that this year's budget continues to address the COVID-19 pandemic as well as the unknown state of the economy. Transient Lodging Tax Revenue is forecasted at 85% of the amount of revenues collected in the current year. Residential construction continues to remain high, and the building department expects a significant increase in revenue for the upcoming fiscal year. Kunkel stated that the city should continue to research new approaches to develop consistent long-term revenue sources other than Transient Lodging Tax.

Kunkel stated that even with conservative revenue projections, it appears that the city can provide a small cost of living adjustment to staff without jeopardizing positions or reducing services. In addition, Kunkel recommends that the city perform a study to ensure that the salary schedule and total compensation for the following year are in line with comparable Cities. With the dramatic increase in building activity, a half time clerical support position was added and has been supported by the increase in building permit revenues.

OVERVIEW OF BUDGET BY BUDGET OFFICER AND DEPARTMENT HEADS:

GENERAL FUND – Interim City Manager John Kunkel stated that with the continued uncertainty created by the COVID-19 pandemic and its aftermath, the proposed TLT revenue figure for the 2021-22 is assumed to be only 85% of current year receipts. The city will receive a grant from the American Rescue Plan Act for \$147,000 which will cover expenses impacted by the pandemic.

Police Chief Harth went over the proposed Police budget which contains no major changes, with the exception of an increase in liability and property insurance coverage.

Public Works Director Dan Weitzel went over the proposed Parks and Civic Reserve Funds with no major changes for the upcoming year. The Committee reviewed each department's expenditures in the General Fund. No changes were proposed.

ENTERPRISE FUNDS - Public Works Director Dan Weitzel stated that the Water fund was unable to provide sufficient revenues in the last fiscal year to finance needed system improvements and major maintenance activities. Funds have been allocated in this budget for a new water rate study. The budget also includes a Public Works Utility Clerk position which is intended to move water billing and administration to the Public Works office to better coordinate with the field staff working on the water system. No other major changes were proposed.

SPECIAL FUND – Public Works Director Dan Weitzel provided an overview of the Road fund with no major changes proposed for this fiscal year. The Dorcas and 4th Street improvement project is proposed for 2021-22 and the amount in Street Improvements represents the Road Funds share of this project.

Interim City Manager John Kunkel provided an overview of the Timber Management Fund, Housing Rehabilitation Fund, Trust Fun, Tourism Promotion and Facilities Fund, and Puffin Lane Fund. No major changes were proposed.

CAPITAL PROJECTS – Public Works Director Dan Weitzel provided an overview of the Storm Drain Facilities Fund, Public Works Equipment Reserve Fund and Public Safety Equipment & Facilities Reserve Fund. \$25,000 is included in the Public Works Equipment Reserve Fund for if an opportunity arises to acquire a used vehicle or piece of equipment. No other major changes were proposed.

Interim City Manager John Kunkel provided an overview of the City Hall Expansion Fund. There will be no transfer from the water fund into City Hall Expansion this year. Kunkel stated that the City will wait until more decisions are made about this project before transferring funds.

The meeting was adjourned at 6:14 PM. The Budget Meeting scheduled for May 18, 2021, has been canceled. The public hearing meeting is scheduled for May 23, 2021, at 7 pm.

**MINUTES APPROVED THIS
23rd Day of June 2021**

Mike Scott, Mayor

ATTEST:

Dave Dillon, Budget Committee Chair

Leila Aman, City Manager/Recorder