



**City of Newport
City Council Workshop Meeting Minutes
November 7, 2013**

1. ROLL CALL -

Council Present – Tim Geraghty, Bill Sumner, Steven Gallagher, Tracy Rahm

Council Absent – Tom Ingemann,

Staff Present – Deb Hill, City Administrator; Bruce Hanson, Superintendent of Public Works; Curt Montgomery, Police Chief; Mark Mailand, Fire Chief; Renee Helm, Executive Analyst; Fritz Knaak, City Attorney;

Staff Absent - John Stewart, City Engineer;

2. DISCUSS THE 2014 DRAFT BUDGETS

Admin. Hill presented on this item as outlined in the November 7, 2013 City Council Workshop packet.

Councilman Rahm - What percent did we certify?

Admin. Hill - We sent \$2,420,695 for the preliminary levy. The 2013 bonds came in a little less than we anticipated so it went down to \$2,414,588. The increase from 2013 is \$61,588. That is because of the street bonding.

Councilman Sumner - So outside of the street bonds, we would have had a decrease?

Admin. Hill - Yes.

Councilman Gallagher - Can someone explain the fiscal disparity portion of the levy?

Admin. Hill - It's tax monies that are divvied out.

Councilman Sumner - It's a reallocation of the State's funding.

Admin. Hill - That's within our general revenue.

Councilman Gallagher - Some people had complained that their disparity tax was very high and I didn't understand what that was.

Admin. Hill - I'm not sure how that's calculated. If you look at our actual audited budgets, the fiscal disparities fluctuate all over the place.

Councilman Gallagher - Are those numbers from the State?

Councilman Sumner - I thought the State assigned those amounts.

Attorney Knaak - It's a formula based on valuation. Any new developments get taxed into a pool and you get a certain percentage of it back as a community and the rest goes to other communities to provide a disincentive for people to seek higher value commercial property. It's a very sound public policy behind it. Some communities that don't have a lot of commercial development tend to benefit from it and communities that have a lot tend to be the givers to the pool.

Councilman Sumner - They also look at your expected expenses don't they?

Attorney Knaak - To some extent.

Mayor Geraghty - Are there cities that actually pay \$400,000 - 500,000 out?

Attorney Knaak - Yes.

Mayor Geraghty - The business that complained, it could have been their valuation changed because it was flat between 2012 and 2013 and it seems like it'll be flat for 2014.

Attorney Knaak - I'm not sure what that's about.

Mayor Geraghty - The amount for 2014, is that a definitive amount?

Admin. Hill - That's always projected. It all depends on if they're homesteaded...

Mayor Geraghty - When will we get that number?

Admin. Hill - It's based on the preliminary levy. Are we talking about fiscal disparities again?

Mayor Geraghty - Yes.

Admin. Hill - I'm sorry, I thought we were talking about tax levels.

Councilman Gallagher - Is the \$329,444 promised?

Admin. Hill - Yes.

Councilman Sumner - But there have been times when we've been promised a certain amount and haven't gotten it.

Admin. Hill - Speaking with our auditor, he said that the fiscal disparities are always added to the ad valorem taxes because they're all pretty much the same thing. It's expected revenues.

Councilman Rahm - I'm looking at the property tax impact worksheet. Last year, my assessed valuation went down but my taxes went up. Looking at this chart, it shows that every class is going down. We're still increasing our levy yet everyone's taxes will go down. I'm trying to figure out how we can predict what will be on someone's statement. How do the actions we do here affect homeowners and different classes? People bring their tax statements to me and they look at their bottom line.

Admin. Hill - I fully understand that...

Councilman Rahm - Last year we decreased our levy 1.4% is that not true? Yet it still went up.

Councilman Gallagher - We didn't reduce the overall levy just reduced it from the preliminary levy.

Admin. Hill - It's always an estimate.

Councilman Rahm - I want to see if we can get any better because last year I thought people in a certain class were going to get a decrease and that didn't happen so I want to know if it'll happen this year.

Admin. Hill - This is what we got from the County and this is what we plug in and I cannot guess anything more pass the tables they gave us.

Councilman Gallagher - Does the County assume a negative 5.5% change in the market value?

Admin. Hill - That's what they gave us.

Councilman Rahm - Didn't the County increase their levy 0.06%? They're increasing it 0.06% and we're increasing ours 2.62%. What is CPI, what are peoples wages going up, this is what I keep going back to. Maybe we need more money because we need to build roads and bridges and all the infrastructure, I'm okay with that but people come up to me and say that we're increasing it faster than inflation.

Councilman Sumner - We just said that our taxes would have gone down except for the additional projects that were voted on and supported by the residents here to do street improvements.

Councilman Rahm - That's where I go. I try to have a speech on this regarding why.

Councilman Sumner - One of the big things that increased the taxes was the street project.

Councilman Rahm - I get emails on it and people elected us to be watchdogs about what we're spending our stuff on.

Mayor Geraghty - We were prepared to increase the general levy but we were capped and we kept it at zero.

Councilman Rahm - I agree. I don't like it that we do the one thing and then they get their statements at a higher level. I wish we had a different process of doing that.

Mayor Geraghty - On the property tax impact worksheet, the fiscal disparities is different than the fiscal disparities on the 2014 draft budget.

Admin. Hill - It stills adds up, it factors that in. Our preliminary levy...

Mayor Geraghty - I'm just wondering why it isn't \$329,444 on the draft budget if that's what it is on the property tax impact worksheet.

Admin. Hill - If you go back on the 2012 approved and actual budgets, the approved was \$318,838 but the actual was \$286,461 but the bottom numbers still came out. I can't explain that but that's when I talked with the County and that's what I put in.

Councilman Gallagher - But the fiscal disparities line item in the draft budget does not match the fiscal disparities in the property tax impact worksheet.

Admin. Hill - The bottom line will still be the same because then it will change the ad valorem. Our goal is still the \$2,127,797, that's the number we're working with as far as taxes go outside of the bonding.

Councilman Gallagher - But you need to amend the numbers in the draft budget before we approve it.

Admin. Hill - I'll change that. Moving on to the CIPs. For the Buildings CIP, we added \$20,000 for new carpet

for City Hall and the Fire Station and \$30,000 for the Fire Station HVAC replacement. We're transferring \$70,000 and there are \$50,000 in expenditures. Everything does cash flow. In regards to the Parks CIP, I added in \$6,000 for a community garden fence. Pauline Schottmueller came and asked about the monies from the Lady Slipper and that they would like a fence for the community garden.

Councilman Rahm - Is that to keep the deer out?

Admin. Hill - Yes, and people.

Councilman Gallagher - We want people to go in there. A community garden should be a community garden where everyone feels free to go in.

Mayor Geraghty - I don't agree with this one and we don't even know what we're going to do with that property. A few years ago the Heritage Preservation Commission had talked about putting up a fence around the Red Rock Cemetery.

Admin. Hill - I added that for discussion because I know they'll be coming to you for it.

Mayor Geraghty - As a placeholder I would put "Cemetery Fence" if you want to leave it on there.

Councilman Gallagher - No, put "Install Fence."

Mayor Geraghty - I don't want to give them any false expectations.

Supt. Hanson - The cemetery fence has been on the CIP for a long time.

Councilman Rahm - Why do we want to put a fence around the cemetery?

Supt. Hanson - To maintain a boundary.

Admin. Hill - With the rest of the Parks CIP, we have \$5,000 for warming house repairs, \$15,000 to finish the Veterans' Memorial and \$8,500 to upgrade lighting at Pioneer Park. We're transferring \$32,000 and there are \$34,500 in expenditures. I'll remove the \$6,000 for the fence.

Mayor Geraghty - Keep it in and label it "Cemetery Fencing."

Admin. Hill - I'll put "Fencing." For the equipment CIP, this is the one where we found an error in the formula. For next year, we have \$65,000 to replace the 1981 sweeper and \$43,000 to replace the 2000 Crown Victoria. We're transferring \$278,000 and have \$108,000 for expenditures.

Councilman Rahm - Is that sweeper amount reasonable?

Supt. Hanson - It'll purchase a used one. We contract for spring sweeping and use this one for our fall sweeping. It's about \$5,000 - 6,000 for our spring sweep but we should be sweeping two or three times a year. We try to sweep with this one but we just spent two weeks working on it to do the fall sweep. It's worn out. We'll sell it for parts.

Admin. Hill - This will come to the Council for final approval on December 5, 2013.

Mayor Geraghty - Do we want to see this again before?

Councilman Rahm - I would like to see it again with the updated numbers.

Councilman Gallagher - Let's do something at the next Council meeting.

Admin. Hill - At a workshop?

Mayor Geraghty - Yes.

Admin. Hill - Ok.

Councilman Rahm - Again, we're going less than the preliminary right?

Admin. Hill - Yes, about \$6,000 less.

Councilman Gallagher - Let's keep it at what we approved at the preliminary.

Admin. Hill - I'd just like to remind you that we'll need to go through bonding counsel again and be rated. If we make any big switches it might affect our rating. It saved us \$40,000 this year.

Councilman Rahm - In July 2012, we started providing information on credit card expenditures and it seems like we've spent about \$12,000 less since we started doing that.

Admin. Hill - It could be a couple items. I know we purchased the iPads on the credit card.

Councilman Rahm - It seems like we've had a big decrease this year and I would like to see that.

Admin. Hill - We can get that. If anyone wants anything specific before the next workshop please let me know. I'll provide the resolutions from the last two years to show what we levied.

3. ADJOURNMENT

Signed: _____
Tim Geraghty, Mayor

Respectfully Submitted,

Renee Helm
Executive Analyst