

CITY OF GEARHART
Budget Committee Meeting
Tuesday, April 15, 2025
6:00 pm On-site and Virtual/Telephonic

A budget committee meeting of the Gearhart Budget Committee was held Tuesday, April 15, 2025. Budget Committee members, City staff, and the public were able to attend on-site, virtually, or by dialing in on a telephone.

Present were Mayor Kerry Smith, Councilor Preston Devereaux, Councilor Paulina Cockrum, Councilor Dana Gould, Councilor Sharon Kloepper, Budget Member Karl Leigh, Budget Member Jennifer Grey, Budget Member Eric Halperin, Budget Member Robert Lee, Budget Member Curt Penrod, City Administrator Chad Sweet, Police Chief Josh Gregory, Fire Chief Josh Como, Executive Assistant Krysti Ficker, and City Treasurer/Budget Officer Justine Hill. A quorum of the Budget Committee was present.

Mayor Smith called the budget meeting of the Budget Committee to order at 6:00 pm.

There were no conflicts of interest declared by any member of the Budget Committee.

There was a call for nominations to elect a chair for the Budget Committee.

- ON MOTION by Budget Member Cockrum to approve Budget Member Lee as the Budget Committee Chair; however, MOTION did not move forward due to the nomination being turned down by Budget Member Lee.
- ON MOTION by Budget Member Gould, 2nd by Budget Member Penrod to approve Budget Member Grey as the Budget Committee Chair, MOTION was approved 9 yeas (Cockrum, Devereaux, Gould, Halperin, Kloepper, Leigh, Lee, Penrod, Smith) - 0 nays - 1 abstain (Grey).

There was a call for nominations to elect a Recorder for the Budget Committee.

- ON MOTION by Budget Member Gould, 2nd by Budget Member Halperin to approve Budget Member Penrod as the Budget Committee Recorder, MOTION was approved 9 yeas (Cockrum, Devereaux, Grey, Gould, Halperin, Kloepper, Leigh, Lee, Smith) - 0 nays - 1 abstain (Penrod).
- Budget Officer Hill explained that verifying accuracy of minutes was the primary responsibility.

Budget Chair Grey invited Budget Officer Hill to present the Budget Message, Budget Document, and Budget Narrative. Budget Officer Hill started by welcoming the new Budget Member (Leigh) and thanked the two reappointed members for continuing their service (Penrod, Halperin). She also went over

some general housekeeping items, which included information on the required Oregon Government Ethics Commission (OGEC) training; the distributed handouts (*Budget Planning Discussion, Supervisor's Budget Planning Checklist, Resources & Expenditures Budget vs Actual July 2024-March 2025, LOC 2025 State Shared Revenue Report with Estimates, Budget Narrative, and Budget Document*); and the State Revenue Sharing envelope. There was discussion on the required OGEC public meeting laws training, which Budget Officer Hill indicated must be provided or approved by the OGEC. She said that an email would be sent out to all Committee Members with the training information. She also clarified that it was not a series of training, but just one training. Officer Hill noted that when doing budget preparation this year with City Department Supervisors, the concept of creating a capital replacement schedule was introduced (*reference Budget Planning Discussion, second page*). She explained this was a new procedure for City Department Supervisors. Budget Officer Hill also clarified that on the *Resources & Expenditures Budget vs Actual July 2024-March 2025* handout, the first column (July '24-Mar' 25) represents actual financial data through March 31, 2025; whereas, the Budget column represents the full fiscal year (July '24-June '25). It was also clarified that this report is distributed every month for the City's Department Supervisors and placed in the City Council packet (public document). She noted that the State Revenue Sharing envelope contained grant applications for local non-profits, which would not be reviewed at this meeting; however, would require Budget Members to review before the next meeting. She clarified that the "tally" sheet Budget Members should use to appropriate State Revenue Sharing funds was on page 25 of the proposed budget.

Budget Officer Hill read aloud the budget message and the Budget Members received the proposed budget. Budget message highlights included: resource levels (stable revenue coupled with increasing operating costs); anticipated decreased General Fund beginning fund balance; three potential refund credits (revenue holdbacks); interfund loan from the Water Reserve Fund; decrease in Debt Service Fund due to expired water bond payments; reallocation of some expenditures (Community Care, Street Lights, Beach Access Maintenance, Operating/Repair/Materials/Services, Parks Maintenance and Repair); adjusting State Revenue Sharing Fund expenditures; increasing base water rates effective July 21, 2025; eliminating all transfers except to provide a safety net for the Building Department; continued due diligence on the Public Safety Building; and City Staff continuing to provide expected services.

Budget Officer Hill transitioned into discussion using the budget narrative supplemental document provided to the Budget Members. The introduction covered the definition of a budget, types of funds in the budget document, and budget format. To eliminate redundancy, Budget Officer Hill went over payroll assumptions that impact personnel costs. Items covered were a salary cost of living adjustment, workers'

compensation rates, retirement (PERS), insurance benefit costs, unemployment rates, and workers' assessment benefit.

Budget Officer Hill explained that only important or significant changes were presented during the budget meeting. She read aloud the budget narrative document, which went over items on the following pages in the budget document: Page 1 and 2 Resources General Fund; Page 3 and 4 Administrative Department; Page 5 the elimination of the Building Department; Page 6 Police Department; Pages 7 and 8 Fire Department; Page 9 Non-Departmental; Page 10 Municipal Court; Page 11 Planning Department; Page 12 Parks Department; Pages 13 and 14 General Funds Summary All Departments; Page 15 Debt Services Fund; Page 16 Debt Service Payment Schedule; Page 17 Water Improvement Construction Fund; Pages 18, 19 and 20 Water (Operating) Fund; Pages 21 and 22 Building (Structural, Plumbing, Mechanical) Fund; Page 23 Bench Program Fund; Pages 24 and 25 State Revenue Sharing Fund; Pages 26 and 27 State Street Fund; Page 28 Water Reserve Fund; Page 29 Police Car Reserve Fund; Page 30 Fire Apparatus and Equipment Reserve Fund; Page 31 Hazardous Mitigation Fund; Page 32 Public Works Major Equipment Reserve Fund; Page 33 Building Reserve Fund; Page 34 Gearhart Road District Fund; Page 35 Supplemental Salary Information; and Page 36 Supplemental Information. There was a brief intermission from 8:02 pm to 8:08 pm (*between State Revenue Sharing Fund and State Street Fund*).

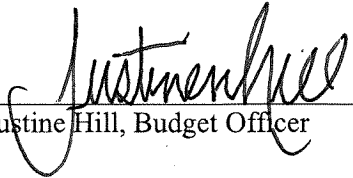
During the budget narrative, the following items were mentioned: employee insurance benefits amounts not being statutory but City specific; franchisee fee payments charged for the use of using public right-of-ways; clarification on State shared revenues (e.g., cigarette, marijuana, liquor) being based on population estimates not on sales within City boundaries; planning department legal fees representing a portion of the City Attorney's retainer fee for representing planning related inquiries (e.g., internal/external legal issues); analyzing water cashflow projections to gauge necessary rate increase; breaking water rate percentage increase down so that base amount rounds to whole dollar; City staff being unaware of any mandatory caps placed on water rate increases; inquiry regarding yearly fluoride costs; promoting property owners to sign up for electronic water bill invoices instead of using postage; timeline on cost savings for purchased water if City is approved for additional water rights; implementation of the bench program; significant recommended changes to the distribution of the estimated \$32,701 in State Revenue Sharing Fund (public hearing in May); restricting conversations outside of the Budget Committee meeting between Committee Members due to public meeting law requirements (conversations with the public encouraged); an inquiry on how other neighboring cities use their State Revenue Sharing Funds; City interaction with State Revenue Sharing grant recipients beyond application/approval process; and insecurities in the State Revenue Sharing funding.

Police Chief Gregory did request the opportunity to add a Bilingual incentive pay option for one of the City's police officers. He feels that the ability to have a Spanish speaking staff member has been a valuable asset. He mentioned that this type of incentive pay is offered in other police agencies and feels it would also assist with retention with the Gearhart department. He would like to recommend a three (3)% increase but ideally five (5)%. Budget Member Grey inquired if this was something in the current proposed budget and Police Chief Gregory responded that it was not in the proposed budget. Budget Member Devereaux inquired on where police officer revenue for citations was placed, to which Budget Officer Hill responded in the General Fund (Fines and Forfeitures). Police Chief Gregory mentioned that police offices are not to use citations as a revenue source. Budget Member Cockrum inquired about a merit incentive pay mentioned on the Supplemental Salary Information page, to which Budget Officer Hill responded was awarded to a current officer for longevity (length of service). She explained that this longevity amount is an annual locked amount and paid as long as the employee is actively employed with the City. Budget Member Lee asked if State Revenue Sharing Funds may be an option for the police incentive pay request. There was additional discussion on incentive pay; associated payroll costs; making a recommendation to approve; other departments' needs for bilingual services (e.g., court); translation programs (e.g., pocket talk); and establishing criteria for eligibility of the incentive. Councilor Devereaux requested clarification on State Revenue Sharing Funds, which he felt may be a viable option for the incentive pay. Administrative Sweet deferred to Budget Officer Hill. She cautioned adding personnel costs to the State Revenue Sharing Fund. She explained that salary is not something that can easily be stopped and if revenue is limited, the salary incentive benefit would have to be moved. Budget Member Gould also pointed out that State Revenue Sharing resources are received throughout the year, and it is possible that there may be a time in the fiscal year there would not be enough funds to support the expenditure. Budget Officer Hill recommended that if the Budget Committee felt inclined to approve an incentive pay option, they make it part of the general operating costs (General Fund). Budget Committee Penrod clarified that the role of the Budget Committee would be to approve the appropriations, and the City staff would then establish the criteria for receiving the bilingual incentive pay option, to which Budget Officer Hill confirmed was accurate. Mayor Smith reiterated that the City would be responsible for setting up the criteria for staff receiving incentive pay.

Budget Chair Grey announced the next Budget Committee meeting with public comment on Tuesday, May 13, 2025 at 6:00 pm. She reminded Budget Committee Members to watch for the OEGC public meeting law training information that Budget Officer Hill was going to send out.

Budget Chair Grey asked for a motion for adjournment.

- ON MOTION by Councilor Leigh, 2nd by Councilor Kloepper to adjourn the meeting, MOTION was approved 10 yeas (Cockrum, Devereaux, Gould, Grey, Halperin, Kloepper, Leigh, Lee, Penrod, Smith) - 0 nays. Budget Chair Grey adjourned the Budget Committee meeting at 8:53 pm.



Justine Hill, Budget Officer



Curt Penrod, Budget Committee Recorder

