

Big ticket budget items

# Kucera makes case for capital improvements

By Erick Bengel  
Cannon Beach Gazette

If the City Council passes Cannon Beach's fiscal year 2015-16 budget in its current form, the city can look forward to a handful of capital improvement projects taking shape around town fairly soon — from street and sidewalk renovations to emergency preparedness measures.

Consequently, City Manager Brant Kucera said he anticipates more expenses than revenues in the upcoming fiscal year's budget, which may rise about 8.5 percent over the current fiscal year's budget, from \$13,508,389 to \$14,659,865.

However, the city's fund balances are large enough to

absorb the loss and still have a robust amount remaining, he told the budget committee.

"We absolutely need to maintain healthy fund balances. That's key. That's critical," he said. "But you also need to reinvest those fund balances into the community."

**Highlights**

- General fund:
- The ongoing renovation of City Hall: \$50,000;
  - Repairing and rehabilitating the surfaces of the city's downtown tennis and basketball courts: \$40,000;
  - Constructing a new plaza at the west end of Second Street with benches, low lighting and a rebuilt sidewalk: \$35,000;
  - Hooking up water, power and wastewater services to



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City Manager Brant Kucera

the cache container sites and assembly sites, plus installing antennas at both the north-end and south-end emergency cache container sites: \$33,000.

RV Park enterprise fund:

- The first phase of an expected three-phase project involving a complete replacement of the RV Park's electrical system, a water system replacement and a sewer system upgrade. The project also includes the installation of 50

amp service pedestals at each RV pad, new water service pedestals and re-paving roads and pads after removing intrusive tree roots:

- Phase No. 1: \$220,000;
  - Full project: \$4,450,000.
- Water enterprise fund:
- The replacement of two filter beds at the water treatment plant: \$85,000.
- Roads fund:
- Reconstructing the Spruce Street blocks between First and Third streets to make them

ADA-accessible: \$75,000;

Water, sewer and roads funds:

- Repair of the public works garage: \$30,000.

**Strain**

Though many people tend to focus on the general fund, Kucera stressed that enterprise funds — basically, water and sewer — are "just as critical to running the city as the police and administration."

At some point, the city

should consider additional increases to those funds, though not for the upcoming fiscal year. In the near future, however, "we need to invest in those utilities," he said.

Cannon Beach has about 1,700 residents, but, "if you look at the number of visitors that we get here, we function like a city of essentially 10,000 people a year," he said.

The amount of water pumped, sewage treated, etc., for Cannon Beach's tourist population puts a strain on the city's infrastructure, he said.

A tourist community's population can be a rather deceiving number because it is "not necessarily a true reflection of what government actually needs to do for the residents," he said.

## Benefield: Extra tax revenue to chamber would be money well spent

Tax from Page 1A

a shame that we have to pay peanuts based on the funding level that we've received?"

Right now, the information center has the equivalent of one fulltime employee. By contrast, Seaside and Astoria's visitor centers staff more than three full-time equivalents, Carrier added. Meanwhile, Cannon Beach's information center receives about

three times as many walk-in visitors and must rely on chamber personnel.

"It's overwhelming. Totally overwhelming," Carrier said. "We're here to bring more business to Cannon Beach, and without additional staffing we aren't able to do that outreach. We literally don't have the staff bandwidth to be able to do it right now."

The tax revenue, he said, would provide for the chamber — and, by extension, the information center — a stable stream of income on top of the Tourism and Arts grant awarded to the chamber in varying amounts each year.

He added that Cannon Beach — though the city currently ranks at number 10 in the state for bringing in lodging tax revenue — gives a far smaller percentage of that revenue to its chamber, about 7 percent, than do other Oregon cities; the statewide average is about 40 percent.

**Lodging industry response**

Before the May 13 budget meeting, more than a dozen of Cannon Beach's hoteliers and other representatives of the city's hospitality industry — the industry most affected by the proposed tax hike — met with Carrier and Kucera at Haystack Gardens to discuss the matter.

Most of the lodging leaders who spoke said they approved of a 1-percent increase, though not without qualifications.

Linda Beck-Sweeney, owner and president of Cannon Beach Vacation Rentals, said that her rooms are

booked up through the summer and that it would be unfair to make guests pay more taxes after they've already reserved the room.

For this reason, Kucera told the budget committee that it would be prudent to implement the tax increase at the

lodging taxes, the tax increase "would have a very positive fiscal impact," Kucera argued May 6. The benefit to the chamber would "come back to (the city) in visitors and tourism."

He reminded the committee that, whether the tax increase is 1 percent, half a percent or zero percent, the amount won't affect the city's operations, only the chamber

and information center. The budget, he said, is supposed to reflect the aspirations of the City Council, including how and whether to help grow the Cannon Beach economy, he said.

"I believe a real need was brought to me by the organization that is called the chamber ... We entrust them to act as our economic development arm of the city," Kucera said. "Empirical evidence was presented to me that it's underfunded for what they're trying to accomplish."

Benefield said he be-

lieves that giving the extra tax revenue to the chamber would be money well spent,

and that many people will consider it an investment in the town's future.

"We are growing, but you can't just sit back and rest on your laurels," he said.

**'We are growing, but you can't just sit back and rest on your laurels.'**

City Councilor Mike Benefield

start of the second quarter — hence, the new Oct. 1 launch date.

Ken Quarles, manager of the Sea Breeze Court, objected that his and other relatively inexpensive hotels in town probably won't see a benefit from the tax increase or the chamber's expanded promotional efforts. "We know how to fill our rooms," he said.

He added that the tax simply takes more money from lodgers already paying a high room rate typical of tourist destination-type cities.

Carrier responded that most people who can afford to stay overnight in Cannon Beach don't complain about the transient lodging tax, which would increase from 6 to 7 percent, not including the state's 1 percent lodging tax.

Patrick Nofield, president of Escape Lodging, told the budget committee he would support a 1-percent tax increase, with 100 percent of it going to the information center, but would like the chamber to provide a means of measuring its success, of indicating whether it is spending the tax wisely.

Carrier said that promotion builds on itself and that it may take a few years to show a marked increase in tourist activity that can be traced back to the tax increase.

"Three years is what we're asking for in terms of stability of funding, and if we're not doing the job, throw us out," he said.

**City aspirations**

Because more than 50 percent of the city's general fund revenue comes from transient

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