

**City of Newberg
Budget Committee
April 21, 2020**

Meeting held electronically due to COVID-19 pandemic

Meeting called to order at 6:33 p.m.

Committee Members Present: Solomon Allen, David Bonn, Timothy Carpenter, Beth Koschmann, Molly Olson, Jack Reardon, Brad Sitton, Mayor Rick Rogers, Councilors: Gene Piros, and Julia Martinez Plancarte, Denise Bacon, Stephanie Findley, and Elise Yarnell Hollamon

Absent: Patrick Johnson

Staff Present: Finance Director Matt Zook, Assistant Finance Director Caleb Lippard, Senior Accountant Dan Keuler, City Manager Dan Weinheimer, City Attorney Truman Stone, City Recorder Sue Ryan, Community Development Director Doug Rux, Interim Police Chief Jeff Kosmicki, Library Director Will Worthey, Interim Public Works Director Russ Thomas, City Engineer Kaaren Hofmann, Information Technology Director Dave Brooks,

COMMITTEE BUSINESS:

1. Election of Chair

Action: Beth Koschmann as Chair of the Budget Committee for 2020.
Motion: Bacon
Second: Olson
Vote: 13 Yes, 0 No, 1 Absent [Johnson]

2. Election of Vice-Chair

Action: Brad Sitton as Vice-Chair of the Budget Committee for 2020.
Motion: Bonn
Second: Koschmann
Vote: 13 Yes, 0 No, 1 Absent [Johnson]

NEW BUSINESS:

1. Budget Message

CM Weinheimer delivered the Budget Message. He discussed budget challenges, especially due to the impacts of COVID-19 pandemic on the economy. There was long-

term planning for the Riverfront Master Plan, Community Visioning, Urban Renewal process, the new Council and their goals. This year's budget was a mix of cuts and reorganization. There were several interim managers currently. Other priorities were ongoing maintenance, development of community infrastructure through capital projects, safety, economic development and support for businesses, and community engagement. Positions subject to layoff were cut from next year's budget. The City would focus on teamwork and collaboration to get the work done. Key deliverables were eliminating the cost of living adjustment and not filling vacant positions. They reduced the budget by more than a million dollars. The City had eliminated \$280,000 of spending from the General Fund.

There was discussion on:

- Union contracts and raises.
- Distribution of CARES Act federal money for BERG grants.

2. Presentation of Funds

Fund 01 General Fund

Finance Director Zook explained how the budget was crafted as it pertained to property taxes. There were two components to property taxes: Tax Assessed Value, and Tax Rate. They estimated a 4.3% growth in tax assessed value, 3% - typical increase every year and 1.3% - due to new development. The tax assessed value was multiplied by Newberg's tax rate, which was proposed to be 2.65% per 1,000 of assessed value. Together these generated \$368,000 of revenue.

There was discussion on:

- Increase for homeowners – average \$300,000 home was \$22 to \$23 per year.
- Personnel reduction by 4.5 FTE
- Franchise fee for garbage did not increase from 5 to 7% as planned.
- Dundee Communications (911 services) increase by 5%.
- Anticipated reduction in Transient Lodging Tax funds for next six months of \$600,000 due to travel restrictions of the pandemic.
- Investment interest earnings.

General Government

FD Zook said this included Mayor and City Council expenditures and non-departmental activities. There was a decrease in community support to \$10,000.

There was discussion on:

- NLC costs – dues and meetings
- Community challenge grants
- Funding Council goals

Municipal Court

Finance Director Zook said there were no significant changes to this budget. The .1 FTE Bailiff position in the current budget had not been filled. A sergeant was doing that task, and it would not be filled in the next fiscal year. Travel & Training would increase for training a new half time employee, and the maintenance agreement went up for a dispatch upgrade for ticketing.

Police

Interim Police Chief Kosmicki explained the services they provided. They generally budgeted 2-3 police car replacements every year, but this year they were proposing 1. There was a \$45,000 increase through a grant for computer forensics.

There was discussion on:

- Police Departments share of the General Fund.
- Current staffing level of 35 officers.
- Body Camera equipment.

Communications

IPC Kosmicki said there were 6.5 employees at the Dispatch Center paid through the General Fund. About .5 of an FTE was able to be funded out of the 911 Fund. IPC Kosmicki said the CAD software update had been delayed due to COVID-19.

Library

Library Director Worthey said this was a status quo budget. There were budget reductions based on cutbacks, an upcoming retirement, and less expensive Library Director. Also utility savings due to a changeover to LED lighting, and replacing an outdated HVAC unit. The equipment repair budget had been increased as the photocopy machine had to be replaced.

There was discussion on:

- Reduced staff being able to handle future increase in demand.
- Book replacement budget.
- One City, One Book program cost

Planning

CDD Rux said they added a Planning Manager position in the current budget that wasn't filled, but would be in the 2020-21 fiscal year. The professional services line item would be for consultants for the Urban Growth boundary expansion, Downtown Improvement Plan, Economic Opportunities Analysis, historic work partially funded by a State Historic Preservation Office grant, Housing Needs Analysis, Downtown Parking Analysis, and Riverfront Master Plan implementation.

There was discussion on:

- CPRD SDC funds – portion going to administrative costs.
- Future development – single family homes and apartments.

Non-Departmental

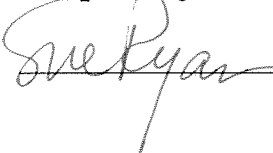
Finance Director Zook said there was a transfer out to the Water Fund as a payment for new planning software, and a transfer out for debt service for the 10-year debt on the \$3.1 million communications upgrade. They worked hard to get the contingency and unappropriated ending fund balance, which together was \$2 million, to reach the target of 16% of total expenditures. They would continue to monitor the revenues and expenditures on a monthly basis. He discussed how the structural deficit was decreasing.

NEXT STEPS:

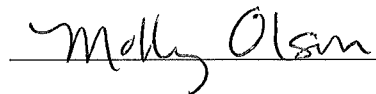
The next meeting would be held on April 28th at 6:30 p.m.

Meeting adjourned at 8:30 p.m.

Adopted by the Newberg Budget Committee this 20th day of April 2021.

 Sue Ryan, City Recorder

Attested by the Budget Committee Chair this 6 day of May 2021.

 Molly Olson, Budget Committee Chair

**City of Newberg
Budget Committee
April 28, 2020**

Meeting held electronically due to COVID-19 pandemic

Meeting called to order at 6:30 p.m.

Committee Members Present: Solomon Allen, David Bonn, Timothy Carpenter, Beth Koschmann, Molly Olson, Jack Reardon, Brad Sitton, Mayor Rick Rogers, Councilors: Gene Piros, Julia Martinez Plancarte, Denise Bacon, Stephanie Findley, Elise Yarnell Hollamon, and Patrick Johnson.

Staff Present: Finance Director Matt Zook, Assistant Finance Director Caleb Lippard, Senior Accountant Dan Keuler, City Manager Dan Weinheimer, City Attorney Truman Stone, City Recorder Sue Ryan, Information Technology Director Dave Brooks, Interim Public Works Director Russ Thomas, Interim Police Chief Jeff Kosmicki, Community Development Director Doug Rux, and City Engineer Kaaren Hofmann.

CONSENT CALENDAR:

2019 Committee Minutes

Action: Approve 2019 minutes
Motion: Bacon
Second: Olson
Vote: 14 Yes, 0 No

Chair Koschmann noted there was a request from Homeward Bound Pets in the packet. The proposed budget did not have funds allocated for community support.

STATE REVENUE SHARING PUBLIC HEARING:

Chair Koschmann opened the public hearing and read the hearing statement.

Staff Report: Finance Director Zook explained the requirements for the City to receive State Shared Revenues. This hearing was held for the public to discuss the possible uses for the funds. They were received on an annual basis and he discussed the estimated amount. The hearing was noticed in the paper as required.

Public Testimony

Proponent: None

Opponent: None

Undecided: None

Chair Koschmann closed the public hearing.

Recommendations from Staff: FD Zook recommended the Budget Committee approve staff's recommendation for the use of the funds to support general operations as described in the staff report.

Decision:

State Shared Revenues

Action:	Approve staff recommendation
Motion:	Allen
Second:	Rogers
Vote:	14 Yes, 0 No

CONTINUED BUSINESS: 1. Presentation of Funds, continued

**31 Admin Support Fund
Revenue**

FD Zook explained the Cost Allocation Methodology. Every source of revenue this fund received was from charges to other departments for services. On Page 53 was a matrix of the expenses each of the departments paid into the fund. It was a net zero fund, although there was a balance for unexpected expenses. They did not let the accumulated funds grow beyond a target percent. Pages 54 and 55 were a high level view of the components of the fund.

City Manager's Office

City Manager Weinheimer said the significant change in next year's budget eliminated an administrative support position - a 25% reduction in this budget. He would be using professional services for team building and staff development. He would also be adding funds for staff recognition.

There was discussion on:

- Materials and services line item.
- Recruitment expenses for the City Manager.
- Unbudgeted amounts for legal services.

Human Resources

CM Weinheimer said currently they had an interim Human Resources Director. The significant change in the overall budget changing the position to an Assistant City Manager with HR experience - budgeted for 10 months. Other changes were tied to efficiencies, such as bringing on NeoGov software for recruitment, tracking performance, and an online classroom tool.

City Recorder

CM Weinheimer said this was mostly a status quo budget. They would be adding additional technology and efficiencies for records management through Oregon Records Management Solution. To make some cuts in the budget, they eliminated some equipment replacements for Council.

Community Engagement

CM Weinheimer said the increase in this budget was for contractors to assist the Community Engagement Specialist with graphic design and strategic communication work. There was also a cost for archiving social media, webhosting, and video services.

Finance & Utility Billing

FD Zook said in this year's budget they anticipated a review of financial software. After an analysis staff thought it was worth upgrading to the most recent version. However, upgrades would need to be put on hold. In postage and telephones there was an increase due to the cost of cell phones. Regarding Utility Building, there was a large jump in this year's budget in utility assistance due to the Support Local Program for COVID-19.

There was discussion on:

- Needs for more relief money for utility customers.

Information Technology

IT Director Brooks said they cut the training budget by 50%. The projects they would be working on would be replacing a cluster of servers that powered the virtual server environment, upgrade video cards in the desktop servers, and add desktop memory to upgrade to Windows 10.

There was discussion on:

- Last year's budget for new equipment
- Deployment of a network upgrade
- An IT Master Plan

City Attorney's Office

City Attorney Stone said this was a status quo budget with a change from .4 FTE to .3 FTE for the City Prosecutor.

Fleets & Facilities

Interim Public Works Director Thomas said Fleet budget was status quo. They had been reducing the age of the fleet, and the internal cost for maintenance and repairs had been reduced due to using warranties. Because of the technology involved with new vehicles, subscription costs for onboard diagnostics had increased. Most of the expenses for fleet were charged out to the individual departments.

Interim PWD Thomas said there were changes to the Facilities budget with some facility maintenance and upgrades being delayed. One increase was due to the ADA Transition Plan, which they had been behind in doing. They would reduce capital replacements by \$150,000. CM Weinheimer said they wanted to do a Facilities Master Plan, but it would be pushed out to another year.

Public Safety Funds, Civil Forfeiture

Interim Police Chief Kosmicki said most of the Civil Forfeiture funds went to support the computer forensics division.

There was discussion on:

- Internal review of forensics performance.

911 Emergency

Interim Chief Kosmicki said this fund paid for two dispatchers. This year the tax went up so they could transfer a half time employee into this fund from the General Fund.

Public Safety

Interim Chief Kosmicki said this fund had two separate functions, patrol and communications. Originally the fund was not supposed to go this long, and every year they put the lowest paid police officers in this fund to extend it out. They were budgeting 2.5 officers instead of 3 and 2 dispatchers out of this fund because of cost of living increases.

There was discussion on:

- Increasing the public safety fee.

Community Development, Building Inspection

CDD Rux said revenues would trend the same as this year. In materials and services, they budgeted for diversity, equity, and inclusion training as well as an annual increases for software. There was an increase in the clerical salary as well.

Economic Development

CDD Rux said some of the clerical salary was moved to this fund for business license processing. In Professional Services, they budgeted for an Urban Renewal Feasibility Study. The Affordable Housing budget was status quo with some revenue gains because of interest earnings. There was a new portion of the fund for the Construction Excise Tax. If the Council adopted the program, there would be six months of revenue in this fund.

Transient Lodging Tax

CDD Rux said this budget was put together before COVID-19, and as a result there was a significant budget reduction in the fund. This would mean reductions to the Chamber for the Visitors Center and to Visit Newberg. The allocation to the Visitors Center would be \$75,000 and \$125,141 to Visit Newberg. There was a six month reduction in the Transient Lodging Tax which would have a significant impact to the General Fund as 65% of the revenues went to the General Fund. There was a new portion of the fund for a Parking Fee in Lieu program. He predicted three parking spaces would be purchased for \$13,000 per space.

There was discussion on:

- Publishing the amended numbers.
- Tally sheet to track changes to each fund
- Process of the approved budget, which would include both proposed and changes.
- TLT marketing grant - \$30,000 for Wolves & People
- Reduction in funds to Visitors Center and Visit Newberg.
- Chamber's contract – expiration on June 30, 5 year contract ending with renewal for 1 year. Terms of the contract.
- Visit Newberg's contract – based on contracts in place – amount was what was left after the 35% to the TLT and fixed costs to the Chamber contract.

Public Works Funds

Street Maintenance and Street SDC –

City Engineer Hofmann said street fund revenues came from gas taxes, and the Transportation Utility Fee. They were assuming a decrease in the gas taxes due to COVID-

19 pandemic. They also assumed a decrease in the Transportation Utility Fee due to vacancy waivers. They assumed a reduction in System Development Charges as development was slowing down.

There was discussion on:

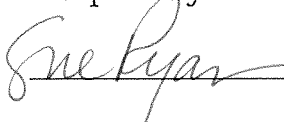
- Waiver process for the TUF.
- Frequency of gas tax revenues – monthly
- Contingency level in the TUF, planned projects
- Pavement preservation - cost of maintaining versus rebuilding.
- Economies of scale
- ADA accessibility required improvements for sidewalks and critical routes.

NEXT STEPS:

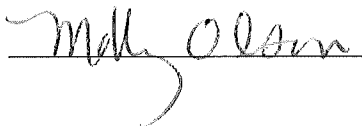
The next Budget Committee meeting would be held on April 30th at 6:30 p.m.

Meeting adjourned at 8:30 p.m.

Adopted by the Newberg Budget Committee this 20th day of April 2021.

 Sue Ryan, City Recorder

Attested by the Budget Committee Chair this 6 day of May 2021.

 Molly Olson, Budget Committee Chair

**City of Newberg
Budget Committee
April 30, 2020**

Meeting held electronically due to COVID-19 pandemic

Meeting called to order at 6:31 p.m.

Committee Members Present: Solomon Allen, David Bonn, Timothy Carpenter, Beth Koschmann, Molly Olson, Jack Reardon, Brad Sitton, Mayor Rick Rogers, Councilors: Gene Piros, Julia Martinez Plancarte, Denise Bacon, Stephanie Findley, Elise Yarnell Hollamon, and Patrick Johnson.

Staff Present: Finance Director Matt Zook, Assistant Finance Director Caleb Lippard, Senior Accountant Dan Keuler, City Manager Dan Weinheimer, City Attorney Truman Stone, City Recorder Sue Ryan, Interim Public Works Director Russ Thomas, City Engineer Kaaren Hofmann, Interim Police Chief Jeff Kosmicki and Library Director Will Worthey.

CONTINUED BUSINESS 1. Presentation of Funds, continued

Public Works Funds – Transportation SDCs

City Engineer Hofmann discussed the Transportation System Development Charge budget. There would be a decrease in this fund, and it would cover 63% of the proposed capital projects in the Street Fund.

Public Works Funds – Fund 18 Street Capital Projects

CE Hofmann discussed Street Capital Projects. There were no new projects that would be started in the next fiscal year just continuations of projects. They increased the sidewalk and ADA ramp program. They were also moving forward with bike lanes and sidewalks on College Street. The rest of the projects were in the budget document. There was a question about whether they should be pushing out projects, and a couple had been pushed out and some were slowed down due to reduced TUF funds.

There was discussion on:

- TUF vacancy waivers for businesses that were closed due to the COVID-19 pandemic.
- Difference between projected and adopted FY19-20 funds for the Elliott Road project.
- Crestview Drive.

Fund 6 – Wastewater Collection

Interim Public Works Director Thomas said significant changes to the Wastewater Treatment Plant budget included safety railings on the roof, increase in travel and training for new operators and increasing certification levels for current operators, shift in maintenance from major replacements to preventative maintenance, and shifting personnel into contractual services for temporary employees. For Wastewater Collection, the budget was status quo.

There was discussion on:

- Maintenance facility improvements - limitations on the funds (20% System Development Charges, 80% gas taxes. Use was permitted for the maintenance facility to maintain and expand the system.

Fund 46 Wastewater SDCs & Fund 04 Capital Projects (Wastewater)

CE Hofmann noted this budget did not assume any rate increases in January 2021. There was a decrease in the Wastewater SDC because of the decrease in development. These SDCs would cover 25% of the proposed capital projects. There were only two new capital projects, the rest were continuations.

There was discussion on:

- Loss of \$1 million in SDC revenue this biennium.
- Impacts due to pandemic.

Fund 07 Water Treatment

IPWD Thomas said they would go to an automated meter reading project. They would also be hire a Maintenance Tech II. There was a significant increase in state permit fees for the Water Treatment Plant. The cost of gas had gone down and some of those expenses had been reduced.

Fund 47 Water SDCs & Fund 04 Capital Projects (Water)

CE Hofmann said there was a decrease in Water SDCs. They were four new projects this year They had postponed and slowed down some of the current projects.

Fund 17 Stormwater

IPWD Thomas said there was a change in contractual services for downtown street sweeping and locating stormwater piping.

Fund 43 Stormwater SDCs & Fund 04 Capital Projects (Stormwater)

CE Hofmann said there was a decrease in stormwater SDCs. The stormwater projects were combined with other projects. There were stormwater issues in older parts of town and they would be fixing some of the older systems before they were paved to be more efficient.

Miscellaneous Funds

Fund 09 Debt Service

Finance Director Zook said this fund covered all of the City's debt payments. There was no new outstanding debt in the fund. They would be making debt payments in the next fiscal year. Some had been refinanced.

Fund 21 Governmental Capital Projects

FD Zook said this was a new fund that included the WCCCA radio upgrade project.

Interim Police Chief Kosmicki said the City joined WCCCA in 2010. Part of the upgrade included a 250 foot tower in the maintenance yard. The loan was to upgrade the 911 system from analog to a digital network. FD Zook said the project should be completed in the next fiscal year. He thought it would be \$3.1 million for the project, and he would be monitoring it closely to make sure there were no overruns. The second project in this fund was the seismic retrofit. CE Hofmann said the City received a grant for the Public Safety Building seismic retrofit project. It was started last year and was required to be finished by September 2020.

There was discussion on:

- The \$34 million of indebtedness and \$4 million in payments per year
- Debt was funded through user fees or existing property tax and General Fund revenues.

Fund 22 Library Gift

Library Director Worthey said this fund was used for donations and grants. This fund would be used differently next year. The donation cycle would be in line with the financial year. Because of this change, the projected revenues were more accurate than they had been in the past.

Fund 32 Vehicle Equipment Replacement

FD Zook said this was money set aside for future purchases. The balances rolled forward to the next year if they were not used.

City Hall Fee Fund

FD Zook said this fund was being closed out. It was a dedicated source of revenue for remodeling City Hall and the debt service was being paid off. They had over collected for it and would be refunding by June 30.

Fund 23 Cable TV

FD Zook said this fund was also being closed out due to the use of funds for communications and audio system purchases in the last year.

PERS Rate Stabilization Fund

FD Zook said they set aside funds in one year and used them in the next. This fund was also being discontinued.

FD Zook discussed proposed changes to the FY 20-21 budget. These included:

- Delaying the Construction Excise Tax program to the fall cutting in half the anticipated amount of revenue from \$300,000 to \$150,000,
- Cleaning up the Information Technology budget for on-call pay, which was understated by \$6,000,
- Increase of .2 FTE in Human Resources Specialist to match up with the Assistant City Manager/HR Director role of \$14,000,
- Expense for the Bypass lobbyist of \$24,000,

- Reducing the payment to the Visitors Center from \$96,000 to \$75,000 out of Transient Lodging Tax fund. Extra revenue would go to Visit Newberg. Overall the budget would be reduced by \$125,000.
- The new approved budget would be \$109,597,000.

Discussion: Committee Member Olson asked if the changes would reduce contingency.

FD Zook said they would be reducing General Fund contingency by \$20,000 and Street Fund contingency by \$25,000, and the Water, Wastewater, Building Inspection, and Stormwater Funds would be impacted solely by the administrative support services charge.

FD Zook reviewed the Budget Committee questions and answers. An additional column was added for the projected FY 2019-20 to the city-wide financial overview. He discussed the ending reserve amounts/percentages. The current fiscal year would be ending higher than projected at 20.9% or \$2.9 million. They were aiming for 16% in the next fiscal year.

Committee Member Olson said there was uncertainty about revenues this year. She asked about the risk analysis that if they were aiming for 16% reserves they might end up at 12%. FD Zook said the biggest risks were property tax revenue which was expected to grow 4.3%, however if businesses closed or homeowners went into foreclosure, that would impact the revenue stream and Transient Lodging Tax revenue which they anticipated dropping to 0 for several months. That was a more volatile impact to the City. It was a challenge to do long range planning right now.

Committee Member Olson said this budget relied on raising the property tax by 3%. If it was not approved, what did that do to the ending balance percentage? Assistant Finance Director Lippard said if they did not increase it by 3% it would reduce the ending fund balance by \$154,959 which would be 15.04%. City Manager Weinheimer said they would need to figure out how to make up that difference with additional cuts. There was discussion regarding the impacts to the increase. FD Zook noted the Budget Committee set the tax rate and that decision would need to be made by the Committee.

FD Zook said the 3% increase in property tax would cost the average homeowner about \$23.19 on a \$300,000 home. The term of the Visitor Center contract ended June 30, 2020 and a new one year contract was currently being negotiated.

Mayor Rogers said it was a previous Council decision to put on hold the increase to utility rates and the Construction Excise Tax.

FD Zook said the Community Support fund was for financial support of other organizations or governments providing a benefit to the City. The Council made the decision on how those funds were spent. They had only received one request this year from Homeward Bound Pets.

FD Zook said there were some items but for the environment they were in, would have been considered for the budget. CM Weinheimer said there was a list with the top tier items.

Committee Member Reardon asked if funds were set aside for Yamhill County Transit. FD Zook said yes, it was in the budget.

DELIBERATION:

Councilor Johnson was uncomfortable with the 3% increase in property taxes. He asked about the process for making that up if they didn't want to reduce reserves. Would staff be able to bring back \$155,000 worth of cuts or would the Committee come back with suggestions?

CM Weinheimer said staff could come up with recommendations and options.

Committee Member Olson said the Committee had two tasks, one was the tax rate and the other was the dollar amount. Because of the hardships people were going through, the 3% increase would be controversial. However the budget and reserves have gone down significantly and staff had no COLA. She did not think the 3% was unreasonable when it was an increase of \$23 for a \$300,000 house. She understood the unpopular presentation but was also concerned about the ability to run the City.

Chair Koschman suggested coming back and beginning this discussion at the next meeting. Committee Member Reardon thought that was a good idea. City Attorney Stone reminded the Committee that they could not discuss or deliberate with other Committee members on the budget outside of a public meeting.

Mayor Rogers would like staff to come back with options for the \$155,000 cut rather than taking it out of reserves. Committee Member Allen would also like to hear from staff about the impact of the cuts. Chair Koschman wanted to know the reduced revenue due to the pandemic for six months instead of three.

FD Zook said the reductions were due to closures, and the model was still showing slower returns even into the second quarter. The adopted 19-20 budget anticipated \$1.1 million in TLT funds and in the next fiscal year it would be half of that. The second quarter numbers were a 67% reduction over previous years.

Committee Member Sitton asked about Fund 32, capital outlay maintenance vehicle replacement of \$1.7 million. It seemed like an expensive vehicle that potentially could instead be used to cover the budget loss. FD Zook said that was a Public Works fund and reducing it would not help the General Fund. IPWD Thomas said the funds would be used to replace a street sweeper.

CM Weinheimer asked if the Committee wanted staff to come back with a reduced estimate of the TLT, especially because of the reduction of tourism activities. Committee Member Olson said it was difficult to do the analysis right now because no one had data for the pandemic. She would like to know where they were taking risk with income and what was done to model it.

Committee Member Allen thought the modeling at 67% made sense or some kind of range at what they might be looking at. He did not think they were going to know that number regardless.

Committee Member Reardon said in Yamhill County, a lot of employment was directed to health care and A Dec. Those two were taking a big hit and how quickly they would come back in most people's view would be slowly. He did not think it would ramp back up in the third and fourth quarters to what it was previously.

FD Zook suggested instead of trying to analyze the numbers without any lead indicators, they could rely on staff and Council to adapt and respond in a nimble way moving forward. They could try to make more cuts now, but it might be an exercise in futility. He could bring back ranges of responses to the TLT funding.

Councilor Yarnell-Hollamon was comfortable with what was being presented. Councilor Bacon said they did not know and should not get caught up in the predictions. They needed to depend on staff to keep a careful watch and adjust as needed.

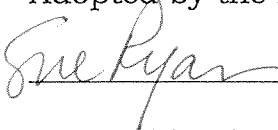
Councilor Findley said staff gave them their best realistic guess. They could look at every single dollar amount and what it would mean, but they just didn't know.

Councilor Johnson said it took staff a lot of time and work to turn out the budget. He was confident that they had staff to handle the challenges. Committee Member Reardon was also comfortable with the projections.

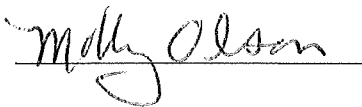
The next Budget Committee meeting would be held on May 5, 2020.

Meeting adjourned at 8:50 p.m.

Adopted by the Newberg Budget Committee this 20th day of April 2021.

 Sue Ryan, City Recorder

Attested by the Budget Committee Chair this 6 day of May 2021.

 Molly Olson, Budget Committee Chair

**City of Newberg
Budget Committee
May 5, 2020**

Meeting held electronically due to COVID-19 pandemic

Meeting called to order at 6:30 p.m.

Committee Members Present: Solomon Allen, David Bonn, Timothy Carpenter, Beth Koschmann, Molly Olson, Jack Reardon, Brad Sitton, Mayor Rick Rogers, Councilors: Gene Piros, Julia Martinez Plancarte, Denise Bacon, Stephanie Findley, Elise Yarnell-Hollamon, and Patrick Johnson.

Staff Present: Finance Director Matt Zook, Assistant Finance Director Caleb Lippard, Senior Accountant Dan Keuler, City Manager Dan Weinheimer, City Attorney Truman Stone, City Recorder Sue Ryan,

CONTINUED BUSINESS:

Finance Director Zook reviewed the questions/answers since the last meeting. These had to do with not increasing the tax rate by 3% and the effect on the ending fund balance, changes to the 2020-21 budget and impacts to the General Fund of \$20,951, explanation of the ending fund balance, how much SDCs were reduced due to the slowdown of development, revenue from the sale of assets, a by-fund spreadsheet for additional information, and how many years in a row the tax rate had been increased by 3%.

Committee Member Olson asked if there was an inflation rate used in the calculations. FD Zook there were many inflation rates used, especially for personnel services, materials and services, and capital projects.

Deliberation on 2020-21 Proposed budget:

Committee Member Olson suggested the Committee discuss the proposed 3% tax rate increase. Committee Member Reardon thought if they reduced the ending fund balance by that amount, it stayed within the parameters of the percentage they were looking for, around 15%. FD Zook said if they were to fall back down to 15.23%, it was close. The percentage was a target and best practice. What became more important was the actual dollars for the ending fund balance. Committee Member Reardon said at the last meeting there was discussion about staff coming up with \$150,000 worth of cuts. What would those be if they left the ending fund balance the same and made some cuts.

City Manager Weinheimer said staff had come up with some scenarios for cuts. He would like to know the decision on the rate before getting into those details. They were limited in what could be cut because it had to tie back to the General Fund.

Committee Member Allen asked if there was a way to measure the impact of losing those funds on the community. CM Weinheimer said they were trying hard not to cut staff because of the cascading impact on their ability to provide services. They would be looking at cutting equipment.

Councilor Findley was in favor of the 3% increase. This was a bare bones budget. Staff did a good job to be at the bare minimum and not increasing it 3% would lead the City down the road where in a couple years the 3% did not buy the same thing it bought now. There would be bigger gains down the road instead of doing it in increments. Committee Member Reardon agreed. They needed to raise rates every year as the City's requirements for funds went up every year and a lot more than 3%.

Councilor Bacon was also in favor of the 3% increase because the City's costs went up 3% or more and they had to keep up or they would go deeper into the hole and it was harder to get out. Councilor Yarnell-Hollamon was in favor of the 3%. She didn't want to be in a position like they were a few years ago. There should be an incremental increase.

Mayor Rogers had a hard time not providing a COLA for employees, yet passing a 3% tax rate increase. He would be voting no on the budget. Councilor Martinez Plancarte was in favor of the 3% also. Raising it incrementally was more doable for families than later on raising it a higher percentage. Committee Member Allen was also in favor, especially since there might be possible reductions in revenue that were lower than projected.

FD Zook clarified corrections to the proposed budget, one was a position that became vacant and created a positive impact on the General Fund and the other was a health insurance omission. The net impact was a reduction of \$31,000 to the ending fund balance.

Action: To approve the budget for the 2020-21 fiscal year in the amount of \$109,575,511 and approve property taxes for the 2020-21 fiscal year at the rate of \$2.6523 per \$1,000 of assessed value for permanent rate tax levy.

Motion: Rogers
Second: Johnson

Councilor Findley made a disclosure that she consulted with the State Ethics Commission before the Budget Committee convened because there was an active recall petition against her by a Police Officer. The Commission determined that she did not have a potential or actual conflict of interest by voting on the budget.

Mayor Rogers made the same disclosure as Councilor Findley.

Committee Member Reardon disclosed that he had talked with Chair Koschman about not liking the Budget Committee process online.

Vote: 13 Yes, 1 No [Rogers].

Meeting was adjourned at 7:15 p.m.

Adopted by the Newberg Budget Committee this 20th day of April 2021.

Sue Ryan, Sue Ryan, City Recorder

Attested by the Budget Committee Chair this 6 day of May 2021.

Molly Olson Molly Olson, Budget Committee Chair

