AN ADJOURNED MEETING OF
THE NEWBERG BUDGET COMMITTEE
FISCAL YEAR 1986-1987

Thursday, 7:30 p.m. Council Chambers May 1, 1986

The meeting was called to order by Chairman Hal Grobey.

Present:	Roger Gano, Council	Joe Brugato, Citizen
	Hal Grobey, Council	Aaron Corum, Citizen (at 8:10 p.m.)
	Alan Halstead, Council	Lee Hall, Citizen
	Quentin Probst, Council	Marty McIntosh, Citizen
	Donna Proctor, Council	Rick Rementeria, Citizen
	Tommy Tucker, Council	Lyle Wilson, Citizen
	Joe Young, Council	

Staff Present: Mike Warren, Budget Officer
Brenda Stroud, Finance Director
Doug Richmond, Asst. Finance Director
Arvilla Page, City Recorder
Rick Faus, City Attorney
Elvern Hall, Mayor

Also present were 10 others comprised of members of the City Staff, interested citizens and one member of the press.

The Committee reviewed the corrections to the minutes of the meetings on April 22 and April 23.

Mr. Brugato asked Mr. Warren to expand on his statement on Page 2 of the minutes of April 22. Mr. Warren responded by reviewing his statements on the STP Building Fund.

Mr. Brugato asked for further comment from the City Attorney on whether a member of the Committee could abstain from voting. The City Attorney responded that his statement recorded in the Minutes of April 23 is correct. No member is required to vote. Mayor Hall expressed his view on abstention on voting.

Motion: Halstead-Proctor to approve the Minutes of the April 22, 1986 and April 23, 1986 meetings as corrected. Carried unanimously.

Motion: Halstead-Probst to suspend the 9:30 p.m. adjournment rule previously set by the Committee. Carried with one nay, Gano.

Motion: Gano-Proctor to adopt the Water Replacement Reserve Fund.

Mr. Warren explained the details of the budget for this fund.

Mr. Brugato stated that he would vote no on the Water Replacement Reserve. He referred to the description sheet on the Water Systems Development Fund. He noted that it requires a two-thirds vote of the Council to remove any existing fund in the future. Also, you can now lock in funds longer than 18 months. Future Councils will have difficulty dealing with these funds with the two-thirds requirement.

Mr. Warren noted that Mr. Brugato is talking about two separate funds. The Water Systems Development Fund cannot be used for anything other than systems development.

Mr. Faus stated that both funds are reserve funds with the money accumulated for special purposes. He reviewed the requirements for establishing the funds, expenditure of the funds accumulated and the dissolution of the funds.

Ms. Stroud reviewed the Investment Policy Resolution. The resolution had to be reviewed and approved by the State Short Term Investment Board. The Finance Director may ask permission of the Finance Committee to invest monies longer than 18 months and may do so only with their approval.

Ms. Stroud noted that also included in the Investment Policy are rules regarding percentages invested long term, percentages invested with any one institution, the institutions stability, etc. These rules apply to all investment options other than the Local Government Investment Pool.

Ms. Stroud added that investments can always be sold.

<u>Vote on the motion</u> to adopt the Water Replacement Reserve Fund carried with one nay, Brugato.

Mr. Warren explained the details of the Water System Development Fund.

<u>Motion:</u> Halstead-Gano to approve the Water System Development Fund.

Jim Burke, Pacific Economica, distributed a refined and expanded comparison list of fees charged by various cities in Oregon that are comparable in size to Newberg.

<u>Vote on the motion</u> to approve the Water System Development Fund carried with one nay, Brugato.

Mark Meinert, Newberg Community Hospital Administrator, explained the operation of the hospital that is owned by the City. The Board is appointed by the Mayor and Council. The daily operations are administered through a contract with St. Vincents Hospital.

<u>Motion:</u> Halstead-Probst to approve the Hospital budget.

Mr. Brugato asked for comment on the possibility of selling the hospital to a private firm.

Bill Humphreys, member of the Hospital Board, stated that the desire at the present is to remain independent as long as possible. The hospital must operate tightly to create reserves, add new services and be competitive.

Hal Grobey, member of the Hospital Board, stated that any consideration of selling would be long and involved. It would not be rumored about town. The hospital is presently fiscally sound.

Mr. Humphreys noted that the Board is presently going through the process of long range planning.

Several members of the Committee expressed their appreciation for the good management at the hospital.

Vote on the motion to approve the Hospital Budget. Carried unanimously.

Mr. Warren explained the details of the State Tax Street Fund. He noted the carry over in this fund is not enough for a project.

Motion: Tucker-Gano to approve the State Tax Street Fund.

Hal Turpen, Public Works Superintendent, stated the City has not done any overlays for several years. Pavement is now being tested for the Pavement Management Plan.

Vote on the motion to approve the State Tax Street Fund carried with one nay, Brugato.

Motion: Halstead-Gano to approve the Capital Improvements Funds

Mr. Warren explained that the Department of Revenue has notified us that these should be in separate funds. He explained the various funds in detail.

Mr. Brugato questioned whether these are the same as other reserve funds.

Mr. Faus responded that if the funds were accumulated in previous years, then the use of the funds are restricted. If not previously accumulated, then they can be used for any purpose.

Ms. Stroud explained further the accounting requirements for these funds. She added that none of these funds have been adopted under Chapter 280.

Mr. Brugato asked whether we are locking these in under Chapter 280 with their establishment now. The response was yes we are.

Mr. Brugato moved that the City return to the people 50% of these funds. Motion failed for lack of a second.

Mr. Brugato moved that 50% of the money going into the funds be returned to the people. Motion failed for lack of a second.

The need for the various funds was discussed by members of the Committee. The Fire Equipment Fund is very important. If a fire vehicle were destroyed in a fire, there is no insurance to replace the equipment. This also has an effect on our fire rating.

The other funds, in addition to Fire, are Police, Public Land, Office Equipment, Public Works Building, Public Works Equipment, Library Building, Computers and CCLRS. The Library Director explained that CCLRS is the computer link between several libraries.

Vote on the motion to approve the Capital Improvement Funds carried with one nay, Brugato.

Motion: Gano-Young to approve the Debt Service Fund.

Ms. Stroud explained this fund. The carry over in this fund is to pay debt service requirements between July 1 and the time of tax collection receipts. This reserve is required by the Department of Revenue.

Vote on the motion to approve the Debt Service Fund carried unanimously.

Motion: Tucker-Probst to approve Federal Revenue Sharing Fund.

The fund was reviewed by Mr. Warren.

Vote on the motion to approve the Federal Revenue Sharing Fund carried unanimously.

Motion: Corum-Gano to approve the Assessment Fund.

The fund was reviewed by Ms. Stroud.

Vote on the motion to approve the Assessment Fund carried unanimously.

Motion: Corum-McIntosh to approve the Bancroft Redemption Fund.

The fund was reviewed by Ms. Stroud.

Vote on the motion to approve the Bancroft Redemption Fund carried unanimously.

The 9-1-1 fund was explained by Mr. Warren. Councilman Gano suggested that this should go to the Council for consideration to be used for capital expenditures.

Motion: Tucker-Gano to approve the 9-1-1 Fund. Carried unanimously.

Motion: Gano-Tucker to approve the Economic Development Fund.

Clay Moorhead, Planning Director, explained this fund.

Mr.Brugato asked whether there is a way to improve the Werth property and have it repaid by industry though this fund. Mr. Moorhead responded that it might be possible.

Vote on the motion to approve the Economic Development Fund carried unanimously.

Motion: Gano-Tucker to approve the LSCA Title I Fund.

Doreen Turpen, Library Director, explained this fund.

Vote on the motion to approve the LSCA Title I Fund carried unanimously.

Motion: Halstead-Rementeria to approve the State Revenue Sharing Fund.

Ms. Stroud explained this fund.

Mr. Brugato moved to terminate the State Revenue Sharing Fund and rebate the money to the people. Motion failed for lack of a second.

Vote on the motion to approve the State Revenue Sharing Fund carried with one nay, Brugato.

Mr. Warren explained the details of the Storm Sewer Fund.

Ms. Stroud commented that the majority of the funds in the Storm Sewer Fund result from the five year serial levy.

Motion: Tucker-McIntosh to approve the Storm Sewer Fund.

Mr. Tucker noted that this fund is needed as part of the sewer infiltration problem.

Mr. Brugato asked whether the reserved Sewer Fund money could be used for storm sewers. Mr. Burke responded that it could only if a direct relationship were shown.

Mr. Brugato moved to reduce this fund to $1 and return the money to the people. Motion failed for lack of a second.

Mr. Burke noted that the City has far more needed Storm Sewer improvements than they have the money to deal with.

Vote on motion to approve the Storm Sewer Fund carried with one nay, Brugato.

Motion: Tucker-Gano to approve the Library Gift Fund.

Ms. Turpen explained this fund.

Vote on the motion to approve the Library Gift Fund carried unanimously.

Motion: Tucker-Probst to approve the Library Building Fund.

This fund was explained by Mrs. Turpen and Ms. Stroud.

Vote on the motion to approve the Library Building Fund carried with one nay, Brugato.

Motion: Proctor-Gano to approve the Sewage Treatment Plant Building Fund.

Mr. Richmond explained this fund.

Mr. Brugato stated the people who voted for the bond issue understood that the money would be returned to the people if it was not needed. He stated he could not vote on this fund without a full explanation of the $2,000,000. Why wasn't it returned after we knew we had 75% financing?

Mr. Young noted that Mr. Brugato is crying foul before the game is finished. We could need more money before the project is completed. We do not know if we have excess money. No one assumed the money would be returned before the project was completed.

Mr. Gano stated he believes some of the money will be returned to the people. It is premature to return the money now. He agreed that no one assumed money would be returned before project completion.

Mr. Halstead agreed that money will probably be returned, but not immediately.

Mayor Hall noted that some is being returned with the tax reduction provided by the interest earned on the invested funds. He noted that we go by the law.

Mr. Burke stated that the City had to make a commitment and give assurance to get the funding from EPA. When the plant is finished, the City will have the delightful problem of deciding disposition of the excess funds.

Mr. Warren stated that maybe we shouldn't have tried so hard for the 75% and settled for 55%. We wouldn't now have this "problem". The Council has talked about the $2,000,000 many times. They decided to use the interest revenue to bring the taxes down. The political process works and the Council is working for the people.

Mr. Brugato responded that the people in the street are concerned. You have to justify not returning the money.

Mr. Gano said that the Council and Mayor are listening too.

Ms. Stroud reviewed the legal requirements with many restrictions and the financial implications of disposition of the money. She stated that she would recommend; #1. That the project be complete first. #2. If we use the money to reduce debt, we need to look at sophisticated methods. Not reduce taxes for one year then have them shoot right back up.

The Committee then discussed in great detail the question of the $999,000 in this fund that were the up front costs for the sewage treatment plant.

Motion Amendment: Young-McIntosh to transfer $500,000 of the reserve in the STP Building Fund to the Systems Development Fund.

Mr. Young further recommended that the Council consider the $499,000 to be used to reduce debt and taxes in the most prudent manner.

Mr. Faus pointed out that the Council may alter the budget up to 10% above the budgeted amount. These figures would not exceed the 10% limitation.

Vote on the amendment carried with one abstention, Brugato.

Vote on the main motion as amended. Carried with one nay, Brugato.

The 1986-1987 Budget now being completed, the Committee adjourned at 10:10 p.m.

Arvilla Page

Arvilla Page, City Recorder

Roger Gano

Roger Gano, Secretary