

Motion: Tucker-Probst that an additional meeting date of April 24 be set.

After further discussion and polling of the members as to whether they could attend on that date, a motion to amend was made by Halstead and seconded by Brugato that the date be April 23, if needed.

Motion as amended carried unanimously.

Councilman Tucker asked for clarification of the Chairman's time limitations. Discussion and clarification followed.

Motion: Gano-Halstead to adopt the unabridged Budget Message and the assumptions contained therein.

Ms. Stroud stated there were corrections that needed to be made in the Budget Message.

Mike Warren, Budget Officer, stated there were two memos involved. The first is general information. He described the changes made in the various fund's content that now make up the 28 different funds. The second memo is the required Budget Message. He then briefly reviewed the message. He stated the summary of the Budget Message is that we will keep the same level of services and will do it within the tax base. He concluded that this budget is not 'expense driven'. The various departments do not try to spend all the monies allocated to them. They instead try to do more for less and the money saved becomes the carryover for the next year. This has allowed us to extend the intended two year tax base from 1982 into the year 1988.

Ms. Stroud advised the Committee on those items to be corrected in the Budget Message document.

Mr. Brugato stated he had some questions and points to make. He stated he was concerned about the Water Systems Development Fund. The Council recently adopted a resolution that overruled the State statute, which is legal, allowing the City to make investments for terms longer than 18 months. He stated he hoped that in these times this would not be the case because of lowering interest rates.

Ms. Stroud interjected that we are in compliance with investment O.R.S.

Mr. Brugato continued, that if you read the fine print under the Water System Development, our City government has recommended to us that we lock in well over a half million dollars and it can not be taken out of there for any reason except for debt payments or water usage without a two-third vote of the Council. There is no need to have a third fund under Water and it should not require a two-thirds vote of the Council to use. We have 1.1 million in our water fund that is a carryover. Our carryover balance of \$467,001 (General Fund) is too large in these times. The Newberg economy is not good and we must begin to prepare if the future of Newberg remains depressed. We also have to limit our bonded indebtedness in case our economy does not turn around. Our auditors show our debt at over \$35,000,000. That is principal and

interest over the next 20 years. We must be very, very careful of carry over fees and it is time we give the people of Newberg some relief.

Ms. Stroud stated there has been a substantial amount of research done on the question of the Systems Development fees by our City Attorney, the State Department of Revenue and our attorneys. She then read the following paragraph: "The Water Systems Development Charge and the Sewer Systems Development Charge are funds collected for supporting and developing the capital facilities of the water and sewer system. Utilization of these funds for any other purpose would be prohibited by case law and statute and utilization of these funds outside the stated purpose of their collection could result in personal liability." She stated this has nothing to do with the establishment of a separate fund.

The City Attorney advised that money collected for a particular purpose must be used for that purpose. This particular purpose is the development of our water and sewer systems. Developers pay the SDC based on the assumption that the development takes away some capacity of the system and the fee helps to restore the used capacity.

The City Manager stated there were three funds each under Water and Sewer. The 'Operation' fund, the Replacement Reserve fund, and the System Development fund. The Replacement fund is to do the projects that are identified in the Capital Improvement Program. We are required by EPA to do this in the Sewer Fund. The Committee could decide not to fund the Water Replacement Reserve Fund; this is the community's budget. However, there will be an effect from any changes made by the Committee. There will be no more 75% Federal Funds for sewage treatment plant replacement. There will be very few other Federal dollars available for any other improvements. We do not have to put the money in the Water Reserve Fund, but if you don't, there will be some projects that won't get done.

Chairman Grobey called on Jim Burke from Pacific Economica, developers of the Cost to Serve Study, to comment on the subject.

Mr. Burke stated that it is just sound financial practice to set up reserves for capital improvements. The cost charged to a developer are formulated based on a number of factors over a 20 year period. The developer actually pays only about one-half of the formula. The citizens pay the balance in the user fees. The other cost to the developer is the actual cost of connection to the systems. It is statute and good financial management to have a reserve for capital improvements and the replacement reserves.

Mr. Rementeria stated that, in regard to the carryovers, he would not want to place the City in the same condition as the school district where we would have to go to the voters each year. Only a small segment of Newberg is depressed economically. With the 75 new jobs created by the economic development activities of the City, the City generated more than the taxes.

Mr. McIntosh pointed out that the money carried forward is the result of the efforts of the City staff to operate economically.

Chairman Grobey asked the Finance Director how long the City could operate on the carry over in the General Fund. She responded that it would last for two and one-half months, or the middle of September. Taxes are not received until late November. The gap could be filled by an inter fund loan or with a tax anticipation note from a lending institution.

Ms. Stroud noted that previously the reserve and SDC were in one fund but were segregated. They are now in separate funds. She distributed (Exhibit I) a listing of the City's debt. \$12,750,000 is subject to taxes or user fees for repayment. Other debt is paid from other revenue sources. Included in the \$12,750,000 is \$9,590,000 in sewer bonds. The people are being taxed or paying through user fees for only \$7,100,000 of that amount.

The City Manager stated that we are managing by looking ahead and maintaining the level of services. It is not a question of the economy, but of management and services. We could lower rates, but there are costs in doing that. We need to talk about the levels of service and what we want for our community.

Chairman Grobey called for a vote on the motion on the floor. The motion was restated: "adopt the Budget Message, as corrected, and the assumptions contained therein." Motion carried unanimously.

Ms. Stroud distributed an additional sheet, "Statement of Fund Changes," to be included in the budget document.

The Committee then began review of the various sections of the General Fund. Each section was reviewed briefly by Staff and any questions were answered.

Motion: Gano-Tucker to adopt the "General Fund Revenue Projections". Carried unanimously.

The "Expenditure Projection Summary" was skipped to be reviewed after all other sections of the General Fund are reviewed.

Motion: Gano-Tucker to adopt the "General Fund, Non-Departmental" section. Carried unanimously.

Peggy Campbell, Board Member of Newberg Downtown Association, stated the General Government section contains \$10,000 budgeted for assistance to NDA. She asked the Committee to consider increasing that amount by \$20,000 and described the need. She described past activities of the group and the planned future activities.

Mr. Brugato noted that the people voted 71% against urban renewal and questioned whether the people would want \$20,000 of their taxes spent on the downtown.

Mr. Corum asked for a description of the downtown area that is the concern of NDA. The description was provided. Ms. Campbell noted that many of the members of NDA are not located in the area, but are

interested in improving the downtown and are actually some of the biggest contributors to NDA.

Motion: Gano-Corum to adopt the "General Fund, General Government" section.

Mr. Brugato stated, "I am very much in favor of NDA surviving, but I don't think we can use that (unclear word) at this time until we are sure that a majority of the people that we serve want us to spend this \$10,000. I oppose it for that reason."

Mr. Rementeria pointed out that all through the budget there will be items targeted toward certain groups. NDA is not the same as redevelopment. It is a group trying to improve the economics of the downtown area, but their intent is not a redevelopment of the area. The City funded the first part of NDA and should not drop them now.

Vote on the motion: Carried with one(1) nay, Brugato.

Motion: Gano-Proctor to adopt the "General Fund, Recorder" section. Carried unanimously.

Motion: McIntosh-Tucker to reopen discussion of "General Government" to allow input from the audience. Carried unanimously.

Janet Ker, Chamber of Commerce Manager, described the need for funds by the Chamber of Commerce that are included in the General Government section. The Chamber would also like to request an additional \$1,000 for brochures.

The City Manager suggested that the Council could act on this request at a later date under the line item, Special Projects.

It was noted that the time was now 9:30 p.m. and the wishes of the Committee were called for.

Motion: Gano-McIntosh to adjourn at 10:00 p.m. Motion carried with one (1) nay, Tucker.

Motion: Halstead-Probst to adopt the "General Fund, Municipal Court" section. Carried unanimously.

Motion: Gano-McIntosh to approve as presented the "General Fund, Administration" section.

Mr. Brugato stated he was opposed to the \$6,000 increase in this budget.

Vote on the motion: Carried with one (1) nay, Brugato.

Motion: Gano-Proctor to approve as presented the "General Fund, Finance" section. Carried unanimously.

Motion: Gano-Proctor to approve the "General Fund, Legal" section. Carried unanimously.

Ms. Stroud noted there was a change needed in the Planning and the Engineering sections, as well as other sections that are affected. Under "Personnel-Secretarial" the group number needs to be changed from 101 to 103 and the figures adjusted accordingly. This is the result of a recent salary survey.

Motion: Gano-Tucker to approve "General Fund, Planning" as revised.
Carried unanimously.

Police Chief Bishop commented on the the increased activity in his department and gave the clearance rates. He stated there were 40 major drug raids in 1985 that netted \$600,000 plus in contraband.

Motion: Brugato-Tucker to approve the "General Fund, Police" section.
Carried unanimously.

Fire Chief Christensen stated there was a 25% increase in calls during 1985. The same staffing is being maintained with a volunteer force of 40 to 45. About 45% of the Fire budget is paid by the contract with the Rural Fire Protection District.

Motion: Halstead-Rementeria to approve the "General Fund, Fire" section. Carried unanimously.

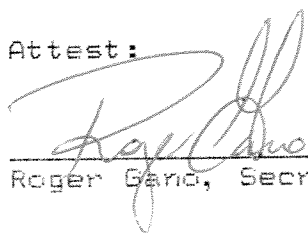
The City Manager described the staffing, past and present, in the Building Department. There is one full-time inspector, one part-time inspector and clerical is done by a co-op student and other clerical staff.

Motion: Tucker-McIntosh to approve the "General Fund, Building" section. Carried unanimously.

Meeting adjourned at 10:00 p.m.

Next meeting on April 22, 1986 at 7:30 p.m.

Attest:



Roger Gano, Secretary



Arvilla Page, City Recorder