

Monday, 7:30 p.m.

April 24, 1989

MINUTES OF THE BUDGET COMMITTEE MEETING

Newberg Public Library

Newberg, Oregon

The meeting was called to order by Mayor Elvern Hall.

ROLL CALL:

PRESENT:	Alan Halstead C. Eldon McIntosh Donna McCain	Jack C. Nulsen, Jr. Donna Proctor Tommy Tucker
ABSENT:	Roger Gano	Joe Young
MEMBERS PRESENT:	Brian Bessler Harold Dodge Martin McIntosh	Richard Rementeria Wingert Walker
ABSENT:	Ralph Koozer Fred LaBonte	Bert Pennock
STAFF PRESENT:	Terry Mahr, City Attorney Dave Bishop, Police Chief Elmer Christensen, Fire Chief Mike Hailey, Building Official Cheryl Hampton, Recording Secretary Doug Richmond, Finance Director Doreen Turpen, Library Director	
OTHERS PRESENT:	John Collins (Henderson House) Janet Ker (Chamber of Commerce)	

Mayor Hall began the meeting with an introduction of Council members and citizen-at-large members of the Budget Committee. He briefed the Committee on the considerable amount of work that had gone into the preparation of the budget thus far by the staff and that the budget had previously been before the Finance Committee of the City Council. He informed the Committee that the Committee did have the right to make changes and suggestions. He referred to the Budget Message to state that the City was trying to operate another year within the current tax base. He stated that the staff and Council had done well in the past to stay within the tax base for the last several years, but acknowledged the difficulty in providing services with the current tax base for the upcoming year. He stated that many people believed that the 6% increase was on the entire budget which was not so, but was on only about 1.5 million.

Mayor Hall then opened the floor for nominations for committee chairman.

MOTION: Halstead/Tucker to nominate Richard Rementeria as committee chairman. Nulsen/Halstead to close nominations. Motion carried unanimously.

Chairman Rementeria opened the floor for nominations for committee secretary.

MOTION: Halstead/E. McIntosh to nominate Tommy Tucker for committee secretary. Nulsen/Halstead to close nominations. Motion carried unanimously.

Chairman Rementeria turned the meeting over to the Budget Officer, Terry Mahr.

Terry Mahr introduced himself as the Budget Officer and Doug Richmond as the Finance Director. He stated that this particular budget (1989-90) would go into effect and begin July 1, 1989 and run through June 30, 1990.

Mr. Mahr presented the budget message, reiterating what Mayor Hall had said that the City was faced with an increase in a demand for services with a decrease in actual revenue. The budget as presented shows no substantial decrease in services. The budget reflects a "tightening of the belt" and delay in expenditures which could cost more in the future. They have taken funds that have been set aside for reserve capital for major expenditures, i.e. fire engine for fire department. They have asked employees to stretch a little bit further in delivering the services and have not attempted in any way to pay retribution to the citizens for the failure to pass a new tax base. The budget is not a long-term financial arrangement; the City cannot continue to delay capital expenditures and spend reserve account funds.

Mr. Mahr addressed the sewer rate issue. He stated that the Cost-to-Serve study is in the process right now so have had to rely on the information on hand. Our experts tell us that our sewer rates are in line with other communities that have purchased a new sewer plant. In order to fund the sewer plant, we must fund from sewer rates and also have authority to levy additional taxes. This budget reflects no increase in sewer rates, but in order to fund debt service (pay the bonds) we have levied an increase in tax rate in order to pay sewer indebtedness.

Mr. Mahr highlighted the RICO funds for the Police Department explaining an arrangement with the Federal authorities for confiscated items in certain arrests. That money is to be used by the Police Department and will be used to fund certain capital expenses. The amount cannot be projected, but is targeted for the needed capital expenditures of the Police Department.

Terry Mahr turned the section review of the budget over to the Finance Director, Doug Richmond.

The Finance Director stated that for the beginning fund balance last year during the budget process we projected an ending fund balance for the current fiscal year (beg. fund balance for next year) of \$225,000. It is now listed as \$536,000. He pointed out that the difference was due to the budget cuts during the current year. In March budget cuts were adopted totalling \$216,000 in the General Fund and is rolling over as the beginning fund balance for next year. Two other items affecting this were that the beginning fund balance for the current fiscal year came in \$95,000 higher than expected and some other revenue accounts came in higher than expected for a total of \$60,000 which makes up the difference in beginning fund balance.

Regarding property taxes, \$1,430,000, includes the statutory 6% increase plus \$14,000 for an increase in tax base on annexations.

Franchises have been increased by 3 1/2% based on historical data over the last four years except for the Newberg Garbage Service which has been increased up to \$28,000 because of the projected increase in rates.

Mr. Mahr interjected that the Newberg Garbage Service is projecting a substantial increase in rates due to new requirements at the landfill which cost can be passed on to the rate payers.

The Finance Director stated that the increase for the Hotel/Motel Tax is due to the new Shilo Inn opening. He pointed out a decrease in the building permit revenue due to a potential decrease in building permits issued. Under the General Government heading, he explained that the Central Services revenue is an indirect cost allocation for services we provide. Funds come from the building, electricity, cost of the building, City Attorney time, City Manager time or expenses, telephone, insurance. These costs are paid from the General Fund. This fund is used as a means of allocating those to other funds that benefit.

Discussion was directed to the subject of increase/decrease of projected income for actual revenue. Mr. Mahr stated that it was important to project conservatively, remembering that money cannot be spent that does not come in.

Mr. Nulsen interjected that it should be known that supplemental budgets can be passed and use that money rather than have it carry over.

Regarding the 911 Emergency Fund, there is zero budgeted due to the fact that the 911 tax is due to expire in 1991. There are lobbying efforts now going on to extend that, but the outcome is not known at this time. The Finance Director stated that there is a decrease in the State Revenue Sharing amount due to a downward trend in liquor sales, which fund the program.

The Finance Director stated that under the total Resources and Expenditures, the Resources were listed as \$3,254,000, an increase of \$19,600, and Expenditures of \$2.6 million, an increase of \$567.00 over the current year. The figures may seem misleading in that the FAA grant and expenditures are included in the General Fund.

The Finance Director stated that in actuality the General Fund revenues have decreased by \$60,000 and that would decrease the General Fund expenditures by \$60,000 also because of the FAA grant money coming in and then being dispersed.

Brian Bessler asked if the City had any assets that might be sold at this time. The Finance Director and Budget Officer mentioned that an auction was held occasionally to sell some items, but that only a small amount of money was obtained from that source. Discussion ensued regarding any real property that the City owned that might be sold. A parcel of land of approx. 2 1/2 acres in the Springbrook area was identified as well as property to the north of Memorial Park.

GENERAL FUND NON-DEPARTMENTAL:

The Finance Director briefed the Committee that this fund showed a \$61,000 increase due to insurance increase of \$12,000, a fixed asset inventory of \$12,000 and \$57,700 budgeted for the completion of the airpark study.

The reason for the fixed asset inventory is that it costs the City about 1/2% in interest on any bonds that are sold because of an exception in the audit opinion. Jack Nulsen asked how often we had to keep up the inventory. The Finance Director explained the process of an inventory evaluation and then the City staff would maintain on an on-going basis.

Donna Proctor asked about the money collected by the library for photocopies and if the money collected off-set the cost of the photocopies. The Finance Director explained that the money was credited to the General Fund and that the revenue did appear to equal the expenses for the photocopies. Ms. Proctor also questioned if it might be feasible to purchase the copier rather than lease. Mr. Richmond answered that the City was looking into this at this time and would be making a decision as more facts are gathered.

GENERAL FUND - GENERAL GOVERNMENT:

The Finance Director reported that this fund had been increased by \$16,790, primarily due to general projects being increased to \$25,000. He stated that basically this was the motel tax coming in and this is the line item establishing the appropriation for that. The printing costs have been increased to allow for the publication of the Newsnotes.

Recognized at this time, was Janet Ker of the Newberg Area Chamber of Commerce. She presented a request for funds received from the Hotel/Motel Tax to support a Visitor Information Center. The Chamber is requesting \$16,000 for this service. Ms. Ker listed and explained a proposed use of these funds if approved.

Donna Proctor stated that she would like to see the Chamber self-supporting by the businesses. She would also like to wait and see what the actual income will be from the tax on the Shilo Inn.

Ms. Ker pointed out that the Chamber was not asking for a hand-out, but that the services provided are actually public services. She does not believe that the private businesses paying dues anticipate that they are paying postage for tourist mail. Some may believe that that is a valuable service. Of the Chamber's \$75,000 budget, only \$45,000 of that amount is derived from dues. The remaining amount must be collected from other sources. Ms. Ker stated that the Chamber cannot staff the information center without additional funds.

Jack Nulsen stated that he would like to budget \$5,000 for the Chamber of Commerce. He asked the Committee if the citizens of Newberg would be best served by the City being a member of the National League of Cities and spending \$1,000 and \$4,500 to attend meetings or deleting this expenditure and giving the money to the Chamber.

Martin McIntosh commented that it would be reasonably prudent to expect that the City would collect \$5,000 in motel taxes if \$25,000 is estimated and to spend it on tourism is a nice turn-around of those dollars.

Eldon McIntosh questioned Ms. Ker about the benefit derived from the Tourism Council and stated that he would have a difficult time just turning over \$25,000 that is not definitely coming in and that he would have to answer constituents that would ask about this expenditure when the City is having a shortfall. He would go along with \$5,000 on a special project, but he would not cut out the National League of Cities.

Donna McCain pointed out the item of Newsnotes being reinstated. She feels that this expenditure is questionable from the standpoint of readership. She asked the reasons for this possible reinstatement.

The Budget Officer remarked that at the Finance Committee meeting it was determined that what was needed was communication with the citizens regarding sewer rates, needed additional tax money and where the tax money was being spent and it was felt that the Newsnotes had been successful in communicating to the public in the past.

Donna McCain commented that perhaps another medium might be used for public relations with the citizens, i.e. the newspaper and that money would be saved.

Donna Proctor mentioned that not everybody received the newspaper, but would receive the Newsnotes.

Brian Bessler asked Janet Ker what the ratio was of businesses that were members of the Chamber.

Janet Ker responded that approximately 70% of businesses in Newberg, Dundee and St. Paul.

Richard Rementeria stated that he would be in favor of leaving the \$25,000 and letting a group of the Council decide how it should be distributed as the need arises. He mentioned other possible needs for the funds, i.e. public restrooms downtown, facilities for campers at Rogers Landing. He is in favor of a program to administer expenditures of the incoming funds from the motel tax.

Alan Halstead indicated that he approves of the budget items as they are currently listed.

MOTION: Nulsen/Halstead to delete the funds allotted to the National League of Cities in the amount of \$1,000 and the \$4,500 to the National League of Cities meetings and that money be allotted to the Newberg Area Chamber of Commerce.

Discussion ensued regarding the benefits of the National League of Cities and also the League of Oregon Cities. Mayor Hall described benefits of meetings in Washington D.C. for education purposes as well as contact with members of Congress from Oregon. Tommy Tucker felt that it was vital not to be ignorant of issues and that the National League was instrumental in educating those attending of current issues affecting cities the size of Newberg.

Martin McIntosh indicated a dangerous downward spiral in losing opportunity in participating in the communication at these meetings. He felt that the \$5,000 was well spent.

Brian Bessler agreed with Tommy Tucker that it was vital for cities the size of Newberg to know what is going on and not to isolate ourselves from the information of how other cities are handling growth.

Vote on Motion: Ayes: 2 (H. Dodge, J. Nulsen) /Nays: 9- Motion Failed.

MOTION: Proctor/M. McIntosh to approve budget item as listed and to allow for the Council to decide how the money will be spent with the various organizations as the money is received.

Donna McCain informed the committee that when the State Legislature passed the ability to levy a motel tax, their intent was that this tax would be used to reflect back on tourism and not become a part of the General Fund. That is not listed as part of the bill, but was their intent at the time of passage. She felt that the original intent should be kept in mind.

Vote on Motion: Ayes: Halstead, Proctor, Walker, M. McIntosh, Dodge, Tucker. Nays: Nulsen, E. McIntosh, Rementeria, Bessler. Abstain: Donna McCain (employee of Chamber of Commerce). Motion carried.

Discussed ensued regarding the correct time and place for public input in the budget preparation process. The City Attorney directed attention to the fact that this was a public meeting and that the Budget Committee was required to hear the public at this time. He added that the law requires an equal number of private citizens and City Council members on the Board for the correct checks and balances.

GENERAL FUND - SOCIAL SERVICES:

The Budget Officer began this section by explaining that the \$2,500 decrease in the Social Services fund was due to elimination of funding for the Henderson House, since a request was not made prior to the compilation of the budget. He stated that the request could be made at the time of the budget meeting.

Mr. John Collins, as representative of the Henderson House, presented to the Budget Committee a request for renewal of the funding for the Henderson House in the amount of \$2,500.

Mr. Collins furnished a brief history of the Henderson House. The Henderson House was founded in 1981 to help victims of family violence. The effects of family violence on direct victims is physical, psychological, and economic. The same effects are often transmitted indirectly to children who not only suffer these effects, but are taught violence and carry that on to the next generation. The nature of domestic violence is that it often occurs in an environment where the abused has been conditioned to be emotionally and economically dependent upon the abuser and without outside help cannot escape the abuser's trap. Family violence is often escalating with threats leading to minor assaults, to major assaults and to assaults with weapons. Family violence is the #1 circumstance of homicide in America. The United States Commission on Civil Rights projected that for each year in the 1980s that about 2 million women will have been beaten by husbands or boyfriends. In Oregon, these figures translate into more than 100 women leaving their homes each day for a crisis center. According to the Children Services Division of Oregon, for the period of 1981-1985, child abuse skyrocketed from 3600 cases to nearly 11,000. These assaults on women and children happen right here in Newberg. For this same period (1981-1985), Henderson House gave 296 women and 554 children safety from violence and a start towards a more secure family life. Of this population, 91 were residents of Newberg. To date, there has been 187 women and children who have been assisted by the Family Crisis Center. The average shelter nights per month for 1988 was 136; in 1989 so far the average is 207 shelter nights per month.

Mr. Nulsen asked Mr. Collins if the reason for the increase was that the District Attorney's Office was prosecuting more. Mr. Collins stated that the D.A.'s Office had also experienced a rise in arrests, but did not see a direct connection. Ms. Beverly Winbolt, Director for the Henderson House stated that part of the increase was due to keeping people longer because of the low-income housing shortage as well as the increase in domestic violence.

MOTION: Nulsen/E. McIntosh to reinstate \$2,500 for Henderson House in the 1989-90 budget. Motion carried unanimously.

GENERAL FUND - POLICE DEPARTMENT:

The Finance Director reported that this account had a \$16,000 decrease listed.

Police Chief Dave Bishop addressed the Committee to update the members on items affecting the Police Department. He stated that the major cutback was for capital outlay. Intended purchases will be made from

the Federal RICO funds when they are received. Overtime will be reduced by \$10,000, freezing the Sargent's position, eliminating the parking enforcement position as well as all merit increases will be implemented. He stated that the number of complaints received for 1988 compared to 1987 have increased 114%. In 1989-90 a new program will be established which will be a community policing concept of putting officers back into the community.

Chief Bishop answered questions regarding specific line items and stated that the printing and advertising costs were to keep an eligibility lists for police department openings. Funds designated for improvements were for materials as volunteers have done the actual labor in the improvements to the police department. He stated that although the City's budget was not adequate to purchase needed items for the police department, he felt that with RICO funds the purchases could still be made.

Wingert Walker commended Chief Bishop on the excellent response of the police department at Mountainview Mobile Home Park this past year and thanked him for his support.

FEDERAL RICO FUND:

The Finance Director reiterated that the Federal RICO Fund received close to \$30,000 in 1987-88 and an additional \$50,000 this year and anticipates approximately \$60,000. The amount is not included in this year's budget since the date to receive these funds is not known.

Chief Bishop stated that the Federal RICO money received must be spent for law enforcement use only according to Federal law.

MOTION: Tucker/E. McIntosh to approve budget item as listed. Motion carried unanimously.

CAPITAL IMPROVEMENTS RESERVE FUND - POLICE DEPARTMENT:

The Finance Director stated that the resources in this fund consist of a carry over balance and interest earnings. Because of budget constraints, no transfer will be proposed for this year. Expenditures consist of a \$20,000 request for funds for unforeseen needs for communications equipment.

MOTION: E. McIntosh/Tucker to approve budget item as listed. Motion carried unanimously.

9-1-1 EMERGENCY FUND:

The Finance Director reported that this money comes from the 9-1-1 excise taxes which have decreased over the past two years. The entire amount of the 9-1-1- excise tax will be used for the purchase of communications equipment for the police/fire departments as the 9-1-1 excise tax is scheduled to expire in 1991.

MOTION: M. McIntosh/Tucker to approve budget item as listed. Motion carried unanimously.

GENERAL FUND - FIRE DEPARTMENT:

Fire Chief Elmer Christensen reported that the Fire Department-General Fund showed a minimal increase. He explained that the call volume continues to go up, fuel costs are showing an increase, but are extending the life of the fire engines longer. In the past, fire engines have been replaced on a 15 year basis and they are trying to stretch that to a 20 year basis. Maintenance costs increase with the age of the vehicles.

Jack Nulsen asked if the budget for the fire department was sufficient that it would not alter the City's fire rating. Chief Christensen said that it would not, but although they were stretching the life of the fire engines, a new engine would need to be purchased in one more year. He stated that the City maintains a 3 fire insurance rating, which is low.

Tommy Tucker commented that he was disturbed with the \$12,000 difference in the Asst. Fire Chief's salary and the Assistant Police Chief's salary.

The Budget Officer responded that the City is in the process of discussing wages for all City employees. A survey has been done comparing salaries of like-size cities to determine what an average salary would be for a particular job.

Brian Bessler asked Chief Christensen of the amount appropriated for gasoline and vehicle maintenance was adequate to cover the increased costs especially for the gasoline. Chief Christensen responded that the budget was prepared before the most recent jump in fuel costs. The Finance Director interjected that the increase in gas prices will affect many departments and if there is a shortage in that particular item then a budget transfer will be made during the year.

CAPITAL IMPROVEMENTS RESERVE FUND - FIRE DEPARTMENT:

Chief Christensen reported that this fund was for replacing fire engines as needed, but there is not enough in this fund for that purchase, small items that are required by the fire department will be purchased, i.e. breathing apparatus, turn-out coats, air compressor.

Jack Nulsen asked if these replacements would satisfy OSHA so that the City would not be fined. Chief Christensen said that it would.

The Finance Director reiterated that this fund has been used to save up funds in the past for a new fire engine and are dipping into it for this one year to allow some room in the General Fund for these capital outlay expenditures to give some time to determine how a fire engine will be replaced.

MOTION: Tucker/Proctor to approve budget item as listed. Carried unanimously.

GENERAL FUND - BUILDING DEPARTMENT:

The Finance Director reported that the decrease in this budget item was due to the anticipated hiring of a new Building Official which is presumed to be hired at the bottom of the range at this grade.

Mr. Mahr introduced Mike Hailey, Acting Building Official, to present the budget to the Committee.

Mike Hailey stated that the \$7,000 decrease represents about 8% of the approved budget for last year. He believes that all the current services can continue to be provided to the public, i.e. inspections. Compared to last year, there is \$10 million more of valuation in new construction alone. Mr. Mahr interjected that there would be no lapse in the building department's coverage for needed inspections and services and that the City would hire any additional personnel needed to maintain the level of services for the public.

Tommy Tucker asked how much the building inspections make for the City each year. The Finance Director responded that it pays for itself.

GENERAL FUND - LIBRARY:

Doreen Turpen, Library Director, presented to the Budget Committee a report of the services provided to the public. Ms. Turpen listed three

areas of services: Recreation, Information and Education. With visual aids, she listed the basic functions of the library.

- Check-out
- Organizational material
- Reference services
- Variety of formats
- Meeting rooms
- Programs

Ms. Turpen stated that since the beginning of the automated system, the library has issued cards to about 38% of the city population in just over a year. There has been steady growth in the items being checked out from the library with an expected 12% increase at the end of the year. Costs are being contained as prices for supplies increase, ie., reinforcing softbound books rather than purchasing some hardbound books.

LIBRARY GIFT/MEMORIAL FUND:

Ms. Turpen explained that this fund was set up to ease keeping track of donations and reassuring donors that funds received are being spent for the purpose they requested. Anticipated expenditures are for books, periodicals and library programs.

MOTION: Bessler/Proctor to approve budget item as listed. Carried unanimously.

LIBRARY BUILDING FUND:

Ms. Turpen stated that these funds are left over from the bond proceeds and from contributions that were given for the building. The projects anticipated will be landscaping and finish off the fountain area and rather than putting in a fountain with running water perhaps a sculpture would be added. The AV/Media area has had specific contributions to provide a place to preview material.

MOTION: Halstead/Proctor to approve budget item as listed. Carried unanimously.

CAPITAL IMPROVEMENTS RESERVE - CCRLS:

Ms. Turpen explained that this fund contains the remaining funds that have accumulated over the last several years due to some items

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purchased for a cost under the estimated amount. These funds will be used for items such as a touch screen system for the computer as well as a new printer.

MOTION: E. McIntosh/Tucker to approve budget item as listed. Carried unanimously.

The Budget Officer suggested that an available date to continue the Budget Committee meeting would be Wednesday, April 26, 1989.

MOTION: Nulsen/M. McIntosh to adjourn the Budget Committee meeting to Wednesday, April 26, 1989. Motion carried unanimously.



Richard Rementeria
Committee Chairman

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