

Wednesday, 7:30p.m.

April 26, 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: Roger Gano C. Eldon McIntosh
Alan Halstead Donna Proctor
Jack C. Nulsen, Jr. Joe Young
Donna McCain

ABSENT: Tommy Tucker

MEMBERS PRESENT: Brian Bessler Richard Rementeria
Harold Dodge Wingret Walker
Martin McIntosh

ABSENT: Ralph Koozer Bert Pennock
Fred LaBonte

STAFF PRESENT: Terry Mahr, City Attorney/Budget Officer
Doug Richmond, Finance Director
Bert Teitzel, Public Works Director/
Acting Planning Director

Mayor began the meeting by opening the floor for nominations for Co-Chairman to direct the meeting in Richard Rementeria's absence.

MOTION: E. McIntosh/Halstead to nominate Joe Young for Co-Chairman. Nulsen/Halstead to close nominations. Motion carried unanimously.

Chairman Young opened the floor for nominations for Co-Secretary to act in the absence of Tommy Tucker.

MOTION: Gano/Nulsen to nominate Alan Halstead for Co-Secretary. Nulsen/Gano to close nominations. Motion carried.

The Budget Officer directed the attention of the Budget Committee to the remaining departments from the previous meeting on April 24.

The Budget Officer began by answering the question of cost of living, merit increases or wage increases in the present budget. He stated that there was no allocation in each department, but that the Contingency Account Fund handles this. Normally, the budget would include merit increases, but because of the budget constraints the employees are not expecting merit increases. The projection in this budget is also for no increase in medical expenses. The Council has directed the Finance Department to explore options in medical benefits in order to stop the escalation of medical expenses for employees.

Jack Nulsen explained to the lay members of the Budget Committee the history of the Council's direction in regards to pre-determined cost-of-living increases for the employees.

Wingert Walker stated that not many private businesses supplied the total medical benefit package that the City does.

Terry Mahr stated that although most private businesses do not pay this expense, all government institutions around this area do pay for the same medical benefit package as the City of Newberg.

Jack Nulsen remarked that he wanted it on the record that the lay members on the Budget Committee are concerned about increased labor costs, etc.

Joe Young stated that the City Council was trying to find a way to limit the insurance program; perhaps new employees coming in at a different level or some other way to cap these expenses.

Terry Mahr related that they were in the process at this time of investigating these issues and will have a program developed this year. Donna McCain stated that the benefits were important because of the fact that there were no unions in the City government and they must be cognizant of problems that could be incurred with the City employees.

Roger Gano asked what the figures were for the Health, LTD, and Life insurance. The Finance Director answered that it was approximately \$3,500 for employee and dependents, \$2,000 for two people and \$1,800 for the single employee.

GENERAL FUND - RECORDER:

The Budget Officer explained that the Recorder position has been absorbed by the legal department, therefore, there is nothing budgeted for the upcoming year.

Mayor Hall explained that by law the fund must remain in the records for three years.

GENERAL FUND - MUNICIPAL COURT:

The Finance Director reported that this fund shows an \$839 increase due mainly to personal services being up \$539 for an in-grade increase for the Court Clerk. Materials and Supplies have increased by \$300.

Jack Nulsen questioned if the budget allowed for enough money to cover the cost of court appointed attorney fees.

The Budget Officer related that so far the amount budgeted was adequate insofar that the more serious crimes were handled by the District Court.

GENERAL FUND - ADMINISTRATION:

The Finance Director reported an increase of \$4,867 for this account due to the vacancy in the City Manager's position this year and anticipation of a full year amount budgeted for next year. He pointed out another change in the account being an elimination of administrative expense account and the administrative secretary cost being allocated to other funds.

GENERAL FUND - FINANCE:

A decrease of \$21,330 was reported by the Finance Director due mainly to the reclassifying of the Assistant Finance Director position because of a shifting of responsibilities.

Alan Halstead asked if there would be a savings if the payroll was handled by the City rather than contracting the service.

The Finance Director stated that he believed that it would cost the City more to process payroll than what the service is contracted for.

The Budget Officer stated that this question could be addressed and then reported to the Council. (8:09pm. Richard Rementeria arrived)

GENERAL FUND - LEGAL:

The Finance Director related an increase of \$1,704 due to the City Recorder position being combined into the Legal Department. Some additional funds have been added for the City Recorder for training courses.

GENERAL FUND - PLANNING:

The Finance Director reported that there was a decrease of \$6,585 in the Planning Department budget. The decrease reflects a change in salary for the new Planning Director to be hired.

Jack Nulsen asked if the City had ever thought of paying the members of the Planning Commission for attending meetings.

Richard Rementeria stated that other volunteers are not paid, i.e. volunteer firemen, police reserves, etc.

GENERAL FUND - ENGINEERING:

The Finance Director reported a decrease in the amount of \$2,476 based on anticipated projects and workload for fiscal year 1989-90, resulting in a \$3,976 decrease in Personal Services. This decrease is offset by an increase of \$2,000 in Materials, Supplies and Services, primarily for equipment repair and professional services.

GENERAL FUND - CITY BUILDINGS:

An increase of \$1,346 was reported by the Finance Director basically for the reason that the janitor position will be funded for the entire year.

Roger Gano asked if the City was breaking even for the janitorial position being handled by the City rather than being contracted out, considering all benefits.

Bert Teitzel reported that he believed that the City was breaking even or may be paying just a little more but that the service is much greater for the City and frees up a Public Works employee to do other tasks.

Jack Nulsen stated that he assumed that all employees hired by the City must be treated equally.

Terry Mahr responded that it was true that all employees were treated equally, but there were some differences in employment status, i.e. temporary, part-time.

GENERAL FUND - STREET LIGHTING:

The Finance Director reported a decrease of \$87,500 due to these expenditures being budgeted in the State Tax Street Fund rather than the General Fund. This was done to provide a more stable funding source (State Gas Tax revenues) for street lights in the event General Fund revenues become inadequate.

Richard Rementeria stated that he knows of cities who fund for street lighting in the public's utility bills.

Brian Bessler directed attention back to the City Buildings Fund. He questioned whether the \$15,000 was enough for repairs to the City Hall roof.

Bert Teitzel stated that the structural part of the roof would need to be replaced at some time because it is not rated at today's standards for earthquakes. The City was faced with the dilemma of replacing the roof now or making repairs to the roof and holding off for a few more years before doing the structural work.

Brian Bessler asked if there was any danger in the City Hall being condemned because of it being a public building.

Bert Teitzel responded that he did not believe that it would be a problem. He explained the procedure of what the repairs to the roof would involve.

GENERAL FUND - MUNICIPAL GARAGE:

The Finance Director reported an increase of \$1,060 reflecting additional funding for tools, supplies and vehicle maintenance.

Roger Gano asked the Public Works Director about the new building. Mr. Teitzel stated that it was still planned for the current fiscal year and was budgeted for the current year.

Jack Nulsen questioned what the usage would be of the new building. Mr. Teitzel responded that it would be used as a repair shop as well as some storage.

GENERAL FUND - TRANSFERS:

An increase of \$57,660 was reported by the Finance Director due to a transfer of \$92,000 from the General Fund to the State Tax Street fund to cover costs of street lighting and is offset by the elimination of transfers to most Capital Improvement Reserve Funds due to current budgetary constraints. He stated that next year they would have to take another look at that and see what needs to be done.

GENERAL FUND - CENTRAL SERVICES:

The Finance Director explained that this was a revenue item and shows how costs were allocated to the sewer fund, water fund, and the street

fund. These are approximate overhead indirect costs that are allocated to those funds. This is not a department but is an information sheet showing how calculation was made.

The Finance Director concluded the presentation of the General Fund items and identified the only change to the proposed budget had been to the allocation to Henderson House under Social Services.

Donna Proctor asked how much had been budgeted in the General Fund for computers. Mr. Richmond responded that there was nothing in the General Fund for this item, but was listed under Capital Improvements - Computers. Mr. Richmond added that there was nothing for computers in the General Fund this year and are not transferring anything out of the General Fund into the Capital Improvement Fund for computers.

Brian Bessler questioned the Finance Director as to what was a safe amount for the Contingency Fund. Mr. Richmond responded that there was currently \$576,000 and would not want to go any lower than \$500,000 which would allow the City to operate until November when the tax collections come back in.

Brian Bessler asked for clarification on the study for comparison on the compensation package. The Budget Officer reported that a survey was compared only on salaries at this point and the results would be studied to make any necessary changes. There may be some changes in the medical benefits package to produce a savings and to cap the cost. There has been a commitment to have this done by July 1, 1989.

MOTION: E. McIntosh/Halstead to approve the General Fund with the additions as noted and referred to the City Council. Ayes: 8 Nays: 2 (Proctor - Nulsen). Motion carried.

STATE TAX STREET FUND:

The Finance Director related that this fund was for the construction, improvement and repair of State and public highways. The main source of revenue for this is the State gas taxes. This fund is expected to increase to \$382,000. Included in this is the expenditure for the street lighting and offset by the transfer from the General Fund.

Donna Proctor related that she believed that last year the provision for the uniform allowance was going to be discontinued. Mr. Richmond replied that there was discussion regarding the elimination of this, but was not adopted by the Budget Committee.

Discussion ensued regarding the uniform allowance for the various departments, i.e. street, sewer, fire. Roger Gano asked Harold Dodge

if the mill paid for their employees uniforms. Mr. Dodge stated that the mill did pay for "special" uniforms, but those uniforms remained at the mill and were checked in/out.

Joe Young stated that he understood the concern to control spending, but emphasized that where it was done was important and may not be in the City's best interest as the amount was too minor.

Richard Rementeria asked if the pavement management plan should be done this year if the budget was as tight as it is.

The Finance Director responded that dedicated funds cannot be reappropriated for other expenses.

MOTION: Proctor/Nulsen to remove the uniform allowance from the State Tax Street Fund. Ayes: Proctor, Nays: 8 Abstain: Nulsen. Motion failed.

MOTION: Rementeria/M. McIntosh to approve budget item as listed. Carried unanimously.

9:00 p.m. - Donna Proctor asks to be excused for the evening.

SANITARY SEWER FUND:

The Finance Director announced that there are no rate increases anticipated. The City has eliminated the transfer to the debt service fund for the 1986 sewer bonds in order to accomplish this.

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

SEWER REPLACEMENT RESERVE FUND:

This is the depreciation fund and the source of revenue is a transfer from the sewer fund. The City is anticipating capital outlay expenditures of \$365,000 for repair and replacement items in the sewer system.

Jack Nulsen asked whether that included the reserves under the grant for the new plant that is required by the Federal government. Mr. Richmond responded that this fund was set up in response to this requirement.

The Finance Director reported that a cost-to-serve study was produced in 1984 which gave a depreciation amount for the sewer system. That

survey has been used since that time to set aside funds. A new cost-to-serve study is presently underway and should be completed in June and will give us a new depreciation amount which will have to be transferred into this fund. The \$347,000 amount will probably change to some extent when the survey is finished.

MOTION: Gano/Rementeria to approve budget item as listed. Carried unanimously.

SEWER SYSTEM DEVELOPMENT FUND:

The Finance Director reported that revenues are from the development fees. \$250,000 have been budgeted for new system improvements to respond to any expansion in the sewer system.

Roger Gano asked if this amount would be adequate for any expansion.

Bert Teitzel responded that if there were a project that would take more than \$250,000 that there would be an additional year to budget for it. He stated that to get sewer service on the Werth property would be approximately \$1 - 1 1/2 million.

Jack Nulsen asked if the line went down Springbrook Road and if they had to pay all of the costs. Mr. Teitzel responded that this particular line would not service the Werth property. He stated that there was not a clear policy from the Council of who pays for this expense, but is the intent of the Systems Development charge to pay for servicing of the big ticket items.

Roger Gano related some history that when the Springbrook line was put in, it was planned to take care of Spring Meadows subdivision and looking at the Werth property coming after the new plant was on line and coming down the Springbrook creek drainage area not bringing all of the Werth property over to Springbrook Road.

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

WATER FUND:

The Finance Director reported that the budget shows no rate increase anticipated. This includes the Water Fund, Water Non-Departmental, Water Administration, Water Plant Maintenance, Water Distribution, and Water Transfers.

Jack Nulsen asked what was derived in revenue due to the change in City policy in regards to extending water service outside the City limits.

Bert Teitzel responded that he has only one formal request at this time.

MOTION: Rementeria/Gano to approve Water Fund budget as listed. Carried unanimously.

WATER REPLACEMENT RESERVE FUND:

The Finance Director stated that this is funded from a transfer out of the Water Fund in the amount of \$249,000 in capital expenditures for the year.

MOTION: Rementeria/Gano to approve budget item as listed. Carried unanimously.

WATER SYSTEMS DEVELOPMENT FUND:

The Finance Director explained this fund was established to handle the water systems development charges. \$585,000 has been budgeted for capital outlay expenditures which includes \$392,000 for the acquisition and construction of a new well and well site.

Jack Nulsen asked if this amount included the cost of condemnations. Bert Teitzel responded that it did include an amount for that.

Mr. Nulsen explained to the Budget Committee members that the property across the river was in the process of being condemned in order to allow for a different source of water.

Terry Mahr announced that the City has employed the person who will facilitate the condemnation and he is getting a legal description of the road that goes to the site and is preparing to file litigation. A new appraisal is also being prepared.

MOTION: Rementeria/Gano to approve budget item as listed. Carried unanimously.

DEBT SERVICE FUND:

The Finance Director explained that there is no transfer from the sewer fund. This fund shows an increase in the debt levy for the debt service fund from \$1.46 to \$2.96. A large dollar amount is shown from the escrow accounts, \$2,594,000 for the 1980 hospital bonds and payments out of \$2,370,000. This is not really money that the City sees, but the City is required to budget for it.

Mr. Richmond continued to add that the Finance Committee met and looked at the sewer fund and the debt service fund. In prior years the Council's intent was to have a 50/50 split of sewer bond debt service funds between the sewer rates and tax levy. When that was added to the sewer fund, it showed a deficit of \$150,000 by the end of the year, so the transfer to the debt service fund from the sewer fund for the 1986 sewer bonds was eliminated.

MOTION: Rementeria/Gano to approve budget item as listed. Ayes: 9, Nays: Nulsen. Motion carried.

FEDERAL REVENUE SHARING FUND:

MOTION: Gano/Rementeria to approve budget item as listed. Carried unanimously.

SPECIAL ASSESSMENT FUND:

The Finance Director explained that this money was available for small projects done by the City crews and then levied against the property owner, ie., sidewalk repair, etc.

MOTION: Gano/Rementeria to approve budget item as listed. Carried unanimously.

BANCROFT REDEMPTION FUND:

The Finance Director explained that this fund was for the larger projects which require bonding for the construction of the improvements. It is for handling the debt service on the bonds.

Roger Gano asked what the projects were. Mr. Richmond responded that there were some sewer improvements, street improvements, and sidewalks.

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

ECONOMIC DEVELOPMENT REVOLVING LOAN FUND:

MOTION: Gano/Rementeria to approve budget item as listed. Carried unanimously.

LSCA TITLE I FUND:

MOTION: Gano/McCain to approve budget item as listed. Carried unanimously.

STATE REVENUE SHARING FUND:

The Finance Director explained that these funds were received from the State and transferred to the General Fund to help with operations.

MOTION: Gano/McCain to approve budget item as listed. Carried unanimously.

STORM SEWER FUND:

The Finance Director explained that these funds were for making improvements to the storm sewer system.

Roger Gano asked whether there was anything to replenish this fund which was a special levy. Mr. Richmond stated that when these funds were exhausted that other means would have to be considered for this expense.

Discussion ensued regarding whether additional resources should be found to replenish this fund or if new developments replenish the fund.

MOTION: Rementeria/Gano to approve budget item as listed. Carried unanimously.

STP BUILDING FUND:

The Finance Director explained that there would be two grant close-outs have been completed and that the large remaining grant will be closed out this year. The City is using \$300,000 of bond proceeds to help pay principal and interest on the sewer bonds as a transfer to the debt service fund.

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

CAPITAL IMPROVEMENTS RESERVE - OFFICE EQUIPMENT:

The Finance Director explained that this was the fund used for items such as desks, typewriters, adding machines, etc. None of these items

are coming from the General Fund. It is specified to come under direction of the City Manager so that he can field the requests from the many departments.

MOTION: Gano/McCain to approve budget item as listed. Carried unanimously.

CAPITAL IMPROVEMENTS RESERVE - STATE TAX STREET FUND:

The Finance Director reported that in prior years expenditures have not been budgeted, but this year an amount has been budgeted so that if something were to break down, i.e. tractor, a supplemental budget would not have to be approved to appropriate the funds.

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

CAPITAL IMPROVEMENTS RESERVE - COMPUTER FUND:

The Finance Director explained that there is no transfer from the General Fund but are using money from prior years.

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

CAPITAL IMPROVEMENTS RESERVE - PUBLIC LAND FUND:

The Finance Director reported that in the past money has been set aside for a balloon payment. After looking at the contract it does not have a prepayment penalty, so he is proposing to spend those funds saved to pay down on the contract this year and for the next three years; it should save the City about \$6,000 in interest costs.

Mayor Hall interjected that this property is located on Third Street where the senior services, human resources and Ned's Place are located.

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

NEWBERG COMMUNITY HOSPITAL:

The Finance Director explained that the hospital is self-supporting and does not require any funds from the City.

Jack Nulsen stated that he has difficulty approving a budget without knowledge of hospital practices.

Terry Mahr responded that the Newberg Community Hospital operates in the black and that audit reports are submitted to the City.

MOTION: Gano/Rementería to approve budget item as listed. Carried unanimously.

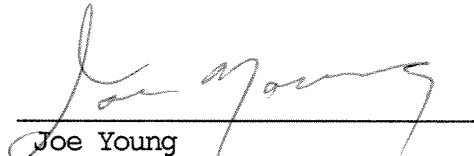
HOSPITAL - CAPITAL IMPROVEMENT FUND:

MOTION: Gano/Rementería to approve budget item as listed. Carried unanimously.

MOTION: Halstead/McCain to recommend budget to City Council for adoption. Carried unanimously.

The Budget Officer expressed appreciation to the lay members of the Budget Committee for their involvement and support in this lengthy process and thanked them for their time. Mr. Mahr stated that he had taken notes of ideas and recommendations to be reviewed.

MOTION: Nulsen/Rementería to adjourn meeting of the Budget Committee. Carried unanimously.



Joe Young
Committee Co-Chairman