

Monday, 7:00 p.m.

November 19, 1990

CITY OF NEWBERG
BUDGET COMMITTEE
MINUTES

Newberg Public Library

Newberg, Oregon

MEMBERS PRESENT:	Bert Pennock	Harold Dodge
	Jack C. Nulsen	Donna McCain
	Marty McIntosh	
OTHERS PRESENT:	Gary Hay	Todd Hall
	Melinda Newland	John Wenos
	Scott Reinhardt	Margie Taylor
	Don Clements	Elvern Hall, Mayor
STAFF PRESENT:	Duane R. Cole, City Manager	
	Terrence D. Mahr, City Attorney	
	Katherine Tri, Finance Director	

Chair Bert Pennock called the meeting to order at 7:05 p.m.

BALLOT MEASURE 5:

Finance Director Kathy Tri gave a short presentation on Ballot Measure 5, the property tax limitation measure that passed in November. She indicated that the City of Newberg is currently within the \$10.00 limitation that will be imposed July 1, 1991. The City anticipates that some state shared revenues will not be received in the next fiscal year. However, the State Legislature and the Department of Revenue is beginning to meet and discuss how to implement the ballot measure. Initially it appears that maybe perhaps State Revenues will not be tapped to help fund schools. She presented an overhead showing how the ballot measure will work if a jurisdiction is over the \$10.00 limit. She also indicated that there were a number of questions that still need to be resolved by the Legislature and the State courts.

One distinction the City will need to make in the coming year is the difference between a tax upon property or property ownership, incurred charges, and other revenue sources. The staff will be reviewing all charges imposed by the City to see where they fall in relationship to Measure 5.

BUDGET PROCESS:

Kathy Tri reviewed the Budget Committee meeting schedule that was included in the agenda packet. She explained that on January 24th, the committee must meet to review the supplemental budget and preliminary report for the capital improvement program. The supplemental budget will include recognition of the fire truck fee and appropriating the money for purchase of the fire truck. The committee must meet on January 24th in order for the Council to approve purchase of the fire truck at its second meeting in February. She also pointed out that Saturday, March 9th has been designated as the City's facility tour. She expressed the importance for the Budget Committee to

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participate on this tour to learn more about City activities and to have a chance to talk with staff about the City's operation. In April, the committee will begin its actual deliberation of the 1991-92 budget. It is anticipated that these deliberations will take five meetings. Finally, on June 18th the Council is scheduled to adopt the 1991-92 budget.

FINANCIAL STATUS - CURRENT AND PROJECTED:

City Manager Duane Cole gave a presentation outlining various historical facts about the City, long range financial projections, and the 1991-92 general budget assumptions. Mr. Cole reviewed the growth in population over the last ten years, the change in the City's tax rate from 1984-85 through 1990-91, and the change in assessed value for the same time period. He also compared property taxes received to other revenues in the General Fund and showed that there is a projected growing reliance upon property taxes which the City will need to change. He also looked at General Fund expenditure changes from 1984-85 to the present and the long range financial projections through 1995-96. The table showed that the 1990-91 expenditures are expected to increase 5.5%. However, this includes the CDBG money for the Homeless Shelter. He noted that if the General Fund growth paralleled population growth, the budget could equal \$2,952,891 or \$90,335 more than is currently budgeted.

Mr. Cole also reviewed the number of City employees over the past seven years. The numbers showed some increase in employees up until 1987-88 and then a shift of employees to other funds in the years following. Once again, if employee growth paralleled population growth, the City staff would ~~not~~ equal ^{Now} 95.93 and not 83.91. Maintaining staff levels at its current levels shows that the City is an efficient and lean operation.

Next Mr. Cole showed a model of our long range financial projections for the General Fund. The projections included revenues and expenditures for personal services, materials, capital and other expenditures. They assumed maintaining a \$500,000 cash working capital. The projections show that in 1991-92, the City will be short approximately \$33,000. He explained that he felt that this is an extremely manageable amount of money and that the City budget will be presented as balanced. He noted that projected deficit increases each year, but pointed out to the committee that the City will never have that deficit since State Law does not allow for any deficits in municipal financing.

Mr. Cole reviewed the results of the latest community survey. He said that generally City residents are satisfied with City services. He noted that citizens have a definite opinion about the Library, Police and Fire services and noted a statistically significant change in citizen's opinion about City streets. He stated that citizens are more cautious about our need for additional funds to finance services. He said that the survey was done in October prior to the beginning of the Ballot Measure 5 campaign for the November election. He feels the responses to this question also reflect the May tax base election. He noted that if the City wants additional funds for

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services, it will need to change public opinion and prove that the money is really needed. Next he reviewed a project list and noted that this list will be used to help prioritize projects and additional funding.

Finally, Mr. Cole reviewed the 1991-92 general budget assumptions. Thirteen assumptions were presented to the Committee for review and covered such areas as property tax, debt service, Council goals, General Fund allocations, employee compensation, cash working capital, user fees and charges, franchise fees, reserves, vehicle/equipment replacement fund, street fund, new revenue sources, and new programs.

Adjournment.

The Committee adjourned at 8:15 p.m.

\bcmin

MEMO

TO: Budget Committee

FROM: Katherine Tri, Finance Director

SUBJECT: Fire Truck and Equipment Funds

DATE: January 18, 1991

This memo is to lay out the history of the funds that have been set aside for fire equipment. It will review the history of the Fire Truck Fund and Capital Improvement Fund for Fire Equipment. Finally, the memo will outline the proposed 1990-91 expenditures for the new truck and planned equipment purchases.

BACKGROUND:

In 1974, the voters approved a five year serial levy to finance a combination 1250 gallon per minute pumper with an 85 foot aerial ladder on a Ford CT900 chassis. The purchase included hose, radio and miscellaneous equipment. The equipment was delivered and operative in 1976-77. In 1980-81, \$22,279 was transferred from the Fire Truck Fund to the Capital Improvement Fund.

In addition to this Fire Truck Fund, the City had a Capital Improvement Fund which "was established to provide for accumulation of funds set in reserve to finance certain improvements, property acquisition and purchase of equipment." (1975-76 Budget.) Resources for this fund were primarily transfers from other funds, interest earnings, sale of assets, and public land payments. Table 1 lists the amounts spent for various fire equipment for the past 20 years.

In 1986-87, the funds of the Capital Improvement Funds were transferred to separate capital improvement funds (\$75,541). Additional funds were transferred from the General Funds in subsequent years. Table 2 lists the transfers and fund balances for the Capital Improvement Fund - Fire Fund. In 1990-91 the fund balance is being transferred to the Vehicle/Equipment Replacement Fund.

CURRENT FISCAL YEAR:

This year the Council proposed and the voters approved raising \$163,000 for a fire truck. The revenue is to come from a fee tied to the utility bills.

In July, Duane Cole outlined total needs of the Fire Department:

Fire Engine (equipped)	\$211,000
Roof	12,000
Carryall/Chief's car	<u>25,000</u>
	248,000
Less trade in of old truck	<u>(25,000)</u>
	223,000
Equipment Reserve	<u>(60,000)</u>
Balance Needed	\$163,000

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Memo to Finance Committee
RE: Fire Truck & Equipment Funds

The July 1, 1990 beginning balance of the Capital Improvement Fund is \$81,875.

Since July, Fire Chief Elmer Christensen has firmed up the costs of additional Fire Department equipment which will be purchased from the Capital Equipment Funds.

1. Air paks (11)	\$ 16,500
2. Air paks (4 budgeted)	6,000
3. Hose (is budgeted)	4,000
4. New Truck Equipment	22,400
5. Paint & Repair old Carryall	1,500
6. New Carryall	16,495
7. New Carryall Equipment (radio, light bars)	2,500
8. New Roof	<u>7,300</u>
	\$ 76,695

The air pak purchase would bring the total number of air paks to 24. They will be purchased with Tualatin Valley Fire and Rescue purchase. According to Chief Christensen, the new paks will allow the firefighters to work and train with one type of air pak, which will make it less confusing in emergency situations.

The existing carryall still has almost three years of use. However, because it sits out in the weather all the time, its paint is getting bad and rust is appearing. The cost for a paint job is for materials only. We hope to have the Community College do the work, saving \$4,500 in costs.

Finally, the fire station roof leaks like a sieve. The roof repair was bad and has been completed. Bids were \$4,700 less than expected.

Equipment expenditures for the fire truck that make the total cost over \$163,000 will have to come from the Capital Improvement Funds. In order for the fire truck purchase to be authorized and awarded, the Budget Committee and Council must approve a supplemental budget. The Budget Committee is scheduled for January 24, and the Council is scheduled to adopt the supplemental budget and award the fire truck bid on February 19, 1991.

Katherine Tri
Finance Director

KT/bjm

\firefund

CITY OF NEWBERG

HISTORY OF FIRE EQUIPMENT FUNDS

FISCAL YEAR	EXPENDITURE	ITEM
=====		
1972-73	38,500	
1973-74	3,359	
1974-75	2,576	
1975-76	0	
1976-77	7,069	vehicle
1977-78	51,193	pumper
1978-79	0	
1979-80	8,896	vehicle
1980-81	59,337	pumper, radio, plectrons
1981-82	36,819	tanker
1982-83	0	
1983-84	5,217	
1984-85	18,208	miscellaneous equipment
1985-86	30,978	building expansion
1986-87*	15,116	radio equipment
1987-88	18,829	rescue chassis
1988-89	6,978	
1989-90	6,896	
1990-91	60,000	Estimate

* Separate Capital Improvement Fund for fire equipment established.

CITY OF NEWBERG

TRANSFERS AND FUND BALANCES FOR FIRE CAPITAL IMPROVEMENT FUND

FISCAL YEAR	TRANSFER	FUND BALANCE	COMMENT
=====	=====	=====	=====
1986-87	75,541	0	TRANSFER FROM CAPITAL IMPROVEMENT DESIGNATED PORTION FOR FIRE
1987-88	10,000	69,352	TRANSFER FROM GENERAL FUND
1988-89	5,000	71,231	TRANSFER FROM GENRAL FUND
1989-90	0	81,534	
1990-91	0	81,875	

REQUEST FOR BUDGET COMMITTEE ACTION

DATE SUBMITTED: January 18, 1991

DATE ACTION REQUESTED: January 24, 1991

SUBJECT: 1990-91 Supplemental Budget

RECOMMENDATION: Approval of the 1990-91 Supplemental Budget

BACKGROUND: Attached is a printout detailing the items in the 1990-91 Supplemental Budget. The following explains by fund each item.

General Fund: The Fire Department had an emergency repair to the cylinders of the ladder truck, unanticipated repairs to their radios and pagers, and some unexpected conversion costs. Tualatin Fire & Rescue reimbursed the City for our assistance at a fire and this money is being recognized and appropriated to Fire Department equipment maintenance to cover these unanticipated expenses.

Civil Forfeiture: Because receipt of forfeiture funds is unknown each year, the City only budgets \$1,000 in local forfeiture receipts. So far this fiscal year over \$12,000 has been received. In addition to these receipts, the Police Department is in the process of completing the seizure of some real property. The supplemental budget recognizes the receipts of these revenues and appropriates them to the Police Department and reserves.

Special Assessments: The City budgeted for several capital projects to be financed through Bancroft bonds. However, with the passage of Ballot Measure 5, the City will not be selling a Bancroft bond this fiscal year. Two capital projects, Hadley and Parkway water districts, are moving ahead. Both projects were bid under budget.

In order to finance them, we need to transfer reserve funds from the Water Replacement Fund to the Special Assessment Fund. Property owners will still be allowed to finance the improvements over time. Their payments will be transferred back to the replacement reserve funds.

Central Services: Two fringe benefits were budgeted in departmental budgets that did not get included in the Central Services Fund. These transfers need to be recognized and appropriated.

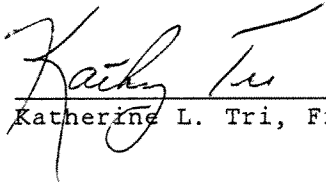
The second transaction is needed due to the closing of the Capital Improvement-Computers Fund.

Vehicle/Equipment &

Capital Improvement Funds: The changes in these funds are needed to close the Capital Improvement Funds. While we tried to estimate as best we could the ending fund balances of the capital improvement funds, it was not until the audit was completed that the final fund balances were known. The amounts being recognized and transferred are the actual fund balances over and above the estimated, budgeted amounts.

Fire Truck Fund: As you are aware, the City now has a fire truck fee whose proceeds will be used to purchase a new fire truck. The supplemental budget establishes a new fund to receive and appropriate the total revenue to be generated by the new fee.

SUBMITTED BY:


Katherine L. Tri, Finance Director

APPROVED BY:


DUANE R. COLE, CITY MANAGER

\council

CITY OF NEWBERG

1990-91 SUPPLEMENTAL BUDGET

FUND/DEPARTMENT	ACCT. NUMBER	REVENUE	AMOUNT	ACCT. NUMBER	APPROPRIATION	AMOUNT	COMMENT
GENERAL							
FIRE	1-338	REIMBURSED COSTS	\$2,377	001-422-366.000	EQUIPMENT REPAIR	\$2,377	
CIVIL FORFEITURE							
POLICE	3-335	STATE FORFEITURE	90,000	3-421-341000	PUBLIC LAND PAYMENT	33,000	PAYMENT TO DUNDEE PROPERTY OWNERS
				3-421-610000	CAPITAL OUTLAY	30,000	TO COVER POLICE CAPITAL EXPENDITURES
SPECIAL ASSESSMENT				3-421-800.001	RESERVE FOR POLICE-STATE	27,000	
PUBLIC WORKS	11-390.027	TRANSFER IN - SPEC. ASSESS.	135,000	11-425-706.506	LID FOR HADLEY WATER DIST.	70,000	THESE PROJECTS WERE BUDGETED IN THE
				11-425-707.509	LID FOR PARKWAY WATER DIST	65,000	CAPITAL PROJECTS FUND FINANCED WITH
							BANCROFT BONDS. DUE TO MEASURE 5 WE
							ARE CHANGING OUR FINANCING MECHANISM.
WATER REPLACEMENT							
PUBLIC WORKS	27-495-850000	RESERVE	(174,000)	027-485-905000	TRANSFER - SPEC. ASSESS.	174,000	TRANSFER OF FUNDS TO SPECIAL ASSESS-
							MENT FUND FOR FINANCING 2 LIDS.
CENTRAL SERVICES							
FINANCE	31-370.205	HEALTH INSURANCE	16,000	031-415-351.204	HEALTH/LIFE/LTD PREMIUM	16,000	PAYMENT FOR VISION/LTD PREMIUMS
	31-370.204	RETIREMENT	9,636	031-415-370.204	RETIREMENT PREMIUM	9,636	PAYMENT FOR INITIAL COST FOR CITY
	31-390.154	TRANSFER IN - DATA PROCESSING	3,431	031-415-800100	RESERVE FOR D. P.	3,431	ATTORNEY'S ENTRY IN RETIREMENT PLAN
							TRANSFER OF RESIDUAL FUNDS IN CIP *FUND
VEHICLE/EQUIPMENT REPLACEMENT							
FIRE	32-364	SALE OF ASSETS	25,000	32-422-610000	CAPITAL OUTLAY	25,000	SALE OF FIRE TRUCK, PROCEEDS TO BE USE
							TO HELP OFFSET COST OF NEW FIRE EQUIP-
							MENT, INCLUDING TRUCK
CITY MANAGER	32-391.050	TRANSFER IN CIP-OFFICE EQUIP.	935	032-413-610000	CAPITAL OUTLAY	935	TRANSFER IN OF RESIDUAL FUNDS IN

POLICE	32-391.051	TRANSFER IN CIP-POLICE	6,106	032-421-61000	CAPITAL OUTLAY	6,106	CAPITAL EQUIPMENT FUNDS
FIRE	32-391.052	TRANSFER IN CIP-FIRE	841	032-422-61000	CAPITAL OUTLAY	841	SAME
PUBLIC WORKS	32-391.053	TRANSFER IN CIP-STATE STREET	629	032-425-610002	CAPITAL OUTLAY-STREET	629	SAME
LIBRARY	32-391.055	TRANSFER IN CIP-CCLRS	1,207	032-455-61000	CAPITAL OUTLAY	1,207	SAME
FIRE TRUCK FUND							

FIRE	33-347	FIRE TRUCK FEE	162,900	033-422-61000	CAPITAL OUTLAY	163,000	PORTION OF FIRE TRUCK EXPENSE FROM FEE
	33-361	INTEREST EARNINGS	100				AND INTEREST EARNINGS
CAPITAL IMPROVEMENT FUNDS							

CITY MANAGER	50-300	BEGINNING FUND BALANCE	935	050-485-932000	TRANSFER OUT-EQUIP REPLAC.	935	TRANSFER OUT RESIDUAL FUNDS IN
(OFFICE EQUIPMENT)							CAPITAL EQUIPMENT FUNDS

POLICE	51-300	BEGINNING FUND BALANCE	6,106	051-485-932000	TRANSFER OUT-EQUIP REPLAC.	6,106	
FIRE	52-300	BEGINNING FUND BALANCE	841	052-485-932000	TRANSFER OUT-EQUIP REPLAC.	841	
PUBLIC WORKS	53-300	BEGINNING FUND BALANCE	629	053-485-932000	TRANSFER OUT-EQUIP REPLAC.	629	
(STATE TAX STREET)							
FINANCE	54-300	BEGINNING FUND BALANCE	3,431	054-485-931000	TRANSFER OUT-CENTRAL SVC.	3,431	
(COMPUTER)							
LIBRARY	55-300	BEGINNING FUND BALANCE	1,207	055-485-932000	TRANSFER OUT-EQUIP REPLACE	1,207	
(CCLRS)							