

Monday, 7:30 p.m.

April 16, 1990

MINUTES OF THE
NEWBERG BUDGET COMMITTEE

Newberg Public Library

Newberg, Oregon

The meeting was called to order by Chair Bert Pennock at 7:37 p.m.

ROLL CALL:

Present: Brian Bessler
 Aaron Corum
 Rick Rementeria
 Wingert Walker
 Bert Pennock

 Roger Gano
 Donna McCain
 C. Eldon McIntosh
 Donna Proctor

Absent: Martin McIntosh
 Harold Dodge
 Fred LaBonte
 Jack Nulsen (arrived at 7:50 p.m.)
 Alan Halstead
 Joe Young

Staff Present:
 Duane R. Cole, City Manager
 Kathy Tri, Finance Director
 Terry Mahr, City Attorney
 Doreen Turpen, Librarian

Others Present:
 Elvern Hall, Mayor

MOTION: Gano/Proctor to adjourn at 8:30 p.m. Vote on the Motion:
Ayes: 9, Nays: 0. Motion carried unanimously.

APPROVAL OF THE MARCH 8, 1990 MINUTES:

The minutes of the March 8, 1990 meeting were presented.

MOTION: Gano/E. McIntosh to approve the minutes of the March 8, 1990 meeting. Vote on the Motion: Carried unanimously.

NEW BUSINESS:

Mr. Cole presented his budget message to the committee. He stated that the budget that is before the committee is within the current tax base, and is a balanced budget. He presented four options to the committee

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on how they may wish to review the budget: Item by item; By sub-committees; By activity level or a combination of these three.

Mr. Cole explained that the proposed 1990-91 budget equals \$60 million dollars. It is broken down into seven program areas. The first is administration which equals 2.7% and is mainly made up of the central services charges for insurance. The second area is public safety which includes police, fire and court and equals 3% of the total budget. Community services includes the community development block grant for the homeless shelter, social services and library and equals .7%. Community development includes planning and building and equals .5%.

The largest portion of the budget is for public works and equals 41.2% of the budget. The public works department covers the most funds and the largest expenditures, primarily in the street, sewer, water, sewer treatment plant building and capital funds. Mr. Cole indicated that the storm sewer system is in need of some attention during the next fiscal year and will be an issue of the 90's. The staff will be proposing, at a later time, a charge for storm sewer. The total public works budget without the sewer treatment plant equals \$6.6 million dollars. The public works budget also includes a re-organization. Currently, many staff report to the Public Works Director and the department is responsible for a large number of projects to be completed. The Public Works Director needs to be freed to get more of these projects completed. He has proposed that a Utility Manager be hired to be in charge of the sewer and water systems and to do system development planning. This planning is needed to help us compete for new businesses. In Engineering there is no lead staff person and it is anticipated that one of the current engineers would be promoted to be either the City Engineer or Engineer. Finally, the budget includes moving the Engineering staff into City Hall to be nearer to the Public Works Director.

The balance of the budget is made up of the Hospital (21.8%) and 30% for other expenditures which includes debt service payments, transfers, and reserves. Mr. Pennock asked that a list of the transfers be provided to the committee.

Jack Nulsen arrived at 7:50 p.m.

Mr. Cole then referred the committee to the long-range financial projections found on Page E. He explained the necessary cash flow of trying to maintain a \$500,000 contingency to cover the City's expenses from July 1, to November 1, each fiscal year. He pointed out to the committee that the projections show a deficit in 1991-92. However, he indicated that the City will manage its operation so that it never

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reaches that deficit. One way he will recommend managing that deficit is by looking at other revenues than the property tax to support General Fund operations. Mr. Cole showed a graph showing the different sources of revenue for the General Fund. Property taxes continue to equal about 46% of the General Fund revenues. The fund balance is 17%; intergovernmental revenues are 14%; licenses and fees revenues are about 4%; and other revenues equal 19%. The estimated property tax rate for 1991 is \$7.41 per \$1,000 assessed value. Of this amount, \$5.79 is for General Fund support and \$1.62 is for debt service payments. This is a total savings of \$1.17 per \$1,000 assessed value from 1989-90. He indicated that even with the shift of the sewer debt from property taxes to sewer rates that there still would be a savings per household, depending on the amount of water used. He also indicated that the City is working with GTE to revise their franchise fee by July 1, 1990, as required by new State Law. Finally, the City will be reviewing the other franchises as well. In summary, he indicated:

- * That the General Fund was developed on an allocation basis.
- * Planning and Building will switch locations with Engineering to improve customer relations.
- * Central Services charge has been added to each departmental budget to reflect total departmental costs.
- * Plumbing fees have been included in revenue and expenditures.
- * There is no expenditure for new fire equipment.
- * There is no increase in social services allocation.

Key points to his budget message are that if the Budget Committee needs any information, the staff will be more than glad to get it for them. The Budget Committee needs to decide what level of review it wishes to conduct. The Central Service charge has been recomputed to include data processing, garage, janitorial, telephone and insurance costs and has been allocated to each department and fund. The budget includes a reorganization of the Public Works Department. The Committee needs to keep in mind the financial projections for the General Fund.

The tax rate will be decreasing and sewer rates will be increasing but the total anticipated burden upon a resident should be decreasing. There will be a change in franchise fees, in particular for GTE. Finally, Planning and Building are moving to the Engineering Annex to improve customer relations and Engineering will be moving into City Hall to be closer to the Public Works Director.

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State Revenue Sharing Hearing:

Chair Pennock opened the public hearing on the proposed uses for State Revenue Sharing funds. Ms. Tri reviewed that the City anticipates to receive approximately \$50,000 from State Revenue Sharing in 1990-91. The source of this revenue is State liquor taxes and is allocated to cities based on per capita income, population and property tax levy. The money has been used in the General Fund for general support. Mr. Gano asked why these funds have been used for general support. Mr. Cole responded that the only change he saw was the policy decision to not use Federal Revenue Sharing for general support, but he had not seen in previous budgets any indication that State Revenue Sharing should not be used for general support. Ms. Tri indicated that the funds were deposited into the General Fund and in essence were paying for the debt payment for the properties on Third Street. Mr. Rementeria asked why the funds were not used to help pay for the sewer debt.

No citizens came forth during the public hearing to speak.

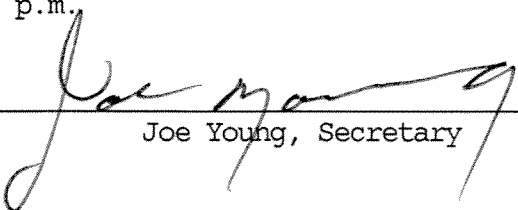
MOTION: Gano/Rementeria to close the public hearing. Vote on the Motion: Carried unanimously.

MOTION: Gano/Corum moved to change the Budget Committee meetings from 7:30 p.m. to 7:00 p.m. Vote on the Motion: Carried unanimously.

Mr. Gano also asked about changing the next meeting from April 23 to April 24 and received consent from the Committee. The meeting will be in the Fire Station.

MOTION: Gano/McIntosh moved to adjourn. Vote on the Motion: Carried unanimously.

The Committee adjourned at 8:45 p.m.



Joe Young, Secretary