TUESDAY, 7:00 p.m. **MAY 11, 1993**

BUDGET COMMITTEE MINUTES

WASTEWATER TREATMENT PLANT **NEWBERG, OREGON**

The meeting was called to order by Chair Gary Hay at 7:06 p.m.

ROLL CALL:

Present:

Corrine Adams	Roger Currier
Gary Hay, Chair	Donna McCain
Scott Reinhardt	Elaine Smith
Ellen Bailey	Melinda Newland (8:20 p.m.)
Dale Welcome	Andy Poole

Others Present:

Donna Proctor, Mayor	Duane Cole, City Manager
Leah Griffith, Librarian	Katherine Tri, Finance Director
Diane Padilla, Asst. Finance Dir.	Terrence Mahr, City Attorney

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NEW BUSINESS:

Review of Departmental Budgets

Finance Department: Kathy Tri introduced the Finance Department's budget. She indicated that the department is financed in five funds: general, sewer, water, central services, vehicle equipment replacement. After some discussion of some capital equipment in central services (computer equipment, audit expense), Andy Poole asked how raises were determined. Duane Cole indicated that there has generally been a cost of living increase either in July or January of each year. This increase requires Council approval. Prior to that, the City Manager meets and confers with the City employees to discuss their wages and benefit package. The fire fighters determine their wage increases through collective bargaining. Duane Cole reviewed the merit based system that is currently in place in the City. He also indicated that the staff has been working on a new performance appraisal system with more merit standards.

Ellen Bailey asked if the retirement plan was tied to the merit plan. Duane Cole indicated that in the early 1980's, the City began to pick up 6% employee contribution toward the City's retirement plan. Any increase in the base wage would also increase in the 6% contribution. Gary Hay added that there are mandates for public safety employee retirement but there are no mandates for non-public safety employees and that this is an area of opportunity.

Andy Poole indicated that is was hard in this economic climate that he felt that the City was pricing itself out of paying these salaries and benefits. Duane Cole added that the question is what has been given over time and how do you go back out of that. Duane Cole also indicated that each year he does a comparability study for various positions within the City. Many of our employees are unique and it is very difficult to find comparable positions in the private sector. Other employees that are more comparable appear to be receiving comparable salaries. When there is a opportunity to adjust a pay range, he takes advantage of that. Gary Hay questioned the practice of automatically budgeting in the E & F pay increases. He felt that it added credence to the position that E & F are automatic. Duane Cole indicated that during the year, he would like to develop a merit based pay scale. Department heads would come in at Step A and end up negotiating any additional steps. Andy Poole indicated that this would be hard to administer. Duane Cole also said that it is very difficult to get executive pay scale from the private sector. He indicated that the general pay ratio from executives to general employees is 7 to 1 on the private side and on the public side is 3.4 to 1. We have a very flat pay scale compared to the private sector. Corinne Adams added that she got the feeling form the group that we can't take away what has been given to the employees but we can slow up what we will be giving in the future.

MOTION: Donna McCain\Ellen Bailey moved to approve the Finance Department's Budget. VOTE ON THE MOTION: Passed by those present.

There followed some discussion about the City health plan and worker's compensation. **MOTION:** Andy Poole\Barbara Secor moved to approve the Central Services budget. VOTE ON THE MOTION: Failed. **MOTION:** Ellen Bailey\Roger Currier moved to accept the budget as proposed. VOTE ON THE MOTION: Passed by those present.

City Manager's Budget: Duane Cole indicated that the major change in his budget is moving the economic development program from Planning to the City Manager's department. He intends to take more responsibility for economic development. This change results in a 7.5% increase in his FTE for receptionist to assist his secretary. The followed some discussion about memberships. Duane Cole indicated that the City Attorney's office is also very involved in the Economic Development Loan Fund. He is involved in a regional loan fund through the Willamette Valley Council of Governments which helps to fill the gaps between public and private funding. He added that businesses are coming over the hill to locate in Newberg. He intends to work more closely with the banks and will try to be more effective in recruiting businesses to Newberg. Through the COG and Small Business Administration (SBA), the City can get more regional money to assist businesses. The goal of the City's Economic Development Fund is for each $10,000 of investment there is an additional employed person.

Dale Welcome asked about the formal employee recognition suggestion program. Duane Cole indicated that the only employee recognition is the Employee of the Month program in which the employee receives a press release and cash award. Dale Welcome also asked about the health insurance coverage and suggested that employees participate more. Duane Cole said that the City has been working at increasing the deductible and employees do co-pay their monthly premiums. Gary Hay suggested that the City Manager and Finance Director develop an employee suggestion program in which there is an actual savings. A percentage of that savings goes back to the employee. Melinda Newland indicated that they should differentiate between short term savings and long term savings. Dale Welcome added that there may not be a quantifiable dollar savings to suggestion. Perhaps a committee of employees could evaluate suggestions per efficiency and better services to customers. Awards to range between $25 an $50 if the suggestion is selected and implemented.

MOTION: Dale Welcome\Andy Poole moved to approve the City Manager's budget. VOTE ON THE MOTION: Passed by those present.

Outstanding Issues: Terry Mahr discussed the unitary assessment. **MOTION:** Barbara Secor\Dale Welcome moved to recommend a $2 assessment. VOTE ON THE MOTION: Passed by those present (Elaine Smith abstained).

The next item discussed was related to code enforcement. Discussion covered should code enforcement be done in house or on a contract basis; which department should be responsible; the revenues generated by such a program; and the types of code enforcement needing to take place. Staff indicated that most code enforcement issues are being handled on a department-by-department basis depending on the issue. For example, building code violations are handled by building inspection and abandoned vehicles are handled by the police department. These are currently handled routinely. Gary Hay suggested taking a poll of the committee to determine if code enforcement should be done by an employee, or on a contract basis. The poll indicated 2 for the employee and 9 for the contract basis.

Training Needs: There followed a discussion about the National League of Cities and League of Oregon Cities training expenses and the educational needs of the Council. Gary Hay indicated that the Council should take the lead in not going out-of-state for training. Ellen Bailey indicated that the Council should limit the out-of-state meetings in the same way the departments were asked. The Council should stay in state. Scott Reinhardt\Roger Currier moved to reconsider the Finance Department's budget for the $1,000 for travel to Seattle. VOTE ON THE MOTION: 5 yea, 3 nay. Scott Reinhardt\Corinne Adams moved to pull the trip to Seattle. Failed.

Donna McCain spoke that she didn't feel she had the appropriate opportunity to explain the value of the National League of Cities trip to her. She didn't feel the Finance Department should be penalized for going to a conference being held out-of-state since it is the only one that provides that level of education. She added that the knowledge she gained at the National League, particularly in the areas of cable and downtown development, have been very valuable to her. Dale Welcome asked how many went to the National League of Cities conference. Staff indicated four plus the mayor. He indicated that there must be accountability and reasonableness in any out-of-state trips.

Library: **MOTION**: Andy Poole\Dale Welcome moved to approve option four for the library. VOTE ON THE MOTION: 1 nay.

Corinne Adams\Scott Reinhardt moved to add a permit clerk to building. Duane Cole indicated that this addition should wait until after that consolidation of Community Development takes place. Scott Reinhardt agreed with Duane Cole. He asked to amend the motion to hold the full-time position until staff knows what will happen after the consolidation of the Community Development Department. Terry Mahr added that just because a position is funded it does not mean that the City Manager will fill that position. VOTE ON THE MOTION: Passed, 2 nay. Elaine Smith moved to approve option 2 for the library. There was no second.

Adjournment: Scott Reinhardt\Barbara Secor moved to adjourn. VOTE ON THE MOTION: Passed.

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Barbara Secor