

**MINUTES
BUDGET COMMITTEE**

Thursday, 7:00 p.m.

February 24, 1994

Newberg Wastewater Treatment Plant

1. CALL TO ORDER

Donna McCain called the meeting to order at 7:05 p.m. Mayor Proctor state that Council member Roger Gano is excused from attending. He had other commitments.

2. ROLL CALL

COUNCIL

PRESENT:	Donna Proctor, Mayor	Roger Currier
	Donna McCain	Dave McMullen
	Don Wright	

BUDGET MEMBERS

PRESENT:

- Tracy Pinder
- Barbara Secor
- Bert Pennock
- Alan Larking
- Melinda Newland
- David P. James

ABSENT:

- Corinne Adams, Council member
- Roger Gano, Council member (excused)
- Elaine Smith, Council member
- Andrew Poole, Budget Committee member

STAFF PRESENT:

- Duane R. Cole, City Manager
- Katherine Tri, Finance Director
- Robert Tardiff, Police Chief
- Michael Sherman, Fire Chief
- Chuck Liebert, Utility Manager
- Leah Griffith, Library Director
- Peggy R. Hall (Legal Department)
- Greg Scoles, Community Development Director
- Bonnie Dodson, Communications Manager

OTHERS PRESENT: Barry Babin
1405 N. Hoskins
Newberg, Oregon 97132

3. NEW BUSINESS

Review Tax Base Proposal for May Ballot

Duane Cole reviewed the press release concerning the tax base proposal (see attached). Mr. Cole further noted that there was a public hearing on the matter held on February 7, 1994 with other taxing authorities in attendance (Chehalem Park and Recreation District (CPRD), Yamhill County, Library Friends, fire department personnel and volunteers. Mr. Cole stated that no one really mentioned any problems, but generally came, listened and showed moral support. Duane noted that he wrote the press release which was later revised based on the information received at that meeting. Mr. Barry Babin was one of the concerned citizens that attended.

Mr. Cole stated that the question before the Budget Committee is whether to propose the tax base for the May or November ballots. This type of request is done every even numbered year. If the matter is put before the voters at the May election (which is cheaper for the city to place a matter on the ballot) and does not pass, the issue can be held over to the November general election for passage. In addition, there are quite a few other matters (including some initiatives) from other taxing authorities that would share the election costs.

Duane further reviewed the tax base request (see attached). Duane reported that as the City grows, the need for increased services exist and must be dealt with. Newberg may increase its tax base (law) which translates to a 3% increase in revenues in the General Fund. Councilor McMullen asked whether that amount includes properties that are annexed into the City. Duane noted that if the property was annexed into the City, that the City would receive an increase. Duane explained the irrevocable agreements to annex that are signed by the property owners.

Kathy Tri stated that last year the City annexed property valued at \$172,000 which increased the tax base and the City received approximately \$840. Kathy indicated that there is a formula to follow. Duane stated that City staff is requesting a \$631,271.12 increase in the tax base.

Bert Pennock asked questions of Michael Sherman, Fire Chief, concerning the fire department. Bert asked whether the three requested positions were full time. Michael stated that yes they would be full time and that the last time staff was added was in 1972. Discussion was held concerning other fire departments and districts.

Mr. Pennock then asked Bonnie Dodson whether the two additional officers

included the purchase of two new vehicles. Ms. Dodson stated that request was for officers and not vehicles.

Mr. David James stated that the County is attempting to tie in the Sheriff's serial levies with the general fund and transportation plan levy. Discussion was held concerning the \$10 cap. KT stated that the combined requests for all taxing authorities is under the \$10 cap.

Discussion was held concerning the administration request (receptionist for administration and the legal department's full time secretary from .6 FTE to 1.0 FTE.)

Discussion was held concerning the total amount requested would add an increase of between \$1.09 - \$1.25 per \$1,000 of assessed value. Duane stated that Kathy Tri has worked out the numbers. They depend on the increase in assessed value. KT has come very close in that estimate, so the projected increase should be close to the final figures.

Donna McCain stated that she is asking for a recommendation in the form of a motion from the Committee to take the matter to the Council and then possibly to the voters.

Mayor Proctor stated that if the City wants to maintain the quality of life, the increase is justified. Mayor Proctor reviewed concerns about planning issues and growth with the Committee.

Don Wright stated that he believes that the increase is more than the \$1.09 projected. It would be more like \$1.25 (30% increase).

Duane noted that from his calculations, the increase would be approximately \$1.10 (depending upon assessed value). Duane further related to the Committee the survey that was done in March, 1993 concerning the City and its growth. The survey reported that the citizens are very split on the increase between services vs. taxes.

Mayor Proctor asked about the systems development charges and whether or not the City could use those funds to help off-set the increase. Kathy Tri stated that it is required by State law that the funds be used for capital improvement projects only.

Melinda Newland asked why the fire department vehicles were not included. Duane Cole and Michael Sherman reviewed with her and the rest of the Committee the schedule of how the vehicle repairs and/or replacements are put into the yearly budgets. Duane noted that there are no plans at this time to include any vehicle replacement or repairs in this tax base.

Don Wright asked Kathy Tri what cash reserves are in the sewer and water

funds. Kathy Tri stated that there is approximately \$259,000 and looking at the end of this fiscal year to be approximately \$100,000. Kathy Tri reviewed with the Committee the amounts needed to operate the City for the months of July 1st through November 15th (when funds are received from the County for property tax). Kathy Tri reviewed the debt service process. Kathy Tri stated that the water reserves is about \$187,000. Don Wright was concerned about the water/sewer rate increases and the reserves being so high. KT acknowledges that the cash flow in the water and sewer funds are different from the General Fund, but enough should be maintained to cover Fall debt service payments.

Roger Currier asked Kathy Tri whether or not she knew how much was paid out for consultant fees (water rights, legal, hospital, etc.) Kathy Tri stated that she did not know off hand but that if he wanted her to get the information, she would do so. Bert Pennock asked how much of the consultant work would be taken over by the on-set of the long range planner? Duane Cole stated that the City generally does not hire consultants, but certain projects are budgeted for consultant fees. The purpose for a long range planner is to help the City plan its growth and work with agencies such as Metro and Yamhill County. Further discussion was held concerning the City's growth and the problems the City is having right now. Mr. Pennock asked Duane if he knew why businesses would come to Newberg, or why they are not coming into Newberg. Duane stated that he receives many inquiries from businesses and he related some of the reasons as closeness to Metro and good public facilities such as the pool, the parks, low systems development charges. Transportation planning is a difficult one to discuss with businesses. There is a problem with transportation. Duane stated further that he attended a growth conference indicating that if you don't want people to come to your city, then trash it up and they won't come.

Donna McCain asked for responses from all Committee members and members of the Council.

Tracy Pinder stated that she feels that it will not pass at this time. She believes that more background needs to be done in support of the tax base proposal and that people have to be asked to give.

David James noted that he feels it should be put before the voters to decide in May. Mr. James reviewed with the Committee that in 1980 the City of Newberg had only 11 patrolmen. They still have about 11 patrolmen, but the services have increased. The same goes with the fire department. Mr. James noted that he feels that the City is falling behind and must be current with the services it provides.

Melinda Newland stated that she still has concerns for the vehicles and the replacement and that maybe the vehicles should all be in one package rather than getting this proposal passed and then in a couple of years asking for another for

vehicles. Fire Chief Michael Sherman stated that the fire apparatus are exempt from the Ballot Measure 5 \$10.00 tax limit and it would be better to ask the voters to pass a special levy for equipment only. Discussion was held concerning the budget and the costs associated with the fire department equipment and vehicles. Mr. Sherman stated that the budget would need to reserve \$85,000 each year for vehicle repair/replacement. Duane and Michael Sherman reviewed the budgetary process for the vehicles with the Committee.

Barbara Secor stated that she feels that the City needs all of its services but doubts very much that it will pass. Ms. Secor related a recent conversation she had with friends on the City's budget.

Dave McMullen stated that he was in support of the tax base request but feels that it needs to be explained in shorter form with real numbers and an explanation. If the City does their homework and markets the idea, it could fly. If it does not pass in May, then we need to do more homework and bring it back in November. Discussion was held on why that would not be a good proposal.

Donna McCain stated that she attended a conference (Western Advocates) that was combined with the League of Oregon Cities on another "Measure 5" issue that was coming. Donna indicated that if we do not do anything now, there may not be the resources to do something in the future.

Discussion was held on the Press Release and the circulation in the Newberg Graphic. Mr. Pennock stated that he feels that the release did not go to the majority of the voters. Circulation for the paper is approximately 6,000. Mayor Proctor stated that TCI Cable carried the matter. Duane again referred to the March, 1993 survey which gave a good idea on what the voters think. He noted that the matter is split - for and against. Send it to the voters and let them decide. Duane further added that if the Committee has a question or problem with the proposal, they are the body that can change it before it goes to the Council for approval and then to the citizens.

Roger Currier stated that the City of McMinnville is going through turmoil because of the expansion that is required and not budgeted for. Duane shared that the City of Salem is in the same condition that they did not increase reserves for capital improvements.

Bert Pennock stated that he personally feels that it won't pass.

Alan Larking stated that it will cost each tax payer approximately \$2.30 per week on the average for the increase.

Barbara Secor noted that the increase allotted for a code enforcement officer may create more paper work and staff for servicing the enforcement of the City's

codes. Ms. Secor stated that she is concerned with this issue as well. Donna McCain stated that the costs would probably be absorbed with present staff and budgeted costs.

Fire Chief Michael Sherman shared the Leadership Newberg findings from the meeting he attended on Tuesday, February 22nd. Newberg is a class "C" rating and is one of the lowest in the state and is ranked very high among other fire departments and that Newberg has an excellent volunteer commitment. Michael stated that last Saturday the fire department received 15 calls for one paid employee. This is not the typical standard for most fire departments.

Mayor Proctor stated that she feels that the services are needed. Mayor Proctor further stated that she receives numerous calls concerning various issues, including tax increases. The matter should be referred to the Council and then to the voters if approved by the Council.

Councilor Don Wright stated that he felt that there was not enough time to provide explanation and breakdown for the May election. Councilor Donna McCain stated that she tended to agree that it would be difficult, but not probable, but that the option should be the voters. The last tax base was passed in 1982.

Discussion was held concerning the long range planning position, the amount needed for the fire department and the potential reduction in the City's fire rating.

Mayor Proctor stated that there was a need for additional support for the community development department (i.e. prevent problems such as Jaquith Park, etc.). If there is not sufficient planning, then a moratorium should be instituted to get the roads up to standards. The community development department is already over loaded with projects.

Discussion was held concerning focusing the tax base on the fire department, the library and the police and the remaining items would be adjusted into the present budget figures. This could be a compromise.

Duane Cole introduced Mr. Barry Babin, citizen. Mr. Babin stated that he recently moved to Newberg and retired from the Marine Corps. Mr. Babin reviewed his concerns and felt that the matter should be brought before the voters to decide. It would be helpful to breakdown the costs.

Duane Cole stated that the cost of the election would be approximately \$2,000.

MOTION: McMullen/James to go forward with tax base as written and present it to the Council for their review (6 Yes/3 No (Currier, Pennock, Pinder) 1 Abstention (Wright). Motion carried.

MOTION: McMullen/Secor to adjourn at 8:40 p.m. (Unanimous).

Barbara Secor