

**MINUTES
BUDGET COMMITTEE**

TUESDAY, 7:00 p.m.

April 26, 1994

Newberg Wastewater Treatment Plant

1. CALL TO ORDER

Budget Committee Chair Donna McCain called the meeting to order at 7:03 p.m. Chair McCain further asked that discussion be limited to the agenda as there was quite a bit of information to review.

COUNCIL

PRESENT: Donna Proctor (Mayor) Corinne Adams (CA)
 Roger Gano (RG) Roger Currier (RC)
 Donna McCain (DM) Dave McMullen (DMc)
 Don Wright (DW) Bob Weaver (BW)

COUNCIL POSITION VACANT: 1 (Elaine Smith's Position)

BUDGET MEMBERS

PRESENT: Tracy Pinder Barbara Secor
 Bert Pennock Alan Larking
 Melinda Newland Robert Soppe

ABSENT: David P. James Andrew Poole

STAFF PRESENT: Duane R. Cole, City Manager (DRC)
 Terrence D. Mahr, City Attorney (TDM)
 Katherine Tri, Finance Director (KT)
 Robert Tardiff, Police Chief (RT)
 Diane Padilla, Assistant Finance Director
 Michael Sherman, Fire Chief
 Chuck Liebert, Utility Manager
 Leah Griffith, Library Director
 Peggy R. Hall (Legal Department)
 Greg Scoles, Community Development Director

OTHERS PRESENT: Darla Baxter, Pat Haight, Ann Pesola, Rob Dill, Roger
 Giles, Don Clements

3. Approval of the minutes for January 6, 1994 and February 24, 1994.

Chairman McCain asked for any changes or corrections to the Minutes. Barbara Secor inquired what "hazmat" was on page four of the January 6, 1994 minutes. The minutes would be changed to reflect that hazmat is hazardous materials. In addition, the word "concerns" would be added to the end of that sentence.

MOTION: Currier/Pennock to approve as corrected. (13 Yes/2 Absent (James/Poole)/1 Vacant). Motion carried.

MOTION: Gano/Secor to consider adjournment at 8:30 p.m. (3 Yes/10 No/2 Absent (James/Poole)/1 Vacant). Motion failed.

MOTION: Pennock/Adams to consider adjournment at 9:00 p.m. (3 Yes/10 No/2 Absent/1 Vacant). Motion failed.

MOTION: Pennock/ to consider adjournment at 9:30 p.m. (Motion failed for lack of second).

Bob Weaver asked what the goals were of the Committee and what was to be covered at the meeting. DRC reviewed the agenda with the Committee. DRC further noted that traditionally the Committee meets until about 9:00-9:30 p.m. Dave McMullen stated that he would like to go through things and see what happens.

4. NEW BUSINESS

CITY MANAGER'S BUDGET MESSAGE

DRC presented the budget message. DRC noted that it was the Budget Committee's charge to review what he has designed as the 1994-95 budget and decide what is best for the community. DRC provided handouts/overheads to share with the Committee.

DRC noted that there are approximately 91.44 FTE 's working for the City. The City's mission statement is "Working Together for a Better Community - Serious about Service" and shared the Chehalem Future Focus' vision statement concerning innovative leadership and planning for the benefit of all residents. DRC reviewed key elements:

1. The City provides low cost government with approximately 1.3 police officers per 1,000 residents (the State is 1.5).
2. Fire services at \$20 per capita.

3. Library - provides 39 hours a week; circulation has doubled but has same amount of staff since 1985-86.

4. City resources are stretched and the City is a lean organization.

5. City needs to address the downtown issues. More input and ideas are needed to proceed.

6. The State legislature has created an uncertain future with Measure 5 changes in that resources are being drained out of local government which makes life a little more meaner and tougher to provide services. Newberg faces the challenge of the legislature rescinding the State liquor and cigarette tax.

DRC additionally noted that the budget preparation was made with a zero base budget approach. The General Fund revenues increased about 3%. DRC reviewed revenues by category. DRC added that the City owns many public improvements and has set money aside to support specific improvements. DRC reviewed the expenditures by type (handout). DRC advised as to a few of the expenditure changes (fewer training dollars, Legal/Court/Community Development relocation budget has been eliminated). DRC stated that over all, the City is reporting savings this year. The Police Department is requesting that computers be placed in cars for efficiency, two communication officers moved to 911 and the purchase of 800 mhz radios. The Fire Department included a commitment to its vehicle replacement fund. The capital outlay is at a minimum, but is critical to its operation. The Fire Department is reviewing a "point system" for "sleepers" (volunteers that spend the night at the station. The Library is requesting an increase of .5 FTE in the circulation department. The Library is also considering adding CD Rom capacity.

The street and utility funds reflect no rate increase for sewer or water. City staff will be activating the Citizen Rate Review Committee to review the rates (there has not been any increases proposed in this budget).

DRC reviewed with the Committee the internal audit of the management of the Sewer and Water systems. The City hired Montgomery Watson to analyze whether privatization of the City's sewer and water services should be considered and how the City runs as compared to a private business. DRC noted that most cities do not privatize their systems. The performance audit told staff what needed to be done to improve efficiency:

1. Look at personnel and staffing; install an adequate control system.
2. Combined staff configuration (long term employee placement).
3. Cross-train staff to be sewer and water treatment operators.

4. The composter is running. The costs are more than operating a digester. DRC reviewed with the Committee the savings the City made on building the composting facility in 1980's. With DEQ regulations, some cities are having difficulty in their operations. The City needs to look at the utility rates.

DRC reviewed the City's debt service. The City has substantial assets. The City needs to levy \$114,000 for property taxes for debt services.

Economic Development Revolving Loan Fund (EDRLF) has allocated 20% of the fund to the commercial sector and funds could be redirected to the downtown area for improvements if the funds are loaned and returned to the City over time. The City should consider industrial business recruitment changes. Finally, he reviewed the public lands fund and facilities studies for the fire department and City Hall.

DRC said that in summary, the City's total budget is \$28,613,242. This year's budget reflects a decrease of 1.41 FTE positions.

DRC reviewed the history of the City's property tax levy. In 1993-94, the City's debt service for the sewer used systems development charges (sdc). This will prove to be trouble in the future because the City is not setting sufficient funds aside to pay for future growth. This year's budget continues to use sdc funds.

DRC reviewed the capital projects funds (overheads). In closing, DRC noted that the process to review the budget is page by page. This meeting is the third Budget Committee meeting; staff would like to complete the budget review process in five meetings. The next scheduled meeting is set for Thursday, April 28th at 7:00 p.m. at the Fire Station. Don Wright stated that he will be out of the state on April 28th and will not attend the meeting. Corinne Adams also noted that she would not be able to attend the April 28th meeting. Tracy Pinder also mentioned that she would not be able to attend the May 11th meeting. Katherine Tri noted that the meeting date should be May 10th instead of the 11th. Tracy Pinder stated that she could attend the May 10th meeting. Katherine Tri further stated that the May 19th meeting will be after the May 17th primary election concerning the tax base levy.

PUBLIC HEARING ON POSSIBLE USES OF STATE REVENUE SHARING

Katherine Tri stated that the state has a special program with revenue sharing coming from the state liquor tax. Each City is given funds (City received \$65,000) which are separate from the other state revenues. State law requires cities to hold public hearing on uses. Ms. Tri stated that it has been a preference to use the money for one time expenses. The Council will have to approve uses which have generally been split between police, fire and library with any remainder going to other uses. The funds were used last year for the relocation of the Municipal Court, Legal and

Community Development Departments. Chair McCain called for any recommendations.

MOTION: Currier/Pennock recommends that the funds stay with the police, fire and library since it is already allocated. (13 Yes/2 Absent (James/Poole)/1 Vacant). Motion carried.

REVIEW OF DEPARTMENTAL BUDGETS

1. CITY COUNCIL'S BUDGET

DRC reviewed the Council budget. DRC provided additional overheads concerning the budget book. Discussion was held concerning postage and printing charges in the Council's budget of \$6,000. DRC noted that this charge was for the newsletter that has been reduced to 8 issues. Further discussion was held on other budget items (dues to various organizations, etc.)

Committee Chair Donna McCain stated that she would abstain from voting on this matter due to her employment with the Chamber.

DRC then reviewed the Chamber/visitor information center budget item. There were other proposals to be presented. Discussion was to be held concerning whether or not the Council would want to fund this item. Councilor Bob Weaver asked whether or not the City could use tax dollars to fund private businesses such as the Chamber for the benefit of an information center or to further the Chamber. DRC noted that room tax funds are designated for this budget item (visitor information center). TDM stated that there is a slight difference in "funding" the Chamber or other entity. The City would provide dollars to help support the expenses of the visitor center. It is legal to provide monetary support. Further discussion was held concerning using the City's funds to promote private businesses (Chamber members'). TDM noted that it is similar to an economic development revolving loan fund.

Councilor DW stated that now is the time to decide whether or not the City should spend any money on the proposals which provide much more of an interest to business owners. Why should the City spend money for the businesses? Who would benefit from the program? Budget Committee member Melinda Newland asked how much was the visitor information fund prior to the Shilo moving into town. KT indicated that it was approximately \$4,000-\$5,000 which was very hard to collect. KT further noted that there are other cities that use the fund to make improvements to facilities, roads, etc. Ms. Newland stated that she would like to see the funds used for a public bathroom downtown. Discussion was held concerning lands set aside for the purchase of an RV park. Councilor RG stated that the Council did not follow through on that project.

KT noted that traditionally room taxes have helped support visitor centers. In Lincoln City, that city has used the funds to help with street improvements, etc. to help with the influx of tourists. Mr. Pennock stated that the Chamber is handling all visitor information services at their present location. Discussion was held concerning the City's contribution of \$25,000 or other dollars that are paid back into the city by the tourists.

Rob Dill, former President of the Chamber of Commerce, reviewed the Chamber's philosophy on the rates of return to the City of the amounts funded by the City. Mr. Dill noted that on June 6th there will be a convention at George Fox College on technology issues (bring the community and high schools together to utilize the technology for interactive satellite hookups). This conference minimizes travel costs for users. There are estimated to be 200-300 participants/guests from the northwest and nationally. Mr. Dill said that communications with Al Gore's office, Microsoft's Bill Gates are a few of the persons that have participated in this event. This event will put Newberg on the map and bring technology to the community in a meaningful way, focusing on Newberg. Councilor Gano asked whether or not this was a product of a marketing campaign of the Chamber funded through dollars donated by the City of Newberg. Questions and discussion revolved around of the average amount that was projected that would be funneled through Newberg businesses due to this event. Mr. Dill said that approximately \$45 per person would be channeled (approximately \$9500 - \$13,500).

Don Clements, Director, Chehalem Park & Recreation District (CPRD) stated that the local AAU basketball tournament was held recently in Newberg. There were approximately 13 teams that stayed in Newberg and that patronized the businesses. Mr. Clements reviewed his experience with Atlanta's Chamber of Commerce when he was inquiring about the 1996 Olympics.

Mayor Proctor stated that she inquired of various other cities (Forest Grove, McMinnville, Tigard, Wilsonville, Oregon City, Cornelius, etc.) that did not fund the Chamber of Commerce. Mayor Proctor further reviewed with the Committee the experience of an individual that needed to use a public rest room that originally was directed to the Chamber and then re-directed elsewhere in the town.

Discussion was held concerning other cities having room taxes. DRC indicated that Washington, Clackamas and Multnomah counties have room taxes.

MOTION: McMullen/Gano to continue to direct the room tax towards the Chamber or some form of information center that can be further discussed after hearing the proposals.

Committee Member Melinda Newland stated that there should be an acceptable use of the motel tax to fund building facilities so that there are rest rooms in the

downtown corridor to be used by everyone (similar to Seaside).

Councilor Gano called for the question. (12 Yes/1 No(Newland)/2 Absent(Poole/James)/1 Vacant (Smith). Motion carried.

Chairman McCain called for a review of the proposals.

Darla Baxter, 3708 Terrace Drive, Newberg, Oregon, said that she would make available an office for a visitor information center from her business (C & G Auto and Baxter Antiques) located on First Street. Ms. Baxter stated that she plans to sell things to promote Newberg. She would offer pictures and videos on Newberg and the local area wineries. Ms. Baxter further noted that she has volunteers lined up to assist her. Ms. Baxter indicated that she would be open 6 days a week for approximately 6 hours per day (closed on Sundays). Discussion was held concerning signs posted to direct the visitors to her facility and off street parking.

Councilor Adams inquired about specially abled access. Ms. Baxter indicated that she believed that she either has access already or that she would remodel the facility to accommodate access. Ms. Baxter further indicated that she already has visitors using her rest rooms.

The Committee reviewed Ms. Baxter's proposal. Discussion was held concerning the line items.

Roger Giles, current President of the Newberg Area Chamber of Commerce introduced Ann Pesola, Chamber Executive Director. Ms. Pesola indicated that she wanted to clarify that the Chamber contracts with the City to provide visitor information services that are funded by the General Fund, but is not used for any Chamber business as such. The funds are dedicated to the visitor information service center. Ms. Pesola stated that there is approximately \$23,735 in the City's budget going to the Chamber. The Chamber and the City have had a contract to provide these services for the past three years. Positive feedback has been retained. The Chamber receives quite a number of calls throughout the year, not just at Old Fashioned Festival time. Ms. Pesola indicated that she sees a need for visitor information center which would develop and enhance the community and build a better community through better business. Newberg is a strong healthy community and there is an effective partnership between the public and private sector. The City is fulfilling its mission statement of being a friendly small city. There are a variety of visitor centers around the state, small and large, but Newberg ranks high among them. Ms. Pesola indicated that not all chambers in the state have recognized visitor centers. If the City's funding is not there, the Chamber would have to drastically cut back on its services. The Newberg Chamber is located on Hwy. 99W (Hancock Street) with great signage (thanks to the State Highway Department). Ms. Pesola further noted that visitor services are of local, regional and state concerns which also provides

services to other communities. Ms. Pesola provided pictures of the Chamber area for the Committee to review.

Ms. Pesola addressed the public rest room issue. She stated that the Chamber is located next to the bus depot and that the Chamber facility is not equipped to handle a bus load of people. This issue had already been addressed by the landlord (Layman estate) of the building and it was recommended not to open the rest room to the public. Discussion was further held concerning the amount of rent the Chamber pays (\$760 per month) and the Chamber's yearly operating budget (\$70,000-\$80,000). Ms. Pesola also noted that the landlord had paid out over \$14,000 for the building to be wheel chair accessible. Ms. Pesola addressed the Chamber's proposal that would provide the following services:

1. Operate, maintain and staff a visitor center. The Chamber presently employs 2 full time and 2 part-time personnel with some volunteers.
2. Produce visitor information material.
3. Provide in-house publication (development of economic development packet).
4. Improve the physical facility of the information center (more display racks, outdoor displays and increased storage).
5. Conduct visitor training workshops which are important for people to be in touch with visitors at restaurants and the local merchants to tell them how to smile and greet people (everyone needs refresher courses).
6. Promote Newberg outside Yamhill County. The Newberg brochures would be sent to welcome centers around the state (9).
7. Install a community bulletin board.
8. Plans to gather and display historic and local material on the highlights of community.

Ms. Pesola stated that the above can be adapted as the needs arise. It is the Chamber's idea to get across to everyone who visits the community that Newberg is livable and likable.

Discussion was held concerning the availability of copies of the Chamber's annual budgets. Ms. Pesola stated that Duane Cole is an ex-officio member of the Chamber Board and has access to this information. Ms. Pesola also noted that there are approximately 245 Chamber business members. The annual dues are \$125 per year for each business and \$5 per employee.

Additional discussion was held concerning stocking of other city brochures and whether or not the Chamber charged for this service. Ms. Pesola stated that they do not charge to stock other city brochures. Ms. Pesola noted that the City's budget item is \$23,735 to operate the visitor center and has nothing to do with the brochure. Discussion was held concerning the Chamber's contract with the Newberg Graphic concerning the Chamber Directory and the omission of Newberg area businesses. Ms. Pesola stated that they have addressed their concerns with the Newberg Graphic.

Rob Dill, past Chamber President, indicated that in terms of history of the Chamber Directory, a "brochure" has been included in the Directory. This year, the Chamber Directory was not funded by City dollars. Discussion was held concerning whether or not the Newberg Graphic was going to correct the errors in the Directory. Mr. Dill stated that they were not at this time. Discussion was held concerning the amount of money the Directory produced for the Chamber.

Additional discussion was held concerning the rental space of the Chamber building for the operation of a visitor center. Ms. Pesola stated that the Chamber has allocated 34% for a visitor information center (\$265 from the monthly rental would be allocated for the visitor center).

Barbara Secor asked whether there was a network of volunteers that offered free assistance or are there paid positions. Ms. Pesola stated that there were a number of volunteers throughout the Chamber organization, but unfortunately they have not been consistent with the service.

Councilor Bob Weaver stated that he was concerned with City dollars helping the Chamber promote private businesses.

DRC noted that it was brought up that the Library could be used as an information center (parking is difficult). This service would be more in the line of a self service center without seeking additional staff at the Library. Discussion was held concerning the City's proposal to extend the Library's hours to six days a week. DRC noted that could not be done without additional funding.

Discussion was held concerning the \$20,000 budgeted for the visitor information center and whether or not Ms. Baxter's proposal or the Chamber's proposal could operate a visitor information center with that amount. Ms. Baxter and Ms. Pesola both stated that they would have to review the expenses.

DRC stated that the City would need some type of contractual arrangement with either the Chamber or Ms. Baxter's proposal. Based on the amounts requested by the Chamber and Ms. Baxter, if the City went with either one, their operating budgets exceed the amount the City anticipated to provide. The additional funds would have to come from some other source.

MOTION: Councilor Roger Gano to direct staff to proceed with securing a contract with the Chamber for a visitor information center with an amount of \$20,000 per year, one year contract which would be reviewable next year at budget time. (Motion failed for a lack of a second).

Councilor Dave McMullen stated that the Chamber's budget is \$23,735, but is not willing to compromise any other amounts (beautification funds). Councilor McMullen stated that he was supportive of \$20,000 on the condition of accountability by the Chamber to certain conditions. Any visitor center should be completely staffed by volunteers. Councilor McMullen further stated that he has concerns on how the Chamber is dedicating funds to the visitor center and that they should be accountable. The Chamber needs to solicit volunteers to help. Councilor McMullen stated that he is willing to second Councilor Gano's motion and vote in favor of it if the controls are in place.

Councilor Don Wright stated that he is not in favor of the motion to spend funds. It seems that it is a lot of money to pay out for this type of service.

Mayor Proctor stated that she feels that the information center could be placed at the Library with the funds used to increase staff and other services at the Library that are needed. Additional discussion for a visitor center to be located at City Hall was also held.

MOTION: Gano/McMullen to direct staff to proceed with securing a contract with the Chamber for a visitor information center with an amount of \$20,000 per year, one year contract which would be reviewable next year at budget time with conditions of accountability by the Chamber for the use of the funds. Staff to bring back the contract to the City Council for its review before it goes to the Chamber. (7 Yes/4 No (Pennock/Currier/Wright/Newland)/2 Abstention(McCain/Weaver)/2 Absent (Poole/James)/1 Vacant). Motion carried.

Discussion was held concerning whether or not to continue with the Council budget or adjourn. It was decided to continue with the Council budget.

MOTION: Currier/Adams to finish the City Council budget and consider adjournment. (13 Yes/2 Absent(Poole/James)/1 Vacant). Motion carried.

Discussion was held concerning the Council training budget. Councilor Gano expressed his concerns regarding the new Council members being appointed to replace Council members that have left and the need for training. Councilor Gano noted that he would not like to see the Council regress in this area. Chair McCain noted that the Council did not use \$7,000 from this past year's budget. Committee Member Pennock stated that the proposal is to reduce the amount from \$5515 to \$4000. Discussion was held concerning sending two representatives to the National

League of Cities in Minneapolis and the cable television annual meeting in September. DRC stated that other City departments have not budgeted for out of state travel and therefore the amount could be added back into the budget. Discussion was held concerning employees and some City Council members not taking their own personal time to attend out of state meetings at the City's expense. Councilor McMullen stated that it should be left up to the Council to get a general consensus and then decide rather than re-appropriating the funds. Chair McCain stated that the funds could be used to bring people in-house to talk with more people than to send one or two out of state.

Councilor Currier inquired how significant is the Council of Governments (COG) and did the City use them enough to support the budget amount of \$4450 per year? Discussion was held concerning the amount allocated to the COG. DRC stated that the COG has provided invaluable information and assistance to the City (50 year long range water study planning, dredging the Willamette) and has provided numerous assistance in City department information services.

Councilor Corinne Adams asked whether or not the Council decided last year to drop the membership to the National League of Cities and just pay a non-member rate for any conference attended by a City representative. DRC noted that it was discussed.

Councilor Wright noted that the postage expense has been reduced from \$8,000 to \$6,000. DRC stated that it is due to the City newsletter not being produced except for 6 times this past year. Discussion was further held about leaving the City newsletter in the Council's budget and whether or not it should be placed in another department.

MOTION: Gano/McMullen to adopt the General Government budget in the amount of \$107,122.

Further discussion was held on the postage and newsletter expenses and that some Committee members felt that they should be taken out of the Council's budget and placed in another department. Chair McCain stated that she feels that the newsletter is a tool of the City (public relations), which incorporates quite a bit of information for the community and it belongs with the Council's budget. DRC said that the newsletter is sent out bi-monthly. Councilor McMullen stated that it didn't matter where the postage was budgeted so long as it was consistent from year to year.

Committee member Barbara Secor inquired whether or not the dues to the National League would be kept in the budget. DRC stated that the dues would need to be in due to Councilor Gano's involvement on various committees on the national level.

Committee member Pennock called for the question.

ROLL CALL ON MOTION: (12 Yes/1 No(RC)/2 Absent(Poole/James)/1 vacant).
Motion carried.

MOTION: Gano/Newland to adjourn at 9:30 p.m. (13 Yes/2 Absent(James/Poole)/1 Vacant). Motion carried.



Barbara Secor