

TUESDAY, 7:00 P.M.

MAY 9, 1995

BUDGET COMMITTEE MEETING
MINUTES

WASTEWATER TREATMENT PLANT

NEWBERG, OREGON

ROLL CALL:

Present:

Roger Currier	Alan Halstead
Alan Larking	Donna McCain
Dave McMullen	Melinda Newland
Bert Pennock	Tracy Pinder
Andrew Poole (7:50)	Barbara Secor
Robert Soppe	Robert Weaver
Dan Wollam	Don Wright

Others Present:

Donna Proctor, Mayor	Duane R. Cole, City Manager
Greg Scoles, Community Development Director	Katherine Tri, Finance Director
Chuck Liebert, Utility Manager	Michael Sherman, Fire Chief
Leah Griffith, Library Director	Barbara Brown
Luis Brillas	

Meeting was called to order by Chair Dan Wollam at 7:02 p.m.

MINUTES: The minutes were reviewed and decided to be postponed to the end of the meeting.

NEW BUSINESS

Review of City Insurance: Kathy Tri presented a memo on the City's insurance. It covered general liability, auto insurance, property insurance, boiler insurance, and worker's compensation. Her memo also included a line item budget attachment. Bob Weaver asked if the City's insurance covered the private use of vehicles during City business. Mr. Cole responded that it did. Roger Currier suggested that City stickers be put on all public cars except for detective cars.

Prioritization Update: Kathy Tri presented an update on the Council and Budget Committee's prioritization exercise. She presented a new tally and sheets that showed how each item compared to each other item.

She also noted that the Budget Committee packet included a history of the City room tax from 1988-89 (receipts and expenses) and a tally of costs for Council, and Council Committee meetings and meal expenses for the past three years.

DEPARTMENTAL REVIEW

Fire Department: Michael Sherman presented the Fire Department budget. He explained that the budget was down, staff was the same and revenues were up. The major change in the departmental budget is related to Capital Construction at the Fire department for the ambulance service. Donna Proctor asked about the change in the Rural Fire District payment. Chief Sherman explained that the contract with the Fire District was negotiated several years ago and includes a 4.25% increase each year till 1999.

Chief Sherman explained that a year ago, the staff had to guess at developing the ambulance budget. That guess has come close to being true, and he noted that the 1996 budget is almost the exact same dollars as the current year. Chief Sherman referred to an article related to general revenue support for fire department. He indicated that Newberg is substantially less than those reported in the article. Donna Proctor asked about money for volunteers. Chief Sherman responded that the volunteers money pays for turnouts, points, dues, and there have been adjustments made each year to increase payment to the volunteers.

Community Development: Greg Scoles, Community Development Director, handout out a presentation for the committee to follow. Roger Currier asked why there was a \$292,000 increase in salaries. Mr. Scoles asked Mr. Currier to wait till his presentation was over. Perhaps his question would be answered through the presentation.

Mr. Scoles explained that there were approximately 40 employees in the Community Development Department and the budget equals 70% of the total City budget. The department is very "Serious About Service", the City's motto. His presentation will review the operations budget, capital projects, and Sumitomo impacts. He next went through the organizational chart, which showed approximately five divisions within the department: engineering, utilities, building inspection, operation and maintenance, and planning. He indicated that there has been some shift of staff, particularly in the utilities area. The division is now broken down into two sections, operations and maintenance: both water and wastewater operations are combined under two supervisors. Their division has eliminated a supervisor and added a line person, and is working to cross train all staff in both water and wastewater operations. In addition, there has been an increase in one laborer in operations and maintenance by using summer help funds and the department has increased the FTE of the building secretary.

Next Mr. Scoles reviewed a summary of expenses by fund. A pie chart showed that capital projects will be over 50% of the department's budget, while streets, water, and wastewater consume approximately equal portions, and the final part of planning, building, central services, and vehicles completes the balance of the budget. Next, Mr. Scoles went through a summary of the line item accounts. The department took approximately 850 accounts in the budget and summarized them into two pages. He then proceeded to highlight significant changes. These included clerical salaries (increase in building secretary time); reduction in summer help (moving funds to salary and wages for a Laborer I); beeper pay (increase in beeper pay to \$60 a week); increase in operating supplies due to the operation of the composter and the cost of sawdust; increase in employee testing due to the new Federal law requirements for commercial driver license and random drug screening; and in professional services, which includes a rate study. Don Wright asked why there was an increase in printing and advertising. Mr. Scoles responded that it was an increase in the planning division budget to cover the cost of legally required notices. Robert Soppe asked about composter sales and how much was being made. Mr. Scoles noted that even with the sales of compost, the composter will not pay for itself.

(At 7:50 p.m., Donna McCain left and Andrew Poole arrived at the meeting.)

Next Mr. Scoles reviewed the cost allocation process that the department recently developed. The department will be able to look at activities on a monthly basis and will be able to account for time through this new process. Mr. Scoles then looked at charts that show the building division and planning division activity

by revenues generated and expenses.

Next, Mr. Scoles indicated that the budget includes a rate study. Water and sewer revenues are flat. Even with the increase in population, water demand tends to be flat. Part of this is due to new building code standards that require low flow fixtures. Mr. Scoles referred to the chart on page 13 of his handout. Mr. Scoles then reviewed charts for the number of building permits, number of inspections, construction value and total dwelling units by type, for the past four fiscal years and including the current fiscal year through March. He reflected that on pages 16 and 17 there is actually more commercial development this year than last year. Last year it was more even between commercial and residential development. Roger Currier asked about the chart on page 18 that showed number of new lots in partitions and subdivisions. He wondered if the tremendous increase in 1993-94 was due to the implementation of the street system development charge. Mr. Scoles responded that no, the systems development charge affected building permits, not number of lots. Mr. Scoles then reviewed planning division applications.

Mr. Scoles went on to describe various accomplishments of the Community Development Department. New equipment has been purchased in the water department, sewer cleaner and water service truck. The composter is on line and the high quality of the product meets all DEQ tests. Compost is being marketed and the department is exploring selling all the product to one vendor. In the planning division, the open space plan is completed and the transportation plan was completed. The department has been working on the 99W project with the State. The Development Code draft has been presented to the City Council and the City is completing designation of Urban Reserve Areas. Recently, the Council adopted a reimbursement ordinance for developers and the Francis Theater has been torn down. Don Wright asked about a light at College and Foothills and that there was some question as to whether a light would be installed. Greg Scoles responded that the conditional approval for the development says a light will eventually be installed at that location. However, the State has control over the intersection.

With regard to capital projects, he indicated that some of the projects will be completed this year, some projects are carry-over to next year and other projects will begin next year. The 1995-96 budget shows a window in a capital project's history. The department has been working on developing a five year capital project program using the existing master plans for transportation, water, sewer, and storm sewer, and integrating them into a five year picture. He mentioned that in the future the City may want to consider a transportation bond similar to what McMinnville is doing this spring. Duane Cole added that whenever the City surveys the community, the number one issue raised by our citizens is transportation and traffic concerns. In the transportation plan, the City addresses the problems but we still need the money. By passing a bond, we could fast track the needed improvements. Melinda Newland asked about the capital project related to Technical Images. Greg Scoles responded that this is replacement of the sewer line that was eroded by Technical Images. Committee members asked about getting reimbursement for that expense. Staff will explore to see if it is possible to put a lien on that property for that expense.

Barbara Secor arrived at 8:20 p.m.

Next Mr. Scoles discussed the impacts of Sumitomo Sitix Co., Inc. on the capital projects plan for 1995-96. At this time, the staff estimates approximately \$8.6

million in capital projects. Sumitomo will effect planning, building, and engineering. In addition, they will be paying huge fees related to building and capital projects. It will be important for the City to staff up quickly, either through hiring or contracting with firms. These funds may allow us to do long-range planning.

Then Mr. Scoles specifically reviewed the impacts of Sumitomo on the water and sewer systems. He showed a graph of income projected to 1998-99 with and without Sumitomo. The graph clearly shows why we need to do a rate study. He indicated that the \$8.6 million in capital improvements will be paid by rates that Sumitomo will pay and will be secured by a revenue bond from the State. Don Wright asked a question about the table on page 23 of the handout relating to debt service and depreciation. Roger Currier asked what the difference was between professional and contracted services. Bert Pennock indicated that he felt the committee reviewed the Community Development Department very quickly. Donna Proctor asked why gasoline expenses were down. Mr. Scoles responded that the budgeted amount was closer to actual for this current year. Donna Proctor asked about professional services and why these services could not be provided by City staff. Mr. Scoles responded that professional services are probably in the utilities. There is a small additional amount in the planning department. Dan Wollam asked about the tree planting account. Staff responded that this was a current year grant that would not be renewed next year.

Adjournment: The committee moved to adjourn at 8:40 p.m.



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