BUDGET COMMITTEE MINUTES

WASTEWATER TREATMENT PLANT

NEWBERG, OREGON

The meeting was called to order by chair Dan Wollam at 7:00 p.m..

Members Present:

Bert Pennock Robert Soppe Barbara Secor Dan Wollam Dave McMullen

Roger Currier
Donna McCain

Alan Halstead

Others Present:

Donna Proctor, Mayor

Duane R. Cole, City Manager Kathy Tri, Finance Director Michael Sherman, Fire Chief Robert Tardiff, Police Chief Terry Mahr, City Attorney

MINUTES: Because there was no quorum at the meeting, the approval of the May 9, and May 18, 1995 minutes was postponed to the next meeting.

NEW BUSINESS:

Role of the Budget Committee: Kathy Tri indicated she included in the handouts a page from the Department of Revenue Local Budgeting Manual which discussed the composition of the budget committee, its purpose and functions, and its fiscal powers. It also included a description of the responsibilities of the governing body. She added that a quorum is a majority of the total budget committee, and is required to approve any budget committee action. State law requires a chair and a secretary, which will not be appointed until 1996. The City's budget officer is Duane Cole, as set out in his contract. The committee may demand and receive any information it needs in order to make a decision about the budget and the committee sets the tax levy.

There ensued a discussion between Budget Committee lay members and Council members about their different roles. Several Budget Committee lay members expressed their frustration about last year's Council action, in which the Council changed their budget to fund the Visitor's Center. Several of the members expressed that they did not wish to waste their time going to meetings to develop a budget if it was just going to be overturned by the Council. Several Council members agreed that all decisions need to be made at the Budget Committee level. Other Council members expressed concern that so many were upset and should not take the Council's action as an affront to the long, valuable hours put into the process. They felt the change was insignificant and hoped

it wouldn't happen, but could not guarantee that changes would not be made. Council members expressed that they were glad the Budget Committee is vocal, and they value their time and opinions; however, it is still the ultimate responsibility for the City Council to make the final decisions. Some Budget Committee members felt that they were blind sided by Council's action. They felt that they had spent a lot of time discussing discretionary funds and had laid a clear direction for the budget. Issues need to be clearly raised at the budget committee meeting level. Kathy Tri indicated that in looking at the 1996 calendar, the intention is to raise the issue of discretionary funds early in the process so that the staff and leaders can get a clear direction. Committee members expressed an interest that those affected agencies receive plenty of notice and that there is sufficient time for them to come prepared to speak.

1996-97 Budget Assumptions: Kathy Tri presented the budget assumptions for the 1996-97 fiscal year. The budget assumptions cover operations, compensation, revenues, and general considerations. There was no discussion about the assumptions.

Long-Range Projections: Kathy Tri presented the long-range financial projections for the General Fund for the years 1996-2001. She reviewed the reasons for doing the long-range projections and the six major financial issues that become apparent in reviewing the projections. These included maintaining service levels with a growing population; financing capital needs; complying with ADA requirements; providing sufficient funds to maintain existing facilities; maintaining sufficient cash working capital; and anticipating a plan of action when the Police and Fire serial levies end. She then reviewed the projections and showed if revenues remained unchanged, and expenses were in accordance with projections, that the City would slowly eat into its cumulative necessary cash carryover. She then reviewed the key assumptions and major issues. Finally, she presented some of the options for responding to the projections, which include allocation of resources, which has been done in the past two years, study possible additional revenues, and decide what sort of development, economic or other, is necessary and what effect that will have on the City. Dan Wollam asked if it was possible to evaluate the impact of undeveloped land on the City, and what it will cost to serve that property. Several other committee members were interested in ways of staggering costs for water and sewer service. Duane Cole indicated that the Citizens Rate Review Committee will begin meeting in December to evaluate the City's sewer user rates, system development charges for water and sewer and possibly water rates.

Adjournment: The committee adjourned at 7:55 p.m.