THURSDAY, 7:00 P.M. **OCTOBER 21, 1999**

BUDGET COMMITTEE MINUTES

PUBLIC SAFETY BUILDING **NEWBERG, OREGON**

Members Present:

Ron Fulham	Lisa Helikson	Donna McCain
Robert Soppe	Robert Weaver	

Members Absent:

Roger Currier	Robert Larson	Brett Veatch
Noelle Wilson	(Note: there are three vacant positions)	

Others Present:

Charles Cox, Mayor	Duane Cole, City Manager
Leah Griffith, Librarian	Michael Sherman, Fire Chief
Robert Tardiff, Police Chief	Kathy Tri, Finance Director
Mike Soderquist, Community Development Director	
Debbie Smith-Wagar, Asst. Fin. Dir.	Dawn Wilson, Legal Secretary

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1. Call to Order

The meeting was called to order by Vice-Chair Robert Soppe at 7:05 p.m.

2. Roll Call

Roll call was noted by Kathy Tri.

3. Minutes

Lisa Helikson moved the minutes of the April 29, 1999, May 4, 1999, and May 6, 1999 meetings be approved. Robert Soppe seconded the motion. It was approved unanimously.

4. New Business

Duane Cole said this meeting was called because the City's General Fund is spending more money than it is bringing in. He said this issue needs to be addressed.

<u>Long Range Financial Projections:</u> Kathy Tri said issues include how to maintain service to a growing population when the economy is relatively flat, how to respond to rapid changes in technology, how to finance future capital equipment needs (replacement of existing equipment), how to fund the maintenance of existing facilities, and how to develop cash stability.

Kathy Tri said predicting property tax revenue under Ballot Measure 50 is difficult. The City has lost property tax revenue under BM 50, but she said property tax revenue will continue to be the largest revenue source in the General Fund.

Personnel costs make up 70% of the General Fund budget according to Kathy Tri, and some of the benefit increases are outside of the City's control, such as health insurance, worker's compensation premiums, and retirement costs. In addition, the Police and Fire unions have an impact on personnel costs in those departments.

Kathy Tri provided a list of unfunded needs over the next three years. The list included additional staff in administration, legal, police, fire and library. The list also included capital equipment replacement.

In addition to the financial projections and the unfunded needs, Kathy Tri also some other issues the Budget Committee needs to consider when making decisions about future budgets. There is a group of people who are determining the feasibility of forming a library district. This could be on the May 2000 ballot. The police chief is looking at the possibility of providing county-wide dispatch services by contracting to provide the services currently provided by YCOM. City Hall staffing will need to be reviewed when the remodeled building is opened. And the permit center at Community Development is not yet self-sufficient.

Finally, Kathy Tri said the Budget Committee needs to give staff some direction to develop next year's budget. Choices include continuing to let the City Manager balance the budget; direct the City Manager to make an across-the-board 2.3% cut; freeze expenditures, reducing staff through attrition and maintaining material and services at current dollar amounts; pursue restructuring, such as the library district; and looking at additional revenue sources.

Work Load Indicators and Unfunded Needs: Duane Cole addressed the need for someone to oversee the City's information technology, a paralegal to track City documents, and a human resource specialist.

Kathy Tri went over the Finance Department's work load indicators. She said although staff is busy, the department is in pretty good shape.

Robert Tardiff reviewed the Police Department's work load indicators. He said some of the expenses in his budget were beyond his control, such as required contractual services. He also said the City cannot lay off police officers without losing federal COPS grants. The officers funded under the grants would have to be the first ones terminated, and the City might still have to repay the grants it has already received. He said the City has not been putting away enough money to replace some of the police and communication departments' capital equipment. He said police radios, computer aided dispatch, and the dispatch console are examples of recently-purchased equipment that will need to be replaced one day. Currently $10,000 a year is being set-aside for equipment replacement. He said to replace this equipment without outside financing the amount should be about $50,000 per year.

Michael Sherman reviewed the Fire Department's work load indicators. He also said the department is not putting enough money away to replace capital equipment, such as air compressors that the department can not do without that cost about $50,000 each.

Leah Griffith reviewed the Library's work load indicators. She said the number of people using the library has increased faster than the population over the last 15 or so years. Also, users are checking out more items per person than they did 15 years ago. As for unfunded needs, she said the new portion of the library is 15 years old now, and things are starting to go wrong. Also, not enough money is being set aside to replace computers and keep up with technology.

Mike Soderquist went over the Community Development Department's work load indicators. He said much of his department is in good shape because it is funded by revenue sources other than property taxes, such as water and sewer fees and the gas tax. However the Planning and Building Divisions are in the General Fund, and even with the Permit Center they are not yet self-sufficient. Fees are being reviewed to see what needs to be done to get these divisions to the point where they fund themselves. He said the department has been creative in finding ways to fund services, such as sharing a building inspector with McMinnville. However he said things would pick up if development begins at Springbrook Oaks. That could happen as soon as next summer.

Elections and Deadlines: Duane Cole went over the possible dates for an election if the Budget Committee and City Council should decide to ask for a local option levy. He said the City would not want to compete with the library district if that should be on the May ballot. Leah Griffith said the library district survey results should be available by the middle of November. She said the issue would be brought before the necessary cities and the county probably in December or January.

Discussion: Lisa Helikson said she would like to see more detail as to what a balanced budget would look like with the current information and what specific cuts would have to be made to arrive at that budget. She said the list of unfunded needs would grow if the cuts are added to the list.

Other Revenue Sources: Dawn Wilson pointed out that the municipal court judge is levying fines that are lower than the prior judge levied. Kathy Tri said she has discussed this issue with the current judge, and that the discussion will continue. Kathy Tri also pointed out that the changes voters have made in Oregon property tax laws have shifted the burden from industrial and commercial owners to homeowners. She suggested the City might want to consider a business tax.

The Committee agreed to hold another meeting December 9, 1999 at the new Fire Station, and directed staff to bring back a balanced budget and a list of cuts that were made to get the budget balanced.

5. Adjournment

The committee adjourned at 9:25 p.m.

Donna M McCain

Secretary