

BUDGET COMMITTEE MINUTES

PUBLIC SAFETY BUILDING

NEWBERG, OREGON

Members Present:

Charles Cox	Roger Currier
Paula Fowler	Lisa Helikson
Fred Howe	Robert Larson
Donna McCain	William Rosacker
Robert Soppe	Debbie Sumner
Brett Veatch	Robert Weaver

Others Present:

Duane Cole, City Manager	Terry Mahr, City Attorney
Kathy Tri, Finance Director	Mike Soderquist, Comm. Dev. Dir.
Michael Sherman, Fire Chief	Debbie Smith-Wagar, Asst. Fin. Dir.

The meeting was called to order by Mayor Charles Cox at 7:04 p.m.

Elections: Mayor Cox called for nominations for Chair. Robert Weaver nominated Roger Currier. Lisa Helikson seconded the nomination. Roger Currier nominated Fred Howe. Donna McCain seconded the nomination. William Rosacker nominated Robert Soppe. Fred Howe seconded the motion. Fred Howe was elected chairman.

Chairman Howe called for nominations for Vice-chair. Donna McCain nominated Roger Currier. Robert Weaver seconded the nomination. Bill Rosacker nominated Robert Soppe. Roger Currier seconded the nomination. Robert Soppe was elected Vice-chairman.

Chairman Howe called for nominations for Secretary. Robert Weaver nominated Debbie Sumner. She declined. William Rosacker nominated Roger Currier. Robert Weaver seconded the nomination. There were no further nominations, so Roger Currier was elected Secretary.

Introductions: Paula Fowler asked for introductions. Everyone around the table introduced themselves.

Minutes: Donna McCain pointed out that the month of May should be capitalized in the May 12, 1998 minutes. A few people were missing the second page of the minutes. Finance Director Kathy Tri read the second page aloud. Debbie Sumner moved to approve the minutes. William Rosacker seconded the motion. Motion passed unanimously.

Long Range Financial Projections: Finance Director Kathy Tri presented the Long Range Financial Projections. She said the key issues are maintaining current service levels; living with Ballot Measure 50; financing capital equipment; renovating City Hall; maintaining current facilities; and maintaining sufficient cash carryover in the General Fund to pay for services between the start of the fiscal year in July and the time when the property taxes start arriving in November.

Ways to respond to the key issues are to maintain the status quo by keeping the current workforce and delaying any significant changes in expenditures; evaluate all vacant positions before filling them; freeze material expenses, except where it is not possible; delay repaying the Economic Development Revolving Loan Fund the loan for the senior building; delay setting aside money for major repairs to the "general" buildings; consider new revenue sources; and consider restructuring the financing of specific services, such as the Library.

Roger Currier said he would like to see contingencies by department rather than general contingencies City-wide. In addition, he said any savings could be rolled over into the next year's budget.

Kathy Tri said she wasn't sure state law would allow such contingencies.

Debbie Sumner said she didn't think they would be legal. She also questioned whether departments would be fighting over money if a contingency was budgeted in one department and later in the year another department needed the money.

Robert Larson said he didn't hear anything about cutting expenses. He said projections just show expenses going up. The City should see if reductions could be made internally.

Fred Howe said he would like to see performance evaluations tied to budgets. Kathy Tri said the City does some, though it isn't as sophisticated as some communities. Lisa Helikson said she liked the idea of tying performance to budget, but she asked how realistic it is. City Manager Duane Cole said a lot of cities are facing this question. He said it is valuable to be able to compare cities, but that information isn't as available as it used to be. Robert Soppe said he didn't think he liked cutting department budgets because of performance measures. He said they should apply to individuals, not departments. Kathy Tri said the City Manager does use some performance measures when evaluating department heads.

Roger Currier said he was concerned that too many outside consultants are hired. He cited Falconi Consulting, which was hired to evaluate the traffic signal at the new fire station. Community Development Director Mike Soderquist said the City does not have a traffic engineer.

William Rosacker asked why staff felt that building and planning fees would be decreasing. Mike Soderquist said the activity had declined the last half of 1998 and the City has seen a change in the mix of residential and commercial activity. He said he expects the activity to stay somewhere around its current level.

William Rosacker asked what costs were associated with the new buildings. Kathy Tri said one-year warranties are up on a number of pieces of equipment in the Public Safety Building, and once the new Fire Station is finished there will be additional costs for electricity and other services at that location.

William Rosacker also asked about the number of 9-1-1 dispatchers. Kathy Tri said that the total number of dispatchers will not be increasing. Two will be transferred from the 9-1-1 Fund back to the General Fund over the next two years (one each year). The two dispatchers were transferred to the 9-1-1 Fund to free up General Fund monies to buy a CAD system (9-1-1 monies can not be used for that purpose). Now the dispatchers need to be transferred back because there isn't enough money in the 9-1-1 Fund to leave them there.

Robert Soppe said if the City seeks to change revenue sources, he would like it to be fair. He used the example of Fire Department services. Property taxes support fire services, and yet some people need fire services more than others, and they don't necessarily pay more property taxes. He said the City should look at charging a surcharge for structures that are more likely to need fire services, including non-profit organizations that don't pay property taxes. He said he is also concerned that the Hotel/Motel tax is only charged on the standard motel rooms, not Bed and Breakfasts.

Roger Currier said he agreed with the fire charge, and that is why he support the water meter fire charge. But William Rosacker said it was just taxing taxpayers, because if a business or school is charged the fire surcharge, they will just pass it on to the taxpayers, or the taxpayers will pay it through their school taxes. Donna McCain said not everyone can afford more taxes.

Robert Weaver asked if budgets are reviewed when the department heads turn them in. Kathy Tri said both she and the City Manager review the budgets. She referred to it as "grueling".

Budget Assumptions: Kathy Tri reviewed the budget assumptions. She said the City has two unions, and both will be up for contract negotiations this winter/spring. She said the City generally tries to match the non-union employee compensation to the union. She said another goal is to make the budget easier to read.

Roger Currier asked about the audit. He said he thought the representative from the audit firm who presented the audit report to the City Council indicated that the City staff did most of the work. Assistant Finance Director Debbie Smith-Wagar responded that the auditors controlled the audit. Staff just assisted by pulling checks and other supporting documentation, and preparing financial schedules for the auditors. She said that the auditors indicated City staff did a lot of work because many municipalities have nothing prepared when the auditors arrive and the auditors must retrieve all the documentation and prepare routine summaries themselves. Auditors charge their standard rates for that, and it is much cheaper to have City staff do the work.

Robert Soppe said he would like to see some money made available for social service agencies so the Committee doesn't get to the end of the process and then expect Kathy and Duane make the money "magically" appear.

Fred Howe said he would like some policy issues settled at the beginning so the process will go smoother. He asked what members would like to see in the assumptions.

Robert Soppe said he would like to see revenue fairness and cost savings and efficiency.

Roger Currier said he would like to see what he called a "PEP" award, which would be an award given to employees who save the City money.

Robert Larson said he would like to see the employees have the attitude "this is my company" and run it efficiently.

Robert Weaver said he would like to see a report on how long in "person hours" it takes to put the budget together.

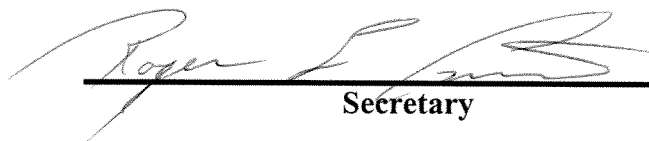
William Rosacker said he thinks department heads are already doing a lot of what has been talked about. He said he would like to see a balanced budget presented to the Budget Committee.

Fred Howe said he would like to have a motion that the budget assumptions include that department heads look at a budget with more revenue fairness; that a cost-efficiency model be included; and that staff present a balanced budget. Robert Larson added that he would like to see a statement about how the City is handling the Year 2000 issue.

Robert Soppe made the motion. Lisa Helikson seconded it. The motion passed unanimously.

The consensus was that the Committee wanted to have another meeting in March, before the budget is completed for review. Kathy Tri said she would look at the calendar and set a meeting.

Adjournment: The Committee adjourned at 8:25 p.m.



Secretary