Monday, 7 P.M. **March 29, 1999**

BUDGET COMMITTEE MINUTES

Public Safety Building **Newberg, Oregon**

Members Present:

Fred Howe, Chair	Roger Currier	Paula Fowler
Lisa Helikson	Damon Sump	Bret Veatch
Robert Weaver		

Members Absent:

Donna McCain	Robert Larson	William Rohsacker
Robert Soppe	Debbie Sumner	

Others Present:

Duane Cole, City Manager	
Kathy Tri, Finance Director	Leah Griffith, Library Director
Michael Sherman, Fire Chief	Mike Soderquist, Community Dev. Director
Robert Tardiff, Police Chief	

1. Call to Order

The meeting was called to order at 7:05 p.m. by Chair Fred Howe.

2. Roll Call

Roll call was noted by Kathy Tri.

3. Approval of Minutes

Currier/Helikson moved to approve the minutes of the February 4, 1999 meeting. Motion passed by those present.

4. Comment Regarding Meeting Process

Chair Fred Howe stated that the meeting was called to eliminate discussion over small issues which have bogged down the committee in prior years. He wanted to have a discussion on the General Fund and impacts of the economy on the budget. He felt that policy issues should be discussed early by the Budget Committee and it was up to the committee on what should be funded. The committee should establish a process for making these decisions. He added that this meeting was to have a general discussion and should not be used to review the nuts and bolts of the budget.

5. General Fund Overview

Finance Director Kathy Tri presented an overview of Ballot Measure 50 and how it was affecting the General Fund. She indicated that 1998-99 has been the second year living with BM 50 and the general impacts are just beginning to be felt. The City has also experienced a slow down in new building. She indicated that there have been no major subdivisions during the past six months. She stated that building and planning revenue is projected to be $221,000 less in 1999-00.

She then reviewed overheads which outlined some of the impacts of BM 50 on the City. She showed a comparison between the old levy system and BM 50, stating that the City will be levying $366,937 less next fiscal year due to BM 50. The compound reductions in the levy are having a significant impact on the General Fund. She then reviewed her memo in the agenda packet.

Kathy Tri stated that departmental budgets and revenue projections were similar to what was projected in February. In order to balance, approximately $550,000 in reductions have been made. In order to balance the General Fund, another $110,000 needs to be reduced. She indicated that sufficient funds are included for salary raises and the staff assumed a 98% expenditure level. Roger Currier stated that many of the reductions were actually shifts to other funds and asked if there would be rate impacts. Kathy Tri responded stating that the engineers would now be split among street, water and sewer and their time is already charged to those funds. There is little impact on these funds by moving the engineering expenses to these funds.

City Manager Duane Cole then reviewed his memo on revenue alternatives. He stated that there would be a slow derogation of services. He added that Newberg is actually ahead of the game in that the staff has recognized the constraints of BM 50 on the budget and that new growth will not pay for itself. Gresham began laying off employees last December. He indicated that a number of the larger cities were considering diversifying their revenue base and that local governments may need to lead the state in changing the taxing system. He stated that the attached list of revenues came from the City of Salem. Committee members asked about the various options. The franchise fee would be new money and is part of the existing franchise agreement. Paula Fowler asked about the other franchises. Mr. Cole indicated that the City would have to open those agreements and the utilities do not like being a tax collector. Bob Weaver stated that he liked the idea of a restaurant tax which would affect non-Newberg residents. He also stated that the City needs to be clear in defining "needs" from "wants."

Roger Currier asked about a cap on wages. Mr. Cole indicated that the collective bargaining agreements drive the salary and benefits issues in the organization. Paula Fowler didn't think the committee should get into that discussion.

Duane Cole then handed out a values exercise which the committee completed. He indicated that the exercise will be sent to those members not present.

Fred Howe pointed out that the Chamber/Visitor's Center was not on the list. Bob Weaver stated he would support leaving the center's funding as is. The rest of the committee generally expressed agreement with Mr. Weaver's position. Roger Currier asked about the transportation funding. Committee members expressed that they were willing to wait until the results of the values exercise were available before they discussed it. Roger Currier also asked for an accounting of employee community memberships which the City pays for.

6. Adjournment

The meeting was adjourned at approximately 8:13 p.m. until the next meeting at 7:00 p.m. on April 27, 1999 at the Wastewater Treatment Plant.

Approved by the Budget Committee on this 27 day of April, 1999.

ATTEST:

Roger Currier, Secretary