

BUDGET COMMITTEE MINUTES

PUBLIC SAFETY BUILDING

NEWBERG, OREGON

Members Present:

Tomina Carter
Lisa Helikson
Robert Soppe

Roger Currier
Nancy Jiosa
Robert Weaver

Ron Fulham
Robert Larson
Noele Wilson

Members Absent:

Don Holland

Donna McCain

Bret Veatch

(Mayor Chuck Cox was attending an annual Council of Governments meeting, representing the City)

Others Present:

Duane Cole, City Manager

Robert Tardiff, Police Chief

Kathy Tri, Finance Director

Leah Griffith, Librarian

Mike Soderquist, Community Development Director

Debbie Smith-Wagar, Asst. Fin. Dir.

Bob Nipper, Administrative Intern

Pat Haight, Citizen

1. Call to Order

The meeting was called to order by Chair Robert Soppe at 7:01 p.m.

2. Roll Call

Roll call was noted by Kathy Tri.

3. Minutes

The October 21, 1999 and March 2, 2000 minutes were presented for approval. Roger Currier asked that the minutes of the March 2, 2000 meeting be corrected to show that he was concerned about employees driving more leased vehicles. He also wanted the minutes to show his concern about the number of trips to Naps that employees are making. Lisa Helikson moved that the minutes be approved as amended. Bob Larson seconded the motion. The motion passed unanimously.

4. New Business

Budget Message City Manager/Budget Officer Duane Cole presented the 2000-01 Budget Message. He started by reiterating a portion of last year's budget message saying that after 1999-2000 reductions in service would have to be made or alternative revenues would have to be put in place. He said that remained true today. He went over changes in the new budget compared to the old one, and discussed the time frame for putting this new budget together. He also discussed how the current budget supports the council's goals of providing a livable community, supporting a balanced and orderly approach to growth, providing a safe and efficient transportation network, supporting a diversified economic base, and providing a physically safe community. Robert Soppe asked about funding for Communications

Ron Fulham asked what has changed in Central Services. Staff said the main change is a full-time employee in Information Services. Also the payroll items have been removed from the Insurance section. Kathy Tri said the payroll line items for FICA, workers compensation, retirement, and other insurance items had been used in order to get totals for the City as a whole. With the new accounting system that information is available in report form, and so the line items are no longer needed and were removed as they artificially inflated the budget. The Legal Department will have been budgeted in Central Services for four years with this 2000-01 budget. There was more discussion about the effect Central Services and transfers have on the budget. Kathy Tri said page 74 in the budget document has a good simplified view of the City as a whole.

Pat Haight asked about the state loan the City has taken out to help develop public services on the Werth property on the east side of town. Specifically she wanted to know why the money wasn't budgeted clearly and in a separate fund. She is also concerned about the timing of the loan and whether the City will be subject to arbitrage, and why the loan document says the repayment will be made from water and sewer rates. Kathy Tri said the loan document doesn't require the money to be in a separate fund, and that the repayment amount is included in the debt service portion of the budget. The repayment is coming from System Development Charges, not from water and sewer rates. She further stated that staff is aware of the time limit before arbitrage rebates would be necessary, and the project should be completed within the time frame.

Ron Fulham asked about the Brutscher to Main project. He said he thought the City had to come up with one million dollars for the project. Duane Cole said he had talked to the Oregon Department of Transportation and told them the City doesn't have the money. Right now the City's only commitment is to help pay for a parking lot next to the library. The amount is \$42,350. Roger Currier said he voiced his concern when this came up at a council meeting that the City should have to pay anything. He also said he thought the Loren Berg property was included in the ODOT deal. Duane Cole said the state has backed away from that site. He said the City doesn't have any obligation toward the site, but it is something the City should be concerned about. Roger Currier said he was concerned that the City was singling out this particular business to help when the City doesn't do the same thing for other businesses.

Ron Fulham asked about the fire union labor contract and what determines the increases. Kathy Tri said the increases are determined by the CPI-U West and comparable salaries. She said health insurance is rising dramatically and the City pays 95% of the cost for the union employees and the employees pay the other 5%.

Roger Currier asked about tuition reimbursement. Kathy Tri said employees who receive tuition reimbursement and then leave the City within a certain amount of time are required to pay the City back. Personnel rules outlining the reimbursements will be provided at the next Budget Committee meeting.

Roger Currier asked about a new pavement roller that he believed the City had purchased. He said the City usually rented that kind of equipment. Community Development Director Mike Soderquist said he was not aware of a roller and would check into it.

Bob Weaver said the budget is too complicated to ever be simplified into one page. He encouraged people with questions to contact department heads, and even go and see what they do and where they work. Lisa Helikson said she would like to see a list of department head phone numbers so everyone would know how to get in touch with them.

There being no further testimony the public hearing was closed.

Officers. Duane Cole said the 9-1-1 Fund receives enough revenue to support two Communications Officers. The 2000-01 budget proposes keeping a third officer in the fund and using accumulated cash for that position. After 2000-01, the General Fund will have to absorb that position in order to keep it.

Duane Cole then presented the Long Range Financial Projections. It shows that changes will have to be made by the next budget year (2001-02), and significant changes will have to be made by 2002-03. He said that 56% of General Fund revenues are property taxes...the next highest General Fund revenue is franchise fees at 11.2%. He suggested it may be time for civic leaders to look at alternative revenue sources. Robert Soppe asked why revenues decrease in the budget from 1999-00 to 2000-01. Duane Cole said the decrease is primarily due to Building revenue dropping.

Duane Cole said the budget includes money to continue to plan, improve and maintain the City's infrastructure, provide customer oriented cost effective and courteous service to all, and provide and support a highly qualified and motivated City work force. He went over changes in staffing levels. Roger Currier asked why an engineer was laid off this fiscal year when the budget proposes hiring another engineer next fiscal year. Staff said the engineer that was laid off was a street engineer, and the city needs a water and sewer engineer. Robert Soppe asked for clarification on what funds were paying for the utilities engineer and a proposed new receptionist for City Hall. Duane Cole said both positions would be funded in the Water and Sewer Funds.

Duane Cole pointed out several pages in the budget notebook that he thought were especially important for committee members to read. He also said if the police levy fails he recommends cutting the positions. Any alternative would require a significant restructuring of the budget, a major reduction in library services, elimination of a communications officer in the General Fund, and more.

The budget was turned over to the Committee and Robert Soppe asked if there were any comments. Bob Weaver said he would like to see a program for senior citizens to help them with little things like installing smoke detectors. He would also like to see presentations at the Senior Center on police and fire services. He said the police could arrange a meeting to talk about ways to keep your home safe.

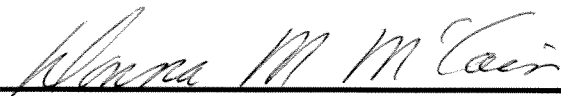
Public Hearing for State Revenue Sharing Finance Director Kathy Tri said the City gets about \$100,000 in State Revenue Sharing, and the money is used to support police services that provide alcohol education. She said the legislature would likely cut revenue sharing if an initiative passes that would allow larger federal tax deductions on state income tax returns. The public hearing was opened. Pat Haight asked how the money was used to provide alcohol education. Staff said the police provide training through DARE and other programs to students in the Newberg School District, including high school students. Lisa Helikson asked how soon State Revenue Sharing could be cut if the initiative passes. Kathy Tri said it could be as soon as January, when the legislature starts meeting. Robert Soppe closed the public hearing on State Revenue Sharing.

Public Hearing for the Budget Robert Soppe opened the public hearing for the budget as a whole. Ron Fulham said he would like to see something simple that people can understand. He said he had numerous questions about the budget. Robert Soppe said general questions should be asked now, and questions about specific department budgets should probably be asked when the specific departments presented their budgets. Ron Fulham asked why retirement benefits had different percentages in some departments. Kathy Tri explained that the City actually participates in three retirement plans: PERS (which the City has been a member of since 1993), a plan for general employees, and a plan that some of the public safety employees chose to stay in when the City gave them the option of going to PERS. Each of these plans have a different contribution rate.

Kathy Tri reviewed the proposed meeting schedule. Robert Soppe asked if the committee could continue to approve department budgets as they go along. Kathy Tri said that was fine. The final meeting for approval of the whole budget and the tax levies will be May 18th so the committee will know the results of the levy elections.

5. Adjournment

The committee adjourned at 8:55 p.m.

A handwritten signature in cursive script, appearing to read "Anna M. Cair", is written over a solid horizontal line.

Secretary