

TUESDAY, 7:00 P.M.

April 23, 2002

BUDGET COMMITTEE MINUTES

PUBLIC SAFETY BUILDING

NEWBERG, OREGON

Members Present:

Roger Currier
Kaleen Flukinger
Donna McCain

Sally Dallas
Darlyn Adams
Robert Soppe

Douglas Pugsley
Louis Larson
Robert Weaver

Members Absent:

Lisa Helikson

Robert Larson

Bret Veatch

Others Present:

Terry Mahr, City Manager Pro Tem
Leah Griffith, Librarian
Kathy Tri, Finance Director

Robert Tardiff, Police Chief
Mike Soderquist, Comm Dev. Dir.
Elaina Canutt, Asst. Fin. Dir.

1. Call to Order

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

2. Roll Call

Roll call was noted by Kathy Tri.

3. Election of Officers

Robert Soppe opened the nominations for Chair. Roger Currier nominated Robert Soppe. Louis Larson seconded the motion. Nominations were closed. Robert Soppe was elected unanimously.

Robert Weaver nominated Roger Currier for Vice Chair. Sally Dallas seconded the nomination. Nominations were closed. Roger Currier was elected unanimously.

Roger Currier nominated Robert Weaver for Secretary. Robert Soppe seconded the nomination. Nominations were closed. Robert Weaver was elected unanimously.

4. Minutes

Roger Currier moved that the minutes from the May 8, 2001 meeting be approved as presented. Donna McCain seconded the motion. The motion passed unanimously.

5. Budget Presentation

City Manager Pro Tem/Budget Officer Terry Mahr said the budget presented this year reflects an improvement in the financial condition of the City. Staffing cuts are not anticipated next budget year. Property tax collections were higher than projected and the issuance of permits also increased. However, rising medical premium costs and a slowdown in construction in Newberg are cause for concern. State gas tax revenues are also projected to decreased next budget year. Terry Mahr also pointed out that some new positions are included, several of which are dependent upon council adopting new/increased fees.

Robert Soppe opened the public hearing.

Kathy Tri, Finance Director presented an overview of all the major funds, starting with the Utility Funds. In the Water Fund, the new water reservoir construction is the main project for next budget year. An increase in water usage rates was recently approved. The operating budget reflects a 4.3% increase in costs. Kaleen Flukinger asked why water usage has stayed constant but costs continue to rise. Staff responded that increases in chemical and energy costs are driving the operating budget increase. Louis Larson asked what happens if the water/sewer system has a major failure. Staff said that money is annually put aside in a reserve fund to prepare for such a situation. Louis Larson asked if there was any money being contributed to the reserve this current fiscal year. Staff responded that no contribution is anticipated in the 2001-2002 year, but contributions are projected in the 2002-2003 budget. Robert Soppe inquired about the breakdown in funding for the reservoir between water rates and SDCs. Staff responded that the debt would be paid mostly with water rates, but a portion of the debt and some engineering costs would be funded by water SDCs.

In the Sewer Fund, increased rates are projected to be in effect by July 1, 2002. Kathy Tri pointed out that the City has not increased sewer rates for the past 10 years. The Storm Sewer Fund has been expanded in the 2002-2003 budget to meet new DEQ requirements on treating storm water. The projects included in the budget are dependant on council approval for instituting a storm sewer charge. Roger Currier asked if the DEQ requirements were triggered by having a city population of at least 20,000. Staff responded that DEQ not only looks at the population, but geographic factors, such as Newberg's proximity to the Willamette River. Staff also stated that the DEQ requirements could apply to Newberg as soon as January 1, 2003. Roger Currier wanted to know if it would be cheaper to contract out the engineering on the storm sewer projects. Staff responded that each project is carefully evaluated whether the best option is to do the work in house or contract it out. In the past, substantial cost savings have resulted from in house engineering of projects such as Mountainview Road, River Street Sewer, and the Highway 99 water project.

Kathy Tri highlighted the issues in the budget for the Special Revenue Funds. In the Street Fund, gas taxes are projected to significantly decrease due to less car sales and less traveling due to the economic

recession. Louis Larson asked how much was in the 2002-03 budget for lobbying. Staff responded \$25,000. Electricity costs in the street fund will be increasing due to the City having to pay for the energy to new signals on state roads. There was some discussion among committee members about why the cities have to pick up the electricity costs for street signals. Roger Currier suggested lobbying to get ODOT to change its position. Robert Soppe requested staff to determine the additional yearly cost to the City of funding electricity to the new signals. In the EMS Fund, Kathy Tri said that user rates would probably increase by 10% in 2002-03. Darlyn Adams asked about the impact of FireMed. Staff responded that it generates about \$14,000 of revenue per budget year. Budget committee members discussed the possible lack of public awareness about the program. In the 911 Fund, consolidation with YCOM is anticipated in the near future, however, the 911 Taxing District is not going to occur at this time. The earliest the consolidation may take place is July 1, 2003.

Kathy Tri presented an overview of the General Fund. Trends in property tax rates, population, and assessed value of property were reviewed. Newberg has the second-lowest operating tax rate among the cities used in the comparison, and many of the other cities don't provide the range of services that Newberg does.

Kathy Tri handed out a decision package on the hiring a new property crimes detective to the police department. Police Chief Robert Tardiff presented police staffing comparative statistics demonstrating how understaffed Newberg is compared to other cities.

Kathy Tri then highlighted the changes in the Fire and Library departments. The fire department underwent a reorganization in 2001-02. The 2002-03 budget continues a firefighter/paramedic position that was created through the reorganization. In the Library, FTE is budgeted to increase by .64 and a new line item was added for book replacement. Librarian Leah Griffith indicated that if given an option, she would rather have more book money than more library hours.

Kathy Tri reviewed the department budgets in the Central Services Fund. These included the City Manager's Office, Human Resources, Finance, Legal, Fleet, Facilities and insurance.

Robert Soppe closed the public hearing on the 2002-03 Budget. No public was present to testify.

6. 2002-03 Urban Renewal Budget Hearing

Kathy Tri presented the Urban Renewal budget which equaled \$181,600. Ms. Tri explained how the District will be managed by Urban Renewal Board which is made up of the Mayor and City Council and which will be advised by an Urban Renewal Citizen Advisory Committee.

Robert Soppe closed the hearing on the Urban Renewal District Budget. No public was present to testify.

7. State Revenue Sharing Public Hearing

Finance Director Kathy Tri reported that \$115,000 is budgeted for state revenue sharing for next year. Chair Robert Soppe opened the public hearing on state revenue sharing.

No comments from committee or public. No public was present to testify. Chair Robert Soppe closed the public hearing.

Adjournment

Kathy Tri announced the next Budget Committee meeting will be Thursday, April 25th at the Public Safety Building. The committee adjourned at 9:20 p.m.



Robert Weaver, Secretary