

TUESDAY, 7:00 P.M.

May 27, 2003

BUDGET COMMITTEE MINUTES

PUBLIC SAFETY BUILDING

NEWBERG, OREGON

Members Present:

Darlyn Adams
Sally Dallas
Louis Larson
Bart Rierson

Roger Currier
Mike McBride
Bob Larson

Lon Wall
Donna McCain
Douglas Pugsley

Absent: Bob Andrews

Others Present:

Bob Stewart, Mayor
Robert Tardiff, Police Chief
Michael Sherman, Fire Chief
Leah Griffith, Librarian
Dave Brooks, IT Director
Al Blodgett, employee
Michael Soderquist, Community Development Director
Janelle Nordyke, Assistant Finance Director

Jim Bennett, City Manager
Terry Mahr, Attorney
Russ Thomas, Facilities Manager
Frank Douglas, employee
Dan Danicic, Engineering Division Mgr
Jill Dorrell, employee

1. Call to Order

Chair Louis Larson called the meeting to order at 7:03 p.m.

2. Roll Call

Roll call was noted by Kathy Tri.

3. Budget Adoption Discussion

Darlyn Adams suggested to move along quickly and make comments brief. Lon Wall would hope that we would be out by 10 pm. Donna McCain wanted to suggest that for next budget session that the Budget Committee would let the Finance Director make her comments first. Lou Larson said that these were all good suggestions.

Chair Louis Larson asked if the Budget Committee should hear Jim Bennett's proposal or go through the revenue side of the last Budget Committee recommendations? Roger Currier suggested that we look at the City Manager's proposal first and then at the revenue side.

City Manager's Proposal: Jim Bennett re-did the proposal based on prior suggestions. This is a 2nd version. He recapped the proposal which included keeping the ½ year of the privilege tax. The differences in the General Fund portion was to include the COLA, not cut the library hours and add back one police car, and to move all costs associated with the business licenses into the EDRLF. The difference of \$17,855 would be taken from the EDRLF loan fund. We would just reduce the amount of money transferred annually from the General Fund to the EDRLF fund.

Bart Rierson appreciated this proposal. However, he still felt that cutting the COLA was not fair. It affected the lower paid employees more than the higher paid employees. For everyone's benefit, Jim Bennett re-addressed the cap for the health insurance. This needs to be done with planning, not on the spur of the moment. Roger Currier asked that how much of the COLA would save IT costs? Jim Bennett said that the IT employee would be subject to the COLA, so it would be decreased appropriately. Robert Soppe said that what Roger Currier is saying about the \$20,000 is different than what Jim Bennett is explaining. Roger Currier was under the understanding that the increase of \$20,000 for the IT person was that they were getting a raise. Lon Wall asked how this would affect the other employees? Is it going to appear to the other employees as a raise? Kathy Tri said that the increase is for benefits only. The additional \$20,000 is for health and retirement benefits given as an employee. The question was again asked how is it going to appear to the employees? This employee will now be getting the same benefits as all other employees. Bart Rierson asked what the increased made up of? Kathy Tri said the increase was being made up of retirement benefits for PERS and additional health care costs. Bart Rierson suggested that the IT person take a lower salary. Jim Bennett said that he though the Budget Committee had come to a consensus about the IT employee in the previous meeting. This is not an unreasonable salary. McMinnville has 4+ people in their IT department with a \$680,000 budget. Mike McBride mentioned again that he has said all along that Jim Bennett needs to go on record by sticking to a contract basis for another year. If the IT person can't accept that fact, then we should go out for bid. Sally Dallas said that the IT person is currently making \$6,000 and he would be taking a cut if we took what he is making in a 10-month period and stretching it out to 12 months. Lon Wall said that Mike McBride brings up a good point that Jim Bennett should deal with the contract person about carrying on for another year. Kathy Tri stated vehemently that if the IT person left, we would be in deep trouble. 911 **has** to stay up all the time. The staff has valued the IT person's expertise greatly. The IT department is extremely understaffed and the City is really fortunate to have this person available twenty-four hours a day, seven days a week. If he walked, then we would be in trouble.

Lon Wall mentioned that he would like to move on with the privilege tax. If the Council is of the opinion to extend the privilege tax, then fine; otherwise, we will have a problem with approving this 2nd proposal. The same goes for the extra money raised from the business licenses. If the Council isn't going to pass the business license, the budget won't balance. The same goes for the additional \$9,000 for the Visitors Center. If they aren't going to pass the privilege tax and the business license, what is going to happen? Doug Pugsley would like to look at increasing the utility tax. We could add back in the COLA and add the other vehicle to the Police Department budget. Sally Dallas talked to a lot of people and they would rather have the \$1-2 added to their utility bill than to see the City make these cuts. The amount of the tax equates to the cost of a pack of cigarettes and they said that the City needs to protect itself.

Doug Pugsley also talked with several people and came to the same conclusion as Ms. Dallas' poll. According to Jim Bennett, adding a 1% fee onto the utility bill would generate about \$50,000 worth of new revenues. Roger Currier also talked to several people and they said just the opposite of Ms. Dallas' and Mr. Pugsley's polled response. Lon Wall mentioned that although the increased tax was passed in Multnomah County and barely passed in Lane County, it hasn't passed anywhere else. He also talked to others and he received a variety of responses. Ultimately, it is up to Council to see if the Council is willing to approve the taxes. If they are, then we are fine. All members of Budget Committee are from the inside and we know what is going on. But there are those who don't know what is going on, and they might not agree on a tax increase. Mike McBride suggested to proceed with this proposal and to continue looking at the revenues.

Revenues: Of the seven proposed revenue items, five are included in the 2nd proposal. Chair Larson asked if the committee should go through the revenue items, item by item or concentrate on what is not in the proposal? Darlyn Adams wanted to discuss every item and then have a vote after each discussion. Robert Soppe asked that if the Council doesn't act, does the privilege tax have to be voted on to continue? Kathy Tri said that the Council could approve moving the privilege tax, but the continuation of the tax would have to be voted on and that voting would take place in the next budget year. Lou Larson says it is the Budget Committee's responsibility to approve the budget and the Council's responsibility to finalize it.

Currier/McBride **moved** to approve the top of the page down through the first total line of the 2nd proposal and then deal with the balance of what was on the page. Lon Wall agreed with the motion. Darlyn Adams disagreed with the motion because of the COLA issue. She doesn't think it is fair and totally opposes the motion. Doug Pugsley joined the objection, along with Sally Dallas, & partially by Bart Rierson. Bob Larson called for question. Lon Wall said that the point of procedure is first to make a motion, have it seconded and then call for question. Lou Larson has the option to override. Lou did not override, but called for a vote. **Motion passed to accept the top half of the 2nd Proposed Rebalancing of 2003-04 Budget through the first total line.**

Bottom half of 2nd Proposal: Robert Soppe noted that the committee is now dealing with the business licenses. Sally Dallas asked if it is possible that if the business license doesn't pass that the committee propose a franchise fee to fill in the gap? Lon Wall said that as far as the money for the coordinator is concerned, he has no problem with that cost. But if the Council isn't going to pass the business license, we need to have a vote so that we don't give the Visitor Center additional money especially if we aren't going to be giving a COLA. Roger Currier agreed that is why he didn't ask for a motion to approve the whole budget. He is not opposed to a business license if we are benefitting from it. Originally we were planning on the Chamber collecting the business licenses. He is having a problem with collecting a fee & then handing it to a private organization to manage. Mike McBride wants to have Jim Bennet negotiate the handling of the fee or have David Beam handle the fee. We need to have accountability on where the money is going. Robert Soppe said that there is a difference with what Roger Currier is saying and what Mike McBride is saying. If we are going to have a business license, give it to the Visitors Center to manage. The money given to the Visitor's Center will run out at the end of this fiscal year. The Chamber is different from the Visitor's Center. The Chamber runs the Visitors Center. Lon

Wall thinks that there should be a connection between the business license and the two expenditures listed. Bart Rierson would like to tie the business license approval to the approval of the \$9,000. Jim Bennett says that the business license proposal was set up to take the Economic Development Coordinator out of the General Fund so it wouldn't have an impact on the General Fund. If the business license isn't passed, then the committee still needs to deal with the coordinator position. Jim Bennett added a reminder that the purpose of the Budget Committee is to recommend a budget to the Council. It is the Council's responsibility to accept the budget as presented or make rebalance it. The Council could change anything that is recommended. Since all the Council is here, Lon Wall hoped that would not happen. Since the Budget Committee is made up of Council members, then the Council members need to make their opinions clear. Doug Pugsley agreed that the business license is a smart thing and the Visitors Center is a smart thing. He supported both.

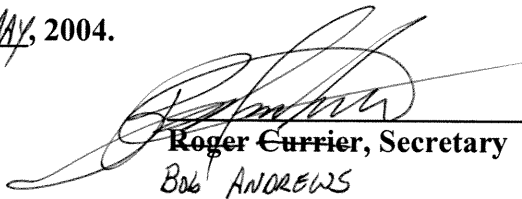
Bob Larson/Rierson **moved** to accept the bottom portion to include the EDRLF portion of \$48,855. Roger Carrier is dismayed by the wording. With no other discussion, Lou Larson called to vote. **Motion passed to accept the bottom half of the 2nd Proposed Rebalancing of 2003-04 Budget as stated.**

Bob Larson/Sally Dallas **moved** to approve levying property taxes for the operating tax rate of \$4.3827 per \$1,000 assessed value and the debt service levy of \$467,070 and to include the approved amendments. Lon Wall asked if everyone was perfectly clear that this was the final proposal? Everyone nodded in agreement. Lou Larson called for a vote. **Motion passed to accept levying the above taxes at the above rates with the approved amendments.**

Chair Louis Larson thanked everyone for his or her patience and hard work.

Sally Dallas motioned to adjourn. Mike McBride seconded the motion and it was approved by all.

ADOPTED this 4th day of MAY, 2004.



Roger Carrier, Secretary
BOB ANDREWS