

BUDGET COMMITTEE MINUTES

PUBLIC SAFETY BUILDING

NEWBERG, OREGON

Members Present:

Daryln Adams (8:10 p.m.)
Roger Currier
Mike McBride
Lou Larson (chair)
Doug Pugsley
Robert Soppe

Bob Andrews
Sally Dallas
Donna Mc Cain (7:05 p.m.)
Bob Larson
Bart Rierson (8:25 p.m.)
Lon Wall

Staff Present:

City Manager Jim Bennett
Finance Director Kathy Tri
Librarian Leah Griffith
Community Dev. Dir Mike Soderquist
IT Manager Dave Brooks
Russ Thomas

City Attorney Terry Mahr
Asst. Finance Director Janelle Nordyke
Fire Chief Michael Sherman
Police Chief Robert Tardiff
Al Blodgett

1. Call to Order

Chair Larson called the meeting to order at 7:00 p.m.

2. Budget Adoption Discussion

Chair Larson summarized the last meeting of the Budget Committee calling for a vote of the resolution to approve the budget. The vote was 6/5 and seven affirmative votes are needed to pass the resolution. The department heads were asked to see if they could find items that were not necessary which would reduce the budget shortfall but they could not. Discussion was held concerning new numbers to lessen the shortfall. City Manager Jim Bennett said the shortfall is still around \$340,000

MOTION: Larson/Dallas to approve the budget as reported. Operating tax rate will be \$4.3827 per \$1,000 assessed value and debt service of \$467,070.

Councilor Currier said he discussed freezing wages and COLA's etc. Discussion was held concerning a part time position being transitioned to full time position in the planning department budget.

Lon Wall asked about how many votes it would take to pass the budget at the Council level. Ms. Tri said it would take a simple majority of 4.

Councilor McBride said he reviewed the budget items to see where the budget could be further reduced and realized that it is pretty tight. He provided the following ideas and suggestions to come up with the \$340,000.

1. Take the \$8 per meeting the Council gets paid - around \$5,000. It is a little bit, but he felt leading by example. The Charter says that it cannot be increased except during odd numbered years.
2. Computer tech position. He feels that we need to retain him on a contract and possibly renegotiate the contract. Perhaps he will be willing to stay at the same contract. It was noted by staff that the contract only runs from September 30 - June 30. There could be some savings.
3. No COLA's at this point. He understands what it is like to hold the lines - cost savings of \$44,540.
4. Reduce library hours from 39 to 36 hours (\$24,000)
5. Animal control could be reduced to part time and with the extra \$25,000 either being banked and saved, or, apply it to a reserve officer (for traffic). An option is get another officer to work traffic. Sally Dallas said there may be problems in having not enough officers - possibly increase revenues.
6. Half time person for \$14,768 Police Department be eliminated even though ½ of the cost is shared by the finance department through storm water and 1/4 person charged in engineering (Dan Danicic).
7. Chamber is asking for \$9,000. To eliminate this would cut down on advertising and not help out with the tourist center; it could be an adverse situation. If there was a business license fee, they would get something out of it. There are approximately 400 businesses in and around Newberg. If 400 businesses paid a fee, it could generate around \$25,000. Let the Chamber handle the fee processing and then the City would not have to pay out \$9,000. The remaining funds could be used to fund the EDRLF. Let the Chamber be responsible for the business license process and receipts and request from them accountability.
8. Professional services - reduce \$10,000 for general office help in the permit center and human resources.
9. If we took all the street lights and disconnected every other one, could it provide a cost savings? Ms. Tri said she talked with PGE and there is a cost for turning the lights off and on. They were reluctant to shorten the hours of the street lights which would require a special timer. PGE told her it would be \$50 to turn off and \$75 to turn the lights back on. The amount of savings in power costs is unknown. It was noted that the street lights are paid from the gas tax and do not affect the General Fund.
10. Increase tickets - the bail amounts should be increased by \$20-35 for minor infractions (non criminal). The major tickets for DUII, careless driving should increase by 25%.
11. It may or may not be able to save money but what about reducing the janitorial budget of \$56,650. Staff noted that this service is contracted out.
12. There is \$15,000 in the budget for grounds maintenance. The CPRD contracts with the County jail to do the parks. This should be considered for reduction.

13. The insurance costs - let's look at a \$5,000 deductible. If the City had a higher deductible, there should be a cost savings. The deductible on the cars could go as high as \$1,000 - \$1,500 and let the insurance take care of the rest.
14. Wastewater treatment - hiring two part time people and allow for a half time operator. Ms. Tri said we need an operator. It is now a vacant position and we need at least one FTE.

Councilor Currier added:

1. Mayor's stipend is \$300 and should be reduced similar to the Council.
2. Half time animal control officer. One of the options that came up that has not been pursued is to do our own dog licensing. Discussion was held concerning the City staff taking on the dog licensing program. What is the percentage of people licensing their dogs? There has been a high success rate in contacting dog owners to keep them in compliance in licensing their dogs.
3. Business license for the Chamber is dependent upon monitoring of the process and accounting. There is a significant amount of home businesses that are not linked with the businesses downtown.
4. Agree with the County prisoners doing some maintenance.

Councilor McBride said it would save around \$4,000 in mower maintenance fees. Discussion was held concerning mowing the areas for the well fields. Ms. Tri said that she would check into the expenses. Councilor Currier expressed concerns about the time that it takes to do the mowing and the City should consider obtaining a trailer to haul the mower around rather than have the driver drive the mower to the various locations at a reduced speed (15 mph?).

Councilor Soppe reviewed dog licensing. In perspective of dollars, what kind of revenue would we receive? Police Chief Tardiff responded that the City could realize about \$14,000 with net proceeds around \$6,500. Chief Tardiff discussed euthanizing animals. The City only euthanizes a few animals a month. The Animal Control Officer tries to find the animals homes. Darlene Harding is the Animal Control Officer and she provided a cost analysis of boarding animals. Chief Tardiff said we can review the fees charged for picking up animals.

Councilor McBride said that when dogs are barking - the animal control officer is contacted to pick up the animal. Discussion was held concerning issuance of tickets and meeting with the owners. Darlene Harding issues warnings and in most instances seems to resolve the situation.

Councilor Soppe asked the Court bail fees which are traditionally reduced by the Judge. City Attorney Terrence Mahr said that the minimum bail schedule is set by the Oregon Supreme Court. The Judge can suggest an increase in the bail amount. Once that increase is made, the bail will be impacted. Generally, most people pay the ticket right away, or sometimes through the violations bureau in conjunction with their clean driving record, the fine amount is reduced. The Judge considers each citation on an individual basis and the respective fees associated with a

specific ticket. When violators do not pay, the City suspends their license. Mr. Mahr said he would talk with John Mercer about increasing in bail amount. The Municipal Court judge has the authority to increase the bail amount and would probably not be opposed to that. The officer's form will reflect the increase. The actual fine will be determined by the Judge. The violations bureau has a base fine amount dependent upon the driving record of the person. It is a percentage of reduction based on their own personal driving record. When someone appears, the judge has the authority to reduce the fine.

Terry Mahr reviewed the various assessments for certain infractions and criminal charges. The bail amount and the different assessments charged by the County and the State were reviewed. He noted that these assessments are taken from the bail amount and the City receives what is left. Discussion was held concerning working with the Judge to reconsider any reduction in amounts.

Councilor Andrews reviewed specific bail amounts and the balance the City receives after all assessments have been paid. If the fine amount is increased by 30%, the Court could increase revenue. Mr. Mahr reviewed the City's non-criminal diversion programs in which a defendant enters a plea of guilty and the City charges him/her an assessment amount. The City would still keep the assessment amount. The City would not pay any unitary assessments. The City keeps the entire \$100 diversion fee and the charge would be dismissed if they complied with the payment and the diversion program. There is also an alcohol diversion program which is handled by the County.

Councilor Currier asked about dealing with the heavier charges and repeat offenders. It appears that there are about 20-25% repeat offenders that are still driving without a license, etc. Could the Judge fine the individual on what the bail amount is?

Councilor Soppe said he noticed the number of people who were repeat offenders and that the Judge would make dramatic cuts to get the person back on track. If the fees are too high, the individuals need to take care of insurance and getting his/her license back first; it is the best to do that. There are payment arrangements. Lot of people are driving while suspended.

Councilor McBride referenced a situation where a customer wanted insurance but had many citations against him. His grandmother keeps helping out. The individual did not get the situation fixed and continues to do the same thing. It is not helping him.

Discussion was held concerning increasing bail amounts and if it would ultimately increase the revenue.

Councilor Larson said it seems like we are nickel and diming the budget. The staff has a balanced budget before the Committee. Look on page 37 - executive summary. The revenue resources are about \$100,000 more than from the previous budget. The total budget is about \$5 million less. We have a balanced budget and we can still change situations like the traffic citations but we have a balanced budget.

Councilor Wall also spent time reviewing the budget. Ultimately it will be up to the Council to take into consideration the increase in fines, freezing wages and COLA, or giving anyone funds, including the Chamber. Telling the Chamber to facilitate the City business license process is a good idea. He is of the opinion that if it had to be done, the department heads could find something. He is not sure that it is a realistic thing to look at this point. The Council will make the ultimate decision. He does not see how the Council could ask the citizens to pony up additional funds. Discussion was held concerning realistic cuts for the Council's consideration.

Chair Larson said that after meeting last week, he left puzzled. The Committee seemed reluctant to increase taxes to citizens. He talked with citizens about it and explained the various increases. He reviewed the following possible solutions. The financial situation is bleak and tough. To come to me for more money is an insult. Discussion was held concerning a 5% increase or share the pain here instead. If we do put a healthcare cap, the General Fund would save around \$24,000. The health cap at the school district is \$600. Over-all, the City could save around \$70,000 by capping the health care costs. In reality, it is a common practice in private enterprise. Ms. Tri reviewed the employee premiums. Health premiums next year are about \$600,000 with about \$400,000 for police and fire.

Mr. Bennett questioned if it is better that employees pay an extra \$100-\$150 per month rather than have a resident pay \$5 per month. Discussion was held concerning fiscal responsibility until the situation is stabilized. Chair Larson said that for the future, this is a topic that we have to do something with. Yamhill County has just implemented a wage and salary freeze. There was a commentary in the *Oregonian* on May 8th about capped increases and salaries for the School District.

Mr. Wall agreed with Chair Larson that the City should not ask for a fee for all the citizens. The Council is within the realm of dealing with it on their own.

Councilor Soppe said he does not agree with the comment about nickel and diming. Even though there is a balanced budget, there are fees. We can cut the budget down, but it is difficult to cut funds without cutting services. We just have to be responsible of what comes out after the cuts. The Committee is charged with coming up with a balanced budget. The \$340,000 is about 5% of the City budget. He does not believe tossing it out to the Council is a good idea. He expects the Council to make some changes.

Councilor Currier said we are paying \$800 per family for insurance; he had a problem with it. In the news, McMinnville elected to over-ride the union and freeze their wages to stay employed and keep the jobs rather than people losing their jobs. The bottom line is that in the past, every time the Budget Committee has asked, staff has given them the options. They have always come back with the options. In this case, they have not heard that and is dismayed. Mr. Bennett said the options were presented at the last meeting.

Chair Larson suggested reducing the Council's dues and meetings to \$5,000 which leaves

approximately \$13,000 for League of Oregon Cities fees, and Mayor and Council expenses. The membership in the League of Oregon Cities is the majority of the costs. Discussion was held concerning the Chair's feedback

- Page 289 - 1.5 FTE people - suggest to take the planning staff down to 1 FTE (savings of \$25,000).
- Page 290 - the number should be \$2,000 - cash flow is available - computer replacement instead of \$64,000

Discussion was held concerning reducing the shortfall to \$290,000 from \$340,000

- Page 293 - Professional services for \$32,500 - bulk of that is population study for land use planning - suggesting that we contact PSU (urban planning department) and save about \$25,000. If PSU cannot do it, possibly the University of Oregon can do it. Could be \$5,000 for a graduate student.
- Page 290 - building inspections - \$40,000 for professional services - suggest zero that amount out.

If in fact the above numbers will work, including the wage freeze and cap to healthcare, they will eliminate \$300,000 in the General Fund. These are not nickel and dime items.

Chair Larson said that if the committee accepted these changes, we eliminate the 5% fee. There would still be the privilege tax. But they have reduced the amount to \$75,000 to about \$35,000. He would suggest that the privilege tax sunset next July or August. There would be \$40,000 left over, and he suggested that it be put in the reserve fund. This budget does not address \$1.6 million shortfall on the City retirement plan. Ms. Tri said that the shortfall is accounted for in the annual actuarial study and the City pays what the actuary recommends. The shortfall is calculated into that rate and is paid off over a number of years. Chair Larson said that the non-PERS plan is guaranteed 8% return. He does not see how the City can guarantee that rate. We need to look at what we can do today to start bringing the wage and plan into place.

Chair Larson said he would like to have the City appoint a long range planning finance commission to address long range and future financial situations. It should be made up of 3-4 individuals - One CEO of local company, CFO, and somebody from banking and somebody from business or economics background and a citizen who is not connected to the City's activities. He envisions that the commission work through the course of the year, address long term financing and costs and come back to the budget committee with recommendations for a sustainable financial stability. Passing fees and going to the voters may result in hostile feelings.

Councilor Currier said that most often the costs involve cutting police and fire and increasing fees. He said it appears to be the same old rhetoric in cutting police and fire. It is not a nickel and dime issue - it needs to be looked at hard. We are not sure what the goal is. It has been one of the worst years in numbers. Nobody knows what exactly is the bottom line.

Donna McCain said she felt strongly that we need to maintain the caliber of employees and the departments heads. One way the City does that is to offer them an increase in pay and benefits. It has been an advantage to the community for people to stay with the City (without much turnover). The city could lose some good employees. We need to be competitive to see what other cities are offering so that we do not lose high caliber people.

Ms. Darlyn Adams addressed the \$40,000 professional services line item, and we should know what the line items represent before making cuts. Ms. Tri said an additional plumbing and building inspector to handle the major projects coming on line. This position is supported by dedicated building inspection fees. The impact of not having adequate staff would be that the City would get further and further behind which could cost developers money. Also the City could lose its building inspection program.

Bob Andrews said that the dedicated fees do not affect the General Fund. The building department would be the beneficiary of the funds. State law requires revenues received from building codes be dedicated to building inspections. This amount will not affect the shortfall.

Robert Soppe asked about the building fees being in a separate fund. Discussion was held concerning moving the money to an enterprise fund. He said there are a lot of requests and we need to be specific, and we need to be more vocal about receiving feedback from staff. They don't go out of their way for extra work. We need to talk about what the dollars represent before cutting. Are we cutting services, people or things? He is concerned that we are not asking those questions. He does not expect staff to explain everything without having more inquiries and input. We have to be more pro-active in asking for information. Do we have any interest in going out for a tax levy?

Lon Wall expressed his concerns about staff misunderstandings and timeliness in passing the budget without arbitrary input. He believes the votes on the Council are such that they can make a determination given the information from the Budget Committee. He has also seen tonight that where cuts have been suggested, some Committee members have been jumped on because it appeared that the Committee member did not know what they were talking about. If we pass the budget to the Council, the Committee members may not know any more than what the Council would know. The Committee is not charged with making policy decisions (not micro-manage).

Bart Rierson said they have asked the department heads what they would cut. The staff came back with less fireman, one less police officer and less hours at the library. We cannot have services without paying for them. Discussion was held concerning priorities and proper training.

Mike McBride asked about some other items.

- \$25,000 population study which would be part of periodic review. Staff stated that it should be done every ten years. The last time was 11-12 years ago. The City could defer the study. Discussion was held concerning amending the UGB through periodic review. Mr. Bennett said he does not think PSU come up with a plan the City would rely upon.

The study is part of an over-all long term program to bring the City into its Comprehensive Plan compliance. Is this something the COG could get a grant to help pay for this? Mr. Bennett said the numbers are estimate.

- Page 289 - Mr. McBride wanted to know who was covered by "other salaries." Staff stated that the planning technician and .5 of the community development coordinator were included in this account. The economic development coordinator is a full time position where the salary is split between the General Fund and EDRL Fund.
- Page 286 - Mr. McBride questioned the replacement of two police cars. The Police Chief responded that the City puts money away each year for unmarked cars. It is a one year deal. The chief disagreed with the comparison to a taxi-cab. The City will buy two patrol cars and pay cash. The Chief raised a valid point that the decisions made this year will affect next year.

Chair Larson again said that he suggested a long range budget with certain cuts and reductions. He felt there was a feeling in the committee that the City should not be asking for more money. Oregon unemployment is 8%. He talked with a representative from US Bancorp about the future of the state of Oregon. They are not looking at any significant increase for the next few years. If we have to raise revenue, we can say that is from a long range consensus.

Robert Soppe addressed vehicle replacement fund. The Chief's comment and idea does not change the amount, only when the City would spend the money. Chair Larson said it would save \$60,000 this year. The financial committee which he is proposing would be comprised of volunteers and non-affected citizens about the community.

Councilor Currier addressed saving money by doing program cars. The Chief responded that the City does use program cars for detectives. The \$66,000 is for marked and equipped cars.

Mr. Wall said he would not like to defer maintenance. He was concerned that the economy might not get better. He does not know what is going to happen tomorrow and neither does someone else. If the fees get adopted and there is a dramatic turn in the economy, are we going to discontinue the fees? He felt probably not.

Discussion was held concerning the true shortfall being around \$288,000.

Councilor Andrews said we have been presented with a balanced budget. However, in order to balance, the City needs additional revenues. Those revenues are franchise tax \$260,740. The privilege tax is different. If there is a concern and those citizens talked to are not favorable to new fees and without new resources there are shortfall of \$288,000, do we go out and ask for money or try to do various things differently. Discussion was held concerning sunseting the privilege tax. Ms. Tri said was the tax was to be in place for a five year period and to raise about \$640,000. We will received more than anticipate. The Council can repeal it earlier than October 2004 if they have received enough money. There would be approximately \$78,400 to pay off the remaining debt on the City Hall. The city receives the PGE franchise money in

March from the prior calendar year's receipts. The whole year's amount from January - December is estimated at \$156,000.

Councilor Currier said that PGE collects the funds all year long, but pays the City only once and they are taking it and collecting interest. Discussion was held concerning the franchise and the privilege tax which also is controlled by statute.

Lon Wall called for a roll call vote.

VOTE ON MOTION: The vote was 6 in favor and 6 against. The motion failed for lack of majority.

Discussion was held among the Committee members to itemize for staff issues to consider and return with additional information to the next meeting:

1. Health Care cap
2. Increase base fine schedule (20%)
3. Hiring freeze
4. COLA freeze
5. Licensing for pets/fees
6. \$25,000 (Page 290) on professional services (Planning) - population study grant
7. \$40,000 professional services (Building Inspection) Ms. Tri said she anticipated about \$150 million in projects coming through. The building inspection funds are dedicated.
8. Council/Mayor pay
9. Insurance deductible
10. Business license fees (\$25, \$50 \$75) /flat fee (need real number of businesses involved) and what other cities do.
11. CPRD grants administrative overhead costs and staff and audit, The City is the fiscal agent.

Councilor Soppe addressed the car allowance for police and fire chief.

Mr. Wall addressed Miscellaneous fringe benefits. Ms. Tri said that it is a sick leave incentive program and longevity pay.

12. Grounds keeping - to be done by County community corrections
13. Reducing Library hours to 36 hours.
14. Police cars
15. Economic development staff (remove split salary).

Discussion was held concerning the dollar amounts and the impact on services. Councilor Soppe said we need to focus on what we need to review and their impacts. We need to come up with a consensus. We need to see the actual numbers and any peripheral information of what would

happen if they were removed. The Committee wants hard numbers and the impact on City services. What would be the animal control fees be? What does the County do when they board animals? Ms. Adams said she is not sure what the County does. Ms. Tri said she would come back with comparisons. The Grounds keeping is paid by central services and includes miscellaneous materials only, not staff.. There is .25 FTE person who handles the grounds keeping. Discussion was held concerning savings money in one area to help save the costs of another department.

Ms. Adams said we need to come up with a series of figures for the business license.

Mr. Bennett the business license fee would not have any impact on the General fund. Discussion was held concerning the motel tax.

Discussion was held concerning printing expenses.

- 16. City wide dues
- 17. \$10,000 for professional services (Human resources and planning).
- 18. Health care, COLA does not include PERS and union employees

City Attorney Terry Mahr said he would begin a dialogue with the Judge about increasing bail which may involve some political heat. It is the Municipal Judge's decision and discretion even though it may be a recommendation from the Budget Committee.

- 19. Property tax levy. Cost to put on ballot? Jim Bennett said he will bring back election costs.

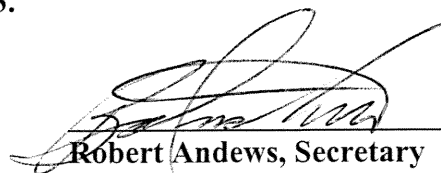
Councilor Andrews said that the fiscal commission should include identified individuals who have public accounting experience.

Discussion was held concerning the next meeting.

MOTION: Dallas/ Rierson to meet on May 20th at 7:00 p.m. Passed.

The meeting adjourned at 10:00 p.m.

ADOPTED this 29 day of Oct, 2003.



Robert Andrews, Secretary