

CITY OF NEWBERG BUDGET COMMITTEE MINUTES

May 10, 2007

7:00 P.M.

PUBLIC SAFETY BUILDING - TRAINING ROOM

1. CALL MEETING TO ORDER/ ROLL CALL

Members

Present:	Mayor Bob Andrews	Jack Reardon (Chair)
	Mike Boyes	Darlyn Adams
	Roger Currier	Thomas Barnes
	Bob Larson	Andrew Smith
	Bart Rierson	Ernie Amundson
	Robert Soppe	Joel Perez
	Jeff Palmer	Lon Wall

Others

Present:

- Jim Bennett, City Manager
- Terrence Mahr, City Attorney
- Elizabeth Comfort, Finance Director
- Janelle Nordyke, Assistant Finance Director
- Libby McCann, Accounting Clerk 1
- Dan Danicic, Public Works Director
- Russ Thomas, Maintenance Superintendent
- Howard Hamilton, Operations Supervisor
- Becky Green, Human Resources Manager
- Norma Alley, Deputy City Recorder
- Barton Brierley, Planning and Building Director
- Jennifer Nelson, Recording Secretary

Chair Jack Reardon, Public Member, called the meeting to order. He addressed the committee about the last meeting noting the fire and police departments were rushed through in order to finish the meeting on time. Because they are two of the largest budgeted departments he made an offer to the committee to call them back again for more questions, if desired.

2. APPROVAL OF MAY 3, 2007 MINUTES

MOTION: Andrews/Currier to approve the Budget Committee Minutes from May 3, 2007. (Unanimous) Motion carried.

3. DEPARTMENT PRESENTATION: PUBLIC WORKS, DAN DANICIC

Dan Danicic, Public Works Director, presented the department report and copies of the PowerPoint presentation are available for public review.

Roger Currier, City Councilor, asked if there were other options concerning the maintenance yard issue because he never got a report back to the council as requested.

Mr. Danicic replied he never had an opportunity to come up with another fully feasible option. He stated we need to look at options, but he believes the solution is to move. At this point he is including it in the proposed budget.

Councilor Currier wondered if the plant will not be confined again down the road with no where to go and suggested it would be more feasible to use the five acres for future the expansion of the sewer plant.

Mr. Danicic replied it is an option to look somewhere else for the plant and to site public works elsewhere.

Lon Wall, Public Member, asked if it is a federal requirement to have 25% for landscaping.

Mr. Danicic responded it is only 15%, it is part of the City code, and we would have to ask for a variance from **Barton Brierley**.

Bob Larson, City Councilor, expressed concerns for the \$3.7 million needed for street repair and only \$250,000 being budgeted. He claimed it was not enough and the people really want to see the roads fixed.

Jim Bennett, City Manager, replied they have an earmark in place that would send more funds to repair roads if they somehow become available. This is one of the items demanding discussion for funding options. The process will include talking to the residential and business community and the Chamber of Commerce to see what are our options and if any make sense to go forward with. If we don't do anything it will get worse, the longer we defer the maintenance the higher the costs to repair them will be.

Councilor Larson retorted that when citizens read we are sending \$15 million for a new project when we need road repairs, they will ask for this to be put on hold until the roads are repaired.

Mr. Bennett replied it is part of our job to educate the public as to why this is important and how monies are allocated and as a system we need to work on that.

Bob Andrews, Mayor of the City of Newberg, agreed with **Councilor Larson's** concerns and questioned how much of the maintenance budget and System Development Charges (SDCs) would handle this.

Mr. Danicic estimated about 40% of the SDCs spread throughout water, waste water, storm, and transportation and the remainder would be from rates.

Mr. Danicic mentioned the general funds budget is transferring money here.

Thomas Barnes, Public Member, asked how much.

Mr. Danicic said whatever was needed for site clean up and a clean bill of health from the Department of Environmental Quality (DEQ). He does not believe there will be anything significant as far as clean up is concerned.

Ernie Amundson, Public Member, asked if there was any consideration of a land swap with Baker.

Mr. Danicic replied they are interested, but we would need to determine what the potential value we see there is.

Robert Soppe, City Councilor, raised a question of whether it is a policy or legal obstacle that prevents us from using the SDC fund for roads.

Mr. Bennett replied State law prohibits the commingling funds, particularly with SDCs for road improvement. He said we can borrow money from those funds, however, if we demonstrate a reasonable plan for returning those funds quickly.

Discussion commenced concerning the areas needed to get expansion to where we need to be today, which includes the oxidation ditch, and what problems are being experienced today that say 50% of current capacity is not enough. Staff conversed about problems during peak hours, winter pushing the limits, and the need to occasionally use only primary treatments.

Further conversations continued concerning street fund revenue per capita and the rates received from the League of Oregon Cities, showing increasing rates even if minuscule, construction cost inflation, and number of miles of road in need of repair increasing.

Chair Reardon asked if the 50% increase would be immediate.

Mr. Danicic replied it would be over a relatively short period of time, possibly a three year time span.

Councilor Soppe asked where we are on setting the Springs property rate.

Mr. Danicic said he is working with a consultant but has not seen draft yet. It will go to rate review committee first and council may hear it at end of summer because of waste water facility plan. He wants to get the plans adopted and have SDCs evaluated properly at the same time.

Councilor Soppe questioned the dramatic rise in budget for computers in the last two years.

Mr. Danicic replied they are trying to catch up for not setting aside money in previous years for computer replacement.

Mr. Wall asked for an estimated percentage of the money in the general fund that is legally available for street maintenance and wondered if every other intended use was really so much more important that it could not be moved to street repair.

Mr. Bennett explained roughly 77% of expenditures went for public safety and 11% to the library with the remainder for splitting for general government costs, followed by the planning department and a few other small amounts, realistically it is 2 ½ % of general fund budget left for street repairs. He does not think they can realistically pull anymore from a fund that is already stretched. The percentage going to public safety has increased although has always been the majority and he does not see that changing significantly anytime. The unions for employment in public safety had a much larger impact this year.

Discussions continued concerning whether money has been voluntarily transferred into any untouchable money from the general fund, the changes in the allocation of services having a greater impact on general funds this year, the revenue received from gas taxes, and balancing the revenues with the expenditures. Some of the reasons for so much money being taken to reserves is to build up for future road projects which are costly and SDCs do not cover new construction because these are local street maintenance projects. Staff mentioned a two block overlay would be a large project costing \$40-60,000. The \$2.5 million needed for the three year Mountainview Drive project was also discussed with only half of the SDC reserve going towards it.

Councilor Boyes shifted the conversation to the gas taxes per capita going down and questioned why that occurred.

Mr. Bennett explained the last time gas taxes increased was in 1993. Within 14 years, population has grown state wide, but the gas tax has remained constant, which means they are spreading the same amount of dollars over a larger population pool. Some years it even goes down, so cities are just not getting as much money. There is legislature proposing to raise the gas tax over a period of time, which is unpopular because of increase in costs in gas already. Now people already drive less, and the decrease in sales puts pressure on the City.

Mr. Barnes added the state is not putting out the same percentage of these funds as they had been, they warned council to look at the dollars we were getting, because the state intended to keep the money they used to give to the cities for their own use.

Mr. Bennett added the senate passed bill 1036 today to create impact fees for schools. Local city government can no longer have construction excise taxes to cover costs of other impacts in the system. The trade off for schools to get more money for impact is we must now fall onto our own devices.

Discussion began briefly concerning the replacement budgets for each department to defer money for computers, which have a replacement schedule of about every three years. Also mentioned money used for Everett Road paving and other overlay jobs being mostly concentrated on downtown city blocks and moving outward.

Councilor Soppe mentioned agreeing with comments made by Chair Reardon previously concerning \$737,000 sitting in a street fund on page 192 and asked what was wrong with spending \$200,000 of that to fix the roads in consideration to the idea that the longer we wait the more it will cost to fix.

Mr. Danicic expressed concerned with no available funds for an emergency on hand and removing the comfort level.

Councilor Soppe countered with a call for the number of emergencies we have had that have dipped into significantly in the recent year, saying it makes more sense to spend money now to fix for long term benefits

Chair Reardon called for a break at 8:48 m and reconvened at 8:55 pm.

Councilor Boyes asked about the increase in bank fees for \$4,600 and postage increases.

Ms. Comfort explained a merchant fee of 3% for taking credit cards and bank cards for payments increased that number and because more people using cards to pay for air miles.

Staff explained it was due to postage increase on stamps effective this Monday and because the water confidence report to every account in the city must be distributed. The number of customers is getting larger so the cost to send this report is increasing.

Councilor Soppe asked about inter-governmental garage costs increasing, water meter installations being accounted differently and the jump in travel and training by 68%.

Staff explained there were more costs because of charges for bus services maintenance and report since aged, but we will get reimbursed. Also, the new installations were under one item number in the past and upgrades with it, now new development is paying for new installations and then paid back by the builder themselves. For meter maintenance, they are upgrading to a new system of radio read. Finally, the jump in travel and training expenses are due to the additional certification requirements for all staff in water operations and maintenance.

Councilor Currier brought up an issue of washing vehicles for \$30/hour.

Mr. Bennett replied this issue was raised by council and he addressed staff to look into other options and we will have some later.

Discussion ended with mention of sidewalk repair responsibility and looking at pedestrian access through the city with bikeways and handicap issues and requirements of the American Disability Act (ADA).

4. DEPARTMENT PRESENTATION: ADMINISTRATIVE SUPPORT: GENERAL GOVERNMENT, CITY MANAGER'S OFFICE, HUMAN RESOURCES, RECORDER, AND EMERGENCY MANAGEMENT, JIM BENNETT

Mr. Bennett presented the report for his department. He highlighted a new full time position for code enforcement for the entire city, changing the deputy recorder position to that of recorder since work is done by that position although title held by City Manager, increases for travel and training, professional services increase, support services like fireworks and buses, and the affect of homeland security requirements.

Councilor Currier debated the \$10,000 increase for the combining the Deputy City Recorder and City Recorder position.

Mr. Bennett stated he believed it was justified and it was not a significant jump considering the work involved.

Mr. Wall asked what portion of the general fund would account for the code enforcement officer.

Mr. Bennett replied about 35% or \$15,000.

Councilor Soppe asked for clarification of salaries included on page 226 for \$226,000.

Mr. Bennett answered it included the City Manager's office, costs of the minute Recording Secretary, the microfilming project, cost of city for election year.

Councilor Soppe brought up concerns with government training budgeting \$6,000 but \$9,000 spent and had it placed on the hot topic list.

Mayor Andrews asked about the code enforcement and if it was anticipated to provide any revenue, where that would be kept, and how much are we able to retain from the state.

Mr. Bennett replied there would be potential of some revenue from citations and fines paid and it would be placed under the general funds revenue. Municipal code violations would all be kept.

Further discussion continued on the travel and training money from general government use, which is to cover seven council members to go to different provinces, meetings, training reimbursements. Also the addition of council authorizing two sister city contracts indicates a responsibility to carry out those relationships.

5. DEPARTMENT PRESENTATION: FINANCE/COURT, ELIZABETH COMFORT

This department presentation was to the next meeting on Thursday, May 17th.

6. DISCUSSION

Councilor Soppe wanted long range projections added to the hot topic list as well as travel and training in the general government.

Mr. Wall agreed.

Councilor Currier wanted the bus issue added as well.

7. ADJOURN: NEXT MEETING MAY 17TH, 2007

MOTION: Larson/Adams to adjourn the meeting at 9:44 pm until the next meeting on May 17, 2007. (12 Yes/ 2 No [Boyes, Soppe]) Motion carried.
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