

CITY OF NEWBERG BUDGET COMMITTEE MINUTES

MAY 1, 2008

7:00 P.M.

PUBLIC SAFETY BUILDING

401 E. Third Street, Newberg

CALL MEETING TO ORDER/ROLL CALL

Members

Present: Mayor Bob Andrews Jack Reardon (Chair)
Ernie Amundson Lon Wall
Thomas Barnes Mike Boyes
Roger Currier Bob Larson
Andrew Smith Joel Perez
Bart Rierson (7:10)

Members

Absent: Darlyn Adams Jeff Palmer Marc Shelton

Staff

Present: Dan Danicic, City Manager
Elizabeth Comfort, Finance Director
Libby McCann, Finance
Janelle Nordyke, Assistant Finance Director
Brian Casey, Police Chief
Mary Newell, Support Services
Howard Hamilton, Interim Public Works Director
Tabrina McPherson, Engineering Support
Al Blodgett, Fire Chief
Leah Griffith, Library Director
Becky Green, Human Resources Manager
Dave Brooks, Information Technology Director
Barton Brierley, Planning and Building Director
Dawn Karen Bevill, Recording Secretary

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1. **Jack Reardon, Chairperson**, called the meeting to order at 7:03 p.m.

Roll Call was noted by Dawn Karen Bevill.

2. **APPROVAL OF JANUARY 10th & 15th, 2008 MINUTES**

MOTION: Currier/Andrews moved to approve the January 10th & January 15th, 2008 Budget Committee minutes as submitted. Voice vote passed unanimously.
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3. PUBLIC COMMENT:

Marlena Bertram, Executive Director representing Your Community Mediators of Yamhill County requested consideration for funding to aid in the expansion of program services. Ms. Bertram reviewed the information packet, requesting \$5,500; an increase of \$500 from the previous year's request. The case load has increased over the last 5 years, with no significant increase to overhead. The Yamhill County Sheriff's Office has confirmed that for each case referred to mediation, an average estimate of 2 hours (minimum) to 10 hours (sometimes more) of officers time would be saved (at \$30 - \$35 per hour) depending on how the dispute might escalate into more serious conflict if not addressed early on by mediation. The 2007 law enforcement saving to Newberg was \$9,000 - \$32,400. There is no charge for mediation which allows availability to all people. 21% of the YCM case load for Newberg residents valued \$11,000 with an annual budget of \$52,000. Last year, YCM initiated a Teen Mediation Program at Newberg High, funded by grants received. Teens learned how to understand conflict with peaceful resolve, observe and practice basic communication skills, and handle intercultural issues. The goal is to educate teens who will then mediate for other schools as well as mediation training for parents/adolescents.

Becky Jensen, a volunteer mediator, talked about her training as a mediator a year and a half ago. Ms. Jensen was asked to be a coach at the Teen Mediation Training in February and witnessed the effectiveness of this training in solving conflicts. Ms. Jensen has also joined Ms. Bertram in a weekly meeting at Newberg High School where those teens trained as mediators try to carry it forward in school. Mediation training helps students gain insight on resolving conflicts and disputes and also helps them establish their own competency in speaking, especially in a tense environment.

Darrell King is retired and volunteers his time as a mediator. Mediation is an alternative means by which to solve problems without the need for law enforcement. Mr. King shared 2 stories with the committee where situations went beyond his expectations through mediation and asked the committee to approve their request.

Questions:

Lon Wall asked if people pay for the mediation service.

Ms. Bertram replied they're requested to contribute so services can continue to be offered to those who can't afford them. The service is free and confidential and payment is voluntary.

Mr. Wall asked why a fee isn't charged.

Ms. Bertram explained many people who use this service cannot afford it, since many come from low income.

Mr. Wall stated there would be substantially greater expenses if they didn't have this service.

Ms. Bertram replied Small Claims Court will not solve many of these problems. By the time they get to court, they've made up their mind and it becomes harder to come to a resolution.

4. BUDGET MESSAGE:

Dan Danicic, City Manager, publicly thanked Bob Tardiff who was, along with Elizabeth Comfort, key in preparing the budget message. Last year there were trials and tribulations in putting the budget together and there were concerns on revenues and expenses. Revenue projections were very conservative and some expenditures projections were higher than what was spent. Although there are still concerns, this places the General Fund budget in a much better position this year. The Budget Committee held two meetings in January, 2008 and had the opportunity to hear from various department heads who shared their chief concerns and requests. After that, a prioritization session was held with the City Council to look at those requests and determine the priorities, especially the balancing of the General Fund. Mr. Danicic reviewed the ranking of various proposals (P14) in the General Fund, Fire & EMS Equipment Fee Fund, Economic Development Fund, the ranking of the Public Works proposals, and the continuation of funding existing services. The Building and Planning Dept. is having a reduction of 3 FTE, especially in the Building Division due to the down-turn in the number of building permits. Mr. Danicic stated there are no proposed expenditures that can't be maintained with future budgets. A Public Safety Fee needs to be applied to the utility bill for complete funding of the 7 additional police officers. A public road maintenance levy for road maintenance will need to be discussed at the next budget meeting; those funds are from property tax revenue and won't be seen until the coming year. The budget is built on the assumption that the proposed 20% rate increase for water, wastewater, and storm water rates will be approved. 20% is the aggregate percentage on average for residential families, which the City Council will be considering on May 19, 2008 for adoption to be effective July 1, 2008.

Chair Reardon opened the public hearing.

5. PUBLIC HEARING: State Revenue Sharing possible uses:

Elizabeth Comfort, Finance Director, informed the committee the City's proposed use for the State Revenue Sharing, which is \$165,000, is for public safety and typically is split equally between fire and police. It's been used in the General Fund for public safety as far back as Ms. Comfort is aware.

MOTION: Currier/Larson to close the public hearing. Motion carried unanimously by voice vote.

Discussion:

Chair Reardon asked if the 20% rate increase can be counted on.

Elizabeth Comfort explained the Public Works Dept. along with the Finance Dept. had presented the increase to the Citizens' Rate Review Committee (CRRC) over the last 3 – 4 months. Projects for the Wastewater Treatment Plant are substantial in costs and were reviewed by the CRRC who then made a proposal to be forwarded onto the City Council.

Dan Danicic stated it's difficult to count on it 100%, since the City Council hasn't deliberated on it yet. The CRRC deliberated on each of the funds, held a public hearing, and ultimately passed along the recommendation to approve the rate increases and recommend them to the City Council. The rates are based on the smallest possible budget. The Wastewater Treatment Plant improvement and expansion project (50 million dollars) will require a revenue bond to pay for that and the rates need to increase to accommodate that. If it isn't approved, the next step is to question whether growth needs to be halted in Newberg, due to the fact the demand on the system can't go much further. The increase in the Water Fund is driven by the future Water Treatment Plant relocation, which is needed for more capacity. In the rate review process, rates adopted at a 2 – Year cycle with a 5 – Year forecast and the relocation falls just outside the 5 - Year plan. A reserve needs to be in place in order to pay for design costs for that project.

Chair Reardon asked Elizabeth Comfort to review the budget in detail.

Elizabeth Comfort reviewed the 2008-2009 Budget Summary (P29) in the Financial Overview section, as it stands without inclusion of the proposed Public Safety Fee Fund, and gave more detail on the budget message. This year's property taxes are still coming in with a great collection rate; currently at only \$165,000 below 100% of the targeted property taxes, with 4 more deposits to be received from the county. Due to the down-turn in growth, the forecasted growth for next year will be approximately 2 ½ % growth in property taxes. This is a good year to start a base line. The year-end estimates from the previous year ended much better than projected, with a supplemented budget to recognize revenues. The General Fund increased 6% which will allow the purchase of internet desks and chairs for the Library totaling \$15,000 and added 4 police officers. The Chief of Police is still working on the contract with the City of Dundee; taking those dollars and funding 4 entry level officers, and anticipates, with future growth, continued funding for those officers.

Councilor Bob Larson asked if there's a need to adjust the budget due to delinquent taxes, mortgage payments, or repositions brought about by the down-turn in the economy.

Ms. Comfort replied that has not been factored into the property tax revenue, but there is a separate delinquent tax line that's looked at every year which comes and goes. 9% loss

is accounted for and 91% is budgeted for, but may need to be adjusted to 90% or 89% in the future.

Mr. Wall asked how the Austin Development factors into the 2 ½ % increase.

Ms. Comfort replied they're not in the numbers yet, since property taxes are not being collected.

Barton Brierley, Planning & Building Director, stated there's no anticipated residential development in the next year.

Mr. Wall asked what percentage of the 20% rate increase is involved in the wastewater project.

Mr. Danicic replied about half.

Mr. Amundson asked about the eliminated positions.

Ms. Comfort explained it's proposed for July 1st in the new budget year in the building fund.

Ms. Comfort continued on to explain that the relationship with the City of Dundee hopes to be continued through contract negotiations, which is revenue to be counted on over the next several years.

Mayor Bob Andrews asked if there is any contingency on building a fund for future property acquisition.

Ms. Comfort replied no, we're not.

Councilor Currier asked what would happen if the police contract with Dundee fell through.

Brian Casey, Chief of Police, replied there's 2 years left on the contract and is hopeful it will be renegotiated.

6. PUBLIC SAFETY FUND PROPOSAL:

Elizabeth Comfort reviewed Fund 16 which is a Safety Fee proposal; a fund for 3 officers. The fee would be added on to the monthly utility fee; 6,500 bills go out to businesses, multi-family units, and individual residences. Each of those homes has an equivalent dwelling unit number, depending on how much water goes to that unit. The Fire Fee, Fund 33, which was approved in the past, goes to support reserves to buy fire trucks and ambulance rescue units. The same methodology was applied to the Public Safety Fee to support 3 officers.

Mayor Bob Andrews asked if the \$3 is estimated to be the revenue that would be \$94K.

Ms. Comfort replied yes, there will still be overhead expenses in the general fund. This will help support those 3 officers on top of that cost.

Ms. Comfort reviewed the 5 – Year Plan and the expenditures forecast with 3% growth each year.

Brian Casey, Chief of Police, stated this is a good opportunity since the City is in great need of additional officers.

Mayor Bob Andrews asked for clarification on how many EDUs are for an apartment complex.

Ms. Comfort explained it's the volume of water going through the meter.

Mr. Danicic added the Fire Fee is based on the meter size. In an apartment complex it depends on how many units and the way the meters are charged out.

Mayor Bob Andrews asked how the officers will be utilized.

Chief Casey explained there are many patrol issues and some supplemental people are being used to cover shifts. The primary concern is keeping the patrol shifts covered. There are incidents where officers have worked 18 hours straight.

Mr. Amundson asked how many officers are needed for the size of Newberg.

Chief Casey replied they're currently 9 – 10 officers below.

Councilor Larson asked if the monthly \$3 per EDU will continue year after year.

Ms. Comfort replied with the \$3 EDU, the level of service can be maintained to fund 3 officers for 5 years with 4 officers being funded by the General Fund.

Councilor Mike Boyes asked if there had been any consideration in doing surveys with the public on the added \$3 per month.

Ms. Comfort agreed that's a good topic. The City of Jacksonville, in southern Oregon, had come to their community with a proposed Public Safety Fee of \$15 with no marketing whatsoever. With the blessing from the Budget Committee and the City Council, the stage can be set to inform the public from July to November.

Councilor Currier suggested there be no time-line used, such as 5 years.

Ms. Comfort replied she wanted to show the committee how the fee works.

Councilor Currier stated the EDU's will be confusing to the public.

Mr. Danicic agreed the calculation can be confusing.

Councilor Currier suggested it should be called something else. Also, there have been many fees added, although services are needed. There are many citizens on a fixed income and 20% alone is difficult enough. The added fees should be placed on a ballot for the public to vote on.

Mr. Wall stated 4 more officers will be added without a fee and it may be a good idea not to add any more at this time, but wait until the Austin Development is built which will bring more money into the General Fund. Mr. Wall is concerned with a fee that projects out into infinity and doesn't seem to take into account what will happen in the future with the added development.

Ms. Comfort reiterated that the need for 7 officers is clear and this is the method in which to get the 3 additional officers today. This can be reviewed again every year or two if necessary and a fee relief could be done in the future.

Councilor Boyes added his concern for citizens on a fixed income. Prices are going up everywhere and the smallest fee can be difficult when you have a limited amount of money each month.

Chair Reardon asked for clarification on "marketing" the fee.

Ms. Comfort replied the City doesn't want to put it on the utility bill suddenly, but give the public notice of the fee by placing the information in the paper, in order to give the public the information and educate them as to why this fee is needed.

Chair Reardon asked if the City Council is looking for a recommendation on this proposal to be included in the budget.

Ms. Comfort replied yes, to include Fund 16 as presented with the budget.

Mr. Amundson asked if the Budget Committee has the power to place it on a ballot for vote.

Ms. Comfort replied a vote can be recommended to City Council.

Councilor Currier stated there has been serious talk over the last year about passing an initiative to end the various fees, putting all before the tax payer, which may happen if fees keep increasing or being added on for the public to pay.

Mr. Wall stated the City Council should have members attending the Budget Committee meetings in order to hear what's being said. The Council will make the decision, but there are strong opinions and this is the place to voice them.

Thomas Barnes' opinion is that the newspaper alone will not educate the public and agreed a proposed tax should be on the ballot for this. Mr. Barnes also stated he understands the need for 7 more police officers but it shouldn't fall just on the water customers.

Councilor Rierson stated there's a large number of non-profit people who benefit from services but don't pay for them, and wouldn't have to pay if this was funded through a tax. The public needs to be informed and believes public input will be favorable if this is advertised well.

Councilor Currier asked if it can be addressed as a tax if it's placed on the ballot or can it be recognized as a fee that everyone justifiably pays so there's no substance for a non-exempt status.

Mr. Danicic explained it can be referred to as an advisory vote of the public.

Mayor Bob Andrews stated there needs to be legal clarification on that question before the committee speculates.

Ms. Comfort explained that's why they posed it as a utility fee; to receive a broad scope of participants.

Mayor Bob Andrews reiterated this is a legal question to be explored to find out if that tool is available, which would be a referral to the public from the City Council. An advisory vote is non-binding.

Councilor Currier believes the EDU aspect won't be paid appropriately with a meter in an apartment complex.

Mr. Danicic replied greater detail will need to be looked at concerning the methodology.

Mr. Wall stated he doesn't have a problem with the fee, provided the community supports it. When the additional monies come in from the Austin Development, any additional money over and above what's needed to fund the additional officers needs to go to the Library, Police, and Fire Departments.

Chief Casey expressed his appreciation for the comments and concerns that have been voiced by the committee and stated he feels a great obligation for the safety of the community. He's concerned if the 7 officers aren't approved, the need will be even greater down the road. There aren't enough officers for 25,000 residents.

Mr. Amundson doesn't want to see the fee on the water bill, but supports the additional officers.

Chair Reardon raised the question if anything else can be cut back in the proposal to pay for the 7 officers.

Ms. Comfort replied in the budget message on (P16) where the requests were mentioned and shows whether or not they were funded. The City Council's priorities were addressed primarily. Right now the General Fund can only cover 4 officers. The Public Safety Fee will allow the additional 3 officers to be funded not only now but in the future.

Councilor Currier stated it would be a nice gesture to have the amounts listed for each item funded (P16).

Ms. Comfort went over in detail the amounts added from the General Fund (P16).

Ms. Comfort stated she would like a recommendation to adopt the budget at the next meeting on May 15, 2008.

Joel Perez asked where the mediation funding comes from.

Ms. Comfort replied it comes out of traffic fine revenues.

ADJOURN:

MOTION: Wall/Amundson to adjourn the meeting at 9:03 p.m. Motion carried unanimously by voice vote.
