

CITY OF NEWBERG BUDGET COMMITTEE MINUTES

JANUARY 13, 2009

7:00 P.M.

PUBLIC SAFETY BUILDING

401 E. Third Street, Newberg

CALL MEETING TO ORDER/ROLL CALL

Members

Present:

Mayor Bob Andrews
Darlyn Adams
Thomas Barnes
Denise Bacon
Andrew Smith
Bart Rierson

Steve McKinney
Ernie Amundson
Jack Reardon
Bob Larson
Lon Wall (Chair)
Wade Witherspoon

Members

Absent:

Joel Perez (excused)

Marc Shelton (excused)

Staff

Present:

Dan Danicic, City Manager
Terrence Mahr, City Attorney
Elizabeth Comfort, Finance Director
Janelle Nordyke, Finance
Annette de Paz, PLS, City Surveyor
Al Blodgett, Fire Chief
Frank Douglas, Division Chief/EMS Coordinator
Brian Casey, Police Chief
Leah Griffith, Library Director
Mary Newell, Police Support Services
Dave Brooks, Information Technology Director
Barton Brierley, Planning & Building Director
Dawn Karen Bevill, Recording Secretary

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1. **Chair Jack Reardon** called the meeting to order at 7:00 p.m.

Roll Call was noted by Dawn Karen Bevill.

2. **ELECTED BUDGET COMMITTEE CHAIR AND VICE-CHAIR**

MOTION: Andrews/Barnes nominated Lon Wall as Budget Committee Chairperson and Joel Perez as Vice-Chair. Motion carried unanimously by voice vote.

3. APPROVE MAY 15, 2008 BUDGET COMMITTEE MINUTES:

MOTION: #1: Adams/Reardon moved to approve the May 15, 2008 Budget Committee Minutes as amended. Motion carried unanimously by voice vote.

4. CITY FINANCIAL STATUS:

Dan Danicic, City Manager thanked everyone for attending the meeting and spent a moment speaking on the changes in the economy. Report in the papers and news have been reporting cities across the country with 20% budget cuts being implemented this year, hundreds of people from some cities being laid off or positions eliminated. One common thread to those cities includes sales tax as a primary component to their budgets. Poor economy means fewer sales with lower sales taxing which is not a concern here. Things are not quite the same for Newberg.

Elizabeth Comfort, Finance Director discussed some indicators that are looked at in finance that help gauge what's happening in the economy in Newberg. Elizabeth gave a presentation to the City Council in December 2008 on those indicators that are used such as Utility Billing, Property Taxes, System Development Fees (SDC's), and Hotel/Motel Tax. Today, the utility billing shut offs took place for delinquent customers for non-payment of 2 months or more. Over 500 delinquent letters were sent out last week compared to 250 which is the usual number sent out. Shut off's normally number approximately 130; 240 were shut off today, which is an indicator of the loss of jobs in the community.

The City judges very conservatively on property taxes; low on revenues, higher on expenditures. In the conservative budget, property taxes are at 93.69% of what are expected compared to 92% last year and over \$27,000 ahead in delinquent tax revenues as compared to this time last year.

Mayor Andrews asked if the delinquent tax amount is in addition to the 93.69%. **Elizabeth Comfort** replied \$27,000 is completely separate.

Elizabeth continued by stating the SDC's are not coming in. Half way through the fiscal year, the average with water, waste water, storm, and streets is at 12 ½ % of those revenues which the City counts on to help pay bond debt. The debt has been backed by rates from water and wastewater rates which the Citizen's Rate Review Committee helped determine, but when the SDC's come in, they help relieve some of the stress off the water rates and help pay for more infrastructures in new growth. Next year the number may be lean concerning capital projects, which Annette de Paz from Public Works will discuss during her presentation.

Another indicator is the hotel/motel tax which is being revenue along with franchise fees. The Hotel/Motel Tax is the fee that comes into the City of Newberg and for the first quarter of this year, the City is \$500 ahead of the amount last year at this time. The new Bed & Breakfast located on Sheridan and Washington in Newberg could help account for that.

Looking to next November, budgeting needs to be conservative, and the number of property taxes to come in November of 2009 is uncertain. On property tax revenues, the City has an assessed value that can be increased 3% along with new growth, which the City has seen with additions and new commercial properties. The increased value is approximately \$37 million in Newberg which gives an increase of 6.2% in property tax revenues; over \$5 million in general revenue, which the Committee will be able to view in the spring. The same increase is projected for next year's budget as for this year. The figures do not include the Allison Inn. Elizabeth spoke with the City's Assessor office and spoke with Jeff, who is doing all the assessments on all new commercial properties in Newberg who told her they have 200 appeals to review before the end of January. Those appeals caused property taxes to not be collected immediately, unaware of where those appeals are located in Yamhill County.

Mayor Andrews asked the status of where the City is with business license fees. **Elizabeth Comfort** replied City staff notifies her if those revenues are not coming and she's received no notification of that. There are \$31,000 collected which is 78%, but not all are due at the same time.

Chair Wall asked the Committee if the hope is to end the meeting by 9:00 p.m. which the Committee agreed with. He would also like to keep 10 -15 minutes open for informational questions the Committee may have at the end of the meeting. **Chair Wall** shared his questions as follows; he would be interested in knowing whether the Yamhill County Mediators are charges fees for services and he would like to see the amount of money spent on Credit Card Discount Fees.

5.

DEPARTMENT REPORTS:

A. ADMINISTRATION: **Dan Danicic, City Manager** explained the Administration Office is made up of the City Recorder and Minute Takers. The Code Enforcement Officer has been shifted over to the Legal Dept. this year. He isn't planning on asking for any changes in the current budget, but sees as the city grows a greater need for public outreach and information and believes someone should be in that dedicated role to help in engaging the public in the future. Up to now, each department and division has handled marketing on their own as an extra task. Mr. Danicic also sees a future need for administrative assistants, since there is a great deal of work in managing the City Council such as filing and documentation of City records. He would like to see more assistance on the floor.

A physical change that will be happening this year on the 3rd floor of City Hall will be a slight change in the cubicles creating a reception area when exiting the elevator, similar to the reception area in the Engineering Dept. There is money in the budget this year to move partitioning.

B. POLICE: **Brian Casey, Police Chief** explained the main issues are quite the same as last year and involve staffing which is still at a deficit but with significant progress this last year.

They're in process of hiring officers approved by the City Council and the Budget Committee last year which will have a large impact on the Police Dept. this year. The anticipated increases this year in the budget are primarily contractual issues involving the Police Association who have negotiated salary increases over the past few years, which the Newberg Police Dept. has no control over. However, the Police Department is asking for an increase of less than \$15,000 in lieu of the economy. The City needs to continue monitoring how the department will staff public safety employees now and in the future. Criminal behavior isn't toned down because of the economy and, over the course of this past year; the City has grown by nearly 1,000 people from last year at this time. Long term sustainable funds need to be considered for the continuation of safety. Mr. Casey has talked with City Administration and the City Council regarding using the water bill revenue as an alternative to help fund the Police Dept. staffing. He believes this revenue would be a viable and sustainable option in funding, which will be fairly disbursed throughout the community. Those talks will continue in the future.

Brian explained the department is in the midst of hiring the new officers afforded to them last year but the process of hiring, training them in the Police Academy, etc., does take a number of months to complete. There have been a high number of injuries this past year; as many as 5 officers out and 2-3 at any given time.

Ernie Amundson asked about the national average of officers per 1,000 of people. **Brian Casey** replied last year they were at 1.1 per 1,000. There are many different averages that can be used. 1.5 is where Newberg should be. With the amount of officers requested last year, that would put them at approximately 1.4. and 3 officers short of where Chief Casey believes they should be.

Councilor Bob Larson asked if the positions have been filled for the 3 approved officers for this year's budget. **Brian Casey** replied no they're not. Part of the agreement with the City was those positions would not become available until January, 2009. That process is being finished now.

Councilor Larson asked if additional funding is approved for the 2009-2010 budget, how many additional officers would be requested. **Brian Casey** replied 3 additional officers but those would not be a budget request. **Mayor Andrews** clarified those 3 will be dependent upon what would be a successful fee exposure the citizens would accept.

Commissioner Barnes asked for an update on the radio project. **Brian Casey** explained some progress has been made, but unfortunately the radio project is out of their control due to the fact they're relying on Washington County to make the radio connections to the towers that sit outside the city here. The towers were just completed in October and there are many issues taking place on a national level; including re-banding of the radios due to interference through the Nextel push-to-talk system. He's hoping to have it done by the end of this fiscal year.

Councilor Bart Rierson stated there's been talk of the Sheriff's Office consolidating the 911 dispatch and asked how might that effect the budget if that does happen. **Brian Casey** explained there's a Preliminary consolidation study being done and he's awaiting final information from Ad-Com; the company hired to do the feasibility of the consolidation project. The cost savings

are unclear. Chief Casey is unable to answer the question any farther without the final data. Hopefully with the State's plan to have a radio system that has interoperability there will be regional dispatch centers throughout the state.

C. PLANNING: **Barton Brierley, Planning & Building Director** explained the Building Dept. reflects construction in the community and much construction has taken place over the last few years. There have been no new projects this year and don't project many for next year. The revenue is less this year than in previous years. There's been a strong decline in new residential building permits, now averaging 5 per month, down from 15 – 20 per month. Looking forward, Barton has talked to realtors and the development community to help gain a sense of what may happen over the next 12 – 18 months and generally the realtors are seeing an oversupply of the \$400,000 + category and are seeing no market for construction of housing in that range. They do see a market for homes in the \$200,000 - \$250,000 range. The Building Dept. is cautiously optimistic for new residential construction in the next 18 months. Unfortunately, reductions in staffing will need to be done immediately, eliminating 2 positions; one Building Inspector and one Plan's Examiner, as well as a part-time work study position. They have cut materials and training down about half this year. This will keep a positive balance in the Building Fund.

Planning revenues are down and so they do anticipate reducing staff; eliminating one position by retirement and reductions in spending. There are many on-going projects such as the completion of the 2007 Urban Reserve, the South Industrial Master Plan, (a \$10,000 Grant will be matched with budgeted funds), the Affordable Housing Plan Phase I & II, a \$100,000 Grant for the Transportation plan for the Urban Reserve Areas, miscellaneous Code Amendments and Periodic Review which is a State mandated program.

The Economical Development Staff has been working with many struggling businesses this last year, promoting business retention and recruiting new businesses. The City Council allocated \$50,000 toward implementing the Riverfront Master Plan. Staff plans on applying for a grant in April that will use these funds as match for the easement acquisition and trail development. Staff has been working with the Chehalem Park and Recreation District concerning trails and enhancement along the riverfront.

Jack Reardon asked if the lack of fees received will effect other departments in terms of staffing, etc. **Elizabeth Comfort** replied the Planning Dept, is in the General Fund and in good years help fund other departments. In lean years like this, the Planning Revenues will support itself. Yes, it will be reflected in the General Fund in the budgeting process.

In the Economic Development there is one staff there that helps support one part of the Finance Staff who maintains the business licenses which should remain stable.

Mayor Andrews asked if the Memory Unit to be built is associated with the Chehalem Springs Facility. **Barton Brierley** replied, no, it is not.

Mayor Andrews asked when will there be a briefing held by the Ad Hoc for Affordable Housing Committee to City Council. **Barton Brierley** replied there will be a preliminary briefing on January 20th and the final report in April. **Mayor Andrews** encouraged the Budget Committee Members to attend that meeting so everyone will be up to speed on the process of

the Ad Hoc Committee. **Councilor Rierson** announced there will also be a preliminary report given to the Newberg City Club on January 20th as well.

Councilor Wade Witherspoon asked for clarification on where the 2.9 shows up in relation to the reduction of the total FTE in building from the budgeted 7.60 down to 4.70. **Barton Brierley** anticipates about half of that will go into the General Fund for Planning and the other part into Economic Development.

D. FIRE DEPARTMENT: Al Blodgett, Fire Chief stated the department is doing their best to hold new requests, but some are important. The total dollar amounts won't be much more than this past year. They're not planning on new staffing, but will see some adjustments in wages. The Fire Fighters Union will be starting next week and establishing a new contract through negotiations.

Mr. Blodgett stated there are some concerns and needs with an eventual change in an air compressor; extrication of air filters to filter the diesel exhaust fumes, which has been proven nationwide to promote certain cancers in Firefighters. There are walls at the Fire Station that are turning black due to this, including sleeping quarters. One or two of those may be funded out of the General Fund since a filter for each unit costs \$9,000 each. They will also be working toward going through the process of applying for Federal Grants as they come available which will pick up 90%.

There's a need for the replacement of 2 vehicles in rolling stock and there is money in the budget for those which comes in through the Water Meter Fee. One vehicle is an ambulance with over 165,000 miles on it, and the Fire Dept, is asking the Budget Committee if the ambulance can be ordered in April or May with delivery in late Summer, early Fall, paid for by dedicated funds that are already in place. It will not impact the General Fund. When the ambulance is replaced it will be put in the Springbrook station.

Frank Douglas, Division Chief/EMS Coordinator explained in addition, the Medical Services Budget wants to purchase a few more Automatic Defibrillators which aids during Cardiac Arrest. They also need to purchase more CPR Mannequins which are used to train 60+ every year and there aren't enough to effectively hold a class. Chief Douglas also explained there is now a device called an EZ-IO Intraosseous Infusion System which helps medical professionals gain vascular access in seconds and is a valuable tool when an IC is impossible to start.

There's a need for an Emergency Medical Services Mask with positive pressure air to help patients who are in severe respiratory distress. This mask can take a patient from severe distress to breathing more comfortably and prevents putting a tube down their throats.

The total they're asking for is just over \$16,000 and all will save lives.

Darlyn Adams asked how much it costs for the mask. **Frank Douglas** replied \$1,200 for each set.

Andrew Smith asked if the number of calls for ambulance and fire are steady. **Chief Blodgett** replied medical calls are approximately two-thirds of the calls to a third of fire calls. There has been a decrease in fires and an increase in medical. The Fire Med Program encourages people to

call for an ambulance. Also, the items Frank Douglas mentioned will come out of the EMS Budget, not the General Fund.

Mayor Andrews asked if the CPR Mannequins can be shared with other departments. **Frank Douglas** replied yes, they can be shared throughout the city.

E. LIBRARY: **Leah Griffith, Library Director** gave a background on what's been happening at the library. She explained library business is plentiful and in a bad economy library business increases. In December 2008, the library closed for awhile due to the snow, but there was still an 18% increase in more items checked out than last December. Many are dropping their internet access and using the wireless internet access at the library. Many community members have the only broadband access at the library. Internet access runs about 2,200 people per month with the anticipation of 28,000 sessions for 2008-09, up 3% from last year without any increases in hours or computers. New cards were issued to 261 people last month, up 7% from the previous December. The importances of early literacy continues with 6 story times weekly, visits to Childcares, and are in the midst of starting a program with Head Start. The library has added resources online in addition to the 80,000 books and other printed materials. This year, 2 genealogy resources were added that provide actual representations of historical documents. Auto repair and travel information are available for students and business people and over 30 other databases on a variety of topics is available. Books are still the library's core business and new books need to be purchased each year. Library programs are offered for a variety of purposes, but the overriding reason is to inform and educate the community as well as invite them to learn what the library has to offer. The Newberg Library partners with the Library Friends to fund events and a grant program for \$8,000 was approved for programs this coming year. Over 500 activities are anticipated this coming year with an anticipated attendance topping 17,000 people attending those programs this year.

One issue that won't be presented to the Budget Committee is in the area of cataloging and there is a need for additional staffing. A full-time member would take on managing the very complicated job of adding new materials to the library catalog as well as working with the CCRLS staff on improving the catalog to assist readers. A staff member spends part of her time doing this now, but she simply can't keep up with the materials and complexity of the task.

In 2008, the Library celebrated its 100th anniversary. For 2009-2010, the library plans a roll over budget. Some things will not move along as well due to an increase in community interest with the same budget.

Councilor Larson asked what the library hours are at this time. **Leah Griffith** replied the library is open 42 hours a week, 6 days a week, which is lower than most. Hours can be increased when the economy gains momentum.

Councilor Witherspoon thanked the library for donating books to CS Lewis who lost 2,700 books, which was 20% of their total library, due to flooding.

Councilor Witherspoon asked Leah, since the computer lab is used at such high demand, are they looking to expand and add more computers. **Leah Griffith** explained the tables and chairs

have just been ordered from last year's budget and will be arriving shortly, They will be reconfiguring the computer area at that point.

Commissioner Barnes asked about fund raising for the Children's Room expansion. **Leah** explained that is moving along but the economy has had some effect on that. They did send out a fundraising letter to 200 people at the end of the fiscal year and received an approximate 12% return rate, raising \$7,200. They are getting ready to do some grants and are also in the planning stages for their Run and Walk-a-thon in May.

Mayor Andrews inquired on the success and downside of the automated check-out and return of items. **Leah Griffith** explained a self check-out station was added and has been up and running for only a few weeks. Many are utilizing it which will help keep staffing at the current level. They do not have an automated check-in system since that is much too expensive to implement.

F. INFORMATION TECHNOLOGIES: **Dave Brooks, Information Technologies Director** explained the IT Dept, is responsible for maintaining the computers, networks, and phone systems across the City. The In Focus Machines and new microphones located at the PSB are one of the recent projects. IT is not asking for funding for any new programs. Equipment expenses are down a couple thousand dollars from last year's request and are essentially maintaining the existing infrastructure with no additions. There is the possibility of a new website since the current site is several years old and does not allow the replacement of content for citizens. IT has an earmark of \$50,000 set aside for that along with grants when and if they become available.

Aside from that, there are projects to help reduce expenditures across the City, such as computer replacement City-wide with internet standardizing. Copy machines are department level contracts and IT is attempting to consolidate office equipment into one contract City-wide for better bargaining power. It is exploring the possibility of computerizing the City Council, giving them laptops instead of issuing information via paper and delivery service which will increase the efficiency of the Councilors as well as reduce the money in printing and paper.

Mayor Andrews asked in converting the Council, will there be an upgrade on information received for other established commissions and committees. **Dave Brooks** replied he has that on the horizon; if it works well for the Council that will be the next step.

G. LEGAL: **Terrance Mahr, City Attorney** explained a Code Enforcement Officer was added to the Legal Dept. which started last year. It's an important service and he would like to see it maintained since it helps solve neighborhood problems and helps in preventing conflicts between neighbors. The Code Enforcement Officer can also be used as a community Policing component. Mr. Mahr has spoken with Cody Gardner about programs to help citizens find solutions.

Municipal Court has been fairly busy this year. As Chief Casey mentioned, citations went down due to the absences of Police Officers, especially with the injury of the Motor Officer. The Municipal Court is important because it can handle Circuit Court Cases, mapping out individual solutions to local problems. Mr. Mahr is hoping to be more proactive in the legal field with the

help of an attorney who can be available at the Court, which would free up 20% of his time. That attorney will probably be on board next week. This will also allow Legal the time to step back and improve ordinances, advising Council ahead of time, etc. Legal isn't asking for more personnel but an increase in time for the Paralegals, with no increase in equipment costs.

H. PUBLIC WORKS: **Annette de Paz, City Surveyor** is in attendance representing Howard Hamilton, Public Works Director. The Public Works Department is responsible for the wastewater system, the water, sewer and transportation systems, and the storm system of the City. Some peripheral programs include fleet and facilities maintenance, and land information. These programs are funded by rates, by SDCs, by grants, and the gas tax. The Public Works Dept. will be looking to maintain current service levels while keeping budget increases to a minimum. There will be no new FTE proposals this year.

There are some unavoidable increases in the line items for Operating Expenses such as 9% increase in electricity charges and gasoline could very well increase. Chemicals are costing more for the water and wastewater treatment as well as the re-use system treatment and testing. Permitting fees will also have minor increases in the line items.

One Capital Outlay item needed for the PWD is a vehicle hoist lift which is a piece of equipment that's meant to increase safety for staff.

New programs which will be shown in the budget include a Water Conservation Plan which requires a Leak Protection Plan implementation in the next fiscal year which is required by the Oregon Water Resources Dept. Another required program is the Total Maximum Daily Load (TMDL) which is the Storm Water Quality Program.

A big part of the PWD Budget is the Capital Improvement Program. This program is a 5-year plan for capital projects where projects are used to increase capacity or to do Master Planning, or to maintain the current systems. The Master Planning identifies the needs for the City, but those projects depend on funding from the City. The SDC fund is fed by new development and those funds are used to increase system capacity. Since those funds are down dramatically, some of these projects will need to be pushed off. It's critical that the Reserve Fund is protected to obtain bonding for projects. The CIP Project has a 5-year plan and is unlikely all the projects will be completed on that plan as scheduled due to funding issues; however, the projects will remain on the books since its imperative in receiving federal funding. It's also important to have a healthy CIP list for when funding becomes available.

Ernie Amundson asked the dollar amount for the Vehicle Hoist. **Annette de Paz** replied \$25,000. The PWD runs a Fleet Maintenance Program and 1 ½ FTEs for the City.

Dan Danicic explained that after this meeting last year, the Council held a Budget Prioritization discussion. This year, there is no need for those decisions to be made with Staff's decisions to hold the line on their budgets. With new Councilors coming on board, a Formal Goal Setting Session will be held to review goals and objectives. From there, the Staff will get some direction as to how best present a budget to meet the desires of the Council and changes may occur during that process. Mayor Andrews and Dan Danicic will be bringing in a facilitator and starting a

Team Building Session on January 19th and then moving into 2 sessions on goals and set-up by the end of February. The Budget Meeting for this Thursday, January 15th has been cancelled. The next Budget Committee Meeting will be held on the first Thursday in May.

Chair Wall asked for questions concerning information heard this evening, or a request for information from department heads that will be answered by staff at the next scheduled meeting.

Mayor Andrews suggested as the budget evolves over the next 6 – 12 weeks, some kind of a contingency in the need to consider potential “cuts” in anticipation of continued economic recession and consider those areas as we see depreciation in revenue or see an unreasonable inflation in costs. What kind of contingency plan does the City have through cuts preferable in programs and preferably not staff? The City needs to be prepared in advance with a contingency plan.

Based on earlier comments, there's a need to revisit some of the growth projections on what the City expects to grow and how much.

Also, what are the anticipated uses for possible stimulus dollars and where can those dollars be used?

Mayor Andrews asked what the City anticipates in the way of any kind of Public Transportation Subsidy and he would like to have a tighter dollar figure in the way of business licenses collections and distribution of those dollars.

Jack Reardon struggles with anticipating the actual revenues. He would like a better idea of how the figures are projected and asked Elizabeth Comfort to break that down for a better understanding during the budgeting process in May. He would like more information on the Project Reserve Fund and how that is operated and ties into the Capital Improvement Budget.

Commissioner Barnes thought the \$3 charge on the water bill and educating the public on the increase would be discussed this cycle. **Dan Danicic** replied it's an ongoing discussion with City Council. There will be presentations to the public, a press release, and surveys will be done.

Ernie Amundson asked if the departments would be able to cut another 5% if the economy worsens in the next 6 months.

Councilor Larson asked what the income projection might be for the City with property taxes and the increase in repossessions and how will that affect the City.

Steve McKinney asked what kind of plan will be put into action to take care of things that cost more, not less.

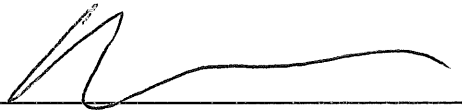
Marc Shelton asked about the Administrative Support Costs and would like to discuss how that's being handled now and also asked about how a Stimulus Package would be used.

Chair Wall thanked everyone for attending.

Jack Reardon asked for the schedule of Budget Committee meetings. **Elizabeth** replied the 1st, 3rd, and 4th Thursday in May and possibly the 1st week in June if needed. Elizabeth will send out that information to the Committee.

ADJOURN:

MOTION: Amundson/Adams moved to adjourn the meeting at 8:52 p.m. Motion carried by voice vote.
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Budget Committee Chair