

**NEWBERG BUDGET COMMITTEE MINUTES
APRIL 26, 2016, 6:00 PM
PUBLIC SAFETY BUILDING (401 E. THIRD STREET)**

WELCOME

Chair Lon Wall called the meeting to order at 6:05 p.m.

ROLL CALL

Members Present:	Mike Corey	Miles Baker	Beth Koschmann
	Megan Morris	Stephen McKinney	Patrick Johnson
	Lon Wall	Bob Andrews	Lesley Woodruff
	Scott Essin	Denise Bacon	

Staff Present:	Stephen Rhodes, City Manager Pro Tem	Matt Zook, Finance Director
	Caleb Lippard, Assistant Finance Director	Sue Ryan, City Recorder
	Doug Rux, Community Development Director	Brian Casey, Police Chief
	Jay Harris, Public Works Director	Leah Griffith, Library Director
	Dave Brooks, Information Technology Director	Mary Newell, 9-1-1 Support Services
	Nancy McDonald, Interim Human Resources Director	Truman Stone, City Attorney

CONSENT CALENDAR

MOTION: Andrews/Corey moved to approve minutes from the April 7, 14, and 21, 2015 Budget Committee meetings. Motion carried (13 Yes/ 0 No).

NEW BUSINESS

Budget Message: City Manager Pro Tem Stephen Rhodes delivered the budget message (Exhibit A). The total city budget was \$86,796,656, a 5.6% decrease from the current budget. The total appropriations were \$72,358,180. This was a balanced budget. The permanent tax rate was \$4.3827 per \$1,000 of assessed value. The assessed valuation for the City would increase \$1.77 billion or 4.3% from the 15/16 assessed value. The City expected to collect 93% of the total levy in the year it was levied in 16/17, just over \$7.2 million in tax revenue. In addition to the permanent tax rate levy, the City had been levying taxes to pay the 1997 and 1998 bonds for the public safety building and fire facility. The final payments for these bonds would be paid in 2016/17. No levy would be necessary for the final pay off and the tax rate would decrease in 2016/17. The 2016/17 was built to address maintaining quality services and implementing Council's priorities. Some of these activities included visioning, technology, and additional staff including a Systems Administrator, moving from a part time to full time Information Technician, a half time position in the Finance department, full time Information Officer, full time Human Resources Director, part time HR Assistant, full time Assistant Planner, and full time Facilities and Ground Maintenance Worker. Revenue was projected to see a modest increase from the current fiscal year. One notable change in the revenue was that the Fire Equipment Fee would be suspended as part of the switch to TVF&R. A new fund called PERS Stabilization Reserve was in the proposed budget. This would help off-set the anticipated PERS employer contribution rate increase effective July 1, 2017. Additional changes in the proposed budget were the contractual transition of the City's Fire Department to TVF&R for the next two years, a tourism strategy was being created for the Transient Lodging Tax fund, and completion of a five year financial plan.

Chair Lon Wall asked if there were any questions. There were none.

Review of Budget: Finance Director Matt Zook said the budget was laid out by fund and there was a summary with an explanation of key changes. He was intending to hit the highlights of the budget. The City had a number of funds, and the report must include all active and inactive funds with history going back for two years. He explained the beginning fund balance, expenditures, transfers out, ending fund balance, and reserves.

CMPT Rhodes explained the layout of the budget and the summary of funds that had pieces throughout the budget, such as the police department, community development, and public works. The full time employees were broken out historically and year to year. Five more FTEs were being proposed and there were some current positions added that had

not been counted in the tally sheet before. Each fund started with a summary page and the font was changed to make the numbers larger.

FD Zook discussed the fund summary of the General Fund. The beginning fund balance was \$3 million due to not spending as much as was budgeted in the current fiscal year. He explained the General Fund revenues, reserves, and expenditures. He said in the Other category, one of the largest amounts was the City of Dundee contract with Newberg to administer its Police Services. The planning and subdivision fees were up and the Technology Fee was new and would fund software purchases. More items in the Other category were CCRLS reimbursement, traffic fines, transfers in the EMS fund for the TVF&R contract, and transfer from the Transient Lodging Tax Fund for administration of the tax. The Photo Redlight Fund was down because the light on Springbrook Road and 99W had been removed.

BCM Koschmann asked if we are taking anything out of reserves for the budget.

FD Zook explained the City would be spending down the beginning fund balance and the reserves would end with \$2 million. The City's reserves were healthy. A Compensation and Classification Study was done last year and a supplemental budget was approved and some reserves were used. The City should have 8-12% in reserves and Newberg was in that range.

There was discussion on a new redlight location which would have to be approved by ODOT and the amount in reserves.

FD Zook then went through the budgets by department. The Municipal Court budget would remain the same with no additional funding.

BCM Essin asked about purchasing I-Pads for the Council. CMPT Rhodes said the I-Pads were part of the agenda management system. BCM Essin was questioning costs, such as phone, mileage, etc., to be a Councilor and he thought reimbursement should be included in the budget. CMPT Rhodes thought it could be discussed at a Council Work Session.

BCM Reardon asked about the \$18,000 for Transit services. CMPT Rhodes explained based on the request from the agency, this amount was paying for the services provided for residents of Newberg. This request was being treated as an expense of our operation rather than a grant process.

FD Zook then discussed Police Services. No significant changes were being proposed. Because the Fire Department was going away, the overhead costs for the other departments were increasing because overhead costs did not change. Salaries and operating costs had also increased. The network upgrade was also being allocated throughout the departments. Yamhill County would be passing along medical costs for prisoners to the City and that was an unanticipated variable cost.

Police Chief Brian Casey explained when prisoners were taken to jail from Newberg, the City was responsible for the medical costs of the prisoner. The City could not hold anyone longer than four hours. If the prisoner needed medical care, often they were taken directly to the hospital. He thought the number of current patrol staff was adequate.

BCM Koschmann asked what confidential funds were. PC Casey explained these funds were used for drug operations or for information.

BCM Morris asked about the overhead in administrative salaries and FICA taxes. Why was FICA going up if wages were down? FD Zook said FICA was based on holiday pay, beeper pay, uniform allowance, etc.

FD Zook said Police Support Services was maintaining status quo and increasing very little. Animal Control was a historical cost, but now the City contributed to the cost of the utilities for the animal shelter. Regarding the Fire Department, since it was being transferred to TVF&R, there was 1 FTE in the budget as an employee, and the rest of the budget was one payment for the contractual services.

BCM Johnson asked how the contract would be managed. CMPT Rhodes explained the IGA set up a group that oversaw the contract. The \$3.6 million spent in the General Fund for the Fire Department and the money in the EMS fund, Fire Equipment Fund, and Fire Technology Fund all rolled into the \$4.25 million per year contract with TVF&R.

BCM Johnson asked since the Fire Equipment Fee was being suspended due to the contract with TVF&R, would there be a deficit. CMPT Rhodes said the City did not need the fee because TVF&R was covering the equipment costs.

FD Zook then discussed the Police Communications Division. He said there was a reduction in the maintenance agreement because costs associated with the Fire Department would not be needed. Contractual services went up due to a Code Red system. There was a shift from the 9-1-1 Fund to the General Fund for a .4 FTE.

FD Zook discussed the Library Fund. He said there were some grant funds for facilities changes, such as security gates and a different check out desk. The library increased its hours by five more hours. Regarding the Planning Department, an additional FTE would be hired, and equipment and training would go up. Professional services would go down. There was a grant for historical preservation. There was a transfer from the General Fund to the PERS Reserve Fund and the revenue received for marijuana tax was going into reserves.

FD Zook then moved on to the Street Fund which was funded by the gas tax primarily. There was a federal exchange grant for projects. The last time the City drew down on those funds was in 2013/14. These funds were used for maintenance of the City's streets.

Public Works Director Jay Harris said the federal exchange dollars could be used for road improvement projects and the current allocation was proposed to go to the Villa Road improvements.

FD Zook said there was a division in the Street Fund for engineering services, which was an in-house service. He recommended an increase in the contractual services line item for lobbyist expenses for the bypass project and a transportation consultant for the Transportation System Plan project that had already been awarded at the Council level. The increase would be \$39,500. Regarding Public Works Maintenance, the small tools line item had been separated from the supplies line item for better transparency. He said beeper pay was the old term that had not been changed, but it meant on call pay. Every week Public Works had a different person on call. Summer help would increase by .24 FTE. The internal charge for computers was a way to save for future equipment purchases. There was a transfer out to the Water Fund for a software purchase and there was a transfer out for street capital projects.

BCM Johnson asked how much it would cost to get the City's streets to a good level. PWSD Harris said it would be about \$15 million to maintain the current pavement condition index throughout the City.

BCM Johnson asked if that amount grew exponentially every year. PWSD Harris said yes.

BCM Reardon thought contingency money should be used for the roads. PWSD Harris said with the state of the streets, he thought the money should stay in reserves.

The Committee stopped review of the budget on Page 56 and would resume at the next meeting on May 3, 2016.

Outside Agency Requests not included in the Budget:

FD Zook said there were outside agency representatives there to speak before the Budget Committee.

Dawn Witt, Executive Director for Homeward Bound Pets, said many Newberg cats had been spayed or neutered through their volunteers at the clinic. Homeward Bound was requesting \$2,000 to help with fixing the cats in Newberg. This was a non-profit no kill shelter. Homeward Bound Pets was trying to get a clinic in McMinnville which would allow them to keep the money in Yamhill County and would be open once a week.

Marlena Bertram, Yamhill County Mediators, said the City had a history of supporting Yamhill County Mediators and bringing community mediation to Newberg. Mediation training was given bi-annually at George Fox University. They had one employee and 20-30 volunteers. She discussed the cases in Newberg that they had performed in the last fiscal year and how they helped kids, families, and neighbors in the community. She asked for City support of their program. They were also open to contracting their services with the City.

BCM Andrews asked about the Mediators' history and if the School District gave any funding. YCM Bertram said it began with several people in neighborhoods who wanted a better way to solve problems rather than legally. They became involved with the Friends Church and it became a non-profit. They were involved in the Peace Institute with George Fox

and with a grant she was able to work there full time. The School District did not give funding to the organization, but she had worked with the School District to get collaborative grants. She explained the fees they charged for their services.

BCM Koschmann asked about donations from the other cities in Yamhill County. Ms. Bertram said they received funding from all of them last year except Newberg and Willamina. BCM Baker asked about alternative mediation. Ms. Bertram explained there were private mediators that were a lot more expensive.

PUBLIC COMMENTS

Cynthia Thompson, Manager of Yamhill County Transit Authority, thanked them for adding the transit service line item in the budget. She explained about their services in Newberg. There were two local fixed routes, para-transit service, and a commuter route. Ridership was growing and the system had been around since 2012. She was working on getting bus stop signs installed and creating a Transit Development Plan.

BCM Reardon asked why the bus went to Tigard instead of stopping in Sherwood. Ms. Thompson said they were looking at the possibility of stopping in Sherwood. She explained the number of riders per route.

BCM Koschmann asked about how they arrived at the \$18,000 for this service. Ms. Thompson did not know; it was negotiated when the district was formed.

NEXT STEPS: The next meeting would be held on May 3, 2016.


ADJOURNMENT: The meeting was adjourned at 8:26 p.m.

ADOPTED by the Newberg Budget Committee this 3rd day of May, 2017.



Dan Keuler, Senior Accountant

ATTESTED by the Budget Committee Chair this 3rd day of May, 2017.



Beth Koschmann, Budget Committee Chair

Stephen A. Rhodes
City Manager Pro Tem
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Members of the Budget Committee:

On behalf of the Management Team and the Finance Department staff, I am pleased to present to you the City of Newberg Annual 2016-17 proposed budget. The total City budget for all funds is \$86,796,656, a 5.6% decrease from the current 2015-16 City budget. Total appropriations (legal authorization to spend) is \$72,358,180. The City's budget is a balanced budget, a requirement of Oregon budget law.

The City has a permanent rate tax limit of \$4.3827 per \$1,000 of assessed value. Assessed valuation for the City of Newberg is anticipated to increase to approximately \$1.77 billion dollars or 4.30% from the 2015-16 assessed value. After discounts for early payments and other delinquencies, the City estimates collecting 93% of the total levy, which represents just over \$7.2 million in proposed revenue.

In addition to the permanent rate tax levy, the City has been levying taxes to pay for the 1997 and 1998 bonds for the Public Safety building and Fire Facilities. The 2015-16 levy for these bonds was \$0.2505 per \$1,000 of assessed value. The final payments for both bond issuances will be made in 2016-17. Due to the accumulated balance of funds in the Debt Service fund, no levy will be necessary for the final payoff. This means our tax rate will decrease by \$0.2505 per \$1,000 in 2016-17.

The 2016-17 proposed budget is built to address maintaining quality services and implementing Council strategic priorities. The budget provides resources for the priorities as follows:

1. **VISIONING.** With a new city manager anticipated to be onboard by the beginning of the budget year, the community visioning process will have the long-term staff leadership necessary to move the visioning process forward. Further, the addition of a full-time Information Officer (1.0 FTE) in the City Manager's Office will provide the specific resources to assist in execution and communication of the visioning process.
2. **TECHNOLOGY.** The budget includes the acquisition of a software package that will be utilized by Planning, Building, Engineering, and Code Enforcement. The

initial purchase begins in 2015-16 and concludes in 2016-17, with the cost spread through multiple funds.

Another purchase toward the accomplishment of this goal includes the acquisition of agenda management software that will streamline the process of preparing Council packets and provide greater efficiency and staff collaboration. A part of the agenda management strategy includes iPads for Council and Administration to reduce costs and provide easier access to packet information.

Network design and equipment improvement are also included in this budget. An integral piece of the success of these efforts includes the addition of a Systems Administrator (1.0 FTE) and the expansion from part-time to full-time of an Info Tech position (0.07 FTE increase).

3. **FUNDING/FISCAL.** The budget includes additional staffing in the Finance Department (0.50 FTE) which will provide for an added full-time position. This position better aligns the core staff skills and resources with the needs of the department, allowing senior management to respond to city-wide issues, such as the development of a 5-year financial plan.
4. **COMMUNICATIONS.** The addition of the full-time Information Officer in the City Manager's Office budget, as mentioned above, is specifically targeted to accomplish this goal of developing and managing a communications plan to establish an outreach process to the community and a method to obtain feedback.
5. **STAFFING.** The recruitment for a regular, full-time Human Resources Director is currently underway. This position has been filled on a temporary basis during the current fiscal year. While this does not represent a new FTE, it does continue the momentum toward assuring the City has a fully functioning HR function. The budget does include a new part-time Human Resources Assistant (0.50 FTE) that will provide additional support to the HR Director. These additions in HR will create a streamlined, easily-accessible format for all human resources functions and processes.

In addition to the strategic priorities, the proposed budget addresses personnel needs in the Planning Department (1.0 FTE Assistant Planner) and the Public Works Facilities Department (1.0 FTE – Facilities and Grounds Maintenance Worker). The Planning position (General Fund) will increase staff in the Planning Department to meet the need for implementation of the Economic Development Strategy and handle an increasing caseload for short term and long range planning. The Maintenance position (primarily Public Works funds) is designed to reduce summer temporary help and provide greater efficiency and service on a year-round basis.

Revenue is projected to remain relatively flat or experience a modest increase over the previous fiscal year, depending on the specific fund. One notable change to revenue includes the July 1, 2016 suspension of the Fire Equipment Fee (\$1.50 per residential customer), which raised approximately \$146,000 in 2015-16.

A new fund called PERS Stabilization Reserve (Fund 25) is in the proposed budget. This fund will be used to help offset the anticipated PERS employer contribution rate increases effective July 1, 2017. This reserve fund is a prudent response to a looming issue that the City will deal with for the next four to six years.

Additional changes in the proposed budget include the contractual transition of the City's fire department to TVF&R for the next two years. The fire budget reflects the payment made to TVF&R in multiple funds, including the General Fund, EMS Fund, Vehicle/Equipment Fund, and the Fire Equipment Fee Fund. The City is receiving a tremendous value for this service, and this once again represents the City's commitment to address key funding issues to deliver quality services to its citizens.

The Transient Lodging Tax Fund is beginning to see some positive activity as the City is working to formulate a tourism strategy for the use of these dedicated funds. A robust tourism program can serve as a catalyst for future economic development in the community.

The City is in a good position to move forward in many exciting ways. The completion of the five year Financial Plan will help in the development of future budgets, and the investments being made in Council priorities will serve to strengthen the organization and help to continue the delivery of quality services to our citizens.

Respectfully submitted,



Stephen A. Rhodes

City Manager Pro Tem

