

NEWBERG BUDGET COMMITTEE MINUTES
APRIL 25, 2017, 6:00 PM
PUBLIC SAFETY BUILDING (401 E. THIRD STREET)

WELCOME

Chair Beth Koschmann called the meeting to order at 6:04 p.m.

ROLL CALL

Members Present:	Mike Corey	Miles Baker	Beth Koschmann
	Stephen McKinney	Jack Reardon	Helen Brown
	Lon Wall	Bob Andrews	Brad Sitton
	Scott Essin	Denise Bacon	

Staff Present:	Joe Hannan, City Manager	Matt Zook, Finance Director
	Caleb Lippard, Assistant Finance Director	Dan Keuler, Senior Accountant
	Doug Rux, Community Development Director	Brian Casey, Police Chief
	Jay Harris, Public Works Director	Leah Griffith, Library Director
	Dave Brooks, Information Technology Director	Truman Stone, City Attorney
	Anna Lee, Human Resources Director	

NEW BUSINESS

Budget Message: City Manager Joe Hannan delivered the budget message (Exhibit A). He said this was a balanced budget and was a budget of nearly \$82 million. The City's permanent tax rate was \$4.38 per 1,000. There was a 1.9% growth in the City over the last year. No new property taxes were being proposed. There were revenue and fee increases that had been previously approved by the Council including a 3.5% increase in the water rate, 3.5% in the sewer rates, and 8% in stormwater rates. The budget was modeled after the Council's priorities, which were public safety, infrastructure, and growth. There was a large expenditure in the budget for a communication systems upgrade for dispatch. He explained the benefits to the new system and how there had been discussions with TVF&R to share in the cost of the upgrade. The City would borrow money for this expenditure and would use the revenues of renting or selling the fire stations to pay it back. There were several infrastructure projects included in the budget that involved improvements to streets, water, sewer, and stormwater. He then described the projects. A Council goal was for staff to review all the planning documents the City had and to see how they were in concert or conflict with each other and to lay out a strategy with action steps to implement them. These plans looked at strategies for how to manage growth and economic development. Some important projects were looking at the feasibility of creating an Urban Renewal District and doing a downtown traffic study. Challenges to the budget included the increased costs for materials, services, and personnel. Future discussions for the five year budget planning would include finding additional funding sources and/or reducing service levels. Last year five new FTE positions were added, and in this budget none were being proposed. There was one position that had not been filled in the legal department that was being eliminated. There were two seasonal part time positions and two interns that were added. He reviewed the updated Council priorities and discussed the TVF&R annexation. The proposed budget continued the contract with TVF&R for fire service with a slight increase. It did not assume what the future would be as far as the annexation as that decision had yet to be made. They had compared the numbers to the County's assessed value and found it was \$1.88 per 1,000 the City was spending for fire services.

Chair Koschmann asked if there were any questions.

BCM Essin asked if there was an additional employee not mentioned but included in the budget. CM Hannan responded it was a fleet maintenance and facilities supervisor position that would come out of the Enterprise Fund, not the General Fund.

BCM Wall asked about the potential plans to sell the fire stations to pay for the communications upgrade. If the fire stations weren't sold, what other funding options were there? CM Hannan replied there were other potential revenues and that would be a future discussion.

BCM Essin asked about the rural fire agreement and their concerns about coverage. CM Hannan answered this budget continued the current contract with TVF&R which included continuing to provide service for the rural fire district. There would be a broader discussion about how selling the fire stations would affect the City's partners at a later date.

BCM Andrews brought up a typo on page 3. He asked for an update on the equal pay for utility billing project.

Finance Director Matt Zook was working on the software system to implement the equal pay.

Long Range Financial Plan Model: FD Zook stated one of the Council goals was to create a Long Range Financial Plan and to review the City's financial policies. That work started last September with a committee who gave good input in the creation of the Plan. The model was built for 17 different funds, 10 were Public Works and 7 were operational. Tonight he would present the model for the General Fund. The model was dynamic and could change with different assumptions. He then explained the General Fund revenues and expenditures and ending fund balance graph, which showed both actuals and future forecasts. The numbers were bare bones and did not assume cost of living adjustments and used a scaled back cost of materials and services and capital outlay. The Long Range Plan was a forecast, not a budget, and allowed them to understand the impacts of decisions long-term.

There was discussion regarding how the PERS rates were going up, the various causes for the rate changes, and the reduction in the tax levy if the City annexed into TVF&R.

Review of Budget: FD Zook explained the first page of the budget document which was a summary of all the funds. Page 2 showed the budget per program.

BCM Corey asked about the capital outlay in the Police Fund and if it was mostly for the communications upgrade. FD Zook answered that was correct. BCM Corey asked about the special payments in the Community Development and Public Works Funds. FD Zook responded they were loans that the City gave out for affordable housing.

FD Zook continued to walk through the budget document. Page 3 was an overview of the City-wide employee positions. The General Fund had a reduction of 1 FTE in the Fire Department. This was an administrative assistant that did not go to TVF&R and that employee was serving in the Public Works Department now and the position was split between the street, water, sewer, and storm funds. He then discussed the summary of year over year changes. There were two new seasonal positions in the Public Works Street Department and two part time intern positions in the Engineering Department. A Public Works Supervisor position was being added and a paralegal position was being eliminated.

FD Zook discussed the General Fund revenue on page 7. Property taxes went up to \$7,570,000 which was a 4.3% increase. The franchise fees were remaining stable and there was about a 1% increase for each. It was hard to anticipate the Community Development revenues due to the timing of projects. They anticipated \$280,000 next year. Regarding Planning grants, they anticipated receiving \$205,000. He then discussed the loan proceeds on page 8. Staff was talking to US Bank about financing the WCCA communications upgrade. It was a \$3.4 million upgrade for a three year project. The City planned to pay \$2.2 million in the upcoming fiscal year. A new line item was the PERS Reserve. Last year they set aside \$179,000 which was being transferred back into the General Fund to help defer the impact of the PERS rate increases. The City had two retirement plans, and 70 employees were on the City's retirement plan and the rest were on PERS.

BCM Wall asked why the Court Appointed Attorney costs had gone down. City Attorney Truman Stone responded there was a trending down of cases being prosecuted in municipal court.

BCM Reardon asked about photo redlight revenues. FD Zook explained that small, residual revenues were still trickling in from the redlight fines from several years ago.

FD Zook moved onto page 11 and discussed the General Government Department. This department remained relatively flat. There were funds that went to community support that were given out last year, and at the next Committee meeting they would discuss proposals from entities requesting these funds. He brought up the Internal Charges Administrative Support Services line item and explained it represented a contribution that went from the General Fund to Fund 31. Fund 31 was the Administrative Support Services Fund.

FD Zook discussed the Municipal Court Department. There was an increase to personnel services of 7% and materials and services went down due to a change in methodology in how the legal department charged for its portion of Court. Overall in the General Fund the administrative services charges remained at 50% and Fund 31 was supported 50% by the General Fund. The court appointed attorney fees had also gone down as previously stated.

FD Zook said the Police Administration Department budget was status quo. The Police Patrol Department had a 7% increase in personnel services, the prisoner expense would remain at \$10,000, the K9 program was combined with the drug dog program and was budgeted at \$10,000, and fuel was budgeted at \$50,000.

BCM Brown asked about the difference between the K9 program and the drug dog program. Police Chief Brian Casey responded said there were two separate dogs, the K9 dog and the drug dog. The fund was combined and would be used for both dogs. The funding came from various sources, such as donations and the Police Foundation.

BCM Wall asked about the small equipment line item. PC Casey replied small equipment included handheld radars, tasers, etc. In order to have enough in the account to cover the year, they eliminated one of the equipment replacement accounts and added this account.

BCM Baker asked how they had determined the personnel increases. FD Zook stated some of the drivers for the personnel services increases were cost of living adjustments, increases in employee compensation scales, retirement contributions, and workers compensation.

FD Zook explained the estimated projections for the remainder of the current fiscal year and how some of them might not be accurate, especially for projects that would have to be continued into the next fiscal year. In the Patrol Department, two additional patrol cars were budgeted to be purchased through a transfer to Fund 32 for FY18.

FD Zook said the Police Investigations Department and Police Support Services Department budgets included a 7% increase in personnel and the rest remained the same. The City used to do animal control in house, but now it was being done by the Newberg Animal Shelter Friends. The City owned the building and paid the utilities.

FD Zook continued on to the Police Reserves Department. These line items were under Patrol, but for internal management purposes they had been moved here. The City contributed \$11,700 this year and would contribute the same next year.

FD Zook discussed the TVF&R contract within the Fire Department budget. The contract payment went up 4% from last year.

FD Zook moved onto page 33, the Police Communications Department. It was mostly a status quo budget with a 10% increase. The large capital outlay project was the radio communications project, which was offset by the loan proceeds in the General Fund revenues. He continued onto the Library Department budget highlights. There was a 9% increase in personnel, travel and training went up due to staff tuition reimbursement, books and publications went up to provide materials for circulation, electronic resources went up to provide more modern day services, and there was \$50,000 in capital outlay for a remodel of the Circulation Room.

BCM Essin asked about the increases in electronic resources. Library Director Leah Griffith responded the line item would be used to purchase more e-books.

FD Zook moved on to the Planning Department budgetary highlights. Personnel services were increasing 9%, the banking fees had doubled due to increased activity, miscellaneous planning grants included the \$205,000 that had been discussed earlier, and professional services went up to \$249,000 due to consultants needed for many City projects.

BCM Reardon asked for more details on the professional services line item. Community Development Director Doug Rux listed out and explained the professional services needed for the Urban Growth Boundary expansion project, traffic analysis for the West End Mill District, and transcription services.

BCM Reardon asked if these projects were all new items. CDD Rux clarified the traffic work was in the Downtown Plan that the Council adopted and the Urban Growth Boundary expansion had been approved by the Council to accommodate

growth. He explained the streamlined method and traditional method for the expansion and how much they would cost. They were new expenditures that the Council had already approved.

BCM Baker asked about the timing of the traffic study with regards to the bypass. CDD Rux explained how this study had to be done because the zoning was being changed in the mill district. The Transportation System Plan already took the bypass opening into account and those numbers would be used in the study.

BCM Essin asked to address his email at the next meeting. There was consensus to discuss the email at the next meeting.

PUBLIC COMMENTS:

Corey Zielsdorf, local homeowner and realtor, asked about the impact of a zoning change decision made in 2008 regarding increasing the size of big box retail stores and the impact on fire services and whether there was an economic study done prior to the change. BCM Wall was on the Planning Commission when that decision was made and noted that there was a consideration of economic impacts to City services done at the time. Mr. Zielsdorf thought big box stores should absorb additional costs resulting from additional service level increases caused directly by the stores, such as a new ladder truck. He asked if there were budgetary impacts today based on that zoning change and whether or not the recent decision to contract with TVF&R had to do with the change. BCM McKinney recommended that Mr. Zielsdorf submit his inquiries in writing to the Chair so that the appropriate parties could more sufficiently and clearly respond to the inquiry. CM Hannan said that he could submit his inquiry and the City would take time to research the topic and contact any appropriate parties involved. He would submit the City's response to Chair Koschmann.

NEXT STEPS: The next meeting would be held on Wednesday, May 3, 2017.

ADJOURNMENT: The meeting was adjourned at 8:08 p.m.

ADOPTED by the Newberg Budget Committee this 24th day of April, 2018.



Dan Keuler, Senior Accountant

ATTESTED by the Budget Committee Chair this 24th day of April, 2018.



Beth Koschmann, Budget Committee Chair