

**CITY OF NEWBERG COUNCIL WORK SESSION MINUTES  
MONDAY, OCTOBER 22, 2012, 6:00 P.M.  
NEWBERG PUBLIC SAFETY BUILDING (401 E. THIRD STREET)**

**I. CALL MEETING TO ORDER**

Mayor Bob Andrews called the meeting to order at 6:02 PM.

**II. ROLL CALL**

Members Present:	Mayor Bob Andrews Stephen McKinney	Denise Bacon Marc Shelton	Ryan Howard
Staff Present:	Daniel Danicic, City Manager Norma Alley, City Recorder	Terrence Mahr, City Attorney (arrived at 7:00) Mandy Dillman, Minutes Recorder	
Members Absent:	Bart Rierson (Unexcused)	Wade Witherspoon (Unexcused)	

**III. GENERAL DISCUSSION**

Mr. Daniel Danicic, city manager, reported a bargaining session was held on Oct 15, 2012, with AFSCME; however, no economic request was present, so it is not yet known how it will affect the budget. Two more meetings will be held with AFSME on October 29, 2012, and November 8, 2012, to hold a benefits discussion with them. On December 1, 2012, the City will receive the property tax revenue and will then have a good idea of what this fiscal year budget will entail. Mr. Danicic reviewed the Council goals (see official meeting packet for full staff report).

Councilor Marc Shelton asked which of the master plans need to be revised in the near future. Mr. Danicic answered the Stormwater Master Plan needs to be undertaken soon as public works master plans are revised every ten years, which for stormwater was last done in 2004. He projected in the next five years they should all be updated.

Councilor Shelton suggested the most urgent would be the Storm Drainage Master Plan and Water Distribution Master Plan.

Mayor Andrews stated as the city starts the Newberg-Dundee Bypass they will need to look at the Riverfront Master Plan. Mr. Danicic agreed and suggested the city revisit the elements of the Riverfront Master Plan once the Bypass is complete.

Mr. Danicic continued with his staff report saying the status of city goals include some that are completed, a few underway, and a number on hold because of lack of funding or staff resources to push forward. Staff suggests updating the Urban Growth Boundary (UGB) should wait to be discussed after the SE industrial plans are looked over. The Crestview Drive extension is waiting for funding, which staff has been working to find grant money or another way to fund it. No one can take on the four to five million dollar project and we have been relying on the Jobs & Transportation Act (JTA) money to fund this project. Increasing library hours is probably still a few years away because there is no funding in the budget to allow for the library to be open an additional day.

Councilor Shelton mentioned there has been discussion at previous Council meetings regarding branding and marketing and the consensus was to use cable fund money to move that forward. Councilor Shelton added he is concerned the revenue received from the Transient Lodging Tax (TLT) is being evaluated as the only reason

Newberg is receiving visitors, whereas there are many factors that bring visitors to the city. Mr. Danicic agreed with Councilor Shelton's observation and responded the city and the chamber are not the only entities marketing Newberg; businesses such as The Allison are doing a large amount of advertising as well and the city benefits from it.

Mayor Andrews asked if Mr. Danicic had discussed reinstating a citizen's law enforcement academy. Mr. Danicic replied he had not. Creating a citizen's academy has not been possible due to lack of staffing. The Chamber has discussed holding a candidate fair, but Mr. Danicic would like to see an academy type operation where citizens can take a series of classes to learn about the city's operations and then be eligible to volunteer, eventually becoming council members. Mayor Andrews suggested speaking with Chief Casey in regards to creating a combined academy that involved both general administration as well as public safety. Mr. Danicic said he would look into it.

Councilor Ryan Howard expressed concern for holding off on identifying road maintenance funding as it would cause it to become a bigger issue in the future.

Mr. Danicic continued with his report by asking the council to look at the June, 2012, financial report showing that the general fund last fiscal year showed more in property tax revenue than they had estimated. He reported the estimation is an extremely conservative number. Every year it increases by 5% with 3% being the base permitted and 2% in growth. They then collect 95% in a given year. The estimate a few years ago was very conservative in assuming they would not have any growth and only collect 92%. This year numbers were down to 1% growth and 91% collection. They try to be more and more conservative so as not to be caught with lack of revenue. However, this year it is projected that the increase will not be 1%, instead it will be 3.3%. This is due to the assessed market values of properties dropping, but not dropping below their assessed value, and from new houses being built. Last fiscal year there was \$400,000.00 more in general fund revenue from property taxes.

Councilor McKinney asked if the 3.3% was due to growth. Mr. Danicic answered that it was and clarified that even though assessed values of houses have decreased, new properties have a much higher value.

Mayor Andrews inquired how much revenue is related to delinquency of payments versus increased value of properties. Mr. Danicic said there was a large influx of additional revenue due to late payments last year; however, it has not been accounted for in this year's estimates. Mayor Andrews wanted to know what they have in arrears of property taxes that have not been collected. Mr. Danicic said he did not know, but would ask the county assessor for more information. The 2011-2012 revenue from taxes was estimated to be \$5.8 million; instead \$6 million was collected. It is assumed the extra money came from people who delayed payments until the end of the year. For this year's fiscal budget they did not include that extra revenue, instead they based it off the projected \$5.8 million. Nevertheless, they are projecting the number to increase by 3.3% from delinquent payments.

Mr. Danicic continued with his staff report stating the building division looked as though it would need additional funds to keep running; however, towards the end of the fiscal year development picked up so they ended up doing fine. This fiscal year there is the apartment complex, housing authority project, and twenty houses in Lafayette that will be additional revenue to the division. It does not look like they will be able to add more staff; however, they will not have to make any further cuts. The street fund is receiving funds from the JTA; however, there is a steady erosion of revenues. Now the JTA money is going to be used for hard improvements until the Newberg-Dundee Bypass project starts and then the JTA money will be split between the two projects sometime in 2016. They are hoping to catch up on maintenance activities over the next three years before there is a reduction in the JTA money. Wastewater and stormwater funds are doing well overall. In water, there is a 120% debt ratio that has dropped to 97% this year due to a reduction in water usage. This decrease will need to be made up by increasing revenue or decreasing costs. The council adopted a two year utility rate increase of 0% in 2013 and 3% in 2014; however, additional increases will need to be made to make up the loss. Council will need to consider increasing rates if another option is not found. Administrative support services have decreased their line items. The city will need to

update the servers and computer systems, which will more than likely need to come from borrowed funds.

Councilor Shelton asked if last year they had put \$20,000.00 into reserve for computers. Mr. Danicic answered yes, money was set aside for server replacement but they will need additional money for new computers and more toward a server that runs like a cloud system, making it more efficient for staff and the budget.

Mr. Danicic reported basic operating costs of the city are going up mostly due to increase in personnel costs and revenue has flattened or declined. The beginning fund has been helping close the gap, but it is decreasing each year.

To help close the gap, we need to be less conservative about estimates on property taxes and increase franchise fees slightly such as transportation fees, stormwater fees, or public safety fees. With these adjustments we could potentially avoid a levy in the next fiscal year. Furthermore, we could reduce costs by more staff layoffs, not giving raises, or changing health premiums. Line items themselves have been reduced as much as possible in regards to supply costs, travel costs, training costs, and others. He noted if a position becomes vacant staff leaves the position vacant until they have funds in the future to fill it.

Mayor Andrews asked how much of gross payroll is covered under the Public Employee Retirement System (PERS) program. Mr. Danicic replied all of public safety and management are on PERS, estimating it is around two thirds of staff, but does not have exact numbers of how much of the payroll that accounts for.

Mayor Andrews asked if privatization of services was an option. Mr. Danicic replied it is an option to consider and as opportunities arise staff will look into contracting them out individually.

#### **IV. ADJOURNMENT**

The meeting adjourned at 7:05 PM.

**ADOPTED** by the Newberg City Council this 7<sup>th</sup> day of January, 2013.

  
Daniel Danicic, City Recorder

**ATTEST** by the Mayor this 10<sup>th</sup> day of January, 2013.

  
Bob Andrews, Mayor