

**NEWBERG BUDGET COMMITTEE MINUTES**  
**May 3, 2017, 6:00 PM**  
**PUBLIC SAFETY BUILDING (401 E. THIRD STREET)**

**WELCOME**

Chair Beth Koschmann called the meeting to order at 6:00 p.m.

**ROLL CALL**

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

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
	Mary Newell, 9-1-1 Support Services	Truman Stone, City Attorney
	Anna Lee, Human Resources Director	

**CONSENT CALENDAR**

**MOTION: Andrews/McKinney** moved to approve the minutes from the April 16<sup>th</sup>, April 26<sup>th</sup>, May 3<sup>rd</sup>, and May 10<sup>th</sup> 2016 Budget Committee meetings as submitted. Motion carried (11 Yes/0 No).

**STATE REVENUE SHARING PUBLIC HEARING**

Chair Koschmann opened the public hearing. She called for any abstentions or conflicts of interest. There were none.

Finance Director Matt Zook presented the staff report. He discussed a table that showed the background on State Shared Revenues the City received, explaining the sources and the uses of each of the State Shared Revenues. The Gas Tax and 911 Tax had restricted uses and were booked into the Street Fund and the 911 Fund respectively. The Liquor Tax, Cigarette Tax, and the general Revenue Sharing moneys would be used within the General Fund.

Public Testimony: None.

Chair Koschmann closed the public hearing.

BCM Andrews asked for clarification on staff's proposal for the funds. FD Zook said the Liquor Tax, Cigarette Tax, and general Revenue Sharing funds would go to offset General Fund operations. There would be a public hearing at a Council meeting regarding the proposed uses for these funds as well.

BCM Andrews asked how the funds had been used historically. FD Zook said they were historically used within the General Fund and split between police and fire operations.

**MOTION: Corey/Reardon** moved to approve staff's recommendation for the use of the state revenues. Motion passed (10 Yes/1 No [Andrews]).

BCM Andrews commented that his vote of no was based on his understanding that the motion was to attribute all funds to the General Fund rather than a portion being properly allocated to the Gas Tax fund.

BCM Corey thought the motion was to approve staff's recommendation as it appeared in the presentation.

Senior Accountant Dan Keuler confirmed that the motion was an approval of staff's recommendations, which included the General Fund and properly restricted funds.

## **NEW BUSINESS**

### Outside Agency Requests for Contributions:

Martha Penhall, Regional Food Bank Manager for Yamhill County, discussed a food distribution program at Edwards Elementary School. It was for families to receive a bag of food on Fridays in order to have food over the weekend. The program cost \$9,500 per school and there were four schools in the program. Edwards Elementary had been participating for six years. She was requesting \$3,000 to help fund a third of the program.

BCM Bacon asked if they had applied for outside grants. She was concerned about setting a precedent for contributing to this program. She did not think this was the right place to get funds. Ms. Penhall said they had received a grant that was ending in June and were looking for more funding. This was a school within the City. She would be happy to have a list of others to go to for funding. BCM Bacon would love to help her with that.

Georgiana Percival, Board member of Homeward Bound Pets, said they were into their seventh year of providing low cost spaying and neutering for cats in Yamhill County. Last year they fixed over 800 cats and since they began in 2011 they had fixed almost 5,000 cats. They were continuing to hold monthly spay/neuter clinics. The cats had come from all over the County and many Newberg residents had participated in the program. They were actively working to open their own low cost spay/neuter clinic in McMinnville. A local donor had purchased a building and their goal was to collect \$195,000 to remodel the building. They had 86% of the funding. They were also working to find staff members. They hoped to open the clinic this fall. Marcie McDowell, Board member of Homeward Bound Pets, continued the presentation. Their ultimate goal was that all dogs and cats were wanted and cared for. Homeward Bound Pets was improving the lives of dogs and cats by taking up this project for the benefit of the entire community. They would be open to all residents of Yamhill County and West Valley and would be low cost for everyone. They would have further discounts for lower income citizens and would offer low cost services such as vaccines and basic animal care products. They would be working with Newberg Animal Shelter to provide low cost services to the shelter. Ronnie Vostinack, Executive Director of Homeward Bound Pets, stated they estimated the monthly expenses of operating three days per week to be \$11,000 per month. Collection of fees and a grant would help to offset the expenses, but it would take time to become self-sustaining. They were asking for support to continue their current program.

BCM Reardon asked where most of their funding came from. Ms. McDowell replied it currently came from Petco grants, support from the cities and County, and payments from the public.

BCM Wall asked if the Newberg Animal Shelter offered these services. Ms. McDowell confirmed that they did not. They would work with the Newberg Animal Shelter for both dogs and cats.

Marlena Bertram from Your Community Mediators of Yamhill County said the Mediators provided community dispute resolution services to the citizens of Newberg. Historically they had a strong partnership with the City in providing services 24 hours a day, 7 days a week and over the past 20 years they had been financially supported by the City except in 2015-16 when the whole state was in severe economic distress. They were offering basic mediation training annually, teaching conflict resolution skills in the juvenile detention center, and offering a listening program in the senior center. All of the cities in Yamhill County had contributed over the last few years and those funds were used to match a state grant and other funding to which they applied. She discussed the case summary that outlined the types and numbers of cases in Newberg. About 49% of their resources had gone towards serving Newberg residents over the last fiscal year. They were requesting \$20,271 for the next fiscal year. Currently there was no funding allocated for outside agencies in the proposed budget, but she hoped that some would be set aside for them to continue providing these services.

BCM Wall noted the request was considerably more than what they received last year. Ms. Bertram said it was based on the amount of service they provided in the last fiscal year. They were grateful for whatever the City could provide and would continue to offer services to Newberg.

BCM Reardon asked if they received payment from individuals that they helped. Ms. Bertram responded said they did for certain types of cases and after the first free mediation they charged a percentage of the person's income.

BCM Brown asked which cases did they ask for payment. Ms. Bertram replied they asked for payment for business related mediation, family, parenting plans, and divorce or couple type mediation, small claims and truancy mediation from a court contract, and facilitations. She thought that was about half of them. BCM Brown thought everyone should pay something for the service.

BCM Sitton stated the operational staff expense showed \$22,000 for school truancy mediation. Did the School Districts provide any funding? Ms. Bertram answered they had been asked to contribute, but had not responded.

BCM Wall said they usually received a list of what other cities were contributing, and he did not see it for this year. Ms. Bertram said they did not have the list yet as they were in the middle of the budget process with all of the cities. Willamina was giving them \$1,000 and Carlton dedicated \$1,800.

Revised Budget Meeting Calendar: FD Zook commented about a scheduling conflict for the May 10<sup>th</sup> meeting and suggested removing the meeting date from the Committee meeting calendar.

There was consensus to make no changes to the calendar.

## **PUBLIC COMMENTS**

Robert Soppe, Newberg resident, stated as he read the budget, the General Fund would borrow \$2.2 million for part of the purchase of the communications system upgrade. He was concerned about how this would be funded. One of the potential funding sources was the sale of fire station properties if the City annexed into TVF&R. In a previous Council Work Session, TVF&R stated typically all of the assets were turned over to TVF&R when a city annexed. He did not think TVF&R was expecting to pay the sum needed for the communications upgrade. During a budget meeting last year, there was discussion how resources would be freed up if the TVF&R annexation went through. There were two efforts underway that might block the collection of these free resources. He asked the Committee if it was fiscally prudent to approve an expenditure of this magnitude without an identified funding source.

BCM Essin asked if the funds were being set aside at this time. City Manager Joe Hannan agreed there was discussion a year ago about funds being freed up, but citizens had expressed concern about paying the TVF&R property tax and the City's property tax. In response there had been Council discussion about not levying the money they were currently levying for the Fire Department if the City annexed into TVF&R. There would be a recommendation for funding for the communications upgrade to either sell or lease the fire stations. That was still in negotiations, however they did not plan to give them away for free. The upgrade was required for the City to continue in the system through WCCCA.

BCM Corey was also concerned about the \$2.2 million. FD Zook explained in the 2017-18 budget there were loan proceeds coming in to pay the \$2.2 million and in the expenditures there was \$2.2 million going out so it was a wash. However the General Fund was anticipated to pay \$91,000 on that debt. The 2018-19 budget would have a larger debt service payment and that funding had yet to be determined. Staff was working with US Bank for the loan. CM Hannan said there was not a source of revenue to pay for the upgrade yet, and in September there would be a Council meeting to discuss and decide on funding options. Some of those options could be using the money previously levied for the Fire Department and getting a contribution from TVF&R.

BCM Wall shared the same concern. If they made assumptions in the budget based on decisions that had not happened yet, they were prejudicing the next budget process. He was uncomfortable about taking any positive action on this when there was no funding specified. CM Hannan responded this was a balanced budget for next fiscal year. There was not enough money in the budget to fund this improvement. It had to come from some other source. Next year's budget was taken care of, and after they knew about the TVF&R annexation they could decide how it would be funded.

BCM Reardon asked if it made sense to go forward with this kind of expenditure when there were so many questions. Did it have to be done immediately? CM Hannan responded they did not have the option to delay. To continue with the system, they had to upgrade or they would have to find a different system. He recommended passing the budget this year, and reconvening the Committee after the first quarter of the year when the books had been closed and they knew what the ending fund balance was and when they knew if they were going forward with the annexation or not. They would then look at the funding options and decide which one or ones to move forward with.

BCM Essin said the upgrade was important to the safety of the City's officers and citizens. CM Hannan explained the \$1.88 in tax equated to \$3.5 million. That amount was in this budget because it was part of the contract with TVF&R.

## **CONTINUED BUSINESS**

Review of 2017-18 Proposed Budget: FD Zook discussed the Administrative Support Services Fund. In the General fund there were many charges to the different departments called Administrative Support Services Internal Charge and those

charges in the General Fund came into Fund 31 as revenue. There was a small amount of contingency and insurance also came out of this fund. The City Manager fund had an increase in personnel, travel and training for the Community Engagement Specialist, and elections for TVF&R. The Human Resources budget had an increase last year of a part time position, however a consultant did that work instead of an employee so there was savings on the recruitment. The increase in travel and training was professional development for the new staff. The City Recorder expenses were included in the City Manager budget. The Finance Department budget was relatively flat. Contractual Services and Lien Fees went up.

FD Zook reviewed the General Office Expenses which included postage and telephones. Telephones went up 24% due to the increase in additional bandwidth for mobile devices. In the billing portion of the Finance Department, professional services went down due to a utility billing system internal review that was in progress right now and would not be duplicated next year. There was a 2% increase in the Billing Department and overall 4% for Finance as a whole. Regarding Information Technology, there was a decrease in capital outlay of \$35,000 for an additional server and disaster recovery equipment. Overall there was a 6% increase in the budget. For the Legal Department budget, personnel services went down 11% due to a FTE paralegal position that would be eliminated.

BCM Brown asked if the requests for IT were larger than what was in the budget. FD Zook responded yes, they were. There was another fund that would be used for IT projects. He thought what was in the budget met staff's needs.

BCM McKinney asked if IT would be able to meet the deadlines for the federal mandates. FD Zook thought those federal mandates had been completed.

BCM Brown recommended adding a glossary to next year's budget document.

FD Zook then discussed the Fleet Department budget. There was a slight increase in the overall budget by about 10%. The internal service charge Vehicle Equipment had \$5,000 that would be moved to Fund 32 to be set aside for future purchases.

FD Zook reviewed the Facilities budget. There was a 33% increase in personnel services which represented a new Public Works Supervisor position. Supplies and equipment had gone up 38% as small equipment needs had gone up. The rest of the budget was for building repairs.

Chair Koschmann asked about a staff salary review. FD Zook answered the review was completed in 2015 and was incorporated into this budget.

FD Zook said the internal charge for Capital Replacement was an increase to pay back a portion that was borrowed in the current fiscal year for existing needs that did not have funds set aside and for the current year's repair and building upkeep. Insurance had gone up slightly in the premium, although property, casualty, and liability claims were very low currently. He had reduced the budget accordingly. Under Reserves, the contingency left in this fund was \$244,000 which was about 5% of the total expenditures. He thought that was an adequate amount. The fund was rebalanced every year and the savings were shared among the departments that contributed.

FD Zook discussed the Civil Forfeiture budget. In materials and services there was \$9,600 that the city received from federal funds. They had been in this fund for several years and would be used to enhance the forensics program. There were state funds as well and he expected a small amount of revenue to come in.

BCM Brown asked what happened to expensive items that were seized. Police Chief Brian Casey stated the items could be used by the Police Department or sold and the funds put back in the General Fund.

CM Hannan asked PC Casey to explain the FBI Mandate line item. PC Casey explained the FBI Mandate had to do with accessing the criminal justice data systems and making sure they had the proper level of security over those systems and buildings. An audit was done and a list of improvements that needed to be made was given to the Department. If they did not make the improvements, they would not be able to access these systems. The Police Department was still working on the list.

FD Zook moved on to the 911 Tax Fund. This was a tax that was distributed by the state and was restricted to be used for 911 services. There was a modest increase in this fund. Since the City provided 911 service for Dundee they received

revenue for that service as well. There was an 18% increase in personnel services due to overtime costs. Whatever this fund could not support, the General Fund had to make up the difference. He explained the revenue for the Public Safety Fee Fund which was expected to stay at the same level as the current fiscal year. The expenses had gone down due to lower cost entry level police officers and dispatchers being moved into this fund so it was more sustainable. FD Zook then discussed the Library Gift, Memorial, and Grant Fund. These were restricted funds and were not used to fund operations. They were used for the intended purpose of the giver.


**NEXT STEPS:** The next meeting would be held on May 9, 2017.

**ADJOURNMENT:** The meeting was adjourned at 8:06 p.m.

**ADOPTED** by the Newberg Budget Committee this 24<sup>th</sup> day of April, 2018.

  
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Dan Keuler, Senior Accountant

**ATTESTED** by the Budget Committee Chair this 24<sup>th</sup> day of April, 2018.

  
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Beth Koschmann, Budget Committee Chair

**NEWBERG BUDGET COMMITTEE MINUTES**  
**May 9, 2017, 6:00 PM**  
**PUBLIC SAFETY BUILDING (401 E. THIRD STREET)**

**WELCOME**

Chair Beth Koschmann called the meeting to order at 6:00 p.m.

**ROLL CALL**

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

Staff Present:	Joe Hannan, City Manager	Matt Zook, Finance Director
	Caleb Lippard, Assistant Finance Director	Dan Keuler, Senior Accountant
	Doug Rux, Community Development Director	Truman Stone, City Attorney
	Jay Harris, Public Works Director	Leah Griffith, Library Director
	Dave Brooks, Information Technology Director	Anna Lee, Human Resources Director
	Rosa Olivares, Community Engagement Specialist	Kaaren Hofmann, City Engineer

**PUBLIC COMMENT**

None

**CONTINUED BUSINESS**

Review of 2017-18 Proposed Budget: Finance Director Matt Zook started with the Building Inspection fund. There were moderate increases in the building and plumbing mechanical permits. There was enough in contingency if the economy turned to continue operations. Personnel services had increased 9% and in materials and services the internal service charges had doubled partly due to all of the departments taking on the portion that used to be paid by the Fire Department.

FD Zook then discussed the Economic Development fund. He anticipated receiving a \$10,000 CDBG grant and rolling the other \$390,000 into the next year due to timing of the grant award and activity. There were some loan fees for the affordable housing program and economic development loans which were handled by an outside source.

Community Development Director Doug Rux explained CDBG grants came from the federal government and the state awarded CDBG funds to all communities under 50,000 in population. The grant would be used for manufactured home repair grants which the Housing Corporation would administer.

FD Zook said the main increase in this fund was in professional services for an Urban Renewal feasibility study. CDD Rux said one of the possible funding mechanisms for the Downtown Improvement Plan was an Urban Renewal District. The first step was to do a feasibility study. If it looked positive, preparation of the plan and report would be in the 2018-19 budget.

BCM Andrews asked about the reduction in the Economic Development Revolving Loan Fund. FD Zook pointed out it was moved out of the capital outlay category to the special payments category to better follow budget law.

FD Zook continued with the Affordable Housing Program fund. The only significant change was the Housing Authority loans, trust fund grants, housing grants, and Yamhill County housing grants were formerly in capital outlay but had been moved to special payments. The Affordable Housing Commission had a formula that determined the amount of the housing grants, trust fund grants, and County grants. FD Zook then reviewed the Transient Lodging Tax fund. There was a moderate increase in the amount of revenue. The Tourism Promotion category was the dedicated portion of the tax that was used towards tourism promotion, roughly 35%. The remaining 65% was being transferred to the General Fund to support police and fire services.

FD Zook said there was one recommended change in the Development and Marketing Grants. They anticipated spending \$250,000 in the current budget and that portion was not going to be spent this year. It would be rolled forward to the next fiscal year. The \$180,000 needed to be increased by \$250,000 so the appropriation level was high enough to issue the grants.

BCM Essin asked about the use of the TLT. CDD Rux responded a portion went to the Chamber for the Visitors Center and the remaining was for the large and small grant programs. The large grant program was retooled and originally staff thought the grants would be awarded in June. Because they were still working through the large grant criteria, the money would not be expended until next fiscal year.

BCM Essin asked about funding for the Camelia Festival. CDD Rux said the TLT ad hoc committee recommended small grants of \$6,550 for the Camelia Run and Walk and \$2,000 for the Oregon Camelia Society for the convention this year. They could receive more grant funds next fiscal year, however the money they received covered the current festival in April and next year's festival in April.

FD Zook explained a portion of the TLT went to the Chehalem Valley Cultural Center for promotions. It was identified in the budget as Visitor Center Contract. This was escalated annually by a CPI inflator, CPI-W, and the City used the rates of CPI-U. He recommended matching the contract with the City standard. This change made a reduction of \$550.

FD Zook moved on to the Street Fund. In the current budget year, \$825,000 was in the Federal Exchange Grant to be used for the Villa Road project. They used \$673,000. A portion of this fund was to help pay for the Bypass loan as well. In 2017-18 the proposed budget was \$250,000. They had used up previously accumulated funds and were now back to the annual allocation. Most of the revenue for the Street Fund was the state gas tax which was a 1% increase every year. The Developer Projects line item was \$340,000. It represented payments from the developer for their portion of the Villa Road project.

BCM Andrews asked if the Developer Projects was SDC money. FD Zook said it was not.

FD Zook said the Street Administration Program was rolled into the Engineering Program. Personnel services had increased by 21% due to FTE increases. These were a department support manager who was formerly in the Fire Department and reassigned to the Public Works Department and two half time paid interns for Engineering and GIS projects. The materials and services included the Traffic Safety Committee whose responsibility had shifted from the Police Department to Engineering Department, Contractual Services had been reduced due to the Street Master Plan being completed, and Administrative Support Services had increased.

BCM Reardon asked Public Works Director Jay Harris if contractual services would go down since they would have two interns. PWD Harris responded the interns would work on the street maintenance program now the Transportation Utility Fee (TUF) was passed. Engineering had a backlog of projects for the interns to do as well. Potentially it could affect contractual services, but they would still need to hire some projects out.

FD Zook commented about the TUF decision which was made a few weeks ago and its impact on the budget. Staff would be doing a supplemental budget to recognize that revenue. There would be a new division in the budget to show how the fee was being used.

FD Zook then moved on to the Maintenance Fund. The summer help had increased 445% or \$25,000 due to having summer help with crack sealing to the roads instead of contracting out that work. The street crack sealing budget went down from \$50,000 to \$25,000 and a corresponding increase to summer help went up by \$25,000. The overall budget went up 8%.

BCM Reardon asked if the City had crack sealing equipment. PWD Harris explained the crack sealing program and how they rented a machine, bought materials, and used summer helpers to do the work. The goal was that now they had TUF funding there would be less crack sealing needed as the pavement condition improved.

City Engineer Kaaren Hofmann described the TUF funding and thought they would still need the crack sealing line item.

FD Zook continued on to the Street System Development Fund saying these funds were used for development projects. Staff was anticipating \$1.6 million in Street SDCs. There was also a new grant in this fund.

CE Hofmann clarified it was a Business Oregon grant for \$740,000 for the Crestview Crossing project. FD Zook said these funds were restricted for street development projects. Of the \$5 million, about \$3 million was being transferred to the street capital project fund.

BCM Andrews asked about the difference between Interest Receivables and Interest Earned. FD Zook responded the Interest Earned was the amount the City earned by investing its funds in the local government investment pool and the Interest Receivables was interest on the assessment installments.

BCM Morris asked about SDC estimates and their effects on contingencies. FD Zook replied that they would monitor the capital improvement projects and if the revenues did not come in they would have to reduce projects or fund the projects through contingency.

FD Zook moved on to the Street Capital Project fund. The revenues came from transfers from the Street Fund and Street SDC Fund. There were specific projects that would be done next fiscal year and he described how they would be funded.

BCM Andrews asked about the College Street bike and sidewalk project funding. FD Zook responded the funding came from the Gas Tax fund. BCM Andrews thought the City received a grant for the project. CE Hofmann answered it was not a grant from the state, but the City won a state transportation improvement program project and the City had to provide 10.27% of the total project cost. What was in the budget was the City's portion of the project.

BCM Reardon asked how many Street Fund transfers there were to the capital projects. CE Hofmann responded it was \$964,000 coming out of the Street Fund for the capital projects.

FD Zook reviewed the Wastewater budget which had a Rate Payer Fund and SDC Fund that were used for capital projects. The User Fees revenue line would be increased due to a fee increase recommended by the Citizens Rate Review Committee and due to consumption. A portion would go towards operations and a portion would go to capital projects. The beginning fund balance was down because they were spending money on projects and operations.

BCM Essin asked about the equal pay billing efforts. FD Zook said it shouldn't have an effect on revenues if it happened.

FD Zook discussed the Wastewater Engineering fund which had 20% FTE increases for the administrative support manager and interns as well as wage increases. There was a modest increase in materials and services. Regarding the Operations fund, personnel services increased 9% and there were minor increases in materials and services. One was the analytical lab testing which had more than doubled.

PWD Harris clarified the increase to the testing came from a new state regulation for testing for copper.

FD Zook moved on to the Wastewater Maintenance fund saying that the increase was due to deferred maintenance on the facilities. The increase in internal service charge for vehicles/equipment went into the reserve for future purchases. Personnel services increased 15% due to the new Public Works Supervisor position. This would provide better oversight and efficiencies. The materials and services went down 5%. Money in the private lateral rehab loan program was in the special payments category. It was a new program to address Inflow and Infiltration issues and he would report back about the successes next year.

BCM Andrews asked about the PERS and pension line items. FD Zook responded the Public Works collective bargaining union was on the City's retirement plan, but the new Public Works Supervisor would be outside of the union and would be on PERS.

FD Zook explained the transfers going into the Wastewater Capital Project fund. There was also funding in reserves to pay debt service. A portion of the Wastewater SDC fund went towards debt and a portion went to capital projects. In the 2017-18 budget about \$1.2 million was being transferred to projects. The rest remained in the contingency balance. He then described the Capital Project fund. The beginning working capital was zero, as they only transferred in what would be spent. There were no reserves in this fund. There was a list of projects that would be done in the next fiscal year.



BCM Morris asked about the Dayton Avenue pump station overflows into Chehalem Creek. CE Hofmann confirmed it was wastewater being dumped into the creek. It had been over two years since that had happened. BCM Morris asked if the City tested to make sure wells were not being contaminated. CE Hofmann responded if there was an overflow, testing had to be done. City Manager Joe Hannan asked staff to provide more information about testing creeks. CE Hofmann explained the testing the City was required to do was based on the effluent that was dumped into the Willamette River. They had to be below the testing limits to maintain their permit and if they went over the limits there were mitigation measures that had to be taken. Staff also documented current conditions of streams and monitored them regularly. BCM Morris followed up by asking if there were rules for individual citizens regarding contaminations. CE Hofmann responded people were not allowed to discharge contaminates into the storm drainage system as they went directly to the creeks, such as washing your car in your driveway. There were rules that could be enforced if they were not being followed.

FD Zook continued on to the Capital Project funds for water and stormwater and explained the funding sources for these funds. He then discussed the Water fund. The majority of the fund revenues came from user fees charged on the municipal services statement. Staff anticipated revenue of \$5.6 million for next fiscal year. There was a rate increase that would go into effect on January 1 as well. The Water Engineering Services fund also showed the FTE increase of the department support service manager and two interns. Materials and services were status quo overall. Capital outlay went down due to the implementation of a large software upgrade which was purchased in 2016-17 and did not need to be duplicated again.

BCM Reardon asked why the working capital amount went up and why it was so high. FD Zook replied it was a transfer from Water Reserve for projects.

FD Zook continued onto Water Fund Operations. There was a decrease in the personnel services due to .4 of an FTE being spent more on wastewater projects than water projects. Contractual Services increased for some additional studies including the Otis Springs study and safety studies. The internal charge for vehicles/equipment increased for a new vehicle replacing an aging pickup.

BCM Brown asked if the fire trucks used recycled non-potable water. PWD Harris answered 95% of the time they used a fire hydrant. There were circumstances where they would use river water. The recycled water was used during certain times of the day and piped up to the golf course and stored in some of the ponds. Fire trucks could fill up at the golf course with that water.

BCM Morris asked about the reduction in personnel services. PWD Harris responded a senior mechanic had been reassigned from the Water Department to the Wastewater Department and a non-senior mechanic went to the Water Department. That was where there was a decrease in the salary and wages. An office worker was also readjusted to be heavier on the wastewater fund than the water fund because she was using more time to work on wastewater materials and contracts.

BCM Morris asked about contractual services. FD Zook explained the studies that were being proposed. PWD Harris explained the amount changed from year to year as staff identified the projects to be worked on.

FD Zook continued onto Water Fund Maintenance which was status quo. There was a reduction in materials and services for purchase of computers. The Water Fund Loans referred to a line of credit the City extended to the Springs user group as part of their start-up costs. He discussed the transferring of \$1.5 million to Capital Projects. The Water SDC fund was used for water debt and if the water SDCs did not come in to the level that they needed to the City moved over funds from the Water Fund to the Water SDC Fund to cover it. There was a contingency amount and the remaining reserves for water capital projects were going up due to unspent funds. These unspent funds would be discussed by the Citizens Rate Review Committee and they could influence the rates.

FD Zook moved to the Stormwater Fund which was funded through user fees on the municipal services statement. There was an increase in the fee by 3% which brought the fee up to \$1.4 million. The expenditures included an increase in the personnel services for the interns and department support services manager. There were small increases in materials and services, admin support service internal charge, and franchise fee transfer into the General Fund. Regarding the Stormwater Maintenance Fund, personnel services were the same, there was a 17% decrease in materials and services due to the decrease in internal charges for computers. There was a transfer out to Capital Projects of \$800,000 and the ending fund balance was \$212,000. There were three reserve funds that were closed out and transferred to the existing

wastewater, water, and stormwater projects. There were also some historic funds that had no budget, such as the Stormwater CIP and Wastewater Finance CIP.

BCM Essin suggested moving the last agenda item to the next meeting.

BCM Wall thought they should save the remaining deliberations for tomorrow.

FD Zook continued to the EMS Fund which supported the contract payment to TVF&R. Part of the contract with TVF&R was in the first year the City loaned them \$500,000 and in the second year they were paying it back. There would be a transfer to the General Fund to offset the contract payment to TVF&R. Regarding the Debt Service fund, the revenues represented grants and transfers from other departments. Some of the bond debt was beginning to drop off as it was being paid off. The only new debt was for the WCCCA communications upgrade. The City Hall fund represented revenue from building permits and was used to pay debt on the City Hall remodel.

BCM McKinney asked when the debt would be paid off. FD Zook stated in the next two years.

FD Zook moved on to the Cable TV Fund. The City had these funds for a long time and would be using them to purchase some IT equipment to be used in disaster recovery. In 2016-17 the City started putting away funds in the PERS Rate Stabilization Reserve Fund for the PERS rate increase in 2017-18. Those funds were being moved back into the funds that contributed to the reserve fund as the PERS rates were going up in July. The Vehicle/Equipment Replacement Fund helped staff plan for future needs. Revenues came from various department funds and each department had a balance accumulated that they could spend throughout the year.

**MOTION:** Koschmann/Essin moved to discuss the remaining agenda items at the next Budget Committee meeting which would be tomorrow, May 10, at 6 p.m. The motion carried (12 Yes/0 No).

**NEXT STEPS:** The next meeting would be held on May 10, 2017.

**ADJOURNMENT:** The meeting was adjourned at 8:09 p.m.

**ADOPTED** by the Newberg Budget Committee this 24<sup>th</sup> day of April, 2018.

  
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Dan Keuler, Senior Accountant

**ATTESTED** by the Budget Committee Chair this 24<sup>th</sup> day of April, 2018.



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Beth Koschmann, Budget Committee Chair