

NEWBERG BUDGET COMMITTEE MINUTES
April 24, 2018, 6:30 PM
PUBLIC SAFETY BUILDING (401 E. THIRD STREET)

WELCOME

Chair Beth Koschmann called the meeting to order at 6:30 p.m.

ROLL CALL

Members Present:	Matt Murray	Patrick Johnson	Beth Koschmann
	Lon Wall	Bob Andrews	Brad Sitton
	Scott Essin	Denise Bacon	Jack Reardon
	Helen Brown	Elise Yarnell	

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/Bacon moved to approve the minutes from the April 15, April 25, May 3, May 9, and May 10, 2017 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 stated in order to receive the state shared revenues, the City had to give the public an opportunity to comment on the possible uses of these funds. There would be one hearing tonight, and another at a City Council meeting on June 4. He explained the types of revenues the City would receive, how much they anticipated receiving, and what the money was proposed to be used for.

Public Testimony: None.

FD Zook said staff's recommendation was to continue to use these funds to support the General Fund, Gas Tax Fund, and 911 Fund.

Chair Koschmann closed the public hearing.

MOTION: Wall/Essin moved to approve staff's recommendation for the use of the state revenues. Motion passed (11 Yes/0 No).

NEW BUSINESS

Outside Agency Requests for Contributions:

Homeward Bound Pets: Georgann Percival, Homeward Bound Pets Board Member, stated after two and a half years of planning, fundraising, and remodeling, Homeward Bound Pets opened a spay and neuter clinic in October of 2017. This served both dogs and cats and was more efficient and cost effective than the transporting program they had done previously. The clinic was open Tuesdays, Wednesdays, and Thursdays from 8 a.m. to 4 p.m. They kept the costs low so everyone could use their services and they offered discounts for low income. It was a challenge to keep the fees low and cover all of the expenses. They were going to all of the cities in the county asking for support so they could continue to provide service to all animals.

Ronnie Vostinak, Homeward Bound Pets Executive Director, said they were also starting to offer vaccination clinics. People from all over the County used their services and to keep their doors open they needed the support from the entire County.

Committee Member Wall asked for reasons why the City should be giving them money. Ms. Vostinak said it was expensive to spay or neuter pets and they helped make it affordable. Ms. Percival added that 60-70% of the surgeries were discounted. Ms. Vostinak said this was the County's first low cost spay and neuter clinic and it was important that they stay here. It was a vital part of the community. Spayed and neutered animals were healthier and every animal got one-on-one care.

Committee Member Wall asked if the animal shelter also provided these services. Ms. Vostinak said Homeward Bound had been in the community for 43 years. They could not just have a shelter, there needed to be a spay and neuter clinic as well to control the population of cats and dogs. Ms. Percival stated they were the only ones offering low cost spay and neuter services.

Committee Member Yarnell asked about their other sources of funding. Ms. Percival said the main source of funding for the clinic was the fees for surgeries and services, but most of those fees were discounted. They also did fundraisers and received donations and grants.

Councilor Murray asked how many Newberg citizens were utilizing these services. Ms. Percival said they had figures, but did not bring them. One of their main contributors was the City of McMinnville, but they did get funding from all over the County.

PUBLIC COMMENTS

Dave McCall, Kaiser resident, introduced himself and explained he was running for State Representative.

CONTINUED BUSINESS

Homeward Bound Pets Request: FD Zook explained the other requests for funds the City had received. There was not a line item for community support in the proposed budget. City Manager Joe Hannon added the City took care of animal control, but was not in the animal shelter business. They were entertaining an offer from the Animal Shelter Friends to purchase the animal shelter. The Newberg animal shelter did not offer all of these services, and the City had not paid for these types of services in the past.

Committee Member Reardon asked if any of these groups were funded in last year's budget. FD Zook said there was no funding for community groups in last year's budget.

Committee Member Yarnell asked about the Committee's discretion whether to fund the community requests. Chair Koschmann said they had not funded the requests in the last few years due to lack of funds. The Committee could recommend funding the requests, but the ultimate decision was the Council's.

Committee Member Wall thought Homeward Bound provided a good service and should be funded.

Committee Member Reardon was concerned that if they opened the door to one organization, others would request funds as well. He did not think the City should be funding these types of organizations.

Councilor Johnson said they were taking a lot of money out of reserves to balance the budget. He did not think they had the funds to give away and there were other programs that were just as important that they were not funding.

Councilor Essin was in favor of funding Homeward Bound because they provided an important service to the community.

Committee Member Wall said the most requests for funding they had received was from five organizations and he did not think they would be overrun with requests if they approved this.

MOTION: Wall/Brown moved to add \$1,500 in community support funds to the 2018-19 budget as requested by Homeward Bound Pets. Motion failed (4 Yes/7 No [Johnson, Reardon, Murray, Sitton, Andrews, Koschmann, and Yarnell]).

Your County Mediators Request: Councilor Murray supported community programs, but because they were using reserves to balance the budget, he did not think they should be funded with City money at this time.

Committee Member Wall thought the services of the Mediators off-set a number of expenses in the legal and court departments. He was in favor of funding the Mediators and thought it was justified.

Mayor Andrews asked where the funds would come from if this request was approved. FD Zook said he would be looking to the Committee for direction on that. It would mostly likely come from Contingency in the General Fund.

Mayor Andrews asked if it would come from the Enterprise Fund. FD Zook said no.

Councilor Johnson said using the Mediators was a way to save money on City services, but he did not know where the funds would come from.

MOTION: Yarnell/Wall moved to add \$15,000 in community support funds to the 2018-19 budget as requested by Your County Mediators.

Committee Member Yarnell suggested approving the funding with a contingency that it would be based on whether or not other expenditures could be cut in the proposed budget.

AMENDMENT TO THE MOTION: Yarnell/Wall moved to give Your Community Mediators \$15,000 contingent upon further deliberation and the Committee's ability to cut expenditures in the proposed budget totaling at least the amount requested.

Councilor Murray was in favor of the amendment as he thought there were things they could cut to fund the request.

Committee Reardon said if they were going to make cuts in other areas, then he was in support of the motion.

Committee Member Wall thought the Committee could question anything in the budget.

Chair Koschmann asked if there was a recommended percentage that cities normally had in their ending fund balance. FD Zook responded the best practice was 16%.

Councilor Johnson asked about the percentage that was being taken out of reserves and if more would need to be taken out next year if revenues were not increased. CM Hannan would get back to the Committee with the number. This budget was different from past years in needing to use reserves and staff would do what the Committee and Council directed them to do.

Councilor Essin was concerned that they had asked staff to come before them with a recommended budget for what they needed, and he did not want to go through every line item and cut funding for these other programs.

VOTE: The amendment to the motion failed (1 Yes/10 No).

The original motion failed (1 Yes/10 No).

Committee Member Reardon liked the idea of forming a committee to review these requests in the future.

Committee Member Brown thought either staff needed to give the Budget Committee more information or the applicants needed to provide more information to help them with these decisions.

CM Hannan said it was difficult to say no to anyone, and staff was focusing on the Council's priorities in the budget. If items did not fit with the priorities, staff did not recommend them. There was a budget deficit and the City was working on going to the voters for more funding.

Review of 2018-19 Proposed Budget: FD Zook continued his presentation of funds on Page 88 with the Public Works funds. The Street fund received gas tax revenues and he explained the gas tax increase that had been passed by the legislature in 2017. That would be used for street projects as well as the Transportation Utility Fee that was put in place in 2017-18. He then gave an overview of expenditures with an increase in Materials and Services. For the Non-Departmental transfers out, those funds were transferred to the Street Capital Project fund. The Street SDC fund went down due to the lack of commercial and industrial development in the City. The SDC fund revenues transferred into the Capital Project fund for street projects. The list of projects could be found on page 98.

Committee Member Reardon asked why there was a large amount of Contingency in this fund. Public Works Director Harris responded the money would be used for some upcoming large projects so they would not have to go in debt for the projects.

Councilor Johnson asked about the use of TUF moneys. PWD Harris responded the money would be used for repairing streets, and he read the list of projects that would be done.

Councilor Johnson added some of the projects were being done in partnership with ODOT. It was good that they had the extra in Contingency in case those projects went over budget. PWD Harris said the City would be responsible for cost overruns, and he was hopeful that it would not be a problem. These funds did not come from the General Fund, but were dedicated funds from the gas tax and TUF and could only be used for this purpose.

Committee Member Reardon asked about the sidewalks on Springbrook. PWD Harris gave a history of Springbrook and explained the wider sidewalks were due to the interconnectivity to the Bypass Trail that was planned for the future.

FD Zook discussed the Wastewater fund next. The revenues came from the City's wastewater fee. He explained how the recommended rate increases came from the work of the Citizens Rate Review Committee. He then spoke about the expenditures which were status quo. The proposed budget had a 7% privilege tax, which was like a franchise fee, that went into the General Fund. There was an employee that moved from operations into maintenance. Under Non-Departmental, there were transfers out to the Capital Project fund. There was also a Wastewater SDC fund that was used for projects as well. The Wastewater fund had debt service from the Wastewater Treatment Plant expansion. The capital projects list was detailed on page 110.

There was discussion regarding bank fees.

FD Zook continued on to the Water fund. The fund received revenue from rates as well, which had also been reviewed and recommended by the Citizens Rate Review Committee. This fund was status quo. There was also an increase to the privilege tax and Non-Departmental funds were being transferred out to the Water Capital Project fund. There was a Water SDC fund for projects, however this fund did not have enough in it to contribute to capital projects and would go to debt service. He pointed out that Fund 4 was comprised of wastewater, water, and stormwater in one capital project fund. The details of the water projects were on page 124.

FD Zook discussed the Stormwater fund next. The fund received revenue from rate payers. It was a status quo budget. The transfers out went to the Stormwater Capital Project fund. There was a Stormwater SDC fund which would be used for capital projects as reflected on page 127.

FD Zook continued on with the Miscellaneous funds. He explained how the Debt Service fund expenditures were divided between principle and interest. It was debt that had already been issued and was following a payback schedule. The communications upgrade was new for 2018-19. It was \$3.1 million and the first payment would be made in December 2018. He then explained the revenues for the fund. The City was no longer issuing general obligation bond tax, however they were still receiving delinquent payments. There was a federal exchange grant for the Bypass project and transfers in from other funds to contribute to the debt repayments.

Committee Member Reardon asked about Bypass loan. FD Zook responded the Bypass loan was the City's contribution towards the project which was \$2.2 million. Assistant Finance Director Lippard responded that the last payment would be made in 2030.

FD Zook reviewed the City Hall fund. This was a fund for the City Hall remodel fee. The remodel happened several years ago and the fee would end in 2018-19 as there was enough revenue to pay off the remaining debt.

NEXT STEPS: The next meeting would be held on May 1, 2018.


ADJOURNMENT: The meeting was adjourned at 8:29 p.m.

ADOPTED by the Newberg Budget Committee this 30th day of April, 2019.



Dan Keuler, Senior Accountant

ATTESTED by the Budget Committee Chair this 30th day of April, 2019.



Beth Koschmann, Budget Committee Chair