

**NEWBERG BUDGET COMMITTEE MINUTES**  
**April 20, 2019, 9:00 AM**  
**PUBLIC SAFETY BUILDING (401 E. THIRD STREET)**

Chair Beth Koschmann called the meeting to order at 9:00 a.m.

**ROLL CALL**

Members Present:	Beth Koschmann	Timothy Carpenter	Molly Olson
	Solomon Allen	Rick Rogers	Elise Yarnell Hollamon
	David Bonn	Stephanie Findley	

Absent: Mike Corey, Patrick Johnson, Jack Reardon, Denise Bacon, Brad Sitton, and Elizabeth Curtis Gerneroy

Staff Present: Joe Hannan, City Manager  
Matt Zook, Finance Director  
Caleb Lippard, Assistant Finance Director  
Doug Rux, Community Development Director  
Jay Harris, Public Works Director

**BUDGET PROCESS ORIENTATION & TRAINING:**

**Staff Presentation – Budget Basics and Meeting Overview**

Finance Director Matt Zook discussed the role and process of the Budget Committee. The Committee was made up of 14 members. There were seven elected governing body members and an equal number of qualified City voters appointed by the governing body. A quorum was a majority of the total membership of the Committee, i.e. 8 members. Any Budget Committee action required an affirmative vote of a majority of the total Committee, not merely the majority of members present. A budget was a financial plan that included estimates of expenditures and revenues for a single fiscal year. Key actions taken by the Budget Committee were to approve the budget and set and approve the amount or rate of property taxes to be imposed. The City's permanent tax rate was \$4.3827 per \$1,000 of assessed value, but the Charter limit for FY2018-19 was \$2.5000 per \$1,000. They rate could be increased by 3% annually, so the FY2019-20 limit would be \$2.5750 per \$1,000. All Budget Committee meetings would be held at the Public Safety Building. The budget must be adopted before June 30. A budget calendar provided adequate timeframes to accomplish each step. He then reviewed the dates for the scheduled meetings. The first meeting would be on April 23 where the Budget Message and fund presentations would be given. The next meeting would be on April 25 for a continuation of the fund presentations.

Committee Member Rogers asked why the budget was published without the Budget Message. FD Zook said they used to include the Budget Message but that had been changed by the state this year. He agreed it was awkward and he planned to revisit it.

Committee Member Rogers said they ran the risk of people making their own interpretations about the budget without that framework and it was not framed the way they would like it to be framed.

FD Zook said the third meeting would be on April 30 where a State Shared Revenues public hearing would be held to discuss the possible uses of the funds. Based on per capita formulas, certain revenues collected by the state were distributed among cities including taxes on liquor, cigarette, gas, marijuana, and phone (911 tax). They would also consider requests for external funding and continuation of fund presentations. The fourth through seventh meetings were May 2, 7, 14, and 21. Not all the meetings were necessary. These would be for wrap up fund presentations, Committee deliberation, approval of the budget, and setting the taxes. At the June 3 City Council meeting there would be a public hearing on the budget and a public hearing on the proposed uses of Stated Revenue Sharing funds. The Council would also consider adoption of the budget, which would have four components in one resolution. Those components were: adopting the budget as a total number (\$93 million for FY 2018-19), making appropriations (legal spending authority), imposing the tax (declaration of each levy as amount or rate), and categorizing the tax (education, general government, or

bonded indebtedness). They did this because it was required by Oregon state law and to provide a public process to receive comments and questions. The resources in the budget included carryover or beginning fund balance, property taxes, charges for services, franchise fees, grants, bond proceeds, donations, interfund transfers in, and interest revenue. The requirements of the budget were: personnel services, materials and services, capital outlay, debt service, special payments, interfund transfers out, contingency, reserved for future expenditures, and unappropriated ending fund balance. He reviewed some of the terminology used in the budget including appropriations and non-appropriations, supplemental budget categories, appropriation levels, and budget categories. Once the budget was approved, changes to the budget could occur due to unforeseen circumstances unknown at the time of budget preparation. A supplemental budget could be done for these purposes: appropriate new revenue, create a new fund (a new fund could be created by the adopted budget resolution as well), and create a new appropriation category that did not exist in the current budget. It was good through the end of the fiscal year, could not be used to impose new taxes, and could not be used to spend from the unappropriated ending fund balance except for a civil disturbance or natural disaster. If expenditures in any fund were adjusted by 10% or less, the governing body adopted the supplemental budget via resolution without a public hearing or special newspaper notice. If the expenditures in any fund were adjusted by more than 10% or created a new fund or new appropriation category, a public hearing must be held with public comment before adoption. Newspaper publication of the summary of changes for the funds was required. There were typically one to two supplemental budgets per year. Staff tried to do them mid-year and towards the end of the year. They wanted to make sure the supplemental budget was done before the appropriation went overspent. He usually put a notice in the paper for supplemental budgets whether or not it was required. A resolution transfer was a transfer between appropriation categories within a fund. There was no net increase in total appropriations. The most common type was from Contingency to an appropriation category from which the funds would be spent. No expenditures were spent directly from Contingency. Transfers from Contingency greater than 15% in one year required the use of the supplemental budget process. The Oregon Department of Revenue local budget law website had resources on local budgeting in Oregon designed for the public and Budget Committee members and a local budgeting manual. Regarding public meeting rules, discussions needed to take place in a public meeting. Committee members were strongly encouraged to discuss the budget with others not on the Budget Committee, but were to take strict care to avoid Committee deliberation among Committee members that should be conducted at the public meeting. Questions and requests for information should be directed to the Budget Committee Chair, Finance Director, and Budget Officer (City Manager) who would coordinate to provide answers at the next meeting for the benefit of the full Committee. The process would begin with the delivery of the Budget Message along with the presentation of funds in the order of the table of contents. The presentation would include FY 2019-20 numbers with highlights of major changes. These changes were described in the corresponding narrative. Additional items this year were a presentation of the unfunded department priorities and a presentation of budget reductions of 5%.

**CITY FACILITY TOUR:** The Committee toured the Public Safety Building, Public Works Maintenance Yard, Water Treatment Plant, Wastewater Treatment Plant, and the Library.

**LUNCH**

**ADJOURNMENT:** The meeting was adjourned at 1:00 p.m.

**ADOPTED** by the Newberg Budget Committee this 28<sup>th</sup> day of April, 2020.

  
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Dan Keuler, Senior Accountant

**ATTESTED** by the Budget Committee Chair this 28<sup>th</sup> day of April, 2020.



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Beth Koschmann, Budget Committee Chair

**NEWBERG BUDGET COMMITTEE MINUTES**  
**APRIL 23, 2019, 6:30 PM**  
**PUBLIC SAFETY BUILDING (401 E. THIRD STREET)**

**WELCOME**

Chair Beth Koschmann called the meeting to order at 6:32 p.m.

**ROLL CALL**

Members Present:	Mike Corey	Timothy Carpenter	Beth Koschmann
	Elizabeth Curtis Gemeroy	Jack Reardon	Molly Olson
	Solomon Allen	Stephanie Findley	Brad Sitton
	David Bonn	Denise Bacon	Elise Yarnell Hollamon
	Patrick Johnson		

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	

The Committee introduced themselves and told how long they had served on the Budget Committee and/or City Council.

Councilor Johnson arrived at 6:36 p.m.

Councilor Yarnell Holloman arrived at 7:00 p.m.

**ELECTION OF CHAIR AND VICE-CHAIR**

**MOTION:** Reardon/Corey moved to retain Beth Koschmann as Chair and appoint Brad Sitton as Vice Chair of the Budget Committee for 2019. Motion passed (12 Yes/ 0 No).

**NEW BUSINESS**

Budget Message: City Manager Joe Hannan delivered the budget message. Currently the State had a rule that the budget message was to be given to the Budget Committee the first time they met. Staff was clarifying this rule with the State to see if they could send the budget message out with the budget document. The 2019-20 budget reflected Newberg as a modestly but steadily growing community. This was a balanced budget as required under Oregon budget law. The City had a permanent tax rate of \$4.38 per \$1,000 of assessed value. The budget proposed a tax rate of \$2.575, a 4% increase in water rates, 3.5% increase in wastewater rates, 9% increase in stormwater rates, and no change in the Transportation Utility Fee. To accomplish a balanced budget in the General Fund, \$1.27 million was committed from reserves. This left the reserve at \$2.7 million. Two additional fees were proposed to balance the budget, an increase in the Public Safety Fee of \$3 per month per household and an increase in the franchise fee for Waste Management from 5% to 7% which represented a \$0.43 per month increase in the smallest cart. There was a structural deficit in the budget, and the plan for the 2019-20 and 2020-21 fiscal years was to close the deficit by considering cuts to current operations and adding new revenues. The 2018-19 budget performed better than expected because of additional unexpected one-time revenues, deferring planning studies, and conservative spending. Some of these unexpected revenues came from a statewide settlement with Comcast, a new telecommunication franchisee, more franchise fees from PGE than expected, more development fees than expected, and sale of the Animal Shelter. The 2019-20 budget proposed more expenditures than projected which created a \$1.27 million structural deficit with a proposed ending fund balance of \$2.7 million. He recommended if the Budget Committee and Council chose to use the Public Safety Fee to close the budget gap, that it would be referred to the voters. The \$3 per month increase proposed did not completely fill the gap. He also proposed a 2% increase in the solid waste franchise fee to fill the rest of the gap. He explained the reasons for using these two options. The Council set the priorities for the City and he discussed how those were being funded with this budget. The majority of the budget was spent on personnel and the budget included a 3% cost of living increase except a 2.5% increase in Public Works with a one-time bonus of a half percent. This was a status quo budget in the General Fund and no new

positions were proposed. There had been an increase in PERS and all new employees were now going to PERS instead of the City's retirement plan, NERS. Medical insurance costs went up 6%. He spoke about the Police Department's community outreach efforts and how Newberg was the second safest city in the state. The 2019-20 budget included the second of ten payments for the communications upgrade project. There were information technology upgrades in the budget and he explained how the Transportation Utility Fee combined with gas tax funds, SDC fees, grants, and partnerships would be used for street improvement projects. He then discussed the improvements that were planned for the water, wastewater, and stormwater systems as well as economic development efforts and changes to financial policies.

Presentation of Funds: Finance Director Matt Zook described the new format planned for the presentation of the funds. He invited the Committee to email questions to staff throughout the week and he could bring back the answers as they discussed that department or he could set aside time at the end for Q & A. If a question had to be tabled, staff would track those to make sure an answer was brought back. He described the process that each department would be presenting slides of their unfunded priorities and would discuss what a 5% cut to the General Fund and Administrative Support Services Fund would look like.

FD Zook discussed the overall summary pages and the total budget amount as well as the FTE summary. There were no new positions in the General Fund or Administrative Support Services budgets, however there was a new half time employee in Public Works and a shift in an FTE in the Police funding structure.

#### General Fund – Revenue:

FD Zook described the types of revenue in the General Fund. This budget anticipated a 4.3% increase in assessed value for property taxes and the rate change from 2.5 to 2.575. There was a one-time payment of \$188,000 made by Comcast in 18-19 which created a lower anticipated revenue in the 19-20 budget. The franchise fees would go up marginally and there would be an increase of the solid waste rate from 5% to 7% this year, generating approximately \$80,000 per year in revenue. There would be a new telecommunications franchisee as well. He discussed the projections related to Transient Lodging Taxes which would go up about 3% as well as State Shared Revenues. He commented on other projections and proposals relating to different revenues such as community development fees, marijuana taxes, dog licenses, EMS user fees, and interest revenue.

Committee Member Reardon asked about the City's portion of the Transient Lodging Tax. FD Zook said the Transient Lodging Tax was split between Tourism and the General Fund. He explained the changes to the law that had affected the math behind the approximate 65% of the taxes going to the General Fund and 35% to Tourism. Committee Member Reardon asked if that was set in stone. FD Zook responded that it was a state law. Committee Member Reardon noted that he asked because of the large amount of money involved.

#### General Fund – General Government:

FD Zook mentioned that the decrease in the FTE had to do with the Sergeant at Arms position that attended Council meetings being removed. He noted that Professional Services included funds for lobbying.

CM Hannan said the lobbying funds had to do with working with Westrock and the sale of the mill.

FD Zook said there was also a new line item called Community Support which was a contribution for the Willamette Falls Locks.

CM Hannan said each department would discuss what was not funded in this budget as well as what would be cut if needed. He spoke on the General Government, noting that if \$10,000 needed to come out of the General Fund, there were a few items that would be available to be cut including the League of Oregon Cities (LOC) Foundation contributions, the LOC Conference attendance, mayoral expenses, as well as the City's contribution to transit services.

Councilor Findley asked about the Contractual Services line item. City Recorder Ryan said that the line item was for outside counseling, meeting legal requirements, and payment of dues. She designed it based on estimates from the past. CM Hannan added that he put an amount equal to what TVF&R used for community engagement. This would be used for community outreach on the options to close the funding gap.

Councilor Yarnell Hollamon asked where they came up with the transit costs of \$18,000. CM Hannan responded that it was the voluntary amount from the City. Some years ago the County asked cities to contribute and Newberg chose to contribute \$18,000 over the last 3 years.

Councilor Yarnell Hollamon clarified it was the City's decision on how much. CM Hannan confirmed that was the case. FD Zook pointed out that it was the amount the County asked for in the past and that the City had rolled forward. Councilor Hollamon Yarnell asked about the reason why they recommended to cut this line item and not others. CM responded that these were not recommendations, just options if they decided cuts needed to be made.

#### General Fund – Municipal Court:

FD Zook said there were no significant changes to the Court budget. He pointed out that there was a vacancy in the part time court clerk position. When they replaced that position, the position would be eligible for PERS. If they had to do a 5% cut, it would be a reduction in personnel.

Councilor Findley asked about the Court Costs increase. FD Zook explained that was for new ergonomic desks.

FD Zook commented that even though they did not have a Fire Department any longer, it must be included for historical information.

#### General Fund – Library:

FD Zook pointed out that the Library Director and a part time Library staff member were retiring which would result in a reduction in personnel costs as replacements came in at lower steps. There were costs included for payouts of vacation time for those tenured staff and there were costs in 18-19 for recruitment of a new Director.

Library Director Leah Griffith presented the unfunded library priorities. She commented that they had always had limited hours. She tried to focus on the great offerings and programs run by the library and how they had prioritized those services over the hours in their philosophy. She would like the library to be open on Sundays for the community, a full time position available for a staff with Masters in Library Science, and a remodel for the front entrance.

Councilor Curtis Gemeroy asked if staff had looked at grants for the front entrance. LD Griffith said that for the Childrens Room remodel she had found that it could be tough to get grants for remodels that were not exciting or serving other purposes. Unless the front entrance was a part of an expansion of the Cultural District, she did not think there would be grants for the project.

Councilor Yarnell Hollamon asked why there were no health benefits for part time employees. FD Zook said most part time employees elected not to have health insurance due to the cost.

Councilor Yarnell Hollamon asked if they were at the practice of trying not to hire full time employees to avoid benefits. LD Griffith answered that there were part time employees based on the hours needed for the positions. The part time positions were the most effective for the library and they had vacation, holiday pay, and sick leave.

Councilor Yarnell Hollamon asked if they could get numbers of how many people who were part time that would elect to get benefits. LD Griffith said she had only known about one library employee who went through the process of getting benefits as a part time employee. Without part time employees, scheduling would not work properly.

Committee Member Bonn asked if part time employees could choose to receive benefits. LD Griffith said that it was through the ACA that they could choose to get benefits, but they would have to pay part of it. If they were already covered through a spouse, they would not logically want to elect benefits.

LD Griffith discussed the possible cuts of over \$90,000. They would need to cut the materials budget by 50%, which in the past had been grossly underfunded and only very recently it had been better. Another cut would be in staffing, and the Latinx position could be cut or contracted out. She commented that the position had been very beneficial.

Committee Member Sitton asked how many days a week the library was open. LD Griffith answered 5 days, Tuesday through Saturday.

LD Griffith also commented that a reduction in capital outlay by \$10,000 was possible, but it would affect the ability to improve the Director's office space.

Committee Member Sitton asked about the statistics on patrons and checkouts. LD Griffith discussed some trends in check-outs and number of patrons. They were growing about 5-6% annually.

LD Griffith said another cut could be reducing more staff and hours.

Committee Member Allen asked about the audio-visuals available at the library. LD Griffith said they still bought CDs and DVDs and explained the other e-items they had access to. She then discussed Fund 22, the Grant fund. The money that came into this fund had requirements and therefore the Committee did not have much ability to change it. She commented on the many great things these donations and grants provided. She was proud of how great their programs were and how they impacted people's lives.

Chair Koschmann thanked her for her work.

Councilor Corey left the meeting at 8:33 p.m.

**PUBLIC COMMENTS:** None.

**NEXT STEPS:** The next meeting would be held on Thursday, April 25, 2019.

**ADJOURNMENT:** The meeting was adjourned at 8:38 p.m.

**ADOPTED** by the Newberg Budget Committee this 28<sup>th</sup> day of April, 2020.

  
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Dan Keuler, Senior Accountant

**ATTESTED** by the Budget Committee Chair this 28<sup>th</sup> day of April, 2020.

  
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Budget Committee Chair

**NEWBERG BUDGET COMMITTEE MINUTES**  
**APRIL 25, 2019, 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:	Mike Corey	Timothy Carpenter	Beth Koschmann
	Patrick Johnson	Jack Reardon	Molly Olson
	Solomon Allen	Rick Rogers	Brad Sitton
	David Bonn	Denise Bacon	Elise Yarnell Hollamon

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

**CONTINUED BUSINESS**

Presentation of Funds:

Chair Koschmann offered an opportunity to ask any questions about the Library Fund. No one had questions.

Community Development Director Rux reviewed the Planning Fund. They were starting to see a slow-down in the economy and revenue expectations were down. CPRD was increasing their SDC fees and there would be an increase in the Construction Excise Tax. They were wrapping up their grants and otherwise it was a very status quo budget. Regarding the unfunded department priorities, number one was staffing. There were 29 initiatives on the books to address housing affordability and to do all of that would require another employee, an Associate Planner which would be about \$122,000. In order to meet a 5% budget reduction he would need to reduce the Assistant Planner position from 1.0 FTE to .3 FTE, which would encumber important tasks and slow work progression. The second reduction would be to terminate the UGB expansion process. The third reduction would be to not fund the Economic Opportunity Analysis and the fourth reduction would be to terminate the Downtown Improvement Plan implementation.

Committee Member Bonn asked if the Assistant Planner position was currently staffed. CDD Rux said it was staffed.

Committee Member Allen asked where the Downtown Improvement Plan was within the budget. CDD Rux said in Professional Services.

Mayor Rogers asked if it was prudent to continue on the UGB expansion if they were uncertain about the Westrock and Springbrook properties. CDD Rux said yes, pointing out there was already a deficit of employment land.

Committee Member Allen asked why Professional Services dropped more than half. CDD Rux said they had budgeted this year to do the Mill District, and it did not get done. It was being re-budgeted from 18-19 to 19-20.

Chair Koschmann asked if downtown growth was effected by not having staffing. CDD Rux said there were currently four staff members including him and the work was metered out accordingly. Reductions would be taking things away from the long range planning program. They wanted to start implementing the Downtown Plan and working on the UGB expansion process.

Chair Koschmann asked if those projects were not getting done because of lack of staffing. CDD Rux responded it was difficult to meter all of the work out and respond to the current planning workload.

Councilor Johnson asked about the cost for residential, commercial, and industrial. CDD Rux responded for industrial for every \$1 in taxes, it cost \$0.25 to service it. For commercial for every \$1 in taxes it cost \$0.45 to service it and for residential it cost \$1.50-\$1.75 for services.

Councilor Johnson said if there was a structural deficit, it was in the City's best interest to get more employment land than to build their way out through residential. CDD Rux responded residential would not be the way to do it as it had to be balanced out with the employment lands.

Mayor Rogers asked about the unfunded position, whether or not it would be dedicated to housing initiatives. CDD Rux said yes.

Mayor Rogers asked if there was an Affordable Housing Specialist in other jurisdictions. CDD Rux said not for a community of this size.

Mayor Rogers asked if Crestview Crossing was included in the numbers. CDD Rux responded no, it would show up in the building side in the 20-21 budget.

Committee Member Reardon asked about the economic slow-down and if it included a lot of the projects that were already planned. CDD Rux responded that some projects were moving forward that had completed the approval process and he provided some examples. They were not seeing anyone come forward about new subdivisions.

Committee Member Reardon asked if they included apartments. CDD Rux said yes and provided examples.

Police Chief Casey reviewed the Police Fund. The Police Department was made up of 50 employees and the last time they added officers was in 2010. The Police Station was accredited. They had a 911 center with enhanced 911. The top unfunded department priority was staffing as they could currently use two additional officers to accommodate for the growth of the City. They should have an additional Traffic Safety Officer and a School Resource Officer. He showed a graphical comparison to other police stations in the state. He also showed the progression of expected growth as well as call volume. He mentioned that 63% of Police Officers' time was spent working on calls and writing reports, and that it should be 45-48% according to national recommendations. He would like to have four officers on each shift, but right now they did not have enough staffing for that. They had 21 patrol officers, and they would need 27 patrol officers to have four on each shift. They had 84% of patrol staff present at any given time and they had to fill shifts if someone was absent. He also showed a breakdown of the time spent geographically as well as by classification. He explained that 15% of the calls were being taken by Sergeants, who were supposed to be supervisors not being tied up with calls. If they had more patrol officers, that number would go down.

Chief Casey continued by stating that the second unfunded department priority was body cameras. The initial cost was not too high, but that the ongoing cost would be based on needing off-site digital storage agreements. The third unfunded priority was an E-ticketing system rather than using pen and paper and hand entering the citation data.

Councilor Yarnell Hollamon asked if that system would impact the time officers were tied up with reports. Chief Casey said they wrote about 5,000 citations per year. They typically wrote more warnings than citations.

Committee Member Bonn asked how many traffic stops total. Chief Casey said about 8,000 per year.

Committee Member Sitton asked if the School District paid the School Resource Officer's salary. Chief Casey responded yes, their contribution was \$35,000.

Finance Director Zook responded that the \$35,000 was a third of an entry level officer.

Committee Member Olson asked if there had been issues with a lack of supervision capabilities based on staffing. Chief Casey said they were not currently experiencing problems with sergeants not being able to supervise, but the potential was there. They had other duties beyond supervision that sometimes tied them up and it was not good practice.

Committee Member Bonn asked if they had researched grants for the body cameras. Chief Casey said yes, but they had not been able to apply due to timing. Also the grants often came with a matching requirement.



Committee Member Bonn asked about the ongoing costs for the body cameras. Chief Casey said it was a quote from one of the vendors.

Committee Member Bonn thought it was low based on his experience. There would be additional work involved with redaction and public records requests.

Mayor Rogers asked if there were neighboring cities that used body cameras, and what Chief Casey thought about the Public Safety Fee increase. Chief Casey said most of the cities to the north and west of Newberg used them. The last time they did an increase, it was put on the ballot and almost 70% supported the increase. He thought there was community support for the Police Department. They had a police contract with the City of Dundee and they were paying for four officers and the Public Safety Fee was paying for three officers. They raised \$1 million in revenue within the Police Department which also helped fund some officers.

Councilor Johnson said Newberg was just ranked as the second safest city in Oregon according to a recent study. If they were ranked second, how did they need more officers when they were doing great in the statistics. Chief Casey said there was more to it than crime rates and stats. There was officer safety to consider and the capability of covering time slots with not enough officers. They had done a lot of programs internally with the people that they had to make Newberg safer.

Councilor Bacon added that the SRO was one of those preventative programs. Chief Casey agreed and pointed out that many things affected the crime rate.

Councilor Johnson said in 2009 they added officers with the Public Safety Fee. He asked if those fees were set to add annual cost of living increases. Chief Casey responded no, as the growth of the community would pay for those increases. They were projecting that the Fee would be in the red in a few years. FD Zook explained that the entry cost for an officer was \$125,000 and the Fee raised about \$112,000. As there was officer turnover, the Fee was paying for the lowest cost officers to keep it balanced. As the Fee compressed over time, the General Fund would have to make up the difference.

Councilor Johnson said as a policy discussion, they would need to think about including a cost of living increase to the Fee. The budget proposed moving one officer from the General Fund to the Fee which would be increased by \$3. This was not adding an officer, but shifting how they were paying for a current officer so they did not have to cut from the Police Department to balance the General Fund. FD Zook responded yes, the proposal was a \$3 increase to the Fee. There were some hoops to go through to increase the Fee which would take about six months and they were only proposing to move over one officer.

Councilor Johnson asked if the next year there would be more officers moving to that fund. FD Zook responded it could be for existing staff or additional staff. That would be the direction of the Council.

Mayor Rogers said the projection was to add 100 houses as well as some commercial additions this next year. If they had 35 officers for a population of 24,000, and if they added 400 more people, would that match the number of officers they already had. Chief Casey said it would be sufficient for now, but the calls for service would go up as the population increased.

Chief Casey continued onto the Communications Fund pointing out that there were no unfunded priorities and that current projects would be funded in this budget. If they had to reduce their budget, it would result in three officers and one communications officer going away.

Committee Member Olsen asked what that would result in. Chief Casey said it would be a detective, a SRO, and traffic position. They would keep patrol full as that was the priority.

Councilor Johnson asked if staffing levels had gotten better in the 911 Center over the years. Chief Casey said there had been a reduction in call volume due to the Fire Department going away. There was a need to keep the chairs full and have more than one person at all times. They had 10 currently and that was the bare minimum.

Committee Member Bonn asked if the officer reduction would affect officer safety. Chief Casey said yes, it would have an impact. Committee Member Bonn asked if it would reduce the productivity of the team. Chief Casey said yes, that a

reduction in the staff resulted in less availability time. Committee Member Bonn asked if it affected time off and officer fatigue. Chief Casey said yes, fatigue was a concern.

Committee Member Allen asked if the call center serviced other communities. Chief Casey said yes, and gave some examples.

Chair Koschmann enacted a five minute recess.

Committee Member Reardon asked staff to determine the permanent tax rate of other cities vs. Newberg.

Councilor Johnson asked if Chief Casey coordinated with City Hall regarding public communications and outreach. Chief Casey said yes, they had someone in charge of public relations and someone in charge of community outreach. They managed their own Facebook page as well. Councilor Johnson asked if there was a dedicated PIO. Chief Casey said yes, he did Patrol as well. Councilor Johnson asked if they did events, did they get assistance from City Hall with their events. Chief Casey said they did it internally, but were willing to work as needed with City Hall. Councilor Johnson asked if they shared between each other the events they put on. Chief Casey said their community outreach was different from other City events. They did everything they needed to do internally.

Committee Member Sitton asked about the increase in internal charges for forensic equipment. Chief Casey said that was to purchase software and hardware for the forensics lab. They had many successes with the computer forensics program.

Committee Member Sitton asked if anyone else provided these services. Chief Casey said no one else in Yamhill County. He also pointed out that they worked with the FBI and the Secret Service and Homeland Security. In return for the work, these organizations gave Newberg training and equipment.

Chair Koschmann asked if a photo redlight program would be helpful in safety or revenue. Chair Casey gave his opinion of the lights saying he was not in favor.

Committee Member Bonn asked what happened to the one they had. Chief Casey said ODOT took it out for the Bypass.

FD Zook said they had completed the General Fund and he explained the Fund Presentation Tracker. He then reviewed Administrative Support Services revenues. This was an internal service fund that charged out all of the time, materials, and services to those that it served. These departments were the City Manager, HR, Legal, Finance, Utility Billing, IT, and Code Enforcement. This helped lessen the strain on the General Fund and he explained that each department used a certain methodology or formula for how much it charged. Every year they had a fund balance target of 5% and if it got higher than the 5%, they would undercharge the departments. If departments underspent, they were given the money back. This fund was monitored very closely and fairly.

Committee Member Allen asked what he meant by giving the money back. FD Zook explained they used the same allocation formula that was used to charge the departments and gave it back to every fund that contributed.

Councilor Johnson asked about the formula. FD Zook responded it was based on estimates of time to perform the services and the averages of what had been done in the past.

Mayor Rogers asked if they had looked at standardizing the formulas and methodologies so all the departments used the same one. FD Zook said no, if it were generalized it would take out the preciseness of what each department did.

FD Zook then reviewed the City Manager Fund expenditure changes saying that employee recognition was being removed from the Human Resources Fund and put into this fund. The Professional Services line was dropping by 45% as some training that happened this year was not expected to happen next year. The Materials and Services went up by 16%.

Committee Member Reardon pointed out the Personnel Services increase which reflected the PERS increase. He also stated that there was a 10% increase to all the departments from the previous year. CM Hannan said those would be reviewed through the Budget Committee meetings.

CM Hannan said the only unfunded priority in this fund was management training. If there was a 5% decrease in the budget, the cuts would be in Professional Services as well as Materials and Services for Community Engagement.

Councilor Yarnell Hollamon asked what Community Engagement did. CM Hannan said that she was the City's PIO. She dealt with contacts with the media, press releases, maintaining webpages, liaison to other community groups, engaged with high school students, and helped with certain projects.

Chair Koschmann asked how the success of her work was measured. CM Hannan responded it was through feedback from internal clients, surveys, and the growth of the number of people engaged on the website.

Councilor Yarnell Hollamon encouraged that position to come in and bring stats and explain specifically what that person had done to increase community engagement. CM Hannan discussed how this position helped the Police Department and community events. He would have her come to a Budget Committee meeting to discuss these items further.

Councilor Johnson was confused about the non-departmental insurance. FD Zook clarified the premium they paid to CIS was for property and liability. He explained the reasons for the increase.

**PUBLIC COMMENTS:** None.

**NEXT STEPS:** The next meeting would be held on Tuesday, April 30, 2019.

**ADJOURNMENT:** The meeting was adjourned at 8:34 p.m.

**ADOPTED** by the Newberg Budget Committee this 28<sup>th</sup> day of April, 2020.

  
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Dan Keuler, Senior Accountant

**ATTESTED** by the Budget Committee Chair this 28<sup>th</sup> day of April, 2020.



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Budget Committee Chair

**NEWBERG BUDGET COMMITTEE MINUTES**  
**April 30, 2019, 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:	Mike Corey	Timothy Carpenter	Beth Koschmann
	Patrick Johnson	Jack Reardon	Molly Olson
	Solomon Allen	Rick Rogers	Brad Sitton
	David Bonn	Denise Bacon	Elise Yarnell Hollamon
	Elizabeth Curtis Gemeroy		

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
	Anna Lee, Human Resources Director	Truman Stone, City Attorney

**CONSENT CALENDAR**

**MOTION: Bacon/Curtis Gemeroy** moved to approve the minutes from the April 17, April 24, and May 1, 2018 Budget Committee meetings as submitted. Motion carried (13 Yes/0 No).

**STATE REVENUE SHARING PUBLIC HEARING**

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

Finance Director Matt Zook presented the staff report. The City received these revenues on an annual basis and he explained the sources of the revenues including liquor, cigarette, marijuana, gas, and 911 taxes. Staff recommended the liquor, cigarette, and marijuana revenues go to the General Fund to support General Fund services, the gas revenues go to the Street fund, and the 911 revenues go to Dispatch.

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: Reardon/Rogers** moved to approve staff's recommendation for the use of the state revenues. Motion passed (13 Yes/0 No).

**NEW BUSINESS**

Outside Agency Requests for Contributions:

Homeward Bound Pets: Ronnie Vostinak, Homeward Bound Pets Executive Director, was requesting help with their Angel Fund and Shelter Medical Fund. The Angel Fund was used to provide emergency medical expenses for Yamhill County citizens who were below the poverty level whose pets were in urgent need of medical care that would probably otherwise die without it. In 2018 the Angel Fund had to be closed down twice because of lack of funds. They spent \$18,966.53 plus \$2,700 in administrative costs for the 94 cats and dogs they were able to help. Twelve of those animals came from Newberg with an average of \$200 per pet. They spend \$53,200 last year in medical care and veterinarian

expenses. They served 35 animals from Newberg with an average cost of \$100 per animal. She was asking the City for help with both or one of the funds.

Mayor Rogers asked how much they were asking for. Ms. Vostinak said \$1,500.

Committee Member Bonn asked how many were served through the Angel Fund in 2018. Ms. Vostinak said 94 animals. They did not have enough in the fund to meet the need.

FD Zook clarified the proposed budget did not have funds allocated to community support. Past budgets had funds set aside for this purpose, the latest was 2016-17. At that time the City gave out \$13,500 and prior to that it was \$22,000. This was the first year they only had one request.

Mayor Rogers would like to support some of these non-profit partners in the City.

Councilor Yarnell Hollamon asked what the mechanism was for non-profits in the City to ask for funds.

FD Zook responded there had never been a formal process. He thought that was a policy decision for the Council.

Councilor Bacon said the funds used to be in the Council budget. In 2010 they had no money and this was taken out of the budget. They never put it back in, except for Transit which got its own budget line.

Mayor Rogers commented there were some funds that the Citizens Rate Review Committee recommended for groups who helped low income for utility rates. If they wanted to allocate some funds for this purpose, how would they do that?

FD Zook responded the Budget Committee could make a recommendation to put funds in the budget, but the question was where the funds would come from. If they wanted it advertised more formally that should be a policy decision from the Council.

Committee Member Allen suggested it could be discussed as an unfunded priority for the Council's budget.

Councilor Curtis Gemeroy said under Community Support there was \$2,500 proposed. FD Zook explained that was for the Willamette Locks project.

**MOTION: Rogers/Allen** moved to add \$7,500 to the Community Support fund.

Committee Member Reardon said there had been issues with this in the past when it came to the Budget Committee every year. He thought the Council should decide on the allocation of the funds instead of a Budget Committee decision.

Mayor Rogers clarified requests should go to a date certain to the Council to review and that it should be publicized to all the groups.

There was discussion regarding where the money would come from.

Councilor Corey said they were already using reserves to balance the budget. He was not in favor of adding more.

Councilor Johnson had an issue with the non-profit requests as this was tax payer money that was supposed to be used for City services.

Mayor Rogers said the City no longer provided animal control through the police and the non-profits were picking up the slack. They did give money to churches for utility bill help. It was a fairly small amount of money that acknowledged the work non-profits were doing in the community to make it better.

Councilor Bacon said there was not a designated officer, but the police did do animal control. Homeward Bound did exceptional work, but she did not think the funds should come from the City. She thought they should find a way to encourage people to donate to them.

FD Zook said they did not have to decide this tonight as it could be brought back with other discussion items.

Councilor Yarnell Hollamon was in support of adding funds to the budget to support the work non-profits did that the City was not able to cover. It was not a lot of money, and ultimately their job was making decisions on the use of tax payer dollars.

Committee Member Olson said if the non-profit met one of the Council priorities, it was aligned with what the City was doing. She thought it was defensible if it met a Council priority.

Councilor Johnson thought a policy should be created to detail the nature and the distribution of the money as well as a communications plan. The Council could work on that, and the Budget Committee could give a recommendation on how much to put in the fund and where the funds would come from.

Chair Koschmann said it was the Council's decision to create policy for outside agency requests. She did not know if it would be in place for this budget season.

Committee Member Reardon suggested using a certain percentage of the marijuana tax for this fund and a subcommittee of the Council could decide on the applications.

**Mayor Rogers withdrew his motion and would bring the issue up with the City Council.**

#### **PUBLIC COMMENTS**

None noted.

#### **CONTINUED BUSINESS**

Chair Koschmann invited staff to continue on with the staff presentation of the budget.

FD Zook said at the last meeting they had continued the conversation on Community Engagement. City Manager Joe Hannan said the request was that Rosa come to a meeting, but she was not available tonight.

Councilor Yarnell Hollamon asked if there was information around the effectiveness of the community engagement efforts. CM Hannan explained what Community Engagement did. One function was to maintain the City's website and Facebook. Another was to archive and process records requests. In 2016 there were 1,273 likes on Facebook, and in 2019 there were 1,914 likes.

Councilor Yarnell Hollamon clarified she was looking for information, such as the traffic to and from the City's website and to and from events that community engagement had been supportive of, and increased amount of calls to City Hall. CM Hannan responded they did not keep track of the calls to City Hall, but they did have the number of hits to the website. Community engagement's role was to support departments and one part of that was community visioning. They had about 1,223 surveys that had been returned.

Committee Member Allen said they had increased the Facebook engagement by 641 likes in three years. He had not been aware of the Facebook page as a place to get good information from the City. He wondered if people were being engaged by the Facebook page and if information was getting out to the public.

Committee Member Sitton asked about the salary increase for the community engagement position. CM Hannan said it was a step increase.

Mayor Rogers thought they were getting into performance review, which was not the purview of the Budget Committee.

Chair Koschmann moved to the Human Resource budget.

Human Resources Director Anna Lee was requesting to fill a position that had been empty for a year and a half. If she had to reduce her budget by 5%, she had already done the 5% by not filling the position. If that position was filled, she would reduce some of the other funds including dues and meetings, recruitment, safety program, books and publications, and professional services.

Councilor Johnson wanted to know what positions were added since 2016-17 to make 158 employees especially since they no longer had a Fire Department. HRD Lee responded some of them were seasonal workers and interns. In 2013-14 they had 175 employees. She would forward the list of statistics for every fiscal year to the Committee.

Councilor Johnson asked if she could describe the trainings her office provided and who utilized those services. HRD Lee said there was a variety of training. There were 20 all staff trainings this fiscal year and she listed what some of those had been.

FD Zook explained the narrative in the HR budget was not the FTE, but people on the payroll. The library had many part time workers and Public Works had seasonal workers.

Councilor Johnson asked for a graph over the past 5 years of the FTE count. HRD Lee commented that position control and tracking data was one of the improvements that she was hoping to get with the new Project Specialist position. This position was in the budget as a 0.5 FTE.

Councilor Yarnell Hollamon asked how many part time positions were in the City and how many would opt-in for health care benefits if able. HDR Lee said employees had to be at 40 hours to get coverage, however ACA allowed anyone with 30 hours or more to get coverage. Councilor Yarnell Hollamon asked how many non-benefitted employees did they have? She thought Library Director Griffith said a part time employee left because they wanted benefits.

Committee Member Olson clarified that the employee left because they wanted a full time position. Most of those who took part time positions already had health care. They could get the number of employees working under 30 hours.

Library Director Leah Griffith provided clarification saying she had 5 employees at 30 hours per week, and only one opted in for the ACA coverage. She had another 5-6 employees that worked 20-29 hours per week and she did not think they would be interested in benefits because their share for the insurance was high. HDR Lee clarified ACA coverage was for the whole family, but it was a prorated amount. FTE's paid 10% of the total coverage and the City picked up the other 90%. The additional benefits other than salary ran from 40% to 48% of the person's total income. That would be the budget impact they would have to adjust for.

Councilor Johnson asked where the City was in terms of the new pay equity law and if it affected the budget. HDR Lee responded a salary survey had been done in 2017 that equaled out pay and comp. Some adjustments were made for some employees to move them into a different classification. She was continuing to get training on it so they remained in compliance.

Committee Member Allen asked if there were circumstances where they made a position two part time positions instead of one to save money. HDR Lee said because of the flexibility of the hours the Library was open, part time employees worked best. LD Griffith added they had never taken a full time position and made it two part time positions. The positions at 20 and 30 hours took 20 to 30 hours to do the work. This gave them the coverage needed for the programs at the Library.

City Recorder Sue Ryan presented the City Recorder Budget. She discussed her roles and responsibilities. She had no unfunded requests. If she had to do a budget reduction, she would reduce some of the line items including initiative petitions and code publishing.

Councilor Curtis Gemeroy asked about the new line items in personnel services. CR Ryan responded that was calculated by the Finance Department. FD Zook said the new line items were for recruitment, recognition, supplies, and equipment.

Councilor Yarnell Hollamon asked about professional services. CR Ryan said professional services included a secretary for all meetings, transcriptionist, code publishing, shredding, and agenda management software.

Councilor Yarnell Hollamon thought the professional services contracts should be broken out. FD responded there were some things earmarked for this line item, but it was also used as a place holder for things unseen that came up throughout the year.

FD Zook presented the Finance budget. He explained the roles and responsibilities in the Finance Department. There was an employee who would be retiring and he had budgeted for two months of cross training. The Miscellaneous Fringe Benefits were phone stipends, however employees were no longer getting the stipend and the line item was at \$0. The telephone budget had gone up for cell phone services in one location in the budget. He was decreasing the supplies and services. He was requesting new finance software as an unfunded priority. In the meantime, he planned to invite a consultant of the current software to come to the City and see if improvements could be made. He was also moving funds into reserve for the new software costs. If the current software could be improved, they would add a few modules for electronic purchase orders and employee self service. Other unfunded priorities would be software for the budget and for long range planning. The budget was currently being done in Excel, but he suggested using a software system. He had built a long range planning model and found that there was a software package that could help with this work as well.

Councilor Curtis Gemeroy asked how many years until they would have to definitely get new software. FD Zook said there were risks with the company being bought out several times and not having enough support. He thought it could probably be used for 5-7 more years, however it was not the most efficient system.

Councilor Yarnell Hollamon asked if they were budgeting for depreciation. FD Zook responded they were doing it for equipment and vehicles and money was being put aside for future purchases. The problem was they needed a master plan.

FD Zook said if reductions needed to be made in the Finance Department, the options were cancelling putting aside money for future purchases or reducing the Accounting Clerk position. The General Office Department was for postage and telephones. There were no additional needs or unfunded requests. The cell phone structure had been changed which contributed to the increase. It was a net neutral change over three years. If this department had to be cut, they would have to analyze what telephones or postage they would drop. FD Zook then discussed the Utility Billing budget. There were no unfunded priorities and if it had to be reduced, it would be reducing personnel from full time to part time.

City Attorney Truman Stone presented the City Attorney budget. This was a status quo budget.

Councilor Johnson asked if professional services was for contacting outside legal counsel. CA Stone said yes.

CA Stone continued saying the unfunded department priority would be to add an Assistant City Attorney. There were less FTE's in this budget than the 1994-95 budget. In 2007-08 there was an additional person in the office. Most neighboring communities had Assistant City Attorneys to keep up with the work load. The cost was \$95,000 for salary and benefits. He explained what he had done to reduce the budget since coming to the City. This included eliminating a half time legal secretary and full time paralegal. The office was operating very efficiently. If the budget needed to be reduced, the options were to reduce the paralegal position from full time to 0.8, reduce the Code Compliance Officer from full time to 0.8, and reduce the City Prosecutor position from 0.4 to 0.2. He explained the effects these reductions would have to the City and to the budget.

Councilor Johnson asked what services CA Stone provided the Police Department. CA Stone did everything from negotiating with the Police Union to helping with public records requests to municipal code issues to personnel issues.

Councilor Bacon asked when they hired outside counsel, did that go directly to the departments. CA Stone responded it depended on the circumstance and he gave some examples. It often came out of the departments' budgets, but if it was relatively small he paid for it out of his budget.

Committee Member Allen asked if adding an Assistant City Attorney cut those costs. CA Stone responded it would lower the costs somewhat, but he did not know how much year to year.

Councilor Johnson asked about the total cost of outside counsel that had been hired. CA Stone said he could give that information to the Budget Committee at a later time.

FD Zook suggested separating out what each department was paying in a legal services line item that would be taken out of the personnel services line. Right now they would have to go each department's personnel services and pull it out.

**NEXT STEPS:** The next meeting would be held on May 2, 2019.




**ADJOURNMENT:** The meeting was adjourned at 8:38 p.m.

**ADOPTED** by the Newberg Budget Committee this 24<sup>th</sup> day of April, 2020.

  
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Dan Keuler, Senior Accountant

**ATTESTED** by the Budget Committee Chair this 26<sup>th</sup> day of April, 2020.

  
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Beth Koschmann, Budget Committee Chair