

CITY OF NEWBERG BUDGET COMMITTEE MINUTES
WEDNESDAY, FEBRUARY 28, 2012
7:00 P.M. MEETING
PUBLIC SAFETY BUILDING TRAINING ROOM
401 E. Third Street, Newberg

I. CALL MEETING TO ORDER

Chair Lon Wall called the meeting to order at 7:00 p.m.

II. ROLL CALL

Members

Present:

Councillors:

Bob Andrews, Mayor
Denise Bacon
Bart Rierson
Wade Witherspoon
Stephen McKinney
Marc Shelton
Ryan Howard

Citizens:

Lon Wall, Chair
Thomas Barnes, Vice Chair
Deanna Moore
Ernie Amundson
Helen Brown

Members

Absent:

Jack Reardon (excused)
Janet Irish (excused)

Staff

Present:

Dan Danicic, City Manager
Janelle Nordyke, Finance Director
Caleb Lippard, Assistant Finance Director
Dawn Wilson, Sr. Paralegal & Elections Officer
DawnKaren Bevill, Recording Secretary

III. COMMITTEE BUSINESS

Elect Chair and Vice Chair:

MOTION #1: Barnes/Andrews nominated Lon Wall as Budget Committee Chair.
(12 Yes/ 0 No/ 2 Absent [Reardon, Irish]) Motion carried.

MOTION #2: Rierson/Wall nominated Thomas Barnes as Budget Committee Vice Chair.
(12 Yes/ 0 No/ 2 Absent [Reardon, Irish]) Motion carried.

IV. PUBLIC COMMENTS

Larry Tennant lives in the City of Newberg and is speaking on behalf of 911 Communications Center. He disagrees with the proposal during last week's City Council meeting entirely. It is not just the City of Newberg that pays for the 911 Center but Dundee, the rural fire departments, and the ambulance service district should as well. The City of Newberg has outstanding Fire and Police Departments and one of the best 911 Centers in the State of Oregon. Mr. Tennant would like to see a committee established to study all the figures and bring the

information back before the Budget Committee in 2013 so the Committee is able to make an informed decision. He does not want to see a fee added onto the water bill since the water bill only affects those in the City.

Councilor Rierson had a conversation with Mayor Crawford of Dundee regarding this issue because he does not believe the City of Newberg should bare the full cost of the 911 operations in whatever form of revenue generation.

Councilor Howard encouraged Mr. Tennant to attend the City Council meeting on March 5, 2012.

V. CONSENT CALENDAR

Approval of September 27, 2011 minutes (Pages 2-8)

MOTION #3: Barnes/McKinney moved to approve the Budget Committee Minutes from September 27, 2011 as amended. (12 Yes/ 0 No/ 2 Absent [Reardon, Irish]) Motion carried.

VI. CONTINUED BUSINESS

No Items were brought forward.

VII. NEW BUSINESS

1. Overview of the State budget law requirements

Mr. Dan Danicic stated a handout is available for the public in order to engage the Budget Committee in sharing their thoughts. Budget Law is the financial plan estimating expenditures and revenues. It controls the City's spending authority. The budget process is straightforward with a budget officer who develops a proposed budget to submit to the Committee who receives the budget message, hears from the public, and approves the Budget and tax rate. It then goes to City Council who adopts the Budget. The Council may increase budget expenditures by 10%, if there is a larger increase the budget must be republished and a new hearing held.

Implementation: Within the adopted budget line item, expenditures may be increased or decreased so long as the total Fund's budget does not increase. The City Council can approve transfers between funds within ORS rules in the form of a Resolution.

The Supplemental Budget is required when the City contemplates allocating funds from contingencies or un-appropriated line items; the City receives revenues not previously anticipated in the budget (e.g. grant money); and after the books close on the previous fiscal year to recognize actual beginning fund balances.

2. Review the state of the City

The Citizens' Rate Review Committee (CRRC) has just concluded their review of the projected FY 2012-2013 and 2013-2014 utility fund budgets. The proposed rates to be considered by City Council this March/April are:

Water: 0% for January 2013; 3% for January 2014
Wastewater: 0% for January 2013; 3% for January 2014
Storm Water: 17.5% for January 2013; 17.5% for January 2014.

3. Budget forecast

Significant Budget Actions include reduction of 4 full time employees (Total of 8 since 2010 = 15%); reduction of many line item expenditures and associated inflation factors; changed effective date of increases to January from July; and modified fixed portion of the water rate from 9% to 15% in 2013 and 20% in 2014. This will be heard by the City Council on March 19, 2012.

The General Fund (GF) update is as follows:

- Reduction of staff by 7% (6 FTE)
- Staff reduced to part-time status
- Library closed an additional day
- Non-represented staff health care plan changed to less comprehensive co-pay program
- Police and Fire Union

According to the County Assessor, the projection for Fiscal Year 2012-2013 shows there should be an increase of 1% with potential zero increase in FY 2013-2014. This means General Fund revenue will be flat for the next two years. All departments are holding total expenditures for materials and services to Fiscal Year 2011-2012 values. The driving force for expenditure increases in the General Fund will be staffing with an estimated annual increase for all staff cost around \$400,000.00 -- all staff both represented and non-represented. The total in the budget for projected increase is 4.5% of the budget (Salaries, Employment Taxes and Workers' Compensation, Retirement, Health/Life and \$77,000.00 for non-represented staff (Police, Fire, Dispatch, Court, Library, and Planning),

Items under fringe benefits include Longevity bonus and a VEBA account for Public Safety for health insurance costs.

Mr. Danicic reviewed the options for sustainable mitigation of the budget shortfall. The following ideas offer various degrees of budget deficit reduction as discussion items:

- Increase the transient lodging tax (hotel tax from the current 6% to 9% (State adds 1% on top) with a potential for \$127,000.00.
- Additional staff reductions of approximately \$75,000.00 to \$100,000.00 per position,
- Service reductions and program eliminations.
- Reducing salary, health and /or retirement benefits on non-union staff;
- Request that unions reopen contract to discuss salary and/or benefit reductions; and
- Further line item expense reductions.

Councilor Witherspoon asked if the hotel tax is increased, what percentage of that needs to be designated toward tourism. Mr. Danicic replied 75% toward tourism but the current 6% collected has no such limitations. The \$127,000.00 will be available for the General Fund.

Councilor Shelton asked about anticipated retirements before the end of June. Mr. Danicic explained none in the General Fund; one retirement in January 2013 and one between June, 2012 and January, 2013 in Central Services and only a portion of that would be reflected in the General Fund.

Councilor McKinney asked about the business license fees and if those fees are a legitimate possibility. Mr. Danicic stated yes, it is a topic that will be coming before the City Council for discussion in the future. At this point the fees go into the Economic Development Loan Fund that is separate from the General Fund.

Councilor Bacon stated last year Deanna Moore had mentioned she would be willing to pay more if she could see the City cutting back and is interested to know Ms. Moore's opinion of the reductions now. Ms. Moore stated there have been some significant cutbacks and as a citizen and business owner she is more willing to absorb some cost herself. When she made the comment last year she was referring to cost of living increases as an example, and reduction in staff. Councilor Bacon asked how the City should convey that message to the public. Ms. Moore suggested an outline and actual list of reductions is a good start.

Helen Brown stated there must be a minimum amount of employees needed in order to keep the departments running well. Many citizens do not realize the importance of those employees that cannot be cut from the various departments. Those specifics need to be shown to the public.

Councilor McKinney stated in regard to Fire and Police, the City Council and Budget Committee have made commitments to these men and women and they have accepted the impositions on their incomes or benefits. His concern is if people begin to leave those departments for other positions it will cause a shortage in those departments. When, as Helen Brown said, do we cross the line and not be able to provide the services that citizens should expect?

Councilor Howard is concerned that the bare bones description does not show the actual loss of operating at such a diminished level. He does not believe it shows the loss the City is experiencing by operating at bare bones level.

Vice Chair Barnes expects the Fire and Police Departments to be ready to perform their jobs correctly; by cutting so much he is afraid the talent in public safety could be diminished.

Mayor Bob Andrews stated the concentration needs to be on what problems the General Fund is creating.

Mr. Danicic referred to the Budget Calendar, proposing a Town Hall Meeting on April 24, 2012. The meeting will be advertised in the newspaper twice. A post card can be sent out as done for the CRRC that costs \$3,000.00 or a notice in the utility bill that runs \$900.00.

Councilor Howard stated the postcards are very effective vs. the utility bill flyer, although more expensive. Vice Chair Barnes stated postcards get to everyone vs. the utility bill flyer. Deanna Moore stated \$3,000.00 is expensive; better to take the less costly route. Chair Wall stated many do not look at the inserts in the utility bills; postcards are more effective. Ernie Amundson agreed with the postcards. Councilor McKinney heard from many citizens that the utility bill flyers were not effective.

Helen Brown asked if there is a regulation about putting banners up on the two main streets with changeable dates. Mr. Danicic stated banners are not allowed due to crossing the state highway. Councilor Howard suggested advertising using an electronic billboard west on 99W where the couplet splits going west on Hwy 99W which is a low-cost option. Councilor Shelton stated spending \$3,000.00 to get 100 people to attend is not a good return on the investment. He agrees with Councilor Howard on advertising that way. Ernie Amundson is a member of the CRRC had the largest turnout of citizens ever by advertising via postcards.

Chair Wall suggested approaching the civic organizations to help sponsor the mailing. Vice Chair Barnes stated they have many meetings and can advertise at their meetings as well.

Councilor McKinney will ask the Ad-Hoc Sign Committee to advertise the Town Hall meeting.

Chair Wall polled the Budget Committee members: 7 votes for postcards; 4 votes for Utility Bill Flyers.

4. Time for Budget Committee to ask questions they want addressed


Vice Chair Barnes suggested forming a subcommittee to review the 911 Dispatch and he would be more than happy to chair that committee. Councilor Shelton stated the work from a subcommittee would need to be done to report back to the Budget Committee at the next scheduled meeting. Mayor Andrews stated the City Council will determine whether to go with an action on the May ballot. That will determine whether there will be actions subsequent.

Mr. Danicic encouraged the Budget Committee members to email him their concerns over the next month.

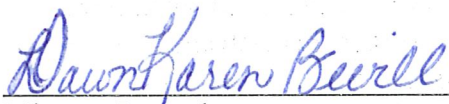
VIII. ADJOURNMENT

The meeting adjourned at 8:29 p.m.

Approved by the Newberg Budget Committee on this 8th day of May, 2012.



Budget Committee Chair



Minutes Recorder