

NEWBERG BUDGET COMMITTEE MINUTES
May 3, 2016, 6:00 PM
PUBLIC SAFETY BUILDING (401 E. THIRD STREET)

WELCOME

Chair Lon Wall called the meeting to order at 6:00 p.m.

ROLL CALL

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

Staff Present:	Stephen Rhodes, City Manager Pro Tem	Matt Zook, Finance Director
	Caleb Lippard, Assistant Finance Director	Sue Ryan, City Recorder
	Doug Rux, Community Development Director	Brian Casey, Police Chief
	Jay Harris, Public Works Director	Leah Griffith, Library Director
	Dave Brooks, Information Technology Director	Mary Newell, 9-1-1 Support Services
	Nancy McDonald, Interim Human Resources Director	Truman Stone, City Attorney

STATE REVENUE SHARING PUBLIC HEARING

Chair Lon Wall opened the public hearing. He called for any abstentions or conflicts of interest. There were none.

Finance Director Matt Zook discussed the State Revenue Sharing Table that gave a description of the taxes the City received from the State. The City had to hold two public hearings on the possible uses of these funds, one at a Budget Committee meeting and one at a Council meeting. The public had the opportunity to weigh in on the uses. Currently the City used the revenue to support General Fund operations.

Public Testimony: None.

Chair Lon Wall closed the public hearing.

FD Zook said the recommendation from staff was that the City use the State revenue sharing for General Fund operations.

BCM Corey thought that was the best use of the funds.

MOTION: Andrews/McKinney moved to approve staff's recommendation of using State Revenue Sharing Funds to support General Fund operations. Motion carried (12 Yes/ 0 No/2 Absent [Brown, Pete]).

PUBLIC COMMENTS

Marlena Bertram, Yamhill Community Mediators, said her organization got funding from every city in the county for next fiscal year, even from Willamina who approved \$1,000. She hoped Newberg would contribute as well. Through a Jubitz grant and Kiwanis grant they were offering family mediation workshops. The one in Newberg would be held at the end of June.

CONTINUED BUSINESS

Review of 2016-17 Proposed Budget: FD Zook discussed the handouts from Yamhill County Mediators, the Transit Authority, copy of the Table of Contents, and summary of changes to the budget document. In the General Fund, Waste Management had failed to pay the full amount of their franchise fee and had paid the City that missing portion. That revenue would not be spent in the current fiscal year, and it would increase the beginning fund balance of next fiscal year by \$107,000. This new information also changed the City's estimates for projected revenue by increasing it \$63,000. He recommended the combination of those two amounts be put in contingency in the General Fund.

There was discussion regarding how the new positions would be funded and how this increase would go into bolstering reserves. With this increase, reserves would be \$2,256,498.

BCM Morris suggested looking into all the franchises to make sure they were paying the correct amount. FD Zook said staff could review them.

FD Zook said in the Street Fund, there was a transportation project that would start late in the current fiscal year, and as a result \$22,500 would be spent on the project in the next fiscal year. The beginning fund balance would be increased by that amount and it would be put as an expense in contractual services. Contractual services would be increased by \$46,500 due to a combination of this item and an expense that was not included in the original budget document, lobbying expenses for the bypass project. The new number for contractual services would be \$127,250.

FD Zook began at page 56, Civil Forfeiture Fund. This was a fund for forfeitures the Police Department got in their normal operations and there were restrictions for how the money would be spent. There was no change in this fund. He then discussed the Propriety Capital Projects Fund, which was used for water, wastewater, and stormwater capital projects. The money for the fund was transferred in from rate payments and SDCs from the utilities to fund the capital projects.

BCM Essin clarified they would be spending double what they did last year on projects. He thought that was a good thing.

FD Zook discussed the EMS Fund, which primarily was funded through user fees for services. This operation would be turned over to TVF&R and they would bill for services. The \$325,000 proposed for next fiscal year was for the collection of fees billed prior to June 30 but had not been paid yet. This money would go towards the TVF&R contract. There was \$200,000 to help off-set internal service charges of the administration and a TVF&R loan of \$500,000 the City would give to TVF&R to help with cash flow in the first year of the contract. The money would be paid back to the City in the second year of the contract.

FD Zook then discussed the Wastewater Fund. The primary source was user fees and the rates typically went up each year. The fund was broken up into three different divisions, and one was engineering where there was an FTE change due to a reallocation of engineering staff among water, wastewater, and stormwater. For contractual services there was an increase for the Wastewater Master Plan and Infiltration & In-flow consulting. For wastewater operations, there was an increase in contractual services for programming for the SCADA system. The vehicle and equipment increase was a transfer for two vehicles. There were two facilities and grounds maintenance workers.

Public Works Director Jay Harris explained the operating supplies were used to operate the wastewater treatment plant, such as the chemicals, sawdust, and consumables. BCM Morris wanted to know why the line item was continuing to significantly increase so they could plan for the future.

FD Zook said there were no changes to the Wastewater Maintenance Fund or the Debt Service Fund. There was a reduction in the debt service for contingency due to refunding loans in 2015.

FD Zook then discussed the Water Fund, which operated on user fees. There was a list of transfers in from other funds due to the purchase of a large software package that would be used by multiple departments and the Water Fund was fronting the purchase. The other departments would pay it back in five years. For Water Maintenance, there was an increase in FTE due to the Facilities and Grounds Maintenance Worker position. The Building Inspection Fund had increased due to the Building Inspector's hours increase because of demand for service. The Sale of Assets was for a vehicle that would be sold. Regarding the Debt Service Fund, two of the debt service payments would be paid off in 2016/17 and taxes did not need to be levied for them.

Chair Wall clarified the permanent tax rate would stay the same, however the rate for debt would go down \$.25 per 1,000.

FD Zook said the City Hall Fund had no changes. The revenue in the 911 Fund would remain relatively flat which created compression in the fund. The way to respond to the compression was that the FTE would be reduced from 2 FTE dispatchers to 1.6 and the .4 would be paid for out of the General Fund.

There was discussion regarding the pros and cons of keeping a City run dispatch center.

CMPT Rhodes said if the City did not have dispatch center, they would have to pay someone else to dispatch for the City. He did not know if there would be a savings to do that. The calls they took for the Fire Department would be switched over to TVF&R dispatch.

Police Chief Brian Casey said there were only a few City-run dispatch centers such as Newberg's in the State.

Chair Wall said the Budget Committee could recommend the Council research the cost savings for dispatch service.

FD Zook then discussed the Economic Development Fund. The fund was increasing due to a Community Development Block Grant. The Public Safety Fee Fund reflected the proposed fee increase from \$2 to \$2.50 to off-set the rising costs of personnel. The Stormwater Fund was primarily funded through user fees and had no significant changes. The Streets Capital Project Fund was used for street capital projects.

PWSD Harris explained what was included in the bicycle program under street capital projects. The City was required to use a certain percentage of the gas tax allocation on bike ways and ADA. He discussed the improvements that were being made for bicycles and pedestrians. There would be crack sealing done in the next few months and overlays on Elliot Road and north Springbrook Road. The LED street lighting conversion money was for a consultant analysis and the project would be done in the next fiscal year.

The Committee took a short break.

FD Zook discussed the Transient Lodging Tax Fund which was a 9% tax from hotel/motel operators. The funds were to be used for tourism promotion. A Transient Lodging Advisory Committee was working on the strategy for use of the funds and a Visitor Center contract went to the Chamber of Commerce. It was a developing fund. The Library Gift and Memorial Grant Fund were dedicated funds that the donor decided how they would be spent. There was no significant change in the fund. The Cable TV Fund was a limited fund that once it was spent, it was gone. He would leave it to the new City Manager and Information Officer to discuss how it would be spent. The PERS Stabilization Reserve Fund was a newly created fund and was a result of the impending PERS rate increase in 2017. The City's rates would go up 4 to 5% for their PERS contribution and this portion would help prepare for that time. The money was transferred from various funds. The Administrative Support Services Fund was funded by transfers from other funds that services were provided to. A change from the original budget was reducing five revenue line items to balance the funds going into the PERS Stabilization Fund.

FD Zook continued by saying the City Manager's Office had a decrease of .1 FTE due to moving the Human Resources Manager out of this department and a new 1 FTE was proposed for an Information Officer.

CMPT Rhodes said it was his role as the Budget Officer to propose new positions and make sure the budget could support them. This year all the positions requested were accepted because they fit with Council's priorities.

There was discussion regarding the process he took for justifying the new positions.

FD Zook said the Human Resources Office had increased to 1.5 FTE which represented the Human Resources Director being moved out of the City Manager's office and into its own division and there would be a new .5 HR Administrative Assistant.

BCM Essin asked what the Information Officer would do. CMPT Rhodes stated the position would complete the Communications Plan and set up the process for managing the City's media contacts and communications between the City and citizens.

FD Zook discussed the Finance Department which had an increase of .5 FTE for a Senior Accountant position. Professional services were usually used for audit services and those costs had increased. The City went out for bids every 3-5 years for auditors. Currently they were in the third year of the contract.

BCM Johnson was happy to see the bump up in travel and training for Finance and asked what the longevity line item was for. FD Zook said it was a recognition of time served, and was a contribution to put in a deferred compensation account.

FD Zook talked about a \$20,000 increase in professional services to review the finance system. The Information Technology Department would hire a new Systems Administrator as well as increasing a part time position to a full time position. A lot of systems work was being done to eliminate redundancies and sharing one software among all departments. The City Attorney Office would have an increase in hours for the city prosecution position from .3 to .4 FTE. There were no changes to the Public Works Fleet, Facilities, and Non-Departmental. The Vehicle and Equipment Replacement Fund represented dollars that had been transferred from each individual department for a reserve fund for vehicles and equipment for the future. The Fire and EMS Equipment Fee Fund was where the revenues from the \$1.50 fee on the municipal services statement were placed for the purpose of replacing fire equipment in the future. This fund was being used to go towards the TVF&R contract. The fee would be suspended effective June 30. The Wastewater Finance Capital Improvement Project Fund was where the \$23 million wastewater treatment plan project was accounted for. The expenses for the project would be finished by June 30, 2016, and there was no proposed budget for next year. The transfers out of the Street, Water, Sewer, and Storm System Development Charge Funds went to capital projects that were SDC eligible. As development and economic activity increased, the SDCs increased.

PWS Director Harris explained the Streets SDCs would be spent on Villa Road and then Elliot. The account would build up and be used on a project and then built up again. Culverts were being done this year, and there would be a big drop in 2017/18 for the Villa Road project.

There was consensus for the Committee to meet again for deliberations.

BCM Johnson asked for information to be brought back to the next meeting regarding maintaining the new staff positions long term, if other cities Newberg's size had Information Officers, and any cost estimates for the PERS rate increase.

NEXT STEPS: The next meeting would be held on May 10, 2016.

ADJOURNMENT: The meeting was adjourned at 8:15 p.m.

ADOPTED by the Newberg Budget Committee this 3rd day of May, 2017.



Dan Keuler, Senior Accountant

ATTESTED by the Budget Committee Chair this 3rd day of May, 2017.



Beth Koschmann, Budget Committee Chair

BCM Reardon was concerned about the substantial PERS number and the health insurance, life insurance, and unemployment and disability insurance numbers the City paid for employees, especially with five new FTEs. It was something to look at in the future. The other numbers were increasing just as much as PERS, but they had only been talking about PERS.

Deliberations on the 2016-17 Proposed Budget: There was discussion regarding the need for the five new FTEs to provide City services and the funding to sustain them in the future.

Some Committee members were more concerned about potential problems, especially regarding PERS and costs for City services, and getting behind in the future and that development would not bring a net wash or a gain. The City needed to be conservative about having more funds due to development and spending the extra savings from the transfer to TVF&R.

Chair Lon Wall wanted to give money to the outside entities that requested it. FD Zook said Councilor Corey gave input that the Mediators' request for \$2,000 should be added to the budget. The Mediators had requested more than that. This money would come from the General Fund.

BCM Johnson was much more open to phasing in the new staff positions and hiring the System Administrator, Accountant, HR Assistant, and Assistant Planner positions first.

There was further discussion regarding the need for taking care of employees who provided services to the City, the perception of spending money recklessly, money in reserves, and taking a phased approach since there were rate increases and other costs going up for citizens.

Marlena Bertram, Yamhill County Mediators, said the City of McMinnville had not made a commitment yet but the Mediators asked them for \$26,000 and asked Yamhill County for \$12,000. She was requesting Newberg to give them \$22,115. The amount was based on the amount of service they had provided. The last time Newberg gave them funding it was \$5,500. So far Willamina was giving them \$1,000, Dayton \$1,750, Amity \$100, Sheridan \$1,000, and Carlton \$1,700.

MOTION: Reardon/Essin moved to give Yamhill County Mediators \$7,500. Motion carried (11 Yes/ 0 No).

CMPT Rhodes said the money for these outside agencies would come out of contingency. Dawn Witt, Executive Director for Homeward Bound Pets, said Homeward Bound was receiving \$1,000 from Willamina and they were asking for money from the County and doing fundraising with other cities.

MOTION: Essin/Bacon moved to give Homeward Bound \$2,000. Motion passed (7 Yes/5 No [Morris, Kaushmann, Andrews, Johnson, and McKinney]).

Approval of the 2016-17 Budget and Approval of Taxes Provided for in the 2016-17 Budget:

MOTION: Reardon/Andrews moved to approve the 2016-17 budget in the amount of \$86,966,374 and impose the tax as provided for in the 2016-17 proposed budget at the rate of \$4.3827 per \$1,000 of assessed value for permanent rate tax. Motion passed (9 Yes/3 No [Essin, Koschmann, and Morris]).

ADJOURNMENT: The meeting was adjourned at 8:00 p.m.

ADOPTED by the Newberg Budget Committee this 3rd day of May, 2017.


Dan Keuler, Senior Accountant

ATTESTED by the Budget Committee Chair this 3rd day of May, 2017.



Beth Koschmann, Budget Committee Chair

NEWBERG BUDGET COMMITTEE MINUTES
May 10, 2016, 6:00 PM
PUBLIC SAFETY BUILDING (401 E. THIRD STREET)

WELCOME

Chair Lon Wall called the meeting to order at 6:00 p.m.

ROLL CALL

Members Present:	Anthony Pete	Miles Baker	Beth Koschmann
	Megan Morris	Stephen McKinney	Patrick Johnson
	Lon Wall	Bob Andrews	Lesley Woodruff
	Scott Essin	Denise Bacon	John Reardon
	Helen Brown		

Staff Present:	Stephen Rhodes, City Manager Pro Tem	Matt Zook, Finance Director
	Caleb Lippard, Assistant Finance Director	Sue Ryan, City Recorder
	Doug Rux, Community Development Director	Brian Casey, Police Chief
	Jay Harris, Public Works Director	Leah Griffith, Library Director
	Dave Brooks, Information Technology Director	Mary Newell, 9-1-1 Support Services
	Nancy McDonald, Interim Human Resources Director	Truman Stone, City Attorney

CONTINUED BUSINESS

Staff Presentation of Requested Information from the May 3 meeting: Finance Director Zook said he received a question if property taxes were due in November, why did the fiscal year start in July. When did the City actually receive tax funds? The answer was the fiscal year was governed by State law and tax revenues were received in November. Councilor Corey had comments regarding the request for funds from outside agencies and he would discuss that later. There was a question regarding review of the franchise fees and he confirmed all of them were paying the appropriate amount. The highest franchise was 7% for telecommunications and the rest were 5%. There was a question regarding a PERS estimate and next year when the rate increases went into effect. The amount of the increase would be \$200,000 to \$250,000. He explained how the reserves would be divided in half for the next two years to offset the rate increase. Another question was in regard to the history of increase in wastewater operating supplies. The supplies were polymers, sawdust, propane, and various chemicals for a new screw press process. The supply costs were increasing due to some new equipment, but the output was a better product.

City Manager Pro Tem Rhodes discussed questions regarding the new positions. These positions totaled 5 FTE, but there would be six people because there were two half time positions. He showed where the justification for the positions was located in the budget document.

BCM Essin asked about funding the 911 positions, and even though the Fire Department calls were no longer being handled through the City dispatch, the amount of hours did not change because they needed 24 hours/7 days a week coverage. Just because there were fewer calls, they did not have less staffing. CMPT Rhodes clarified it was based on call volume and hours that had to be covered. Only 15% of the calls would leave with the Fire Department change. He thought it would right size the dispatch operation.

BCM Essin was glad the new City Manager had been made aware of these new positions. CMPT Rhodes said he was sending the information to the new City Manager. He explained how the new HR Director funding worked and how the status of HR changed from being under the City Manager to its own department.

CMPT Rhodes had done research on the Communications position and how a lot of other cities had similar positions, but they were called other things. He then listed the duties of the position. He discussed what the budget looked like in three to four years with these positions. The analysis had not been done, as a five year financial plan was still being completed. They were just entering a period of development in the community which added to tax revenue and development started paying more in the Planning Department. Growth and increasing population was helping the numbers trend up as well as if the City annexed into the TVF&R District, it would free up resources and those could be used to support City services. He felt comfortable that the budget growth would work.