

TUESDAY, 7:00 P.M.

May 4, 2004

BUDGET COMMITTEE MINUTES

PUBLIC SAFETY BUILDING

NEWBERG, OREGON

Members Present:

Darlyn Adams
Roger Currier
Donna McCain
Douglas Pugsley
Bob Stewart, Mayor

Bob Andrews
Sally Dallas
Louis Larson
Bart Rierson
Lon Wall

Mike Boyes
Mike McBride
Robert Larson
Robert Soppe

Absent:

Others Present:

Jim Bennett, City Manager
Michael Sherman, Fire Chief
Dave Brooks, IT Director
Janelle Nordyke, Ass't Finance Director
Brian Casey, Deputy Police Chief

Terry Mahr, Attorney
Leah Griffith, Librarian
Michael Soderquist, CDD Director
Kathy Tri, Finance Director
Robert Tardiff, Police Chief

1. Call to Order

Chair Louis Larson called the meeting to order at 7:05 p.m. He asked for a moment of silence in remembrance of 9/11/01 and for the solders fighting overseas in Iraq.

2. Roll Call

Roll call was noted by Kathy Tri.

3. Election of new officers

Nominations were: Sally Dallas and Lon Wall. **Sally Dallas** won the nomination for new chair 8 to 4.

Nominations for Vice-chair: Lon Wall. **Lon Wall** was unanimously nominated

Nominations for Secretary: Bob Andrews and Bob Stewart. **Bob Andrews** won the nomination for Secretary 12 to 2.

4. Minutes

Motion: Bob Larson/ Mike McBride moved to approve the May 27, 2003 minutes: Approved unanimously. Motion carried.

Darlyn Adams posed a question to the Chair that she wanted to adjourn this meeting at 9 pm. Bob Stewart seconded the motion. Three were apposed to the time limit.

5. City Manager's Budget Message

Jim Bennett presented the 2004-05 proposed budget with the following highlights:

- This year's finances are better than last year.
- Gas taxes increased so that the City will be able to do some much needed street repairs.
- 911 revenue increased due to legislature.
- Franchise fees increased.
- There was a 4.5% increase in population.
- A couple of revenues will go away, which will need to be discussed. These are:
 1. Privilege Tax, which will expire in October 2004. (This shows up on the PGE bill.) The revenue from this tax is approximately \$175,000. These funds, among others will allow the hiring of a new traffic officer and new fire fighter/paramedics.
 2. Fire Truck fee will end June 2004. This was approved by a non-binding vote of the public. It was set up as a non-sinking fund to replace a fire truck. The Fire Department would like to keep the fee in order to accumulate funds for future purchases.
 3. Water and Sewer rates: A Citizen Rate Review Committee has been meeting over the last few months to review rates needed to support these systems. The recommended increase will be 4% for Sewer and 15% for Water. The City staff would like to recommend an increase of 8% for Sewer and 15% for Water.
 4. The Sewer Replacement Fund is about exhausted and it needs to be rebuilt. Either pay now through increased rates or later through bonds, which will be higher. A delay in increasing rates will result in a delay in capital projects.
 5. The overall increase in this year's budget is largely due to unspent revenues from last year. Materials & Services has stayed fairly level. Personnel costs have increased. However, PERS has decreased (16% down to 11%), and that we are putting the difference aside in a reserve fund pending litigation. The City's health care insurance carrier, CCIS, did an RFP and were able to get competitors in worker's compensation and dental with an overall savings. But health still will increase by 19%. To help offset that increase to the City, the employee share of the premium will increase from 5% to 10% of premium. That level will become a cap. All future increases will be split 50/50 between the City and the employee. Also, Police has been switched to the City's plan. The goal is to get all City employees, union and non-union, contributing the same percentage of the premium for health care coverage.

5. City of Newberg Budget Presentation

Finance Director Kathy Tri provided a Power Point presentation giving an overview of all the departments and funds of the City. There is a 6.9% overall increase over the 2003-04 Budget, resulting with an increase of 9.9% in the Operating budget, and an 8.13 FTE increase. The overall General Fund increase is 10%. To balance the budget, staff is recommending the continuation of the Privilege Tax, continuing the Fire Truck Fee, and increasing the share of health insurance costs paid by employees.

Questions:

Roger Currier commented on residential growth and when a house is built, it comes on the tax roll at 75% of market value. However, it has an impact on fire and police and does not pay the full impact.

Darlyn Adams asked questions about the business license program and fee structure. Kathy Tri stated that the City has collected approximately \$20K, with .25 FTE.

Mike McBride asked about insurance renewal. Staff responded that insurance is renewed on July 1st. He questioned if there was any reason for an increase? Jim Bennett said that CCIS had a 4% increase in property liability but a decrease in workers compensation. Therefore, there is no increase in the budgeted amount, partly because of the Police Department accreditation. Kathy Tri added that staff budgeted the same as last year, which came under budget.

Business-type activities: Kathy Tri then reviewed the Wastewater Funds, Water Funds, Storm Water Fund, Ambulance Fund, Street Fund, Economic Development Fund and the new Building Inspection Fund. Other funds discussed were 9-1-1 Fund, City Hall to pay for debt, Fire Truck Fund, Animal Shelter, CDBG grant funds, Debt Service, General Debt and Bancroft Debt (LID) funds.

Roger Currier asked if staff had worked with Animal Shelter Friends on how to run the building when built? We need to think about it before it is actually built.

Mike Boyes asked about 911 dispatch. Kathy Tri indicated that if sufficient funds do not come in, then the City would have to move one dispatcher to the General Fund. Mike McBride asked how 9-1-1 receives funding. Staff responded that it is funded through the phone bill. The State collects the tax and then distributes it on a per capital basis.

Sally Dallas asked if there were any public comments? None was noted.

Library Department

Bob Stewart suggested that Leah Griffith present the Library budget. She presented "A Library

Tale: The Story of the Newberg Public Library in 2004. The Library needs books. Leah Griffith states that they can buy approximately 300 books for every \$5k. She explained that the City cut the budget 25% over that last couple of years. She added that people want staff to help them, however, they are asking fewer questions, which are harder and taking longer to answer. Volunteers are a big help mainly with shelving books. However, the average age of the volunteers is over 80. More retirees are traveling, and are not staying home. In the near future the Children's library will need to expand into the Friends area. Library Friends will have to be moved to the Annex across the street. Leah Griffith also talked about technology changes with CCRLS and staff training. In summary, she noted that the book budget was down 25%; CCRLS dues are up; there is an increase in the computer replacement fund; staff will be reorganized to put more on the front desk; there will be a pilot program to provide free cards to youth that live outside the City limits to encourage library use and nonresident use, and to help with a future library district. The Library will be open another hour in order to meet the threshold required by the State library standards.

Questions:

Robert Soppe questioned the book budget being down from last year? Leah Griffith indicated that it was cut several years back and that the Gift Fund helps fund the book budget. He then asked for the percentage of books that are checked out by outsiders and how would that compare to the General Fund support for the library? Leah Griffith responded approximately 25% and that approximately \$20K comes from library cards, or 2-3% of the budget. The City is subsidizing outside uses. Robert Soppe felt outsiders should pay for what it costs. Leah Griffith stated that she is checking through the state on what other libraries charge for outsiders. Jim Bennett suggested increasing the book budget about \$5-10K. There was some discussion about the library being part of PCC versus Chemeketa Community College. Mike Boyes asked about the \$300 for the volunteers? Leah Griffith said it was for workers comp and any reward activities.

Adjourn:

Motion: Darlyn Adams moved to adjourn at 9:00 p.m. Approved unanimously. Motion carried.

ADOPTED by the Budget Committee this 3^{BR} day of May 2005.



Secretary

Next Meeting: **Thursday, May 06, 2004**
 7:00 p.m.
 Public Safety Building