

CITY OF NEWBERG BUDGET COMMITTEE MINUTES

May 17, 2007

7:00 P.M.

PUBLIC SAFETY BUILDING - TRAINING ROOM

1. CALL MEETING TO ORDER/ ROLL CALL

Members

Present:

Mayor Bob Andrews
Mike Boyes
Roger Currier
Bob Larson
Bart Riersen
Robert Soppe
Jeff Palmer

Jack Reardon (Chair)
Darlyn Adams
Thomas Barnes
Andrew Smith
Ernie Amundson
Joel Perez
Lon Wall

Staff

Present:

Jim Bennett, City Manager
Terrence Mahr, City Attorney
Elizabeth Comfort, Finance Director
Janelle Nordyke, Assistant Finance Director
Libby McCann, Accounting Clerk 1
Barton Brierley, Planning and Building Director
Brooks Bateman, Building Official
Dave Brooks, Information Technology Director
Jennifer Nelson, Recording Secretary

Others

Present:

Marlena Bertram, John Bridges

Jack Reardon, Chairperson and Public Member, called the meeting to order.

2. APPROVAL OF MAY 10, 2007 MINUTES

MOTION: Larson/Amundson to approve the Budget Committee Minutes from May 10, 2007 as amended. (Unanimous) Motion carried.

3. DEPARTMENT PRESENTATION: FINANCE/COURT, ELIZABETH COMFORT

Elizabeth Comfort, Finance Director, presented the budget for the Finance and Court departments. Areas of interest or change were highlighted as follows:

- Under salaries, brought in a half Full Time Employee (FTE) from utilities
- Printing and advertising increases for publications
- Travel and training increases for staff for sufficient ongoing training
- \$3,000 leadership program training for Finance Director as continuing education

- Contractual services for armored vehicle to transport daily deposits
- No additional funds transferred in to the capital outlay for computer reserve

Councilor Bob Larson questioned an increase budgeted in the reconciliation of capital outlay and wondered if they were actually adding \$3000 this year for an actual net of \$6,717.

Ernie Amundson, Public Member, added his concern of why finance is budgeting another \$1,000 if a reserve is already available.

Ms. Comfort replied these monies were for desks, chair, and office needs other than a computer.

Chair Reardon asked why it would be increased this year if we did not use what was budgeted last year.

Ms. Comfort explained Finance did not transfer funds into the Capital Reserve Outlay, but that it was reconciliation. The budgeted number reflects the total amount of the reserve each year, and if the estimated money was not spent, the reserve is reconciled back into the total and is a reflection of a building reserve or rollover.

Discussion ensued concerning whether an item not used from prior year should have money budgeted again or if it should be redirected as a general fund item. Staff explained there were no additional dollars budgeted for computer replacement this year and discussed the existence of a computer replacement schedule. It is important to continue to keep reserves so when a department is due for replacement, the funds are available at that time. The different department replacement schedule averages every three to four years with Dispatch replacing more frequently and some desk computers up to five years when only used for word processing.

Councilor Robert Soppe asked for clarification of money used to purchase or dollars set aside, mentioning the \$3,854 spent last year although \$5,000 was budgeted and wanted to know if budgeted and actual are taking in account two different things.

Ms. Comfort reminded the dollars set aside also include utilities, the \$3,854 is what was spent out of the reserves, and that the total amount of the reserve pot is always put in the budget. She confirmed that the budgeted amount is not what is expected to be used but what is available.

Councilor Soppe questioned if there was \$24,390 sitting in reserve then why send an extra \$6,000 for next the fiscal year.

Ms. Comfort clarified that finance is not sending any more to the reserve, but utility services is.

Discussion commenced concerning the use of the same word finance to describe both the Finance Department and a portion of the department titled finance as well. Under the general department finance there is essentially three sub-departments: finance, utility, and court.

Councilor Soppe expressed discontent with using the word "finance" to refer to both because it creates confusion and asked for some manner of distinguishing the two. He also had the same problem with the City Manager budget doing the same thing. He asked that same words not be used for two very different things next year.

Ms. Comfort moved on to discuss utilities and the bank charge increase as of January 4th with the implementation of online utility billing payments on the website.

Mr. Amundson asked why the service charges could not be passed on to the person paying the bill online.

Discussion continued concerning whether the extra fee could be added only to the customers who pay with credit cards and staff did not believe the extra fee could be added to only those who paid with credit cards. Suggestions were made to build in the charges into the overall customer base. Staff also believed that when starting a new service, initially it will be slow in use but will build up over time and pay for itself.

Councilor Soppe asked why the city cannot have an online service charge, not using the same percentage charged to us by the credit companies, but like gas stations charges for use of even debit cards. He mentioned the discount for using cash and his assumption that charging a fee for card use is legal since all other businesses and gas stations are able to do it. His concern was the large software expense to offer this service and believed the city should have a moderate way to charge a fee. He wanted to know if there is a legal reason why that could not be done.

James Bennett, City Manager, did not believe there would be a way to distinguish between the fees. He also argued there are unseen savings in processing time saved by using the online payment services. There is efficiency in not using people to do the work although there are some up front costs for the service to be provided to the public. If some of those costs could be recovered, he agreed it should be looked into.

Councilor Roger Currier stated he did not agree with charging the general public the extra expenses for those who choose to use cards.

Lon Wall, Public Member, said he would like to see if the City Attorney, Mr. Mahr can find out if the city can legally do this since the money for this convenience has to come from somewhere.

Some discussion followed concerning the large portion of the budget being set for bank charges and the question of cost effectiveness. So discrepancies were noted about whether or not council anticipated these charges would be taken care of by the consumer when it was first decided to provide this service.

Ms. Comfort mentioned they based the budget on 10% being paid with cards because there are other ways customers can pay, this way is not going to meet everyone's needs. Their best guess going into the next year was based on only having three months of actual usage when they came up with this figure.

Mr. Amundson thought it was important to see how much putting 400 late notices on doors costs and if having the credit card option helped to decrease that.

Ms. Comfort agreed it has helped, but only within a small period of review. In October they included a direct debit option which helped because accounts are hit on the day the bills are due and that service is free.

Councilor Soppe asked for further discussion of the additional \$3,000 for leadership training and asked why it was brought up this year and not in the past. He wondered if this was a requirement or a choice.

Ms. Comfort replied is a new program and is not a requirement; however, she did examine the training for all staff in the past and they have not been doing the minimum.

Councilor Soppe also stated he believed the city could do better than a 3% rate for credit cards and staff agreed to look into it.

Ms. Comfort stated staff will look into that and the amount is based on the actual swipe, although some big ticket charges may drop it to 2% the 3% charge applies to all under \$2,000 and as any business they are expected to pay that.

A brief discussion was held concerning changes in FTE, what divisions of the department they came out of and why, and how to come up with the totals. Also mentioned was postage increases, increase in customer base, and under-budgeting in previous year.

Councilor Soppe referred to \$50,000 for utility billing and asked for an explanation of General Office line items.

Ms. Comfort stated it was part of the administrative support services section. The office equipment maintenance expense is now factored into the rental expense line because all agreements come with the maintenance. General Office is divided by the entire city organization and the budget is based on previous year's usage. So, if the library used more and showed an increase, most likely they will continue to increase. They also assess inflation into those costs and allocated it. Amounts are allocated out for the whole city to use: these are true central services, providing telephone, postage and copy machine usage.

Mayor Bob Andrews asked about the increase by 15% for hardware or usage charge.

Ms. Comfort replied it was for telephone costs allocated throughout the city because it comes back. It is indicated by the number of phones on the desks and those usage costs. It is by the hardware that we allocate the usage. This telephone increase in particular includes cell phones. All this information will be included in the Information Technology Department presentation.

Discussion concerning changes in FTE for position switching from legal department to support the court followed. Also mentioned was the request of last year's budget committee to add an extra dollar to citations for mediation and why it was not finalized with the judges as intended last year. This was marked as a hot topic for later deliberation.

Mayor Andrews asked what the process and convictions from the photo red light citations last year.

Councilor Bart Rierson replied there were 299 convictions for \$35,000.

Ms. Comfort continued to discuss the court portion of her presentation stating there have not been any new services added in court until now; court citations fees have an extra dollar added to each citation to improve the efficiency of the court operation. The proposal is to add a cash receipt system, since the current manual labor system is intensive for staff.

Marlena Bertram, Executive Director of Your Community Mediators of Yamhill County, addressed the committee. She offered appreciation for their support last year and discussed a number of cases handled for Newberg residents and how Newberg's contribution helped to stabilize them financially. She discussed updates on the previous year's activities. She mentioned a direct financial savings is not seen but there are savings in efficiency, approximately 2-10 hours at \$35 per hour. Their efforts are significant for non-escalation of domestic disputes or public policy disputes. She shared some of the benefits of mediation and noted a three year average for Newberg at twenty-four cases for community mediation a year out of 187; probably 20-30% was mediated in court.

John Bridges, Attorney, added that he serves two times a month at night court as a pro temp judge and mediation of small claims usually runs about nine a night and 65% of cases are settled with about 40% being Newberg residents.

Ms. Bertram corrected the success rate was actually over 90% if they can get the issue to the table. She stated there was no charge for their services because they raise money from donations and grants and they would do more if there was a need. She discussed the money needed of \$5,000 plus the potential grant revenue to be used for research, development, and for a trainer to develop curriculum and supervise the volunteers.

Darlyn Adams, Public Member, asked about the increase on bank fees of \$1,100 for court.

Ms. Comfort explained there was also an increase in court for credit cards being used in payment of citations where the service charge is 3%. There used to be a limit of \$500 that could be charged on a credit card, but they wanted to provide more of a customer service so allow any portion to be paid.

Councilor Larson asked if the credit payments were made online too and how cards were identified as valid.

Ms. Comfort said they were paid right at the counter and they have a swipe machine.

Councilor Soppe asked why there was supposed to be a fee on each court citation last year that did not happen.

Ms. Comfort agreed the plan was to pay the \$5,000 by adding a fee, since she was not in this position last year, she does not know why it did not happen.

Mr. Bennett said it was to be discussed with the judges, but he does not know why it did not happen either.

Councilor Soppe wanted assurance that it would be followed through with this year.

Mr. Wall expressed concern about the \$5,000 coming from the general funds and the fact that it took an entire year and it was still not figured out with the judges.

Mr. Mahr replied it was not a question that dialogue had occurred about a minimum fine schedule and bail being raised, because those items did take place, they just did not add this one

dollar fee, they did an overall percentage fee though. There is no direct correlation but when fines are paid it goes into the general fund.

Andrew Smith, Public Member, inquired about the costs of Peer Court on page 87.

Mr. Mahr explained it was a national program where first time only juvenile offenders could go to for shoplifting, fights at school, and things of that nature. They must appear before a jury of their peers and one adult who acts as judge to explain what did. A punishment is determined like writing an essay or letter to the parents or community service. There is something to be said for the pressure from their peers and it helps with the overwhelmed juvenile departments. Staff organizes and runs the court once a month and we fund it by putting the cost on our tickets, which is a \$10 dollar added fee.

Chair Reardon announced a short recess at 8:33 pm.

4. DEPARTMENT PRESENTATION: PLANNING/BUILDING, BARTON BRIERLEY

Barton Brierley, Planning and Building Director, announced the Downtown Revitalization Committee would present plans for a Downtown Demonstration Block before he made his department presentation.

Mr. Bridges addressed the committee as the head of the Downtown Revitalization Committee, noting Mr. Reardon and Mr. Wall as current members and Councilor Rierson as a previous member. He discussed the last three years working on a streetscape plan which was approved by City Council. His request was for funding of a demonstration block, including components like street benches, bicycle racks, and landscaping. The goal is for the committee to go out and raise money to complete it but they are asking the city for half of what we need and they will get the rest. He mentioned they do have a commitment for \$5-6,000 for something similar to this and have gotten a \$20,000 gift from rotary club before and will go back to that group as well. They have proposed the block between School Street and College Street as the demonstration block with hopes that improving one side of the street will get people to look at it and get excited to do it to the rest of the downtown.

Councilor Currier expressed concern for the sight lines for truck drivers with the intended landscaping. He also was curious about the liability and maintenance.

Mr. Bridges assured they spoke with an urban forester that deals with placing trees and shrubs that will not impair sight. He said the selection of trees would need water maintenance for only the first two to three growing seasons until they become acclimated and do not require watering.

Councilor Soppe questioned who was doing the safety checks on the design.

Mr. Bridges stated the Public Works Department has had input on four or five occasions.

Councilor Soppe asked if there were any special efforts being made by those businesses in the demonstration block since they would be benefiting from the improvements.

Mr. Bridges stated he would canvas those business owners personally.

Discussion continued about the expense of the project being \$40,000 and half expected to be raised from grants of promised contribution. Concerns were expressed about the City giving their \$20,000 and not spending until the other 50% of the project is raised. Staff ensured it would not be started until coming back to council. It was clarified that the grants were not being pursued as a city but the efforts were by external volunteers.

Mr. Brierley presented the Planning and Building Department's budget and the power point is available for public review.

Mr. Amundson asked about the time frames when **Mr. Brierley** was discussing Urban Growth Boundary, the transportation plan, another new project for the south east area, and the Springbrook Road master plans.

Mr. Brierley stated it was to come before the Planning Commission in July and to the council in August or September. He would like to begin construction this fall with small phases within a year.

Discussion continued concerning the grant funded for housing density and the affordability plan up for consideration starting in June. Projects for sidewalk and bicycle routes as part of the American Disability Act (ADA) priority plan is also grant funded complete with a draft which council will see soon. Also mentioned was that work is still continuing with Oregon Department of Transportation (ODOT) with the proposed bypass. Staff announced planning has been making money over the last three years, bringing in more than spent, which is unusual; but, this year it will be the other way around because activity is down a little bit. The following year is expected to go back the other way.

Mr. Wall mentioned that two major annexations were recently voted down and asked if this is affecting the projections right now or for next year.

Mr. Brierley stated he did factor in that we would get development on those properties, so it is down but he did not factor in the Austin resort which makes up for it.

Discussions continued about numbers not relating in certain charts and staff explained the numbers were down in February and they were increased in the projections from the April report, the bar chart presented in the power point being more accurate. It was explained that projections were completed early. It was mentioned that the time should be taken to update these variances since a lot of the general funds are coming from this area.

Councilor Soppe asked about the last few years increasing in FTEs and asked why when there was a significant dip in the revenue and applications there was not in FTE.

Mr. Brierley explained there was a lot of long range planning and investment in the future with the Urban Reserve Area (URA) and the Urban Growth Boundary (UGB). He said there has been more planning in the last 2-3 years than in the last 10 years combined. When getting things like a resort, development will be paying the fees and we will be able to realize revenue. It is a matter of a lot of time spent in the first year of a project and not seeing revenue until after. With the Austin master plan there have been some fees, but will get more when building starts. If we never build it, then we come out negatively.

Councilor Soppe asked about the microfilming project and asked why money is being spent to microfilm rather than digitizing.

Mr. Brierley stated we are doing both but the state requires microfilming.

Brief discussion began on the Springbrook Oakes and the medical offices, zone changes, and the role of the new code enforcement officer in these areas such as abandoned car complaints.

Councilor Boyes asked if there was anticipation for the development in 2007-8 to require adding more FTEs for additional work.

Mr. Brierley stated that was possible in next budget year.

Discussion on use of contract employees and how that sometimes works better for short term in the planning department and sometimes contract employees become FTEs. Staff explained they adjust the number of employees according to what is going on and they have let people go before.

Councilor Boyes questioned the increase in bank fees in Planning and Building.

Ms. Comfort explained it was just like in the other departments, the city used to only accept under \$500 for credit cards, but now accepting all charges in any amount and the 3% is factored in. They do not know for sure how many customers will come with credit cards. Since the service has not been offered before, there is no way to know now if it is going to be used or not.

Councilor Soppe asked what the reasons were for the decrease in development this year and why what we expected did not happen. He asked if there was land we expected to develop that did not.

Mr. Brierley said the biggest hit was in residential where previously 360 new homes were built and this year there were only 150. He explained that some projects also took longer than expected, like The Greens and there was still land there waiting to be developed.

Joel Perez, Public Member, asked about the increase in advertising.

Mr. Brierley attributed the increase significantly to two main things: one is graphic started charging for advertising whereas they did not used to and the new requirement to have certain code amendments announced to everyone in the city.

Councilor Boyes questioned the time lapse between developing in 2007-08 that is anticipated before now and June and wondered if the city would see any revenue from that for another year.

Mr. Brierley stated the assessor completes his assessment on a certain date at the end of November and whatever additions are added as far as development at that time was accounted for.

Chair Reardon believed the estimate completion date was actually different from that and staff agreed to check on that.

Mr. Wall requested the percentage charge for bank fees be added to the hot topics list for later deliberation.

Discussion ensued concerning the department presentations left to complete and the time limit for the budget committee to be completed. Staff stated the budget had to go to city council on June 18th and posting requirements meant it had to be placed in the Newberg Graphic five days prior to the Wednesday print date before the 18th. With a few days to work on it, staff stated they felt comfortable with a completion date of June 6th.

**5. DEPARTMENT PRESENTATION: INFORMATION TECHNOLOGY,
DAVE BROOKS**

This department presentation was deferred until the next meeting on Thursday, May 24, 2007.

6. DISCUSSION

None.

7. ADJOURN: NEXT MEETING MAY 24TH, 2007

MOTION: Adams/Larson to adjourn the meeting at 9:40 pm until the next meeting on May 24, 2007. (Unanimous) Motion carried.
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