

CITY OF NEWBERG BUDGET COMMITTEE MINUTES

September 21, 2010

7:00 P.M.

PUBLIC SAFETY BUILDING

401 E. Third Street, Newberg

Members

Present:

City Council:

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

Citizens:

Darlyn Adams
Ernie Amundson
Thomas Barnes
Janet Irish
Jack Reardon
Lon Wall, Chair

Members

Absent:

Deanna Moore (excused)

Staff

Present:

Dan Danicic, City Manager
Janelle Nordyke, Finance Director
Caleb Lippard, Assistant Finance Director
Dawn Wilson, Senior Paralegal & Elections Officer
Mary Newell, Support Services
Dawn Karen Bevill, Recording Secretary

1. **Call to Order:** Chair Lon Wall called the meeting to order at 7:00 p.m.
2. **Approval of May 18, 2010 and May 25, 2010 Minutes:**

MOTION #1: Andrews/Adams to approve the May 18, 2010 and May 25, 2010 Budget Committee Meeting Minutes as amended. (13 Yes/ 0 No/ 1 Absent [Moore]) Motion carried.

3. **Public Comment:**

Roger Wiltshire is a citizen of Newberg, first arriving in 1957 with intermittent absences and back permanently in 1986. He has a major interest in how the City of Newberg is appropriated. Recently he has become interested in the City's operation due to what he sees as detrimental to the City and in many instances mismanaged and overspent. Mr. Wiltshire first addressed the presentation the City Manager gave to the City Council on August 2, 2010 regarding a sustainable budget plan. The City Manager reported that \$4,000 – \$8,000 was needed to hire an outside firm to survey the citizens of Newberg in determining what the citizens may want in their budget. Mr. Wiltshire believes the amount to do that survey is not needed and can be done internally for less than \$1,500. Mr. Wiltshire then addressed the transient room tax issue that was discussed at the September 20, 2010 City Council meeting. According to the Oregon Revised Statutes number 320.350 it is called the transient lodging tax. It is called that due to the consideration of lodging, not rooms.

The definition of the transient room tax is inclusive in lodging and also addresses spaces for motor homes and tents. He encouraged the Budget Committee to reclassify and rename the tax to coincide and support the State Law. Also, at the August 2, 2010 City Council meeting the City Manager mentioned a couple of issues regarding his desire to have citizen input and advocated transparency, but Mr. Wiltshire believes Mr. Danicic has a propensity of hiring outside entities which he does not understand. An outside firm was hired by the name of PPS in regard to public spaces at which Mr. Wiltshire attended the meeting where the area of N. Howard Street, Central Sheridan Street, the Cultural Center, and that entire complex, which he perceived as an initial facilitator meeting when PPS gave the City some direction on making it more tourist friendly. That would complete the job of PPS in his opinion. Newberg citizens were involved in the process and he discovered this City has much talent of various backgrounds and professions. So why would the City Manager hire an outside entity to help advise the City regarding this issue? Part of the issue Mr. Wiltshire hears from administration and the City Council is there is not enough involvement of the citizenry, but had heard from citizens they had no idea about the meeting until it was over. The City should expend some money on an electronic sign board to help communicate and offer information to the citizens of Newberg. Chair Wall stated that normally the Committee keeps testimony from the public at five minutes. Mr. Wiltshire stated the time limit is not listed on the registration form and that allotment needs to be revisited. The last issue Mr. Wiltshire brought before the Committee was regarding the August 2, 2010 City Council meeting where Mr. Danicic stated the Public Works Department was doing all things absolutely effectively. Mr. Wiltshire would like to know how chrome wheels and chrome running boards on a Public Works pick-up truck is effective.

Chair Wall commented on the public testimony time limit; stating it is not used in trying to control someone's speech, but is cordial toward all in attendance that want to testify at a meeting. Also, most citizens can make their points in five minutes. Mr. Wiltshire thanked Chair Wall for his comments. He also stated that the City Manager purposely did not submit an item for the agenda in a timely fashion because he was waiting for someone else. Mr. Wiltshire has proposed to the City Council if there is only one speaker in attendance to offer testimony could the time be extended.

Pat Haight sat at one City Council meeting where she heard the City staff talk about how broke the City is. At last night's City Council meeting, Councilor McKinney stated he has not seen any evidence of the City being broke. She has an email from Lon Wall telling her the next two years are going to be difficult for the City of Newberg. How broke is the City? Ms. Haight referred to two City documents regarding the animal shelter and they do not match up in regards to the expenses. The budget could have had a sub-line stating it may not be spent. The figures need to be stated so they can be interpreted correctly. Dan Danicic asked Ms. Haight what her definition of broke is. Ms. Haight stated not enough money to pay the bills. Dan Danicic explained the City is not broke. A balanced budget is prepared each year which is required by State Law. The message he has been providing to the Budget Committee, staff, and the community is that because of the economy, the City cannot sustain the service levels the City has been receiving. Chair Wall stated the City does have serious budget issues coming up in the next budget cycle, but at this time the budget is balanced.

Chair Wall closed the public testimony at 7:32 p.m.

4. Proposal for the Strategic Budget Planning and Public Input Process:

Dan Danicic, City Manager, explained the primary subject of this Budget Committee meeting is to discuss the strategic budget process which he has presented to the City Council. Mr. Danicic asked Mrs. Nordyke to first recap the last fiscal year.

Janelle Nordyke, Finance Director, stated the City's auditors are Bolt, Carlyle & Smith out of Salem, Oregon. They spent four days reviewing the City's books, reading City Council minutes and asking questions. BCS, LLC went through their check list to ensure the City is coding everything properly, paying vendors the correct amounts, and also making sure controls are in place to find or detect errors. The books are overseen by two

Certified Public Accountants: Janelle Nordyke and the Financial Analyst, Elaina Canutt. Caleb Lippard, Assistant Finance Director, also helps prepare the information for the audit. The auditors say the City of Newberg's books are clean and accurate. Staff goes through and makes sure everything is documented accurately before the auditors arrive. At the end of the last fiscal year, most of the ending fund balances end up higher than projected, which means the departments did better in their spending than was projected. There were a few cases where the revenues were higher. The audit report should be available to the City Council in December. Last night, the City Council approved a five-year contract with the Chehalem Valley Chamber of Commerce to use 25% of the transient room tax for the Visitor's Center which amounts to \$56,250 which is 25% of what is budgeted for transient room tax: \$225,000. This year, it will be taken out of multiple accounts. There is \$18,000 budgeted in tourism; \$17,000 which is unappropriated; \$12,000 from business licenses, and the balance of \$9,250 will be coming from contingency and will be put into the supplemental budget. Next year, the City Council wants the 25% for the Visitor's Center coming from the transient room tax.

Dan Danicic stated he does still anticipate a difficult budget process next year, thus he proposed to the City Council to budget further than just the coming fiscal year, although only one year can be adopted at a time. Greater service levels are needed to be provided to citizens, but when revenues drop, those are affected. The City will have to look at service cuts in the future. Mr. Danicic has put together a sustainable budget process which is a strategic planning process, developing goals and objectives which he handed out to the Committee and audience members. Throughout his 20 year career in the public sector, he has lived through many philosophies on how you treat the citizens in the community and has never felt the citizen was a customer. To reach out to the community, he proposed to hire a company to survey the public in order to help leverage the staff's time. The benefit of using a professional firm is for them to provide their expertise and similar surveys to be used as benchmarks. He feels an expenditure of funds totaling \$8,000 is a wise investment. The firm will know how to format and distribute the survey. He hopes the Committee will support using a professional firm as opposed to hiring temporary help. The overall process is to send the survey out and get the results; the firm believes they can have it out before the holidays. Once the results are received, the Budget Committee will be reconvened and then hold a town hall meeting. The results can be presented to the public in charts, etc. It is a final check-in for the Budget Committee and citizens to comment on the survey. Then he would go back to the staff and implement the results.

5. Discussion and Questions:

Councilor Shelton supports hiring the professional survey firm to expedite and receive the best information possible.

Thomas Barnes asked how many homes will receive the survey. Dan Danicic replied the initial survey will be sent to 1,500 homes randomly. Mr. Barnes asked what about the other 18,000 citizens? Mr. Danicic explained statistically having more responses does not give you a better statistical result.

Janet Irish stated the cost of the survey is well worth it although many citizens may interpret the 1,500 surveys as a loss of opportunity to express their opinions as well. Dan Danicic agreed and he struggles with that constantly. City meetings are posted on Facebook, through utility billing, the Newberg Graphic, on the City's website, etc. in order to inform the citizens.

Darlyn Adams asked how the 1,500 people are chosen. Dan Danicic replied he will report that answer back to the committee when he finds out from the company. The survey will also be available in Spanish.

Jack Reardon has much experience with surveys. He asked for the City to be careful in what is asked and is concerned in the interpretation of the survey especially regarding the level of service. Dan Danicic explained the City will rely on the firm who specializes on developing questions.

Thomas Barnes asked if the public can view the survey questions on the City's website and in the Newberg Graphic in order for the citizens to be ready for the public forum. He believes it would be wise to present those questions to all the public not just the 1,500 that are chosen randomly.

Ernie Amundson does not remember if this was budgeted and asked where the money will come from. Dan Danicic replied from the \$175,000 in the Contingency Fund. Mr. Amundson asked if staff ultimately decides no matter what the results from the survey are. Dan Danicic explained the staff will look at what the public wants and present it to the Budget Committee along with what the ramifications would be and then the Budget Committee would have to determine if it is a prudent action. Mr. Amundson asked if there is any intention of having staff cuts. Dan Danicic replied no. Mr. Amundson suggested the survey be sent out to everyone in Newberg since the firm may only receive back a small percentage if it is sent out to 1,500 households alone.

Councilor McKinney stated the survey may give focus about specifics on line items but is concerned about the sampling percentage.

Councilor Rierson stated the survey is a good idea but is concerned how the survey is crafted if the citizens are asked where the dollars should be spent. It would be nice for the public to know the ramifications to cut backs and have an idea of implications to budget cuts. The department heads could help provide some input on the survey.

Janet Irish suggested having the department heads come up with a budget first that would work for them and then come up with a survey.

Councilor Witherspoon stated the Budget Committee should develop objectives for the survey before it is put together and view the survey before it is published to be sure it is meeting the objectives.

Dan Danicic stated the department heads sat down for a two hour meeting and has had input already. He agreed it is a good idea to have the consultant send the survey to him first and make it available for the Budget Committee to view.

Chair Wall supports the survey and is confident with a good Mayor, City staff, and the Budget Committee, it will work out.

Councilor Howard is in favor of the survey but is concerned with the recommendation of 1,500 and asked where that came from. Dan Danicic replied it was the firm's recommendation. The response rate is 25%. Councilor Howard asked if Mr. Danicic has seen samples of survey questions and if so, are they more quantitative than qualitative. Mr. Danicic stated there are not many open ended questions but instead asks the level of satisfaction on services and prioritization of services and if not enough funding, what actions would citizen's support take. Councilor Howard is also concerned because the public may not understand the implications. Dan Danicic replied every person in the public does not understand every aspect of the City. That is the challenge in balancing those responses.

Councilor Witherspoon stated the firms that do these surveys understand that having more surveys sent out will not necessarily make a difference. He is satisfied with the number. He is wondering if 1,500 are targeted, could it be made available to the public online. Dan Danicic will ask the survey firm what concerns they may have about advertising it on the website.

Councilor McKinney stated the process could be incentivized by rewarding the 1,500 a credit toward their water rate bill, etc. A survey is not a ballot but a tool where qualified people can interpret our goal of finding out what information we need to make the best possible decision.

MOTION #2: McKinney/Shelton moved to proceed in contracting a professional firm to survey the citizens of Newberg in order for the City staff to make the best possible decisions for the City of Newberg. (12 Yes/ 1 No [Rierson] /1 Absent [Moore]) Motion carried.

6. Other Comments:

Darlyn Adams stated in January 2011 she will have served on the Budget Committee for 9 years and does not plan on reapplying. It has been a pleasure to serve.

7. Adjourn: The meeting adjourned at 8:42 p.m.

Approved by the Newberg Budget Committee on this 3rd day of May, 2011.

AYES: 12

NO: 0

ABSENT: 2

(Brown)
(Armundson)

ABSTAIN: 0



Recording Secretary



Budget Committee Chair

5. Approval of Proposed Budget

Mr. Ernie Admundson asked if the tax rate is any different this year. Mrs. Nordyke stated it has remained the same for several years and will remain the same this year as well.

Motion #4: Rierison/ Barnes moved that the Budget Committee of the City of Newberg recommends to the City Council to approve the 2010-11 Budget as amended and to impose the taxes provided for in the approved budget at the rate of \$4.3827 per \$1,000 of assessed value for general operating purposes and \$450,000 for Debt service, and that these taxes are hereby imposed and categorized for the tax year 2010-11 upon the assessed value of all taxable property within the City. The amendment includes (1) \$5,500 for Your Community Mediators which will be included in Community Support under General Government (pg 116) and will be funded by a transfer from Contingency, and (2) the reallocation of \$30,000 for the crack repair for the streets. (12 Yes / 0 No)

6. Adjourn

The meeting adjourned at 7:41 p.m.

Approved by the Newberg Budget Committee on this 21st day of September 2010.

AYES: 13

NO: 0

ABSENT: 1 (Moore) ABSTAIN: 0



Recording Secretary



Budget Committee Chair