LONG RANGE FINANCIAL PLANNING COMMITTEE AGENDA

THURSDAY, OCTOBER 13, 2016
5:30 P.M. MEETING
CITY HALL FIRST FLOOR CONFERENCE ROOM (414 E. FIRST STREET)

Mission Statement
The City of Newberg serves its citizens, promotes safety, and maintains a healthy community.

Vision Statement
Newberg will cultivate a healthy, safe environment where citizens can work, play and grow in a friendly, dynamic and diverse community valuing partnerships and opportunity.

I. CALL MEETING TO ORDER

II. ROLL CALL

III. CONSENT CALENDAR

1. Approve minutes from the September 8 and 22, 2016 meetings.

IV. FINANCIAL POLICIES

1. Review of final draft of financial policies

V. PUBLIC COMMENTS

(30 minutes maximum, which may be extended at the Chair's discretion, with an opportunity to speak for no more than 5 minutes per speaker allowed)

VI. NEXT MEETING

1. October 27 – Introduction to financial model and assumptions

VII. ADJOURNMENT

ACCOMMODATION OF PHYSICAL IMPAIRMENTS: In order to accommodate persons with physical impairments, please notify the City Recorder's office of any special physical or language accommodations you may need as far in advance of the meeting as possible and no later than 48 hours prior to the meeting. To request these arrangements, please contact the City Recorder at (503) 537-1283. For TTY services please call (503) 554-7793.

The Committee accepts comments on agenda items during the meeting. Fill out a form identifying the item you wish to speak on prior to the agenda item beginning and turn it into the Secretary. The Chair reserves the right to change the order of the items on this agenda.

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CITY OF NEWBERG
LONG RANGE FINANCIAL PLANNING COMMITTEE
THURSDAY, SEPTEMBER 8, 2016
5:30 PM MEETING
CITY HALL FIRST FLOOR CONFERENCE ROOM (414 EAST FIRST STREET)

I. CALL MEETING TO ORDER

The meeting was called to order at 5:40 PM.

II. ROLL CALL & INTRODUCTIONS

Members Present:	Bob Andrews	Scott Karn	Kathy Tri
	Stephen McKinney	Sandra Montoya	
Members Absent:	Rick Rogers	Gwen Gardner	
Staff Present:	Joe Hannan, City Manager Matt Zook, Finance Director Caleb Lippard, Assistant Finance Director Mary Newell, Support Services Manager		
Others Present:	None		

Mayor Andrews appointed Kathy Tri as Chair and Scott Karn as Vice Chair.

III. OVERVIEW OF LONG RANGE FINANCIAL PLANNING PROCESS

Finance Director Matt Zook said creating a Long Range Finance Plan was a Council priority and this Committee would review the City's financial policies and projections. The Plan would go to Council in January based on the Committee's recommendations. He discussed the membership of the Committee, project timeline, and preliminary financial analysis.

Ms. Montoya suggested adding long range goals, especially in regard to debt planning.

FD Zook reviewed the existing financial policies that the Committee would work on including the reserve policy, revenue, debt, operating budget, and capital improvement policies. The Committee would also be looking at a long range financial planning policy.

There was discussion regarding the purchasing policy which would probably not be discussed by the Committee.

FD Zook discussed the plan scope and the funds the Committee would review in this process.

Ms. Montoya recommended during the long range planning to include the City's debt in the analysis. Managing debt and looking at how other districts like schools, fire, and parks were impacting citizen debt was recommended so there were no competing bond measures and the City could make the improvements needed.

FD Zook thought the City was in a good position regarding debt issuance as the majority was related to the water and wastewater funds which were supported by rates. For the financial planning, he suggested a rolling five year window. After reviewing the financial policies, the Committee would do a financial analysis. The

recommendations would be taken to the City Council for approval in January and they would be implemented in the next fiscal year's budget.

IV. FINANCIAL POLICIES

1. Presentation of draft financial policies

FD Zook discussed his staff report. He had been reviewing the City's financial policies against industry best practices and was going to propose some changes. He asked for the Committee to review them as well and send him their edits and the changes would be discussed with the whole Committee. These policies were valuable in helping the City move forward. He provided the Government Finance Officer Association's best practices document as a reference point.

FD Zook reviewed the City's reserve policy. This set a minimum for how much the City would have in reserves. Where the City should go beyond that was a discussion for the Committee.

There was discussion regarding the differences between contingency, unappropriated ending fund balance, and reserves. There was further discussion regarding collection of property tax revenue and defining the terminology better in the reserve policy.

Mayor Andrews would like to review the City's investment policy. He thought it was a weak link in the City's financial plan.

Ms. Montoya thought the City had a good reserve level. When she worked in California, in the policy it stated any savings at year end would be allocated and the split was determined by Council. It would change every year depending on the priorities. It helped them meet the reserve levels.

Ms. Tri said the County allowed the departments to keep any of the savings at the end of the year and take them into the next fiscal year. It encouraged them not to overspend and save money for larger cost items they needed.

FD Zook said one of the things missing was language saying how the City would rebuild the reserve and in what timeframe if it went below the minimum, such as if the economy crashed or there was an emergency. There also needed to be a determination of what situations the City would be allowed to use that much of the reserves.

There was discussion regarding use of restricted reserves and setting separate levels for the unappropriated ending fund balance and contingency. FD Zook would discuss this further when he brought back the projections and could better illustrate how to define them separately or together.

Ms. Montoya asked about the minimum of having 60 days of reserves for utility user fees, and how the best practice was 90 days and in Salem it was 120 days. FD Zook thought that could be looked into further and the language could be cleaned up. If the number of days was changed, there would have to be interim stages to get to that level of funding.

V. PUBLIC COMMENT – None.

VI. FUTURE MEETINGS

The next Committee meeting would be held on September 22. FD Zook would come back with the revised policies for discussion.

VII. ADJOURNMENT

The meeting adjourned at 7:13 PM.

Approved by the Long Range Financial Planning Committee on this 13th day of October, 2016.

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Long Range Financial Planning Committee Chair

CITY OF NEWBERG
LONG RANGE FINANCIAL PLANNING COMMITTEE
THURSDAY, SEPTEMBER 22, 2016
5:30 PM MEETING
CITY HALL FIRST FLOOR CONFERENCE ROOM (414 EAST FIRST STREET)

I. CALL MEETING TO ORDER

The meeting was called to order at 5:30 PM.

II. ROLL CALL & INTRODUCTIONS

Members Present:	Kathy Tri, Chair	Scott Karn, Vice Chair	Rick Rogers
	Stephen McKinney	Sandra Montoya	Gwen Gardner
	Bob Andrews		

Staff Present: Joe Hannan, City Manager
Matt Zook, Finance Director
Caleb Lippard, Assistant Finance Director
Truman Stone, City Attorney
Mary Newell, Support Services Manager

Others Present: None

III. FINANCIAL POLICIES

1. Continuation of review of draft financial policies

Finance Director Matt Zook distributed the version of the financial policies he had edited. The Committee would discuss these changes and any changes the Committee might suggest.

FD Zook deleted "fiscal" and put in "financial" because he thought of fiscal as a budget cycle, but financial policies seemed to be a broader term. These were public documents that would be placed on the City's website after approval by the City Council. He suggested taking any updates to the policies to Council annually to keep the ball rolling in the future.

Chair Tri suggested that the policies also be reviewed by the Budget Committee. FD Zook said they could be reviewed at the Budget Committee orientation.

FD Zook added an objective for the purpose of the policies, which was integration into the long range financial planning process. He explained the changes to the fund balance policy that incorporated what had been discussed at the last Committee meeting. He added language about revenue being diverse and stable and identification of one time revenues vs. one time expenditures and recommended uses for one time revenues.

Mr. Karn suggested adding a definition of one time revenues and one time expenditures. There was discussion regarding where to place grants and sale of assets in the policies.

FD Zook said sometimes there was an issue of being too conservative where cities were not appropriating funds in a timely manner that could be appropriated and that caused them to miss opportunities. He wanted to make sure the City was balanced and reviewed what they considered discounts. He brought the City's Investment Policy as requested by the Mayor. It was a policy from 2005. He planned to incorporate the policy into the

master document and not rewrite it. He recommended referencing the Municipal Code for user fee policies and incorporating the master fee schedule.

There was discussion regarding the differences between the user fees and public safety fees, lodging tax fee, etc.

City Manager Joe Hannan suggested requiring consultation with other public entities when looking at overlapping taxes. There was consensus to leave it as an informal discussion among the jurisdictions.

FD Zook said the Finance Department was often the last to know about grants.

There was discussion regarding whether or not to get Council approval for grant applications.

There was consensus that staff needed to obtain approval by the City Manager before grants were applied for and the City Manager would communicate about these grants to the Council in a timely manner.

The Committee wanted it clarified in the document that the City Manager was the Budget Officer.

Ms. Montoya said regarding the sentence stating, "exceptions require the use of non-recurring revenue to balance the budget", she recommended crossing out the "less than" and having it say "the budget for one year" was permitted. It could be that there was a need to use contingency or reserves for one year and if it was "less than" it would remove the opportunity.

Ms. Montoya left the meeting at 6:30 PM.

FD Zook discussed the definition of a structurally balanced budget and recurring and non-recurring revenue sources.

The Committee changed some language to say, "If the structural balance changed between the proposed budget and the adopted budget, the City Manager would clearly delineate the changes and any impact on the structural balance of the adopted budget." This would identify any changes made by the Budget Committee that would have an effect before the budget was approved by the Council.

FD Zook said there were regularly maintained replacement plans for assets and equipment required for normal work, although because of the economy most of those plans had been deferred. There was consensus that the City was going to maintain a replacement plan and would communicate the plan so it was clear that the plan was being funded or deferred. There was also consensus that the City would routinely look at service systems and programs to see if they should be provided by city staff or by contract.

IV. PUBLIC COMMENT – None.

V. NEXT MEETING – The next Committee meeting would be held on October 13.

VI. ADJOURNMENT

The meeting adjourned at 7:00 PM.

Approved by the Long Range Financial Planning Committee on this 13th day of October, 2016.

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Long Range Financial Planning Committee Chair