

**CITY OF NEWBERG BUDGET COMMITTEE AGENDA
TUESDAY, JANUARY 29, 2013
7:00 P.M. MEETING
PUBLIC SAFETY BUILDING TRAINING ROOM (401 EAST THIRD 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. COMMITTEE BUSINESS

1. Committee and Staff Introductions (*updated membership list distributed at the meeting*)
2. Elect Chair/Secretary and Vice Chair

IV. 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)

V. CONSENT CALENDAR

Approval of May 01, 2012, May 08, 2012 and May 15, 2012 minutes

VI. CONTINUED BUSINESS

No Items

VII. NEW BUSINESS

1. Budget Report by the City Manager
2. Budget Calendar Review and Acceptance
3. Time for Budget Committee to ask questions they want addressed and to give the City guidance in preparation of the 2013-14 budget

VIII. 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 711.

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
BUDGET COMMITTEE MEETING MINUTES
TUESDAY, MAY 1, 2012
7:00 P.M. MEETING**

PUBLIC SAFETY BUILDING TRAINING ROOM (401 EAST THIRD STREET)

I. CALL MEETING TO ORDER

Chair Lon Wall called the meeting to order at 7:02 p.m.

II. ROLL CALL

Members

Present:

Councilors:

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

Citizens:

Lon Wall, Chair
Thomas Barnes, Vice Chair
Jack Reardon
Janet Irish
Helen Brown (arrived at 7:10 p.m.)

Members

Absent:

Deanna Moore (excused)
Ernie Amundson (excused)

Wade Witherspoon (excused)

Staff

Present:

Dan Danicic, City Manager
Janelle Nordyke, Finance Director
Caleb Lippard, Assistant Finance Director

Terry Mahr, City Attorney
DawnKaren Bevill, Recording Secretary

III. COMMITTEE BUSINESS

None.

IV. PUBLIC COMMENTS

None.

V. CONSENT CALENDAR

None.

VI. CONTINUED BUSINESS

1. Public Hearing on State Shared Revenues – Janelle Nordyke

Ms. Nordyke explained the State Shared Revenues are given to the City by the State of Oregon. It is a collection of additional liquor taxes that goes directly to the State. The distribution of this revenue is based on the population of each entity that receives these funds. The additional liquor tax is distributed quarterly and the State requires that a public hearing be done before the Budget Committee to discuss possible uses of these funds. In the past, staff has allocated the total amount of revenues received to Police and Fire. Staff's recommendation is to allocate the amount of the 2012-2013 estimated State shared revenues from additional liquor tax totaling \$203,405.00 to Police and Fire.

MOTION: Rierson/Howard moved to approve the staff recommendation. (10 Yes/ 0 No/ 4 Absent [Moore, Amundson, Witherspoon, Brown]) Motion carried.

2. Department Directors Presentations – Dan Danicic:

a. Police

Brian Casey, Chief of Police, stated the Police Department is adequately staffed at this time and thanked the City Council and Budget Committee for their support over the past five years in helping achieve the current staffing level. Since the additional officers were approved four years ago, the department has never been fully staffed because of the absentee rate, which is caused by officers transferring, retiring, sick, or in training. Currently the department is down two people. Calls for service are approximately at 30,000 and has increased by 5,000 calls over the past four years. The types of calls they deal with during swing shifts are stolen property, weapons, burglary, criminal mischief, and DUI arrests, just to name a few. Not only is the Police Department one of the largest departments in the City, they are one of the biggest generators of revenue. Fifteen of the thirty-five officers are paid for through self generated funds or through the water (utility) bill. The City of Dundee funds four officers at \$400,000.00, the water bill funds three officers at \$300,000.00, traffic citations fund five officers at \$500,000.00, and the School District pays for half of an officer. Other generic revenues generate \$200,000.00 to \$300,000.00. Many of the positions are funded through self generated dollars or through contract dollars. The total generated is \$1.4 million in revenue. The department also generates \$10,000.00 from Polk County. The Newberg Canine officers raised approximately \$7,500.00 to help fund the Canine Program.

Vice Chair Barnes asked how many volunteers work for the Police Department and how does the department keep those volunteers motivated. Chief Casey replied including the Reserve Department, they have close to 20 volunteers who enjoy the work and are interested in law enforcement.

Jack Reardon asked for an update on vehicles and equipment. Chief Casey answered the vehicle situation is compounding because of the cost to purchase new vehicles and the ability to buy is decreasing. They are leasing vehicles as well as purchasing some on credit. The mileage on many of the vehicles is over 100,000 miles.

Mayor Andrews referred to page 39 of the Proposed Budget and asked about the proposed increase of one full-time employee (FTE). Chief Casey explained that is a transfer from one division to another; not an addition of employees.

Councilor McKinney asked if there are any injured officers at the moment. Chief Casey stated one is injured and two are in training.

b. Fire

Les Hallman, Fire Chief, stated over the past five-years the Newberg Fire Department has experienced a 23% increase in call/service volume but has had no increase in staffing and little or no increase in materials or services. Last year's emergency responses totaled 4,474. One of the issues of concern is overlapping incidents. Fire calls tend to come in four to five at a time, but staff cannot handle more than three at a time. When three or more occur they have to break a unit away from another call or have to call in another unit from outside the city. In 2011, they had 705 overlapping incidents. Routine calls can be handled by eight people but the amount of staff becomes a challenge when there is a motor vehicle accident. The National Fire Standard says for a single family structure fire, 14 people should be on scene, but there are only eight men on duty. Staffing is being done to the best of their ability, but if the call volumes increase or less staffing occurs it will become a struggle.

Several years ago the department took a reduction on overtime, which he believes was handled well the first two years; this year it has become much more of a challenge. Many of the senior fire fighters are maxing out on their vacations and are not as able to help with labor and time trades. This year the department is struggling with their overtime budget. Temporary brown-outs may be necessary; shutting a unit down for an amount of hours to reduce overtime. Reductions have been made in the training program with no advanced training. Equipment and purchases have been pushed back and delayed, but that is starting to catch up to them. User fees generate \$1.4 million, which includes an estimated \$150,000.00 increase due to recent City Councils approved EMS fee increases. The Rural Fire District Contract will lessen due to decrease in property values. Even with the reduction, the City will receive \$272,035.00 in revenue from the Rural Fire District.

One-time Capital Expenditures that will not come out of the General Fund are as follows:

- \$50,000.00 for firefighting/rescue equipment for new pumper with patient transport capabilities (funding provided by Fire & EMS Equipment Fund)
- \$15,000.00 for patient ventilators (EMS Fund)
- \$6,000.00 for automatic external defibrillators (EMS Fund)
- \$3,000.00 for endotracheal intubation devices (EMS Fund)
- \$3,000.00 for oxygen bottle lift system (EMS Fund)

Councilor Howard stated he sees fire incidents are decreasing and EMS incidents are increasing. He asked that if that trend continues how will that affect the demands on the department. Chief Hallman explained fire incidents did go flat one year and the EMS calls are going up. The majority of the medical calls are coming from elder care facilities. Hopefully EMS engines will be added before fire fighting engines in the future. The focus will be on the trends. EMS/Fire Fighting cross training is also a benefit. EMS calls should generate revenue but the patient's ability to pay is a concern with a serious reduction in payments from Medicare and Medicaid.

Councilor McKinney asked Mr. Danicic if the anticipated \$26,443.00 decrease from the Rural Fire District is accounted for in the budget. Mr. Danicic replied, no not in the published budget. The budget will need to be adjusted and that will come out of the contingency. Councilor McKinney asked Chief Hallman if the City has made the department too lean to prepare for the future. Chief Hallman replied they cannot handle much more in call volume or growth and certainly cannot handle any cuts in staff.

Vice Chair Barnes asked how many volunteers the department has. Chief Hallman replied there are 55 volunteers and they are always looking for more. The City has no active recruitment, but receive 10 to 15 volunteer candidates yearly. Newberg is truly a training ground for volunteers who want to have a future career as a firefighter.

Councilor Bacon asked how many calls are transported to the hospital. Chief Hallman replied over 2,000 were transported last year.

Janet Irish asked if there was any possibility of putting capital expenditures on the Newberg Charitable Organization wish list. Chief Hallman stated the EMS Chief works very closely with them. They gave over \$100,000.00 toward the new ambulance a few years ago. Ms. Nordyke stated they have contributed \$25,000.00 to \$30,000.00 every year, but this year it is low.

c. Library

Leah Griffith, Library Director, stated the library has 20,000 members, who come in person and online to engage in learning, discovery, and economic activities. The resources being used include e-books, repair manuals and new learning opportunities. A new mobile application through the regional library system will be initiated in the next few months. A newly organized history depository and digitized resources are also offered

online. Soon the Children's Room will begin construction; putting the project out to bid this fall with construction in the winter. For 2012-2013, the book and magazine budgets are down by \$12,000.00 from two years ago, which translates to about 650 fewer items purchased.

Vice Chair Barnes asked what type of creative ways are used to thank the volunteers. Ms. Griffith replied there are 125 volunteers and personal connection is important with each one. Money in the past has been used to purchase small gifts as thanks but that cannot be done now. For some of the long-term volunteers that have passed away, money has been used to buy flowers for their funeral services.

Helen Brown asked for the amount of time the library is open in comparison to others. Ms. Griffith stated the library is closed on Mondays, which reduces the hours to 37 per week. The average for comparable libraries is 55 hours per week. Checkouts compared to McMinnville and Woodburn are the same, but lower than the metro area due to much more in population. Also the \$79.00 fee for people outside of the surrounding area is a deterrent. Circulation is growing especially in the children's department.

Councilor Shelton asked how many of the 20,000 members are out of the district. Ms. Griffith replied 2-3% are out of district cardholders and 25% of checkouts are to those outside of the district. The \$79.00 fee is not a revenue generator.

Jack Reardon asked if there has been an increase at the library due to Portland Community College (PCC). Ms. Griffith stated they have seen more students due to PCC, but really how they support the community with continuing education is through proctoring exams.

Mayor Andrews asked when referring to students not paying a fee, does that include all students or only students of the public schools, and if it is all students does that also include home school. Ms. Griffith explained the City Council approved a Projects Kids Card, which allows the library to provide a card to any student through high school in the Newberg School System, but who lives outside of the City boundaries and that includes private schools and homeschoolers. They do provide a library card to Kindergarteners in private schools who live out of Newberg for the first year and then recommend they get one from their community library after their Kindergarten year.

d. Planning/Building

Barton Brierley, Planning & Building Director, stated the Planning Department does planning review of proposals for development permits ensuring compliance with the City's Development Code. This includes applications for multi-family and commercial development, subdivisions, variance, and zone changes. Long range planning includes urban growth boundary reviews, comprehensive plan amendments, and growth projections. The Building Department reviews proposals for all permitted structures from plan review to final inspection to ensure buildings are safe and built to code. Staff also enforces building codes. The 2012-2013 budget includes reduction of two full-time planner positions to part-time. It also includes reducing a plans examiner to a part-time contract position. Over the past few years, staff levels in the department have been reduced by two-thirds. Two-thirds of the remaining staff are part-time and do not receive insurance or retirement benefits. The Planning Fund is largely funded by permit fees and generates approximately \$450,000.00 in revenue. The staffing level is decreasing while the work load looks to be increasing over the upcoming fiscal year.

Councilor Shelton asked how much can the Chamber of Commerce help with economic development. Mr. Brierley replied the Chamber provides a vital role in economic development. The retail community is their focus, so the department has chosen to focus more on the trade community.

Helen Brown asked if there are any volunteer positions in the building division. Mr. Brierley said yes in both planning and building. They have volunteers through the Chemeketa Community College Building Inspection Internship Program and students from George Fox University who help in research.

Councilor Shelton asked Chief Casey if the proposed Operating Levy or Public Safety Fee would help with dispatch and communications. Chief Casey explained the Dispatch Center is not in good shape and can use funding. Their staffing levels have not changed for several years and they have seen an increase in calls. The City will need to keep up with equipment and training if the upcoming projections are correct. Consolidation is not an option in order to save money.

Jack Reardon wants to be sure the revenue projections are as close as possible. He is confused regarding the projection of 1.5%. Mr. Danicic explained the City relies on the County Assessor regarding property tax projections and how much they will reduce or increase property values. The Assessor is decreasing values 8% for next year. Newberg cannot control the percentage of collection rate so we assume 90% or 95%.

Vice Chair Barnes reiterated his past concern regarding losing people in public safety and the lack of needed equipment. Keeping the trained long-term employees is beneficial. Losing trained public safety employees would be detrimental.

VII. NEW BUSINESS

The next Budget Committee meeting is scheduled for May 8, 2012, at 7 p.m. in the Public Safety Building located at 401 E. Third St.

VIII. ADJOURNMENT

The meeting adjourned at 9:00 p.m.

Approved by the Newberg Budget Committee on this 29th day of **January**, 2013.

Lon Wall, Budget Committee Chair

DawnKaren Bevill, Minutes Recorder

**CITY OF NEWBERG
BUDGET COMMITTEE MEETING MINUTES
TUESDAY, MAY 8, 2012
7:00 P.M. MEETING**

PUBLIC SAFETY BUILDING TRAINING ROOM (401 EAST THIRD STREET)

I. CALL MEETING TO ORDER

Chair Lon Wall called the meeting to order at 7:00 p.m.

II. ROLL CALL

Members

Present:

Councilors:

Bob Andrews, Mayor
Denise Bacon
Bart Rierison (arrived at 7:02 p.m.)
Stephen McKinney
Marc Shelton
Ryan Howard

Citizens:

Lon Wall, Chair
Thomas Barnes, Vice Chair
Jack Reardon
Janet Irish
Deanna Moore
Ernie Amundson
Helen Brown

Members

Absent:

Wade Witherspoon (excused)

Staff

Present:

Dan Danicic, City Manager
Janelle Nordyke, Finance Director
Caleb Lippard, Assistant Finance Director
DawnKaren Bevill, Minutes Recorder

III. COMMITTEE BUSINESS

None.

IV. PUBLIC COMMENTS

None.

V. CONSENT CALENDAR

- 1. Budget Committee Minutes of 02/28/12 and 04/24/12

MOTION #1: Barnes/Andrews moved to approve the Budget Committee Minutes from February 18, 2012 and April 24, 2012 (13Yes/0 No/1 Absent [Witherspoon]) Motion carried.

VI. CONTINUED BUSINESS

- 1. Department Directors Presentations – Dan Danicic:
 - a. Administration:

Mr. Danicic explained this current year the Administration Department is working on an Emergency Operations Plan that sets out all of the response for every kind of emergency such as the operations center, chains of

command, logistics, public information, and declarations of disaster. The goal of the Public Information Team, which is staffed by existing members from each department, is to make every effort in getting the word out regarding what is happening behind the scenes and post stories that are happening within the City. There is a specific place on the website for informing the public. A George Fox University intern is putting together a booklet that summarizes the activities the City is involved in. The City Recorder's Office is responsible for preparation and distribution of Council packets, records requests, records management, and three part-time recorders. Human Resources is working on more on-site training for staff and supervisors; has had 17 hires; and 32 separations due to retirement, layoffs, and resignations. The Safety Committee was originally established to address work place accidents, identify remedial needs, and take action. Their role then was to include the Wellness Program and grant money received from the City's insurance carrier, which provides wellness activities for promoting a healthier work place. This year the City Manager expanded his role to include risk management. As a result of that, the City received \$2,000.00 credit and anticipates being eligible for \$4,000.00 next year. The current HR Manager is scheduled to retire in 2013.

b. IT:

Information Technology scope of services are:

- Desktop/Laptop Computers – a number of computers that were scheduled for replacement but are still in service total 142.
- Servers – A physical computer, whose task is to provide services to all terminals or computers connected to it, such as grant permissions or allocate resources. Examples are: Email, Dispatch, Police Records, GIS, Permits Plus, and the Website. 24% (8) Servers have been in service since 2003-2005 and are beyond their expected lifecycle.
- Mobile Data Terminals (Police/Fire vehicles).
- Dispatch Center.
- Website.

Chair Wall asked how many computers have been purchased. Dave Brooks, IT Director, stated three computers have been purchased over this past year.

Deanna Moore asked what happens when the servers go down. Dave Brooks answered if a server goes down it would be three weeks to a month before he could have it replaced and up and running. IT has developed a Disaster Recovery Program to mitigate a server failure to the best of their ability.

Jack Reardon asked what the capital budget for replacement for this year is. Dave Brooks replied an Emergency Replacement Fund was established. Essentially instead of having a capital replacement cycle, they have identified certain equipment to be replaced, which will help purchase hardware; then look to a supplemental budget to restore that fund. That fund is at \$40,000.00 with no capital improvement amount.

Chair Wall asked for clarification regarding the servers being replaced and whether they are physically breaking down or are they not keeping up with current technology. Dave Brooks said yes to both. Many computers and components are failing and some new versions of software cannot be used due to software compatibility.

Councilor McKinney asked if information is backed up on a server and on the web as well. Dave Brooks replied they backup servers but do not backup desktops. City policy states if documents or data are worthy of being backed up it needs to be stored on the server. IT backs up daily and one server backs up all the other servers and that is its only job.

Jack Reardon asked how many servers are there. Dave Brooks answered they have approximately 40 servers, which range in price from \$7,000.00 to \$16,000.00.

Councilor McKinney asked can an outside contractor or source for backup server be used. Dave Brooks replied yes, but it would be more expensive and the company would have to go through background checks as each City employee must go through.

c. Finance:

The Finance Department currently has 7.5 FTE and leverage technology to make things easier such as paying utility bills online and to set up automatic deductions from bank accounts. They annually receive the Government Finance Officers Association certificate of achievement for Excellence in Financial Reporting and have successful annual audits. The Goals in the coming year is to continue to enhance financial transparency with documents on the web, to maintain the highest bond rating possible, to ensure proper internal controls are in place and working effectively, and to provide monthly budget reports to department heads.

Vice Chair Barnes asked what is our bond rating. Ms. Nordyke replied the City maintains an A1 bond rating.

Jack Reardon asked staff to clarify contractual services maintenance agreements and utility agreements in the proposed budget. Ms. Nordyke stated \$53,000.00 is for an outside service to send utility bills to customers. The maintenance agreements are for utility billing software, which is an annual fee. Mr. Danicic stated the Utility Assistance is money the Citizens' Rate Review Committee (CRRC) sets aside to provide utility assistance to Yamhill County Action Partnership (YCAP) and to some local charities to help customers pay their utility bills.

Councilor Shelton asked how long the assistance program has been instituted. Ms. Nordyke replied it has been in place for years. The City has given YCAP \$1,000.00 yearly for many years and increased that to \$9,000.00 four years ago. The City also implemented a grant program for non-profits of \$4,000.00, and implemented a program that low income citizens can apply for utility assistance with the City, giving them a \$5.00 or \$10.00 per capita, per month assistance if they go through a water assessment audit, which they can apply for yearly.

d. Legal:

Major accomplishments for fiscal year 2011-2012:

- Assumed prosecutor role
- Election Officer handled City Charter Initiative petition election
- Personnel issues connected with the reduction in force (layoffs)
- Land use litigation
- Police Collective Bargaining Agreement
- Elections (Initiatives, Redistricting, November Elections)

The City Attorney will be retiring and anticipates that it will occur in this next fiscal year. That will give the City Council opportunity to see some savings due to the period of transition time. The City Council will need to decide whether to refill that position with another City Attorney; perhaps bring Terry Mahr back for a short period of time as a transitional period, which saves the City money due to no benefits being paid; or hire a less experienced attorney who would then be backed up by Mr. Mahr during the learning process.

In the Municipal Court the City has had its second amnesty program to collect outstanding fines and monies owed to the City.

Future goals include:

- Smooth retirement transition.
- Provide appropriate legal counsel training aligned with the organizational culture.

- Continue to provide legal services through use of trained paralegals instead of additional assistant City Attorneys.
- Educate department heads and employees concerning developing legal issues and requirements.
- Provide clear and concise legal advice to the City Council and staff.

e. Public Works:

Jay Harris, City Engineer, explained the Public Works Department is organized into three divisions: Operations, Maintenance, and Engineering. These three divisions each contribute their functional expertise to the overall mission of the Department, which is to plan, operate, maintain, and improve the City's significant infrastructure in the most efficient manner possible, while being accountable and effective stewards to the public trust and resources. Currently there is no one in the Public Works Director position. Dain Eichel is filling in as Interim. The Public Works Department has had funding reductions. Some of that is due to the gas tax and the decrease in the overall usage of gas in the State of Oregon. System Development Charges (SDCs) have almost ceased to exist, so funding has gone down in the past four to five years. The main areas of focus in this year's budget are the capital improvements, road maintenance, and the Wastewater Treatment Plant (WWTP). The approximate value of their infrastructure in the City is \$467 million. It is Mr. Eichel's job to maintain and operate the Wastewater Treatment Plant and the Water Treatment Plant. The Operations Division operates the water and wastewater conveyance and treatment facilities. These consist of the Water Treatment Plant, well fields, springs, reservoirs, water pressure boosting stations, a backflow prevention program, and water quality testing. The Maintenance Division is responsible for maintaining the City's public transportation, water, wastewater, storm drainage, landscape improvements, and building/property assets. The Engineering Division evaluates current system needs, manages capital improvement projects, and plans for future public infrastructure needs.

The proposed FTE's for this budget is 40.75, which is on the downside. Staffing level reductions over the last few fiscal years has been in response to the revenue shortfall created by the ongoing poor economic climate. In the last year alone, two more positions were eliminated in the Engineering Division; a secretary and city surveyor. In addition to those, any positions vacated in the last year were not filled, which include two maintenance laborers and one engineering inspector. They have been permanently removed in the 2012-2013 budget proposal. Fiscal years 2008-2009, 2009-2010, and 2010-2011 show the year end actual budgets were approximately 20% lower than the adopted budget for each respective year. The current 2011-2012 budget has an actual to date budget estimated at 4% less than the adopted budget. The proposed 2012-2013 budgets are expected to maintain a similar trend.

In the Operations Division the Water Plant was upgraded 10 years ago, but is showing signs of aging. The Wastewater Treatment Plant is aging terribly and is in need of much maintenance and repair, which is mandated by DEQ. Public Works Maintenance funding has been reduced by 12% and water distribution by 27%. Funding goes down but needs in the system continue to increase. The primary focus is preventive maintenance and corrective maintenance. In the Engineering division they are contracting out many services for projects costing above \$50,000.00.

In regard to Capital Improvement Transportation Projects and estimated timeframe include:

- College Street, Sidewalk & Bike Lanes 2010/2014
- College Street, R-O-W Acquisition 2011/2013
- Deborah Road, Safe Routes to School 2011/2013
- Sheridan Street Enhancement (Cultural Center) 2011/2013
- Pavement Rehabilitation/ADA Program 2012/2013
- Bikeway Program 2012/2013

Water projects include reservoir improvements and seismic updates. The City must comply with the State Drinking Water Program mandate to address the water quality distributed through the City's spring line. Improvements are currently needed to raise the PH of the water. The Public Works Operations Division is working on a solution to the PH problem. ODOT plans to improve Springbrook Road south of 99W for access to the first phase of the Newberg-Dundee Bypass. The City needs to improve its utilities under the section of Springbrook Road that connects Highway 99W south to Highway 219 in advance of ODOT's work. The existing water treatment plant cannot be further expanded as it is surrounded by active operations of the SP Newsprint plant. The City will soon be unable to provide adequate potable water to meet growth demands. Property on Wynooski Road near the wastewater treatment plant is being considered as a potential new site. The 2007 WWTP Facility Plan identified the need for significant repairs, renovations and expansion of the WWTP to meet DEQ requirements. The projects will be prioritized and phased over the next six years as funding allows. The construction of the fourth secondary clarifier will occur during fiscal years 2012-2013. The information in the Master Plan is outdated; therefore, it is necessary that the Master Plan update be scheduled for completion in 2012/2013.

Janet Irish asked what are the areas of most concern regarding this next year's budget. Mr. Harris stated the maintenance budget; if the City cannot maintain what they have there will be serious problems.

Mayor Andrews asked where in the schedule is Wynooski Road pavement maintenance. Mr. Thomas and his group evaluated all the streets in the city two years ago and it is on a list to be paved, but they are paving the worst streets first.

Jack Reardon asked why take money from this year's budget and hold until next year's budget to maintain those streets. Mr. Harris explained you cannot pave in the winter but only in the summer. The money from last year will be combined with 2012-2013 money to put towards a larger project with the hope they will attract better bid prices.

2. Committee Deliberation:

a. Discussion of outside funding requests:

Time: 8:36 PM

Mr. Danicic stated the City has received two funding requests: Your Community Mediators for \$5,500.00 and Homeward Bound for \$1,500.00.

Councilor Rierson is in support of funding Your Community Mediators.

Deanna Moore agreed and stated it is important to continue funding.

Mayor Andrews stated Your Community Mediators has benefited the County and Newberg in particular. He would be empathetic toward a funding.

Janet Irish supports Your Community Mediators but is concerned in having a few extra thousand dollars to help with repairs, etc. It is an organization that can acquire funds from other donations. She will vote against the motion. She would like to see the City Council discretionary funding cut back, as well.

MOTION #2: Shelton/Brown to approve funding of \$3,000.00 for Your Community Mediators and to not spend the money next year in sending out postcard notifications. (11 Yes/2 No [Irish/Wall]/1 Absent [Witherspoon]) Motion carried.

MOTION #3: Barnes/ fund \$1,000.00 to Homeward Bound. Motion failed due to lack of a second.

MOTION #4: Irish/Moore moved to reduce the City Council Discretionary Fund from \$1,000.00 to \$500.00. (8 Yes/5 No [Howard, McKinney, Rierson, Barnes, Brown]/ 1 Absent [Witherspoon]) Motion carried.

3. Approve 2012-2013 Budget and impose the taxes provided for in the Proposed 2012-2013 Budget at the rate of \$4.3827 per \$1,000 of assessed value for general operating purposes and \$425,000 for Debt Service, and that these taxes are hereby imposed and categorized for the tax year 2012-2013 upon the assessed value of all taxable property within the City.

Approval of the 2012-2013 Budget will be discussed at the next Budget Committee meeting scheduled for May 15, 2012. at 7 p.m. at the Public Safety Building, 401 E Third St.

VII. NEW BUSINESS

None.

VIII. ADJOURNMENT

The meeting adjourned at 9:05 p.m.

Approved by the Newberg Budget Committee on this **29th** day of **January**, 2012.

Lon Wall, Budget Committee Chair

DawnKaren Bevill, Minutes Recorder

**CITY OF NEWBERG
BUDGET COMMITTEE MEETING MINUTES
TUESDAY, MAY 15, 2012
7:00 P.M. MEETING**

PUBLIC SAFETY BUILDING TRAINING ROOM (401 EAST THIRD STREET)

I. CALL MEETING TO ORDER

Chair Lon Wall called the meeting to order at 7:00 p.m.

II. ROLL CALL

Members

Present:

Councilors:

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

Citizens:

Lon Wall, Chair
Thomas Barnes, Vice Chair
Jack Reardon
Janet Irish
Helen Brown (arrived at 7:08 p.m.)
Ernie Amundson (arrived at 7:54 p.m.)

Members

Absent:

Deanna Moore (excused)

Staff

Present:

Dan Danicic, City Manager
Caleb Lippard, Assistant Finance Director
DawnKaren Bevill, Recording Secretary
Janelle Nordyke, Finance Director
Dave Brooks, IT Director

III. COMMITTEE BUSINESS

None

IV. PUBLIC COMMENTS

No comments were brought forward.

V. CONSENT CALENDAR

None

VI. CONTINUED BUSINESS

1. Committee Deliberation:

Vice Chair Barnes referred to page 81 of the proposed budget and asked for clarification regarding the retirement payout to the City Attorney and the total full-time employees (FTE) for Legal. Janelle Nordyke explained the two FTE includes Terry Mahr and Dawn Wilson. The benefits are split out for longevity, miscellaneous fringe benefits, FICA, workers compensation, and unemployment. Miscellaneous fringe benefits are for life insurance specifically for Terry Mahr. Mr. Barnes said he believes there is a typographical error on

page 87 under the City Manager's Office, which shows the total FTE as two but there are three. Ms. Nordyke said she will make the correction. Mr. Barnes referred to page 128 and asked why there is a salary increase shown under Municipal Court Clerical Salaries of 23.85%. Ms. Nordyke stated additional help is budgeted for special projects in court. Mr. Barnes said for transparency sake that should be recorded on a separate line. Ms. Nordyke said she will make that modification.

Jack Reardon asked for clarification on the increase of \$0.06 in state gas tax implemented in January, 2011, and why it has not resulted in additional revenues allocated to the City as initially anticipated. Ms. Nordyke explained the City is not seeing the anticipated increase due to hybrids and electric vehicles as well as the decrease in travel and gas conservation. Mr. Reardon asked how much has it increased. Mr. Danicic answered the City is estimating the House Bill 2001 allocation of funds will be approximately \$378,000.00. Ms. Nordyke stated in estimating the revenues from the gas tax, the City received information from the State of Oregon. In comparing the narrative on page two, the City is not seeing the increase in actual gas revenues from the pumps, but instead showing decreases. Next year the City will use the same estimates from the State that were more conservative and that is how the gas tax was based overall. Councilor Shelton stated it is crucial to track the gas tax and HB 2001 allocation in detail as well as the City Attorney's retirement package.

Councilor Howard stated he is dissatisfied with the two reductions in the Planning Department from full-time to part-time positions, which will result in their loss of benefits. The burden should be spread to all City employees. This reduction will most likely cause them to look for work elsewhere.

Councilor Shelton stated he would appreciate input from the committee regarding the need for prioritization of replacing equipment in the IT Department. The functions of the City are dependent upon the servers being fully functional. Dave Brooks, IT Director, stated 26 of the 40 servers are out of warranty right now and any could fail; eight of those will not last this budget cycle. Councilor Shelton believes implementing a cycle for replacement is an important strategy. Janet Irish supports that argument and agrees it is worth budgeting money for. Desktops also need to be efficient due to more work with less staff. Mr. Danicic stated there is a capital outlay in equipment reserves of \$40,000.00 that is available for IT as needed. If the Budget Committee would like to add an additional \$20,000.00 to that line item, IT could move forward in replacing a few servers.

2. Approve 2012-2013 Budget and impose the taxes provided for in the Proposed 2012-2013 Budget:

MOTION #1: Rierson/Bacon moved to recommend to the City Council the 2012-2013 Proposed Budget as amended and impose the taxes provided for in the Proposed 2012-2013 Budget at the rate of \$4.3827 per \$1,000.00 of assessed value for general operating purposes and \$425,000.00 for Debt Service, and that these taxes are hereby imposed and categorized for the tax year 2012-2013 upon the assessed value of all taxable property within the City. The list of amendments are such that Your Community Mediators were allocated \$3,000.00; the City Council Discretionary Unappropriated Funds reduced from \$1,000.00 to \$500.00; an additional \$20,000.00 has been added to the IT Capital Outlay Fund; reduction in the Fire protection contract is estimated to be \$18,000.00 so the net adjustment to the General Fund contingency is \$40,500.00 reduction; and the final contingency in the General Fund will be \$146,726.00. (13 Yes/0 No/1 Absent [Moore]) motion carried.

MOTION #2: Reardon/Barnes recommend increase from \$40,000.00 to \$60,000.00 in Capital Outlay for Information Technology Equipment Reserves. (11 Yes/1 No [Witherspoon]/1 Absent [Moore]/1 Abstain [Amundson]) motion carried.

Chair Wall asked for clarification regarding how an operating levy works. Mr. Danicic explained a levy is a property tax added to all privately owned property. In this case it would be a five-year operating levy; \$0.95 per \$1,000.00 increase, which would keep the City within the \$10.00 cap for all taxing entities except for the school

district, and would augment public safety revenue and help bridge the gap until full recovery of the economy is seen.

Vice Chair Barnes stated he suggested at last year's final Budget Committee meeting the City Council delve into and come up with a strategy for an operating levy. Councilor McKinney stated it was seriously considered by the City Council and Councilor Shelton agreed; they did not believe it would be successful at the May, 2011, election and wanted more time to engage the community in that conversation, which still needs to be done.

Ernie Amundson suggested ridding the ambulance service next year. Vice Chair Barnes stated he witnessed an unfavorable incident in regard to a contract ambulance while he was on vacation recently. Contract ambulance services do not offer the same benefits to the citizens. Councilor Shelton believes a private ambulance company would be a step in the wrong direction.

Mr. Reardon thanked City staff for their hard work; Mr. Danicic thanked the committee for their participation; Mayor Andrews voiced his appreciation on behalf of the City Council to the citizen participants for their input, and Chair Wall also thanked City staff and the members of the Budget Committee for their time and input.

VII. NEW BUSINESS

None

VIII. ADJOURNMENT

The meeting adjourned at 8: 20 p.m.

Approved by the Newberg Budget Committee on this 29th day of **January**, 2012.

Lon Wall, Budget Committee Chair

DawnKaren Bevill, Minutes Recorder

Budget Discussion

To: Newberg Budget Committee

By: Daniel Danicic, MPA, PE
City Manager

Date: January 29, 2013

Message to Budget Committee:

The following information is for the Budget Committee to begin development of the fiscal year 2013/14 (FY 13/14) budget.

It provides background information of the financial status of the city and anticipated budgetary challenges.

This is an opportunity for the Budget Committee to ask questions, share concerns and provide staff guidance for preparation of the FY13/14 budget.

Budget Law

Oregon Revised Statutes (ORS) Chapter 294 establishes the standards for county and municipal financial administration.

More specifically ORS 294.305 – 565 defines Local Budget Law.

Budget Development Process



Budget Management

Execution:

- Budget Officer has authority to increase or decrease line item expenditures so long as Fund budget is not exceeded.
- City Council may approve transfers between funds by Resolution

Supplemental Budget:

- Allocating funds from contingencies or un-appropriated line items
- Recognizing receipt of unanticipated funds (e.g. grant funds)
- Amending beginning fund balance after the close of previous fiscal year

Audit:

- Performed annually by firm certified by Oregon State Board of Accountancy
- Reviews the collection, receipt, custody, handling, expenditure and disbursement of public funds
- Report presented to Council for acceptance

General Fund

Since 2009

- 6 FTE reduction
- 2 Staff reduced to part-time
- Library operations reduce by one day
- Health Insurance
 - Non-represented staff plan changed to less comprehensive co-pay program
 - Represented Police and Fire staff moved to separate trust program
- Reduced funding and reserves for:
 - Facility maintenance
 - Computer replacement
 - Vehicle replacement
- Salary compensation
 - No staff COLA or merit increases in FY 11/12
 - No non-represented staff COLA or merit increases for FY 12/13
- Reduced Fire Department overtime budget
- City Hall hours reduced to 8:30am to 4:30pm

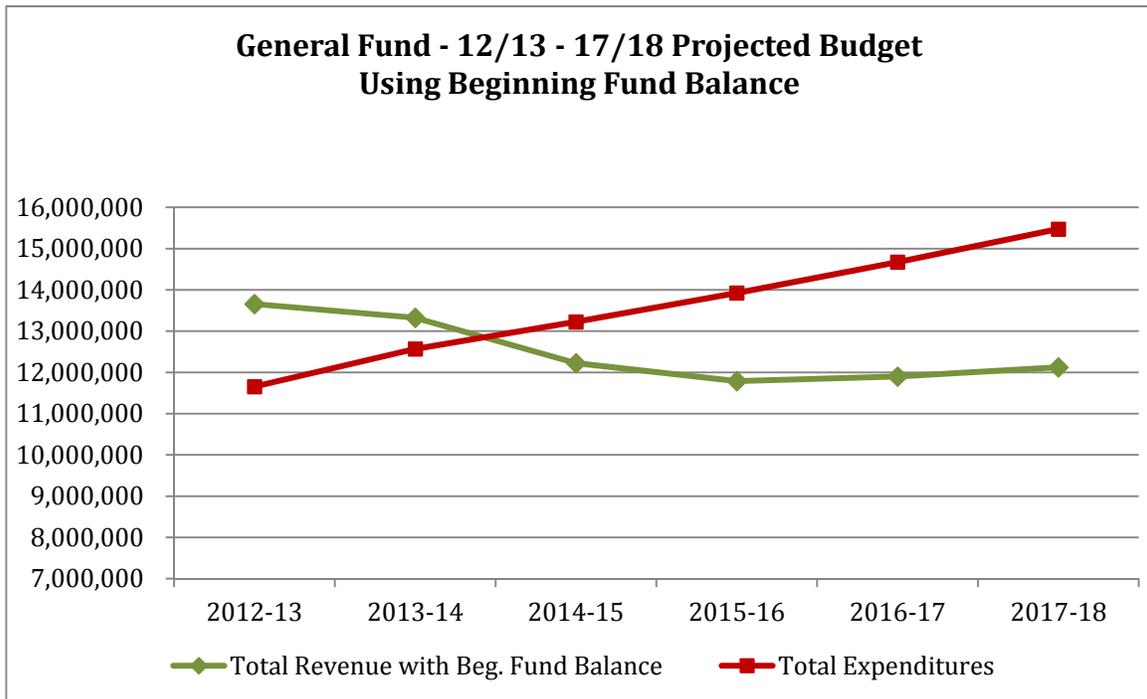
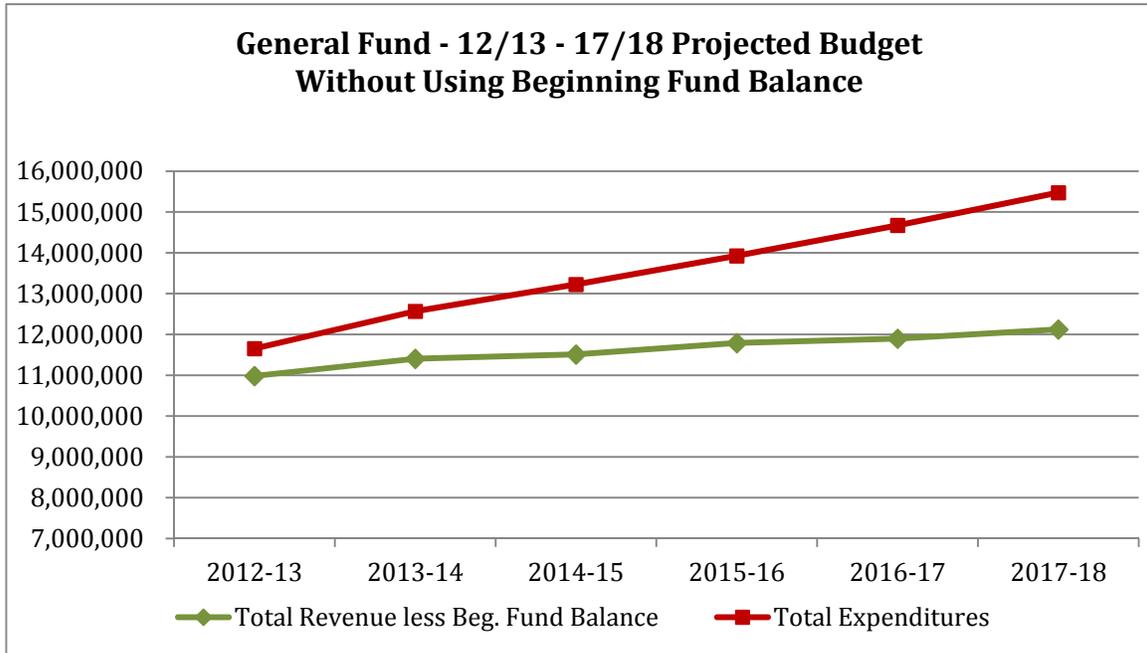
| FY/12/13 Recap | Beginning Fund Balance |
|----------------|------------------------|
| Estimated | \$1,975,146 |
| Actual | \$2,674,367 |
| Difference | \$ 699,221 |

Source?

Revenues were \$369K higher than estimated

Expenses were \$320K lower



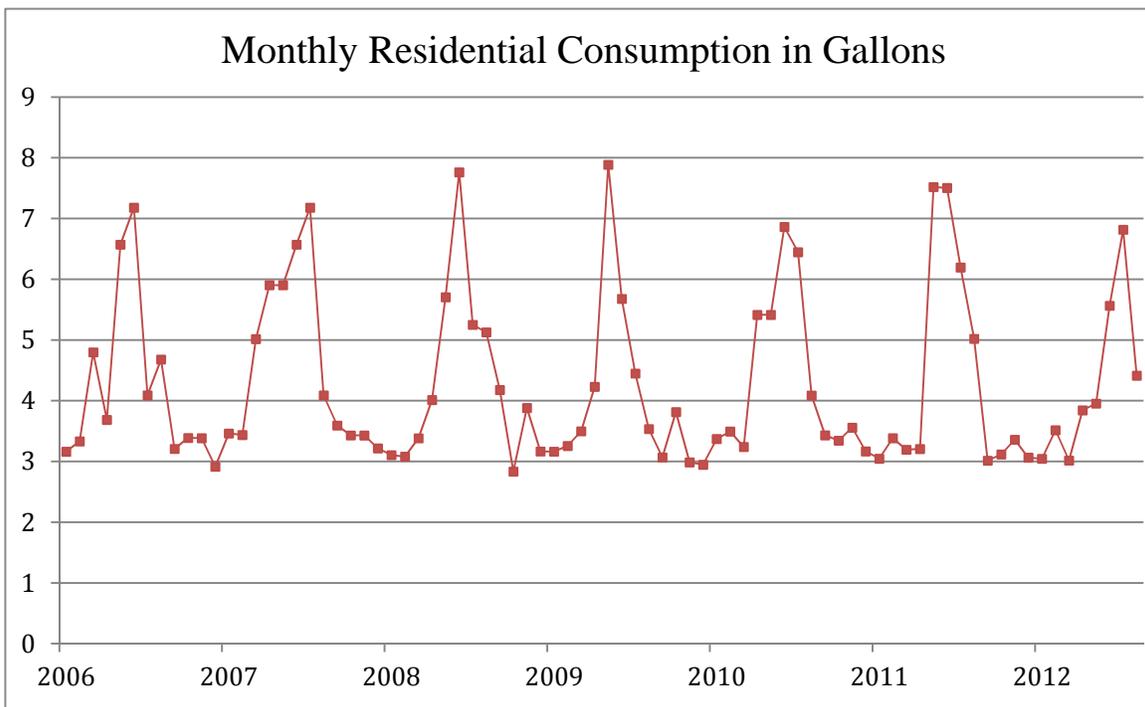
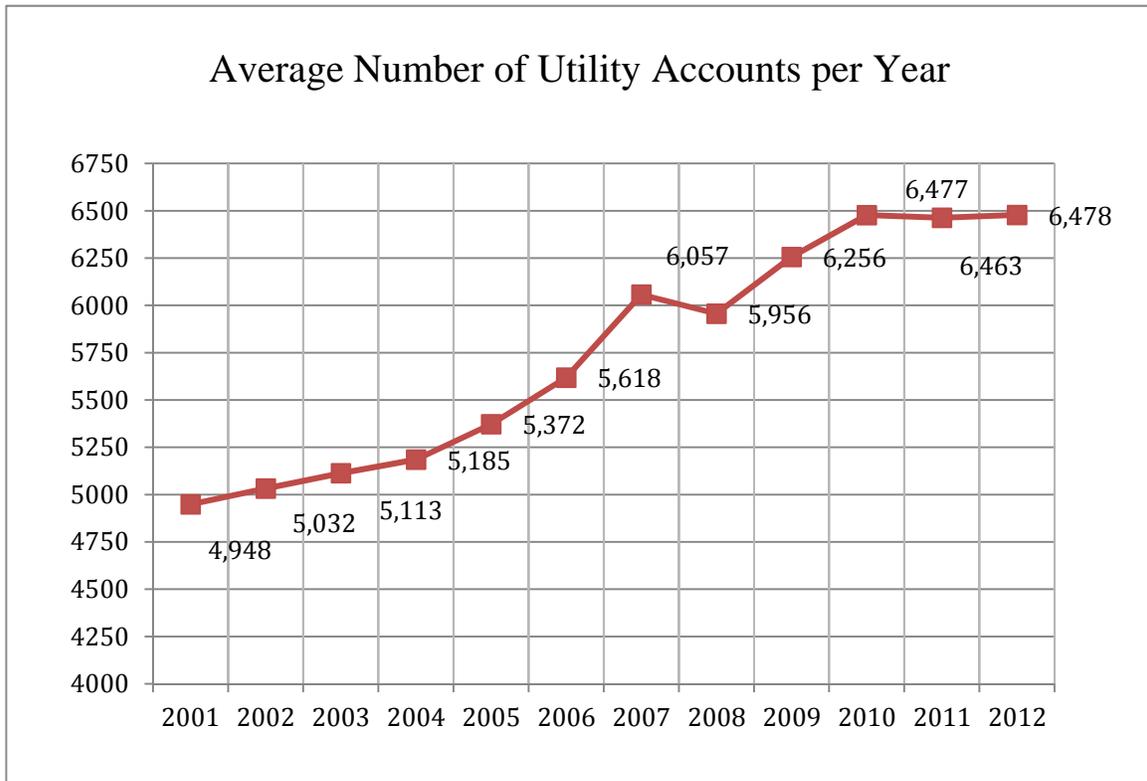


Observations

- Maintaining the current level of personnel increases by approximately \$400,000 per year from inflationary pressures alone.
- Balancing the budget each year has required a steady erosion of the beginning fund balance and contingency.
- There are only four options:
 - Increase Revenue
 - Decrease Operating Expenses
 - Decrease staffing
 - A combination of the above

| Action | Value |
|---|----------------------------------|
| Increase TLT from 6% to 9% | \$177,000 |
| Increase Trash Franchise fee 3% to 5% | \$53,000 |
| Assess 5% Storm Water Franchise Fee | \$40,000 |
| Increase Public Safety Fee by \$1 | \$100,000 |
| Public Safety Operating Levy 5-year (\$0.95/\$1000 AV) | \$1,200,000 |
| Reduce staffing – approximate value per FTE (Union contracts expire June 2014) | \$100,000 |
| Be less conservative with revenue increase estimates of existing revenue sources | Varies \$100,000 to \$200,000 |

Utility Funds



Observations

Water Revenue - Trending down (consumption based)

Wastewater Revenue - Trending flat (based on winter water use)

Stormwater revenue - Slow growth (flat rate per account)

Transportation revenue - Declining

Operational Expenses

- Increasing personnel costs
(2 year union contract expires December 2014)
- Materials costs have begun increasing

Since 2009

- 8 FTE reduction
- Health Insurance changed to less comprehensive co-pay program
- Reduced funding and reserves for:
 - Facility maintenance
 - Computer replacement
 - Vehicle replacement
- Salary compensation -
 - No staff COLA or merit increases in FY 11/12 or 12/13

Potential Actions

- Reduce maintenance levels
- Reduce Programs
- Reduce Staffing
- Postpone rehabilitation and replacement projects
- Increase rates for water, wastewater and stormwater
- Create a Traffic Impact Fee for transportation

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Budget Committee

Budget Calendar FY 2013-2014

January:

29th Budget Committee Meeting
Tuesday 7 pm Public Safety Building

April:

30th Town Hall Budget Presentation by City Manager
Tuesday 7 PM Public Safety Building

May:

7th Budget Committee Meeting
Departments Review / Questions
Tuesday 7 pm Public Safety Building

14th Budget Committee Meeting
Tuesday 7 pm Public Safety Building

21st Budget Committee Meeting (if needed)
Tuesday 7 pm Public Safety Building

June:

3rd 2013-14 Approved Budget to City Council
Monday 7 pm Public Safety Building