



## **BUDGET COMMITTEE AGENDA**

**TUESDAY, APRIL 28, 2020**

**6:30 P.M. MEETING**

CITY HALL PERMIT CENTER TRAINING ROOM (414 EAST FIRST STREET)

This is a teleconference meeting, with limited seating at the physical location above.

Instructions to join electronically on city website (<https://www.newbergoregon.gov>)

Email comments to [sue.ryan@newbergoregon.gov](mailto:sue.ryan@newbergoregon.gov)

### **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.*

*Note : The 2020-21 Proposed Budget can be found on the City's website at <https://www.newbergoregon.gov/finance/page/annual-budget> or at City Hall, 414 E. First St, Newberg, OR*

### **I. CALL MEETING TO ORDER**

### **II. ROLL CALL**

### **III. CONSENT AGENDA**

1. Approve minutes from the following 2019 meetings : April - 20, 23, 25, 30; May – 2, 7, 14, and 21.

### **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. STATE REVENUE SHARING PUBLIC HEARING**

### **VI. CONTINUED BUSINESS**

1. Presentation of Funds (City staff)

### **VII. NEXT STEPS IN PROCESS - Budget Committee Meeting - Thursday, April 30, 2020**

### **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 (503) 554-7793.*

**The Chair reserves the right to change the order of the items on this agenda.**

**NEWBERG BUDGET COMMITTEE MINUTES**  
**April 20, 2019, 9:00 AM**  
**PUBLIC SAFETY BUILDING (401 E. THIRD STREET)**

Chair Beth Koschmann called the meeting to order at 9:00 a.m.

**ROLL CALL**

Members Present:	Beth Koschmann	Timothy Carpenter	Molly Olson
	Solomon Allen	Rick Rogers	Elise Yarnell Hollamon
	David Bonn	Stephanie Findley	

Absent: Mike Corey, Patrick Johnson, Jack Reardon, Denise Bacon, Brad Sitton, and Elizabeth Curtis Gemeroy

Staff Present: Joe Hannan, City Manager  
Matt Zook, Finance Director  
Caleb Lippard, Assistant Finance Director  
Doug Rux, Community Development Director  
Jay Harris, Public Works Director

**BUDGET PROCESS ORIENTATION & TRAINING:**

**Staff Presentation – Budget Basics and Meeting Overview**

Finance Director Matt Zook discussed the role and process of the Budget Committee. The Committee was made up of 14 members. There were seven elected governing body members and an equal number of qualified City voters appointed by the governing body. A quorum was a majority of the total membership of the Committee, i.e. 8 members. Any Budget Committee action required an affirmative vote of a majority of the total Committee, not merely the majority of members present. A budget was a financial plan that included estimates of expenditures and revenues for a single fiscal year. Key actions taken by the Budget Committee were to approve the budget and set and approve the amount or rate of property taxes to be imposed. The City’s permanent tax rate was \$4.3827 per \$1,000 of assessed value, but the Charter limit for FY2018-19 was \$2.5000 per \$1,000. They rate could be increased by 3% annually, so the FY2019-20 limit would be \$2.5750 per \$1,000. All Budget Committee meetings would be held at the Public Safety Building. The budget must be adopted before June 30. A budget calendar provided adequate timeframes to accomplish each step. He then reviewed the dates for the scheduled meetings. The first meeting would be on April 23 where the Budget Message and fund presentations would be given. The next meeting would be on April 25 for a continuation of the fund presentations.

Committee Member Rogers asked why the budget was published without the Budget Message. FD Zook said they used to include the Budget Message but that had been changed by the state this year. He agreed it was awkward and he planned to revisit it.

Committee Member Rogers said they ran the risk of people making their own interpretations about the budget without that framework and it was not framed the way they would like it to be framed.

FD Zook said the third meeting would be on April 30 where a State Shared Revenues public hearing would be held to discuss the possible uses of the funds. Based on per capita formulas, certain revenues collected by the state were distributed among cities including taxes on liquor, cigarette, gas, marijuana, and phone (911 tax). They would also consider requests for external funding and continuation of fund presentations. The fourth through seventh meetings were May 2, 7, 14, and 21. Not all the meetings were necessary. These would be for wrap up fund presentations, Committee deliberation, approval of the budget, and setting the taxes. At the June 3 City Council meeting there would be a public hearing on the budget and a public hearing on the proposed uses of Stated Revenue Sharing funds. The Council would also consider adoption of the budget, which would have four components in one resolution. Those components were: adopting the budget as a total number (\$93 million for FY 2018-19), making appropriations (legal spending authority), imposing the tax (declaration of each levy as amount or rate), and categorizing the tax (education, general government, or

bonded indebtedness). They did this because it was required by Oregon state law and to provide a public process to receive comments and questions. The resources in the budget included carryover or beginning fund balance, property taxes, charges for services, franchise fees, grants, bond proceeds, donations, interfund transfers in, and interest revenue. The requirements of the budget were: personnel services, materials and services, capital outlay, debt service, special payments, interfund transfers out, contingency, reserved for future expenditures, and unappropriated ending fund balance. He reviewed some of the terminology used in the budget including appropriations and non-appropriations, supplemental budget categories, appropriation levels, and budget categories. Once the budget was approved, changes to the budget could occur due to unforeseen circumstances unknown at the time of budget preparation. A supplemental budget could be done for these purposes: appropriate new revenue, create a new fund (a new fund could be created by the adopted budget resolution as well), and create a new appropriation category that did not exist in the current budget. It was good through the end of the fiscal year, could not be used to impose new taxes, and could not be used to spend from the unappropriated ending fund balance except for a civil disturbance or natural disaster. If expenditures in any fund were adjusted by 10% or less, the governing body adopted the supplemental budget via resolution without a public hearing or special newspaper notice. If the expenditures in any fund were adjusted by more than 10% or created a new fund or new appropriation category, a public hearing must be held with public comment before adoption. Newspaper publication of the summary of changes for the funds was required. There were typically one to two supplemental budgets per year. Staff tried to do them mid-year and towards the end of the year. They wanted to make sure the supplemental budget was done before the appropriation went overspent. He usually put a notice in the paper for supplemental budgets whether or not it was required. A resolution transfer was a transfer between appropriation categories within a fund. There was no net increase in total appropriations. The most common type was from Contingency to an appropriation category from which the funds would be spent. No expenditures were spent directly from Contingency. Transfers from Contingency greater than 15% in one year required the use of the supplemental budget process. The Oregon Department of Revenue local budget law website had resources on local budgeting in Oregon designed for the public and Budget Committee members and a local budgeting manual. Regarding public meeting rules, discussions needed to take place in a public meeting. Committee members were strongly encouraged to discuss the budget with others not on the Budget Committee, but were to take strict care to avoid Committee deliberation among Committee members that should be conducted at the public meeting. Questions and requests for information should be directed to the Budget Committee Chair, Finance Director, and Budget Officer (City Manager) who would coordinate to provide answers at the next meeting for the benefit of the full Committee. The process would begin with the delivery of the Budget Message along with the presentation of funds in the order of the table of contents. The presentation would include FY 2019-20 numbers with highlights of major changes. These changes were described in the corresponding narrative. Additional items this year were a presentation of the unfunded department priorities and a presentation of budget reductions of 5%.

**CITY FACILITY TOUR:** The Committee toured the Public Safety Building, Public Works Maintenance Yard, Water Treatment Plant, Wastewater Treatment Plant, and the Library.

## **LUNCH**

**ADJOURNMENT:** The meeting was adjourned at 1:00 p.m.

**ADOPTED** by the Newberg Budget Committee this 28<sup>th</sup> day of April, 2020.

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Dan Keuler, Senior Accountant

**ATTESTED** by the Budget Committee Chair this \_\_\_<sup>th</sup> day of April, 2020.

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Beth Koschmann, Budget Committee Chair

**NEWBERG BUDGET COMMITTEE MINUTES**  
**APRIL 23, 2019, 6:30 PM**  
**PUBLIC SAFETY BUILDING (401 E. THIRD STREET)**

**WELCOME**

Chair Beth Koschmann called the meeting to order at 6:32 p.m.

**ROLL CALL**

Members Present:	Mike Corey	Timothy Carpenter	Beth Koschmann
	Elizabeth Curtis Gemeroy	Jack Reardon	Molly Olson
	Solomon Allen	Stephanie Findley	Brad Sitton
	David Bonn	Denise Bacon	Elise Yarnell Hollamon
	Patrick Johnson		

Staff Present:	Joe Hannan, City Manager	Matt Zook, Finance Director
	Caleb Lippard, Assistant Finance Director	Dan Keuler, Senior Accountant
	Doug Rux, Community Development Director	Truman Stone, City Attorney
	Jay Harris, Public Works Director	Leah Griffith, Library Director
	Dave Brooks, Information Technology Director	

The Committee introduced themselves and told how long they had served on the Budget Committee and/or City Council.

Councilor Johnson arrived at 6:36 p.m.

Councilor Yarnell Holloman arrived at 7:00 p.m.

**ELECTION OF CHAIR AND VICE-CHAIR**

**MOTION:** Reardon/Corey moved to retain Beth Koschmann as Chair and appoint Brad Sitton as Vice Chair of the Budget Committee for 2019. Motion passed (12 Yes/ 0 No).

**NEW BUSINESS**

Budget Message: City Manager Joe Hannan delivered the budget message. Currently the State had a rule that the budget message was to be given to the Budget Committee the first time they met. Staff was clarifying this rule with the State to see if they could send the budget message out with the budget document. The 2019-20 budget reflected Newberg as a modestly but steadily growing community. This was a balanced budget as required under Oregon budget law. The City had a permanent tax rate of \$4.38 per \$1,000 of assessed value. The budget proposed a tax rate of \$2.575, a 4% increase in water rates, 3.5% increase in wastewater rates, 9% increase in stormwater rates, and no change in the Transportation Utility Fee. To accomplish a balanced budget in the General Fund, \$1.27 million was committed from reserves. This left the reserve at \$2.7 million. Two additional fees were proposed to balance the budget, an increase in the Public Safety Fee of \$3 per month per household and an increase in the franchise fee for Waste Management from 5% to 7% which represented a \$0.43 per month increase in the smallest cart. There was a structural deficit in the budget, and the plan for the 2019-20 and 2020-21 fiscal years was to close the deficit by considering cuts to current operations and adding new revenues. The 2018-19 budget performed better than expected because of additional unexpected one-time revenues, deferring planning studies, and conservative spending. Some of these unexpected revenues came from a statewide settlement with Comcast, a new telecommunication franchisee, more franchise fees from PGE than expected, more development fees than expected, and sale of the Animal Shelter. The 2019-20 budget proposed more expenditures than projected which created a \$1.27 million structural deficit with a proposed ending fund balance of \$2.7 million. He recommended if the Budget Committee and Council chose to use the Public Safety Fee to close the budget gap, that it would be referred to the voters. The \$3 per month increase proposed did not completely fill the gap. He also proposed a 2% increase in the solid waste franchise fee to fill the rest of the gap. He explained the reasons for using these two options. The Council set the priorities for the City and he discussed how those were being funded with this budget. The majority of the budget was spent on personnel and the budget included a 3% cost of living increase except a 2.5% increase in Public Works with a one-time bonus of a half percent. This was a status quo budget in the General Fund and no new

positions were proposed. There had been an increase in PERS and all new employees were now going to PERS instead of the City's retirement plan, NERPS. Medical insurance costs went up 6%. He spoke about the Police Department's community outreach efforts and how Newberg was the second safest city in the state. The 2019-20 budget included the second of ten payments for the communications upgrade project. There were information technology upgrades in the budget and he explained how the Transportation Utility Fee combined with gas tax funds, SDC fees, grants, and partnerships would be used for street improvement projects. He then discussed the improvements that were planned for the water, wastewater, and stormwater systems as well as economic development efforts and changes to financial policies.

Presentation of Funds: Finance Director Matt Zook described the new format planned for the presentation of the funds. He invited the Committee to email questions to staff throughout the week and he could bring back the answers as they discussed that department or he could set aside time at the end for Q & A. If a question had to be tabled, staff would track those to make sure an answer was brought back. He described the process that each department would be presenting slides of their unfunded priorities and would discuss what a 5% cut to the General Fund and Administrative Support Services Fund would look like.

FD Zook discussed the overall summary pages and the total budget amount as well as the FTE summary. There were no new positions in the General Fund or Administrative Support Services budgets, however there was a new half time employee in Public Works and a shift in an FTE in the Police funding structure.

#### General Fund – Revenue:

FD Zook described the types of revenue in the General Fund. This budget anticipated a 4.3% increase in assessed value for property taxes and the rate change from 2.5 to 2.575. There was a one-time payment of \$188,000 made by Comcast in 18-19 which created a lower anticipated revenue in the 19-20 budget. The franchise fees would go up marginally and there would be an increase of the solid waste rate from 5% to 7% this year, generating approximately \$80,000 per year in revenue. There would be a new telecommunications franchisee as well. He discussed the projections related to Transient Lodging Taxes which would go up about 3% as well as State Shared Revenues. He commented on other projections and proposals relating to different revenues such as community development fees, marijuana taxes, dog licenses, EMS user fees, and interest revenue.

Committee Member Reardon asked about the City's portion of the Transient Lodging Tax. FD Zook said the Transient Lodging Tax was split between Tourism and the General Fund. He explained the changes to the law that had affected the math behind the approximate 65% of the taxes going to the General Fund and 35% to Tourism. Committee Member Reardon asked if that was set in stone. FD Zook responded that it was a state law. Committee Member Reardon noted that he asked because of the large amount of money involved.

#### General Fund – General Government:

FD Zook mentioned that the decrease in the FTE had to do with the Sergeant at Arms position that attended Council meetings being removed. He noted that Professional Services included funds for lobbying.

CM Hannan said the lobbying funds had to do with working with Westrock and the sale of the mill.

FD Zook said there was also a new line item called Community Support which was a contribution for the Willamette Falls Locks.

CM Hannan said each department would discuss what was not funded in this budget as well as what would be cut if needed. He spoke on the General Government, noting that if \$10,000 needed to come out of the General Fund, there were a few items that would be available to be cut including the League of Oregon Cities (LOC) Foundation contributions, the LOC Conference attendance, mayoral expenses, as well as the City's contribution to transit services.

Councilor Findley asked about the Contractual Services line item. City Recorder Ryan said that the line item was for outside counseling, meeting legal requirements, and payment of dues. She designed it based on estimates from the past. CM Hannan added that he put an amount equal to what TVF&R used for community engagement. This would be used for community outreach on the options to close the funding gap.

Councilor Yarnell Hollamon asked where they came up with the transit costs of \$18,000. CM Hannan responded that it was the voluntary amount from the City. Some years ago the County asked cities to contribute and Newberg chose to contribute \$18,000 over the last 3 years.

Councilor Yarnell Hollamon clarified it was the City's decision on how much. CM Hannan confirmed that was the case. FD Zook pointed out that it was the amount the County asked for in the past and that the City had rolled forward. Councilor Hollamon Yarnell asked about the reason why they recommended to cut this line item and not others. CM responded that these were not recommendations, just options if they decided cuts needed to be made.

#### General Fund – Municipal Court:

FD Zook said there were no significant changes to the Court budget. He pointed out that there was a vacancy in the part time court clerk position. When they replaced that position, the position would be eligible for PERS. If they had to do a 5% cut, it would be a reduction in personnel.

Councilor Findley asked about the Court Costs increase. FD Zook explained that was for new ergonomic desks.

FD Zook commented that even though they did not have a Fire Department any longer, it must be included for historical information.

#### General Fund – Library:

FD Zook pointed out that the Library Director and a part time Library staff member were retiring which would result in a reduction in personnel costs as replacements came in at lower steps. There were costs included for payouts of vacation time for those tenured staff and there were costs in 18-19 for recruitment of a new Director.

Library Director Leah Griffith presented the unfunded library priorities. She commented that they had always had limited hours. She tried to focus on the great offerings and programs run by the library and how they had prioritized those services over the hours in their philosophy. She would like the library to be open on Sundays for the community, a full time position available for a staff with Masters in Library Science, and a remodel for the front entrance.

Councilor Curtis Gemeroy asked if staff had looked at grants for the front entrance. LD Griffith said that for the Childrens Room remodel she had found that it could be tough to get grants for remodels that were not exciting or serving other purposes. Unless the front entrance was a part of an expansion of the Cultural District, she did not think there would be grants for the project.

Councilor Yarnell Hollamon asked why there were no health benefits for part time employees. FD Zook said most part time employees elected not to have health insurance due to the cost.

Councilor Yarnell Hollamon asked if they were at the practice of trying not to hire full time employees to avoid benefits. LD Griffith answered that there were part time employees based on the hours needed for the positions. The part time positions were the most effective for the library and they had vacation, holiday pay, and sick leave.

Councilor Yarnell Hollamon asked if they could get numbers of how many people who were part time that would elect to get benefits. LD Griffith said she had only known about one library employee who went through the process of getting benefits as a part time employee. Without part time employees, scheduling would not work properly.

Committee Member Bonn asked if part time employees could choose to receive benefits. LD Griffith said that it was through the ACA that they could choose to get benefits, but they would have to pay part of it. If they were already covered through a spouse, they would not logically want to elect benefits.

LD Griffith discussed the possible cuts of over \$90,000. They would need to cut the materials budget by 50%, which in the past had been grossly underfunded and only very recently it had been better. Another cut would be in staffing, and the Latinx position could be cut or contracted out. She commented that the position had been very beneficial.

Committee Member Sitton asked how many days a week the library was open. LD Griffith answered 5 days, Tuesday through Saturday.

LD Griffith also commented that a reduction in capital outlay by \$10,000 was possible, but it would affect the ability to improve the Director's office space.

Committee Member Sitton asked about the statistics on patrons and checkouts. LD Griffith discussed some trends in check-outs and number of patrons. They were growing about 5-6% annually.

LD Griffith said another cut could be reducing more staff and hours.

Committee Member Allen asked about the audio-visuals available at the library. LD Griffith said they still bought CDs and DVDs and explained the other e-items they had access to. She then discussed Fund 22, the Grant fund. The money that came into this fund had requirements and therefore the Committee did not have much ability to change it. She commented on the many great things these donations and grants provided. She was proud of how great their programs were and how they impacted people's lives.

Chair Koschmann thanked her for her work.

Councilor Corey left the meeting at 8:33 p.m.

**PUBLIC COMMENTS:** None.

**NEXT STEPS:** The next meeting would be held on Thursday, April 25, 2019.

**ADJOURNMENT:** The meeting was adjourned at 8:38 p.m.

**ADOPTED** by the Newberg Budget Committee this 28<sup>th</sup> day of April, 2020.

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Dan Keuler, Senior Accountant

**ATTESTED** by the Budget Committee Chair this \_\_\_<sup>th</sup> day of April, 2020.

\_\_\_\_\_ Budget Committee Chair

**NEWBERG BUDGET COMMITTEE MINUTES**  
**APRIL 25, 2019, 6:30 PM**  
**PUBLIC SAFETY BUILDING (401 E. THIRD STREET)**

**WELCOME**

Chair Beth Koschmann called the meeting to order at 6:30 p.m.

**ROLL CALL**

Members Present:	Mike Corey	Timothy Carpenter	Beth Koschmann
	Patrick Johnson	Jack Reardon	Molly Olson
	Solomon Allen	Rick Rogers	Brad Sitton
	David Bonn	Denise Bacon	Elise Yarnell Hollamon

Staff Present:	Joe Hannan, City Manager	Matt Zook, Finance Director
	Caleb Lippard, Assistant Finance Director	Dan Keuler, Senior Accountant
	Doug Rux, Community Development Director	Brian Casey, Police Chief
	Jay Harris, Public Works Director	Leah Griffith, Library Director
	Dave Brooks, Information Technology Director	Truman Stone, City Attorney

**CONTINUED BUSINESS**

Presentation of Funds:

Chair Koschmann offered an opportunity to ask any questions about the Library Fund. No one had questions.

Community Development Director Rux reviewed the Planning Fund. They were starting to see a slow-down in the economy and revenue expectations were down. CPRD was increasing their SDC fees and there would be an increase in the Construction Excise Tax. They were wrapping up their grants and otherwise it was a very status quo budget. Regarding the unfunded department priorities, number one was staffing. There were 29 initiatives on the books to address housing affordability and to do all of that would require another employee, an Associate Planner which would be about \$122,000. In order to meet a 5% budget reduction he would need to reduce the Assistant Planner position from 1.0 FTE to .3 FTE, which would encumber important tasks and slow work progression. The second reduction would be to terminate the UGB expansion process. The third reduction would be to not fund the Economic Opportunity Analysis and the fourth reduction would be to terminate the Downtown Improvement Plan implementation.

Committee Member Bonn asked if the Assistant Planner position was currently staffed. CDD Rux said it was staffed.

Committee Member Allen asked where the Downtown Improvement Plan was within the budget. CDD Rux said in Professional Services.

Mayor Rogers asked if it was prudent to continue on the UGB expansion if they were uncertain about the Westrock and Springbrook properties. CDD Rux said yes, pointing out there was already a deficit of employment land.

Committee Member Allen asked why Professional Services dropped more than half. CDD Rux said they had budgeted this year to do the Mill District, and it did not get done. It was being re-budgeted from 18-19 to 19-20.

Chair Koschmann asked if downtown growth was effected by not having staffing. CDD Rux said there were currently four staff members including him and the work was metered out accordingly. Reductions would be taking things away from the long range planning program. They wanted to start implementing the Downtown Plan and working on the UGB expansion process.

Chair Koschmann asked if those projects were not getting done because of lack of staffing. CDD Rux responded it was difficult to meter all of the work out and respond to the current planning workload.

Councilor Johnson asked about the cost for residential, commercial, and industrial. CDD Rux responded for industrial for every \$1 in taxes, it cost \$0.25 to service it. For commercial for every \$1 in taxes it cost \$0.45 to service it and for residential it cost \$1.50-\$1.75 for services.

Councilor Johnson said if there was a structural deficit, it was in the City's best interest to get more employment land than to build their way out through residential. CDD Rux responded residential would not be the way to do it as it had to be balanced out with the employment lands.

Mayor Rogers asked about the unfunded position, whether or not it would be dedicated to housing initiatives. CDD Rux said yes.

Mayor Rogers asked if there was an Affordable Housing Specialist in other jurisdictions. CDD Rux said not for a community of this size.

Mayor Rogers asked if Crestview Crossing was included in the numbers. CDD Rux responded no, it would show up in the building side in the 20-21 budget.

Committee Member Reardon asked about the economic slow-down and if it included a lot of the projects that were already planned. CDD Rux responded that some projects were moving forward that had completed the approval process and he provided some examples. They were not seeing anyone come forward about new subdivisions.

Committee Member Reardon asked if they included apartments. CDD Rux said yes and provided examples.

Police Chief Casey reviewed the Police Fund. The Police Department was made up of 50 employees and the last time they added officers was in 2010. The Police Station was accredited. They had a 911 center with enhanced 911. The top unfunded department priority was staffing as they could currently use two additional officers to accommodate for the growth of the City. They should have an additional Traffic Safety Officer and a School Resource Officer. He showed a graphical comparison to other police stations in the state. He also showed the progression of expected growth as well as call volume. He mentioned that 63% of Police Officers' time was spent working on calls and writing reports, and that it should be 45-48% according to national recommendations. He would like to have four officers on each shift, but right now they did not have enough staffing for that. They had 21 patrol officers, and they would need 27 patrol officers to have four on each shift. They had 84% of patrol staff present at any given time and they had to fill shifts if someone was absent. He also showed a breakdown of the time spent geographically as well as by classification. He explained that 15% of the calls were being taken by Sergeants, who were supposed to be supervisors not being tied up with calls. If they had more patrol officers, that number would go down.

Chief Casey continued by stating that the second unfunded department priority was body cameras. The initial cost was not too high, but that the ongoing cost would be based on needing off-site digital storage agreements. The third unfunded priority was an E-ticketing system rather than using pen and paper and hand entering the citation data.

Councilor Yarnell Hollamon asked if that system would impact the time officers were tied up with reports. Chief Casey said they wrote about 5,000 citations per year. They typically wrote more warnings than citations.

Committee Member Bonn asked how many traffic stops total. Chief Casey said about 8,000 per year.

Committee Member Sitton asked if the School District paid the School Resource Officer's salary. Chief Casey responded yes, their contribution was \$35,000.

Finance Director Zook responded that the \$35,000 was a third of an entry level officer.

Committee Member Olson asked if there had been issues with a lack of supervision capabilities based on staffing. Chief Casey said they were not currently experiencing problems with sergeants not being able to supervise, but the potential was there. They had other duties beyond supervision that sometimes tied them up and it was not good practice.

Committee Member Bonn asked if they had researched grants for the body cameras. Chief Casey said yes, but they had not been able to apply due to timing. Also the grants often came with a matching requirement.

Committee Member Bonn asked about the ongoing costs for the body cameras. Chief Casey said it was a quote from one of the vendors.

Committee Member Bonn thought it was low based on his experience. There would be additional work involved with redaction and public records requests.

Mayor Rogers asked if there were neighboring cities that used body cameras, and what Chief Casey thought about the Public Safety Fee increase. Chief Casey said most of the cities to the north and west of Newberg used them. The last time they did an increase, it was put on the ballot and almost 70% supported the increase. He thought there was community support for the Police Department. They had a police contract with the City of Dundee and they were paying for four officers and the Public Safety Fee was paying for three officers. They raised \$1 million in revenue within the Police Department which also helped fund some officers.

Councilor Johnson said Newberg was just ranked as the second safest city in Oregon according to a recent study. If they were ranked second, how did they need more officers when they were doing great in the statistics. Chief Casey said there was more to it than crime rates and stats. There was officer safety to consider and the capability of covering time slots with not enough officers. They had done a lot of programs internally with the people that they had to make Newberg safer.

Councilor Bacon added that the SRO was one of those preventative programs. Chief Casey agreed and pointed out that many things affected the crime rate.

Councilor Johnson said in 2009 they added officers with the Public Safety Fee. He asked if those fees were set to add annual cost of living increases. Chief Casey responded no, as the growth of the community would pay for those increases. They were projecting that the Fee would be in the red in a few years. FD Zook explained that the entry cost for an officer was \$125,000 and the Fee raised about \$112,000. As there was officer turnover, the Fee was paying for the lowest cost officers to keep it balanced. As the Fee compressed over time, the General Fund would have to make up the difference.

Councilor Johnson said as a policy discussion, they would need to think about including a cost of living increase to the Fee. The budget proposed moving one officer from the General Fund to the Fee which would be increased by \$3. This was not adding an officer, but shifting how they were paying for a current officer so they did not have to cut from the Police Department to balance the General Fund. FD Zook responded yes, the proposal was a \$3 increase to the Fee. There were some hoops to go through to increase the Fee which would take about six months and they were only proposing to move over one officer.

Councilor Johnson asked if the next year there would be more officers moving to that fund. FD Zook responded it could be for existing staff or additional staff. That would be the direction of the Council.

Mayor Rogers said the projection was to add 100 houses as well as some commercial additions this next year. If they had 35 officers for a population of 24,000, and if they added 400 more people, would that match the number of officers they already had. Chief Casey said it would be sufficient for now, but the calls for service would go up as the population increased.

Chief Casey continued onto the Communications Fund pointing out that there were no unfunded priorities and that current projects would be funded in this budget. If they had to reduce their budget, it would result in three officers and one communications officer going away.

Committee Member Olsen asked what that would result in. Chief Casey said it would be a detective, a SRO, and traffic position. They would keep patrol full as that was the priority.

Councilor Johnson asked if staffing levels had gotten better in the 911 Center over the years. Chief Casey said there had been a reduction in call volume due to the Fire Department going away. There was a need to keep the chairs full and have more than one person at all times. They had 10 currently and that was the bare minimum.

Committee Member Bonn asked if the officer reduction would affect officer safety. Chief Casey said yes, it would have an impact. Committee Member Bonn asked if it would reduce the productivity of the team. Chief Casey said yes, that a

reduction in the staff resulted in less availability time. Committee Member Bonn asked if it affected time off and officer fatigue. Chief Casey said yes, fatigue was a concern.

Committee Member Allen asked if the call center serviced other communities. Chief Casey said yes, and gave some examples.

Chair Koschmann enacted a five minute recess.

Committee Member Reardon asked staff to determine the permanent tax rate of other cities vs. Newberg.

Councilor Johnson asked if Chief Casey coordinated with City Hall regarding public communications and outreach. Chief Casey said yes, they had someone in charge of public relations and someone in charge of community outreach. They managed their own Facebook page as well. Councilor Johnson asked if there was a dedicated PIO. Chief Casey said yes, he did Patrol as well. Councilor Johnson asked if they did events, did they get assistance from City Hall with their events. Chief Casey said they did it internally, but were willing to work as needed with City Hall. Councilor Johnson asked if they shared between each other the events they put on. Chief Casey said their community outreach was different from other City events. They did everything they needed to do internally.

Committee Member Sitton asked about the increase in internal charges for forensic equipment. Chief Casey said that was to purchase software and hardware for the forensics lab. They had many successes with the computer forensics program.

Committee Member Sitton asked if anyone else provided these services. Chief Casey said no one else in Yamhill County. He also pointed out that they worked with the FBI and the Secret Service and Homeland Security. In return for the work, these organizations gave Newberg training and equipment.

Chair Koschmann asked if a photo redlight program would be helpful in safety or revenue. Chair Casey gave his opinion of the lights saying he was not in favor.

Committee Member Bonn asked what happened to the one they had. Chief Casey said ODOT took it out for the Bypass.

FD Zook said they had completed the General Fund and he explained the Fund Presentation Tracker. He then reviewed Administrative Support Services revenues. This was an internal service fund that charged out all of the time, materials, and services to those that it served. These departments were the City Manager, HR, Legal, Finance, Utility Billing, IT, and Code Enforcement. This helped lessen the strain on the General Fund and he explained that each department used a certain methodology or formula for how much it charged. Every year they had a fund balance target of 5% and if it got higher than the 5%, they would undercharge the departments. If departments underspent, they were given the money back. This fund was monitored very closely and fairly.

Committee Member Allen asked what he meant by giving the money back. FD Zook explained they used the same allocation formula that was used to charge the departments and gave it back to every fund that contributed.

Councilor Johnson asked about the formula. FD Zook responded it was based on estimates of time to perform the services and the averages of what had been done in the past.

Mayor Rogers asked if they had looked at standardizing the formulas and methodologies so all the departments used the same one. FD Zook said no, if it were generalized it would take out the preciseness of what each department did.

FD Zook then reviewed the City Manager Fund expenditure changes saying that employee recognition was being removed from the Human Resources Fund and put into this fund. The Professional Services line was dropping by 45% as some training that happened this year was not expected to happen next year. The Materials and Services went up by 16%.

Committee Member Reardon pointed out the Personnel Services increase which reflected the PERS increase. He also stated that there was a 10% increase to all the departments from the previous year. CM Hannan said those would be reviewed through the Budget Committee meetings.

CM Hannan said the only unfunded priority in this fund was management training. If there was a 5% decrease in the budget, the cuts would be in Professional Services as well as Materials and Services for Community Engagement.

Councilor Yarnell Hollamon asked what Community Engagement did. CM Hannan said that she was the City's PIO. She dealt with contacts with the media, press releases, maintaining webpages, liaison to other community groups, engaged with high school students, and helped with certain projects.

Chair Koschmann asked how the success of her work was measured. CM Hannan responded it was through feedback from internal clients, surveys, and the growth of the number of people engaged on the website.

Councilor Yarnell Hollamon encouraged that position to come in and bring stats and explain specifically what that person had done to increase community engagement. CM Hannan discussed how this position helped the Police Department and community events. He would have her come to a Budget Committee meeting to discuss these items further.

Councilor Johnson was confused about the non-departmental insurance. FD Zook clarified the premium they paid to CIS was for property and liability. He explained the reasons for the increase.

**PUBLIC COMMENTS:** None.

**NEXT STEPS:** The next meeting would be held on Tuesday, April 30, 2019.

**ADJOURNMENT:** The meeting was adjourned at 8:34 p.m.

**ADOPTED** by the Newberg Budget Committee this \_\_\_\_ day of April, 2020.

\_\_\_\_\_  
Dan Keuler, Senior Accountant

**ATTESTED** by the Budget Committee Chair this \_\_\_<sup>th</sup> day of April, 2020.

\_\_\_\_\_ Budget Committee Chair

**NEWBERG BUDGET COMMITTEE MINUTES**  
**April 30, 2019, 6:30 PM**  
**PUBLIC SAFETY BUILDING (401 E. THIRD STREET)**

**WELCOME**

Chair Beth Koschmann called the meeting to order at 6:30 p.m.

**ROLL CALL**

Members Present:	Mike Corey	Timothy Carpenter	Beth Koschmann
	Patrick Johnson	Jack Reardon	Molly Olson
	Solomon Allen	Rick Rogers	Brad Sitton
	David Bonn	Denise Bacon	Elise Yarnell Hollamon
	Elizabeth Curtis Gemeroy		

Staff Present:	Joe Hannan, City Manager	Matt Zook, Finance Director
	Caleb Lippard, Assistant Finance Director	Dan Keuler, Senior Accountant
	Doug Rux, Community Development Director	Brian Casey, Police Chief
	Jay Harris, Public Works Director	Leah Griffith, Library Director
	Anna Lee, Human Resources Director	Truman Stone, City Attorney

**CONSENT CALENDAR**

**MOTION: Bacon/Curtis Gemeroy** moved to approve the minutes from the April 17, April 24, and May 1, 2018 Budget Committee meetings as submitted. Motion carried (13 Yes/0 No).

**STATE REVENUE SHARING PUBLIC HEARING**

Chair Koschmann opened the public hearing and read the hearing statement. She called for any abstentions or conflicts of interest. There were none.

Finance Director Matt Zook presented the staff report. The City received these revenues on an annual basis and he explained the sources of the revenues including liquor, cigarette, marijuana, gas, and 911 taxes. Staff recommended the liquor, cigarette, and marijuana revenues go to the General Fund to support General Fund services, the gas revenues go to the Street fund, and the 911 revenues go to Dispatch.

Public Testimony: None.

FD Zook said staff's recommendation was to continue to use these funds to support the General Fund, Gas Tax Fund, and 911 Fund.

Chair Koschmann closed the public hearing.

**MOTION: Reardon/Rogers** moved to approve staff's recommendation for the use of the state revenues. Motion passed (13 Yes/0 No).

**NEW BUSINESS**

Outside Agency Requests for Contributions:

Homeward Bound Pets: Ronnie Vostinak, Homeward Bound Pets Executive Director, was requesting help with their Angel Fund and Shelter Medical Fund. The Angel Fund was used to provide emergency medical expenses for Yamhill County citizens who were below the poverty level whose pets were in urgent need of medical care that would probably otherwise die without it. In 2018 the Angel Fund had to be closed down twice because of lack of funds. They spent \$18,966.53 plus \$2,700 in administrative costs for the 94 cats and dogs they were able to help. Twelve of those animals came from Newberg with an average of \$200 per pet. They spend \$53,200 last year in medical care and veterinarian

expenses. They served 35 animals from Newberg with an average cost of \$100 per animal. She was asking the City for help with both or one of the funds.

Mayor Rogers asked how much they were asking for. Ms. Vostinak said \$1,500.

Committee Member Bonn asked how many were served through the Angel Fund in 2018. Ms. Vostinak said 94 animals. They did not have enough in the fund to meet the need.

FD Zook clarified the proposed budget did not have funds allocated to community support. Past budgets had funds set aside for this purpose, the latest was 2016-17. At that time the City gave out \$13,500 and prior to that it was \$22,000. This was the first year they only had one request.

Mayor Rogers would like to support some of these non-profit partners in the City.

Councilor Yarnell Hollamon asked what the mechanism was for non-profits in the City to ask for funds.

FD Zook responded there had never been a formal process. He thought that was a policy decision for the Council.

Councilor Bacon said the funds used to be in the Council budget. In 2010 they had no money and this was taken out of the budget. They never put it back in, except for Transit which got its own budget line.

Mayor Rogers commented there were some funds that the Citizens Rate Review Committee recommended for groups who helped low income for utility rates. If they wanted to allocate some funds for this purpose, how would they do that?

FD Zook responded the Budget Committee could make a recommendation to put funds in the budget, but the question was where the funds would come from. If they wanted it advertised more formally that should be a policy decision from the Council.

Committee Member Allen suggested it could be discussed as an unfunded priority for the Council's budget.

Councilor Curtis Gemeroy said under Community Support there was \$2,500 proposed. FD Zook explained that was for the Willamette Locks project.

**MOTION: Rogers/Allen** moved to add \$7,500 to the Community Support fund.

Committee Member Reardon said there had been issues with this in the past when it came to the Budget Committee every year. He thought the Council should decide on the allocation of the funds instead of a Budget Committee decision.

Mayor Rogers clarified requests should go to a date certain to the Council to review and that it should be publicized to all the groups.

There was discussion regarding where the money would come from.

Councilor Corey said they were already using reserves to balance the budget. He was not in favor of adding more.

Councilor Johnson had an issue with the non-profit requests as this was tax payer money that was supposed to be used for City services.

Mayor Rogers said the City no longer provided animal control through the police and the non-profits were picking up the slack. They did give money to churches for utility bill help. It was a fairly small amount of money that acknowledged the work non-profits were doing in the community to make it better.

Councilor Bacon said there was not a designated officer, but the police did do animal control. Homeward Bound did exceptional work, but she did not think the funds should come from the City. She thought they should find a way to encourage people to donate to them.

FD Zook said they did not have to decide this tonight as it could be brought back with other discussion items.

Councilor Yarnell Hollamon was in support of adding funds to the budget to support the work non-profits did that the City was not able to cover. It was not a lot of money, and ultimately their job was making decisions on the use of tax payer dollars.

Committee Member Olson said if the non-profit met one of the Council priorities, it was aligned with what the City was doing. She thought it was defensible if it met a Council priority.

Councilor Johnson thought a policy should be created to detail the nature and the distribution of the money as well as a communications plan. The Council could work on that, and the Budget Committee could give a recommendation on how much to put in the fund and where the funds would come from.

Chair Koschmann said it was the Council's decision to create policy for outside agency requests. She did not know if it would be in place for this budget season.

Committee Member Reardon suggested using a certain percentage of the marijuana tax for this fund and a subcommittee of the Council could decide on the applications.

**Mayor Rogers withdrew his motion and would bring the issue up with the City Council.**

## **PUBLIC COMMENTS**

None noted.

## **CONTINUED BUSINESS**

Chair Koschmann invited staff to continue on with the staff presentation of the budget.

FD Zook said at the last meeting they had continued the conversation on Community Engagement. City Manager Joe Hannan said the request was that Rosa come to a meeting, but she was not available tonight.

Councilor Yarnell Hollamon asked if there was information around the effectiveness of the community engagement efforts. CM Hannan explained what Community Engagement did. One function was to maintain the City's website and Facebook. Another was to archive and process records requests. In 2016 there were 1,273 likes on Facebook, and in 2019 there were 1,914 likes.

Councilor Yarnell Hollamon clarified she was looking for information, such as the traffic to and from the City's website and to and from events that community engagement had been supportive of, and increased amount of calls to City Hall. CM Hannan responded they did not keep track of the calls to City Hall, but they did have the number of hits to the website. Community engagement's role was to support departments and one part of that was community visioning. They had about 1,223 surveys that had been returned.

Committee Member Allen said they had increased the Facebook engagement by 641 likes in three years. He had not been aware of the Facebook page as a place to get good information from the City. He wondered if people were being engaged by the Facebook page and if information was getting out to the public.

Committee Member Sitton asked about the salary increase for the community engagement position. CM Hannan said it was a step increase.

Mayor Rogers thought they were getting into performance review, which was not the purview of the Budget Committee.

Chair Koschmann moved to the Human Resource budget.

Human Resources Director Anna Lee was requesting to fill a position that had been empty for a year and a half. If she had to reduce her budget by 5%, she had already done the 5% by not filling the position. If that position was filled, she would reduce some of the other funds including dues and meetings, recruitment, safety program, books and publications, and professional services.

Councilor Johnson wanted to know what positions were added since 2016-17 to make 158 employees especially since they no longer had a Fire Department. HRD Lee responded some of them were seasonal workers and interns. In 2013-14 they had 175 employees. She would forward the list of statistics for every fiscal year to the Committee.

Councilor Johnson asked if she could describe the trainings her office provided and who utilized those services. HRD Lee said there was a variety of training. There were 20 all staff trainings this fiscal year and she listed what some of those had been.

FD Zook explained the narrative in the HR budget was not the FTE, but people on the payroll. The library had many part time workers and Public Works had seasonal workers.

Councilor Johnson asked for a graph over the past 5 years of the FTE count. HRD Lee commented that position control and tracking data was one of the improvements that she was hoping to get with the new Project Specialist position. This position was in the budget as a 0.5 FTE.

Councilor Yarnell Hollamon asked how many part time positions were in the City and how many would opt-in for health care benefits if able. HDR Lee said employees had to be at 40 hours to get coverage, however ACA allowed anyone with 30 hours or more to get coverage. Councilor Yarnell Hollamon asked how many non-benefitted employees did they have? She thought Library Director Griffith said a part time employee left because they wanted benefits.

Committee Member Olson clarified that the employee left because they wanted a full time position. Most of those who took part time positions already had health care. They could get the number of employees working under 30 hours.

Library Director Leah Griffith provided clarification saying she had 5 employees at 30 hours per week, and only one opted in for the ACA coverage. She had another 5-6 employees that worked 20-29 hours per week and she did not think they would be interested in benefits because their share for the insurance was high. HDR Lee clarified ACA coverage was for the whole family, but it was a prorated amount. FTE's paid 10% of the total coverage and the City picked up the other 90%. The additional benefits other than salary ran from 40% to 48% of the person's total income. That would be the budget impact they would have to adjust for.

Councilor Johnson asked where the City was in terms of the new pay equity law and if it affected the budget. HDR Lee responded a salary survey had been done in 2017 that equaled out pay and comp. Some adjustments were made for some employees to move them into a different classification. She was continuing to get training on it so they remained in compliance.

Committee Member Allen asked if there were circumstances where they made a position two part time positions instead of one to save money. HDR Lee said because of the flexibility of the hours the Library was open, part time employees worked best. LD Griffith added they had never taken a full time position and made it two part time positions. The positions at 20 and 30 hours took 20 to 30 hours to do the work. This gave them the coverage needed for the programs at the Library.

City Recorder Sue Ryan presented the City Recorder Budget. She discussed her roles and responsibilities. She had no unfunded requests. If she had to do a budget reduction, she would reduce some of the line items including initiative petitions and code publishing.

Councilor Curtis Gemeroy asked about the new line items in personnel services. CR Ryan responded that was calculated by the Finance Department. FD Zook said the new line items were for recruitment, recognition, supplies, and equipment.

Councilor Yarnell Hollamon asked about professional services. CR Ryan said professional services included a secretary for all meetings, transcriptionist, code publishing, shredding, and agenda management software.

Councilor Yarnell Hollamon thought the professional services contracts should be broken out. FD responded there were some things earmarked for this line item, but it was also used as a place holder for things unseen that came up throughout the year.

FD Zook presented the Finance budget. He explained the roles and responsibilities in the Finance Department. There was an employee who would be retiring and he had budgeted for two months of cross training. The Miscellaneous Fringe Benefits were phone stipends, however employees were no longer getting the stipend and the line item was at \$0. The telephone budget had gone up for cell phone services in one location in the budget. He was decreasing the supplies and services. He was requesting new finance software as an unfunded priority. In the meantime, he planned to invite a consultant of the current software to come to the City and see if improvements could be made. He was also moving funds into reserve for the new software costs. If the current software could be improved, they would add a few modules for electronic purchase orders and employee self service. Other unfunded priorities would be software for the budget and for long range planning. The budget was currently being done in Excel, but he suggested using a software system. He had built a long range planning model and found that there was a software package that could help with this work as well.

Councilor Curtis Gemeroy asked how many years until they would have to definitely get new software. FD Zook said there were risks with the company being bought out several times and not having enough support. He thought it could probably be used for 5-7 more years, however it was not the most efficient system.

Councilor Yarnell Hollamon asked if they were budgeting for depreciation. FD Zook responded they were doing it for equipment and vehicles and money was being put aside for future purchases. The problem was they needed a master plan.

FD Zook said if reductions needed to be made in the Finance Department, the options were cancelling putting aside money for future purchases or reducing the Accounting Clerk position. The General Office Department was for postage and telephones. There were no additional needs or unfunded requests. The cell phone structure had been changed which contributed to the increase. It was a net neutral change over three years. If this department had to be cut, they would have to analyze what telephones or postage they would drop. FD Zook then discussed the Utility Billing budget. There were no unfunded priorities and if it had to be reduced, it would be reducing personnel from full time to part time.

City Attorney Truman Stone presented the City Attorney budget. This was a status quo budget.

Councilor Johnson asked if professional services was for contacting outside legal counsel. CA Stone said yes.

CA Stone continued saying the unfunded department priority would be to add an Assistant City Attorney. There were less FTE's in this budget than the 1994-95 budget. In 2007-08 there was an additional person in the office. Most neighboring communities had Assistant City Attorneys to keep up with the work load. The cost was \$95,000 for salary and benefits. He explained what he had done to reduce the budget since coming to the City. This included eliminating a half time legal secretary and full time paralegal. The office was operating very efficiently. If the budget needed to be reduced, the options were to reduce the paralegal position from full time to 0.8, reduce the Code Compliance Officer from full time to 0.8, and reduce the City Prosecutor position from 0.4 to 0.2. He explained the effects these reductions would have to the City and to the budget.

Councilor Johnson asked what services CA Stone provided the Police Department. CA Stone did everything from negotiating with the Police Union to helping with public records requests to municipal code issues to personnel issues.

Councilor Bacon asked when they hired outside counsel, did that go directly to the departments. CA Stone responded it depended on the circumstance and he gave some examples. It often came out of the departments' budgets, but if it was relatively small he paid for it out of his budget.

Committee Member Allen asked if adding an Assistant City Attorney cut those costs. CA Stone responded it would lower the costs somewhat, but he did not know how much year to year.

Councilor Johnson asked about the total cost of outside counsel that had been hired. CA Stone said he could give that information to the Budget Committee at a later time.

FD Zook suggested separating out what each department was paying in a legal services line item that would be taken out of the personnel services line. Right now they would have to go each department's personnel services and pull it out.

**NEXT STEPS:** The next meeting would be held on May 2, 2019.

**ADJOURNMENT:** The meeting was adjourned at 8:38 p.m.

**ADOPTED** by the Newberg Budget Committee this \_\_\_\_<sup>th</sup> day of April, 2020.

\_\_\_\_\_  
Dan Keuler, Senior Accountant

**ATTESTED** by the Budget Committee Chair this \_\_\_\_<sup>th</sup> day of April, 2020.

\_\_\_\_\_  
Beth Koschmann, Budget Committee Chair

**NEWBERG BUDGET COMMITTEE MINUTES**  
**May 2, 2019, 6:30 PM**  
**PUBLIC SAFETY BUILDING (401 E. THIRD STREET)**

**WELCOME**

Chair Beth Koschmann called the meeting to order at 6:30 p.m.

**ROLL CALL**

Members Present:	Mike Corey	Timothy Carpenter	Beth Koschmann
	Patrick Johnson	Jack Reardon	Molly Olson
	Solomon Allen	Rick Rogers	Brad Sitton
	David Bonn	Denise Bacon	Elise Yarnell Hollamon
	Elizabeth Curtis Gemeroy	Stephanie Findley (arrived at 6:35 p.m.)	

Staff Present:	Joe Hannan, City Manager	Matt Zook, Finance Director
	Caleb Lippard, Assistant Finance Director	Dan Keuler, Senior Accountant
	Doug Rux, Community Development Director	Brian Casey, Police Chief
	Jay Harris, Public Works Director	Leah Griffith, Library Director
	Mary Newell, 9-1-1 Support Services	Dave Brooks, IT Director
	Anna Lee, Human Resources Director	

**COMMITTEE BUSINESS**

Chair Koshmann invited any comments or questions on the budget that staff needed to research.

Committee Member Olson asked if some scenarios of the General Fund could be run, one if they did nothing and kept the budget the same with no growth and one that implemented the new recommended fees.

Councilor Curtis Gemeroy said another scenario she would like was taking the budget as it was recommended and taking away all of the fees including the Public Safety Fee, 3% increase in property taxes, and franchise fee to see what that would do to the budget and where would they be as far as the deficit.

Mayor Rogers asked if they could show what each fee individually would do as well as an accumulated total.

**CONTINUED BUSINESS**

IT Director Dave Brooks presented the changes in the IT budget. The first was an increase in materials and services due to Microsoft licensing. They had budgeted in the current fiscal year \$127,000 for maintenance agreements and had ended the year \$20,000 above that. He explained the reasons for the overage which was due to unexpected expenditures and costs going up from when the budget was prepared and the time the items were purchased. The other change in the budget was that capital outlay had \$220,000 for replacement of a server and network equipment. Regarding the unfunded priorities, he would like to make the half time Administrative Assistant a full time employee which would cost an additional \$63,000. He explained what the Admin did, including managing security awareness training for employees. He presented a statistical comparison of Newberg's IT department's budget compared with other cities noting that none of the other cities had a 911 dispatch center. He also discussed the future technology upgrades and the growth of the IT Department and their workload. The second unfunded priority was an intranet upgrade to Sharepoint which was estimated to be \$49,000.

Committee Member Olson pointed out that Sharepoint was a productivity tool and suggested looking at who benefited from that productivity. IT Director Brooks said they had scripted out what Sharepoint would do for each department and it would benefit every department in the City.

Committee Member Allen asked if prices for Sharepoint would go up or down. IT Director Brooks responded that price was for consulting to help them build the program out.

Committee Member Bonn asked what would happen to the City if the current intranet were to fail. IT Director Brooks responded it was the internal document management system and held all of the software licensing information.

Councilor Johnson mentioned that they discussed Splunk 18 months ago and wondered if it had been implemented. IT Director Brooks responded that had been implemented. It was mainly used for security and troubleshooting as well as business intelligence processes.

IT Director Brooks continued his presentation stating the third unfunded priority was funding the hardware replacement schedule which would cost around \$160,000.

Committee Member Olson mentioned that \$160,000 was a lot and she asked where the number came from. IT Director Brooks said it included network equipment, servers, security appliances, desktops, etc. The first couple of years would be tight due to the age of the current equipment. The fund would help them plan out the major purchases and even it out.

Committee Member Olson asked what the next couple of years would look like. IT Director Brooks responded in the next two to three years the server hardware resources would need to be replaced, which was about \$320,000. Right after that they would need to replace the storage appliance for \$150,000.

Committee Member Olson asked if he looked at outsourcing to a service supplier instead of purchasing their own. IT Director Brooks responded that cloud services were not cost effective over time and were not as resilient. He thought those services needed to remain on premise.

IT Director Brooks discussed the budget reduction option, which was to cut one of the three System Administrator positions. The results would be the existing workload would be increased and it would become a burden to the other employees.

Committee Member Reardon asked if there were any reductions related to the capital outlay for the coming year or was it all absolutely necessary. IT Director Brooks replied it was critical to replace the network equipment for the function of the City.

Councilor Johnson asked for a comparison of the number of FTEs in Newberg's IT Department with other cities. IT Director Brooks responded some had the same amount of staff and some had less. It was important to look at what the departments took care of because some did not have a Police Department, Water/Wastewater Department, or dispatch center.

Public Works Director Jay Harris presented the Fleet and Facilities budgets. The City's facilities were maintained by the Public Works Department. He explained what was included in the City-owned grounds and the vehicles in the fleet. They also did contract maintenance for the School District and CPRD vehicles. The budget was mostly status quo. The changes included shop supplies which had gone up and maintenance agreement costs which had gone up for asset maintenance software. The community art displays fund had been added to the budget to put pictures on the walls in City buildings.

Councilor Johnson asked if they subsidized the fleet services provided to the School District or if they charged one hundred percent cost recovery. PWD said it was one hundred percent cost recovery. They could not charge for profit.

Committee Member Olson asked if the amount was enough for all of the CPRD and School District vehicles. PWD Harris said they mostly did small repairs and oil changes.

Councilor Yarnell Hollamon asked why there was an increase in contractual services for Facilities. PWD Harris responded that was for HVAC repair and replacement, elevator services, and pest control for all the City buildings. He would have to look into why the amount had jumped.

PWD Harris discussed the proposed budget reduction options noting they could not cut anything in the Fleet budget as it would affect the intergovernmental agreements. They could make cuts in the Facilities budget to make up for it. They could go back to reactive maintenance for the City's facilities and only repairing and replacing small items.

Councilor Yarnell Hollamon asked how they were able to be more proactive in facilities, but not in other areas such as IT. PWD Harris responded being reactive cost more money. He had come up with five year plans for the maintenance of the facilities which were implemented every year. City Manager Joe Hannan responded there were equipment replacements right now in most of the departments which were budgeted for each year. The IT projects were much higher in cost and they did not have the extra to do them. Even in this year's budget they were upgrading the records management system and CAD. The need was so great they had to get it into a replacement schedule and begin to put money aside. PWS Harris added they were still in reactive mode for the maintenance of the water, wastewater, stormwater, and street systems.

Councilor Johnson said pending retirements in Public Works was a huge issue and increased the need for software that could capture that institutional knowledge. PWD Harris agreed the software would pay big dividends and it would help them work more efficiently.

Finance Director Matt Zook presented the Public Safety and Civil Forfeiture funds. The Civil Forfeiture fund rarely had any activity. When the City received forfeiture funds, they went into this line. The funds were used to purchase forensics equipment and other hardware.

Committee Member Bonn asked how the amount was increased. AFD Lippard responded when the Police Department seized money or assets.

FD Zook continued to discuss the 911 Fund noting there were no changes. The revenue from the 911 Fund was from the state and it was used to fund 1.45 FTE in the dispatch center. When this fund got compressed or there was a variance in the overtime, the General Fund picked it up. They had not included the potential increase in the 911 tax in the budget.

Committee Member Allen clarified there was no change in the FTE. FD Zook responded that was correct.

Committee Member Reardon asked if the contingency in this fund would be growing. FD Zook responded the contingency could not be used for anything but 911 expenditures which was mainly to add more FTE hours. It was growing about \$8,000 to \$9,000 per year due to revenues coming in higher than projected.

Committee Member Allen asked if it was problematic to adjust the FTE hours every year. FD Zook responded no, it would not be a problem. He thought 0.1 FTE could be added this year.

Mayor Rogers said the contingency varied per fund. Was there an overall strategy or was it by department? FD Zook responded there was no overall strategy. They tried to have 16% contingency in the General Fund and 5% for Admin Services. Right now the 911 fund was at 16%. It was on a fund by fund basis.

FD Zook continued onto the Public Safety Fee fund. There were two different Public Safety Fees, one for patrol and one for communications officers. The biggest change was the increase of the fee by \$3 per month. This budget anticipated half a year of that increase which would be \$170,000. This would move an officer from the General Fund into the Public Safety Fee fund. The reason for this fund was to fund three officers, but that cost had increased since the fee was established and it needed to be increased. It cost about \$125,000 for an entry-level officer and they kept moving the most inexpensive officers to this fund to try to stay within budget. The fee for patrol officers did not have a CPI index attached to it and it had not gone up since 2009. The fee for communications officers did have a CPI index, and had gone up incrementally since 2014. Growth had occurred in this fund as water meters were added to the system.

Mayor Rogers asked why the increase was budgeted for only 6 months. FD Zook responded the steps in the ordinance to increase the fee would not be done by July 1 when the new fiscal year started.

Mayor Rogers asked if the Fee went to a vote in 2009. He thought it was challenged in 2009 and had to go to a vote. Police Chief Brian Casey responded initially Council approved the Fee, however citizens took initiative and got it on the ballot. It was approved by vote by a wide margin.

Mayor Rogers clarified they were not planning to take the \$3 increase to a vote. CM Hannan responded last year the Budget Committee had looked at the budget gap and discussed possible new revenue sources including a property tax or Public Safety Fee increase. A property tax had to go to the voters, and he had recommended a Public Safety Fee increase with the possibility of going to the voters. It would not close the entire budget gap.

Councilor Bacon was not in favor of increasing the Public Safety Fee as they would not be giving the public more. If they were getting more officers, she could support it. She did not like using the Fee to backfill the fund, and the public perception was that it was a bait and switch. CM Hannan said they did not have many options, but a property tax was something they could do instead. The proposed Fee increase was different from the first time the Fee was presented to the voters and they could decide not to increase it or take it to the voters or do a property tax. He had also proposed an increase in franchise fees to help with the budget gap. Some of the larger entities such as George Fox, churches, care centers, and the hospital would not pay a property tax increase, but they would pay the Fee.

Committee Member Bonn clarified one FTE officer would be taken out of the General Fund and put in this fund, so it would be funding four officers instead of three. CM Hannan responded that was true, but it looked like the Fee was increasing a person when it was just moving one over. If they increased the Fee, it was restricted to be spent on public safety whereas a property tax could be used for more things.

Committee Member Bonn agreed with Councilor Bacon that it could be perceived as a bait and switch.

Councilor Johnson requested staff look into the option of not increasing the Fee, but making cuts in the Administrative Support Services fund for services that were not being provided to the Police Department or services that could be made more efficient.

Committee Member Olson saw the Fee as a mechanism for picking up more of the Police Department's costs out of the General Fund. She thought if it was messaged properly, people would not see it as a bait and switch. The payments for the communications upgrade came from the General Fund and they were trying to find a way to pay for it. She agreed they should look at what cuts could be made and all of the scenarios with and without the Fee so they could explain to the public that all the options had been looked at and this was what was recommended.

Councilor Bacon did not think this option was transparent.

Councilor Yarnell Hollamon thought they needed to ask the public before the Fee was increased and also look at all the options.

Councilor Johnson appreciated Committee Member Olson's perspective. He thought instead of cutting services in the Library or Planning that they look at cutting \$170,000 in Administrative Support.

Committee Member Olson said they had spent more on public safety that was coming out of the General Fund without a way to pay for it. She did not want to say there was a bait and switch going on, but to be realistic about what was driving the costs up. It was important to look at all of the options. She did not see a lot of extra in the budget.

Committee Member Reardon suggested staff break down the Administrative Support fund for more clarity.

Councilor Yarnell Hollamon agreed there was a deficit that had to be fixed, but she thought it should go to the voters. She was frustrated that the proposed budget reductions were things the Council was passionate about and were community oriented. They needed to send a transparent message and shifting a police officer in the funds was not the way to do it.

Councilor Johnson would not vote in favor of the budget as proposed. He did not think that all of the Administrative Support fund being charged to the Police Department was valid at those levels.

Mayor Rogers agreed they needed to be as transparent as possible.

CM Hannan said staff would bring back scenarios without the franchise fee and Public Safety Fee increase as well as the long range financial plan showing the payments for the communications upgrade.

FD Zook asked for clarification on the Administrative Support fund. If they reduced it for one department, the other departments would be paying more. CM Hannan added the direction for the 5% cuts in the department budgets was to not cut anything that was state mandated. Other than that, the different department directors proposed certain items to cut, but the Committee could recommend other cuts. If there was a dollar amount recommended to be cut, he thought the department directors should come back with a proposal.

FD Zook asked for the direction from the Committee to be restated as a simple request.

Committee Member Allen wanted to know what the increase in property tax would need to be to cover the \$170,000.

Committee Member Reardon thought the Administrative Support items needed to be separated out for more clarity.

Councilor Johnson said that there could be an allocation formula and it was fair across all funds, but if they knew that some departments were not being provided those services and there was a budget shortfall, why would they continue to charge those departments under that formula. He thought there were departments that were not providing the services to the Police Department and they should not be charged. He would like to see those cut, if possible by the \$170,000.

CM Hannan would bring back an explanation of these allocations.

## **PUBLIC COMMENTS**

Robert Soppe, Newberg resident, spoke about the need for transparency and the explanations in the budget needed to be thorough, accurate, and clear. The structural deficit was the most important issue the Committee faced and was a good example of lack of transparency. He had never heard a specific explanation for the deficit. The current budget showed a year ago that the deficit was projected to be \$1.38 million, but now it was expected to be \$230,000. The budget document listed reasons the deficit was so much less, but there were no amounts included. The budget message stated that Police Department expenditures exceeded the total property taxes, but he did not think that was relevant. The message also stated that to close the deficit, the City could use an increase of property tax rates. The proposed budget already included an increase of the property tax rates. He thought for transparency it should be stated that they would like a further increase of property tax rates. Regarding the communications upgrade, the budget message claimed it was being funded through the sale of assets and using existing revenues that otherwise would be dedicated to operations. Using funds for dedicated operations was difficult to swallow when there was already a structural deficit. The communications upgrade was a direct contributor to the deficit, or it could be argued that it was the reason for the deficit. This expense would end in nine years, but the revenue sources implemented to fund it would not. He thought it would be more appropriate to fund the one-time expense of the upgrade through a bond so when the expense went away so would the revenue. He thought the public would be more open to that option than others. Regarding the Public Safety Fee, it implied that the increase would be used for public safety. Moving an employee from the General Fund to Public Safety was not public safety as it would include a substantial contribution to the General Fund independent of the Police Department. He thought the increase in the Fee should be put to the voters, but he questioned if it would pass. Earlier tonight the City Manager stated the Council chose not to collect the \$1.88 per 1,000 of assessed value when TVF&R took over the Fire Department. He thought that collecting it would have been a violation of the City Charter. He encouraged the Committee to be thorough in their understanding and evaluation of the budget and to ask questions if something was not clear.

**NEXT STEPS:** The next meeting would be held on May 7, 2019.

**ADJOURNMENT:** The meeting was adjourned at 8:35 p.m.

**ADOPTED** by the Newberg Budget Committee this \_\_\_\_<sup>th</sup> day of April, 2020.

\_\_\_\_\_  
Dan Keuler, Senior Accountant

**ATTESTED** by the Budget Committee Chair this \_\_\_<sup>th</sup> day of April, 2020.

\_\_\_\_\_  
Beth Koschmann, Budget Committee Chair

**NEWBERG BUDGET COMMITTEE MINUTES**  
**May 7, 2019, 6:30 PM**  
**PUBLIC SAFETY BUILDING (401 E. THIRD STREET)**

**WELCOME**

Chair Beth Koschmann called the meeting to order at 6:30 p.m.

**ROLL CALL**

Members Present:	Mike Corey	Timothy Carpenter	Beth Koschmann
	Patrick Johnson	Jack Reardon	Molly Olson
	Solomon Allen	Rick Rogers	Elise Yarnell Hollamon
	David Bonn	Denise Bacon	
	Elizabeth Curtis Gemeroy	Stephanie Findley	

Absent: Brad Sitton (excused)

Staff Present:	Joe Hannan, City Manager	Matt Zook, Finance Director
	Caleb Lippard, Assistant Finance Director	DawnKaren Bevill, Admin Asst.
	Doug Rux, Community Development Director	Brian Casey, Police Chief
	Jay Harris, Public Works Director	Jeff Kosmicki, Police Captain
	Kaaren Hofmann, City Engineer	Mary Newell, Police 911/Dispatch
	Lindsey Klemmer, Project Specialist	Truman Stone, City Attorney
	Leah Griffith, Library Director	Dave Brooks, IT Director
	Korie Buerkle Jones, Assistant Library Director	Anna Lee, Human Resources Director
	Russ Thomas, Public Works Maint. Superintendent	

**COMMITTEE BUSINESS:**

**Presentation of Funds**

**Community Development:**

Community Development Director Doug Rux said in the Planning fund he would like to modify materials and services by adding \$700 for the Community Visioning program.

Finance Director Matt Zook explained how he was tracking requests for changes to the proposed budget that would be included in the approved budget.

CDD Rux presented the Building Inspection fund. Some of the revenues would be going down which was due to a reduction in commercial and industrial development. There was a 0.12 FTE increase for records management. The big change in materials and services was attributed to supplies and equipment. Also, in the recent years they had not been sending Building employees to the available certificates and trainings, and that had been added into the budget.

FD Zook asked about his target for the ending fund balance.

CDD Rux said his target was to have two years' worth of revenue in contingency in case there was a downturn and they had to ride that wave out. There was also a state required cap that they could not go over in contingency.

Councilor Johnson stated in 2008 when the recession hit, how many years were they on a downward slide? How many years did they need in the bank to get through that time?

CDD Rux replied it was five years, almost six. At that time there 14–15 people in the Building Division and positions were let go. The contingency balance was \$25,000. Now they were making sure they were not over-hiring but addressing the workload and building the contingency back up.

CDD Rux presented the Economic Development fund. He discussed the Community Development Block Grant program the City received to help repair manufactured homes which had been completed and it would be a couple more years before the City could apply again. He had budgeted this fiscal year to do an Urban Renewal Feasibility Study, but it had been delayed due to the Riverfront Master Plan and continued conversations with Westrock. There was a \$30,000 request for professional services for a Hotel Feasibility Study for the downtown area.

CDD Rux then presented the Transient Lodging Tax fund. They had made a transfer of appropriations in April that moved money out of the large grant program to a new entity that was created, Visit Newberg. This was a formal organization for tourism promotion. The Chamber contract had been originally proposed at \$90,000, but it needed to be changed to \$95,577. For the Visit Newberg contract they had originally proposed \$324,000, but now it was increased to \$557,654. That reduced the contingency down to \$2,000. These were new contracts that had recently been negotiated.

FD Zook explained there was a reprint of page 89 due to a budget amendment that went to Council in April that did not get reflected appropriately in the 18-19 budget, the \$150,000 that was moved from the large grant program to Visit Newberg. This reprint corrected the proposed budget, but the changes CDD Rux described were not included on that page. The changes would be put in the approved column once the Committee approved the budget. CDD Rux was requesting a change based on the new information.

FD Zook said as a result of that change the Committee had also received new pages 3 and 4. There was no overall change to the budget, but a shift between categories.

Mayor Rogers asked if a Construction Excise Tax for affordable housing was approved, would it appear in this budget. CDD Rux said yes it would, and it would require a supplemental budget.

FD Zook said on page 3 there was a new HR narrative to correct the number of FTE employees on page 51.

#### **Public Works Funds:**

Public Works Director Jay Harris presented the Street fund. The two main things that happened in the Street fund were engineering and maintenance. The changes in this year's budget included an increase in dues and meetings and travel and trainings. There was also an increase in contractual services for the installation of Cartegraph, consultant to do the financial analysis for the Citizens Rate Review Committee, and nighttime sweeping that had been contracted out to a vendor. They were requesting that the Administrative Assistant in Engineering go from half-time to full-time. Currently that person was working half time in IT and half time in Engineering. There was a Maintenance Tech 2 who was solely working on the installation of Cartegraph and instead of paying for him only out of the Water Maintenance fund, it would be split among the Street, Water, Stormwater, and Wastewater funds.

Mayor Rogers asked about the beginning fund balance which had grown significantly.

PWD Harris explained beginning fund balances went up and down as projects were completed. There was a 5 year capital project plan and some heavy hitting expenditures were coming up. This last year they did not spend as much in anticipation of future projects.

Councilor Johnson asked if they would move another half time position to IT.

PWD Harris said the City Manager and IT Director were discussing that.

Councilor Johnson asked about the funding sources for street maintenance. How much more did they need to get the pavement condition index up to standard level?

PWD Harris stated the Transportation Utility Fee did not fully fund the program. Staff would be doing a check-in in two years to evaluate that. The Council had asked them to hold the current pavement condition index. The new Cartegraph system would be able to track street conditions as well.

FD Zook discussed how there was a revenue line item just for TUF and Fund 18 were the expenditures of the TUF. He had calculated three years of the TUF which was \$3.3 million and \$2.9 million had been spent. The funds were only being used for the capital projects.

Committee Member Allen asked about the increase for street light and pole maintenance.

PWD Harris explained it was due to aging poles that needed to be replaced and they were slowly increasing that line item for that project. There was also going to be a large project down the road for LED conversion.

Councilor Curtis Gemeroy asked about working with PGE on the street lights.

PWD Harris said PGE had Option A where PGE owned and maintained the lights, Option B where the City owned the lights but PGE maintained them, and Option C where the City owned and maintained the lights. He thought they would go with Option B.

PWD Harris next discussed the System Development Charge fund. The revenue had increased in this fund due to the recent construction that had been going on. He explained how the SDC funds were collected.

PWD Harris then explained the Street Capital Projects fund. This was where transfers came out for various projects. The projects included a Transportation System Plan update, College Street bike lanes, North Elliot Road improvements, Crestview Drive connection, TUF street paving projects, and maintenance yard improvements.

PWD Harris presented the Wastewater fund. All of the wastewater assets would be going into Cartegraph which would help with asset management and maintenance. The goal was to videotape every sewer in the City every five years to prevent clogging and I&I. He also explained pre-treatment programs for fats, oils, and grease. The changes in the budget included an increase in contractual services for the Cartegraph system, increase in travel and training for employees, work for the Citizens Rate Review Committee, changing the half-time Engineering Admin to full-time, increase in capital outlay for replacing pumps in lift stations, and increase in Operations Vehicle Maintenance by \$9,000 to replace the tires for the loader.

PWD Harris presented the Wastewater System Development Charge fund and explained the revenues were from developers who were pulling permits for construction. This fund had also gone up. He discussed the Wastewater Projects fund which included I&I projects, oxidation ditch repairs, roofing and painting at the Wastewater Treatment Plant, coating Fernwood and Creekside lift stations, sewer line replacement on 6<sup>th</sup> and Blaine, Wastewater Master Plan update, adding sawdust bays, installing Hess Creek pipe lining, clarifier study to re-rate them, Crestview Drive wastewater extension, Wastewater Treatment Plant lab and locker room remodel, and maintenance yard improvements.

The Committee took a short break from 7:21 to 7:26 p.m.

PWD Harris discussed the Water fund. He explained the facilities that were included in the water and non-potable water systems. There were significant changes in the Water budget. They wanted to increase the maintenance at Otis Springs to increase reliability. There would also be maintenance agreements for Cartegraph and also increasing the travel and trainings for employees. They would be increasing the number of water meter and MXU replacements. A portion of the Citizens Rate Review Work came from this fund as well as changing the part time to full time Engineering Admin position. In operations they had increased postage as well as marketing and education in order to send out marketing materials for the backflow prevention program.

Councilor Curtis Gemeroy asked what contractual services covered.

PWD Harris explained it was for the consultant for the Citizens Rate Review Committee as well as looking at the Westrock water rates and a legal matter the City Attorney was working on for the North Valley Reservoir access appeal.

Councilor Johnson asked if the 15,000 feet of non-potable mainline piping included the Crestview project.

PWD Harris said the 15,000 feet was what existed today. The number would go up once the piping was put in.

Councilor Curtis Gemeroy asked if they only had one customer for non-potable water, what was the logic of putting money into expanding it?

PWD Harris stated for the non-potable system, on the south side of town they had the recycled water facility at the Wastewater Treatment Plant and on the north side of town was Otis Springs. In the Water Master Plan there was enough water at Otis to serve the entire north side of the City. They would have another customer when Crestview Crossing went in.

Mayor Rogers asked if the Springbrook development would be using Otis Springs for irrigation. PWD Harris said that was correct as they had some large park and trail areas in the master plan and perhaps some water features.

PWD Harris discussed the Water SDC fund. They had projected \$600,000 for this year in water SDCs. He then presented the Water Projects fund which included the maintenance facility improvements, seismic resiliency, Chehalem Drive water extension project, fire flow upgrades, decommissioning wells 1 and 2, redundant supply, Bell West pump station, Vittoria Square firefoam improvements, fixed base radio reads, Crestview Drive potable and non-potable extensions, routine water line replacements, water rights review, College Street valves, Water Conservation Master Plan update, Water Master Plan update, purchasing Westrock property for water production, card lock access at the well field, and lowering the College Street water line.

Councilor Yarnell Hollamon asked how staff determined the capital projects and costs for each year.

PWD Harris replied staff estimated the revenue per year which included the rates. They did rate reviews with a financial analyst to come up with a water model. The capital projects came from the master plan, maintenance division, and water plant. The top rated projects involved safety or reduced costs. There were consultants who helped design the projects, but there was a lot of work and staff was at capacity. They tried not to take debt on for any of the projects, but to cash fund and get as much mileage as they could.

Committee Member Olson asked what the water use was in Newberg and how long it would last in an emergency. PWD Harris said they used about 10 million gallons per day in the winter. In an emergency they had 17 hurricane water systems that produced 4 gallons per minute that would be deployed throughout the City. There was also a water emergency response plan. If they had to, they could put well water into the system and people would have to boil the water before drinking it.

Councilor Johnson asked about the fixed base radio reads and if there were continued costs with that system. PWD Harris said over the next couple of years the costs would be about the same as they were putting in new meters as well as new sending units. They would utilize the 911 tower for the antenna site. The total project was \$1.2 million. They would know when meters failed to work right away and they could be fixed quicker.

Councilor Johnson thought the fact that the system would detect leaks sooner would help with customer service.

PWD Harris reviewed the Stormwater fund. The changes in this budget included the maintenance agreement for Cartegraph, increased training, Total Maximum Daily Load Plan update, contractual services for the Citizens Rate Review Committee, night time street sweeping contractual services, and part time to full time Admin position. He then discussed the Stormwater SDC fund which had gone up a little bit but not as much as the transportation, water, or wastewater SDC funds. The projects included storm drainage on Wynooski Road, Stormwater Master Plan update, and maintenance yard projects. He pointed out the matrix that had been created that showed how the various projects were funded.

Councilor Johnson asked why the TUF was not included in the matrix. Assistant Finance Director Caleb Lippard explained the last line of the page were all of the TUF dollars.

Committee Member Reardon asked about the contingency in the Street fund and where it could be spent. PWD Harris said if they were to spend half of it, \$400,000, on a project, it would be a street project separate from the TUF or an ADA ramp replacement project. On the older streets, \$400,000 would only pave one block.

FD Zook said the number in contingency was comprised of different revenue sources including TUF revenue for future years and from the gas tax for street operations.

Committee Member Reardon thought when there was almost a million dollars sitting in a fund for a year, the cost for projects increased every year and it should be used. PWD Harris said part of it was for risk management and for any emergency situations as well as smoothing out the costs of year to year projects. He did not think they should spend it all the way down.

Councilor Johnson asked if the contingency was tracked so they knew what was TUF and what was gas tax. FD Zook said they could create a TUF tracker for next year's budget. He explained how he calculated the revenues and expenditures for TUF.

Councilor Johnson wanted to make sure the process was documented and would like to see the contingencies spelled out.

FD Zook presented the Miscellaneous funds. The Debt Service fund was where they made the payments on existing debt. Some of the outstanding debt was 2004 pension bonds for pension liability due to PERS and would be paid off in 2028, 2015 refunding bond which rolled 6-7 loans into one to get lower interest rates and would be paid off in 2028, Oregon Transportation Infrastructure Bank which was the City's loan for the Bypass and was being paid back through federal dollars the City received, City Hall remodel loan, and public safety communications upgrade.

FD Zook explained the City Hall Fee fund. In 1999 City Hall was remodeled due to a fire and the debt was funded primarily by a privilege tax that was part of the PGE bills and a City Hall Fee that was attached to fees through the permits center and other funds contributed to that based on their usage of City Hall. They were getting to the end of the 20 year loan and the fee had accumulated enough money to pay off the debt. The City Hall Fee had been turned off and the over-collected money was going back to the different departments with interest. The remaining funds for the 2019-20 budget would pay off the debt and finish the refunds. After 19-20, this fund would be dissolved.

FD Zook discussed the Governmental Capital Projects fund. This fund tracked all the expenditures for two key projects, the loan proceeds for the communications upgrade project which was a multi-year project and a new capital project, seismic retrofitting of the Public Safety Building that was being funded through a grant. No City funds would be needed for the seismic retrofit.

FD Zook discussed the Cable TV Trust fund. This fund had been around since 2000-01 when the local cable television station closed down and the funds were absorbed by the City. He aimed to use up the funds in 2019-20 to purchase HAM radio components. After the money was spent, the fund would dissolve. He then reviewed Fund 32 where different departments were putting money aside for future items. Five years ago this fund was not appropriated out as it was now. The fund helped them pre-plan out the needs and put a funding strategy in place for future needs. They were planning for CAD replacement, Public Works equipment, and other smaller items.

#### Discontinued Funds:

FD Zook explained the discontinued funds were funds that did not have a budget for the next fiscal year. They were required to report them if in the last two years they were used. The discontinued funds included the EMS Fire fund, Rate Stabilization fund, and Fire and EMS Equipment Fee fund.

FD Zook said he would be bringing back a summary to the next meeting of the five year projections and looking at the budget without the new proposed revenues as well as what each revenue source would do individually and combined. He would also discuss the long range plan and answer any questions. He could bring back any information that the Committee would like as well.

Committee Member Olson asked if staff could bring back the Council priorities and help them understand what that package of investments would look like for the Urban Growth Boundary expansion, economic development, and affordable housing.

Mayor Rogers asked about the interest income the City was paying. FD Zook stated it was in three locations, Fund 9 and each of the water and wastewater funds. All of the debt service was broken down in principle and interest.

Councilor Yarnell Hollamon asked if they did a 5% reduction where it would come from based on Council's priorities, not just a 5% from every department.

Committee Member Olson was looking at the unfunded requests and how they would fulfill Council priorities. The other side to that question was if they took that 5% reduction, which Council priorities would be cut.

Councilor Yarnell Hollamon had an issue with cutting 5% across the board from every department. The 5% should come in alignment with the Council priorities.

**CONTINUED BUSINESS:** None

**PUBLIC COMMENTS:** None

**NEXT STEPS:** The next meeting would be held on May 14, 2019.

**ADJOURNMENT:** The meeting was adjourned at 8:30 p.m.

**ADOPTED** by the Newberg Budget Committee this \_\_\_\_<sup>th</sup> day of April, 2020.

\_\_\_\_\_  
Dan Keuler, Senior Accountant

**ATTESTED** by the Budget Committee Chair this \_\_<sup>th</sup> day of April, 2020.

\_\_\_\_\_ Beth Koschmann, Budget Committee Chair

**NEWBERG BUDGET COMMITTEE MINUTES**  
**May 14, 2019, 6:30 PM**  
**PUBLIC SAFETY BUILDING (401 E. THIRD STREET)**

**WELCOME**

Chair Beth Koschmann called the meeting to order at 6:33 p.m.

**ROLL CALL**

Members Present:	Mike Corey	Timothy Carpenter	Beth Koschmann
	Patrick Johnson	Jack Reardon	Molly Olson
	Rick Rogers	Denise Bacon	Stephanie Findley
	Elizabeth Curtis Gemeroy	Elise Yarnell Hollamon (via conference call)	
Members Absent:	Solomon Allen	David Bonn	Brad Sitton
Staff Present:	Joe Hannan, City Manager	Matt Zook, Finance Director	
	Caleb Lippard, Assistant Finance Director	DawnKaren Bevill, Admin Asst.	
	Doug Rux, Community Development Director	Brian Casey, Police Chief	
	Jay Harris, Public Works Director	Jeff Kosmicki, Police Captain	
	Lindsey Klemmer, Project Specialist	Mary Newell, Police 911/Dispatch	
	Leah Griffith, Library Director	Truman Stone, City Attorney	
	Korie Buerkle Jones, Assistant Library Director	Dave Brooks, IT Director	
	Rosa Olivares, Community Engagement Specialist	Anna Lee, Human Resources Director	

**COMMITTEE BUSINESS**

1. Presentation of Committee Requested Information:

Committee Member Olson would like a calculation on the impact of the proposed fees to the average household. Finance Director Matt Zook said if they used a \$300,000 average home assessed value with a \$7.50 per \$1,000 property tax, the impact would be \$22.50 per year. For a home with the assessed value of \$360,000, it would be \$27 per year. That would be the impact of the property tax increase. The Waste Management Fee would be increased by \$0.43 per month and the Public Safety Fee would be increased by \$3 per month.

Councilor Curtis Gemeroy asked for clarification on the assessed value in Oregon and if it was based on 1985 values. FD Zook explained the assessed value was the lower of the real market value or the maximum assessed value.

Councilor Curtis Gemeroy said in Oregon they had a different assessed value than other states and they were bringing in less property taxes because of that.

FD Zook said the purpose of the email that had been forwarded to the Committee was to share the questions and deliberation in a public setting.

Chair Koschmann clarified the email was not reflected in the packet.

Committee Member Olson said even if they instituted all of the increased revenues, what that appeared to do was shove the deficit out a few years but did not make them whole for spending versus revenue.

Chair Koschmann asked if there were any questions that still needed answering.

Councilor Corey asked where the Riverfront Infrastructure line item was located.

Community Development Director Doug Rux explained it was in the Public Works funds. There was money allocated for updating the Transportation System Plan, Water Master Plan, Wastewater Master Plan, and Stormwater Master Plan which was an outcome of the Riverfront Master Plan. It was not a General Fund expense.

Councilor Corey asked if the Vehicle Replacement fund was part of the General Fund. FD Zook said it depended on where the vehicle was going to be used. Most of the vehicles were run by Public Works. If the vehicle was going to be used by a department in the General Fund, it would be purchased out of there. There were two pool cars where staff could use them for a day and they would pay the allocated cost for mileage, but not just one fund bought those vehicles.

Councilor Corey asked if there was any way of knowing if they delayed purchasing new vehicles for a year, how much that would save the General Fund. FD Zook said very little as there were no new purchases planned.

Councilor Johnson asked if the proposed increase to the Public Safety Fee could be used to cover the new communications tower instead of a police officer. What was the cost to take that to the voters? FD Zook said there was language that described how the fee could be changed and he would have to review that. If they changed the purpose of the fee, they might have to go through the process of setting up a new fee. There were election costs if they took it to a vote. There were other options for raising funds for the tower, potentially going out for a vote on a geo bond or adjusting the property tax with a vote of the people.

Councilor Corey asked if it was true that \$3.33 per 1,000 on a bond would cover the cost of the communications upgrade. FD Zook stated that number was not reviewed. If they were looking to raise the amount to pay off the upgrade on an annual basis, he would have to do that analysis. The Public Safety Fee was currently at \$3 and was raising \$340,000 to \$350,000. The communications upgrade cost was \$372,000.

Councilor Curtis Gemeroy asked if a bond affected non-profit organizations like a Public Safety Fee or if they would be exempt. FD Zook said a bond would affect current tax payers who were paying property tax.

Committee Member Olson asked if they could do a Public Safety Fee with a sunset clause. FD Zook replied it was at the City's discretion for how the Fee would be set up.

Chair Koschmann thought it would not be easy to switch the Public Safety Fee. She asked if the Committee was comfortable voting on the proposed \$3 increase to the Public Safety Fee.

Councilor Curtis Gemeroy was not comfortable. She thought it should go to the voters and to change the description to cover the tower and that there be a sunset on it to end when the payments were done.

Councilor Corey clarified it would be a separate line item on the utility bill that said it was for the communications upgrade.

Councilor Curtis Gemeroy wanted to go to the voters to raise the Public Safety Fee for a certain amount of years for the communications upgrade.

Chair Koschmann asked if that would prolong the \$3 showing up in the revenues. FD Zook explained the timing for implementing the fee. If they wanted it to go to the voters in November, the deadline was August 17<sup>th</sup> for a ballot title. If they wanted to put it on the ballot in May of 2020 and that would affect the revenue stream in the budget.

Councilor Johnson asked if the current Public Safety Fee could be directed to the tower and a sunset clause added. Which process would be faster, establishing a new fee for the tower that would sunset or changing the current fee? Could they in a referendum to the voters change the Public Safety Fee to include the tower?

City Attorney Truman Stone provided a context regarding the difference between taxes and fees in the State of Oregon. In 2009, the City enacted an ordinance to establish the Public Safety Fee and a process and criteria establishing any future Public Safety Fees. The initial public safety fee was collected to fund three officers and a second fee was collected to fund dispatchers. They could not change the purpose of the fees and going to the voters to change them would be improper. The City could ask for an advisory vote to ask if a new fee should be created, but citizens could not put a fee into place as only the Council could do that. The fastest way was for the Council to go through the public safety fee process for a new fee. The Council could adopt a fee specifically directed at the communications project and it could end once the project was paid off. To put a measure on the November ballot, they had to file the measure by August 17. This November was a special election, not a general election, and the City would have to pay to put a measure on the ballot. The next free

election was in May for a primary election and in November for a general election. These elections the City did not have to pay for.

Committee Member Reardon asked if it was the same process if they wanted to raise the property tax rate. CA Stone said yes, it would go through the same election process.

Committee Member Reardon asked how the city of Portland levied taxes such as the art tax and could they levy such a tax for police. CA Stone said the art tax was challenged as it was a tax per person, but the court upheld the tax. He did not think they could pass a tax for police officers. They would have to pass something like an operating levy. The Council could commit that if the tax was passed it would go to something specific, but it wouldn't be written in the measure.

Mayor Rogers asked if it was still within their purview to increase the fee by \$3 without going to the taxpayers. CA Stone said yes, they could increase the existing fee, but not change the purpose of its use. They could also adopt a new Public Safety Fee that would go to a distinct purpose.

City Manager Joe Hannan said the existing Public Safety Fee was for public safety officers. They could still use the umbrella of the words Public Safety Fee, but in the description it would be for the communications tower. Whether or not it went to a vote of the people was a policy question. For an increase in property taxes, they had to go to the voters.

**MOTION: Rogers/Curtis Gemeroy** moved to remove the proposed \$3.00 increase in the Public Safety Fee which was projected to raise \$168,000 in the next budget year with the intention to look at other funding for the communications tower. Motion passed unanimously (11 Yes/0 No/3 Absent).

FD Zook clarified that action would move back the officer that was in the Public Safety Fee fund back into the General Fund.

Committee Member Olson asked how they planned to replace that revenue, such as a new Public Safety Fee focused on the communications tower or making budget cuts.

Councilor Curtis Gemeroy said if they were going to cut the budget, it would need to be by \$168,000, but if they were going to fund the communications tower it needed to be enough to cover the project at \$372,000.

Councilor Johnson said the motion took the \$3 fee out. The officer cost \$168,000 and the communications tower was still in the General Fund. For this year's budget all they needed to do was cut \$168,000.

FD Zook explained they did not have to cut services in the General Fund to absorb the change. By moving that expense from the Public Safety Fee to the General Fund, it would reduce the ending fund balance. The cost of the officer to go back to the General Fund was \$145,000.

Committee Member Olson asked what the responsibility was of the Budget Committee or Council to request the Public Safety Fee for the communications tower be explored or proposed.

FD Zook said the Budget Committee could adjust the budget as they saw fit. The fee would be approved by the Council. It was a two-step process, the Budget Committee could adjust the budget to include the revenue stream that they wanted to see happen and a separate action by the Council would be to adopt that revenue stream.

CA Stone clarified the Budget Committee could recommend the Council take that step in the future.

CM Hannan explained the Public Safety Fee would not happen unless the Council did it or made a property tax recommendation. They could make a recommendation to the Council, but the Council would have to take the action.

**MOTION: Olson/Reardon** moved that the Budget Committee recommend to the City Council to investigate a new revenue stream to offset the communications upgrade. Motion passed (10 Yes/1 No [Johnson]/3 Absent).

Committee Member Reardon noted they still had a deficit problem in the budget and the question was how they would solve the deficit.

Mayor Rogers did not think the deficit would be resolved this year. He thought they would need time to make a public presentation and anything that went to the voters should be taken to the May or November 2020 ballot.

Committee Member Reardon agreed. The tax they were able to increase should be looked at closely as to how it would be spent and how they determined what the increased rate should be. A lot of work needed to be done before they went out to the public.

FD Zook thought scenario #3 in the packet addressed part of the concern about the long range picture. He ran through the numbers in the scenario which had the proposed increases except for the Public Safety Fee increase. There would still be a structural deficit and they would continue to draw down on the ending fund balance and by Fiscal Year 2021-22 they would be in the red.

Councilor Johnson had voted no because he did not want to do this piecemeal. Did they want to attack this as a one year problem or as a systemic problem? He thought with a combination of fees, taxes, and cuts they could address the needs of the City by 2020-21. He thought they should make deep cuts and then go to the voters with the message of how they had trimmed the budget and what the needs still were. He thought they should look at how much they could bear to cut out of the budget right now and then have the Council figure out how they would solve those cuts.

Councilor Bacon had voted yes on the motion because they needed a revenue stream and she agreed that they needed to make cuts as well.

Mayor Rogers said regarding cuts, he did not feel comfortable trying to choose particular things to cut. He thought they should decide how much they wanted reduced from the General Fund and ask staff for a recommendation on the cuts.

CM Hannan said at a previous meeting staff had been asked about what the Community Engagement position did. He requested that staff make a presentation tonight on that position. The position was created as a direct result of the City Council's goals. The Council would have a goal setting meeting in July, and if the goals had changed they could come back with a supplemental budget.

Mayor Rogers was very uncomfortable that a department of one had to prove itself.

Chair Koschmann said the Committee did not think it was necessary to hear from Rosa to make a decision on the budget.

Committee Member Olson said given the discussion, what goals should they be aiming at to shove the deficit further in the future in order to look at new revenue streams and allow for the public process.

FD Zook said a 5% cut would raise \$600,000 to \$700,000. That would cut the structural deficit in half. That would mean they would not be in the red in 2021-22. CM Hannan said it was important to look at the authorized expenditures and how every year they did not go over that. They did not spend all of what they were authorized to spend. He did not think they needed to panic and close the gap this year. They had time to work through this and find ways to reduce the deficit.

Committee Member Reardon did not see a lot of fat in the budget and he suggested holding off a year or two on larger expenditures. He asked IT Director Brooks about holding off on some projects.

IT Director Dave Brooks said they would be taking a risk if they put the projects off. The current network equipment was 12 years old. They did not get any help from the manufacturer as far as warranty or service. If they had an outage they would have to go to Ebay to find parts. It was an option, but it would be a risk.

Committee Member Olson asked what the City's security risk was. She thought 12 year old equipment put them at risk from substantial damage to both service and data. IT Director Brooks said this was not the appropriate place to discuss safety risks.

Committee Member Olson said it was discussed that they couldn't go to the voters with a well thought out plan until next May. CM Hannan said in the current fiscal year they had \$500,000 in additional revenues come in, which gave them an additional year to work out the other sources of revenues. The idea was to spread the revenue sources across a wide range. If they established a fee to pay for the communications upgrade, that would get them a lot further and if the City focused on bringing in hotels which were revenue producers, that also changed the numbers. They had time to do that.

Mayor Rogers said if the Construction Excise Tax was approved it would contribute to the General Fund as well.

Councilor Findley agreed there was not a lot of fat to be trimmed which meant that they would need to nickel and dime things. She asked what it would mean to kick the Westrock lobbyist line item down the road as well as looking at kicking 50% of professional services down the road. If they were going to ask the public for money, they needed to show them that they were paying attention to each line item and cutting where they could.

CM Hannan said the professional services was a one-time item and \$35,000 was for a community survey to educate the public on the new revenue sources. They could choose not to do the survey or not to go out to an election. Regarding the lobbyist, downtown redevelopment was based on Westrock selling their property and that site would be developed. Right now Westrock did not want to sell and the City was trying to convince them to sell. The line item was a way to try to convince them.

Mayor Rogers met with a lobbyist last week, and he did not think there was a whole lot the lobbyist could do. He asked if there was money for the new City Manager search.

CM Hannan replied no, but in the City Manager line item there was \$24,000. He thought they could spend that for recruitment and also take money out of the ending fund balance through a supplemental budget.

Mayor Rogers suggested moving the \$20,000 for the Westrock lobbyist to the City Manager recruitment if the \$24,000 was not enough. CM Hannan thought they could leave the \$20,000 in the City Council budget.

Councilor Curtis Gemeroy said they could cut the \$20,000 from the budget completely and not keep it for recruitment.

<p><b>MOTION: Findley/Johnson</b> moved to make the contractual services line item go from \$20,000 to zero. Motion passed (10 Yes/1 No [Koschmann]/3 Absent).</p>
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Committee Member Reardon asked about the PERS rates. FD Zook said the PERS rates were two year rates, and were already set for the next budget year. The long range plan assumed PERS rate increases by 1% to 3%, but they were currently unknown.

**MOTION: Mayor Rogers** moved to approve the budget with the changes that had been discussed.

FD Zook clarified the motion needed to specific with an actual number and an actual tax rate in order for the Committee to fulfill their responsibilities.

Councilor Yarnell Hollamon asked for a summary of the cuts and additions to the budget.

Mayor Rogers stated the Committee had decided that the propped increase of \$3 in the Public Safety Fee would not be included in this budget which was predicted to add revenue of \$168,000. They also recommended \$20,000 be removed from contractual services in the General Fund.

**Mayor Rogers** withdrew his motion.

Committee Member Reardon said when he looked at the 5% reductions that had been given by staff, there were too many cuts to personnel. He suggested taking all of the cuts that were not employees and add those up to see how much it would be.

**MOTION: Johnson/Reardon** moved to reduce the library materials purchases by \$50,000 and capital outlay by \$10,000.

Councilor Curtis Gerneroy was not confident that the 5% reductions were done in a way that were understood and that every department gave the Committee the same as others. Some were very specific, and some were more generic. She was uncomfortable about going through the list and deciding what to cut. She suggested giving staff a percentage and the department heads choose, giving a percentage to the General Fund and the department heads choose together, or cutting all departments equally.

Mayor Rogers could not support the library cuts especially with a new Library Director coming onboard.

Councilor Findley would not support the cuts either. She was on the hiring committee for the Library Director and all the candidates had noted that it was a small budget and that the library was doing a phenomenal job with the limited budget.

Councilor Curtis Gerneroy also would not support the cuts as the library was incredibly efficient with what they did and were vital to the safety of all community members.

Motion failed (0 Yes/11 No/3 Absent).

Councilor Yarnell Hollamon thought they needed more time to talk about the cuts.

**MOTION: Johnson/Olson** moved to direct staff to bring back a proposal that would cut \$148,000 out of the General Fund to the next Budget Committee meeting on May 21, 2019.

There was discussion regarding the amount to cut.

Councilor Johnson said he had chosen \$148,000 because it showed the public that they were looking at everything and trying to make as many cuts as possible. It would off-set the amount of revenue they had cut from the budget.

Committee Member Reardon agreed with Councilor Johnson's comments. He noted that they were in the same position as last year in not solving the deficit. He was in support of cutting the \$148,000, but they needed to solve the problem.

Chair Koschmann would not support the motion because she thought the Committee wanted to cut more.

Motion passed (10 Yes/1 No [Koschmann]/3 Absent).

**PUBLIC COMMENTS:** None

**NEXT STEPS:** The next meeting would be held on May 21, 2019.

**ADJOURNMENT:** The meeting was adjourned at 8:40 p.m.

**ADOPTED** by the Newberg Budget Committee this \_\_\_\_<sup>th</sup> day of April, 2020.

\_\_\_\_\_  
Dan Keuler, Senior Accountant

**ATTESTED** by the Budget Committee Chair this \_\_\_<sup>th</sup> day of April, 2020.

\_\_\_\_\_  
Beth Koschmann, Budget Committee Chair

**NEWBERG BUDGET COMMITTEE MINUTES**  
**May 21, 2019, 6:30 PM**  
**PUBLIC SAFETY BUILDING (401 E. THIRD STREET)**

**WELCOME**

Chair Beth Koschmann called the meeting to order at 6:30 p.m.

**ROLL CALL**

Members Present:	Mike Corey	Timothy Carpenter	Beth Koschmann
	Patrick Johnson	Jack Reardon	Molly Olson
	Rick Rogers	Brad Sitton	Stephanie Findley
	David Bonn	Solomon Allen (via phone, arrived 7:20)	
	Elise Yarnell Hollamon		

Members Absent: Elizabeth Curtis Gemeroy and Denise Bacon

Staff Present:	Joe Hannan, City Manager	Matt Zook, Finance Director
	Caleb Lippard, Assistant Finance Director	DawnKaren Bevill, Admin Asst.
	Doug Rux, Community Development Director	Brian Casey, Police Chief
	Jay Harris, Public Works Director	Jeff Kosmicki, Police Captain
	Leah Griffith, Library Director	Truman Stone, City Attorney
	Korie Buerkle Jones, Assistant Library Director	Dave Brooks, IT Director
	Rosa Olivares, Community Engagement Specialist	Mary Newell, Police 911/Dispatch

Chair Koschmann asked if staff had received any emails.

Finance Director Zook said they had received an email from Jessica Klus regarding her opposition to the proposed fee increases. He read the email verbatim to the Committee.

**PUBLIC COMMENTS**

Robert Soppe, Newberg resident, provided a four-page handout to the Budget Committee. He discussed the budget deficits over the last ten years and how the budget projections had not been close to reality. The first handout was a spreadsheet taken from the adopted budgets with some calculations of projected and actual deficits and surpluses. He explained the first chart, annual General Fund surplus. In every one of the budgets except 2015/16 there was a deficit projected, generally in the range of \$500,000 to \$1 million. In three of the nine years there were deficits of \$200,000 to \$300,000 and the other five years all had surpluses of \$200,000 to \$600,000. The last three completed budgets had overestimated deficits by \$1 to \$2 million each year. He was concerned that the Committee and Council would push new taxes and fees on citizens when they might not actually be necessary. He also provided a chart on the differences between projected and actual for all of the budgets. Through the nine fiscal years they had a surplus of \$1.2 million. Another chart showed what they had for beginning balances for the last nine complete budgets and the projected budget. It had bounced up and down until 2014 and since 2014 it had grown considerably. They had been running surpluses for many years and he urged the Committee to think carefully before considering any revenue increases. The proposed budget included an increase in property taxes of 3%, increase in the Public Safety Fee, and the budget built in funding for the communications upgrade however he did not think it would go away once the upgrade was paid for. Two or three years ago they had approved the addition of 5 FTEs and the Committee was assured the City had the money for them. He questioned last year if it was fiscally responsible to be funding the communications upgrade with no clear funding source. He was told it was already in the budget and covered, but it was a \$300,000 per year expense. Transparency was important and he urged the Committee to consider the information carefully.

Committee Member Reardon asked if his main issue was not to approve the tax rate.

Mr. Soppe said his main issue was they should not be increasing any of the fees unless they were certain that it was needed. They especially should not be increased for an expense that would go away in nine years.

Committee Member Reardon clarified the Safety Fee increase was out of the budget.

Mr. Soppe thought it was not out until the vote was over.

Committee Member Reardon thought the Committee understood the issues from the last few years.

## COMMITTEE BUSINESS

FD Zook reviewed the handout of the changes to the proposed 2019-20 budget. There was a reduction of \$148,000 to the General Fund by the following actions: remove \$30,000 for a community survey expense in General Government Professional Services line item, remove \$36,585 capital replacement transfer from Facilities in Fund 31, remove \$100,000 capital outlay from Info Tech in Fund 31, savings of \$16,000 due to an insurance adjustment, and savings of \$9,087 due to the reduction of the Newberg-Dundee Police Department insurance rates. Taking into account the changes approved at the last Budget Committee meeting, the General Fund ending fund balance went up by \$24,000.

### Deliberation on 2019-20 Proposed Budget

Committee Member Olson met with Dave Brooks regarding the IT network upgrades and impacts. She had asked what would happen if the network went down. IT Director Brooks had told her that all of the automated programs used by the City would stop working which included all of the computers and phones, and people could not pay their water bills, get a permit, or schedule an inspection. She said 12 year old routers were not good at responding to certain kinds of attacks. She had asked what the department needed in order to take care of the risks and stabilize the system. IT Director Brooks had stated \$185,000 would handle all of the routers. She thought this was a big impact and thought they should see if there was \$100,000 in the General Fund that could be put to this use.

Committee Member Sitton asked for an explanation on moving \$239,000 of contingency to the Visitors Center.

Community Development Director Rux replied they had been in negotiations for months with Visit Newberg. The Council had decided to create a separate tourism marketing and promotion organization called Visit Newberg. They were formed at the end of January 2018 and they had estimated there would be about \$499,000 of Transient Lodging Tax funds built up which could only be used for tourism. These funds could not be used for any other purpose. They also had a contract with the Chamber of Commerce for the Visitors Center and some marketing. The marketing functions the Chamber was doing were going away to Visit Newberg and the Chamber would only be operating the Visitors Center. They had renegotiated the contract and decided that the TLT funds would be disbursed in two installments of \$240,000 to Visit Newberg, one in September 2019 and the other in January 2020. This change would realign the funds to make sure they had the dollars to pay the Chamber and Visit Newberg per the contract that was approved.

FD Zook said those changes were reflected in Fund 19.

**Motion: Committee Member Olson** moved to not remove Item 7, the \$100,000 for capital outlay for IT which net \$66,160 to the General Fund. Motion died for lack of a second.

Councilor Johnson did not think they needed a motion for that.

Mayor Rogers asked what it would cost to do an analysis for a replacement reserve for future IT needs.

IT Director Brooks said they were doing it internally right now and building replacement cycles for all of the equipment. Right now it would be \$160,000 per year. As they kept bringing on more technology, the amount would grow.

Committee Member Olson thought in addition to a replacement schedule, they needed a strategic plan for IT for infrastructure costs.

IT Director Brooks said in 2016 a 5 year plan was completed. While some things had been accomplished according to the plan, some of the things that required capital investment had been deferred with no implementation date.

Committee Member Sitton asked what a CJIS failure would mean regarding sensitive police data.

IT Director Brooks explained they had failed the CEJAS audit because of the age of the network which did not meet security standards. They also had to comply with HIPPA, which did have fines if there was a violation. They also had to comply with the Oregon Identity Theft Protection Act which also had monetary penalties.

Councilor Findley would like to see a long term comprehensive master plan for the technology and equipment needs so they did not find themselves in the same situation a couple of years down the road and putting down large sums of money to get where they needed to be.

IT Director Brooks said they had gone through this exercise a few times. The issue was when the City had trouble funding things, replacements were the first things to go. It was not that the needs were not identified, it was the funding mechanism that was the issue.

Councilor Yarnell Hollamon was supportive of getting to the place where they were budgeting for depreciation and putting a long term plan in the Council Priorities. She asked if there were other IT risks and big money items to discuss in the future. She wanted to know in the next 18 months what was mission critical.

IT Director Brooks said there was nothing critical other than the network equipment in the next 18 months. There were unplanned expenses that happened. The last major purchase for servers was done in 2013 and they would need to be replaced in the future.

Mayor Rogers asked if the \$160,000 was included in the budget.

IT Director Brooks responded no.

Mayor Rogers asked if there was any benefit to contracting out to do an analysis of the system.

IT Director Brooks stated yes, but the analysis would show a need to fund the projects and currently there was no money to fund them.

Mayor Rogers said they had been kicking the can down the road with IT and could not continue doing that. Many things had not gotten funded over the years and they needed to catch up.

Councilor Johnson discussed the unfunded needs and how the charts from Mr. Soppe showed there was a surplus.

FD Zook replied Mr. Soppe's general point was correct. His point was well taken in that the budgets projected a deficit and for various reasons revenue had come in higher. They did budget conservatively. Regarding the unfunded requests, the need was still there and that was what the Budget Committee was meant to deliberate. They had the long-range projections which showed that 2019-2020 looked great with a higher than projected ending fund balance. The value of the projections helped them think long term and to be aware that if they continued on the same way they would end up in the red in a few years.

Mayor Rogers clarified the proposed property tax increase would raise about \$140,000 and the franchise fee increase generated \$80,000.

Councilor Yarnell Hollmann would like to see a less reactionary approach. There needed to be much more transparency for what was anticipated for every department for the next five years and presented in a way that was clear to the average person. That needed to be included in the budget message.

Chair Koschmann said in looking at Mr. Soppe's numbers and FD Zook said they were accurate, she thought it would help with their decision making about how tight they wanted to be or based on the numbers if there was more wiggle room in adding more to the IT budget.

Councilor Johnson said they had already removed the \$3 Safety Fee increase. Since they were ok year after year, this might not be the year to make drastic changes.

**MOTION: Johnson/Rogers** moved to accept staff's recommendations as follows: #5 – remove \$30K Community Survey expense from General Government Professional Services; #6 – remove \$36,585 capital replacement transfer from facilities in Fund 31; #8 – reduce CIS Insurance rates to updated actual rates; and #9 – reduce NDPD Insurance rates to updated actual rates for a total of \$81,841 and to put it in the Hardware Replacement fund for the unfunded IT equipment.

Committee Member Olson said there was a request for \$200,000 for the routers and the \$160,000 discussion was about the storage servers being replaced in three years. They did not have to decide on the \$160,000 tonight as there was time, but the routers were a separate topic.

**AMENDMENT TO THE MOTION: Johnson/Rogers** moved to amend the motion to accept staff's proposal to remove #s 5, 6, 8 & 9 as reductions to the General Fund. Motion passed (11 Yes/1 No [Koschmann]/2 absent [Bacon, Curtis Gemeroy]).

Councilor Yarnell Hollamon asked how these cuts had been determined.

City Manager Hannan said the direction was no cuts to the Police Department, any personnel, and Library, and what was left was what was recommended. The amount for IT was a one-time potential crisis that could happen now or later, and he thought it could come out of the unexpected ending fund balance for the whole \$200,000. Then they could create a long range plan for future expenses like they did master plans for other infrastructure.

Councilor Yarnell Hollamon was in favor of funding the \$200,000 IT expense, however the discussion last time was that they wanted to cut \$148,000 from the budget.

Mayor Rogers said the \$148,000 was less than 1% of the General Fund. He was concerned about raising fees and property taxes. They needed to take the long term structural problem to the public, and not increase the revenue before taking it to the public.

Councilor Johnson had wanted to not raise the property taxes without a vote of the people. He thought they could fund the tower with a Public Safety Fee and put a sunset on it. He thought the \$148,000 was being cut so they would not have to ask for the raise in property taxes. They had been able to cut \$81,000 of it.

Councilor Yarnell Hollamon asked if there were additional ideas to get them to the \$148,000.

CM Hannan said if they accepted Mr. Soppe's comments that they received more revenue than projected, they could take a portion of the unexpected revenues and go to a one time funding of the IT project. They could still decide not to do a property tax increase.

**MOTION: Councilor Corey** moved to add \$160,000 to the IT unfunded priorities in the budget. The motion died for lack of a second.

Committee Member Reardon said they already had \$220,000 in the budget for capital outlay. This would be an additional \$160,000.

IT Director Brooks clarified the \$160,000 was for putting money aside for future replacements. He suggested the Committee give staff more time to do an analysis and not fund it right now.

CM Hannan said the current budget was built on the priorities of the past Council. The new Council would be doing goal setting soon and if there were different priorities, they could do a supplemental budget.

**MOTION: Rogers/Johnson** moved that both the proposed property tax increase and franchise fee increase be removed from the budget.

FD Zook asked for time to run all of the changes that had been made and this revenue taken out.

Chair Koschmann called for a five-minute recess for staff to run the numbers.

Chair Koschmann reconvened the meeting at 8:01 p.m.

Committee Member Reardon said they never expended all of the Contingency fund and he asked how taking \$400,000 out of Contingency would affect the overall budget. He thought there was enough in there to cover what they had been talking about.

FD Zook summarized what the proposed changes would do to the ending fund balance. In the proposed budget it would be \$2.7 million and with the changes it was \$2.4 million. That was a 19.33% ending fund balance.

Mayor Rogers clarified the target was 16%.

FD Zook stated before the cuts it was 21%. Some of the ending fund balance was unanticipated, one-time revenue from the 2018-19 fiscal year. They would draw down the balance by \$1.5 million and the ending fund balance would be \$2,482,477. That would be fine for this year. If they continued to perpetuate this budget year over year, they would continue to run a deficit. Next year with a status quo budget they would still be in the black with a \$1 million ending fund balance. That also assumed that the debt service payments for the communications upgrade would continue being funded out of the General Fund using existing revenues.

Chair Koschmann thought even though they were not in the budget, the property tax and franchise fee increases could be added later by vote.

FD Zook replied yes, the role of the Committee was to establish the budget and the role of the Council was to refer the items to a vote.

Committee Member Allen asked if they had the same projections with the property tax rate increase.

FD Zook said no, but that added \$141,000 to the \$2,482,477.

Committee Member Olson said it would appear they could approve the budget with the cuts and extra to IT and still be at a 19% ending fund balance and Council would have the ability to enact a supplemental budget with more revenue or more cuts.

Mayor Rogers said that did not include taking anything out of Contingency or was Contingency being impacted in the model?

FD Zook said Contingency was a subset in the General Fund and the ending fund balance was made up of Contingency and unappropriated ending fund balance.

Chair Koschmann asked for Council's thoughts regarding the property tax increase.

Councilor Corey said with the vote of the people on the Charter amendment, there was a built in CPI for the property tax rate. He did not think they needed to change that.

Councilor Findley was comfortable not going out for the property tax at this time. This year there was a balanced budget without it and she was comfortable going forward with that.

Committee Member Allen said the assessed value of homes was less than the real market value of homes and was itself creating part of the budget problem. He thought it should be a major source of revenue, especially in looking forward at the projections.

Committee Member Reardon thought at some point down the road they would be looking at increasing the tax rate as it would be needed in the future, but it should be an incremental increase.

Motion failed (7 Yes/5 No [Koschmann, Allen, Reardon, Sitton, Corey] /2 absent [Bacon, Curtis Gemeroy]).

City Attorney Stone clarified in the Oregon Department of Revenue Local Budgeting Manual for the total Budget Committee membership and how it would take 8 members to pass any motion.

**MOTION: Rogers/Olson** moved to not increase the waste management franchise fee from 5% to 7%. Motion Failed (7 Yes/5 No [Koschmann, Allen, Reardon, Sitton, Corey] /2 absent [Bacon, Curtis Gemeroy]).

Councilor Johnson clarified the franchise fee would be a \$0.43 increase. FD Zook said it would add \$60,000 to this budget, and \$80,000 annually.

Committee Member Olson stated they were saying they wanted to do the incremental property tax that had already been approved by the vote and they wanted to do the franchise fee. With those, the projections would be more positive. With the revenue streams that had been clarified and the spending streams that had been clarified, could they go ahead and vote on the budget?

FD Zook said staff would need to add the revenue streams back in and then present a summary of the changes needed to approve the budget.

Chair Koschmann called for a five-minute recess.

Chair Koschmann reconvened the meeting at 8:33 p.m.

FD Zook reviewed the summary of the changes that had been made to the proposed budget. The General Fund ending fund balance was \$2.683 million which was a 20.9% ending fund balance.

#### **APPROVAL OF BUDGET AND TAXES**

Approval of the 2019-20 Budget and Approval of Taxes Provided for in the 2019-20 Budget:

**MOTION: Rogers/Olson** moved that the Budget Committee of the City of Newberg approve the 2019-2020 fiscal year budget in the amount of \$113,595,769 and impose property taxes for the 2019-20 fiscal year at the rate of \$2.5750 per 1,000 of assessed value for the permanent rate tax levy. Motion passed (11 Yes/1 No [Johnson]/2 absent [Bacon, Curtis Gemeroy]).

**ADJOURNMENT:** The meeting was adjourned at 8:37 p.m.

**ADOPTED** by the Newberg Budget Committee this \_\_\_\_<sup>th</sup> day of April, 2020.

\_\_\_\_\_  
Dan Keuler, Senior Accountant

**ATTESTED** by the Budget Committee Chair this \_\_\_\_<sup>th</sup> day of April, 2020.

\_\_\_\_\_  
Beth Koschmann, Budget Committee Chair

# **BUDGET COMMITTEE - STAFF REPORT**

Date : April 28, 2020

Topic : State Revenue Sharing Public Hearing

Presented By : Matt Zook, Finance Director

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The City of Newberg receives funds from the State of Oregon on an annual basis. These funds are described in the following chart. One of the requirements for receiving State Revenue Sharing funds (14% of the Total Liquor Revenues – Column 1 on the chart) is for the Budget Committee to hold a public hearing to receive comments from the public on the possible uses of these funds. The 2020-21 Proposed Budget includes an estimate of \$266,262 with the proposed use being to support General Fund operations.

I have also included in this packet an outline of a public hearing as well as a public comment form to better facilitate the understanding of the public of the process.

**City of Newberg  
State Shared Revenues (SSR) Summary  
2020-21 Proposed Budget**

	<b>Liquor Tax – 14% of Total Liquor Revenues (also known as State Revenue Sharing)</b>	<b>Liquor Tax – 20% of Total Liquor Revenues</b>	<b>Cigarette Tax</b>	<b>Marijuana Tax</b>	<b>Gas Tax</b>	<b>9-1-1 Tax</b>
<b>Distribution</b>	Complex formula including city property taxes, population, and income	Per capita to cities	Per capita to cities	10% of net state revenues (75% per capita; 25% per ratio of city licenses to total state licenses)	Per capita to cities	Per capita of cities and counties to 911 centers
<b>Payments</b>	Quarterly	Monthly	Monthly	Quarterly	Monthly	Quarterly
<b>Requirements</b>	<ul style="list-style-type: none"> <li>- Pass an ordinance or resolution requesting SSR money.</li> <li>- Hold public hearings before Budget Committee (“possible uses”) and City Council (“proposed uses”) regarding city’s use of SSR.</li> <li>- Submit documentation certifying compliance to Dept. of Admin Svcs (DAS).</li> <li>- Levy property taxes for preceding year.</li> <li>- Cities in counties with popul. greater than 100k must certify that city provides at least four of the following municipal services: <ul style="list-style-type: none"> <li>• Fire protection</li> <li>• Police protection</li> <li>• Street construction, maintenance, and lighting</li> <li>• Sanitary sewers</li> <li>• Storm sewers</li> <li>• Planning, zoning, and subdivision control</li> <li>• One or more utility services</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Cities in counties with population greater than 100k must certify that city provides at least four of the following municipal services: <ul style="list-style-type: none"> <li>• Fire protection</li> <li>• Police protection</li> <li>• Street construction, maintenance, and lighting</li> <li>• Sanitary sewers</li> <li>• Storm sewers</li> <li>• Planning, zoning, and subdivision control</li> <li>• One or more utility services</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Cities in counties with popul. greater than 100k must certify that city provides at least four of the following municipal services: <ul style="list-style-type: none"> <li>• Fire protection</li> <li>• Police protection</li> <li>• Street construction, maintenance, and lighting</li> <li>• Sanitary sewers</li> <li>• Storm sewers</li> <li>• Planning, zoning, and subdivision control</li> <li>• One or more utility services</li> </ul> </li> </ul>	Annual city certification of no ban on marijuana licenses in any of the six license types: recreational producer, processor, wholesaler, or retailer, as well as medical grow site or medical facility.	<ul style="list-style-type: none"> <li>Cities in counties with popul. greater than 100k must certify that city provides at least four of the following municipal services: <ul style="list-style-type: none"> <li>• Fire protection</li> <li>• Police protection</li> <li>• Street construction, maintenance, and lighting</li> <li>• Sanitary sewers</li> <li>• Storm sewers</li> <li>• Planning, zoning, and subdivision control</li> <li>• One or more utility services</li> </ul> </li> </ul>	Annual accounting report to OEM
<b>Uses</b>	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Restricted	Restricted
<b>Key Statutes</b>	ORS 221.770; 221.760; 471.810(1)(d)	ORS 221.760; 471.810(1)(b)	ORS 221.760; 323.030-.031; 323.455-.457	ORS 475B.015; 475B.700-760; Or Laws Ch. 1, sec. 44 (2015), amended by HB 3470 (2017) (see sections 30-37).	ORS 221.760; 366.739-.752; 366.785-366.820; ORS Ch. 319	ORS 403.200 - 250; OAR 104-080-0195 to 104-080-0210  (page 84)
<b>Newberg Budget</b>	01-0000-335006 for <b>\$266,262</b> (page 25)	01-0000-335003 for <b>\$475,851</b> (page 25)	01-0000-335004 for <b>\$27,171</b> (page 25)	01-0000-335005 for <b>\$84,398</b> (page 25)	02-0000-335000 & 02-0000-336000 for <b>\$1,801,932</b> (pg 106)	13-0000-310000 & 13-0000-312000 for <b>\$262,264 &amp; \$20,566</b>

## OUTLINE FOR PUBLIC HEARING

### Newberg City Council

#### ▶ ADMINISTRATIVE HEARING ◀

**1. CALL TO ORDER**

OPEN THE PUBLIC HEARING, ANNOUNCE THE PURPOSE, DISCUSS TESTIMONY PROCEDURE, AND TIME ALLOTMENTS

**2. DECLARATION OF CONFLICTS OF INTEREST OR ABSTENTIONS**

**3. STAFF REPORTS**

**4. PUBLIC TESTIMONY**

**A. Mayor Announces Time Limits**

**B. Citizen Testimony**

1. Invites citizen to the table to speak into the microphone.
2. Inform citizen to state name at beginning of testimony.
3. Remind citizen to briefly state input.
4. Order of Citizens' Testimony.
  1. Proponent
  2. Opponent
  3. Undecided

**C. Close of Public Testimony**

**5. RECOMMENDATIONS FROM STAFF**

**6. COUNCIL DELIBERATION**

**7. DECISION**

**A. Resolution – Action usually requires passage of resolution**

**B. Vote – Voice vote is permitted**

**C. Majority of the Quorum is required for passage**

**D. Combination – Can be combined with other council action**

# Homeward Bound Pets

*Every Animal Matters*



January 1, 2020

Funding Request: \$1,500

The Honorable Mayor of Newberg  
PO Box 970  
Newberg, OR 97132

JAN 13 2020

Dear Mayor Rogers and City Council members:

The mission of Homeward Bound Pets is to “Improve the lives of cats and dogs through adoption and community partnerships.” We are very proud to be celebrating our 45<sup>th</sup> anniversary this year as Oregon’s first no-kill shelter. To further our mission, we have partnered with PetSmart and Petco. With these partners, we can help more community animals by having additional adoption opportunities.

HBPets was recognized as MuttNation Foundations 2019 Oregon Shelter of the Year! We are proud that our hard work is being recognized. However, as a growing non-profit business, the need to cover our expenses is also growing, and it is critical to meet those expenses in order to effectively serve the ongoing needs of the community.

Our request this year is for our shelter medical fund. Our services include needed surgeries, spay/neutering, vaccinations and microchipping. This ensures that every animal is healthy and can easily find their way home if lost. HBPets is proud to have found forever families for 675 dogs and cats in 2019.

***In 2019, the medical and veterinarian expenses at the shelter totaled \$54,365. This does not include other expenses such as food, litter, supplies, staffing etc., which make the average cost per animal to get ready to adoption \$250.00 HBPets is asking for your support in the amount of \$1,500, so that we may continue to serve and rewrite the stories of Yamhill County pets.***

Homeward Bound Spay/Neuter Clinic  
723 NE Evans Street  
McMinnville, OR 97128  
971-267-2567

Homeward Bound Pets Adoption Shelter  
PO Box 8; 10601 SE Loop Road  
McMinnville, OR 97128  
503-472-0341

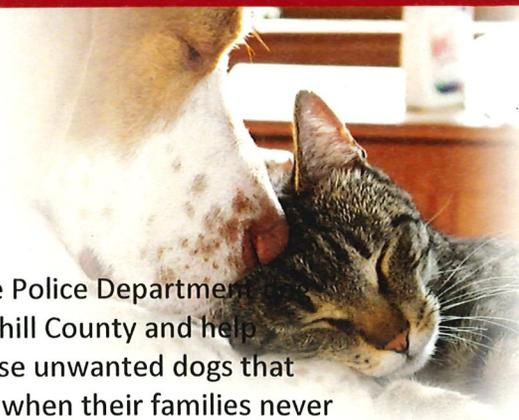
Homeward Bound Pets Thrift Shop  
1120 NE Lafayette Avenue  
McMinnville, OR 97128  
503-434-6545

[www.hbpets.org](http://www.hbpets.org)



# Homeward Bound Pets

*Every Animal Matters*



The Homeward Bound Pets shelter has housed YCSO and McMinnville Police Department control dogs since 2017. We are proud to provide this service to Yamhill County and help reunite pets with their owners; however not all dogs are wanted. These unwanted dogs that are running the streets of our county become the property of HBPets when their families never come for them. Last year, 279 dogs came into our shelter through dog control and we reunited 206 dogs with their families.

Following are success stories that we are proud to share, demonstrating our commitment, dedication and contribution to the pets that enter our doors. Sadly, these are not unique situations, but with the continued financial support of HBPets, these pets go on to be part of a family, bringing happiness to the pets and to the families that adopt them.

*Foxy was a tiny, six-pound senior who arrived through dog control. Her family never came to pick her up. She was very sick, had a massive hernia, had not been spayed and probably not vaccinated. Foxy was treated by Dr. Choate, received healthy food and love at her foster home. Eventually, we scheduled her to be spayed, vaccinated, microchipped, plus have her hernia repaired. This abandoned girl now has a forever family. We love happy endings, but they come with a financial obligation.*

*Many animals arrive sick and, in some cases, injured. Evangeline is a kitten who was brought to our shelter in 2019. She was found missing a large portion of her left arm, and the right paw was severely broken. Dr. Jennifer, our shelter veterinarian, had to amputate her left arm and shoulder blade. After a few weeks of foster care and love, Evangeline healed beautifully. Her life started out rough, but she has been adopted by a family who adore her. HBPets is passionate and will do all that we can to ensure the best quality of life for our animals.*

We have the deepest appreciation of your past support and heartfelt gratitude for your ongoing consideration,

  
Ronnie Vostinak  
Homeward Bound Pets   
Executive Director

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