



414 E. First Street · P.O. Box 970 · Newberg, OR 97132

2017-18 Budget Message

Members of the Budget Committee:

On behalf of the Management Team, I am pleased to present to you the City's 2017-18 proposed budget. Total City budget for all funds is \$96,953,431, an 8.4% increase from the 2016-17 budget. Total appropriations is \$82,837,583. The budget is balanced as required under Oregon budget law.

The City has a permanent rate tax limit of \$4.3827 per \$1,000 of assessed value. Assessed valuation for the City of Newberg is anticipated to increase to \$1,887,181,943 or 4.3% from the 2016-17 assessed value. The City estimates collecting 93% of the total levy, which represents \$7.5 million in proposed revenue. The City experienced 1.9% growth in 2016 and anticipates equal or greater growth in 2017-18.

- The budget proposes no new property taxes
- 3.5% increase in water; 3.5% increase in sewer and 8% increase in stormwater revenue

The 2017-18 Budget reflects a commitment to

- Public Safety Modernization
- Infrastructure Preservation
- Growth response in infrastructure and future planning

Public Safety Modernization

The Newberg-Dundee Police Department uses radios (called **P25**) to communicate with federal, state and most other Oregon cities in response and mutual aid. The City maintains a standalone

911 Dispatch Center and is a participant in the Washington County Consolidated Communications Agency that uses a state-of-the-art emergency communications facility.

To continue with our existing capability the City must upgrade our communications system (dispatch center, radios, antenna, and software) as we move to a digital environment. The new system, will:

- Enhance officer safety and communications on the street by eliminating dark spots in Newberg and Dundee
- Allow continued communication with neighboring police and fire during response and disaster situations, and
- Allow residents to text 911

Infrastructure Preservation

The Budget provides funding for updating and completing master plans and implementing the plans to preserve and enhance our water, sewer, stormwater and street systems.

Specific projects include:

Streets

- College Street Bike Lanes and Sidewalks: In partnership with Oregon Department of Transportation, extending bike lanes and sidewalks from Aldercrest to Foothill. One of the City's most significant additions to the pedestrian and bike systems over the past decade.
- Villa Road, Haworth to Crestview: Construction of a full width street with curbs, sidewalks and bike lanes. This is the second phase of an improvement project that began with successful construction of stormwater improvements in 2016.
- Fifth Street Rehabilitation from River to Wynooski: Combines street and sidewalks improvement with replacement of aging wastewater line.
- Crestview Drive: Springbrook Road to Highway 99. Completion of a critical north south linkage of the city's residential areas, agri tourism (Allison Inn) and largest employer (ADEC). Includes curbs, gutters and sidewalks that also expands the City's pedestrian and bike system.
- Increased funding for street preservation through crack sealing and pavement maintenance.

Water

- Installation of well #8 generator for emergency situations.
- Extend Waterline to Chehalem Drive from Highway 240 to Foothill, (depending upon grant), responding to growth as well as addressing well water failures in the area.
- College Street Waterline Relocation; in partnership with Oregon Department of Transportation, the project relocates a waterline while also facilitating the extension of sidewalks and bike lanes to the northern portion of the City.
- Upgrade existing Water Treatment Plant hypochlorite generator to improve efficiency and reduce maintenance cost.

Wastewater

- \$2,000,000 Dayton Pump Station construction
- Oxidation ditch replacement \$700,000
- Chehalem Valley Road sewer line extension \$500,000

Stormwater

- Blaine Street (2nd to 11th Street) stormwater line replacement \$800,000

Growth Response

- Planning: Continued implementation of several master plans in waterfront, water, wastewater and downtown improvement.
- Planning: Funds provided for urban/renewal district feasibility study that could provide needed funding to implement downtown and waterfront master plans.
- Planning and Economic Development: Funds provided for downtown traffic study that will facilitate further improvement of the downtown core as well as provide critical information that could be used to recruit a hotel to the downtown.
- Infrastructure: improvement of existing water, sewer, street and stormwater systems are critical in responding to new growth as well as specific new infrastructure, such as the Chehalem Valley Road water line extension.

Financial Challenges

- A large cost to modernize our police communications
- Rising cost of personnel costs
- Limitations on sources of revenue (property tax limitations to 3% annual)

Personnel

Staff

- There is a reduction in 1 position (one unfilled – Legal) and one transfer from General Fund to Public Works.

Public Works adds 2 part time interns and converts contract work for street repair to 2 seasonal part time employees.

- Benefits, Medical cost increased by 5 - 5.7%; Retirement increased 3 – 5.2% Oregon Public Employment System and 4.9% Newberg Employee Retirement System.
- Workers Compensation insurance increased 12%.

Salary

- 2.1% COLA – Increasing threat to employees going to large agencies with higher salaries (forfeiting investment in people, training and experience - planning and community development)

COUNCIL GOALS.

The 2017-18 proposed budget is built to address maintaining quality services and implementing Council strategic priorities established in 2016 and continuing through 2018.

1. VISIONING.

The City budget has recently completed several major community planning efforts including the Economic Development Strategy and the Downtown Improvement Plan. These plans complement the ongoing long range 2030 Project Newberg planning project as well as specific updates to the water, wastewater and transportation systems. In 2017, the City will begin an update to the 2003 study and expansion of waterfront planning to include the former Westrock Mill site. The 2017-18 budget also includes funding for Urban Renewal Feasibility that could provide funding to implement several of the plans and a downtown traffic study that will implement several action items from the City's Economic Development Strategy, Tourism Plan and Downtown Improvement Plans.

The 2017-18 Budget makes full use of last year's addition of a planner which increased the Planning Department ability to implement the Economic Development Strategy and handle an increasing caseload for short term and long range planning.

2. TECHNOLOGY.

The budget continues a commitment to technology enhancements in all departments as a means of improving service in the most cost effective and innovative manner.

The budget includes completion of the SunGard software package that will be utilized by Planning, Building, Engineering, and Code Enforcement. This software will reduce redundancies and allow citizens to do City business electronically; contractors will be able to submit all permits, etc., online. Citizens will have a portal for access via the website.

The system is configured to speak directly to the financial software system eliminating the need for duplicate data entry and more errors and directly connect to the GIS system.

Code Enforcement, Planning, Engineering and Building projects will be shared for maximum coordination and less duplication of effort.

Inspection results can be entered from the field.

3. FUNDING/FISCAL.

One of the most positive changes since last year's budget has been the development of a long range (5 year) financial planning tool which has been used in budget preparation and will be used in the budget hearing process as well as ongoing decision making of staff and City Council.

The Long Range Financial Plan and Financial Forecasting tool benefits the City's decision-making process by providing a larger framework than any one fiscal year or any specific individual. It provides guidance and efficiency for the annual budgeting process. It also benefits Council and management in evaluating the planned and unplanned opportunities and challenges that arise throughout the year by providing a model to assess the financial impact of various options.

4. COMMUNICATIONS.

The addition of the full-time Community Engagement Staff in 2017 is specifically targeted to accomplish the goal of developing and managing a communications plan to establish an outreach process to the community and a method to obtain feedback. The 2017-18 budget continues to include an emphasis on seeking and implementing new tools and processes for informing and engaging the community with the city planning, finances and operations.

FIRE

The proposed budget includes the contractual transition of the City's fire department to Tualatin Fire & Rescue for an additional year. The budget ensures continued protection (and enhancement) of fire and emergency medical services provided by TVF&R while a decision on the permanent service provider is made in the latter half of 2017.

The City is in a good position to move forward in many exciting ways. The completion of the Five-Year Financial Plan will help in the development of future budgets, and the investments being made in Council priorities to strengthen the organization and help to continue the delivery of quality services to our citizens.

Thank you to department directors, management staff and especially the Finance Department for producing the financial tools, wisdom and final draft budget.

Respectfully submitted,

Joe Hannan
City Manager