

**CITY OF NEWBERG  
CITY COUNCIL WORK SESSION  
DECEMBER 10, 2012  
6:00 P.M.  
Newberg Public Safety Building  
401 E. 3<sup>rd</sup> St.**

**I. CALL MEETING TO ORDER**

Mayor Bob Andrews called the meeting to order at 6:05 PM

**II. ROLL CALL**

Members

|          |                                    |              |                  |
|----------|------------------------------------|--------------|------------------|
| Present: | Mayor Bob Andrews                  | Denise Bacon | Ryan Howard      |
|          | Bart Rierson                       | Marc Shelton | Wade Witherspoon |
|          | Stephen McKinney (Arrived 6:57 PM) |              |                  |

Staff

|          |                              |                                  |
|----------|------------------------------|----------------------------------|
| Present: | Daniel Danicic, City Manager | Terrence Mahr, City Attorney     |
|          | Norma Alley, City Recorder   | Nicole Tannler, Minutes Recorder |

Others

Present: None

**III. GENERAL DISCUSSION**

Mr. Daniel Danicic, City Manager, presented the staff report (see official meeting packet for full report).

Mr. Danicic stated he will be focusing on general fund and utility fund and he would like to provide council the opportunity to present input. The estimated beginning budget for the general fund was \$1,975,145.00, and the actual budget is \$2,674,367.00. Sources are from revenues, which were \$369,000.00 higher, and expenses, which were \$320,000.00 lower, than estimated. Revenues were primarily from property tax, Franchise fees, and planning fees.

Councilor Marc Shelton asked if the expense savings came from a reduction in personnel cost. Mr. Danicic replied yes.

Councilor Ryan Howard questioned whether Frontier intended to continue their service. Mr. Danicic responded yes he believes they do intend to continue to provide their service.

Mayor Andrews asked if the increase in the public safety fee by \$1.00 is the equivalent of just one person's salary. Mr. Danicic replied yes.

Mr. Danicic stated he is in the process of trying to meet with the assessor to verify his numbers to make sure he is being conservative enough.

Mayor Andrews stated the five year public safety operating levy may be under the cap on ballot measure 5. Mr. Danicic said he believes we are \$2.00 below the cap.

Councilor Bart Rierson asked at the next Council meeting there is an action item to add staff to the animal shelter, do you plan on reducing staff or shifting existing staff. Mr. Danicic responded it would be a new contract employee that can run the shelter as well as fundraise enough to self-sustain staff and operations of the shelter.

Councilor Howard asked how much of the general fund revenues are from property tax. Mr. Danicic replied 50%. Councilor Howard stated he was concerned if 50% of our revenue is growing at approximately 3%, and the other half is not growing. Councilor Witherspoon stated the other 50% would have to come in at 6.5% to offset.

Mr. Danicic asked which of these "Actions" identified in the presentation the council liked, or if they have any other thoughts or concerns. Councilor Howard said they all seem fine except for the last, which is to be less conservative with the revenue increase. He feels it seems like a band-aid for the time being and we need to look at increasing revenue and decreasing spending.

Councilor Shelton acknowledged the issue is going to be the operating levy and we need to successfully pass that.

Mr. Danicic stated he would like the council to consider some of these changes now for the following year so we can pass income onto future years.

Councilor Rierson stated he is concerned with the operating levy because we are not seeing a lot of support for it. The problem with the levy is it is temporary and only for 5 years. It is more likely to pass if we do more of an outreach to explain the purpose. It's a good thing if the people support it.

Mayor Andrews said an increase in the Transient Lodging Tax (TLT) is not a burden on our local citizens, but an increase in franchise fees is a burden on our citizens. With the 5% stormwater franchise fee increase we are not gaining anything there and I do not see that as true revenue. As far as the increase in public safety fee of \$1.00, can we do it without a vote. Mr. Terry Mahr, City Attorney, said it could be subject to a referral of the people.

Councilor Shelton asked is there consideration of not filling the human resources position when it becomes vacant in order to save \$100,000.00 in personnel costs and shifting the duties to the assistant city manager. Mr. Danicic answered this position is considered crucial to the organization and does not see shifting duties to other staff. Councilor Shelton asked have considerations been made to reduce personnel. Mr. Danicic responded no.

Mr. Danicic moved on to the utility funds and said each fund has reserves for capital improvements and a dedicated fund, but there is a contingency for operating maintenance. Water accounts are increasing, but consumption is not. People are conserving, which flattens our revenue. Mr. Danicic does not know the gap in the utility funds yet.

Councilor Howard said the utility funds are not a large concern for me, but the transportation system is one of my main concerns. We can't show that trade-off to people like we can with utilities. Another state imposed a tax on traffic citations that went to the transportation fund. Mr. Mahr responded we used to put assessments on citations for court. The state legislature stopped the ability to do that.

Mayor Andrews shared the idea of a construction impact fee. Councilor Shelton said we need to look at business tax and business permits again. Councilor Witherspoon stated perhaps a tax on certain commodities sold in the city. Mr. Mahr replied Ashland imposes a restaurant tax, but he is not sure we can do a local sales tax.

Mayor Andrews stated please put any ideas on the table that you think of, and that we need to explore. Councilor Howard said we are so constrained in collection of property tax. We need to demonstrate to the citizens that we have explored all other possibilities.

**IV. ADJOURNMENT**

The meeting adjourned at 7:22 PM.

**ADOPTED** by the Newberg City Council this 7<sup>th</sup> day of January, 2012.

  
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Daniel Danicic, City Recorder

**ATTEST** by the Mayor this 10th day of January, 2012.

  
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Bob Andrews, Mayor