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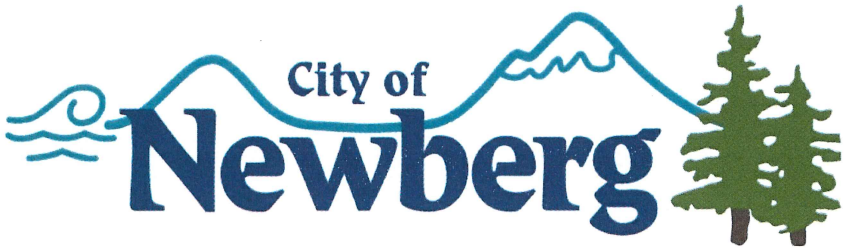

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Members of the Budget Committee:

On behalf of the Management Team and the Finance Department staff, I am pleased to present to you the City of Newberg Annual 2016-17 proposed budget. The total City budget for all funds is $86,796,656, a 5.6% decrease from the current 2015-16 City budget. Total appropriations (legal authorization to spend) is $72,358,180. The City's budget is a balanced budget, a requirement of 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 approximately $1.77 billion dollars or 4.30% from the 2015-16 assessed value. After discounts for early payments and other delinquencies, the City estimates collecting 93% of the total levy, which represents just over $7.2 million in proposed revenue.

In addition to the permanent rate tax levy, the City has been levying taxes to pay for the 1997 and 1998 bonds for the Public Safety building and Fire Facilities. The 2015-16 levy for these bonds was $0.2505 per $1,000 of assessed value. The final payments for both bond issuances will be made in 2016-17. Due to the accumulated balance of funds in the Debt Service fund, no levy will be necessary for the final payoff. This means our tax rate will decrease by $0.2505 per $1,000 in 2016-17.

The 2016-17 proposed budget is built to address maintaining quality services and implementing Council strategic priorities. The budget provides resources for the priorities as follows:

1. **VISIONING.** With a new city manager anticipated to be onboard by the beginning of the budget year, the community visioning process will have the long-term staff leadership necessary to move the visioning process forward. Further, the addition of a full-time Information Officer (1.0 FTE) in the City Manager's Office will provide the specific resources to assist in execution and communication of the visioning process.

2. **TECHNOLOGY.** The budget includes the acquisition of a software package that will be utilized by Planning, Building, Engineering, and Code Enforcement. The

initial purchase begins in 2015-16 and concludes in 2016-17, with the cost spread through multiple funds.

Another purchase toward the accomplishment of this goal includes the acquisition of agenda management software that will streamline the process of preparing Council packets and provide greater efficiency and staff collaboration. A part of the agenda management strategy includes iPads for Council and Administration to reduce costs and provide easier access to packet information.

Network design and equipment improvement are also included in this budget. An integral piece of the success of these efforts includes the addition of a Systems Administrator (1.0 FTE) and the expansion from part-time to full-time of an Info Tech position (0.07 FTE increase).

3. **FUNDING/FISCAL.** The budget includes additional staffing in the Finance Department (0.50 FTE) which will provide for an added full-time position. This position better aligns the core staff skills and resources with the needs of the department, allowing senior management to respond to city-wide issues, such as the development of a 5-year financial plan.

4. **COMMUNICATIONS.** The addition of the full-time Information Officer in the City Manager's Office budget, as mentioned above, is specifically targeted to accomplish this goal of developing and managing a communications plan to establish an outreach process to the community and a method to obtain feedback.

5. **STAFFING.** The recruitment for a regular, full-time Human Resources Director is currently underway. This position has been filled on a temporary basis during the current fiscal year. While this does not represent a new FTE, it does continue the momentum toward assuring the City has a fully functioning HR function. The budget does include a new part-time Human Resources Assistant (0.50 FTE) that will provide additional support to the HR Director. These additions in HR will create a streamlined, easily-accessible format for all human resources functions and processes.

In addition to the strategic priorities, the proposed budget addresses personnel needs in the Planning Department (1.0 FTE Assistant Planner) and the Public Works Facilities Department (1.0 FTE – Facilities and Grounds Maintenance Worker). The Planning position (General Fund) will increase staff in the Planning Department to meet the need for implementation of the Economic Development Strategy and handle an increasing caseload for short term and long range planning. The Maintenance position (primarily Public Works funds) is designed to reduce summer temporary help and provide greater efficiency and service on a year-round basis.

Revenue is projected to remain relatively flat or experience a modest increase over the previous fiscal year, depending on the specific fund. One notable change to revenue includes the July 1, 2016 suspension of the Fire Equipment Fee ($1.50 per residential customer), which raised approximately $146,000 in 2015-16.

A new fund called PERS Stabilization Reserve (Fund 25) is in the proposed budget. This fund will be used to help offset the anticipated PERS employer contribution rate increases effective July 1, 2017. This reserve fund is a prudent response to a looming issue that the City will deal with for the next four to six years.

Additional changes in the proposed budget include the contractual transition of the City's fire department to TVF&R for the next two years. The fire budget reflects the payment made to TVF&R in multiple funds, including the General Fund, EMS Fund, Vehicle/Equipment Fund, and the Fire Equipment Fee Fund. The City is receiving a tremendous value for this service, and this once again represents the City's commitment to address key funding issues to deliver quality services to its citizens.

The Transient Lodging Tax Fund is beginning to see some positive activity as the City is working to formulate a tourism strategy for the use of these dedicated funds. A robust tourism program can serve as a catalyst for future economic development in the community.

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 will serve to strengthen the organization and help to continue the delivery of quality services to our citizens.

Respectfully submitted,

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