

City of Newberg

Budget Committee Meeting Minutes

May 26th, 2026

Call to Order

Chair Raquel Peregrino de Brito called the City of Newberg Budget Committee meeting to order on February 24, 2026, at 6:02 PM.

Roll Call

City Staff Natalí Herrera conducted roll call with the following members

Present: Ned Knight, Raquel Peregrino de Brito, Judy Brown, Joe Churella, Mayor Rosacker, Jeri Turgesen, Derek Carmon (attending virtually), Peggy Kilburg (attending virtually), Mike McBride, and Robyn Wheatley.

Absent: Elise Yarnell-Hollamon, Austin Cracraft, Alex Nichols, and Ted Eborá (excused).

Pledge of Allegiance

Chair Peregrino de Brito led the Pledge of Allegiance.

Public Comments

Chair Peregrino de Brito opened the meeting for public comments. Natalí Herrera confirmed that no public comments were received. The public comment portion was then closed.

Reports and Presentations

a. Biennial Mid-Point Overview

Chair Peregrino de Brito introduced the item and turned the presentation over to city staff. The Finance Director Kady Strobe delivered a mid-point overview covering organizational updates, fund balances, debt reduction, staffing, capital projects, revenue, and a preview of a forthcoming budget explainer video. The purpose of this mid-cycle meeting was described as an opportunity to connect with the committee on significant changes and updates occurring in the off-year, as no full budget cycle was being conducted this biennium.

What's New for Newberg

Kady Strobe reported several notable organizational developments. The City Manager Will Worthey renewed his contract for an additional eight years, which was highlighted as a significant commitment to the community. Staff noted that following the retirement of the Public Works Director after 46 years of service, the city undertook a structural reorganization of the Public Works department. Under the new structure, utility technicians who previously rotated across all utility types are now assigned to dedicated

teams covering stormwater and sewer, potable water, and transportation. A new supervisor position was created within the department, with Blake Dorning promoted to head the streets team. The City Manager noted that the reorganization also supports the new Public Works Director's goal of achieving American Public Works Association (APWA) certification, which would bring the department into compliance with professional metrics including full certification compliance for all staff. A committee member inquired about the practical advantages of the APWA certification, and the City Manager explained that it functions similarly to police department certification, ensuring training records are current and all certifications are maintained. Staff clarified that the restructuring did not result in a net increase in full-time equivalents (FTEs); personnel were reallocated within the existing complement.

Kady Strode also reported that the city had entered into an Intergovernmental Agreement (IGA) with the Hubbard Donald Police Department to provide dispatch services. The City Manager explained that Hubbard Donald had been receiving dispatch services from another entity that was not performing effectively, and that Newberg had the capacity and infrastructure—including a new communication tower—to absorb this additional workload without adding FTE, as the estimated call volume is only two to three calls per day. The agreement is structured for a base term of five years with index linking, at an annual revenue to the city of approximately \$120,000. Members inquired about the impact on response times for the Newberg-Dundee community, and the City Manager confirmed that the call volume was not projected to create any material impact on service levels. Discussion touched on the potential to expand dispatch services to other nearby communities; the City Manager noted that larger communities would require additional FTE but that any such arrangement would be structured to remain net positive financially.

Kady Strode reported that the Rate Review Committee met in January and February and established utility rates for fiscal years 2027 and 2028. Water rates will increase by 5%, consistent with prior projections. Wastewater rates will increase by 4.1%, slightly above the budgeted figure, due to an emerging issue with the Springbrook sewer line surcharging that the committee determined should be addressed more promptly. Stormwater rates will increase by 4.5%, approximately 2% below the budgeted projection, owing in part to the West Franklin storm line project being completed under budget. The Transportation Utility Fee (TUF) will increase by 4%, in line with the budget.

Kady Strode also noted that the River Street Ad Hoc Committee, a Newberg Urban Renewal Agency (NURA) project, had commenced. The committee is composed of residents and council members working to determine the best approach to improving River Street, and remains in early stages.

Staff Vacancies

Kady Strode briefly noted several current position vacancies, with particular attention to the departure of the Human Resources Manager in July, a loss described as difficult given the senior nature of the role.

Full-Time Equivalent (FTE) Update

Kady Strode presented a summary of FTE changes. The net change for the current period is plus one, representing the addition of one Communications Officer (dispatcher). Staff explained this position had been requested for several years due to population growth and increased call volume, independent of the Hubbard Donald dispatch agreement. The City Manager cited a white paper submitted by Captain Simmons detailing how the additional FTE would improve scheduling and work-life balance. Other FTE changes were the result of the Public Works restructuring, a decision not to backfill the second GIS

position following retirement (with the City Manager noting that artificial intelligence tools have reduced the need for that position), placing on hold the second HR Generalist position pending evaluation of workload with a new full-time manager, and a determination by the Planning Director that the Planning Manager position did not need to be refilled given current workload. Additionally, the former Grant Writer position was repurposed into an administrative assistant role for the City Manager. The City Manager noted that grant writing continues, citing two recent submissions: a DEQ grant for \$900,000 for potable water pipe and a Safe Streets grant for \$320,000.

A committee member noted that since the position was a 24-hour operation, adequate staffing was critical for work-life balance and expressed support for the addition. The City Manager noted that the department may seek one or two additional dispatch FTEs in the next full budget cycle but confirmed this was not being pursued currently, in part due to the decision not to take the 3% property tax increase.

Fund Balances

Kady Strobe presented fund balances as of March 31, 2026. Staff reported that balances across most funds were stable or improved relative to their July beginning balances, characterizing the city's financial position as strong. Of particular note, the Wastewater System Development Charge (SDC) Fund (Fund 46) carried a balance of approximately \$15.7 million, which staff highlighted as integral to funding the upcoming oxidation ditch capital project. Staff noted that the Street Fund was the only fund showing a decline, attributable to declining state shared revenue from the gas tax.

Debt Reduction Plan

Kady Strobe reported that the city successfully paid off a debt obligation the prior week, describing the event with significant enthusiasm. The payoff of approximately \$1 million was achieved through a combination of an accumulated starting balance, two School Resource Officer (SRO) payments, proceeds from the sale of the Butler property, and three months of photo red-light camera revenue totaling approximately \$54,000 (the camera system went live January 21, 2026). Staff noted the photo red-light revenue came in later than projected due to a necessary transition to a new camera vendor. Staff indicated that the fee line item associated with this debt will be removed from residents' water billing statements beginning July 1, 2026, and that a press release and billing statement notice are being prepared.

A committee member inquired about the public safety fee and whether that could similarly be eliminated. The City Manager explained that removing the public safety fee would not be viable without reducing the number of police officers. The City Manager indicated that following council deliberation, the next logical debt reduction target under a disciplined household-budget approach would be the smaller of the two remaining wastewater debt obligations, estimated at just over \$1 million for payoff, with a larger wastewater debt of approximately \$15 million to follow. The City Manager stated an intention to bring council a valuation of other unused city-owned land to explore whether additional land sales might support further debt reduction, characterizing these as future policy decisions. Staff emphasized that reducing wastewater debt would have a meaningful impact on residents' sewer rates, noting that debt constitutes approximately 22–24% of the sewer portion of the utility bill.

Property Tax Rate

Kady Strobe reported that the city would recommend to council on the following Monday that the property tax rate remain unchanged for the next fiscal year, forgoing the permissible 3% increase. Staff

explained that this determination is made annually based on fund balance analysis and that current balances support stability without the additional levy. The City Manager expressed that this level of financial discipline was exceptional and not common among Oregon cities.

Transient Lodging Tax (TLT)

Kady Strode reported that TLT revenue through the first three quarters of the fiscal year was approximately 15% above the same period in the prior year, attributing the growth to a new hotel and improved management at an existing property. Staff also noted ongoing administrative challenges in reconciling payments remitted by platforms such as Airbnb and Expedia, which had been sending consolidated payments without identifying the associated short-term rental properties. Staff described outreach efforts using RentalScape software to identify unlisted properties and encourage voluntary reporting compliance.

Capital Project Update

Kady Strode presented updates on recently completed capital projects. The Groundwater Treatment Plant Basin Covers project was substantially complete and on budget. The First Street Water Valve Replacement was completed on time and \$20,000 under budget. The HB 2001 Phase 4 project was completed on time and \$96,000 under budget. The West Franklin Storm Line was completed early and \$200,000 under budget. The City Manager attributed the consistent under-budget performance to a disciplined approach of moving quickly after receiving bids, noting that delays drive up prices.

The City Manager also noted that the Main Street water valve and pipe project under the railway, for which a permit was recently received from the railroad, is going out to bid structured in two phases. The first phase covers the current biennium scope; the second phase is a stretch goal inviting contractors to price the entire four-year section in a single mobilization. The City Manager indicated this approach is intended to generate competitive pricing and potentially allow the city to complete the full project in one effort, yielding cost savings.

Kady Strode previewed upcoming TUF projects for the summer, including slurry seal on North Springbrook Road and Mountain Drive, and grind-and-inlay work on sections of South Meridian and East 7th Street, as well as other southern sections, anticipated to occur in July and August.

Oxidation Ditch Capital Project

Kady Strode reported that the cost estimate for the oxidation ditch replacement project has increased substantially from the prior estimate of \$17.5 million to approximately \$32 million. The City Manager explained the increase was attributable to general construction inflation and the addition of a secondary clarifier and RAS pump replacements, totaling approximately \$7 million in additional scope, with the remainder due to inflation. Despite the cost increase, staff expressed no concern about financing, noting the city will fund the project entirely with cash through inter-fund borrowing: the Water Fund will loan funds to the Wastewater Fund, supplemented by the \$15.7 million accumulated in the Wastewater SDC Fund. Staff noted it is highly unusual for a city to be able to pay cash for a capital project of this magnitude. The City Manager added that the new oxidation ditch will provide treatment capacity sufficient to serve projected population growth into the 2040s.

Health Insurance

Kady Strode described a significant increase in health insurance costs, noting that retaining the existing plan would have resulted in a 20% premium increase. The city mitigated this to a 14% increase by transitioning to a modified plan with higher co-pays. Staff noted that the city currently covers 100% of employee health insurance premiums, which has been a competitive recruitment advantage over neighboring jurisdictions. The City Manager noted this benefit originated from cost savings realized in 2022 when approximately \$500,000 in management positions were eliminated. Both Kady Strode and the City Manager expressed concern that the trajectory of increases is not sustainable and would require ongoing monitoring. A committee member noted that employee cost-sharing is common in both private and public sector employment and expressed appreciation that staff were keeping a close watch on the issue while remaining mindful of both taxpayers and employees.

Pension Plan Update

Kady Strode provided an update on the city's pension obligations. No changes were reported for the Public Employees Retirement System (PERS) biennium, as the city is aligned with the PERS cycle. The city's legacy NERPS plan, covering 25 remaining active members, will see a 10% rate increase. Staff noted that unlike most Oregon cities, Newberg carries both PERS and the legacy NERPS plan due to historical circumstances. Staff indicated an actuarial financial forecast has been requested for the NERPS plan to project costs over the next 10 years, as the majority of the 25 remaining members are anticipated to retire within that window. Staff outlined a future intent to restructure the NERPS obligation as a lump-sum central cost rather than a payroll percentage, given the small number of active participants.

State Shared Revenue

Kady Strode summarized trends in state shared revenues. Gas tax revenue is projected to continue declining, driven by increased teleworking, a slowdown in Oregon in-migration since the COVID-19 pandemic, and the growing prevalence of electric vehicles. Staff noted the Street Fund is the most directly affected by this trend. The City Manager observed that the underlying issue is the absence of a fair and equitable revenue mechanism for electric vehicle owners comparable to the fuel tax paid by gas vehicle owners, and that multiple potential solutions exist that do not require raising the gas tax rate. Liquor tax revenue is projected to continue a gradual decline following OLCC approval of a new warehouse that has offset distributions. Marijuana tax revenue was reported as essentially flat, as new retail openings are offset by closures. Cigarette tax revenue continues its long-term decline due to reduced smoking rates. The 911 surcharge, tied to the state's property tax base, is projected to increase.

Future Staffing Needs

Kady Strode presented a comparison of FTE levels among peer Oregon cities, acknowledging that some comparisons are imperfect due to structural differences such as the presence of parks and recreation departments in some cities. Staff noted that while the city operates at a lean staffing level, future population growth will likely necessitate additional FTEs in the next full budget cycle. The City Manager identified the areas most likely to need attention: one additional library FTE, one to two additional dispatch FTEs, and potentially an additional code enforcement officer. Committee members expressed support for these future considerations and encouraged staff to proactively communicate the city's lean staffing profile and strong fiscal management to the public to contextualize any future staffing requests.

Budget Explainer Video Preview

The City Manager previewed an early draft of a budget explainer video developed in response to a request from a council member to create accessible graphics and narrative for the general public explaining the city's biennial budget cycle. The video uses an infinity symbol (figure-eight) as a visual framework to illustrate the continuous, interlocking nature of the budget cycle. The draft, described as unfinished and containing some typographical errors, was shown in full to the committee. The narrated video walked through the key phases of the cycle: rate review committee (January–February of even years), system development charge updates (February–March), master fee schedule (April), capital improvement plan review (summer), department budget change requests (fall), budget development and review by the Budget Committee (January–June of odd years), and the start of a new fiscal year in July. The City Manager noted that the finished version will include live-action segments. Committee members responded enthusiastically, praising the video as a valuable public education tool and encouraging staff to distribute it widely across billing statements, social media, the city website, and other communication channels. The importance of proactively communicating the city's fiscal achievements to build public trust and understanding was emphasized by multiple members.

Adjournment

There being no further business, the Chair Peregrino de Brito declared the Budget Committee Meeting adjourned at 7:09 PM.

Attested by:

Raquel Peregrino de Brito

Raquel Peregrino de Brito, Chair

Kady Strode

Kady Strode, Staff Liaison

Signature: *Kady Strode*
Kady Strode (Jun 11, 2026 13:54:13 PDT)

Email: kady.strode@newbergoregon.gov

Signature: *Raquel Peregrino de Brito*
Raquel Peregrino de Brito (Jun 12, 2026 04:24:56 PDT)

Email: raquel.debrito@newbergoregon.gov












5.26.26 Budget Committee Meeting Minutes


Final Audit Report

2026-06-12


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