

**CITY OF WILSONVILLE
BUDGET COMMITTEE MEETING MINUTES**

**WILSONVILLE CITY HALL
29799 SW TOWN CENTER LP E**

MAY 16, 2019- 6:00 P.M.

A regular meeting of the Wilsonville Budget Committee was held at Wilsonville City Hall beginning at 6:00 p.m. on Wednesday, May 16, 2019. Mayor Knapp called the meeting to order at 6:01 p.m.

Budget Committee members present:

Tim Knapp, Mayor

Kristin Akervall, Council President

Susie Stevens, Councilor

Paul Bunn, Committee Member

Arthur Park, Committee Member

Daphnee Legarza, Committee Member

Bill Amadon, Committee Member

Andrew Karr, Committee Member

Budget Committee members absent:

Charlotte Lehan, Councilor

Ben West, Councilor

Staff present included:

Bryan Cosgrove, City Manager

Dwight Brashear, SMART Director

Mike McCarty, Parks & Rec. Director

Jeanna Troha, Assistant City Manager

Chris Neamtzu, Community Develop. Director

Andrea Villagrana, HR Manager

Brian Stevenson, Parks & Rec. Program Manager

Scott Simonton, Fleet Manager

Katie Macadam, Accountant

Preston Langelier, Roads/Stormwater Supervisor

Tod Blankenship, Parks Supervisor

Eric Loomis, Transit Field Supervisor

Jordan Vance, Economic Development Manager

Dillon Jenkins, Senior Accountant

Cathy Rodocker, Finance Director

Keith Katko, Assistant Finance Director

Andy Stone, IS Director

Patty Nelson, City Engineer

Delora Kerber, Public Works Director

Zach Weigel, Capital Projects Manager

Dan Carlson, Building Inspector

Margie Trader, Accounting Technician

Jason LaBrie, Utilities Supervisor

Matt Baker, Facilities Supervisor

Ellie Works, Grants & Program Manager

Ian Eglitis, Utilities Maintenance Supervisor

Shasta Barnes, Library Operations Manager

The Pledge of Allegiance was recited.

Mayor Knapp welcomed new Budget Committee member, Daphanee Legarza, who introduced herself, noting she had moved from Las Vegas, Nevada about three years and highlighting her current job.

Motion: Councilor Akervall moved to approve the Order of the Agenda as published. Member Park seconded the motion.

Vote: Motion carried 8-0.

ELECT BUDGET COMMITTEE CHAIR

Motion: Member Amadon moved to nominate Andrew Karr as the 2019-2020 Budget Committee Chair. Member Park seconded the nomination.

Vote: Motion carried 8-0.

Andrew Karr was unanimously elected as the 2019-2020 Chair of the Budget Committee.

Mayor Knapp passed the gavel to newly elected Chair Andrew Karr.

MOTION TO APPROVE FY 18/19 BUDGET COMMITTEE MINUTES

Motion: Member Amadon moved to approve the FY 18/19 Budget Committee meeting minutes as published. Councilor Stevens seconded the motion.

Vote: Motion carried 8-0.

STATE SHARED REVENUE

Finance Director Cathy Rodocker presented the State Shared Revenues via PowerPoint, reviewing the State requirements, process, and revenues received.

Mayor Knapp asked if the State Shared Revenues were trending, either up or down, and what may be expected in the coming years.

Ms. Rodocker explained that HB2017 adopted \$.04 per gallon Gas Tax rate increase, as well as \$.02 per gallon Gas Tax rate increases in 2020, 2022 and 2024. Liquor and Cigarette Taxes and State Shared Revenue would have small incremental changes each year as Wilsonville grew. The City began receiving the revenue this year for the Gas Tax increase and the year-end estimates increased slightly from last year. She confirmed Coffee Creek was considered part of Wilsonville's population in the calculation for the distribution of revenues.

PUBLIC HEARINGS/CITIZEN INPUT

A. Public Hearing for the Proposed Fiscal Year 2019-20 City of Wilsonville Budget

B. State Shared Revenues

Chair Karr called to order the City of Wilsonville Budget Committee public hearing on the proposed Fiscal Year (FY) 2019-2020 City of Wilsonville Budget and possible uses of State Shared Revenues at 6:06 p.m. He read the conduct of public hearing format into the record and confirmed there was no public testimony. He closed the public hearing at 6:11 p.m.

Chair Karr called to order the City of Wilsonville Budget Committee public hearing on the City of Wilsonville's FY 2019-20 proposed budget at 6:11 p.m. He read the conduct of public hearing format into the record.

C. Citizen Input

Chair Karr confirmed there was no public testimony and closed the public hearing at 6:13 p.m.

BUDGET MESSAGE

Assistant Finance Director Keith Katko presented the Budget Message via PowerPoint, reviewing the three primary goals of the budget and providing a high level Budget Overview, describing the flow of revenues and expenses within the City's key funding and expense categories. He clarified that the \$5.5 million shown on Slide 22 was the debt payment and part of the annual operating expenditures. The City's outstanding debt on the Balance Sheet was approximately \$28 million plus the remaining water treatment plant.

Mayor Knapp:

- Said that people often ask how much the City spent every year, and the By Category pie chart might be helpful in explaining that. (Slide 9) Unappropriated Funds would not be spent each year, nor would the Contingency, though the City might use some Contingency funding. He was uncertain how to explain the Interfund Transfers, but inquired if citing the Operating, CIP, and Debt Payment funds might address how much the City was spending.
 - Mr. Katko replied the Operating and CIP Funds reflected the cost to run the city. If the City did no construction projects and shut everything down, the City could be operated at \$46.4 million, plus the debt payments. Interfund Transfers regarded money being moved. Government accounting was different as it was based on accountability; governments must account for everything. Private accounting was a different paradigm as it was based on profitability.
 - Ms. Rodocker confirmed that whenever a City engineer or Community Development Staff worked on a capital project, they coded their time according to that project and the City reimbursed those hours using Interfund Transfers from the CIP fund to Payroll each month.
- Stated the message he wanted to convey was that the City was not spending \$212 million this year; it did not portray an accurate picture of what was happening.

A brief discussion ensued about how to best explain to the layperson what it cost to operate the City, as well as the differences between the City's Working Budget (Page 27) and Operating Budget (Page 29), which was more familiar to laypeople. The Working Budget included Capital Improvements, Debt, and the Contingency Fund balance, which was not appropriated to a specific area within the budget. The contingency portion of the budget might not make sense to the layperson.

Member Bunn:

- Suggested the budget message be detailed enough for a layperson to understand, and directly state the operating costs of the city and what costs were involved. He also suggested that the Budget Committee receive electronic copies of the budget to make it easier for him and others to flip through and focus on the information desired.

- Ms. Rodocker noted the proposed budget was first provided to the Budget Committee to review before it was posted on the City website three or four days afterward. The online version was a pdf, so a searching option was available.
- Confirmed having the budget available on a thumb drive would be helpful.
- Said he liked the presentation on where the money comes from, adding he looked for any trends, such as changes greater than a 10 percent or 20 percent or more than \$2 million.
- Asked for clarification on Corporate Notes.
 - Ms. Rodocker explained they were not stock, but similar to corporate bonds. For example, if Apple were to have a bond sale, the City would purchase bonds. The bonds only had an 18-month term and a fixed interest rate, so the return from the life of the investment was known from day one. The City was limited to using 30 percent of the overall investment portfolio, around \$146 million, and could not invest more than 5 percent in one name.
 - The State had different limits and its own investment policy. The City's investment policy followed ORS 294. While cities could have their own investment policies with different limits, but the City had always used the State's policy, which was a bit more restrictive with shorter time frames. It had worked well for the City, so no effort was made to create its own investment policy.

Councilor Stevens:

- Noted the Interest Earnings line on Page 23 showed a 73 percent increase and asked if that pertained to the raising interest rates and if Staff expected that kind of difference? (Slide 17)
 - Ms. Rodocker explained a 73 percent increase had been budgeted from last year's; however, this year's revenues were about the same. Staff anticipated an actual \$1.8 million in Interest Earnings, but did not assume the upward trend would continue at the same pace for another year.
 - Staff had thought the City would receive \$1.1 million last year when budget planning for the current fiscal year; however, the actual amount was \$1.8 million, so the amount was cautiously increased slightly.
- Asked for an explanation of Miscellaneous on Page 23.
 - Mr. Katko replied he would address that question by the end of the meeting.

Mr. Amadon asked due to earning more interest income than expected from the investments, was it possible to prepay some of the debt. Were there any prepayment penalties and what was the differential spread?

- Ms. Rodocker stated that all urban renewal debts had a prepayment penalty, which surprised her. The City was looking to pay off one this year, and the penalty was around \$110,000. Most of the bonds were backed by the Full Faith and Credit of the City, and would not likely have a prepayment penalty; however, the debt was either for the City's water or sewer. The interest income was over all City earnings, which could be for the General Fund, Community Development or Building, and due to accountability, the extra funding typically went to those departments, which did not exclude it paying down debt.

- Water and sewer had a higher portion of the investment interest due to their larger fund balances, around \$10 million to \$11 million, which could be invested in 18-month products. The Building Fund typically had around \$800,000, so investments were typically kept in the local government pool to avoid tying it up. Paying down debt could be something to consider, and the water treatment plant debt would be paid off in two years.
- Mr. Cosgrove added the City continually monitored its debt to consider the possibility of refinancing. Paying debts off early was a City policy.

Mayor Knapp:

- Asked where the City's future PERS obligation was identified in the budget, not just the increase, but also the Governor's program that enabled municipalities to prepay some of the PERS increase.
 - Mr. Cosgrove replied PERS expenses would be included wherever the City had personnel, and the increase amount would be spread across those operating budgets.
 - Ms. Rodocker stated the last she heard, the Governor's program had been taken off the table for the cities and that the focus would be on the school districts. Originally, the cities were to submit an application in the fall to see if they could put in \$1 million, which would not have been included until the next budget, and the State was going to do a 25 percent match; a great return on that investment.
- Added a lot of things were changing with the legislature still in session, so everyone should wait to see how it came out.
 - Mr. Cosgrove stated if the City had the opportunity, it had the resources to do something like that; not all cities could.
- Noted that kind of return with the opportunity would be much greater than prepaying straight debt.

Mr. Amadon:

- Understood the Contingency line item was the 20 percent reserve against operating costs.
 - Mr. Katko clarified the Contingency line item showed the Ending Fund Balances; the aggregate of all the Contingency Fund balances within the budget.
- Clarified Slide 24 listed the Ending Fund Balances for 2020 as budgeted. He asked Staff to reconcile the Ending Fund Balance to the \$146 million the City had in invested cash. He believed it was an important for the public to be able to reconcile the numbers

Mr. Katko stated that involved some Balance Sheet theory and he would get back to that question, possibly during the next budget presentation in two weeks. He explained that the budget presentation was the financial plan for the next year and did not get really into the Balance Sheet. The financial year end was June 30th, and once the budget was complete, work on the financial reporting would begin and continue through the summer. The financial reporting numbers were audited in September or October by an independent audit firm and those numbers reflected the financial position for the City.
- Ms. Rodocker noted the \$1 million Fleet Fund Ending Balance (Slide 24) included the Replacement Fund for all City vehicles and much of its large equipment. Once the City purchased a new vehicle, money was immediately aside so that when the vehicles were ready to be traded in or sold, cash was available to pay for the next purchase.

Councilor Stevens:

- Recalled past budget and Council conversations about watching the status of the Community Development (CD) Fund and asked if it looked better than it did two years ago.
 - Ms. Rodocker replied it still had a variation. At the next meeting, Dan Carlson in Building had a great graph showing the volatility of the actual permits over a 10-year span, which was reflected similarly in CD funds and other department funds, which was why Staff kept an eye on the CD Fund. The CD Fund began with a \$2 million investment from the General Fund many years ago. While the balance did fluctuate, over the long term, the Fund still had the original investment that was provided to get it going.
- Noted the CD Fund was more challenging because some of the money went toward providing services to the community and some was recouped in different ways, but not 100 percent. It was good to see that the fund balance close to what it was 10 years ago. [57:07]

Mr. Bunn:

- Noted \$73 million was projected in the Contingency Fund on June 30th, he understood the requirement was the money went back into the General Fund. (Slide 23)
 - Staff explained that the \$72 million was distributed amongst the funds, and the General Fund would get \$13 million. The funds were revenue specific, and the money never actually left the fund. The amount shown was a rollout number of all the City's contingencies for every budget. The Contingency Fund was basically a place for money not delegated to a specific purpose.
- Cited Ms. Rodocker comments to him in an email saying, "In cross referencing the amounts from the Budget Message to these fund summaries, you also need to exclude the Ending Fund Balance amounts as listed in each fund, as those remaining balances are not being used to fund the appropriate CIPs." If the money stayed in the fund, what was it used for?
 - Mr. Cosgrove explained if the City needed to access money for an emergency, such as an earthquake, it could be pulled from Contingency without too much trouble. He explained how money could be pulled from Contingency and used elsewhere using a supplemental budget request to City Council. Several supplemental budgets were done each year. Some things could not be anticipated, such as pumps going out or unexpected cost increases on a capital project. Staff did not know what they did not know.
 - Ms. Rodocker acknowledged the use of Contingency Funds could be confusing. To add to the complexity, the budget had about five types of Ending Fund Balances that had to be recorded for the CAFR: Non Spendable, Restricted, Committed, Assigned, and Unassigned, which involved the 20 percent operating financial policies. It was easier for Staff to include them in the budget, but it was more complicated for other people. The back of the report included a glossary that explained what the money was being captured for, and was a GAAP accounting requirement.

Chair Karr said he liked the Where the Money Goes chart (Slide 23) and noted that including the Reserve amounts for each fund would make it more comprehensive in his mind to see how much was already spoken for or what was protected, so to speak.

FY 2019-20 CAPITAL IMPROVEMENT PROGRAM

A. Overview

Finance Director Rodocker provided an overview of the 2019-2020 Capital Improvement Program (CIP) via PowerPoint, highlighting the amounts and percentages of the CIP funds, and reviewing the capital related and project appropriations, as well as the appropriations related to urban renewal projects. She explained this CIP looked a bit different because it included the Interfund Transfers for the project management fees as well as the urban renewal project budgets. She further described how projects were identified to be added to the CIP.

Mr. Amadon:

- Noted the Capital Projects were prioritized as high and medium and asked if those were the only options. Were extremely important or low priority also options?
 - Zach Weigel, the Capital Project Manager, explained prioritization was determined when the project would be needed. For example, the water system projects to expand the treatment plant and add storage would be implemented when those facilities were needed. The timeframe for when the projects needed to be implemented helped determine the priority.
- Confirmed the water system projects were one of 124 projects on the list, even though they might not be needed for five years.
 - Mr. Weigel noted that sometimes the master plans show the time frames when the projects would be needed.
- Suggested stating “within the next 5 years” or the time frame, instead of “high” or “medium” to alleviate the feeling of immediacy.
 - Ms. Rodocker noted the projects detailed in the budget book were slated for this fiscal year, although the City might not get to them all, which would be discussed at the mid-year review in March. Staff was requesting budget authority to move forward with each project included in the budget detail.
- Understood the water projects might be needed in the next one to five years.
 - Mr. Weigel answered yes, stating he had misunderstood, he thought Mr. Amadon was asking how the projects were prioritized from the master plan, not in the budget book.

Councilor Stevens noted there was one low priority project that was listed, the French Prairie Bridge, which she was happy to see. She realized the very big project would need additional funding from many different sources. She noted Mr. Weigel was working on that task force, which planned to meet in June to continue that project. A lot of citizens were asking when the bridge was going to be built, and while it would take a while to happen, it was on the list.

B. Capital Projects

Finance Director Rodocker and Mr. Weigel presented the Capital Improvement Program Proposed Budget, reviewing the key 2019-2020 CIP projects planned within each quadrant of the city. Finance Director Rodocker also explained how master plans and studies influenced the CIP project list and presented the 5-Year CIP Forecast and Forecast Funding Strategies.

Mayor Knapp noted that the Garden Acres Road project was a carefully considered move by City Council to try to initiate infrastructure to attract private sector development to that area, and, a couple years ago, the voters supported creating an urban renewal district to help facilitate that work. There had been several ongoing negotiations through the City's economic development staff with private sector developers who did not want to commit without the road, and the City was hesitant to build the road without the commitment from the private sector developers. He was optimistic that there would be notable interest by the private sector as the project began. The Urban Renewal Agency believed that infrastructure would be a significant piece to developing in that part of the city.

- The Council had bought the ground adjacent to the transit facility for the Public Works Facility several years ago. Currently, Public Works was scattered all over the city in different facilities and did not operate as efficiently as it could. Locating the division centrally would make it more efficient, especially being close to the transit mechanic shops that did lot of maintenance work on the City's mechanical equipment. Bringing the entire Public Works division into one building had always been a strong goal, which also included moving Public Works out the building that the Police also occupy. The Police had been constrained on what they could do in that building due to sharing it with Public Works. Council had prioritized moving the public works facility as a formal goal at the recent goal setting session.
- The Garden Acres Road and Public Works Facility projects were big moves that Council had been thinking about and strategizing on for several years, and he was glad to see them in this year's budget.

Staff confirmed the Boeckman Dip Bridge was a high priority, even though it was listed as a medium priority in the budget document. The Urban Renewal Year 2000 funds would be used and the City anticipated closing that district in a couple of years, so the bridge needed to be built.

Councilor Stevens:

- Confirmed the Memorial Park Pump Station would be located between the gravel parking lot for the dog park and the Parks maintenance barn.
- Suggested utilizing one side of the pump station's brick wall for a recreational amenity for the committee to consider, such as wall ball or practicing with a tennis ball. That way it would not just sit there, but be multi-functional and something kids could use.
 - Mr. Weigel agreed that was something he would pass on to the project manager.

Mayor Knapp:

- Noted the Charbonneau project was a long-term, multiyear project and asked Staff to put this year's expenditures into context with the entire project.
 - Mr. Weigel stated the Charbonneau Consolidated Improvement Plan was passed by Council four or five years ago to improve all the utilities and roads within the Charbonneau District, but the improvements were planned together in order to limit the impact on the Charbonneau residents. This was the fourth phase of 25 phases over the next 30 years. The projects were prioritized based on a condition assessment in the consolidated plan. Some of the highest priority projects needed in the Charbonneau area were in this year's phase and included Water, Sewer, Storm, and Roadway reconstruction along a section of Red Prairie Drive and a portion of Old Farm Road.

- Mentioned ODOT was undertaking a “rebalancing effort” on all the maintenance and improvement projects across the State due to everything costing more than projected, resulting in 30 to 50 percent deficiencies on potentially hundreds of projects across the state. ODOT was trying to figure out what needed prioritized, abandoned, or pushed back into subsequent years in order to have funding to complete the higher priority projects already being worked on. Construction costs continue to rise and he inquired how the City was managing that or planning to deal with that.
 - Mr. Cosgrove replied that started when developing the master plans and making sure the cost estimates were as realistic as possible given the current environment.
 - Mr. Weigel confirmed that cost updates were done when reviewing projects, adding that as part of the budget process, inflation factors were also applied based on the CPI.
 - Ms. Rodocker noted the 5-Year Forecast included a 3 percent inflation increase.
 - Mr. Cosgrove stated the Public Works seismic upgrade came in 100 percent over the engineers cost estimate, which resulted in the City needing to give some money back to the State for some design that the City completed. Staff would apply for another round of grants this year if the State allocated money to that program again.
- Noted rising costs were an immediate reality that would likely continue for years, making it challenging to complete all the projects listed, and he hoped everyone recognized that.
 - Mr. Cosgrove noted in this booming economy, everyone was growing, as opposed to a bust cycle when bids were more competitive. Other factors creating complications involved the world economy. Added tariffs increased product costs, such as steel packages. However, the City could only control what it could control.
- Added the City had to live within those realities.

Member Legarza:

- Asked Staff to summarize what was included in the Memorial Park improvements and how the improvements were decided upon, noting the budgeted cost figure was quite large.
 - Mr. Cosgrove explained that each park had its own master plan that included a list of projects and cost estimates. Because parks require General Fund monies for projects, the City did as much as it could. Discussion at Council’s goal setting session included looking at doing a bond to get some of the Memorial Park projects off the ground. He was not certain that it became an actual goal, but it might be in the future.
 - The 2011 Memorial Park Master Plan improvements included everything from a kayak area and sports fields to the recently completed dog park and parking lot, as well as tennis courts and pickle ball courts. He stated the Memorial Park items could be highlighted when Parks Director Mike McCarty presented his budget in two weeks.
- Explained that she had asked because she was at the Memorial Park tennis courts one morning and some pickle ball players were setting up on the tennis court and basketball court, which seemed like a regular thing for them. Therefore, she wondered if the City had asked the public what kind of amenities they would want at the park.
 - Mr. Cosgrove confirmed that all the amenities listed in the park were gathered through a massive public outreach process.

Mr. Bunn said he liked how the information was combined in the slides because it was a more efficient way to go through it. He suggested adding the actual CIP numbers so they could be referenced in the budget book.

- He asked if the City had provided enough capacity for expanding industrial south of Charbonneau, noting the improvements could incentivize someone south of Miley Rd to want to expand industrial in that area. He assumed enough capacity was provided for growth in Charbonneau, but not for expanding beyond the district.

Mayor Knapp clarified that in terms of policy, the City was not building excess capacity in Charbonneau. The overall project was driven by the fact that Charbonneau's infrastructure was deteriorating more prematurely than expected. Collapsed pipes had been found. The engineering departments sent cameras down every pipe they could and thoroughly documented what was critical and what would be okay for a while. The Charbonneau Country Club sold a golf driving range and was building houses on the golf range because they could alleviate their financial difficulties by selling homes once for more than they could collect from the driving range in 100 years. However, the City was not building excess capacity that would facilitate development beyond the existing growth boundary there.

Councilor Stevens:

- Noted Phase I of the I-5 Undercrossing Trail was excellent, adding that she utilized it two to three times a week. She asked for more details about Phase II.
 - Mr. Weigel replied Phase II would extend the trail to about halfway through the park on the west side of the small wooden bridge, which would remain.
- Asked if that project was planned for completion prior to the other Boones Ferry projects.
 - Mr. Weigel said Phase II was designed in coordination with the projects in the Master Plan.
- Understood Phase II could be put off due to the lack of funding for the Boones Ferry Master Plans projects.
 - Mr. Weigel clarified that the project had been designed even before the Boones Ferry Master Plan was completed.
- Confirmed the Boones Ferry Master Plan incorporated where the old trailer park was as well, which was where the trail would ultimately end.

Mayor Knapp:

- Sought clarification on the Water Treatment Plant projects, noting increasing capacity to 20 MGD was likely more than \$3 million.
 - Ms. Rodocker clarified \$3 million was budgeted for this year. A lot of that cost included the design work that would begin construction.
- Asked if the City was paying for the seismic upgrades to the plant.
 - Mr. Cosgrove clarified the \$3 million was just for the plant. The City's partners in the Willamette Water Supply Program (WWSP) would be paying for the bank stabilization, which was a separate non-City project. While the City would pay for some improvements to the Water Treatment Plant, but also had offsetting revenue from Sherwood.
- Asked if the raw water intake cost was being shared with the WWSP partners.
 - Mr. Cosgrove noted the WWSP project costs to install the big pipe would be shared with Sherwood.
 - Mr. Weigel explained the raw water intake project was an opportunity for the City to upsize its pumps while the raw water intake was being constructed. The City was taking the opportunity to benefit from the construction of that project.

- Mr. Cosgrove clarified the City was oversizing some pumps to meet future demand.
- Patty Nelson, City Engineer, clarified the improvements identified had been planned for in the master plans, but the timing was sped up due to the opportunity to do them with the WWSP.

Chair Karr asked what the shortfall was between what the City wanted from system development charge (SDC) funds and what the City actually had.

- Ms. Rodocker answered it was pretty short, and it depended on the type. Park SDCs had the lowest fund balance; about \$2 million was projected and there were about \$50 million worth of park projects in the different master plans that had been completed. She explained other options were available, such as different kinds of bonding, which was part of the Strategic Plan.
- While some 5-Year Forecast graphs had been included into tonight's presentation, she noted that next year, after the budget had been adopted in September, Staff would hold another meeting with the Budget Committee to go over the Strategic Financial Plan.

Councilor Stevens asked if that information was incorporated into the current budget document.

- Ms. Rodocker answered no, because it was the operating budget. Page 168 of the budget document included a summary of all the 5-Year Forecasts from which the graphs were created.

Ms. Rodocker concluded the CIP budget presentation.

Chair Karr called for a recess at 7:49 p.m. and reconvened the meeting at 8:00 p.m.

FY 2019-20 OPERATING BUDGET

A. Department Presentations

Cathy Rodocker, Finance Director, described the format that would be used in the upcoming department presentations, noting each operating budget would begin with the amended budget for FY 2018-2019 through December, which included the adopted budget and two additional supplemental budget adjustments approved by City Council. She also described how Baseline Changes, benefit true-ups, and level of service changes or Add-Packages, were reflected in the presentations to arrive at the FY 2019-2020 proposed budgets.

1. Transportation

Keith Katko, Assistant Finance Director, noted that on Page 154 of the SMART Budget, the text describing materials and services had not been updated from last year.

Dwight Brashear, SMART Director, overviewed the City's Transportation Department and the impacts of the Statewide Transportation Improvement Fund (STIF), which would add \$1.3 million annually into the SMART/Fleet Budget. (Slide 43) These monies would be used, not only to increase service on the streets, but also to leverage federal grants, and he commended his Staff for working with ODOT and others to make sure that happened. SMART was being set up to be sustainable in the future, which was his goal when he was hired two years ago. The future was extremely bright for transit in Wilsonville and beyond. Over the last two years, SMART had built a great team, closed the budget deficit, and actually created a surplus.

SMART

Mr. Katko presented the SMART Transportation budget, reviewing the Current 2018-19 Year-End Estimate and Proposed 2019-20 Budget, along with the proposed Baseline Changes and Add-Packages for SMART's program areas. He also explained that much of the fund was grant funded, so SMART would only have the expense when they have the grant; if the grant was not received, SMART would not incur the extra expense. Items noted "TDM/Integrated Grant Funded" were long-standing grants the City had, and if the expense was not incurred, then the City would not draw the grant down.

Chair Karr asked the annual fees for the software that were in addition to the Capital outlay would come out of the Operating budget.

- Mr. Brashear replied ongoing costs were also paid with a grant, usually it was 80/20. The vast majority of the scheduling software was paid through a grant.

Mayor Knapp asked about the context of the additional drivers and supervisor being paid for by a grant, and how that would work next year, and even five years from now? What was the expected arc with that?

- Mr. Brashear explained that HB2017, now STIF, required that the money be spent on improving or enhancing service. In this case, more service was being added, probably one of the largest service increases SMART had ever done in one fell swoop. Those individuals would be paid through HB2017, and because HB2017 was a permanent tax, those monies would always be there as long as SMART included them in its Plan. Staff was working on performance standards in order to continue to monitor service and move the money where it would do the most good.
 - The additional personnel would be 100% paid for with STIF money. All the costs of the additional service, supervisors and drivers, employee benefits, fuel, etc., had been captured and built into the cost in the Plan.
 - SMART Staff would have to do a really good job of accounting. For instance, SMART would need to internally track the hours being provided by a new driver on any routes with expanded service so those hours could be charged back to the grant.
 - The beauty of HB2017 was that the money was fronted to SMART. Normally, SMART had to pay up front and be reimbursed later by a grant.

Councilor Stevens:

- Asked if the Vanpool program was used to coordinate assisted living vans with SMART Transit.
 - Mr. Brashear replied no, the Vanpool program worked with local employers to pool their employees who lived near each other in outlying areas together to drive to and from work together. For example, employees who live in Salem and work in Wilsonville could take a van and drive into work together. An Enterprise rental van was used, not a SMART van. The grant allowed SMART to underwrite the cost of the vanpool rental to the riders. For example, the subsidy might reduce the cost from \$150 to \$75 per month, per person.
- Mr. Cosgrove noted the whole goal of the program was to get more cars off the freeways.
- Asked who would be driving the vans.
 - Mr. Brashear explained the Vanpool group would designate one person as the driver and Enterprise provided and services the van, and handled the insurance.

- Understood the grant was facilitating a major carpooling concept, and that the program was employer based, noting she had had a totally different idea about the program.
 - Mr. Brashear believed four to five vans would be used for the Vanpool program. ODOT was interested in Wilsonville having nine vans, but he would see how that worked out.

Member Bunn:

- Noted on Page 153, Supplies had gone up 354 percent, and he could not figure out why.
- Mr. Brashear explained that the lion share of the \$279,290 listed under Supplies was the \$196,000 for the Radio Replacement. Supplies was also the account where monies were put for present and future grants. SMART was always applying for grants, and all grants require a match so a certain amount of money was built in, so that when awarded a grant, SMART would have the local match available to fulfill the City's obligation to the grant.
 - Grants were competitive in nature, so the City had to show that matching funds were available to be awarded grant funding. For example, SMART just bought electric buses that would require about a \$400,000 local match on a \$1.45 million grant. Because the grant was reimbursed after the fact, SMART had to show it could put up the entire \$1.9 million or it would not win the grant. Therefore, SMART tried to build a certain amount of money into accounts in order to match grants.
- Questioned parking matching funds in Supplies.
 - Mr. Katko explained the main delta was the \$196,000 in radios for the entire fleet, including handhelds, whether or not it was decided to be a Capital Outlay, it was currently in Supplies. Regarding the remaining \$100,000 after the Radio Replacement, he reiterated that there were unanticipated grant opportunities built into that account. There were some outstanding grants, for instance, an integrated grant that SMART had been sitting on for a while, that SMART would need to either give up or start developing the necessary expenditures to draw it down; whether that came in Supplies or Contracts and Services, was uncertain. The grant funding was there, but Staff might not know exactly what it would be used for.
- Noted the \$100,000 remaining after the radios minus the \$65,000 from last year left a \$35,000 difference between this year and last year.
- Mr. Katko confirmed the details were in the slide with the TDM/Integrated. He acknowledged it was a little vague, so Staff would tighten it up and bring it back for the next meeting.
- Apologized, noting he had not seen it.
- Mr. Brashear noted the money was there, and reiterated if SMART did not get a grant, the funds would not be spent.
- Understood the \$13,352 for Community Rail (Slide 44) was the money paid to TriMet for bringing WES, the commuter rail, clear to Wilsonville.
- Mr. Katko confirmed the agreement with TriMet did not expire until 2026, and the \$13,352 was the change to the actual contract price. It was indexed to CPI and went up 3 percent. The yearly payment was around \$347,000.
- Noted the budget document did not say that was the difference.
- Chair Karr noted because of the HUD, the \$330,000 was part of the \$375,000 baseline, then add \$13,000 to get \$347,000.
- Mr. Brashear added SMART also gets money from TriMet because the City maintained the WES parking lot.

Ms. Legarza asked why SMART did not receive any revenues from commuter rail (WES) customers.

- Mr. Brashear believed the people who sat down and negotiated the deal had good intentions at the time, but if the City had to do it over again, some other things would be considered. He has ridden the train and believed it was great service, but it could be better with some tweaks.
- Mr. Cosgrove said he did not believe TriMet generated a lot of fare revenue from WES as it had such limited service.
- Mr. Brashear said that he and the mayor were working on expanding that service. He confirmed the City did get some funds from TriMet for the parking lot, so technically that would be the exchange. He added that TriMet would like the City to pay more, but that was a whole other discussion.

Member Park:

- Asked if the STIF funds were a recurring grant or something temporary that would go away in a couple years.
- Mr. Cosgrove clarified STIF was a payroll tax and a new, ongoing revenue source for the City. All employees in the state were paying the tax.
- Asked if the \$2.157 million deduction under Capital outlay represented buses SMART had funded and were then reimbursed for.
- Mr. Katko replied that was a mechanism of this matrix; those were the buses SMART was purchasing this year, so that was subtracted so it did not inflate the budget next year. The buses that would be purchased next year was the \$1.89 million. SMART received a tremendous amount of grants in the current fiscal year, so the grant delta, or intergovernmental delta for next year did not seem as large, but that was because this year's grant funding itself was quite large, including the \$1.45 million electric bus to be delivered Monday. It would be one of the first, large electric buses in the Portland-Metro area.
- Mr. Brashear noted an open house celebration would be held on June 26. He added Wilsonville was probably the smallest city across the nation to be given this type of grant. Charging the busses was a major undertaking between the buses and the infrastructure, so small agencies like SMART were not usually given that opportunity, but the SMART/Fleet team would make sure it worked and that it worked well.

Councilor Akervall asked about the plans for the CNG trolley. She noted the City had a trolley for seasonal and special events and asked if it would be something similar or on a fixed route.

- Mr. Brashear replied the current trolley was probably close to 20 years old and a fair weather trolley. The idea was to keep the current open-air trolley because it spoke to who and what Wilsonville represents, and to also buy an all-weather CNG trolley with windows that could come out, but would remain in for the most part. The other existing trolley, which the kids, especially small kids, absolutely adore, would be used for special events at schools and things like that. The plan was to have both trolleys functioning.
- SMART had been getting many calls about the current trolley, and he updated that the trolley was out of storage and in the garage where the technicians were going through it and shining it up nicely. Wilsonville citizens could expect to see their trolley on the street in about a week. People really like to use it on crosstown routes and so, as Mr. Simonton saw fit, the trolleys would be put into service on the crosstown route.

Fleet

Mr. Katko presented the Fleet Transportation budget, reviewing the Current 2018-19 Year-End Estimate and Proposed 2019-20 Budget, along with the proposed Baseline Changes and Add-Packages for the Fleet program areas.

There were no questions.

Five-Year Forecast

Mr. Katko presented the Five-Year Forecast for the SMART and Fleet program areas (Slide 46), noting that because any grant awards beyond the 2019-20 peak were uncertain, Staff averaged the amount of grants received for the past five years and used that as a basis for the Five-Year Forecast. With the STIF funding and its corresponding service increases, the Forecast showed that revenue and expenses should match for the next five years. There was a healthy reserve and Department was meeting the minimum required reserve outlined in the financial policies.

2. Public Works

Delora Kerber, Public Works Director, briefly highlighted the multiple functions and duties of the Public Works Department, describing the purpose of the Public Works Divisions, as well as the buildings, infrastructure, and facilities that Public Works managed.

Cathy Rodocker, Finance Director, presented the Public Works budget, Current Year-End Estimate, and Proposed 2019-20 Budget, describing the proposed Baseline Changes and Add-Packages for each of the seven program areas with additional comments by Ms. Kerber. Comments and questions regarding the following program areas were as follows:

Facilities

Member Bunn:

- Asked what drove the decision to go from an outsourced janitorial service to in-house, noting he could not imagine it was cheaper to bring it in-house.
- Staff replied the City was actually saving money by bringing it in-house, but the driving factor was the quality of service as Staff had been struggling with the provider. The State required public agencies to use what was called a qualified rehabilitation facility (QRF) that helped employ disadvantaged people. Staff had met with the provider on a regular basis, but could not get any traction on making any changes, so Staff ran an analysis on the cost to pay the provider compared to bringing the service in-house and buying equipment. In the first year, Facilities was very close to breaking even, even with all the capital outlay that was needed, like purchasing a new van and other equipment. The projection was that from the second year forward, the Facilities Division would be paying less money than if the City had stayed with the contractor.
- Said that was interesting considering how tight the labor market was. He asked if the State required a certain disability class.

- Ms. Kerber said the provider had to be a QRF, which provided jobs to disadvantage people, whether it be a mental or physical disability. The State dictated the price the City had to pay, so it was not an open market bidding process. The City was provided a list six companies to pick from; the State approved the contract and set the price the State believed was reasonable. She believed the price was a bit higher than the City would have gotten with a private contractor.
- Asked if the City was meeting the commitment to bring disadvantaged people on board.
 - Ms. Kerber answered, no. The State rule was if the City was not going to contract the work with a QRF, it must do the work itself in-house.

Councilor Stevens confirmed the quality of the service was an issue. City Council took this very seriously, and discussed it a lot with reports from Staff over a lengthy period of time and hearing from many people. Staff tried to address the issues over and over again, and it just was not working anymore. It had become an issue and was not just a monetary decision. The decision was not taken lightly at all and was discussed quite a bit. It was the right thing to do.

- Mr. Cosgrove noted Facilities Supervisor Matt Baker presented quite an extensive slide show, which included images of food stains that had not been removed for several months and had turned into mold. It was mostly a lack of supervision.

Councilor Akervall added Mr. Baker's Power Point presentation was one of the more memorable that Council had seen this past year; it definitely left an impression. Viewing some of the images of what was happening in the City's facilities, which were public facilities, too, such as restrooms the public was expected to use, there were concerns about health and safety. Considering what kind of service the City was providing for the community was definitely a factor, too.

Roads

Ms. Legarza noted the City was collecting vehicle licensing fees from Washington County, but not Clackamas County.

- Ms. Rodocker replied Staff had not budgeted for Clackamas County yet because there was no firm date for when that would go into effect. The collection for Washington County began July 1st, so those funds were now being received. Staff hoped to have the Clackamas County fees included next year and did not include Clackamas County fees in the Five-Year Forecast because what would be happening was uncertain.

Water Distribution

Ms. Rodocker noted bank fees had increased again after residents were able to set up automatic payments via credit card, which freed Staff time. Overall, the City paid about \$300,000 in bank fees to collect about \$24 million from rate charges, so about one percent of the revenues received would go toward bank fees. Every year, three or four hundred accounts were being added, as it was a popular way for people to pay their bills.

Member Amadon:

- Inquired how other municipalities handled bank fees, noting he had seen options like adding a small \$1.25 or \$1.50 fee to pay the bill with a credit card.
 - Ms. Rodocker said the City had the ability to put in a service fee. The philosophy that the Finance department had always lived by was the goal to turn off service to the smallest number of people possible. There were about 6,700 accounts and Staff usually got that down to about 20 by the end of the month because they had various payment options; it was give and take.
 - The City charged a service charge for the Municipal Court and very few people used that system to pay for their charges. Of course, the court was a bit different because a service fee was applied for every citation. If someone got pulled over because of a tail light out, but did not have their registration, and their driver's license expired, they could have three or four citations and therefore, three or four different service fees. The number of people who use the online system for the Municipal Court was very insignificant and that system charged a direct fee.
 - Mr. Cosgrove explained every city had a different philosophy on the fees. Some seek to limit them to the greatest extent possible; others, like Wilsonville, tried to offer many options for people to pay their utility bills. He did not know if he had a good answer, but he did not think every city was the same with regard to bank fees. There were likely a spectrum of answers he could provide.
- Stated the point was that at some point, a half a million dollars becomes a half a million dollars. It was \$300,000 today, and when Frog Pond came on, it could be a half a million dollars of lost opportunity cost, in his opinion. As long as it was being looked at, that was fine. He just did not want to hear that was what the City had always done; he did not like that response.
 - Ms. Rodocker noted if the Budget Committee or City Council wanted to try different programs, Staff could certainly do that. However, on the opposite end of that, Staff currently did not have to touch any of those payments. If that particular program was eliminated and a regular credit charge used, Staff would have to run payments through the credit card machines themselves, which could require another person or two. The best thing would be if everybody would use the lock box, which was a bargain and a great service, but unfortunately, people did not write checks and mail them off that much anymore. Certainly, it was something Staff could look into but it would definitely be a change in philosophy that Finance has had, not that that was impossible to change.
- Said he did not mean to harbor on it, but last year was his first year on this committee and bank fees and charges were a big discussion point. And this year, there was another \$25,000 increase in bank fees for this one fund, and that was just the way the City was going to do it. It was okay as long as everyone was thinking about it.

Councilor Stevens asked about the cost to the City if somebody did a debit out of their checking account.

- Ms. Rodocker replied the City offered that option as well and the cost was minimal. It did require Staff time to create the file and send it the bank once a month. It was not a big process. When a payment was sent to the lock box, they send a file that had to be uploaded. She confirmed Staff time was always involved except when for recurring credit card payments. Staff also took credit card payments over the phone, especially on shut off days, to avoid shutting the service off.

Wastewater - Treatment

Ms. Legarza asked if the reuse pump was just for reuse in general or onsite reuse.

- Ms. Kerber confirmed it was onsite reuse that would help expand the capacity of the plant to be able to move the water around within the plant.

Stormwater

Councilor Akervall:

- Noted she had asked about some information on Page 140, specifically the goal of cleaning 33 percent of public catch basins annually, and the text below talking about 30 percent cleaning. Looking at the estimate for the last couple of years, as well as the 27 percent forecast for 2019-20, she wondered if the City had the resources to meet some of these goals. It seemed some of this was driven by the vacuum truck, which was in hot demand.
- Ms. Kerber replied Staff might be back next year to ask for another vacuum truck, but right now, Public Works had a large one and the majority of its time was spent cleaning the sewer system, but Staff was able to use it for Stormwater at least once a week. The other piece of equipment currently used for Stormwater was a small little tow-behind called a Ditch Witch. Staff found that as the city grew, there were more catch basins that were a bit more sophisticated and deeper, so the little tow-behind trailer was not working efficiently because it was so small that only a couple catch basins could be cleaned before the trailer had to be dumped, resulting in multiple back and forth trips. Staff was realistic in recognizing they would not likely hit the 30 or 33 percent goal at this juncture.
- Inquired if there were long-term effects for not keeping up. If Public Works fell behind would there be greater expense in the future because the City was not taking care of things as it should.
- Ms. Kerber said the Department made a point of hitting at least 25 percent of the City's high priority catch basins. Staff knew where the hot spots were and then, per the MPS4 permit, ideally, Staff addressed the rest of the catch basins throughout the city within a four-year cycle. There was a certain amount of what could be deferred maintenance, but Staff was taking care of all the really important ones.
 - In the budget, Staff was asking for another \$24,000 to help supplement, if needed, and hire a third party to help with some of the more challenging cleaning.
 - She confirmed the vacuum truck was a recent purchase, about two years ago and cost about \$400,000.
- Staff explained that one problem with the Stormwater Fund was that it had limited resources and there was a constant war between the operating and capital needs, and right now, capital was winning, as the Committee knew after sitting through presentations about emergency outfall repairs and watching the drone video.
 - Four years ago, Stormwater borrowed \$3 million from the General Fund and they would pay that off next year. Staff anticipated having another \$3 million infusion into the General Fund, so the City could get caught up on some things that had been on the back burner, plus hopefully move forward on some of the City's different capital projects.

Wastewater – Collection

Ms. Legarza asked why the Water Treatment facility was designed to handle 2.7 MGD during dry weather and 3.8 MGD during wet weather.

- Ms. Kerber explained there was infiltration during wet weather and although the amounts of solids and organics remained the same, the vast volume of water increases, so the treatment plant was sized to be able to take on additional volume of water. It was rated at 4 million MGD.
- She confirmed there were no cross connections; storm and sewer were totally separate.

B. Questions and Comments from the Budget Committee

There were no further questions or comments.

RECESS MEETING UNTIL MAY 28, 2019

The 2019-20 Budget Committee meeting recessed at 9:05 p.m. for continuation on May 28, 2019.

Respectfully submitted,

DocuSigned by:

Kimberly Veliz

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Paula Pinyerd, ABC Transcription Services, Inc. for
Kimberly Veliz, City Recorder