

**CITY OF WILSONVILLE
BUDGET COMMITTEE MEETING MINUTES
WILSONVILLE CITY HALL
29799 SW TOWN CENTER LP E**

May 30, 2018

A regular meeting of the Wilsonville Budget Committee was held at Wilsonville City Hall beginning at 6:00 p.m. on Wednesday, May 30, 2018. Mayor Knapp called the meeting to order at 6:02 p.m..

Budget Committee members present:

Tim Knapp, Mayor	Paul Bunn, Committee Member
Scott Starr, Council President (<i>Arrived at 6:34 p.m.</i>)	Arthur Park, Committee Member
Charlotte Lehan, Councilor	Sam Scull, Committee Member
Susie Stevens, Councilor	Bill Amadon, Committee Member
Kristin Akervall, Councilor	Andrew Karr, Committee Member

Budget Committee members absent: None.

Staff present included:

Brian Stevenson, Parks & Rec. Program Manager	Mike McCarty, Parks & Rec. Director
Dwight Brashear, SMART Director	Andy Stone, IT Manager
Susan Cole, Finance Director	Keith Katko, Finance Operations Manager
Nancy Kraushaar, Community Develop. Director	Delora Kerber, Public Works Director
Pat Duke, Library Director	Bryan Cosgrove, City Manager
Jeanna Troha, Assistant City Manager	Cathy Rodocker, Assistant Finance Director
Scott Simonton, Fleet Manager	Margie Trader Accounting Technician
Katie Macadam, Accountant	Jason LaBrie, Utilities Supervisor
Preston Langeliers, Rds & Stormwater Supervisor	Matt Baker, Facilities Supervisor
Tod Blankenship, Parks Supervisor	Ellie Work, Grants & Program Manager
Eric Loomis, Transit Field Supervisor	Zach Weigel, Capital Projects Manager

The Pledge of Allegiance was recited.

Motion: Councilor Stevens moved to approve the Order of agenda as published. Councilor Akervall seconded the motion.

Vote: Motion carried 9-0.

ELECT BUDGET COMMITTEE CHAIR

Motion: Councilor Akervall moved to nominate Andrew Karr as the 2018-2019 Budget Committee Chair. Sam Scull seconded the nomination.

Motion: Councilor Lehan moved to close the nominations. No second.

Vote: Motion carried 9-0.

Andrew Karr was unanimously elected as the 2018-2019 Chair of the Budget Committee.

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

APPROVE BUDGET COMMITTEE MINUTES

A. Minutes of June 1, 2017, February 15, 2018, March 8, 2018 Budget Committee Meetings.

Councilor Stevens moved to approve the June 1, 2017; February 15, 2018, and March 8, 2018 Budget Committee Meetings as published. Paul Bunn seconded the motion.

Vote: Motion carried 9-0.

BUDGET MESSAGE

Bryan Cosgrove, City Manager, thanked the Management and Finance Staffs for working collaboratively to put the budget together. The theme of this year's budget drew on the City's history in honor of Wilsonville's upcoming anniversary, so the budget document included several historic pictures. The quality of development in the community made Wilsonville stand out, and the budget included many of Council's goals related to development and ensuring proper investments were being made into the future.

Susan Cole, Finance Director, presented the Budget Message via PowerPoint, highlighting the City's growth and development since it first incorporated 50 years ago and providing a high-level overview of the proposed FY 2018-19 City of Wilsonville Budget, which included the City's 11 Operating Funds and 14 capital-related funds. She highlighted the sources, uses, and fund balances of the General Fund, Community Development Fund, and Transit Fund, as well as the 2018-19 Capital Improvement Program (CIP) projects. Key comments and responses by Staff to questions from the Budget Committee were as follows:

Councilor Stevens confirmed the Transportation Full-Time Equivalent (FTE) positions included SMART employees and the internal fleet mechanics and service personnel. Employees who worked on roads were included in the Public Works category.

Paul Bunn:

- Confirmed that Page 17 of the Reader's Guide noted General Fund trends and analyses based on the previous year.
 - Director Cole explained property tax revenue were anticipated to decrease 6 percent in the next budget year mainly because the use of the fund balance was increasing due to capital improvement projects. Property tax revenues had not decreased, just the share of the overall revenue of the General Fund. The General Fund Summary on Page 38 of the budget book showed that property tax revenue for 2017-2018 was about \$6.9 million and revenue for 2018-2019 was expected to be about \$7.5 million.
- Said property tax revenues were down 6 percent, but he did not understand why they were not shown as down 6 percent.

- City Manager Cosgrove clarified property tax revenue was not down 6 percent, but the tax revenue shown on Slide 10 was down 6 percent from the 2017-2018 pie chart because the mix of funding had changed.
- Chair Karr added there was no Use of Fund Balance last year.

Chair Karr asked how the City would fund \$3.9 million in capital expenditures given the lower Use of Fund Balance. Director Cole noted the shortage implied that ongoing revenue would be used for the capital program.

Councilor Stevens asked if Staff anticipated the General Fund's ending balance to be \$3 million less in 2019-2020 given the Use of Fund Balance spent in 2018-2019.

- Director Cole explained the expenditures were already built into the budget. (Slide 12) The budget was done on an actual basis, not on a budgetary basis.
- Chair Karr noted that when the money was not spent, there was a difference between the Ending Fund Balance and Beginning Fund Balance.

Councilor Starr arrived at 6:34 p.m.

Paul Bunn:

- Asked when Frog Pond was expected to bring in revenue.
 - Director Cole said potentially in 2018-2019. City Council would consider an annexation in Frog Pond on June 4, 2018. After the property was annexed, the planning process would begin, during which time planning fees would be paid. Then, developers would pay system development charges (SDCs) and infrastructure fees when the building permits are pulled. The developers have indicated they were ready to go, so revenues were expected in 2018-2019
- Recalled that Staff had indicated fees were down because Villebois was built out. However, the same FTE for a building inspector was proposed in 2018-2019. He confirmed this was because Staff believed that Frog Pond development would begin soon enough that the fees would support the position.
 - City Manager Cosgrove added there was no lack of work in the Planning Department and he not sure Villebois would be 100 percent built out in the next fiscal year. He clarified that planning fees were down, not building fees. In addition to new growth, there was also commercial, industrial, and remodeling projects, so the Building Department had plenty of permitting activity.
 - Staff explained that State Statutes required the Community Development Fund to be separate from the Building and Inspection Fund. Planning and engineering fees go into the Community Development Fund and occur prior to the building and permitting fees, which go into the Building and Inspection Fund. The City's Engineering Department has a very robust public capital improvement program (CIP) that maintains the city.

STATE SHARED REVENUE

Finance Director Cole presented the State Shared Revenues via PowerPoint, reviewing the process and the revenues received. She clarified that because City Council voted against marijuana facilities in the city limits, so Wilsonville was not eligible to receive State Shared Revenues from marijuana taxes. (Slide 23)

PUBLIC HEARINGS/CITIZEN INPUT

A. Proposed Fiscal Year 2018-19 City of Wilsonville Budget

Chair Karr called to order the City of Wilsonville Budget Committee public hearing on the proposed Fiscal Year (FY) 2018-2019 City of Wilsonville budget and possible uses of State Shared Revenues at 6:46 PM. He read the conduct of public hearing format into the record. He confirmed there was not public testimony and closed the hearing at 6:49 pm.

B. State Shared Revenues

Chair Karr called to order the City of Wilsonville Budget Committee public hearing on the possible use of State Shared Revenues as reflected in the City of Wilsonville's FY 2018-2019 proposed budget at 6:43 PM. He read the conduct of public hearing format into the record. Seeing none, he closed the hearing at 6:46 pm.

C. Citizen Input

Note: Public testimony was received regarding the skate park following the break.

FY 2018-19 CAPITAL IMPROVEMENT PROGRAM

A. Overview

Finance Director Cole provided an overview of the 2018-2019 Capital Improvement Program 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.

B. Capital Projects

Cathy Rodocker, Assistant Finance Director, continued the PowerPoint presentation by reviewing the Capital Improvement Program (CIP), which included describing the CIP funds by category, CIP funding sources, how projects get on the CIP list, and key 2018-2019 CIP projects planned within each quadrant of the city. She explained how master plans and studies influenced the CIP project list, and presented the 5-Year CIP Forecast and Forecast Funding Strategies. She confirmed that the PowerPoint presentation was not in the budget book as it offered a simplified version of the information provided to the Budget Committee.

Responses to clarifying questions from the Committee and additional comments were as follows:

- Delora Kerber, Public Works Director, said Staff was in the process of developing a request for proposal (RFP) for a conceptual plan with cost estimates for the new Public Works Building. (Northwest Quadrant) The project would likely be done in phases, so the yard portion could be built before the building, to align with available funding. The RFP would go out and the conceptual design would start this year.

- Director Cole added that when the 5-Year Plan was being developed, Staff estimated the \$4 million construction and major costs would begin in FY 2021-2022. In FY 2022-2023, the users of the new facility, the Public Works utilities, as well as the General Fund would share the \$12.8 million estimated for the Public Works Facility.
- Staff confirmed that budgeted project costs rolled into the next fiscal year through supplemental budgets when projects were delayed, carried over, or took longer than anticipated. Overruns that exceed the budget must be approved by City Council in the form of a supplemental budget and would be paid out of the Contingency Fund.
- Staff confirmed the new Public Works facility would be on Boberg north of the SMART facility south of Boeckman Rd. The property was formerly owned by Washington County.
- Due to budget deadlines, final concurrence on the Boeckman Road Bridge occurred after the budget was prepared, so no planning funds were included for the bridge. (Northeast Quadrant)
- During FY 2018-2019, the Community Development Department would work on a schedule for the bridge and a supplemental budget would be proposed if work needed to begin on the design during the fiscal year. Funding for the design work would be part of the Urban Renewal Agency.
- The Nike well would be used for irrigation only, so the water would not be treated. (Southeast Quadrant) However, water was highly regulated, so it would have to meet State standards because it could come in contact with humans. All of the City's wells were treated on site.

Mayor Knapp noted that the Memorial Park pump station would be the receiving facility for the Boeckman Creek line coming out of Frog Pond. (Southeast Quadrant)

- Staff confirmed the expenditure in the budget was just for the pump station relocation. The actual water line was still a few years out, as noted in the 5-Year Plan. The pump would be sized to serve all of Frog Pond with the ability to add pumps for development farther north should that occur.
- The \$104,000 budgeted for the skate facilities would only fund the design. (Southeast Quadrant)

Councilor Starr:

- Believed \$500,000 for seismic upgrades on the Public Works facility seemed like a lot considering Public Works would relocate. (Northwest Quadrant) He asked if it would be more worthwhile to tear the building down and rebuild it.
 - City Manager Cosgrove confirmed the Police Department would remain in the building, which qualified the City for the grant since all police facilities were required to be seismically retrofitted within the next few years. More than any other department, the Police needed more usable space and making this investment would help preserve the facility in the event of an earthquake. The building was worth more than \$500,000.
- Suggested that the City consider selling the property and moving facilities considering where the building was located to get what the City wanted versus spending \$500,000.
 - City Manager Cosgrove noted City Council adopted the Facilities Master Plan two years ago and at the time, it was discussed that the building would be the future police station. Things change over time, but half of the investment would be funded by a State grant.

Actual project costs could be less or more and Staff would provide updates as the project moved forward.

- Since developing the CIP budget, Staff realized the City would need to increase the surge tank project cost to \$1.6 million. Therefore, a request for an additional \$711,000 would be made prior to consideration on June 6. The Water Treatment Plant Projects were also funded with funds from the City of Sherwood.

Mayor Knapp said the City spent a couple years negotiating with the water district and Hillsboro for funding. Wilsonville would be receiving for the pipe project that would feed Hillsboro. He asked when a significant amount of those funds would be received to allow the City to make decisions about whether to fund improvements or use them otherwise.

- Staff said the City had already received some payments, but the balloon payment was due in 2026. A City Council work session was scheduled to discuss the criteria for making a decision on how to use of those funds. Annual payments of \$173,000 would be received for the first ten years. The City has received two of those payments so far, and the next payment was due in July. Currently, the funds were being deposited into the Water Capital Improvement Program (CIP) Fund for safekeeping until the City makes a decision. Adopting resolutions on the intent would inform the future City Council in 2026 about how the funds should be spent.

Councilor Stevens confirmed that the Water CIP Fund was a contingency fund.

- Staff explained the funds were not addressed in the budget because Staff was not proposing to appropriate those funds. The funds were being received as revenue and sitting in the contingency fund. Staff did not make assumptions about how City Council would want to spend that money.

Mr. Bunn:

- Asked how the pipe project from Wilsonville to Hillsboro would be done.
 - Staff described the planned route for the water pipe, noting it would go through Coffee Creek, underneath the new 124th Ave, through Sherwood, and up over Cooper Mountain. Multiple cities and entities would be involved. It was possible that some of the project expenses would show up in next year's budget if City Council directed Staff to do something with the interim payments.
- Said obviously Staff expected the project to move forward, since the City planned to hire an engineer that would oversee the project.
 - City Manager Cosgrove stated the goal was to hire an engineer this year, but engineers were difficult to find. They hoped to hire someone as soon as possible, but it would likely not be until the next fiscal year.

Councilor Stevens confirmed that Eric Mende had been replaced and that an offer had been made to another engineer.

- City Manager Cosgrove noted two additional civil engineer positions were also filled.

Mayor Knapp commented that the big pipe project was large and only a very small part of it would occur in Wilsonville. The project would be highly technical, so City Council would like to have technical oversight of the contractors doing work in Wilsonville.

City Manager Cosgrove confirmed that the City would have the ability to pass along costs related to inspecting and field work.

Councilor Starr stated the pipe would be buried a minimum of six feet, so the City's oversight would be very important. This huge project would be very disruptive for Wilsonville. City Council considered those and did a good job of ensuring that what the City received for all the disruption was aggressively fair. The water district was essentially paying a fee for the pipe to go through Wilsonville.

Mayor Knapp asked if Staff had seen Boones Ferry Rd recent enough to confirm that an overlay with no grind was adequate. (Street Maintenance Program Slide 38)

- Zach Weigel, Capital Projects Manager, confirmed a geotech would look at Boones Ferry Rd to confirm the work Staff had planned was adequate. In some areas, the top lift of the road was delaminating from the bottom, so that would need to be ground off before any paving could be done. That cost implication had already been accounted for in the budget. Staff was putting together the RFP for the paving work, but the investigation and getting the plans ready would take a while so work would be done in the spring.

Mayor Knapp noted that planning was one of the City's strongest assets and that planning work had produced some phenomenal results. The way Wilsonville spent money on planning was instrumental in the community today and the community envisioned for the future. There was no way to skimp on planning and still achieve the results the community wanted. (Slide 39)

Bill Amadon:

- Confirmed Staff was budgeting for capital projects one year at a time and asked at what point does Staff budget or forecast the total costs of a capital improvement project?
 - Ms. Rodocker confirmed Staff looked out over five years, but only presented a balanced budget for Year 1 only. The total costs, including all the operating funds for future projects, were part of the five-year projections that were included in the budget. Those costs were brought forward on a year-to-year basis. Some years, a project must be moved out because the City did not have the funding at that particular time.
- Asked how a citizen could determine whether a project came in on budget and on time if the budget changed every year.
 - Ms. Rodocker replied Staff did not currently track that original budget figure in the City's current system, but, over the years, Staff has learned to use the original budget figure as a starting point, and the projects were changed throughout. Any change orders that increase the budget more than \$100,000 must be approved by City Council. Therefore, a continuous approving process was in place whenever a project exceeded its budget.
- Said it seemed that if the City were planning properly, Staff would have a good idea of what the project would cost and how long it would take. For example, Staff should have a good idea of how much it would cost to implement the Enterprise Resource Planning (ERP) Project and how long the project would take. (Slide 40) However, in the budget book, the forecast for this project seemed to evolve every year, not just where the dollars showed up, but also the total. He did not see the total originally forecasted and the timeline was estimated. Next year, it could be estimated for a different year. He explained he was trying to understand where the accountability was.

- City Manager Cosgrove explained the accountability was in the annual budget. Staff started with a planning level cost estimate, usually based on a master plan that typically had a 30 percent level of engineering. Those project costs were fine-tuned as the project was scoped, and the budget was updated to reflect costs that are more accurate. However, many unpredictable factors existed, such as an archeological site, a riparian zone, or more rock, all of which could increase project costs, and sometimes Staff overestimated and the project came in under budget. There was no perfect way to estimate project costs, and he was uncertain how the City could change that process.

Chair Karr asked if future year expenditures were being decremented by past budgets and actual cycles.

- City Manager Cosgrove said sometimes. The 5-Year CIP Forecast essentially reflected the roll up costs of individual projects in the master plans. Each project had its own dynamic and factors that could drive costs up or down. The 5-Year Forecast gave Staff an idea of what resources exist in order to prioritize projects from the master plans. Projects related to safety issues were high priorities and level of service (LOS) projects were usually the next priority. Then, each year, Staff planned for what they believe could be accomplished in that year.

Mayor Knapp added that planning and cost projections involved an iterative process, and every year the City knew something it did not know the year before. Costs change, needs change, the markets change, etc., so Staff must adjust as the City moves forward on a project. The City had a very positive record after doing projects like the wastewater treatment plant that came in tens of millions of dollars less than originally anticipated. Oversight must be continuous and value judgements must be refined year to year. The process was not like much of the private sector, but the City's record of accomplishment showed a strong history of success and a strong Staff that enabled the City to continue that history.

City Manager Cosgrove understood that still did not answer about how the figures matched up. Often, they did not because planning level estimates were refined each budget year. The estimated costs for the ERP project had been rather consistent since he had been on Staff. However, there were options to consider, like whether the City should go to the Cloud or keep its own servers; all of which involved various pros and cons and must go through City Council, so the ERP project could come in less than forecasted.

- Ms. Rodocker added the budget only reflected the cost of the software, not costs associated with Staff being pulled from their regular duties to help implementation.

Mr. Amadon confirmed that each year, Staff used their best and most recent knowledge to update the current year's forecast as well as the total project budget.

- City Manager Cosgrove added the Staff tried to budget conservatively for the revenues for the City's operating budgets, but forecasting for capital projects was tricky.

Mr. Bunn said he considered the 5-Year Plan to be a planning document. He understood that once a project was complete, the City would know what the originally forecasted amount and the actual costs and could demonstrate why a capital project cost something different than expected.

- City Manager Cosgrove understood the question was how could accountability be built in when Year 3 of a 5-Year Plan showed x project cost, but when completed, the project cost y. However, the City did look at the original planning level estimate and final cost for projects to see how the City performed against that estimate.

Councilor Starr agreed it was a good question, adding that spending creep was a real issue. Changes were brought to City Council, but Staff reviewed those changes first. A lot happened behind the scenes to try to ensure that projects came in at or under budget.

The better bids were structured and the more technical and detailed they were, the more accountable the bidder was to everything. The sewer treatment plant was a great example of this and was one reason Staff got the price so low. The culture of Staff was also important because they were very aware that they were spending the city's money. Then, it was up to City Council to maintain that culture. Finally, he assured it was the Budget Committee's job to ask questions to ensure the City achieved its goals through the budget process. He added that the SMART facility started out at \$12 million; then, it came back at \$9 million and then \$6 million, which the City agree to, but the total project came in around \$5.6 million, so those questions were being asked all along.

Mr. Amadon understood the concern was about the control mechanisms of the person assigned to lead the CIP projects. If there was a change to an original approved estimate, City Council asked why the change was necessary and Staff explained. If that same person continued to present overruns or underruns year after year, there was accountability. That was the accountability everyone needed to be accountable for their projects, and current process provided for that.

Chair Karr confirmed that the majority of the 5-Year CIP Forecast was a planning budget based on adopted infrastructure master plans, not an estimate.

- City Manager Cosgrove added about 5 to 7 percent of the Forecast was a best guess, and the rest was based on engineering cost estimates.

Mr. Bunn responded he did not have a problem with that as long as the assumptions were stated up front. In construction, unforeseen circumstances always come up after work begins.

Chair Karr noted that was where the change order process came in. The City started with a planning budget and then went through bid letting, etc. and as things came up, change orders were done.

City Manager Cosgrove noted one thing the City had no control over was who bid on the projects, which was impacted by the economic climate. Obviously, more bidders were more favorable to the City. People who used to bid on projects do not because they were tied up in bigger projects. Steel tariffs and other federal decisions affect the bidding process as well.

- He confirmed the annual budget looked at what would be spent on a project in the current year.

Chair Karr called for a brief recess at 7:53 pm and reconvened the meeting at 8:01 pm. He reopened the public hearing at 8:01 pm and called for public testimony.

Jim Barnes stated his address was on the sign-in sheet. He noted a prior conversation about \$104,000 for skate parks, which he believed was for Memorial Park; however, the budget book stated the funds were for the Courtside Dr location.

City Manager Cosgrove understood the conversation regarded design work and he believed it was for the Courtside Dr location.

Mr. Barnes said he believed the design conversation regarded Memorial Park, but the budget book stated Courtside Dr. He understood the Memorial Park project would be covered by the Memorial Park Master Plan Implementation Budget. He asked how much of the \$709,000 in the 2018-2019 budget would go toward the Skate Park, bike pump track, etc. in Memorial Park.

Finance Director Cole replied she did not have that information at the time, but she would follow up with the Parks Department and provide it to Mr. Barnes.

Mr. Barnes confirmed he wanted a breakdown of the funding allocated for Memorial Park. He also wanted to confirm that this year; the Parks Department requested \$800,000 for the Courtside Dr location consistent with the draft master plan.

Director Cole said yes, the Parks Department had a number of capital requests that ended up in the proposed budget, but the City did not have enough resources to cover all of their requests this year.

City Manager Cosgrove clarified that Mr. Barnes was talking about the internal budget request by the Parks Department and confirmed that it was not forwarded to the Budget Committee

Mr. Barnes observed there were a number of things in the various City master plans and a process existed to get those projects to this level; however, it was not always clear as to which projects got priority over others. In looking at the Parks Master Plan, the current budget included \$1 million for trails, over \$3 million for trails in the near-term cycle, and multiple millions of dollars for trails over a 20-year history. The City spent money in many areas and other areas did not get very much. How did the City make sure funds were being allocated fairly to all of the groups that use the parks, not just the ones highest on the survey list? Multiple millions had been spent on trails, but almost zero had been spent on skate parks and the bike pump track. The disc golf cost almost nothing. The City did a good job spending money on team sport activities and other high-profile things like walking, but individual sport activities did not get much funding and did not have an organized body of parents involved in league sports. He wanted to ensure that park funding dollars were not just being allocated to the big three.

Chair Karr closed the public hearing on the proposed for Fiscal Year (FY) 2018-2019 City of Wilsonville Budget and State Shared Revenues at 8:07 pm.

FY 2018-19 OPERATING BUDGET

A. Department Presentations

Cathy Rodocker, Assistant Financial Manager, briefly described the format that would be used in the upcoming department presentations, noting each operating budget would begin with the amended budget for FY 2017-2018 through December, which included the adopted budget and two additional supplemental budget adjustments approved by City Council prior to December. 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 2018-2019 proposed budgets.

1. Public Works

Cathy Rodocker, Assistant Finance Manager, presented the Public Works budget, Current Year-End Estimate and proposed 2018-19 Budget and describing the proposed Baseline Changes and Add-Packages for each of the seven program areas with additional comments by Staff.

Comments and questions regarding the following program areas were addressed as follows:

Administration

Mr. Amadon confirmed that the Add-Package for personnel services was fully burdened.

Facilities

Delora Kerber, Public Works Director, explained that the third-party agency hired to provide the City with temporary employees was not able to provide the quality of people Staff had hoped for. Of all those interviewed, the City only hired one or two people, which was disappointing.

Roads

City Manager Cosgrove noted the City would be repairing roads with hot patch instead of cold patch, which did not last as long.

Ms. Kerber clarified the School Zone Flasher at Lowrie Primary would be replaced and the \$10,000 in the budget would fund support of cellular communication with the flasher. She was uncertain about the flasher on.

Mayor Knapp said he had been concerned about the quality of road maintenance over the last couple of years. The pavement condition index (PCI) used to be 74 percent or so. He asked what the PCI was now and if adequate resources were being budgeted to maintain roads at the level the City originally planned.

- City Manager Cosgrove confirmed a worksession was being planned to discuss the quality of road maintenance and that this year's budget included more funds than previous years in the annual pavement program. Staff was preparing a presentation for Council to address the PCI, compare current road conditions with those 10 years ago, and discuss the resources and personnel being dedicated to road maintenance.
- Finance Director Cole noted the City's road maintenance fee increased and the new road maintenance fee, which was reflected on Page 43 of the budget. The Road Maintenance Program had been scaled up. Typically, the City spent about \$200,000, but was ramping up to spend about \$2 million because of the needs identified and the increased fee.

Councilor Starr confirmed that the .25 FTE was for a part-time temporary seasonal worker hired for three months.

- Finance Director Cole confirmed the City paid PERS for any employee who worked more than 600 hours in a year.
- Ms. Kerber clarified the .75 FTE position in the Facilities Add-Package could be two employees hired for a period; the positions were intended to be seasonal.

Mr. Bunn confirmed the pickup truck would be purchased under a State contract.

- Scott Simonton explained the State contract was negotiated with Department of Administrative Services (DAS). He generally got three bids from local dealers to compare with the State contract. At times, the bids were lower than the State contract price.
- City Manager Cosgrove confirmed the State contract was through a multi-state consortium that the City could use for various resources.

Sam Scull noted the increased Road Maintenance budget and asked Staff to explain the process of moving a street from a maintenance situation to a CIP project.

- Mr. Weigel confirmed the PCI determined what level of work or treatment was necessary, be it complete reconstruction or crack sealing and a slurry seal. Annual maintenance was cheaper than delaying maintenance and rebuilding a road later. Complete reconstruction was triggered at about 50 percent PCI.
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- Finance Director Cole noted the road maintenance fee enabling resolution established the goal of maintaining roads at 70 percent PCI, so roads below 70 percent would be included in the CIP.

Street Lighting

Mayor Knapp asked how the LED light conversion project was factored in to the budget.

- Ms. Rodocker replied the LED conversion was considered a streetscape capital project and that about \$380,000 had been budgeted for the project in the upcoming year. The cobra head style streetlights would be converted first, and \$380,000 would allow for most of them to be converted.
- Finance Director Cole noted that expenditure was on Page 219 of the 2018-2019 budget document.

Councilor Akervall noted the Summary of Fund Revenues under the Street Lighting Operating Fund on Page 75 stated the last rate increase occurred in 1998.

- Finance Director Cole responded Staff had discussed the need to revisit the street lighting fee. However, ownership of the poles and rate schedules for the LED lights complicated the issue. Staff decided to delay the rate analysis until after a proposal was developed on the ownership of the poles with Portland General Electric (PGE). The City also needed to do a sewer and water rates analysis, which Staff prioritized higher because the Water Treatment Master Plan was moving forward and because utility billing would be impacted by the financial software replacement.
- Ms. Rodocker noted that in 1999, the City was actually purchasing the street light poles, and now the fund was maintained for operations.

Water-Distribution

Staff has directed the City's accountant to find out what was driving the bank charges and look for cost savings.

Mr. Amadon confirmed the City did not charge credit card users an extra fee for paying utilities. He noted Bank Charges were 2 percent of the total budget and consistent throughout the City's operating funds because many times payers were preventing the utilities from being shut off.

- Staff explained that in many cases, credit cards were used to prevent utilities from being shut off. Bank charges were split among the operating funds, but the bulk of the charges were for utilities. Payments made online or over the phone incur higher bank charges because the credit card was not present. Additionally, checks from the lock box were also sent out to be processed.

Water-Treatment

Ms. Kerber clarified that the annual contract increase for water treatment was a combination of the Portland/Salem CPI and the employee cost index (ECI). The majority of contract costs were the pass-through costs so that the contractor, Veolia, would not be encouraged to cut corners on water quality. At the end of the fiscal year, any unspent contract funds were rebated back to the City in August. The contract was renewed in 2017.

Stormwater

Mr. Bunn noted Page 143 stated the Bank Charges were included under Miscellaneous Services, which were more than just bankcard fees. He confirmed the total Bank Charges were \$50,000. Because Staff had noted Bank Charges were an issue, he asked that Bank Charges be called out separately from Miscellaneous Services and have its own line item going forward.

Mr. Amadon said he liked the approach in presenting the Operating budgets, showing the delta on certain accounts, which was much more efficient than going through the line items.

Five-Year Forecast

Mr. Amadon noted it difficult to understand how the financial policy minimums worked per the definitions in the glossary of the budget book. For example, in the Five-Year Forecast, the range of financial policy minimums was 40 percent on some funds and 17 percent on other funds.

- Finance Director Cole noted many funds have different categories of fund balances, including Restricted, Unrestricted, Assigned, Unassigned, etc., which were detailed in the Fund Summary section of the budget book. However, in the Five-Year Forecast, those fund balances were collapsed into one line item but were not designated. While that collapse did not match the City's financial policies, the fund summaries did break out the various fund balance designations. The financial policy minimums were met individually in each budget cycle in the budget book. The Five-Year Forecast was a projection, so there could be rounding errors or variances depending on future debts and grants, etc.

2. Transportation

Keith Katko, Finance Operations Manager, presented the Transportation budget, reviewing the Current Year-End Estimate and Proposed 2018-19 Budget, along with the proposed Baseline Changes and Add-Packages for the SMART and Fleet program areas with additional comments from Staff.

SMART

- Dwight Brashear, SMART Director, stated the electric busses were expected to be delivered in March 2019. The City's portion of the cost was not budgeted in the proposed budget because this information was not available before preparing the budget document.
 - Finance Director Cole noted Staff would present a supplemental budget adjustment prior to taking delivery and paying invoices.
- Mr. Brashear addressed questions from the Committee as follows:
 - The grants in the budget were federal funds, and the government just announced \$84 million in additional grant funding would be available which SMART was currently applying for.
 - Electric busses have a life expectancy of 12 years or 500,000 miles. However, SMART maintained busses in way that prolonged that life expectancy. Staff expected the electric busses to last for 16 to 18 years.
 - The electric busses were fully electric, not hybrids, and would have to be recharged daily. The busses actually run better in warmer weather than in colder weather. A consultant, CTE, was helping SMART gather data about whether and how many electric busses could be used for the Salem route.
 - SMART's goal was for three electric busses. They had received a federal grant for two busses and created super grants for a third bus. Initially, all three would be used for in-town service. The data suggested that all three busses should last throughout the day on a single charge, and there was time in the bus schedule to bring them in for recharging.
 - SMART already had good technicians. Grant funding would cover the training necessary to teach the existing Staff how to maintain the busses.
 - SMART also ran a fleet of natural gas busses and received a federal grant to expand the C&G fueling station to a quick fill station.
 - The trolley was used quite a bit, especially by the schools. It was 17 or 18 years old, so Staff planned to replace it with a C&G trolley that could be used year-round. The current trolley would be restored and used for special events.
 - One of the capital projects was to build one charging station for each bus at a cost of \$50,000 apiece. Grant funding would cover about 90 percent of that cost.

Councilor Lehan left the meeting at 8:58 p.m.

Five-Year Forecast

Mr. Brashear addressed questions from the Committee as follows

- The new HB2017 Employee Tax would have a positive effect on Wilsonville. The revenue was intended to increase connectivity between communities with a focus on providing a higher level of transit to low-income and under-represented communities.

- Because the money was flexible, SMART's existing employer revenues would not be impacted, which would allow SMART to leverage federal grants; for example HB2017 funds could be used as a local match, rather than the employer revenues.
- The tax would open the door for SMART to expand its level of service to those not getting what they needed from TriMet. SMART had a very good image and would be looked at as the leader, especially in intercommunity connectivity by working with Canby, Oregon City, and Tualatin. Sherwood, Hillsboro, and Woodburn had also chimed in about getting a piece of SMART and some cities were willing to pay for the service. However, SMART's primary goal was to the citizens of Wilsonville.
- HB2017 would take effect July 1, 2018 and \$400,000 in revenue was anticipated during the last two quarters of 2018. After that, average annual revenues were expected to be between \$1.1 million and \$1.2 million.
 - Finance Director Cole noted that to receive the funds, SMART must complete a process that included ODOT and TriMet because Wilsonville would not be a direct recipient as was the case with the existing transit payroll tax.
- The Department of Revenue would collect the HB2017 tax and send it to TriMet, which was the qualified entity. TriMet would then write SMART a check. SMART had made the City's expectation clear that it expected to collect every penny from the city's large tax base. TriMet wanted to handle the funds as pass through funds. Ultimately, TriMet's advisory committee, of which Mr. Brashear was a member, would approve the plan.
 - Finance Director Cole noted Staff believed that conservatively, it could take as long as one fiscal year to work out the details before the City started to see the money.
- The City's amended Transit Master Plan was due to TriMet in October 2018. SMART would be doing extensive public outreach and would present a priority list based on public input.
- There was zero risk of TriMet keeping the funds.

Mayor Knap commented that the stature of the City's transit system, its Staff, and SMART's record of accomplishment set an example to the entire state and throughout the northwest. The ability to leverage assets and resources was likely an irritant to some of the bigger systems because SMART was more efficient, was farther ahead on technology, and provided more service for less money. All of which was reflective of the city and how Wilsonville was perceived around the region, as well as the City's commitment to find ways to add value for the public. He was pleased with the investment the City had made in SMART, and commended all those who had done the work over all these years.

- He noted the City had worked at getting federal grants, going to Washington DC, talking with people face to face, etc. to produce the results.

Mr. Brashear explained that HB2017 funds collected from employees working in Wilsonville would stay in Wilsonville, but 1 percent would be used by the State to cover administrative costs.

- Communities without transit would be eligible to receive a minimum of \$100,000 for creating transit.

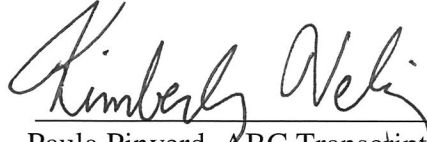
B. Questions and Comments from the Budget Committee

There were no further questions or comments.

RECESS MEETING UNTIL JUNE 6, 2018

The 2018-19 Budget Committee meeting recessed at 9:17 p.m. for continuation on June 6, 2018.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kimberly Veliz", written over a horizontal line.

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