

**CITY OF WILSONVILLE
BUDGET COMMITTEE MEETING MINUTES**

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

April 30, 2012 – 7:00 PM

A regular meeting of the Wilsonville Budget Committee was held at Wilsonville City Hall beginning at 7 PM on Monday, April 30, 2012. Mayor Tim Knapp called the meeting to order at 7:07 PM, followed by roll call and the Pledge of Allegiance.

All Budget Committee members were present:

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| Tim Knapp, Mayor | Wendy Buck, Committee Member |
| Celia Núñez, Council President | Anne Easterly, Committee Member |
| Steve Hurst, Councilor | Tony Holt, Committee Member |
| Richard Goddard, Councilor | Lonnie Gieber, Committee Member |
| Scott Starr, Councilor | Alan Steiger, Committee Member (via conference call) |

Staff present included:

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| Bryan Cosgrove, City Manager | Dan Knoll, Public Affairs Coordinator |
| Gary Wallis, Finance Director | Dan Stark, GIS Manager |
| Chris Neamtzu, Planning Director | Kirsten Retherford, UR Project Manager |
| Patty Brescia, Community Programs Mgr. | Jeanna Troha, Assistant City Manager |
| Sandra King, City Recorder | Steve Munsterman, Water Operations Chief |
| Pat Duke, Library Director | Scott Simonton, Fleet Services Manager |
| Holly Miller, IS Manager | Floyd Peoples, Public Works Operations Mgr. |
| Cathy Rodocker, Asst. Finance Director | Martin Brown, Building Inspector |
| Stephan Lashbrook, Transit Director | Delora Kerber, Public Works Director |
| Mark Ottenad, Public Affairs Director | Andrea Villagrana, HR Manager |
| Arnie Gray, Public Works Supervisor | Matt Baker, Public Works Supervisor |
| Steve Allen, SMART Operations Mgr. | Andy Stone, IS |
| Keith Katko, Finance Operations Manager | Vania Heberlein, Senior Accountant |
| Kourtnei Kersey, Finance Admin. | Brian Stevenson, Recreation Coordinator |
| Jen Massa Smith, Program Manager | |

Motion: Tony Holt moved to approve the order of agenda. Councilor Hurst seconded.

Vote: Motion carried 10-0.

Mayor Knapp announced that public testimony would be received at the end of Agenda Item IV, although it was noted on the agenda.

Mayor Knapp noted the City has experienced budget challenges in the last couple years but some recovery has been seen in the business sector over the last six months, as well as a slight increase in payroll taxes and more activity in the Building and Planning Departments, which suggested Wilsonville was starting to gain some momentum economically. Wilsonville has done better than many suburban communities in terms of economics and not had as many of the challenges experienced by many communities. In these slower times, the City adjusted staffing and operations accordingly, and he appreciated Mr. Cosgrove's special attention to those issues as they had arisen.

ELECT BUDGET COMMITTEE CHAIR

Motion: Councilor Hurst moved to nominate Council President Celia Núñez as the 2012-13 Budget Committee Chair. Councilor Starr seconded the nomination.

Vote: Motion carried 10-0.

Council President Celia Núñez was unanimously elected Chair of the Budget Committee.

Chair Núñez reviewed the conduct of hearing/meeting format.

BUDGET MESSAGE – Bryan Cosgrove, City Manager

Bryan Cosgrove, City Manager, commended Gary Wallis for his 18th and final year serving the City of Wilsonville, adding he has appreciated Mr. Wallis for his good humor, his service, and his staff. The budget document reflected several years' work in terms of the recognition the City has received for its past budget documents and the fact that the City had a \$13 million reserve in the General Fund that would allow for some flexibility in dealing with trying times. Mr. Wallis has been a tremendous asset to the City.

Mr. Cosgrove outlined the upcoming presentations regarding the budget, noting that each City department would briefly explain their function and be available for any questions from the Committee. He provided a brief overview of the Budget Message, which had been provided to the Committee, with these comments:

- The City had a record year of private development in 2011, which helped on a number of fronts, but came with some caveats as well.
 - The Fred Meyer project was a huge part of the record development, but they had been interested in developing that location for 18 years. Wilsonville was unlikely to see that level of commercial development in the near future.
 - The Wilsonville Business Park was another major addition to the city, but it was built as spec space, meaning the land was purchased when it was cheap and the construction completed when it was cheaper. The developer was preparing for an uptick in the economy, which was smart business modeling on their part.
 - Brenchley Estates was also a huge addition to the City, but the developer made a \$26 million personal investment in the project. Most developers would not be willing to take that kind of risk.

- Optimism about Wilsonville's economic position going forward was due mainly to three things:
 - A renewed interest in vacant industrial buildings for distribution and manufacturing, reflecting that private capital is available for investment, which was encouraging.
 - City Council had directed him to provide a strategic vision for economic development. Councilors Starr and Hurst were on the Advisory Committee, which would provide recommendations on economic development strategies to City Council. The Advisory Committee was about midway through the process. A series of focus groups had already been held and the Advisory Committee's work would culminate in an economic development summit. The ultimate plan and strategies would be vetted before Council for approval.
 - The City has done well in investing in planning and preparing infrastructure and readying itself for facilitating orderly growth and development. The City should continue to do so if Wilsonville is serious about economic development. Having quality infrastructure is one of the leading indicators of where private capital flows.
- The proposed 2012-13 operating budget reflected an increase of approximately \$625,000 over the current fiscal year. A majority of the increases regarded materials and services related to contractual services mostly beyond the City's control, including police, water and sewer treatment, and the replacement of a charcoal filter bed at the water treatment plant. The water sharing agreement with the City of Sherwood would provide an offset in revenue when the intergovernmental agreements related to the transmission lines become finalized. The City of Sherwood would also start paying for maintenance and operations on the plant itself.
- The total number of personnel positions would remain constant. Wages and benefits were projected to be \$260,000 less than the current fiscal year, due in large part to the reductions recently adopted by Council.
- Capital projects would include some bigger ticket items, such as the completion of the Wilsonville Rd/I-5 interchange, which had been in the works for several years. Other major capital projects included the \$36 million sewer treatment plant upgrade, rebuilding the sinking portion of Boeckman Rd, a new Fleet and Transit building, and Engleman Park.
 - The largest equipment expenditure involved replacing aging buses, which would be funded by a combination of federal grants and matching City funds.
- He concluded that the 2012-13 budget was a status quo budget that provides the same level of services to Wilsonville residents and businesses. Areas for the City Council and Budget Committee to consider and address beyond the proposed budget included concerns related to the General Fund going forward, determining the future of both Urban Renewal Districts (URDs), and updating the City's financial policies.

PUBLIC HEARINGS

A. Public Hearing for the Proposed Fiscal Year 2011-12 City of Wilsonville Budget

Chair Núñez called to order the City of Wilsonville Budget Committee public hearing on the proposed City of Wilsonville budget for fiscal year (FY) 2012-2013 and State Shared Revenues at 7:12 PM.

B. State Shared Revenues – Gary Wallis, Finance Director

Gary Wallis, Finance Director, presented an overview of the State Shared Revenue via PowerPoint, reviewing the process and noting the City's ability to receive Shared Revenues when performing at least four of the seven listed services. He explained that the dollar amounts had increased compared to the funds the City received in the current fiscal year because State Revenues are driven by population, which increased in Wilsonville last year.

- He noted that the \$90,000 for 911 Telecommunications would be cut by about half because the State of Oregon recently notified Staff about a change in its distribution of 911 funds. About midway through the year, the State would also start sending the 911 funds directly to Clackamas County for the dispatch center. The City would negotiate that through its contract with the Clackamas County Sheriff's Department.

Chair Núñez called for public comment on the proposed 2012-13 Budget as well as Urban Renewal.

Paul Bunn, 7251 Lynnwood Ct, Wilsonville, OR, former Budget Committee member and a former Wilsonville Planning Commission Chair, reviewed a memorandum he had prepared that was later entered into the record and distributed to the Budget Committee with these key comments:

- On at least two separate occasions while on the Budget Committee, he had expressed concerns about Wilsonville Chamber of Commerce/City contract related to the Tourism Development Council. It appeared that the Chamber might not be in compliance with the terms of the April 1999 agreement; specifically, the provisions that governed how the Chamber was to use funds paid by the City relating to the management and operations of the Visitor Center, which were noted in his memorandum.
- Based on his understanding of current events, the Chamber has taken an active role in reviewing and promoting candidates for both City Council and County Commissioner positions in the last two election cycles, perhaps before that. Most recently, the Chamber went on record as recommending the Clackamas County Commissioners' Chair. The Chamber did not do anything to hide its political preferences. These actions were in violation of the agreement, according to his interpretation.
- The Chamber may have reported its political activities to the City, but the Council or Staff chose not to pursue remedies.
- While not noted in his memorandum, the agreement also specifically states in two or three areas that the Chamber must report how it uses the funds on an annual basis.
- He understood that for FY 2012-2013, the City was allocating \$90,000 to pay the Chamber for operating the Visitor Center. When he first joined the Budget Committee, he had asked about the bidding process that resulted in the Chamber running the center, but no answer was provided. He also asked about the criteria used to establish how much to pay the Chamber and was told it was tied to the Consumer Price Index (CPI). He received no answers about how the City came up with that money.
- Considering the pressures on the General Fund and the City Council's discussion about the importance of transparency, he requested that City Council direct Staff to conduct an independent audit of how the Chamber was using the funds provided by the City Council to

support the Visitor Center. In addition, he requested that the City put the management of the Visitor Center up for bid, since the monies that support the program come from the General Fund, which was under stress. Perhaps another entity could do the job cheaper.

Alan Kirk, 7926 SW Edgewater E, Wilsonville, OR, read his three-page written statement into the record, which was entered into the record and also distributed to the Committee.

FY 2012-13 OPERATING BUDGET OVERVIEW- Gary Wallis, Finance Director

Gary Wallis, Finance Director, expressed his deep appreciation to his Staff who worked on the budget document, particularly Administrative Assistant Kourtnei Kersey. He introduced his Staff and presented the Operating Budget Overview via PowerPoint with these key comments:

- He presented an education piece about the budget process using references from the *Hunger Games* to describe how the proposed budget is developed and reviewed internally before being presented to the Budget Committee during a public hearing and ultimately to City Council for approval.
- The basic assumptions used in creating the budget embraced conservative estimates. Basic assumptions regarding revenues included:
 - Property taxes were estimated to increase by 2.7% next year, less than the 3% provided by Measure 50.
 - Water was expected to increase 3% in November; sewer was preapproved for a 12% increase in January 2013; stormwater was in the budget at a 34% increase, but Council had changed that to an 18% increase.
- The City tried to hold the line on expenditures; basic assumptions included:
 - Personnel expenditures varied based upon each department. Reductions were seen in some departments, while some had increased personnel costs between 3% and 8%. Smaller increases were seen in departments with employees whose pay has topped out, while employees in other departments may have received a 4% merit increase. As in the past, no cost of living increases were planned for managers.
 - The goal for Materials and Services expenditures was to hold the line for all departments after the \$1.2 million reduction goal. Some exceptions included contractual services for water treatment, sewage treatment and police services. Some system maintenance and repairs, such as the Granulated Activated Charcoal (GAC) needed at the water treatment plant, were necessary to continue operations. Other miscellaneous and uncontrollable increases included the price of utilities, gasoline and diesel, general insurance, and credit card fees.
- As far as Operating Revenues, past performance was no guarantee of future results.
 - While property taxes have grown more than 3% per year in the past, less growth was expected in 2012 and 2013 due to some industrial properties in Wilsonville being vacant. The State of Oregon lowered the assessed value of these properties, resulting in lower property taxes being paid to the City. A surprising amount of downward assessment adjustments occurred in the current fiscal year, and Staff expected that to continue next year. While there may be some turnaround in use of vacant industrial properties, some lag time would exist between a property being put to use again and the change appearing on property taxes.

- Franchises and Right-of-Way (ROW) revenues had been increasing every year over the last several years, but decreased last year and no significant increase was expected in FY 2012-13.
- Transit Tax had grown by about 5% except last year. Of the last 10 quarters, 7 quarters had increases, which could indicate new jobs or wage increases in the community.
- Water sales excluded the City of Sherwood revenue. Mr. Kirk's comment about separating Sherwood revenue was well taken. After the budget was published, Staff concluded that Sherwood revenue would definitely be separated from water sales in the future. Conservation equates to declining water revenue. A series of small rate increases of about 3% a year have helped stabilize that fund.
- Sewer revenue was about where it was expected. Sewer charges had increased to pay the almost \$39 million of debt.
- Interest rates had plummeted in recent years from 4% or 5% in 2008 to 0.7% and even 0.5%, resulting in a decrease of approximately \$400,000 per year to the General Fund, which had a significant impact on general operations.
- Other revenues have been relatively stable. The new Library District had added about \$200,000 over the last five to six years. Increases for 2012-13 would come from the partnership with the City of Sherwood, which would add about \$900,000. The Gas Tax increase passed by the Oregon legislature a couple of years ago was now adding about a \$250,000 to \$300,000 per year increase to City revenues. The recently approved stormwater rate increase was also a factor.
- He noted this number was off slightly when compared with the City's financial records, which he attributed to debt and land sales.
- Operating Expenses
 - Personnel services accounted for most of the increases in Operating Expenses, which was no surprise, since the City is primarily a service industry.
 - Consumables were fairly flat. The major portion of the increase shown in 2013 was for the \$300,000 of GAC needed for the water treatment plant.
 - Major changes for FY 2012-2013 included:
 - Contracted Services included significant increases related to Veolia Water operations going to twenty-four hours, seven days per week. Sherwood would help pay for the additional staffing costs. The benefit is that the City did not need a separate company to provide security as the operators would watch the system.
 - Contracted Services also included CH2M Hill being the operator of the wastewater treatment plant for a full year.
 - Water features at both Murase Plaza and Town Center Park would open in June, rather than on Memorial Day, and close in September, rather than being available from Memorial Day through Labor Day, as in the past.
- Other Financial Items to note:
 - The \$700,000 loan from the General Fund to the Stormwater Fund was related to three projects that had been planned for some time. The approved rate increase would provide the revenue stream to complete the projects, but the Stormwater Fund would not have enough cash available for about three years, and the projects could not wait. The Stormwater fund would borrow money from the General Fund to complete the projects and pay the loan back, which was probably the cheapest way to borrow.

- The Ending Fund Balances in almost every Operating Fund were as good or better than the 5-Year Forecast, which was good news for the City.
- The Sustainable Goal is a balance between recurring revenues and recurring costs. In every fund, the recurring revenues and recurring costs were at least equal, although the General Fund contained a small offset.
- The General Fund was in essentially balance for next year; however, 2012-13 would be the last year the expenditure line would not greatly exceed the available recurring revenues. Cuts would not be necessary for 2012-13, but budget cuts would need to be discussed in the future. He recommended having a separate Budget Committee meeting solely to address the General Fund.
- The proposed budget would meet the bond covenants, which was critical.
- He recommended that the Budget Committee approve a new tax permanent rate as the current tax rate of \$2.5206 per \$1,000 had been the same since 1997.
- The Debt Service Fund was a specific dollar amount, not a rate. The City was levying \$30,000 less than what was paid because the City was able to draw down on the cash available in the Debt Service Fund, so the City did not have to levy the full amount of the taxes. The Library General Obligation Debt used to build the expanded library would be fully retired in 2016.
- He reviewed key mid-year reductions made by Staff and previously presented to City Council in December as follows:
 - The goal for reductions in Personnel was \$288,000 and actual staffing reductions were \$287,000 with 3.25 positions being reduced from the budget.
 - The goal for Materials & Services was a reduction of \$735,000 and the actual reduction from the current year to the proposed budget was \$729,000.
- The City received about 12% of each property tax dollar that citizens paid for General Operations. He reviewed how that 12% was used to pay for Police, Parks, and other City services, noting the largest cost increase in 2012-2013 related to sewer services due to the plant upgrades and the associated debt.
 - Overall, the projected annual tax increase for services was anticipated to be about \$112 per household for a total of \$165 per month per household, which was comparable to other services, such as cable TV, Internet, and cell phones.
- Annual services provided by the City included such things as the 17,000 questions addressed by the reference desk at the library; 15,000 calls responded to by the Finance Department; 10,000 calls to Community Development and 30,000 calls to Transit for information. The City's website also received 200,000 hits.
 - The cost per day per person for all City services came out to about \$4.35.

Councilor Hurst asked why Contracted Services went up at a higher rate in the current fiscal year than it had in the past.

- Mr. Wallis stated that the contracts with Veolia, CH2M Hill, and for police services were the three largest City contracts. Veolia's increase in staffing to allow the production of additional water for the City of Sherwood resulted in approximately \$350,000 of the increase. CH2M Hill took over wastewater treatment operations during the current fiscal year and the proposed budget included a full year of CH2M Hill's operation costs for the wastewater treatment plant. The police contract accounted for approximately \$116,000 of the increase.

Ms. Easterly:

- Noted in the past couple years, the Budget Committee had reviewed the outstanding debt to look at options for refinancing at lower interest rates as a proactive move to compensate for the lower interest received on investments. She asked if refinancing outstanding debt and reducing merchant service fee rates had been reviewed.
 - Mr. Wallis replied the City had recently refinanced the long-term debt. The State of Oregon allowed refinancing at around 3.5% as long as a certain threshold was met. The City generally tried to do better than that when refinancing. The existing outstanding debt was at low interest rates, so he was not sure another refinance would be beneficial. The City did periodically check to ensure it was getting a competitive rate on merchant fees for credit card payments. Within the last year or two, an adjustment was made and the City received a rate more competitive than those offered by banks.
- Asked if the City had looked into other electronic fund capabilities, such as processing deposits electronically instead of manually.
 - Mr. Wallis replied the City has used Lockbox for almost 17 years. The service has been a big benefit to the City and helped keep staffing levels down. The City also began offering the Automated Clearinghouse (ACH) around that same time. ACH allowed people to have their utility bills automatically debited from their checking accounts. The City was working on establishing a system that would allow automatic bill payments via credit card. Some people opted to do online bill paying through their banks, which the City could process. The City was currently working with the bank to receive that information in an improved electronic format to reduce Staff's work even more.

Mayor Knapp:

- Noted that Franchise Fees are a significant source of income. Page 79 under Revenues, showed a diverse spread of different charges for the different utilities. He asked why such a wide difference of rates existed.
 - Mr. Wallis responded that some franchise fee rates were set and limited by State law. For example, the Telecommunications Fee was limited to 7%; Gas and Electric Fees were limited to 5%. City Council would need to take action in order to override fees set or limited by the State of Oregon.
- Asked for the rationale behind the range of different franchise fees; the City charged private companies to use ROW, and charged some utilities higher franchise fees than others. Were the fees all statutorily limited, or did Council have some latitude in setting them.
 - Mr. Cosgrove reiterated that different statutes govern telecommunications versus energy providers.
 - He understood that setting fees had to do with how much shows as a local tax versus something being passed along, which was something Council might have more latitude on. If the Committee desired, he could research the topic and return with specific information.

A. Department Presentations – Staff

City Staff members presented information via PowerPoint regarding the key functions of their departments with the following key comments with responses to questions from the Budget Committee as noted.

Policy & Administration

Mr. Cosgrove noted the department was focusing on Council goals, including the ongoing process of economic development. Communications was also an important Council goal discussed in a work session last July. A draft Communications Plan was adopted, which involved a community survey recently mailed to random households within the city. He and his Staff, including Sandra King and the Government and Public Affairs Staff worked to support the City Council.

Mr. Wallis reiterated that citizen requests were in large number. Staff tried to be responsive to citizen requests, including requests that did not specifically involve City business. The website receives many hits, and Staff keeps it updated. The Citizen Response Module (CRM) allowed people to submit questions or concerns online. A smart phone application allowed people to take and send pictures about their concerns to the City.

- Changes in how the City operates sometimes came about because of citizen requests. Budget or level billing allowed people to pay the same dollar amount for utilities every month rather than deal with seasonal fluctuations. Automatic credit card bill payment would soon be available.
- Internal Support involved the support that the City's departments provided for each other, such as paying bills, collecting payments, helping job seekers as well as those wanting to fill vacancies. The Legal Department provided tremendous help to every program within the City. The Information Systems Department helped ensure that the computers and telephone systems operated effectively.

Mayor Knapp noticed no staffing was budgeted for economic development in 2012-13 and asked whether Staff foresaw that a new position might result from the economic development process, and if so, what were the budget implications.

- Mr. Cosgrove replied the resources and requirements were available in the proposed budget, if necessary. The Community Development Department had capacity within its budget to fill an Economic Development Director position, for example. The Assistant Community Development position could be used, if City Council chose to add an economic development position; the title for the position would simply be changed.

Councilor Starr commented that a handful of budgeted positions were not currently filled and might or might not be filled.

- Mr. Cosgrove responded that there were some issues for the Budget Committee and Council to consider, particularly in the Community Services Department. He believed that Parks & Recreation needed to be elevated to a higher level considering how a community grows over time.
 - Several City master plans were sitting on shelves and Staff was trying to determine what departments were responsible for implementing them. The City needed someone to be the face of Parks & Recreation to take the lead and try to get some of those projects underway.
 - He believed existing resources could be used to provide a Parks & Recreation Director position without affecting the General Fund by combining Peggy Waters' recently

vacated position with an upcoming retirement in December. He acknowledged he had not fully vetted the idea or discussed it with the City Council.

- In tandem, he had asked the Public Works Director to put together a 10-year Operations and Maintenance (O&M) whitepaper, which Mr. Wallis would review before leaving his position and Mr. Cosgrove would present to Council. He wanted to take a holistic approach that included both the projects and O&M issues, which were interrelated.
- In general, he would look at positions that were budgeted for and not filled. The City's finances would determine whether a position should be filled. He would also examine whether vacated positions needed to be filled. His conservative approach involved maintaining services, but trying to use lower levels of staffing, if possible, for at least a time. An employee had recently left Mr. Cosgrove's department, which would try to get by with a 0.5 full time equivalent (FTE) rather than the 1.0 FTE that was vacated. That half-time position would provide support to both the City Recorder and City Manager. The option would be revisited in one year, but also provided immediate cost savings.

Ms. Easterly recognized the reduction of Staff, but noted that one of the City's goals is to maintain and possibly increase a high level of communications with citizens and business owners in the community. She asked what other resources could be used to support that goal. Would County or State resources, such as Workforce, be available to help meet citizens' needs?

- Mr. Cosgrove responded that was tied to the current economic development strategy discussions. He believed the City was staffed appropriately to respond to needs of its citizens and business community. Staff had looked at the City's message and was discussing the different things that could be done in communicating with the community.

Community Development Department:

Kristin Retherford, Urban Renewal Project Manager, explained that Community Development included the Building, Engineering, Natural Resources, Planning, and Urban Renewal Divisions. The department's mission is to plan, design, and build the infrastructure needed by residents and businesses in the community, as well as the parks and trails used for recreation.

- The department also worked directly with private developers to facilitate businesses coming into Wilsonville. In 2011, the Department facilitated \$120 million dollars of private investment in the community; that record year was largely due to the Fred Meyer development and was unlikely to be replicated.
- In response to Council's budget reduction request, the overall budget was reduced by \$156,000 through a combination of reducing materials and services, and not filling a vacant 1.0 FTE engineering technician position that had since been eliminated.

Mr. Holt:

- Noted that the percentages of the estimated and actual numbers between the current and proposed budgets were quite different, which could be misleading when considering the changes from year to year. For instance, Community Development Administration went from \$881,000 to \$963,000, an increase of 9.3%. The figure showed a decrease of 6%, however, due to how the percentages were done. He asked Ms. Retherford to elaborate on the 9.3% increase.
 - Ms. Retherford explained that the 6% reduction was a comparison between the adopted budget and the proposed 2012-2013 budget. The 9.3% was the actual estimates compared

to the proposed. The decrease was from previously budgeted to that proposed for this year, but an increase from the estimated actual to the amount proposed for this year.

- She believed part of this change was due to Personnel Services. Some vacant positions had resulted in those personnel expenses not being part of the estimated actual figures, but those positions would be filled, so the higher amount would apply to next year's budget when the Community Development Department would be fully staffed.
- Mr. Wallis noted that this question came up frequently, which was why the City preferred to use the budget-to-budget as a plan-to-plan rather than comparing estimated actual figures to the proposed budget figures. What happened during the current year might not be an accurate comparison to what should happen the following year. If the estimated actual was compared to the proposed, explanations would be needed about increases that were not actually increases. Personnel Services were not actually increasing because it was the same number of FTE; however, there were some vacancies in the current year.
- Recognized the difference, but still maintained it was good to know the differences between what was done in the current year and what was proposed for next year. Sometimes the numbers were very different, and it was good to know why.

Councilor Goddard:

- Noted he had sent Staff a similar question regarding the percentage changes between the actual adopted and proposed as opposed to the estimated actual and proposed. He asked if Staff could provide that data for each of the funds.
 - Mr. Wallis replied Staff could provide the data, but it would take some time to do it in the same format as the budget book. A different format, such as a spreadsheet, would be easier for Staff to produce and have available for the Committee before the next meeting.
- Responded that he preferred whatever format was easiest to produce.

Councilor Starr added it would be helpful to have an actual-to-actual comparison for the last two years. The issue was the Budget Committee was looking at figures that included six months of actual expenditures and six months of projections to arrive at the estimated actual figures. A comparison of actual-to-actual for the last two years could be done for a future budget meeting, like that held last September.

Public Works

Delora Kerber, Public Works Director, introduced her Staff and then explained that the Public Works Department provided operations and maintenance for all City infrastructure, maintained the parks and supported recreational activities, thus providing recreational enjoyment for all citizens.

- Public Works also operates the water treatment plant and water distribution system to provide high quality, safe drinking water for Wilsonville customers and now the City of Sherwood. Both livability and economic development were associated with the water and wastewater treatment plants.
- Taking care of the roads and streetlights also provided safe transportation routes for bicyclists, pedestrians, and drivers.
- Maintenance of the storm water system contributed to the sustainability of the environment.

Community Services Department

Pat Duke, Library Director, overviewed the library's operations, noting this was a status quo budget. District revenue had increased because the 2010 census resulted in a population reset.

- The library's services included 0.5 million books being checked out, 350 children's programs, and 17,000 reference questions per year. The library would continue to work with the Kiwanis Club to roll out and support Dolly Parton's Imagination Library. The Science Adventure program would continue in the summer as well as other youth services programs.
- The library planned to do outreach to the Hispanic Community in the next year and shift some resources to virtual collections, such as e-books, online databases, and adult programming in order to make those services more robust.
- He hoped to complete the library's second Strategic Plan, which would guide the library for the next five years.

Jeanna Troha, Assistant City Manager, introduced the Community Services' Staff and reviewed its programs, noting that with the retirement of Peggy Waters, she was filling in to present Community Services budget, which was also a status quo budget; a 1% increase was proposed.

- Community Services provided services and classes to seniors, recreational programs, and handled all City facility rentals as well as special events. There had been a 20% increase in the number of special events, which included Movies in the Park, the Easter egg hunt, and other special events, especially for seniors.
- Senior programs continued to be popular with a 14% increase in class participants. The senior fitness programs were especially popular and the fitness trainer did an excellent job.
- The community continued to demand more enhanced recreational programs and there was an increased demand for online registration for classes and reserving facilities.

Wendy Buck congratulated the library for its all-star staff and for providing all-star programs.

Mayor Knapp:

- Asked if the \$50,000 ACHIEVE Grant on Page 178 under Community Services was included in the budget as a line item and what the department expected to do with that grant money.
 - Patty Brescia, Community Programs Manager, replied that the ACHIEVE Grant was from the Centers for Disease Control (CDC) and National Recreation and Park Association (NRPA) for a two-year grant cycle. Staff had not determined how the money would be used. A coalition of community leaders had gone to Atlanta to receive training on how to assess the community and determine its needs. Staff would consider the data and see if the community desired more community gardens, a farmers' market, or more park activities, etc. The first \$15,000 of the grant had been received in the current fiscal year, with the remainder likely to come after July 1. The department would likely submit a budget adjustment for that initial amount.
- Commented that such external funding enabled the City to do projects it otherwise would not be able to do and he was pleased with the work done to obtain the grant.
- Noted the \$12,000 reduction on Page 178 and asked how the department would communicate with the community about its programs and get active participation in the programs if the number of pages and frequency of printing the community programs brochure were reduced.
 - Ms. Brescia replied that the Staff was already promoting Community Services programs through other venues. The department ran a page in the *Boones Ferry Messenger* every

month and also had a monthly article in the *Wilsonville Spokesman*. The department was doing a lot more emarketing, which saved money and was more convenient. Emarketing allowed for better targeting so people get information about programs specific to their needs.

- Commented that a person would need to contact Community Services to become part of the emarketing program.
 - Ms Brescia explained that participants are asked for their email when they sign up for a program and are then targeted based on their interests or demographic. Participants could opt in or opt out from receiving program alerts.
 - She confirmed that all the programs were included on the City calendar on the City website. Furthermore, the department's programs were promoted in the *Charbonneau Villager* and the department had its own newsletter for seniors.
- Asked if the department was seeing a reduction in participation due to the reduced printing
 - Ms. Troha responded the department had not seen a significant reduction. The department was trying to market and do different types of outreach. Many people used the City website to get information, and the department was trying to tap into that audience. The reduction in printing had not correlated with a reduction in program participation. Many classes for seniors and recreation programs were at capacity.

Councilor Hurst noted the library seemed to attract many volunteers and asked for a rough estimate of the number of volunteer hours logged in a given month or year. He also asked how many FTEs would be required to replace those volunteer hours.

- Mr. Duke replied that volunteers provided a wide variety of library services. This year, he expected more than 12,000 volunteer hours to be donated to the library, equivalent to about six FTEs. That figure also included the volunteers on the Library Board, Library Foundation Board, and the Friends Board. Replacing those volunteers who only do shelving would require three FTEs.

Ms. Easterly asked if people could opt in or out of receiving the *Boones Ferry Messenger* and recreation program guide, which would provide significant cost savings. She believed many people would opt to receive the *Boones Ferry Messenger* electronically.

- Ms. Troha remembered that an analysis had been done, but she was uncertain of the results and agreed to pull that data for the Budget Committee.
- Mr. Cosgrove added the community survey would provide information about what venues people used to receive information from the City.

Councilor Goddard:

- Recognized the work of Mr. Duke and his team at the library. They did a thorough job of laying out meaningful performance measures in the budget. The performance measures reflected both a commitment to the community and a willingness to be accountable for providing those services.

Transit Department

Stephan Lashbrook, Transit Director, explained that Transit was not only about buses, which provided service for both the fixed ride and dial-a-ride programs, but Transit also provided an

Options Program that helped people learn how to use the buses, and Westside Express Service (WES), and encouraged walking, bicycling, and options other than single-occupant commuting.

- Fleet Services maintained the buses and every other piece of City equipment, such as dump trucks, lawn mowers, and chain saws. Many City departments would not be able to operate without the City's Fleet Services.
- Six of the City's buses were 22 years old, and several would probably reach the 1 million mile mark this year. Staff hoped to have grant money to replace those buses before that point, but if not, Fleet Services would keep them on the road, safe and operational.
- Of all the City's vehicles, 60% were seven years old or older, and beyond their useful service life in terms of mileage, years, or even hours of operation.
- The City did not have electric vehicles yet, but could in the future. Two buses ran on compressed natural gas, with more expected in the future. Federal grant opportunities were increasingly available for alternative fuels. Many transit systems in the United States had diesel-electric hybrid buses and some had hydrogen fuel cell buses.
- He concluded that the Fleet and Transit Staff were very excited about the new building.

Councilor Goddard:

- Appreciated SMART's efforts to include performance measures tied to the efficiency of the services provided. He asked if any effort had been made to benchmark the performance measures against other community transit systems.
 - Steve Allen, SMART Operations Manager, responded that comparison with TriMet was unreasonable, because TriMet operated much of its service in central business districts, which were densely populated. A better comparison would be with TriMet's suburban routes, such as in West Linn and Sherwood. TriMet's costs were approximately \$3 per passenger while SMART's was approximately \$8.50 to \$9 per passenger, due to going many miles without picking up and dropping off passengers and serving rural areas rather than central business districts.
- Clarified that he wanted to know if the City had benchmarks to other, similar transit systems or local transit systems such as those in Canby or Woodburn.
 - Mr. Allen replied Staff could do benchmarks, but noted that some small communities did not track that information.

Ms. Easterly commended the Transit Department on its outreach programs, especially those that educated local businesses on the opportunities provided by the transit system. She asked if renewable energy would be a focus for fleet options, given that the largest biodiesel plant was located in Salem and a fueling station was available in Aurora.

- Scott Simonton, Fleet Services Manager, responded that as the City replaced buses, it would be better able to take advantage of higher biodiesel content. The older buses were not capable of running on high contents of biodiesel without additional problems. The cost of fuel per gallon was also a factor. As the cost decreases for biodiesel fuel, the City was apt to use more.
- Mr. Lashbrook added the fleet was currently running on 5% biodiesel and wanted to increase that amount. Greenhouse gas reduction targets were eminent and would begin next year. The City would then have no choice about using alternative fuels.

Mayor Knapp commented that the Options Team was critical to the ongoing success of Wilsonville's Transit System, and he was pleased at the robustness of the program. City Council had decided to purchase two compressed natural gas (CNG) buses last year and he was interested in how soon data would be available to compare the CNG buses to the diesel buses on a lifecycle cost per mile. He was very interested in receiving ongoing feedback from the department about the effectiveness of the CNG buses.

Mr. Holt confirmed that the six, 22 year old buses were used when purchased and asked how many dial-a-ride trips are made on a weekly or monthly basis.

- Mr. Allen replied there were approximately 1,500 rides per month in the program. SMART tries to double up riders for efficiency, but that was difficult because of doctor appointments, for example. The number of trips were about equal to the number of rides.

Councilor Starr:

- Referred to Page 191, under Charges for Services. The estimated actual for the current year was \$100,000, which was down \$45,000, and the proposed budget had the charges at \$178,000, which would be a 22% increase over the budget adopted for FY 2011-12. He asked why the estimated actual went so low compared and then had such a large increase.
 - Mr. Wallis explained the \$100,000 pertained to fares collected for every trip that either originated or went outside the city limits, because no fee is charged for rides within the city. Revenues for the current year were projected to exceed last year's fare revenues of \$172,000. Based upon increased ridership over the last nine months, \$178,000 might be low, but was a realistic figure for next year.
- Asked if there was opportunity to increase fares to help make ends meet.
 - Mr. Allen replied that he had offered to meet with Salem Transit to discuss a fare increase because they share the 1X Route with SMART. He believed the fare for the 1X Route was too low, but the City of Salem had not yet responded. Raising fares on the routes to Portland and Canby could also be considered.

Public Safety

Jeanna Troha, Assistant City Manager said she was filling in for Police Chief Nick Watt, who was unable to attend. She explained the Public Safety presentation encompassed both the police budget and municipal court.

- The City has had a contract with Clackamas County Sheriff's Department for many years, and the City receives very good service from the Sheriff's Department. The philosophy was one of community policing and working collaboratively with residents to ensure Wilsonville is a safe community.
- The Police Department operated on one of the lowest numbers of officers per capita in the State and crime has decreased over the last several years.
- The police responded to more than 5,500 calls per year with 17 sworn officers, including a School Resources Officer and a Community Services officer who took calls at the front desk in the Police Department. Lt. Chief Watt was the leader of the Police Department and managed it very well.
- While Police Services encompassed a large portion of the General Fund, discussions with the Sheriff's Department looked very favorable for the upcoming fiscal year. The contract would

likely have about a 1% increase, which was not in the proposed budget document before the Budget Committee.

Keith Katko, Finance Operations Manager and Municipal Court Supervisor, stated the Municipal Court remains committed to providing a fair, efficient and as a stress-free forum as possible. The court processed approximately 300 violations per month and 50% of those people handling their citations before their court dates via the Court Clerks by either pleading out or taking advantage of the court compliance programs.

- Violations could be handled via the mail, Internet, telephone, or in person without coming to court. People had the right to go before a judge, however, and the City held court twice each month with about 80 arraignments and 14 trials per court night.
- The Municipal Court offered a variety of community-centered, compliance programs, including discounts for good drivers, payment plans, youth diversion, seat belt diversion and an equipment fix-it program. Less than 7% of traffic issues and other violations resulted in trials due to reasonable fines, compliance programs and strong tickets being written.
- A dashboard video camera had been added to the dedicated traffic officer vehicle this fiscal year, which had become a helpful tool in municipal trial proceedings.

Commissioner Goddard asked Mr. Katko to explain his role as Municipal Court Supervisor.

- Mr. Katko replied that he supervised the two court clerks and coordinated the court nights, judges, security, interpreters, etc. in addition to his role as Finance Operations Manager.
- Mr. Wallis confirmed the budget for Mr. Katko's FTE position was covered under the Finance Department as a separate function.

Mayor Knapp:

- Commented it was surprising and a strong indicator of the quality of the police services that the number of calls had decreased over the last several years. The community policing approach had been very successful. Other communities have contacted him to ask how policing was done in Wilsonville.
- Recalled reading that the City had lost funding for the diversion program and asked for further details and about the future of the diversion program.
 - Mr. Katko responded the City had lost the grant for diversion from Clackamas County. For the current year, the diversion program was being paid for from the General Fund. The diversion program was outside the scope of Municipal Court.
 - Mr. Wallis added the grant was relatively small, about \$6,000 or \$7,000 per year. The City has viewed that service as very important to the community and had not stopped it. The program had been essentially absorbed into the General Fund.
- Asked if the program could be sustained from the General Fund.
 - Mr. Wallis replied that the costs were reasonable and were not going up very much. The diversion program addresses first-time youth offenders. Since Municipal Court was not a court of record, diversion kept offenses off the record and encouraged youth to change their ways. The diversion program did not apply to traffic violations.
 - Ms. Troha added that the Juvenile Diversion Panel was made up of citizens from the community working with Mel Olsen of Clackamas County and Andrea Villagrana of the City of Wilsonville. Juvenile offenders came before the panel, and the panel determined appropriate corrective action, which could be community service, attending a class, etc.

The program had been very successful, and the City had received positive feedback from those who had completed it.

Mr. Holt said a projection for the police contract showed an average 3% increase per year, and current negotiations showed a 1% increase. He asked what factors went into the increase in the contract.

- Ms. Troha explained that when the budget was prepared, the City did not have the final contract amount, as the County had not yet finalized its personnel costs. Staff included the estimate received from the County in the proposed budget with the understanding that the actual contract discussions would occur at a later date. The budget showed only a 1% increase because some of the 911 money was going directly to Clackamas County dispatch rather than to the City, which reduced the costs of dispatch to the City. The allocation of costs for records management was also reduced, and wage projections were lower than expected.
- She confirmed the City pays the actual costs. The estimated numbers from the County are based on actual numbers from their cost allocations. The City knew the contract amount at the beginning of the fiscal year and paid the same amount every month. At the end of the fiscal year, the City would true up with the County as far as actual costs. There would be no markup on the cost.

The Budget Committee took a brief recess, and reconvened at 9:25 p.m.

B. CAPITAL PROJECTS – Kristin Retherford, Urban Renewal Project Manager

Kristin Retherford overviewed the City's 5-Year Capital Improvement Program (CIP) and the proposed 2012-13 CIP Budget via PowerPoint with these key additional comments:

- The CIP and infrastructure investment was tied directly to two City Council goals: to enhance livability and safety in Wilsonville, and to ensure efficient, cost-effective, and sustainable development. In developing the CIP, Staff focused on what was needed for safety, growth, and asset management, how to fund those needs, and how to implement projects in a cost-effective way, both in terms of initial costs and long-term maintenance or operational costs for each project.
- Wilsonville has a long history of providing quality infrastructure that set the stage for private sector investment, such as the Fred Meyer project. Past public investments included the I-5/Wilsonville Rd interchange, Boones Ferry Rd, as well as Boeckman Rd and the Coffee Lake sewer line, both of which allowed development in Villebois. These public improvements made 2011 a banner year with private investment equaling \$128 million.
- Staff identified 137 capital projects totaling \$143.2 million to continue setting the stage for growth and investment in Wilsonville. The projects regarded design, new construction, projects from a wide variety of master plans and studies, and annual maintenance and repair projects.
- Choosing CIP projects started with the City's master plans for various utilities and functions. Those plans identified and prioritized needed capital projects. Staff then met multiple times to determine if funding or conditions had changed, if a project had become more or less urgent, etc.
 - Staff also considered how the project related to the City's priorities, such as whether the project was needed for public safety, health, or welfare, if it met a regulatory

requirement, or would reduce ongoing operational costs. Staff measured the timing and possibility of leveraging funding from other external sources such as grants, federal funds, a private developer, or another agency or municipal entity.

- Funding for capital projects came from a variety of sources, including user rates, which paid for repair and maintenance projects and some new growth projects, and system development charges (SDCs), which were limited to projects related to new growth and expanding capacity. Projects frequently had multiple funding sources.
- The community's infrastructure was aging and required more repair and replacement projects, which tended to be smaller dollar projects overall.
- She noted that while the bulk of the CIP projects come from master plans, the CIP was flexible and responded to needs that stemmed from community interest, City Council, or emergencies. Staff then responded by plugging those projects into the five-year CIP, even if not currently within a master plan.
- She reviewed key 2012-17 CIP projects, those that were more expensive or had a greater impact to the community, with additional comments as follows:
- Water Projects: \$50 million was allocated for water projects.
 - The Kinsman Water Line project would provide water to Sherwood and additional growth to the north and northwest in the community. The project was in the design and permit stages and would likely begin construction in 2013.
 - The West Side Reservoir and Offsite Infrastructure project would provide fire suppression and allow additional growth on the west side of the city. The project was in the property acquisition and planning review stages. Design would come in FY 2013-14, and construction would commence toward the end of the five-year CIP period.
 - The Water Treatment Plant Expansion was necessary due to the community's growth and to supply water to the City of Sherwood. Funds would be available within the four or five years timeframe to do design work and start constructing improvements to expand the plant's capacity.
 - An infrastructure plan for the Coffee Creek Industrial Area would be phased in toward the end of the 5-Year CIP because not all funding mechanisms were in place.
- Sewer Projects: \$48 million.
 - Expansion of the water treatment plant was under construction.
 - The Kinsman Rd sewer line in the Coffee Creek Industrial Area was in the preliminary engineering phase and would allow for development in the northern area of the city.
 - The Boeckman Creek sewer line would provide service to Frog Pond and for development at Advance Rd, where future schools were planned. The project had been carried over in the budget for the last couple of years. It would move into the design phase in FY 2012-13, with construction toward the end of the 5-year CIP window.
 - The Memorial Park Lift Station project was both a regulatory requirement project and a growth project. It was in the design phase, with construction further out in the five-year window. The existing pump station was within a flood plain, so in addition to relocating the station, the City would add capacity so it could handle flows from the Boeckman Creek sewer line when development occurred in the Frog Pond and Advance Rd areas.
- Street Projects: \$32 million.
 - Boeckman Rd repair would begin this summer with road closure starting in July and continuing for several months to allow for surcharging the road before beginning the repair project.

- Both the Boeckman Bike/Ped and The Grahams Ferry Rd Projects would also be under construction this summer.
- The Barber St Extension, which would provide the connection into Villebois, was in the design stage and moving into permitting. Approval from the Oregon Department of Transportation (ODOT) would allow the project to move into property acquisition. Construction would begin toward the middle or end of the five-year window. The bulk of the funding for constructing the project would come from urban renewal, which would require substantial amendment to the West Side Urban Renewal Plan.
- The Kinsman Road Extension was also in the design phase with construction coming at the end of the five-year window and possibly six or seven years out depending upon the availability of funds.
- The Tooze Rd Improvement Project would complete the original Boeckman Rd project taking Tooze Rd through the Grahams Ferry Rd intersection and construct intersection improvements. A federal earmark could be used for preliminary engineering and right-of-way acquisition. The City completed its agreement with ODOT, enabling the City to use the funding this fiscal year and move the project forward.
- Service to the Coffee Creek Industrial Area was under the same timeline as the other Coffee Creek projects.
- The Old Town Escape Project, sometimes referred to as the Kinsman Rd South or Brown Rd Extension, was also a West Side Urban Renewal project with design slated to occur toward the end of the five-year window. Construction would be in year six or beyond. The Transportation System Plan (TSP) update and further analysis would narrow down which alignment would be used for the project.
- Stormwater Projects: \$3.4 million. The Stormwater Master Plan identified a number of capital projects, which Staff would add to the 5-Year CIP. Projects currently listed included:
 - Channel improvements at Boeckman Creek and Wilsonville Rd dealt with erosion around the bridge footings. Design had not yet begun, so the total cost for the project would likely come down. The tendency was to estimate on the higher side until further data was gathered and get some design and value engineer projects to reduce costs.
 - Commerce Circle storm drainage improvements would be toward the end of the five-year CIP. Timing should coincide with Coffee Creek Industrial Area improvements.
- Transit and Building Projects: \$4 million.
 - The SMART Admin/Fleet Maintenance Facility was under construction with completion anticipated in the fall of 2012.
 - Improvements to the Community Center's kitchen and pantry would be constructed this summer. The City received a community development block grant from Clackamas County to fund the project.
 - Funding allocated for the library improvements was expected in about a year.
 - Depending on the results of the Feasibility Study Update for the Recreation Center and Pool, Staff would determine the year and where funds would come from for that work
- Parks Projects: \$5.8 million.
 - Multiple improvements were needed for ADA compliance. A change in the federal code required improvements to parks and trail systems. Staff would examine the deficiencies and identify where construction would be required.
 - Engelman Park on Wilsonville Rd would begin construction this summer. Grant money from Metro and the State Parks system would fund the project.

- Multiple parks within Villebois were mostly within the design stages with construction to occur toward the end of the five-year CIP window and beyond.
- Improvements to Memorial Park were previously listed as multiple projects. Since the projects were interrelated, they were combined into one large project, which was much more efficient. A significant amount of Metro funding would be used for trail improvements in the park.
- The French Prairie Bridge Project had \$1.25 million of Metropolitan Transportation Improvement Program (MTIP) funding that would become available next year to allow for study and preliminary engineering and permitting work
- The sports fields at Advance Rd would be tied to development of school sites in the area as well as to bringing that property within the urban growth boundary.
- The FY 2012-13 CIP included 88 projects totaling \$37.28 million.
 - The bulk of the projects were within the Sewer Fund, due to the construction of the new wastewater treatment plant.
 - Street Projects included the completion of the I-5/Wilsonville Rd Interchange, and work on Barber and Kinsman Rd.
 - The Boeckman Rd Repair project would require closure of the road, resulting in a major impact on driving patterns and transit.
- The 2012-13 CIP projects currently under construction were displayed (Slide 14); asterisks indicated projects with urban renewal funding.
- A significant number of CIP Projects were in the design and development phase for the 2012-13 budget.
- Pie charts indicated how the \$37.28 million would be funded, and how the \$37.28 million was allocated by capital program.
- Items for the City to consider and address in the future included:
 - Water revenues in the Ops and SDCs funds were not sufficient to pay for future projects. Fortunately, the Water Master Plan Update examined this issue and included a technical analysis and rate study to recalculate the revenues needed to pay for the projects.
 - Historically, the CIP has addressed mostly growth projects and adding capacity. Future projects would involve repair and replacement of aging infrastructure.
 - Urban Renewal. A substantial amendment to the West Side Urban Renewal Plan would be necessary to construct a number of City projects. The \$10 million of bonding capacity would not be sufficient for all the projects in the plan. A substantial amendment would be needed, or the remaining projects reevaluated to determine which projects would move forward or be deferred.
 - Projects to be completed on the east side of the City include the extension of Canyon Creek Rd South and Boeckman Rd East adjacent to Frog Pond. The East Side Urban Renewal plan was coming to a close, and it was important to decide which plans would be completed or deferred to other ways of funding.
 - The Coffee Creek Industrial Area improvements were important for setting the stage for additional private investment, but funding options needed to be considered.

Mayor Knapp noted that the quality of infrastructure and the build environment was a tremendous advantage for Wilsonville and had attracted business to the City. By staying on that track, the City would continue to benefit over time from a growing economy. He was very enthusiastic about continuing to further that goal.

- He reemphasized that the relative importance of different projects ebbed and flowed as funding became available. Taking advantage of the opportunity to complete projects when funding presented itself was a smart way to construct capital improvements. He was pleased to see that the City was staying focused on different things. Grant funding was not a huge part of the funding for capital improvements, but the City wanted to be alert to those opportunities also, and had done a very good job in the last several years of being aware of other available funding sources. He hoped the City would continue to look for funding alternatives despite strong competition.
- He believed the City was on the right path with its programs and clearly had major capital improvement work to accomplish, but it would position Wilsonville for future returns. Capital improvements were investments in the future of Wilsonville, not just spending money.

C. Questions and Comments from the Budget Committee

There were no questions.

VII. RECESS MEETING UNTIL MAY 3, 2012

The 2012-2013 Budget Committee meeting recessed at 9:56 PM for continuation on May 3, 2012.

Respectfully submitted,

Paula Pinyerd, ABC Transcription Services, Inc. for
Sandra C. King, City Recorder