



AGENDA

SHERWOOD BUDGET COMMITTEE November 15, 2016 6:00 pm

**Sherwood City Hall
22560 SW Pine Street
Sherwood, OR 97140**

BUDGET COMMITTEE MEETING

1. **CALL TO ORDER –Andy McConnell, Chair**
2. **ROLL CALL – Katie Henry, Finance Director**
3. **APPROVE MAY 12, 2016 CITY OF SHERWOOD BUDGET COMMITTEE MINUTES
APPROVE MAY 19, 2016 CITY OF SHERWOOD BUDGET COMMITTEE MINUTES
APPROVE MAY 26, 2016 CITY OF SHERWOOD BUDGET COMMITTEE MINUTES
APPROVE MAY 26, 2016 SHERWOOD URA BUDGET COMMITTEE MINUTES**
4. **Introduce New Finance Director, Katie Henry**
5. **NEW BUSINESS**
 - A. **Prepare the Budget Committee Annual Report for City Council (Exhibit A) – Katie Henry**
 - B. **Year to Date Financial Update through October (Exhibit B) – Katie Henry**
 - C. **2016 Budget to Actual Reports (Exhibit C) – Katie Henry**
 - D. **PERS Update – Katie Henry**
 - E. **Financial Policy Changes in the FY 16-17 Adopted Budget (Exhibit D) – Katie Henry**
6. **Finance Departmental Updates:**
 - A. **Financial Software Conversion**
 - B. **Audit Firm**
 - C. **Financial Institution - Banking**
7. **ADJOURN**



SHERWOOD BUDGET COMMITTEE MEETING May 12, 2016 MINUTES

- 1. CALL TO ORDER – Chair Andy McConnell,** Andy McConnell called to order the regular meeting of the SHERWOOD BUDGET COMMITTEE at 6:06 pm on May 12, 2016.

- 2. ROLL CALL – Cathy Brucker, Interim Finance Director**

COMMITTEE MEMBERS AND COUNCIL PRESENT: Mayor Clark, Council President Harris, Councilor Brouse, Councilor Henderson, Councilor Robinson, Councilor Kuiper, Councilor King, Chair Andy McConnell, Vice Chair Meerta Meyer, Amy Kutzkey, Paul Mayer, Susan Claus and Kurt Studer.

COMMITTEE MEMBERS ABSENT: Andy Jensen

CITY STAFF PRESENT: City Manager Joe Gall, Assistant City Manager Tom Pessemier, Interim Finance Director Cathy Brucker, Community Development Director Julia Hajduk, Community Services Director Kristen Switzer, Police Chief Jeff Groth, Public Works Director Craig Sheldon, IT Director Brad Crawford, Administrative Assistant II Jean Macaulay

MEETING INSTRUCTIONS – Chair McConnell: Chair Andy McConnell read a statement regarding the meeting format and public comment instructions; Tonight's meeting will be a working and listening session with line by line detail. Towards the end we will have the meeting open for public comment, if you wish to speak please fill out the public comment form and give it to the Finance Administrative Assistant. The Committee Chair will recognize those persons wishing to speak and any questions should be addressed through the Committee Chair.

- 3. APPROVE April 7, 2016 CITY OF SHERWOOD URA BUDGET COMMITTEE MINUTES**

Paul Mayer motioned to approve all minutes, Seconded by Vice Chair Meerta Meyer. Minutes approved by all in attendance.

- 4. NEW BUSINESS**

- A. Election of Committee Chair – Joseph Gall, City Manager/Budget Officer**

Joe Gall read a statement per ORS 294.414(9) the Budget Committee is required to elect the presiding officer at the first meeting when they receive the budget message. I would like to request Chair McConnell to open the floor for nominations of the Chair position for the FY2016-17 budget cycle.

Chair Andy McConnell opened the floor for nominations, Mayor Clark nominates Andrew McConnell, Councilor Brouse 2nd nominates Andrew McConnell. Councilor Harris nominates Meerta Meyer, Mayor Clark withdraws her original motion for Andrew McConnell. Meerta Meyer declines the nomination. Mayor Clark re-nominates Andrew McConnell, Councilor Brouse "seconds" the motion, the committee votes with Jennifer Harris abstaining, the motion passes, Andrew McConnell is the Chair.

B. Election of Committee Vice Chair – Joseph Gall, City Manager/Budget Officer – Joe requests Chair McConnell to open the floor for Vice Chair nominations. Chair McConnell nominates Meerta Meyer as the Vice Chair, Paul Mayer seconds, Jennifer Harris abstains, and the motion passes, Meerta Meyer is the Vice Chair.

C. OVERALL BUDGET OVERVIEW (Exhibit A) – Cathy Brucker and Joe Gall –

Joe stated this will be a different budget committee meeting than we've had in the past, Cathy and I will be leading the discussion and we will be looking deeper into the budget. We have provided more detail than we have in the past.

Cathy reviewed the corrected pages for the proposed budget binders with the committee. These changes did not change the budget, the changes are typographical errors or line item detail for the previous year.

Joe discussed the budget message and reviewed the memo dated May 12, 2016 "General Fund Budget Overview", Exhibit A.

Cathy reviewed the first few pages of the line item section regarding the legal level of authority that the budget committee has to work within the City of Sherwood budget. The contingency is calculated based on 5% of operating revenues, it is set aside for emergencies or unforeseen expenditures. There are guidelines and strong stipulations within budget laws as to when you can use your contingency. The reserve for future years, that is your leftover money, if you are not wanting to restrict the money for a specific thing you put it into your reserves. General fund reserve is unrestricted, most of the other funds will have restrictions.

Councilor Robinson asked that on the contingency is the number listed here exactly 5%? **Cathy** confirmed it is 5% per fund or of funds that carry a contingency.

Councilor Kuiper asked if this is the same as the 20% contingency, **Joe** answered, no the 20% is for the General fund, this is how much you have left over in each fund.

Susan Claus asked for the reserve for future years, only the general fund is unrestricted, for the ones that are restricted are there earmarks within those restrictions where the money is specifically set aside for something? **Joe** responded depending on the funds, when we review specific funds we will go over that. **Susan** asked for the \$1.9 million in general fund is any of that earmarked? **Joe** replied no.

Cathy reviewed the General Fund Budget Overview, Exhibit A.

Councilor Robinson asked what the budget proposed by the department heads was before the initial cut. Cathy responded approximately \$11,644,303.00. **Joe** responded the items I cut are listed on page 3 and total to \$257,000.00.

Councilor Henderson asked if someone picks something off of this list to add back would the money come out of contingency. **Joe** responded only if it's not a one-time expense.

Councilor Kuiper asked how does a one-time expenditure does eat away at the fund balance if you haven't spent it. **Joe** answered it's projected in next year's budget.

Vice Chair Meyer asked where the \$11,644,000 in operating revenue aligns within the budget. **Cathy** responded we will review once we get into the budget.

Paul Mayer asked the implementation with Navigator software, is that the training of staff to use it? **Cathy** it's the actual purchase of the Navigator overlay of Navision.

Susan Claus asked about the Senior Planner listed, is this the same Planner from last year that we are carrying over? **Joe** responded no, we've eliminated last year's Planning position which was an Associate Planner, this is a Senior Planner level for the comp plan update. This is a one-time cost as it's a limited duration position. **Susan** asked if it's a PERS employee, **Tom Pessemier** responded yes it is temporary PERS, if it's over 600 hours per year it is. **Susan** asked if it costs less then we will have more left over in savings **Joe** responded correct.

Kurt Studer asked regarding the Navigator software, is this the replacement of the current enterprise system which is manufacturing based? **Joe** responded yes, it's on hold now until after the budget is complete.

Vice Chair Meyer asked has the amount of money that was a goal for wrapping up the Navigator project in the 2015/16 budget been rolled over to 2016-17. **Joe** responded yes.

Cathy continued to review Exhibit A page 3.

Susan asked when you are talking about the PERS commitment you're just talking about the minimum rate that we have to pay each year that goes into our budget, not the 2 million plus liability that we have. **Cathy** responded yes, the rate that we are assessed through PERS that we are required to pay each year. **Susan** asked does this budget at all deal with the 2 million plus liability that we have. **Cathy** responded no. **Joe** responded this chart is important it shows we are getting closer to that 20% contingency.

Councilor King confirmed that our goal is 20% with a 10% minimum correct. **Joe** responded yes, we look at that 20% as a hard rule.

Chair McConnell asked on the graph after 2018/2019 for the following 3 years it looks like a downward trend, are we expecting that downward trend to continue or have you not looked further out. **Joe** responded we haven't looked further out, however, in 2022-2023 when the URA goes away we will get a \$500,000.00 to \$600,000.00 bump to our general fund. **Chair McConnell** in the 5 future years in this chart does that include the long term projects forecast from the asset management plan. **Cathy** responded no, there are averages used. **Joe** responded we can review the projects to make sure there aren't any significant ones that are not factored into this forecast. **Cathy** responded this is specifically the general fund, many of those projects would be coming out of other funds.

Councilor Henderson asked does your forecast include the beginning of the retirement of the Urban Renewal District when we have to go into revenue sharing, it was part of the compromise when you were allowed to modify your maximum indebtedness so that you would start cost sharing with the adjoining districts including the city. **Tom Pessemier** yes it was, the numbers will have to be refined.

Chair McConnell asked the items not included that are \$5,000.00 or under, were there a significant number of those or just enough to not include here. **Cathy** responded no not a significant number.

Councilor King asked out of these items that you cut the Code Compliance was the only reoccurring one of those items. **Cathy** responded yes, that is the only reoccurring.

Councilor Kuiper asked if the items under \$5000.00 that were cut are included in the budget or not presented. **Cathy** responded not presented. **Joe** responded when we get to the departmental budgets you can see the specific line item details and we will discuss it.

Paul Mayer asked if the City had discussions with the Robin Hood Festival regarding this cut. **Joe** responded yes we had some conversations. This is the third time I've proposed to cut this funding. There is a potential solution where the Robin Hood Festival can request up to \$10,000.00 or more if they want more. There is a current grant application process through the Metro Community Enhancement Grant. There is \$80,000.00 to \$81,000.00 projected that we would have from Metro next year—that's the route that I would encourage them to apply for that resource which does not come out of property taxes. **Councilor Kuiper** asked is that the same process for the Community Garden? **Joe** responded yes, that application process is open now, applications are due June 3rd. **Councilor Henderson** what we wanted to do was to partner with them or help them to wean their reliability on the city. We were going to encourage them to write grants and go from \$10,000.00 to \$5,000.00 eventually help them replace that. To give them other tools and suggestions because they need that money to make it happen. **Councilor Kuiper** Agreed, I think giving them other tools and suggestions is a great idea but to go from \$10,000.00 expectation to zero isn't in the best interest of that relationship. I would prefer a step down rather than a cut.

Councilor Henderson asked where was the flag pole replacement? **Joe** responded The Police Station, flag poles are a luxury not a necessity so that's why it was cut. **Councilor Henderson** asked if the City would be open to a community group doing it? **Joe** responded yes.

Joe reviewed the Revenue, line item detail section pages 1 and 2.

Councilor Henderson commented on line 4058 – electricity, notice the trend, 14/15 \$305,000.00 look at next year, that's because the PGE franchise fee went from 3.5% to 5%. That was allowed to go to 5% because someone failed to take action, not staff. So we are all paying more in franchise fees because that was not addressed. **Councilor Robinson** and **Kuiper** responded that it's consistent with all the other utilities. **Councilor Henderson** stated that we had the opportunity to keep it at 3.5%. **Councilor Kuiper** commented that other franchises would have come to us and requested the same percentage. **Councilor Robinson** asked what's city utilities, **Joe** responded franchises paid for by the City utilities, we charge our utilities a franchise fee.

Councilor Kuiper asked with regards to the transfer from the water fund into the general fund, normally that can't happen? I'm assuming this transfer is related to capital that is related directly to water? **Cathy** responded yes it's for the fleet, all vehicles and equipment are taken care of within the fleet department but they are attributable out to these various operations. **Councilor Kuiper** stated by percentage? **Cathy** responded yes percentage and direct usage.

Joe discussed that we have less revenue this coming year and that our expenditures are down as well. We will end the year \$47,000.00 for the good.

Vice Chair Meyer asked on the overview on page 1, the change in the general fund balance is broken down with the operating revenue is listed at \$11,644,000 but that doesn't align with this number, why is that? **Cathy** responded there was a \$90,000.00 grant which was a one-time operating revenue.

Paul Mayer asked Julia Hadjuk would it be helpful if the Budget Committee were to adopt a 2 year budget cycle, easier for projecting when funds are going to come in and sometimes roll over to the next budget year. **Julia** responded it could be helpful. **Joe** responded that with the need for a Finance Director the possible implementation of a 2 year budget cycle has been pushed back for now.

Chair Andy McConnell – recessed for a break until 7:30 pm

Susan Claus asked about page 2 of the revenues on the Rent of Building and Facilities line, we had adopted for 15/16 at \$216,000.00 we are now projecting \$157,000.00, is that the Arts Center and is it because the space is not rented? **Joe** responded yes, largely the Arts Center lease space.

Joe reviewed the City Records budget stating that this is not a revenue generating department.

Susan Claus asked how many FTE in this department, **Cathy** responded 1.5 FTE.

Vice Chair Meyer asked if we separated the budgets for the City Recorder and City Council, **Joe** responded yes we have taken City Council out and separated it, that's the change in expenditures. It is much easier to track this way.

Councilor Brouse asked about line 6130, the legal expense, is that the difference between having the law firm? **Joe** answered yes, we are no longer charging ourselves or budgeting for legal line item as we have the in house attorney. There are still some departments that have some money budgeted for outside counsel.

Vice Chair Meyer moved to the City Council budget there has been discussion on considering a stipend for the City Council. I would like for the Budget Committee to talk about that and possibly make a recommendation to Council that that be considered. **Joe** responded that currently the Charter does not allow it. The Council will have to ask the city voters to allow a stipend for their city counselors.

Councilor Robinson asked why do we pay tax on the City Council budget, **Cathy** responded the \$960.00 is for the Mayor's cell phone, it's a taxable fringe benefit.

Joe reviewed the City Manager's budget, also not a revenue generating department.

Vice Chair Meyer commented with all due respect, it's really frustrating to see the strategic plan being put on the back burner. As I see it that is a major priority issue for the city of Sherwood. When I look at 15/16 highlights and see the dog park and community garden are completed, and the strategic plan was put on the back burner. **Joe** responded the community garden was not a competing priority; didn't impact my time. The Police staffing study competed more with my and Tom's time, that wasn't really planned for ahead of time. The feasibility study for the YMCA, which is an important project. I agree and am disappointed that the strategic plan hasn't been completed but I want to be realistic and plan for it accordingly.

Councilor Harris asked **Joe** to explain in more detail the Strategic Plan versus Comp Plan, I think it's confusing and a lot of people might assume that they are the same thing. **Joe** responded a strategic plan for the city of Sherwood is optional, it looks 3 to 5 years out as an organization/business. The comp plan is legally required because of Oregon Land Use Law. It's really a blue print for this community and it's vastly outdated. That is a priority because it's the basis for decision making, for making changes in your zoning code. The strategic plan doesn't have a lot of community engagement, it's more of a business plan. **Mayor Clark** also wanted to clarify as to where the funds come from, to be very clear the community gardens and the recycle program were both paid for by a grant from Metro not from City funds. Those funds must be used for very specific guidelines under the Community Enhancement Grant. **Joe** confirmed that he could not have used \$25,000.00 from the CE Grant to fund the strategic plan. The \$25,000.00 is really to hire a consultant/facilitator to help us get through the process. **Councilor Kuiper** asked is the Metro grant something the City is guaranteed to receive? **Joe** responded we have an IGA, an agreement with Metro, because we host a transfer/recycling station, Pride. **Councilor Kuiper** stated that she was under the impression that the comprehensive plan does include some community engagement. **Joe** responded it will have community involvement, it's just a vision more than land use, the comp plan is really land use focused. **Councilor Harris** wanted to confirm that if the Committee in general thinks that the strategic plan is important we do have that \$47,000.00 that if they really wanted to do that and felt that it was imperative that it get done then we could instigate that from there. **Joe** responded yes you could.

Mayor Clark asked under your expenditures, personal services, when we did your contract I remember that under the YMCA reimbursement we gave you and other staff more flexibility and made it a fitness reimbursement, is that correct? **Joe** responded yes, the term should be fitness not YMCA.

Brad Crawford reviewed the Information and Technology budget.

Susan Claus asked how many FTE are in the department, **Brad** replied 4

Chair Andy McConnell asked if hiring a Senior Network Engineer would be a net change to the FTE. **Brad** replied that is not in the general fund it is funded by Broadband. **Cathy** responded that then potential hiring of this position has reduced some of the expenditures. **Chair Andy McConnell** responded similar to having an in house attorney your outside services will go down because you won't have to pay for that.

Councilor Robinson stated that on line 6428 Internet Access we're going from \$1,200.00 to \$6,500.00, what's that difference? **Brad** replied that is air cards for the City's laptops and mobile devices such as Ipads.

Susan Claus have we had any major attacks on our systems? **Brad** replied nothing that has been caused by us, we are increasing the budget for security. We are finishing a formal security audit this year, we have money that will cover the findings, possibly for new antivirus software. **Susan** responded I'm asking how are we protecting ourselves and school district. **Brad** replied we sent all of our City staff through security awareness training this year all of my staff went through some advance computer security training this year. I feel confident that we are secure, it's always on the forefront of our project list and what we are keeping up on. **Chair Andy McConnell** asked if the other security projects that you mentioned are in the other professional and technical services. **Brad** replied that is on line 6705 computer software.

Councilor Robinson stated that at their Council Visioning session, they had discussed putting more content on our cable access channel, is the addition of that extra person or rehire going to allow you to do that or is that more a function of getting content from the high school students that volunteer/intern with us? **Brad** replied all of us share roles to some degree so it gives us more people to record meetings. We had looked at possibly hiring a part time person to be exclusively video producer but determined that it would not be feasible so we did not put that in the budget. We continue to work with the school district. **Councilor Robinson** responded part of your wish list would have been an additional person to help with that. **Brad** replied yes, I reached out to another City who hired a consulting service to come out and record their meetings. **Joe** responded there were a lot of positions that were not asked for because the team knows what the revenue situation is.

Assistant City Manager Tom Pessemier reviewed the Human Resources budget.

Joe Gall asked about the increase on line 6190 from \$3,000.00 to \$12,000.00 can you explain what that increase is for. **Tom** responded that is for the compensation study, this will be City wide including the enterprise funds. **Joe** responded this is more important than the strategic plan.

Chair Andy McConnell asked **Cathy** where does that grant funding come from. **Cathy** responded Line 4990 \$7,500.00 is for the stairs, the balance is anticipated SAIF dividend from Workman's Comp. **Tom** replied that is highly variable, we've assumed \$15,000.00 in revenue for this year, if it doesn't come in it will affect what we are able to do. **Susan Claus** asked where is the \$7,500.00 grant from. **Tom** replied comes from CIS, our insurance provider.

Kurt Studer asked how many FTE, **Cathy** replied 1 full time HR Analyst and then approximately 5% of Tom's time is there as well.

Councilor Robinson asked on line 6660 what's the change from \$2,500.00 to \$5,000.00? **Tom** replied we had some overlapping of events the City barbecue and year end party between the City Manager budget and the HR budget we have changed that so it's all in one budget now.

City Attorney Josh Soper reviewed the City Attorney budget

Councilor Henderson asked if the Legal Assistant position in the proposed budget and is it a full time position. **Josh** responded yes for 12 months, we did a salary survey for this position and the range came in lower than what had been previously estimated. This is based on step 1 if we don't hire at that step this number will likely change after we have a finalized amount.

Joe Gall reviewed the Finance Department budget.

Councilor Kuiper asked how many FTE **Cathy** replied 5 FTE. **Vice Chair Meerta Meyer** stated that in the adopted 15/16 budget we talked about Julie bringing in a part time person to work on procurement and contract management that person was never hired correct? **Cathy** responded no, Jean's position was half time and is now full time. **Susan Claus** asked that includes when we have a permanent Finance Director? **Cathy** replied yes.

Councilor Robinson asked if line 6010 includes the new Finance Director's salary **Joe** responded yes.

Chair McConnell asked about line 6190 for \$42,450.00 is that for your position, do we expect some of that to carry over into the next fiscal year as we do transition? **Cathy** replied if there is a delay in getting the Finance Director on there will be a savings on that line Personnel item that will help offset.

Amy Kutzkey asked on the audit fees did they go up because we had the new auditor and because she had all the extra questions. **Cathy** replied no, TKW has a cost of living increase of 3 to 5% built in to their contract. **Amy Kutzkey** asked how many years are left on that contract again. **Joe** replied Council just extended it 1 year, Council will be revisiting what you want to do.

Joe Gall reviewed the Court budget.

Chair Andy McConnell asked if there were any significant changes, **Joe** replied no it's a small reduction, we generated an additional \$35,000.00 in revenue through the Amnesty program that finishes May 15. We will probably do that every 3 to 5 years.

Councilor Henderson asked do you have any statistics as to the makeup of fines and fees, how many of them are planning or inspection related versus traffic. **Cathy** responded the fines and fees within Court are all traffic related. **Councilor Henderson** confirmed that Court is all generated by public safety. **Cathy** confirmed yes.

Councilor Robinson asked on the photo red light which is 6188 is that pursuant to a contract that we are required to pay the same amount and when is that up? **Chief Groth** replied that it has auto renewals as well as a termination clause. **Councilor Robinson** asked over time does that ever go down **Chief Groth** responded on the most recent update to the contract we went from a complicated formula to a flat fee for services, it has nothing to do with volume.

Mayor Clark on the fiscal year 13/14 the actual was \$18,000.00 and it went to \$216,000.00, can you explain that? **Chief Groth** the contract was renegotiated around 3 years ago so that may be when that happened. That \$18,000.00 is a remnant of the old contract and beginning in fiscal 14/15 was the first full fiscal year where the new fee was in place. **Joe** replied if you look at line item 6190 the red light program was charged to that line item in previous years and then it was moved up, we may have

created 6188 to account for that. **Chief Groth** replied the \$18,000.00 is one month of the \$216,000.00 so we payed 1 month on that new system, it was the overlap year.

Kurt Studer asked has the volume of citations stabilized, increased or decreased. **Chief Groth** replied we are still trending downwards, it has stabilized some, we are still seeing the results we want to see. **Councilor Kuiper** stated which is behavior change.

Joe asked when those intersections get redesigned how does that work in terms of working with ODOT, **Chief Groth** responded RedFlex owns the system and we're leasing their services and the system. They have newer technology that they are implementing as systems get replaced, when those projects do happen. If the system has to be modified in any way RedFlex is involved in the project. The system will be replaced when those projects are complete.

Councilor Brouse asked on line 6010 the increase in salary, it's more than the .7% increase, what is that attributed to, **Cathy** replied A new clerk was brought on in 15/16, it was a replacement position, she may have been hired at a higher grade.

Councilor Harris I noticed in line 6450 and 6472 I'm assuming the software maintenance fee didn't happen and we hope that it will happen, I'm wondering what software that is for the court and also assuming travel and training is maybe related to that. **Cathy** replied in travel and training, they did not attend any conferences in the 15/16 fiscal year. Software maintenance fees may have been paid out of another IT line.

Councilor Henderson In court is there a separate revenue center for RedFlex? Everyone is always focused on RedFlex. **Cathy** replied we can find out the statistics.

Chair McConnell states in order to stay within the time limits we will skip over the Long Term Debt Review and go to the Public Hearing

D. PUBLIC HEARING ON STATE SHARED REVENUE

Public Hearing opened at 8:35 pm

Chair McConnell stated that we have no requests for public comment

Cathy Brucker stated for the fiscal year 2016-17, State shared revenues are estimated to be \$210,000.00. These funds are considered unrestricted and accounted for within the General Fund of the City. A resolution will be taken to the City Council at the time of budget adoption requesting a share of said revenues from the State.

Councilor Henderson asked how does that compare to last year, **Cathy** replied up from \$188,000.00 budgeted last year.

Councilor Kuiper asked where that is in the General Fund budget, **Cathy** replied page 5, listed as 4340, \$188,000.00 adopted in 15/16, anticipate receiving \$197,000.00 and we budgeted \$210,000.00 for 2016/17.

Councilor Kuiper asked is this where we can expect to see the State revenue sharing for marijuana under this line if in fact it passes, **Cathy** replied no it will be a separate tax.

Chair McConnell officially closed the Public Hearing at 8:41 pm

E. PUBLIC COMMENT – Opened at 8:41pm

- a. Susan Danz - citizen of Sherwood and elected secretary of the Robin Hood Festival Association
- This 63rd annual Robin Hood Festival is a significant cultural tradition for Sherwood
 - The Sherwood Robin Hood Festival association conducts the Winter Festival
 - At both events we support all of the community organizations who chose to participate in the parades
 - We support the Mr. Bowmen competition at the Winter Festival
 - The Robin Hood Festival was featured in Money Magazine
 - We need to continue to support this festival in a predictable fashion
 - The Maid Marion court serve as ambassadors to other communities
 - We have 100 booths at the summer festival
 - We are investing funds into the mini float this year
 - We do an annual scholarship as well
- b. Tony Bevel – citizen of Sherwood
- Would like to present a \$5000.00 addition to the budget under the street capital fund by adding traffic calming devices
 - There has been a lot of resistance from the top down
 - We are going to see more traffic between Roy Rogers and Edy Road with the development
 - There are a number of citizens that agree, people need to slow down on Lindley street
 - We've seen police presence on Sunset and that helps
 - Add a traffic calming device then you have something permanent that will control the speeding traffic

Chair Andy McConnell closed the public comment section at 8:48 pm

F. LONG TERM DEBT REVIEW

Cathy Brucker reviewed the Long Term Debt Memo, Exhibit B

Councilor Robinson asked who pays for the remaining portion of the Teen's Center, **Cathy** replied General Construction.

Susan Claus asked about the PERS problem, how are we proposing to handle the long term obligation and liability, **Cathy** replied it's a GAAP issue not a budgetary issue that's why it's not on the long term debt. **Susan Claus** stated that we are paying attention to the minimum payment but we have a long term liability and it's not in the budget, we have to manage that somehow. **Joe** responded we can start next week with PERS and we will talk to our auditor about what we should be doing.

Vice Chair Meerta Meyer the YMCA, is there an option for them to terminate their lease agreement **Joe** replied it's not a lease, it's an operating agreement they can terminate, and both parties have to give a year's notice to terminate. **Councilor King** stated the notice would have to be by next October 1 on either party.

G. 9:01 PM WE ARE RECESSED UNTIL THURSDAY MAY 19, 2016 AT 6:00 PM – 9:00 PM, CITY HALL COMMUNITY ROOM



SHERWOOD BUDGET COMMITTEE MEETING May 19, 2016 MINUTES

1. **CALL TO ORDER – Chair Andy McDonnell**, Chair McDonnell called to order the regular meeting of the Sherwood Budget Committee Meeting at 6:02 pm on May 19, 2016.
2. **ROLL CALL – Cathy Brucker**
3. **COMMITTEE MEMBERS AND COUNCIL PRESENT:** Mayor Clark, Council President Harris, Councilor Kuiper, Councilor Robinson, Chair Andy McDonnell, Susan Claus, Kurt Studer, and Andy Jensen.

COMMITTEE MEMBERS ABSENT: Paul Mayer, Councilor King

COMMITTEE MEMBERS LATE: Councilor Brouse, Councilor Henderson, Amy Kutzkey

CITY STAFF PRESENT: City Manager Joe Gall, Assistant City Manager Tom Pessemier, Interim Finance Director Cathy Brucker, Community Development Director Julia Hajduk, Community Services Director Kristen Switzer, Adrienne, Maggie Chapin, Chief of Police Jeff Groth, Public Works Director Craig Sheldon, Administrative Assistant II Jean Macaulay

4. NEW BUSINESS

A. **PERS Discussion and Review of Upcoming Rate Information – Joseph Gall and Cathy Brucker**

Cathy presented the PERS increase for 2017/2018 see Exhibit A.

Susan Claus asked the 6% rate pick up that we pick up, what exactly is that? **Cathy** – that is the employee share. **Susan** confirmed that the City picks up both the employee and the employer share per the bargaining agreement that we have and asked why PERS is recommending that the cities start taking care of those deficits. **Cathy** responded that PERS is recommending that you watch closely the annual required contribution amount and plan for the impending rate increase.

Councilor Kuiper asked isn't it true that we have always carried some liability? **Cathy** responded yes, as of last year is when we had to start putting the net pension liability on the Government wide statement.

Councilor Robinson asked why it is different for 17/18 and 18/19. **Cathy** responded we estimate an average salary increase of approximately 3% per year. **Joe** responded this increase is the primary reason why I did not put a Code Enforcement Officer in the budget. This \$267,000 is approximately what we see in a normal year's increase in property taxes. If our property tax revenue goes up as it normally has that increase is eaten up by the PERS increase.

B. REVIEW OF DEPARTMENTAL LINE ITEM INFORMATION (CONTINUED FROM 05/12/2016 MEETING) – JOE GALL AND CATHY BRUCKER

GENERAL FUND DEPARTMENTS

1. Community Development
2. Police
3. Community Services
4. Public Works

Community Development

Julia Hajduk, reviewed the proposed Planning Budget.

Vice Chair Meyer asked if there are any active grant applications at this time. **Julia** responded none we are waiting on, we will be applying for some that are coming due and for some related to the comprehensive plan update.

Councilor Robinson asked what line 4535, Planning –DR-Other is. **Julia** responded Planning Development Review Other, minor modifications. **Councilor Robinson** asked if the \$411,165 regular salaries and wages line 6010, does that include a Senior Planner for the comp update. **Julia** responded yes.

Susan Claus asked if this Senior Planner position is someone currently on staff. **Julia** responded No, **Susan** asked why we are doing Senior Planner vs Associate planner. **Julia** responded due to the high level of work and knowledge needed for the comprehensive plan update. **Susan** asked how many FTE's do we have. **Julia** responded in Planning we have 3 Planners, an Admin, City Hall Receptionist, a portion of my and a Community Development Admin's time. **Susan** asked what portion of your time goes to Planning **Julia** responded about one third.

Councilor Robinson asked Joe in prior discussions we have talked about changing Code Enforcement to a staff position, what department would that go into? **Joe** responded that position would be in Community Development not Police. It's not reflected here because it isn't in the proposed budget, what is reflected is a split of the current Code Enforcement officer of 50% to Community Development and 50% to the Police Department. That's part of the increase to the Regular Salaries and Wages line in Planning.

Councilor Henderson asked when looking at the potential land that may come in, between DR Horton, Mandel and 60 acres from Brookman, do you have enough staff to handle the possible volume. **Julia** responded our projections are based on a certain amount of growth, if necessary we will see if any course correction is needed. **Joe** responded on the building side we have 1 Building Official that does a lot of plan review and building inspections. If needed we would look at a temporary contract, it would not be bringing on more staff.

Vice Chair Meyer stated given the pending development, I'm concerned that this budget is tight for your department especially and the impact that this will have, putting the comprehensive plan on the back burner. **Julia** responded when you have an increase in current planning and development that takes precedence because of timeline requirements. This is why we really need the Senior Planner that is dedicated to the comprehensive plan. We have some money in the budget for on call planning if necessary. **Joe** confirmed the Senior Planner will not be assigned other projects, they will be focusing on the comp plan, anything else needed we will have to go with the on call help if needed.

Councilor Kuiper asked what's the level of experience you get with a temp or part time **Julia** replied We have one now that is very experienced, other on call projects we have used planning firms so they have high quality staff.

Councilor Robinson asked about the Code Enforcement, this is a change from last year, switching half of the current Code Enforcement position's salary to come out of Community Development, I presume in doing that that person is not going to be reporting to the Director of CDD but will still report as a Police Officer, or that he's under the direction of the Chief, I don't understand putting it within the City's direction and keeping him in the same position. **Joe** answered he will be doing more code enforcement, having this position solely in Community Development is the way to go, taking it out of the Police Department. Based on the revenues we have we couldn't afford that.

Susan Claus asked about the one time expenditures that we are talking about, what is the value in hiring a PERS person for a year to do the comp plan versus a contract person because there are a lot of contract agencies and that's pretty basic comp plan planning. **Julia** replied it's harder to get somebody to come in full time on a contract basis. **Tom** added the laws regarding contracting have changed, for the Affordable Health Care Act and PERS as well, if you bring on a contractor and they are under the supervision of City staff, you will pay those charges anyway. **Josh** added there are a number of factors used to determine if someone is an employee or contractor, the agencies that oversee them have been cracking down a lot. The main factors are supervision, direction and control. If we are having someone in the office full time and reporting to Julia acting on her direction it's more of an employee. **Susan Claus** asked if the on call planning we use now has been affected by these changes **Julia** replied we don't use it very much only for small projects.

Kurt Studer asked on line 6190, 15/16 was \$196,000 for 16/17 it's significantly lower at \$110,000 **Julia** replied we had a consultants working on the Sherwood West and Tannery EPA projects, we have less consultant time now. We still budgeted some money in for Comp plan update and Tannery project and for on call if we need them.

Joe introduced the Building budget.

Susan Claus asked what projects are included in this **Julia** replied Building is projecting 50 residential buildings, The Springs Assisted Living Facility, The Sherwood Plaza Apartments, Shell building on Oregon Street, 10 commercial tenant improvements and 15 residential additions or alterations. With Building and Engineering department's revenues are based on a percentage of the construction costs, so we are projecting that as well.

Chair McConnell asked about the bump in travel and training, line 6450 **Julia** responded that is tied to the software, we need to do an audit and the staff need training to better function within the system that we have.

Councilor Kuiper asked how many FTE in Building **Julia** responded 2.5 FTE not including a portion of my position and of the portion of the Community Development Admin. That has the Building Official doing residential plans examination, reviews, and inspections. We have a contract employee that does the bulk of the commercial plan review.

Susan Claus asked do we hire contract people to help out **Tom** replied we contract certain things like plumbing inspections, we haven't needed to contract but have looked at potentially doing so. We have been concerned about a surge in service needs in the Building department for some time, we will do when necessary. **Susan** asked as administrators do you agree with their projections **Joe** responded these are pretty realistic numbers.

Vice Chair Meyer asked the budget for personal services decreased, **Julia** replied that is a reduction in my time allocation.

Councilor Robinson asked is there a lag time between notifying the City that you need an inspection versus the actual inspection, is there still a one day turn time **Julia** replied yes one day.

Susan Claus what exactly does Community Development Director do **Julia** replied I manage the Planning, Building and Engineering departments, help coordinate as a liaison to Council and Senior Management, I manage projects as well.

Joe and Julia reviewed the Engineering budget.

Susan Claus asked what happens with that shortfall, are the employees doing something **Julia** responded yes they are busy there just isn't revenue to show that.

Councilor Robinson asked what is the almost \$50,000 increase in regular salary and wages on line 6010 **Julia** replied that's an allocation of Engineering charges to Capital Projects and General Fund as well.

Police

Joe and Chief Groth reviewed the Police budget.

Councilor Robinson asked the number for this year includes a reduction of 50% of the code officer correct? Yet it's still higher than the projected for this year, does that include the Patrol Officer that we are recruiting for? **Chief Groth** replied yes that number includes all authorized positions. **Councilor Robinson** asked why is it that we cannot get this overtime number down below \$85,000 **Chief Groth** replied the 3 biggest expenditures of overtime are shift coverage, court, and some events are partially covered by overtime.

Councilor Robinson asked in regards to the fleet section do we need to purchase 2 new vehicles **Chief Groth** all fleet has been moved under Public Works.

Mayor Clark asked about the other business meals and expenses it increased from \$1,200 to \$3,000, what is that difference **Chief Groth** replied we needed to make a modification on what got charged to training and what to business meals based on IRS rules.

Councilor Robinson asked why did training increase from \$10,000 to \$20,000 **Chief Groth** replied last year we cut back to the lowest level in training to fund the new position, we've raised our per Officer training amount this year and added a conference that has been cut out since 2010.

Kurt Studer asked you've been recruiting for this position since the beginning of this budget year, is recruiting becoming more difficult **Chief Groth** replied yes, we just exhausted the entire list of applicants and had to restart.

Councilor Harris there's an overall increase in supplies, lines 6505 through 6570 **Chief Groth** replied training supplies and firearms supplies cover anything we need for training. Ammunition has increased in price and we need to replace some ballistic vests, there may be an option for a Grant as well.

Community Services

Library

Adrienne Doman Calkins & Kristen Switzer reviewed the Library budget.

Councilor Henderson asked what the percentage distribution between the levy and the City is, **Adrienne** replied we receive 64% of our funding from Washington County and the rest from the City, of that 64% 1/3rd is from the levy.

Councilor Robinson asked why we need another half time position, **Adrienne** replied the part time youth services position will cover story time and other programming for school age children and this has been

contracted service and will allow us to bring it in house. **Councilor Robinson** asked what is the cost of this position **Adrienne** responded \$31,472 annually.

Councilor Harris asked is this position being paid for by levy money, **Adrienne** replied correct

Vice Chair Meyer on line 6702 what office equipment are you proposing, **Adrienne** replied we are expanding our cubicles, adding a desk for this position and adding a few sit to stand stations.

Councilor Henderson asked how the Tri Met tax is allocated per department, **Cathy** responded it's a payroll expenditure based on the payroll percentage.

Kurt Studer asked in all budgets there is a small decrease in life insurance, was there a change in contract, **Tom** it's possible that it's an adjustment in the allocation between the City paid portion versus employee paid portion.

Mayor Clark asked on the proposed addition of staff, would that person do more than story time and if so what else would they do, **Adrienne** replied yes, the programs that the current Youth Services Librarian is responsible for would be shared between both of these positions, not just story time.

Councilor Robinson asked when comparing the 15/16 adopted to the 16/17 proposed you have an increase of \$60,000 for this year but there is an increase of \$79,000 What are we including in the budget over and above the \$60,000 that is costing us the \$19,000, is that the new services for the preprocessing **Adrienne** replied there is also a Library Assistant II position that is increasing from 32 to 40 hours, supplies increase is \$20,000, most of that is the preprocessing.

Councilor Henderson asked the increase of line 6010, that's the part time librarian and step increases, **Adrienne** replied yes, step increases happen every year.

Fieldhouse

Kristen Switzer reviewed the Fieldhouse budget.

Councilor Kuiper asked why it goes from an income center to a losing center. **Kristen** replied we haven't increased staff, however, with step increases and PERS the cost of staffing it has gradually risen. The cost of doing business has increased and revenues have not been increased. We have now added a \$50 increase on league fees that keeps us below most other facilities.

Vice Chair Meyer asked the repair and maintenance on the building seems quite low, we are only spending \$250, is that adequate and is there a possibility of another hard surface to potentially increase revenue for other types of activities within the fieldhouse. **Kristen** responded most of the major repairs are in the Public Works budget. There are floors that can lay on top of the turf, the issue becomes that the facility is used on a daily basis in fall, winter and spring so there's not an open time.

Councilor Brouse asked with the department of labor changes and the salary structure launching December 1, 2016, how will that affect the City budget, **Tom** replied, that's for salary employees only, we only have one person that falls under the new standards, it will be a small adjustment.

Kurt Studer asked what the useful life of the turf is right now and whose budget it falls under **Kristen** responded we just replaced the turf earlier this year, the useful life is 10 to 12 years. We don't collect enough fees to cover; that it's covered in the General Construction fund. The cost was \$85,000 for the total project.

Arts Center/ Community Center

Maggie Chapin reviewed the Arts Center budget.

Joe stated line 4905 no rent of buildings is the 30,000 square feet space at the Arts Center that is to be leased.

Councilor Henderson asked if we had leased the space, what revenue would it bring in, **Maggie** responded \$58,000.

Councilor Kuiper asked if that includes tenant improvements, **Kristen** replied no this is revenue.

Councilor Robinson asked line 6010 there is a \$10,000 increase, what is that attributed to, **Maggie** replied, standard salary step increases. **Councilor Robinson** asked about last year and adding a half of person for you, are you finding it useful. **Maggie** replied yes, extremely useful. **Councilor Robinson** asked what is the Other Professional and Technical Service and why has it gone from \$18,500 to \$36,300. **Maggie** that's broken down in several categories, programs and series, outreach events, allocations for our education, teachers/classes, and tech services.

Councilor Henderson asked is it fair that when we look at line 4905 if the facility was rented, estimates were about \$90,000 to \$100,000 per year. **Tom** responded that doesn't seem realistic for lease prices in old town, typical rent is \$18 to \$20 per square foot.

Susan Claus is there any City contribution towards tenant improvements of the retail space, **Tom** replied there are tenant improvement costs that are in the Urban Renewal budget.

Vice Chair Meyer looking at the goals for 16/17 the center's revenue should exceed the budget, have you had discussions about purchasing typical rental equipment for the facility so that there isn't as much of an impact on an annual basis to our budget. **Maggie** replied yes, we are doing that and continuing with fund raising to help with purchasing of equipment.

Councilor Kuiper asked the 16/17 goals increase infrastructure, what might that be, **Maggie** replied on the budget detail, there is an increase in the marketing expenditures.

Susan Claus asked have you had any complaints on parking issues from residents or patrons. **Maggie** replied none.

Andy Jensen asked is there a long term goal for how much the Arts Center can self-fund versus being funded by the City budget. **Kristen** replied not one agreed upon, typically don't pay for themselves. **Joe** added once the space is leased that will be a positive.

Councilor Henderson asked as you continue to market and grow do you feel your current staff meets the demand. **Maggie** replied with the exception of the weekend yes, it depends on the programs we have. If there is an increase in programming it will be hard to manage. **Councilor Henderson** asked are volunteers like a Guild something that's in the future. **Maggie** replied that is the hope that will happen with the development of the Friends for the Development of the Arts Board. Many of our events have volunteers that come in and help.

Susan Claus what are we projecting realistically for the next several budgets to the deficit of 200,000, how many years down the road? **Maggie** replied it's really hard to say being just one year in, depends on personnel services. **Susan Claus** asked lights on lights off and maintenance is not in community services correct? **Kristen** replied yes.

Events and Volunteers

Kristen reviewed the Events and Volunteers budget.

Department 81 Sports and Leagues

Kristen reviewed the Sports and Leagues budget. This is the player fees and outdoor rentals of facilities and or gyms.

Councilor Harris stated for example Sherwood youth baseball, it's not actually a city sport but they collect \$15 per player and that covers the cost of maintaining the fields and gyms. **Kristen** replied correct, at the end of season we invoice the league based on number of residents and nonresidents and this helps to cover the cost of maintaining the fields and gyms.

Susan Claus asked on the Professional and Technical services the \$45,000, what is that? **Kristen** replied that is for the recreation feasibility study, for us to take a look at the current YMCA operations.

Councilor Henderson we have an IGA with school district to maintain sport fields and landscaping, is that money in Public works? **Kristen** replied yes.

Public Works

Department 90

Craig Sheldon reviewed the Public Works budget.

Councilor Kuiper asked is line 6182 where we weren't charging the City for water. **Craig** replied correct this covers water for City hall, Arts Center, Public Works, and the Police Station.

Vice Chair Meyer asked is the roof work on the YMCA being done internally. **Craig** no it's an rfp with a contractor doing the work. **Councilor Robinson** asked what about the building? **Craig** replied the sealing of the building was in the City Manager's cuts to the budget.

Councilor Harris asked on 6701 the furniture \$12,000 last year \$11,000 this year are both years chairs and something else? **Craig** replied no last year was for the new City Attorney's office furniture.

Kurt Studer asked looking at 6262-6264 repair and maintenance those are blanks, is there a reason for that? **Craig** you will see that when we get to budget 92, everything has moved there.

Vice Chair Meyer asked on the roof on the YMCA, how old is it, **Craig** replied the Teen Center was 2005, the warranty was up in 2013 or 2014. **Vice Chair Meyer** asked why a reroof not an overlay? **Craig** replied it's a membrane roof.

Department 91 Parks Maintenance

Craig Sheldon reviewed the Parks Maintenance budget.

Councilor Henderson asked what the cost of the dog park was. **Craig** replied construction was about \$118,000.

Department 92 Fleet

Craig Sheldon reviewed the Fleet budget.

Councilor Kuiper The street sander, that's one you purchased used correct? **Craig** yes

Councilor Robinson asked 2 police cars per year, how many cars total is that? Are we funding cars for every Patrolman even though only 2 or 3 are on shift at one time? **Craig** responded they have a rotation that's used. **Councilor Robinson** asked so we don't have a car for every officer? **Chief Groth** – no we don't.

Councilor Kuiper clarified on the transfer-ins for the water fund and other enterprise funds, the way you calculate that is based on percent used of a vehicle, **Craig** replied we track in our maintenance management system, all of our mechanics time and inventory.

Councilor Henderson asked the vehicles proposed for the Police Department, is that cost fully equipped? **Craig** – yes fully loaded with all but the computer.

Councilor Harris asked how you decide what you're are purchasing. **Craig** work with police department. **Chief Groth** replied the white truck, we needed a larger vehicle for a command vehicle, needed to be able to carry, looking at a command vehicle but found this truck and it was cheaper.

Councilor Harris I've heard you can get cars from the different impounded cars. **Chief Groth** replied seized vehicles, we have one car that came from a drug seizure. The Federal government has changed that program significantly.

C. PUBLIC COMMENT – 8:48 PM

Nancy Taylor, Sherwood Oregon

- This is my second time coming to these meetings
- In the real world we are all struggling, normal increases in our budgets are not that big
- One question I've heard none of you ask is If you had to lower your budget what would you cut
- Everyone is asking what more do you need I'm not sure the city can afford that, I'm not sure the citizens in the city can afford that
- The water cap measure passed by a resounding amount so you have to think about these things

Susan Danz, resident of Sherwood

- The Robin Hood Festival funding of \$10,000 is slated not to be allocated right now in this budget with the Community Enhancement Grant being offered as an alternative.
- We have determined eligibility for the grant, we also determined projects must be done between December 1, 2016 and June 30, 2017. We will apply but I want to point out that the 2016 festival is in July, before that date range and the 2017 summer event is after it. We can actively look for projects
- I want to encourage the budget committee to examine the Community Enhancement Grant
- The value of the Robin Hood Festival to the City in terms of publicity, this year we have been named in "50 things to do in Portland in the summer"
- There is tangible value to this festival.
- I urge a balanced approach.

Tony Bevel, Sherwood Resident.

- Curious about the increase on page 27 line number 6506, Books and Periodicals, it increases from \$250 to \$1,000
- \$31,000 in Library fines is hard for me to understand
- \$4000 for printing and ads for the Fieldhouse, line 6430. I haven't seen anything about the Fieldhouse, where is that money being spent.
- Bank fees, line 6471, \$47,600, City should investigate finding a new bank or putting a squeeze on the current bank.

D. COMMITTEE QUESTIONS

Susan Claus asked about the bank fees, **Cathy** replied credit card processing fees, cash handling bank fees. **Councilor Kuiper** asked is there no competition among banks for the City's business, **Cathy** replied what the volume of cash and the credit card processing fees it's not an abnormal expense.

Susan Claus when are we going to talk about the Robin Hood festival. **Chair McConnell** that will be next week.

Councilor Robinson I would like to know from Joe how he came to the amount for an SRO not being included in the budget, how did you come up with that number.

Councilor Brouse was there a conversation about a part time code compliance officer. **Joe** replied not yet.

Councilor Henderson I would like to inquire about the part time code compliance that would function out of planning and how the profit generated through court is allocated and do we have another Department that generates profit like that?

Councilor Kuiper I'm assuming we have a part time code compliance officer being funded now under Community Development? **Joe** replied it's the current way we operate with code enforcement, this year it's all in police department, we have proposed to change it to half Police and half Community Development.

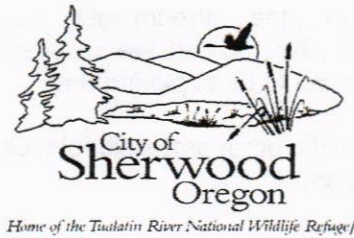
Vice Chair Meyer on page 4 on the reader's guide, the General Fund line that talks about revenues are unrestricted in use, in the appendix you identify what unrestricted revenue is. I would like to see a definition of restricted revenue in the appendix, I think it would be helpful to the Community.

Councilor Henderson on the Court revenue, is there anything that would disallow or discourage us from having some of that money allocated for specific purposes within the General Fund. **Cathy** responded no.

Councilor Robinson next week we are going over Enterprise Funds and fee increases, can you be prepared to answer that those fees meet what passed the ballot measure this week. **Joe** replied yes.

E. RECESSED at 9:05 pm until Thursday May 26, 2016 @ 6:00 pm, City Hall Community Room

Submitted by: Jean Macaulay, Administrative Assistant Minutes approved on:



SHERWOOD BUDGET COMMITTEE MEETING May 26, 2016 MINUTES

1. **CALL TO ORDER – Chair Andy McDonnell**, Chair McDonnell called to order the regular meeting of the Sherwood Budget Committee Meeting on May 26, 2016 at 6:02 pm.
2. **COMMITTEE MEMBERS AND COUNCIL PRESENT:** Mayor Clark, Council President Harris, Councilor Brouse, Councilor Kuiper, Councilor King, Chair Andy McDonnell, Amy Kutzkey, Paul Mayer, Susan Claus and Kurt Studer, and Andy Jensen.

Committee Member Kurt Studer arrived after Roll Call

Committee Member Andy Jensen left at 7:32 pm

Councilor Kuiper arrived after Roll Call

Councilor Henderson arrived at 8:17 pm

COMMITTEE MEMBERS ABSENT: Vice Chair Meerta Meyer

COMMITTEE MEMBERS CONFERENCED IN: Councilor Robinson

CITY STAFF PRESENT: City Manager Joe Gall, Assistant City Manager Tom Pessemier, Interim Finance Director Cathy Brucker, Public Works Director Craig Sheldon, City Engineer Bob Galati, Administrative Assistant II Jean Macaulay

3. NEW BUSINESS

A. REVIEW OF DEPARTMENTAL LINE ITEM INFORMATION (continued from 05/19/2016 meeting) Joseph Gall and Cathy Brucker

General Construction, Fund 3.

Susan Claus asked on Personnel services, there's not very much there, what is that? **Cathy** replied it's the allocations of various projects, as engineers work on various projects it is then allocated over through payroll to the project they worked on. **Susan Claus** asked what level is that, mainly managers or more operations. **Cathy** replied any level working on the project. **Susan** asked is that mostly an overage? **Cathy** replied the person would be housed in the engineer's budget but charged to general construction. **Councilor Kuiper** confirmed that the time is charged to the project and whatever fund the project goes to is where it is charged, correct? **Cathy** replied exactly.

Susan Claus asked the grant on line 4395, is this the same grant that we are talking about for Robin Hood? **Joe** replied correct, if Robin Hood applies for the grant, they have indicated they would, let's assume they apply for \$10,000 and they get their application in by June 3rd, on July 19th the committee which is the Council and Craig Dirksen, the Metro Commissioner will evaluate that request with the others. If they say yes to \$10,000 it will come out of this fund even though it's not a construction project, it's really for tracking the money.

Councilor Robinson asked does the restroom cost include the use of certain personnel from staff as we discussed at Council. **Joe** replied we discussed exploring the State Department of Corrections as a program; we would be exploring that.

Amy Kutzkey asked what is in the other professional technical services. **Cathy** we have \$175,000 for the Parks Master Plan update.

Street Operations, Fund 18

Craig reviewed the revenue and expenditures of this fund.

Susan Claus asked are the numbers for the street utility fee, street light fee and sidewalk fee are these net numbers after an administrative charge has been taken off of them or are these the gross numbers that come in on the bills? **Craig** replied it's what comes in on the bills. **Cathy** replied we have to show revenue and expenditures separately, **Susan Claus** clarified my question is to make sure that we are not taking an administrative fee or if we are? **Cathy** replied we are not.

Mayor Clark under the 6182 water purchases, the \$77,000 is that the estimate of what the city will owe the water fund for their use of water that we are now charging to use, how did you come up with that figure? **Craig** it comes right off the bill.

Paul Mayer asked on the overtime, is that for emergency services? **Craig** yes.

Susan Claus asked back on that administrative overhead reimbursement, what exactly is that? **Cathy** replied that's a calculation we use to allocate the admin across other departments because they are doing work that is spread across the City. **Susan Claus** asked how are you making that calculation, Is it a percentage off of another figure in here? **Cathy** replied it is, cost by various departments, we take all of the costs of the allocated departments and we add up all of the personnel service cost from the targeted departments, determine each department's percentage to the total on that.

Water Operations, Fund 5

Craig reviewed the Water Operations Fund.

Mayor Clark asked is the difference in the adopted and the proposed for this year is \$800,000? That is the conservative estimate of what we will be recovering that we were not before? **Joe** replied yes, assuming that it's not as hot this year.

Chair McConnell asked why is Meter Installation listed as a revenue item, **Craig** responded money comes in to pay for us to go out and install the meters.

Craig there is a double counting of \$75,000 for the telemetry. **Cathy** It's within the infrastructure summary, another \$75,000 came through as an upgrade to a Scada system. They both got listed so we are going to be able to deduct \$75,000 off of the infrastructure within the water operating system. **Chair McConnell** asked what does that change the bottom line for total expenditures after line 8001 and income loss, how do those numbers look after the adjustment? **Cathy** just the water fund, the total expenditure will be \$206,000 on infrastructure and the total for water will be \$5,034,221. **Chair McConnell** asked then the income loss line would increase by \$75,000? **Cathy** yes that will be \$102,079.

Chair Andy McConnell moves to reduce the water fund by \$75,000 for duplication of telemetry/Scada upgrades to account for the discussion we just had. **Councilor Kuiper** Seconds the motion, all votes Aye, Motion carries.

Sanitary Operations, Fund 6

Craig reviewed the Sanitary Operations fund.

Councilor Brouse what's the increase from the adopted 15/16 to the proposed 16/17 in line 4570? **Craig** that's the actual 2% increase.

Storm Operations, Fund 7

Craig reviewed the Storm Operations Fund.

Chair McConnell asked there is another \$100,000 in expenditures, is that put throughout or is there a specific line item that's up higher? **Craig** replied infrastructure went up by \$80,000 that is part of our paving projects, areas for storm system and water quality facilities that we are upgrading.

Paul Mayer asked under the street sweeping services, that's the drop of the contract to picking up the street sweeper we purchased? **Craig** responded that \$12,000 is in case the sweeper breaks down and we have to use an outside service for our monthly sweeping.

Susan Claus asked the other increase for the 4570, \$267,000 part of it is the CWS, what's the rest? Did you do a 2% increase on that? **Cathy** replied no just the CWS.

B. REVIEW CAPITAL PROJECTS FUNDS AND CAPITAL IMPROVEMENT PLAN – Joseph Gall and Cathy Brucker

Street Capital, Fund 19

Bob Galati reviewed the Street Capital Fund.

Susan Claus asked are these mostly contracts, do we pay PERS on the SDC contract **Bob** replied yes mostly contracts, no we don't pay PERS on SDC.

Susan Claus asked on the Langer Farms Parkway cross walk, how is it determined what is developer related and what is City related, **Bob** replied this was a decision made by Council that we would do this based on public comment, it can't be put on the Developer. **Susan Claus** that's part of the traffic study with DKS and the City correct? Did the study say it wasn't needed? **Bob** replied it wasn't a requirement imposed on the development because they had met the requirements for pedestrian access to the site.

Paul Mayer asked this crossing is going in due to the fatality accident, correct? **Mayor Clark** replied correct.

Councilor Harris stated DKS probably recommended two crossings for pedestrians, those were put in by the development. Because people are choosing not to use them we as a City are required to do this.

Councilor Kuiper added there is no way to anticipate how human behavior will change based on an addition to a development.

Chair McConnell stated this was a City Council decision to make this happen, the number that we are seeing in the budget is where the funding is coming from. This Budget Committee is not going to be able to remove the funding from the budget because this is coming from City Council, correct? **Joe** responded yes to my understanding.

Paul Mayer asked on line 4395 what is the \$158,000 miscellaneous intergovernmental? **Julia** replied Metro Construction Excise grants.

Chair McConnell asked on page 35 the total for 16/17 projects at \$263,346 but if we look at line 7620 on this fund that number is \$461,789 what is the difference? **Tom** responded that \$263,436 is included in that total number line 7620. There are also some other projects that aren't showing up in the capital portion.

Susan Claus asked on line 4601 there is a huge swing between previous years, the actual for 14/15 and the projection for this next budget. Is our process so long and arduous that it takes someone years before the money comes in or are we losing projects? **Tom** replied SDC credits for transportation are difficult to accurately predict, going forward we have spent a lot of time making sure this number is good and historically what we have seen, the \$1.8 million was an estimate.

Councilor Kuiper asked are some of these projects caught up on Community Development with permit. **Tom** replied no, the \$1.8 million is an estimate, it will come in gradually over time.

Amy Kutzkey asked you've identified there was an issue, you've addressed it and adjusted correct, **Bob** responded yes.

Kurt Studer asked do other governments have this type of fluctuation **Bob** replied it depends on the city.

Water Capital

Craig reviewed the Water Capital Fund.

Susan Claus asked on page 35 under the water, the resiliency plan, is that additional to our master plan, **Craig** replied no that is a separate document.

Susan Claus asked the new measurement that passed, how are we taking care of reserves or how are we addressing the measure, **Joe** replied the Council will be discussing how to implement that measure, nothing in this budget is affected by that measure.

Chair McConnell confirmed that if there is an impact it will be in next year's Budget Committee Meetings that we address those not this year, **Joe** responded correct.

Sanitary Capital

Bob reviewed the Sanitary Capital Fund.

Storm Capital

Bob reviewed the Storm Capital Fund.

Susan Claus on the 2nd and Park Street project, who designed that, **Tom** replied Harper Houf. **Susan Claus** asked is this contracted out, **Bob** replied yes, we will manage the contract to fix it.

Susan Claus asked on the SDC and TIF fees that come in do we take administrative overhead as those fees come in, **Cathy** responded a portion is allocated to admin, we can look at the percentage and get back to you.

Telecom Operations (Sherwood Broadband)

Brad reviewed the Telecom Operations Fund.

Chair McConnell asked we are increasing personnel services to hire the network engineer back on, **Brad** replied yes, there will be an offset in the General Fund.

Susan Claus asked are we doing that because of the contracting changes with PERS, **Brad** replied no this is a position we've had vacant for a year and a half now.

Councilor King asked is Sherwood Broadband making money for the city, **Brad** replied it's making money for Telecom Utility.

Paul Mayer asked will part of this Network Engineer position be involved in the Monument Project redevelopment. **Brad** they will be involved in it. **Paul Mayer** asked will that be part of the cost allocation, **Brad** replied no.

4. PUBLIC COMMENT

Kurt Kristensen – Sherwood Citizen

- I am worried about whether I can afford to live in Sherwood when I retire.
- I have managed projects of fairly good size, we don't spend money that we don't have. I am concerned on page 34 the balance of outstanding debt seems to be increasing fairly rapidly
- I'm concerned that we are being perhaps to helpful to developers by paying for and actually installing projects before they have paid their system development charges
- I would like to see more transparency on the receipts of the system development charges
- I would like to see an escrow account at a financial level where the public can see project by project and overall how much system development charges have been received
- My understanding is I don't think we are taking in in system development charges anywhere near what we are paying out in order to facilitate the developer's support system
- I am particularly concerned about the line items that show that we are preparing to go ahead with capital projects in Brookman when the voters said three times in a row that we don't want it
- I think there's going to be a lot of entertainment going on this summer if we get an application courtesy of Senate Bill 1573 that the Council will have to deal with
- I really appreciate the Capital Improvement Plan book and finally seeing some capital improvements on the east side of Sherwood, Oregon Street and Murdock
- I encourage you to look at how you can integrate planning working with the wetlands and the Federal Administrators at the roundabout at the end of Murdock

Susan Danz – Sherwood Citizen, Robin Hood Volunteer

- Thank you to everyone here, I think it would help a lot of citizens to sit out here and look at the complexity of what you are dealing with

- My background is a Bachelor's Degree in mathematics and a Master's Degree in Computer Science
- As a volunteer with the Robin Hood Festival I am responsible for working with the city in understanding the Grant process and what's available
- This year what we would be applying for by June 3rd, projects must be done between September 1st 2016 and June 30, 2017. For this application period and to abide by all the criteria precisely we would have to select things that are outside the date of the actual Robin Hood Summer Festival
- There is a stipulation that asks if you've applied for the Grant before, some communities give preference to someone who has not applied before. Depending on how Sherwood evaluates that it's important to consider for continuing funding
- I found a clause that says the project must not be used to replace any other readily available of Federal, State, Local or Regional funds, that is part of the eligibility criteria

Nancy Taylor – Sherwood Citizen

- On the budget this year you are pretty good at corporate welfare, I really consider the crossway between Target and Walmart to be corporate welfare
- I notice you are good at fixing mistakes, you are willing to pay to put the monuments in and now we have to take them out
- Something as much a heart of Sherwood as the Robin Hood Festival you cut out \$10,000, I think that's probably one of the lowest things I've seen

5. COMMITTEE DISCUSSION AND QUESTIONS

Susan Claus asked on the testimony that we received on the Robin Hood Festival item, do we agree with that, that if they apply for that fund that the summer festival 2016 and July 2017 would be excluded from that, **Joe** replied no, the \$10,000 they received for this fiscal year, they were never asked how they were going to spend that money. We have identified another source of money that is a more appropriate funding source versus the General Fund. We can change the rule on the stipulation of spending the money in the fiscal year. They can use the funds for next summer's festival.

Councilor Robinson stated I objected last year to the inclusion of \$10,000 in the budget, no one else in our city who received funds for free without any accounting whatsoever. The Chamber isn't given \$10,000, The Cruisin Sherwood isn't given \$10,000. Everybody in our city who wants to have an event pays for their own event. I don't think this particular festival, even as important as many people believe it is, is worth having our taxpayers pay \$10,000. There are a lot of other things in the budget that are cut that I believe we need more. I strongly oppose to bring in that \$10,000 back into the budget.

Councilor Kuiper asked on the fiscal year 2017 Community Enhancement Project application instructions, under general instructions bullet point 4, projects must be done between September 1, 2016 and June 30, 2017, is that a metro rule, **Joe** responded no, we made that rule and we can change it. **Councilor Kuiper** to respond to Councilor Robinson, the Chamber does have a hired employee that spends most of her time getting funding for Cruisin Sherwood. I have an inherent problem with a nationally recognized program like the Robin Hood Festival that most people see as the City of Sherwood Robin Hood Festival, if there is no partnering there it's really not the City of Sherwood Robin Hood Festival. There is a difference between using someone else's money and your own money to support an organization. **Councilor King** stated that Grant is not guaranteed, they have to fight for it every year. **Councilor Kuiper** replied it's not guaranteed but again you do have Council members that are on the Grant committee, however, as the monies shrink there's only going to be so much available and there's always going to be the possibility that

we will have one hundred well deserving organizations that are going to be vying for that \$80,000 or \$90,000.

Councilor Harris asked to clarify has the Robin Hood Festival been funded for this year, **Joe** replied yes, when we approved the \$10,000 a year ago in the budget. When they approved the check in October of 2015 there were no stipulations or questions asked on how or when the money would be spent, there is no accountability. **Councilor Kuiper** replied I think that can be rectified but I don't think it's the reason not to provide some support. Accountability is important and there should be accountability. **Councilor King** agreed. **Councilor Harris** I support putting it back into the budget, it is the theme of our town and seen as a Sherwood festival. I might be able to support a slow tapering of it so they can start to find other funds, cutting it out completely is not something I would support.

Kurt Studer asked can we consider if we fund them the \$10,000 then they apply for the Grant and if they receive the Grant, can those dollars then be placed back in the City budget.

Councilor Henderson as Joe mentioned this has been a topic for many years. The City partners with the Robin Hood Festival in many ways, through the Police and Public Works. We have talked about partnering with them to help them find other resources, after 60 years it does concern me that they still need \$10,000 of public taxpayer's dollars to make this festival happen. After 3 years nothing has changed, I was always an advocate for a slow tiered reduction but we continue to give them \$10,000. **Councilor Kuiper** replied they are reaching out and getting sponsors. I do recognize that the City provides a lot of in kind services to this festival as they do with other events. When Money Magazine wants to call and discuss Sherwood they call the Robin Hood Festival not the other events. Tiered reduction is something I'm a big proponent for.

Councilor Robinson I specifically said last year that we need to ask if we could give them less money. Joe has met with them and has told them they need to find other sources. To say we're just going to pay \$10,000 again when we've been talking to them isn't fair to anybody else in the City who has an organization.

Amy Kutzkey asked is there a reason we've never asked for an accounting, has it just been a free and clear gift, **Joe** replied I inherited this practice, it's an important festival. I never got direction from Council asking for accounting. If this Committee decides to put some money back into the budget I would encourage that there be some accounting for these funds. We've identified the Metro dollars as a good compromise, a source of public dollars through a Grant program versus General Fund dollars. **Amy** replied if they did get the money this year and accounted for the money going forward it would help give us the necessary information.

Councilor Brouse stated an alternative thought process, Cruisin Sherwood went through this process and had the same reaction. The Chamber and Cruisin members found another way, they created a sustainable future for Cruisin by looking at the vendor structure, creating a cost for the vendors to be there and created a sponsorship structure. Yes the Chamber has a paid employee, but they haven't always had one. Robin Hood Festival is wonderful, they do a tremendous job, I think they have a bright future ahead of them. It's time to help them help themselves to figure out what a sustainable future looks like.

Susan Claus commented we have funds in the General Fund that are unrestricted and are revenue sharing, \$210,000 not property tax associated money. It's not necessarily that that would be coming out of property taxes. \$10,000 out of that is hardly anything for a promotional festival. That group is putting in thousands of volunteer hours on behalf of the promotion of the City of Sherwood. We are proposing to put in \$210,000 into the Arts Center just for this year. This to me is a long standing festival both Winter and Robin Hood. Do we want to forego the parade and

Santa Claus? It's simple to get an accounting of the funds. If I would like to make a motion for us to put it in the budget.

Mayor Clark stated I'm hearing a lot of the same thing, the Robin Hood Festival is super important, it is valuable, beloved, something that is noticed on a national level. We want to support that, also I'm hearing we have alternate funding for that, there's a pot of money here so that we don't deplete our general fund. It seems it's the piece of uncertainty of the funding that's the issue, if we solve this then we can solve this problem. How do we answer that certainty question Joe? **Joe** replied Susan suggested it is a small amount of money, there is money, and we are \$47,000 to the good and say we want an accounting of how and when you will use the money. We would still be balanced, there's certainty there.

Councilor Kuiper I've talked about mission, sustainability, volunteering, we need to get to that point where we can have a meeting, get the group on a path.

Susan Claus stated I move that we include \$10,000 in the upcoming budget for the Robin Hood Festival Association, with the proviso that they give proper accounting to the city manager and also that the Council sees the accounting and that if the funding that they are going to be requesting through the Metro Grant process if that comes through at the same time, that money supersedes the money from the budget and it remains in our budget. That is the motion if they don't get the grant they need the money, at least as a failsafe keep the \$10,000. **Mayor Clark** – Seconded the motion

Chair McConnell – call for a discussion

Councilor Henderson - we made similar motions in the past and there was no follow up or accountability. **Councilor Kuiper** that was what I was going to amend the motion. The amendment on the motion would be that the Robin Hood Festival would basically come up with an accounting and a plan for being accountable and monetarily sustainable. **Mayor Clark** that's too big of an ask right now. **Susan Claus** – they need the money and so we are back at the same motion. **Chair McConnell**– The term proper accountability could be interpreted in different ways and would have to be up to the city council to determine what that proper accountability is. We could leave it here and have City Council determine that at a later meeting and we could authorize the \$10,000 in the budget and recommend to City Council that they define that later. I don't think this committee can define what proper accountability is. **Mayor Clark** – I think for purposes of the small amount of money that we are talking about I think that its fine and I call the question.

Chair McConnell – called for a vote

Aye votes:

Councilor Harris, Mayor Clark, Councilor Kuiper, Councilor King, Amy Kutzkey, Kurt Studer, Susan Claus, Paul Mayer.

Nay Votes:

Councilor Robinson, Councilor Brouse, Councilor Henderson, Chair McConnell

Chair McConnell stated the vote is 8 Aye to 4 Nay, the motion passes based on that we will be amending the \$10,000 as moved.

Councilor Robinson made a motion to remove the funding for the half time Librarian, remove the additional hours for the Library Assistant and add back in the other half of the code enforcement officer. **Mayor Clark** asked for clarification on the ability to use the funds we received from the Washington County passed measure which funds the additional library items on other things, correct? **Councilor Robinson** stated it's my understanding from the discussion we had from Adrienne was that only a certain percentage of that funding for the library comes from that increase and because the percentage is so low, it doesn't cover 90 or 100% of that position. So I don't think that we are limited by that funding source. There's more than enough that the City contributes by way of general fund to fund that position. **Councilor Henderson** stated Adrienne said 64% comes from the City, 26% from the levy, the levy was a 3% increase over 5 years. **Joe** replied in talking with the library staff, they don't come back and do an accounting of how are you spending the money but there's obviously an increase that the voters said yes to besides renewing the levy they increased the levy. We are getting more money from the county, as I had said I told my Department Heads don't ask for positions because there's not the revenue except for the library because the voters said we want more library services. This is a small increase in library personnel, not significant and that in my opinion is supported by what the voters said. We are getting more library money in the levy, we should be spending it in the library not in other areas of need like code enforcement.

Chair McConnell called for a Second, no one seconded, and the Motion fails.

Councilor Henderson stated I would like to make a motion to take that \$37,189 and ask Joe to award that money to Community Development to hire a part time Code Compliance Officer in the amount of approximately \$31,352 a year. That position would report to Community Development. No change to the Evidence Technician position. **Councilor King** seconded the motion.

Chair McConnell – call for discussion

Councilor Brouse asked could we do a part time Youth Services Librarian, still providing that extra service and still providing the extra class offerings to meet the needs of the grant that was received and then use some of those funds to fund the part time Code Enforcement position. **Joe** replied I don't think there's enough money leftover in the library to fund this. If you want to have a part time position solely in Community Development, solely dedicated to code enforcement we can do it in the budget, we are still above the 20% requirement. **Councilor Kuiper** stated so we are adding \$31,000 to the planning department but then reducing \$40,000 to the planning department for what looks like the same position? **Mayor Clark** to clarify Councilor Henderson's motion is to add a half time position in the Community Development area for a Code Compliance. I am 100 percent against adding staff, our citizens have sent us a very solid, strong message and that is we need to keep to a budget. We are not going to be increasing fees more than 2% in our future, it has passed. I would love to have more code enforcement officers, I would love to have more library staff above what we are adding, but the more that we add the more PERS we are incurring in our future and the more liability we are going to have. We are currently going through some possible cost saving measures, we had our police staffing study and it came back and recommended that we look into contracting with Washington County for our very, very quiet late night service and they're going to be bringing back a proposal. With that we might end up having cost savings and the ability to hire staff without increasing the budget. That is what I would like to see. **Susan Claus** stated I agree with the Mayor, my point is we are down to the very last dollars that are unaccounted for in this budget. There is a lot of estimation, to me this does not make budgetary sense on many levels, one is that PERS liability. I don't think we can do it and stretch it that far. **Councilor Robinson** asked is the motion that we are going to take the half time position that is already built into Community Development and increase it by another half. **Chair McConnell** stated we are proposing to add budget in so that Community Development doesn't have to share that position with the Police Department. The Police Department will then have the Evidence position go back up to full time. We are adding the funding so

that we don't have to split the person between the two departments. **Councilor Robinson** stated I whole heartedly support that position, I think it's a problem, we hear about it at every election and it's an ongoing debate. We have ordinances in our city that are passed by the Council that are not enforced. **Joe** responded to clarify, Councilor Henderson your intent with this motion is to take the current funding for the half time code compliance officer out of planning and put it back in the Police Department so there is a full time Evidence Technician position at the Police Department. Then to add funding to Community Development to add a new half time Code Compliance Officer reporting to Julia and Brad Kilby doing solely code enforcement, is that correct? **Councilor Henderson** replied Yes. **Mayor Clark** stated so the actual add is to the Police budget which in our Police Staffing study we received a report from an independent consultant that our Police staff are inactive 69 percent of the time and you are proposing that we add to that budget.

Chair McConnell – call for a vote, all those in favor

Aye votes:

Councilor Kuiper, Amy Kutzkey, Chair Andy McConnell, Kurt Studer, Councilor King, Councilor Henderson, Councilor Brouse, Councilor Robinson

Nay Votes:

Councilor Harris, Mayor Clark, Susan Claus, Paul Mayer

Chair McConnell – the vote is 8 Aye to 4 Nay, the Motion passes.

6. APPROVE CITY OF SHERWOOD FY2016-17 PROPOSED BUDGET AND TAX RATE

Kurt Studer I move to approve the proposed 2016-2017 City of Sherwood Budget including the prior approved motions to amend. I also move that the Sherwood Budget Committee approve taxes for the 2016-2017 Fiscal year of \$3.2975 per \$1,000 of assessed value for operating purposes and \$935,865 for bond debt levy. **Councilor Henderson** Seconded the motion.

Chair McConnell call to vote

Aye votes:

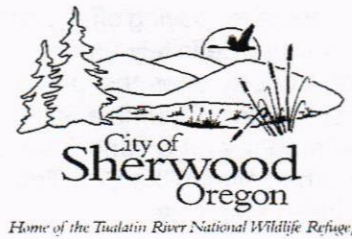
Councilor Kuiper, Amy Kutzkey, Chair Andy McConnell, Kurt Studer, Councilor King, Councilor Henderson, Councilor Brouse, Councilor Robinson

Nay Votes:

Councilor Harris, Mayor Clark, Susan Claus, Paul Mayer

Chair McConnell – the vote is 8 Aye to 4 Nay, the Motion passes.

7. ADJOURN TO URA BUDGET MEETING at 9:30 pm



SHERWOOD URA BUDGET COMMITTEE MEETING May 26, 2016 MINUTES

1. **CALL TO ORDER – Chair Andy McDonnell**, Chair McDonnell called to order the regular meeting of the Sherwood Budget Committee Meeting on May 26, 2016 at 9:32 pm.
2. **COMMITTEE MEMBERS AND COUNCIL PRESENT:** Mayor Clark, Council President Harris, Councilor Brouse, Councilor Kuiper, Councilor King, Chair Andy McDonnell, Amy Kutzkey, Paul Mayer, Susan Claus and Kurt Studer

COMMITTEE MEMBERS ABSENT: Vice Chair Meerta Meyer, Councilor Robinson, Andy Jensen

CITY STAFF PRESENT: City Manager Joe Gall, Assistant City Manager Tom Pessemier, Interim Finance Director Cathy Brucker, Administrative Assistant II Jean Macaulay

3. NEW BUSINESS

A. RECEIVE BUDGET MESSAGE

Tom Pessemier Reviewed the URA Budget Message & the Urban Renewal Overview

4. PUBLIC COMMENT FOR SHERWOOD URBAN RENEWAL AGENCY

No Public Comment Requests

5. COMMITTEE DISCUSSION

Susan Claus asked what Greater Portland Inc. Tom replied it is the Regional Economic Development Consortium. They do business retention and expansion, we pay 1/10th of a membership that we share with other small cities.

Councilor Henderson asked on line 6920 Admin Overhead Reimbursement, can you explain that. **Tom** replied it's based on a straight percentage **Councilor Henderson** replied that's your overhead charge bases on wages and salaries.

Councilor Brouse asked would something like the Robin Hood Festival fit into this budget. **Tom** replied no, the general function of the URA is to remove blight, with the exception of some economic development that are related to capital.

Councilor Henderson asked in the past when we funded Main Street. **Tom** Main Street is a group in Old Town where the blight is, the goal of Main Street is to bring businesses in and bring private development alongside to remove blight.

Susan Claus asked are we still on course for paying off everything and finishing up the Urban Renewal District or are we off. **Tom** replied we are definitely on course to pay off the Urban Renewal District. **Susan** asked how many pieces of property does the URA own **Tom** replied we have properties on Main St, Sherwood Blvd, Cannery properties, Columbia St, Former Robin Hood Theater lots, 1st Street, the parking lot on Railroad and the property on 3rd and Pine. **Susan** asked when the Urban Renewal District ends some of those will be turned over to the City. **Tom** replied at the end of the Urban Renewal District ends everything will transition to the City.

Councilor Henderson asked at the end of this year what will be the ending fund balance for capital projects outside of façade grants, outside of the expenses we incur for your time **Tom** replied that's not included in this, it gets calculated into the maximum indebtedness. By law we are fixed at a maximum amount of money that we can expend which is a little over \$45,000,000. **Councilor Henderson** asked the monuments that are coming out, is that coming out of the General Capital Fund. **Tom** replied it's coming out of URA line 7620 together with the parking lot and the community center.

6. APPROVE SHERWOOD URBAN RENEWAL AGENCY FY2016-17 PROPOSED BUDGET AND TAX RATE

Councilor Kuiper Motioned to approve the proposed 2016-2017 Sherwood Urban Renewal District Budget and to approve taxes for the 2016-2017 fiscal year of \$3,871,240 for operating purposes. **Councilor Harris** seconded the motion.

Chair McConnell called for a vote

Aye votes 11

Nay votes 0

Chair McConnell stated the Motion passes

7. ADJOURN THE URA BUDGET COMMITTEE MEETING AT 9:49 PM



Annual Boards & Commissions Report to City Council Budget Committee

**City Council Work Session
Community Room at Sherwood City Hall
22560 SW Pine Street, Sherwood, Oregon
Tuesday, December 6, 2016 at 6:00 pm**

1. What are your two or three most significant accomplishments for this past year as a board or commission?

- A.
- B.
- C.

2. What are your two or three major goals for the upcoming year as a board or commission?

- A.
- B.
- C.



Annual Boards & Commissions Report to City Council
Budget Committee

City Council Work Session
Community Room at Sherwood City Hall
22560 SW Pine Street, Sherwood, Oregon
December 15, 2015 at 6:00 pm

1. What are your two or three most significant accomplishments for this past year as a board or commission?
 - A. More transparency in the budget review process
 - B. High level of participation especially with 9 of 14 members being new to the committee
 - C. A successful transition of 9 new budget committee members
 - D. Reestablished quarterly meetings

2. What are your two or three major goals for the upcoming year as a board or commission?
 - A. Addressing and reviewing financial policies
 - B. Further exploration of a biennial budget
 - C. Increase transparency by providing project and program level detail in the next budget process

Year To Date Financials Through October 2016

Fund	Beginning Balance	Revenues and other sources			Expenditures and other uses			Ending Balance
		Budget	YTD Actual	% Collected	Budget	YTD Actual	% Expended	
Administration		9,050,507	801,046	9%	2,701,005	1,001,802	37%	
Community Development		909,236	159,743	18%	1,493,906	437,974	29%	
Police		78,082	36,250	46%	3,582,698	1,078,199	30%	
Community Services		1,265,294	92,561	7%	1,872,563	550,614	29%	
Public Works		431,184	24,318	6%	2,426,605	616,305	25%	
Total General Fund	\$ 3,161,686	\$ 11,734,303	\$ 1,113,918	9%	\$ 12,076,777	\$ 3,684,894	31%	\$ 590,710
Streets operating	2,166,298	1,735,065	527,144	30%	2,111,409	577,642	27%	2,115,800
Streets capital	2,666,521	717,785	131,589	18%	776,414	101,918	13%	2,696,192
General construction	1,524,412	656,253	55,545	8%	1,579,788	265,820	17%	1,314,137
Water ops	9,533,034	5,601,997	2,520,980	45%	5,059,254	906,414	18%	11,147,600
Sanitary ops	3,227,588	756,654	209,165	28%	980,737	263,185	27%	3,173,568
Storm ops	3,069,420	2,343,458	567,334	24%	2,159,337	375,636	17%	3,261,118
Telecom	279,214	470,060	124,796	27%	403,729	53,414	13%	350,596
URA	1,384,041	3,990,015	11,675	0%	3,636,763	73,703	2%	1,322,013
Total City Wide	\$ 27,012,214	\$ 28,005,590	\$ 5,262,147	19%	\$ 28,784,208	\$ 6,302,627	22%	\$ 25,971,734

CITY OF SHERWOOD

Sherwood, Oregon

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Property taxes	\$ 5,310,700	\$ 5,310,700	\$ 5,402,898	\$ 92,198
Franchise fees	1,851,200	1,851,200	1,923,494	72,294
Intergovernmental	1,815,916	1,815,916	1,914,839	98,923
Charges for services	854,933	854,933	1,021,906	166,973
Infrastructure development fees	335,575	335,575	139,558	(196,017)
Fines and forfeitures	1,100,000	1,100,000	1,226,410	126,410
Interest	20,300	20,300	25,932	5,632
Miscellaneous	248,314	248,314	254,801	6,487
TOTAL REVENUES	11,536,938	11,536,938	11,909,838	372,900
EXPENDITURES:				
Administration	2,845,384	2,845,384	2,741,803	103,581
Community development	1,539,441	1,589,441	1,587,474	1,967
Public safety	3,687,830	3,687,830	3,628,537	59,293
Community services	1,717,367	1,727,367	1,704,173	23,194
Public works	2,286,981	2,226,981	1,984,834	242,147
Contingency	576,847	576,847	-	576,847
TOTAL EXPENDITURES	12,653,850	12,653,850	11,646,821	1,007,029
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,116,912)	(1,116,912)	263,017	1,379,929
OTHER FINANCING SOURCES & (USES):				
Transfers in	84,870	84,870	84,870	-
Transfers out	(143,000)	(143,000)	(156,653)	(13,653)
Interfund loan payments	179,874	179,874	179,874	-
Sale of fixed assets	-	-	13,061	13,061
TOTAL OTHER FINANCING USES	121,744	121,744	121,152	(592)
NET CHANGE IN FUND BALANCE	(995,168)	(995,168)	384,169	1,379,337
FUND BALANCE - beginning	3,109,754	3,109,754	2,777,517	(332,237)
FUND BALANCE - end of year	\$ 2,114,586	\$ 2,114,586	\$ 3,161,686	\$ 1,047,100

CITY OF SHERWOOD
Sherwood, Oregon

STREET OPERATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budget			
	Original	Final	Actual	Variance
REVENUES:				
Intergovernmental	\$ 1,140,000	\$ 1,140,000	\$ 1,197,666	\$ 57,666
Charges for services	576,000	576,000	597,983	21,983
Infrastructure development fees	-	-	4,861	4,861
Interest	8,000	8,000	12,563	4,563
Miscellaneous	-	-	1,001	1,001
TOTAL REVENUES	1,724,000	1,724,000	1,814,074	90,074
EXPENDITURES:				
Personnel services	384,605	384,605	328,555	56,050
Materials and services	1,760,074	1,760,074	867,754	892,320
Capital outlay	65,000	65,000	178,385	(113,385)
Contingency	86,200	86,200	-	86,200
TOTAL EXPENDITURES	2,295,879	2,295,879	1,374,694	921,185
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(571,879)	(571,879)	439,380	1,011,259
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	1,270	1,270
Transfers out	(18,859)	(18,859)	(18,859)	-
TOTAL OTHER FINANCING SOURCES (USES)	(18,859)	(18,859)	(17,589)	1,270
NET CHANGE IN FUND BALANCE	(590,738)	(590,738)	421,791	1,012,529
FUND BALANCE - beginning	1,141,998	1,141,998	1,744,507	602,509
FUND BALANCE, end of year	\$ 551,260	\$ 551,260	\$ 2,166,298	\$ 1,615,038

CITY OF SHERWOOD

Sherwood, Oregon

**DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Property taxes	\$ 897,582	\$ 897,582	\$ 874,077	\$ (23,505)
Interest	-	-	2,117	2,117
TOTAL REVENUES	<u>897,582</u>	<u>897,582</u>	<u>876,194</u>	<u>(21,388)</u>
EXPENDITURES:				
Debt service	899,219	899,219	899,219	-
Reserve for future expenditure	-	-	-	-
TOTAL EXPENDITURES	<u>899,219</u>	<u>899,219</u>	<u>899,219</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,637)	(1,637)	(23,025)	(21,388)
FUND BALANCE - beginning	1,637	1,637	(10,615)	(12,252)
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (33,640)</u>	<u>\$ (33,640)</u>

CITY OF SHERWOOD

Sherwood, Oregon

GENERAL CONSTRUCTION FUND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Franchises and fees			\$ 54,858	\$ 54,858
Intergovernmental	\$ 70,000	\$ 70,000	74,543	4,543
Charges for services	16,000	16,000	19,719	3,719
Infrastructure development fees	785,000	785,000	652,115	(132,885)
Interest and other	8,000	8,000	7,582	(418)
TOTAL REVENUES	879,000	879,000	808,817	(70,183)
EXPENDITURES:				
Personnel services	90,619	90,619	83,844	6,775
Materials and services	333,211	333,211	137,309	195,902
Capital outlay	1,859,531	1,859,531	406,749	1,452,782
Debt service	47,537	47,537	47,536	1
Contingency	-	-	-	-
TOTAL EXPENDITURES	2,330,898	2,330,898	675,438	1,655,460
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,451,898)	(1,451,898)	133,379	1,585,278
OTHER FINANCING SOURCES (USES):				
Transfers in	793,000	793,000	230,204	(562,796)
NET CHANGE IN FUND BALANCE	(658,898)	(658,898)	363,583	1,022,481
FUND BALANCE - beginning	1,142,410	1,142,410	1,160,829	18,419
FUND BALANCE, end of year	\$ 483,512	\$ 483,512	\$ 1,524,412	\$ 1,040,900

CITY OF SHERWOOD

Sherwood, Oregon

WATER FUND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget			
	Original	Final	Actual	Variance
REVENUES:				
Charges for services	\$ 4,304,000	\$ 4,304,000	\$ 5,314,365	1,010,365
Infrastructure development fees	1,014,300	1,014,300	670,457	(343,843)
Interest	40,000	40,000	56,719	16,719
TOTAL REVENUES	<u>5,358,300</u>	<u>5,358,300</u>	<u>6,041,541</u>	<u>683,241</u>
EXPENDITURES:				
Operations	5,539,386	5,539,386	4,896,757	642,629
Capital	265,405	265,405	27,198	238,207
Contingency	369,159	369,159	-	369,159
TOTAL EXPENDITURES	<u>6,173,950</u>	<u>6,173,950</u>	<u>4,923,955</u>	<u>1,249,995</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(815,650)</u>	<u>(815,650)</u>	<u>1,117,586</u>	<u>1,933,236</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(20,975)	(20,975)	(20,975)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(20,975)</u>	<u>(20,975)</u>	<u>(20,975)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(836,625)</u>	<u>(836,625)</u>	<u>1,096,611</u>	<u>1,933,236</u>
FUND BALANCE - beginning as originally stated	<u>7,918,805</u>	<u>7,918,805</u>	<u>8,126,416</u>	<u>207,611</u>
Cumulative effect of restated fund balance	-	-	310,007	310,007
FUND BALANCE - beginning as restated	<u>7,918,805</u>	<u>7,918,805</u>	<u>8,436,423</u>	<u>517,618</u>
FUND BALANCE, end of year	<u><u>\$ 7,082,180</u></u>	<u><u>\$ 7,082,180</u></u>	<u><u>\$ 9,533,034</u></u>	<u><u>\$ 2,450,854</u></u>

CITY OF SHERWOOD
Sherwood, Oregon

SEWER FUND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget			
	Original	Final	Actual	Variance
REVENUES:				
Intergovernmental	\$ 40,000	\$ 40,000	\$ -	\$ (40,000)
Charges for services	590,800	590,800	618,813	28,013
Infrastructure development fees	334,200	334,200	53,071	(281,129)
Interest and other	14,000	14,000	23,939	9,939
TOTAL REVENUES	<u>979,000</u>	<u>979,000</u>	<u>695,823</u>	<u>(283,177)</u>
EXPENDITURES:				
Operations	590,431	590,431	505,759	84,672
Capital	443,832	443,832	153,991	289,841
Contingency	29,815	29,815	-	29,815
TOTAL EXPENDITURES	<u>1,064,078</u>	<u>1,064,078</u>	<u>659,750</u>	<u>404,328</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(85,078)</u>	<u>(85,078)</u>	<u>36,073</u>	<u>121,151</u>
OTHER FINANCING SOURCES (USES):				
Sale of fixed assets	-	-	-	-
Transfers out	(22,268)	(22,268)	(22,268)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(22,268)</u>	<u>(22,268)</u>	<u>(22,268)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(107,346)</u>	<u>(107,346)</u>	<u>13,805</u>	<u>121,151</u>
FUND BALANCE - beginning as originally stated	<u>3,218,004</u>	<u>3,218,004</u>	<u>3,187,183</u>	<u>(30,821)</u>
Cumulative effect of restated fund balance	-	-	26,600	26,600
FUND BALANCE - beginning as restated	<u>3,218,004</u>	<u>3,218,004</u>	<u>3,213,783</u>	<u>(4,221)</u>
FUND BALANCE, end of year	<u>\$ 3,110,658</u>	<u>\$ 3,110,658</u>	<u>\$ 3,227,588</u>	<u>\$ 116,930</u>

CITY OF SHERWOOD
Sherwood, Oregon

STORM FUND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Charges for services	\$ 1,662,000	\$ 1,662,000	\$ 1,744,234	\$ 82,234
Infrastructure development fees	92,100	92,100	32,527	(59,573)
Interest and other	12,500	12,500	19,300	6,800
				-
TOTAL REVENUES	<u>1,766,600</u>	<u>1,766,600</u>	<u>1,796,061</u>	<u>29,461</u>
EXPENDITURES:				
Operations	1,263,351	1,263,351	978,148	285,203
Capital	866,129	866,129	679,180	186,949
Contingency	112,903	112,903	-	112,903
TOTAL EXPENDITURES	<u>2,242,383</u>	<u>2,242,383</u>	<u>1,657,328</u>	<u>585,055</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(475,783)</u>	<u>(475,783)</u>	<u>138,733</u>	<u>614,516</u>
OTHER FINANCING SOURCES (USES):				
Sale of fixed assets	-	-	220,739	220,739
Transfers out	(22,768)	(22,768)	(22,768)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(22,768)</u>	<u>(22,768)</u>	<u>197,971</u>	<u>220,739</u>
NET CHANGE IN FUND BALANCE	<u>(498,551)</u>	<u>(498,551)</u>	<u>336,704</u>	<u>835,255</u>
FUND BALANCE - beginning as originally stated	<u>1,992,830</u>	<u>1,992,830</u>	<u>2,669,166</u>	<u>676,336</u>
Cumulative effect of restated fund balance	-	-	63,550	63,550
FUND BALANCE - beginning as restated	<u>1,992,830</u>	<u>1,992,830</u>	<u>2,732,716</u>	<u>739,886</u>
FUND BALANCE , end of year	<u>\$ 1,494,279</u>	<u>\$ 1,494,279</u>	<u>\$ 3,069,420</u>	<u>\$ 1,575,141</u>

CITY OF SHERWOOD

Sherwood, Oregon

**TELECOMMUNICATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Charges for services	\$ 470,238	\$ 470,238	\$ 523,819	\$ 53,581
Interest	400	400	1,432	1,032
TOTAL REVENUES	<u>470,638</u>	<u>470,638</u>	<u>525,251</u>	<u>54,613</u>
EXPENDITURES:				
Personnel services	45,369	45,369	18,075	27,294
Materials and services	210,263	210,263	188,714	21,549
Capital outlay	55,000	55,000	21,930	33,070
Debt service	180,774	180,774	180,774	-
Contingency	23,532	23,532	-	23,532
TOTAL EXPENDITURES	<u>514,938</u>	<u>514,938</u>	<u>409,493</u>	<u>105,445</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(44,300)</u>	<u>(44,300)</u>	<u>115,758</u>	<u>160,058</u>
FUND BALANCE - beginning as originally stated	<u>102,598</u>	<u>102,598</u>	<u>163,456</u>	<u>60,858</u>
Cumulative effect of restated fund balance	-	-	-	-
FUND BALANCE - beginning as restated	<u>102,598</u>	<u>102,598</u>	<u>163,456</u>	<u>60,858</u>
FUND BALANCE, end of year	<u>\$ 58,298</u>	<u>\$ 58,298</u>	<u>\$ 279,214</u>	<u>\$ 220,916</u>

CITY OF SHERWOOD

Sherwood, Oregon

URBAN RENEWAL OPERATIONS

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budget</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
Property taxes	\$ 3,585,535	\$ 3,585,535	\$ 1,714,544	\$ (1,870,991)
Fines, interest and other	18,000	18,000	21,687	3,687
TOTAL REVENUES	<u>3,603,535</u>	<u>3,603,535</u>	<u>1,736,231</u>	<u>(1,867,304)</u>
EXPENDITURES:				
Personnel services	105,719	105,719	103,388	2,331
Materials and services	172,400	142,400	81,428	60,972
Capital outlay	475,000	375,000	67,269	307,731
Debt service	1,589,605	1,719,605	1,719,366	239
Contingency	180,177	180,177	-	180,177
TOTAL EXPENDITURES	<u>2,522,901</u>	<u>2,522,901</u>	<u>1,971,451</u>	<u>551,449</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,080,634</u>	<u>1,080,634</u>	<u>(235,220)</u>	<u>(1,315,854)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Proceeds from sale of capital assets	150,000	150,000	-	(150,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>
NET CHANGE IN FUND BALANCE	1,230,634	1,230,634	(235,220)	(1,465,854)
FUND BALANCE - beginning	<u>1,950,180</u>	<u>1,950,180</u>	<u>1,619,261</u>	<u>(330,919)</u>
FUND BALANCE - end of year	<u>\$ 3,180,814</u>	<u>\$ 3,180,814</u>	<u>\$ 1,384,041</u>	<u>\$ (1,796,773)</u>

Financial Policy Changes requested November 2015

Items **bolded and underlined** below are suggested additions to the financial policies.

Items crossed out ~~xxx~~ are suggested removals from the financial policies.

Policy 3 – Revenue

- #6 – During the budget process, the Sherwood City Council will identify those programs which are to be supported in whole **or in part** by cost recovery and ensure that revenue collections reflect the cost of providing associated services by adjusting fees accordingly.

Policy 5 – Revenue Constraints and Fund Balance

- Other considerations
 - Fund Balance – Unrestricted fund balance is the sum of Committed, Assigned and Unassigned fund balance in any individual fund. In the General Fund, the City will maintain an Unrestricted fund balance of at least ~~ten percent~~ **10%** of fund revenue and ~~will strive to increase that amount by 1.5% annually to a goal of 20%~~ **and strive to maintain 20%.**

November 15, 2016

ATTENDANCE SHEET

NAME _____

ADDRESS

PHONE[illegible]



SHERWOOD BUDGET COMMITTEE MEETING

November 15, 2016 Minutes

1. CALL TO ORDER – Chair Andy McConnell, called to order the regular meeting of the SHERWOOD BUDGET COMMITTEE MEETING at 6:04 pm on November 15, 2016.

2. Roll Call – Katie Henry

3. COMMITTEE MEMBERS AND COUNCIL PRESENT: Council President Harris, Councilor Brouse, Councilor King, Councilor Kuiper, Chair Andy McConnell, Vice Chair Meerta Meyer, Amy Kutzkey, Paul Mayer

COMMITTEE MEMBERS LATE: Kurt Studer arrived at 6:05 pm, Councilor Brouse arrived at 6:15 pm, Andy Jensen arrived at 6:35 pm and left at 7:30 pm.

COMMITTEE MEMBERS ABSENT: Mayor Clark, Councilor Robinson, Susan Claus

CITY STAFF PRESENT: City Manager Joe Gall, Assistant City Manager Tom Pessemier, Finance Director Katie Henry, Administrative Assistant II Jean Macaulay

4. APPROVE MAY 12, 2016 CITY OF SHERWOOD BUDGET COMMITTEE MINUTES
APPROVE MAY 19, 2016 CITY OF SHERWOOD BUDGET COMMITTEE MINUTES
APPROVE MAY 26, 2016 CITY OF SHERWOOD BUDGET COMMITTEE MINUTES
APPROVE MAY 26, 2016 CITY OF SHERWOOD URA BUDGET COMMITTEE MINUTES

Meerta Meyer motioned to approve all minutes as provided, Seconded by **Paul Mayer**. Minutes approved by all in attendance at the time of approval, Councilor Brouse and Andy Jenkins were not present at that time.

5. INTRODUCE NEW FINANCE DIRECTOR, KATIE HENRY

Joe Gall introduced Katie Henry the new Finance Director for the City of Sherwood. Katie Henry shared her previous experience in various Finance positions in the State of Washington.

6. NEW BUSINESS

A. Prepare the Budget Committee Annual Report for City Council (Exhibit A) – Katie Henry – Katie reviewed the report from the previous year, the Committee identified that the goals from the previous year were met:

The goals achieved by this year's committee are:

- A. Reviewed and proposed changes to the Financial Policies
- B. Explored the biennial budget process and sought community support through the electoral process.
- C. Increased transparency by providing project and program level detail in the budget process

The goals for the upcoming year are:

- A. Exploration of the City's contribution to and participation in community events, both cash and in kind.
- B. Review financial audit findings and discuss resolution.
- C. Explore a 5 year plan for both revenue and expenses to help identify key projects and provide more context for citizen involvement.

B. Year to Date Financial Update through October (Exhibit B) – Katie Henry

Katie reviewed the Year to Date Financials chart, Exhibit B. With 33% of the year completed, the percent of expenditures is 31%, right on target of where we want to be. On the Revenue side we are at 9%, we anticipate the big influx of property tax between November 15th and November 30th from the County. Meerta Meyer asked can we comingle funds within the same bank account. Katie answered yes as long as you account for the funds separately.

C. 2016 Budget to Actual Reports (Exhibit C) – Katie Henry

Katie reviewed the Budget to Actuals Reports, Exhibit C. This is what was adopted in the Budget. On the revenue side you will see we brought in \$372,900 more than what we budgeted to bring in. On the expenditure side we spent \$1,007,029 less than we had anticipated. We projected to spend down our fund balance by \$1,000,000, we actually went up by about \$400,000. There are several reasons why: one is careful management from our staff, we budgeted \$500,000 in contingency and did not use it. There were also savings in Public Works' project management. Kurt Studer asked would those expenses be incurred down the road. Katie replied some of them will be, like resurfacing of roads etc. Joe Gall gave an example: we had the water main break on Willow, causing the road and pavement to go up, Craig Sheldon said this is over the \$25,000 we have budgeted for this type of event, this one is probably going to be in the \$100,000 range. Council will have to move some money around in January to take care of that project. Councilor Henderson and Joe Gall asked where we are at percentage wise with the 20% "Rainy Day Fund" goal. Katie replied we are at 27%.

Katie reviewed the Debt Service fund's negative ending balance. This fund accounts for property taxes received on the tax bond levies and then the payment of the debt. The way in which it was budgeted did not take into account any delinquent property taxes. In order to make the fund whole we need to transfer funds from the General Fund to the Debt Service fund. She intends on including that in the supplemental budget proposal in January.

Tom Pessemier reviewed the Urban Renewal Operations and discussed the error in calculating the tax increment that we wanted to collect from the County. We only collected about half of the taxes that the Urban Renewal Agency should have. No one in the City is charged additional taxes, their tax bill stays the same. It is proportionately reallocated to the different taxing districts like TVF&R, the State got extra money for the school district, City of Sherwood, Washington County. We chose to continue to do the calculations and get the maximum amount of taxes that we can, this will probably extend the district by about 6 months. Our projections are showing that the URA will be closing down in calendar year 2022.

D. PERS Update – Katie Henry

Katie discussed that the City will be looking at an average increase of about 3.5% over what it was this year. It's about \$230,000 more for the General Fund, \$85,000 of that is Police. Katie agreed to send the committee the actual PERS rates.

E. Financial Policy Changes in the FY 16-17 Adopted Budget (Exhibit D) – Katie Henry

Katie reviewed the Financial Policy Changes, Exhibit D. Katie asked the committee if this was an accurate representation of the changes the committee was asking for. If it is we will bring a Resolution to Council to update the Financial Policies. The Committee agreed that it is.

7. Finance Departmental Updates:

A. Financial Software Conversion

- We have done a lot of revamping on our software update, our goal is still to implement by January 1. Katie has the team working on project and tasks lists to see if it's truly reasonable to do this by that deadline. We are making a plan to see when we can truly implement and have it go smoothly.

B. Audit Firm

- We've worked with TKW for quite a while, the goal would be to go out to bid as soon as this audit is done, hoping to get an RFP out in January. Joe Gall stated this is a Council decision, they will evaluate the options.

C. Financial Institution – Banking

- Possible RFP for banking, we want to make sure that what we have is the best product for the City. Items to review include getting a decent return for any money that has to sit in the bank, purchase cards, and security. We want proposals from several different banks. Hopefully in the spring, it's not urgent but necessary. Joe Gall it's good to see who is out there, it's a staff decision not a council decision.

8. **ADJOURN** – Councilor King motioned to adjourn, Councilor Henderson seconded, meeting adjourned at 7:52 pm

Submitted by: Jean Macaulay, Administrative Assistant Minutes approved on: 5/11/2017