

MINUTES
Budget Committee Meeting
November 15, 2018

The meeting was called to order at 6:02 p.m. by Vice Chair Clay Moorhead.

Present were Councilors Cate Arnold, Lacey Beaty, Mark Fagin (by telephone), and Marc San Soucie, and Members Allen Dawson, Jose Galindez, and Clay Moorhead. Councilor Betty Bode and Members Bill Kanable and Laura Mitchell were excused. Also present were Mayor Dennis Doyle; Patrick O'Claire, Finance Director; Dave Waffle, Assistant Finance Director; Susan Cole, Assistant Finance Director; Abigail Elder, Mayor's Office Director; Glenn Ferdman, Library Director; Bill Kirby, City Attorney, David Donaldson, Public Works Director; Joanne Harrington, Budget Coordinator; and Peter Wong, Valley Times Reporter.

MINUTES

Councilor Arnold MOVED/SECONDED by Member Galindez to approve the minutes of April 24, May 17, 21, and 24, 2018, meetings. Councilor San Soucie pointed out a typo in the May 17th minutes. The typo was corrected. The motion CARRIED (7:0).

REVIEW OF LAST YEAR'S FINANCIAL OPERATIONS

Vice Chair Moorhead turned the meeting over to Mr. O'Claire.

Mr. O'Claire stated that there was a quorum of the Budget Committee present.

Mr. O'Claire distributed Proposed Amendment packet number 1 for Supplemental Budget S-19-1 and gave a brief background of the amendments.

Mr. O'Claire discussed the financial results of last year's operations.

Mr. O'Claire asked if there were questions on Schedule 1, Summary Schedule of Fiscal Year 2017-18 Operating Results and adjustments to FY 2018-19 Beginning Fund Balances and Contingencies. He explained the decrease to the Beginning Fund Balance for the Building Fund, and said it was due to the timing of the revenues that were expected to come in from South Cooper Mountain, but there was a delay in the development.

Mr. O'Claire reviewed Schedule 2, Schedule of Revenues and Expenditures By Fund, FY 2017-18 Estimated Compared to Actual.

Mr. O'Claire reviewed Schedule 3, Schedule of General Contingency Accounts From Adopted Budget Through Supplemental S-19-1.

Mr. O'Claire reviewed Schedule 4, Schedule of General Contingency Accounts As a Percentage of Annual Expenditures.

Mr. O'Claire reviewed Schedule 5, Schedule of Reserved or Dedicated Contingency Accounts From Adopted Budget Through Supplemental S-19-1.

Councilor Fagin asked if there was a reason for so many Engineering projects being delayed.

Mr. O'Claire said they were not delayed. He explained that a consulting firm was hired to help with the water withdrawals from TVWD and it was a \$3 million contract and it covers a 4 to 5 year contract project. However, the entire amount was budgeted in FY 2018-19, so the budget was adjusted to reflect the estimated amount that will be expended in FY 2018-19.

Mr. O'Claire reviewed Schedule 6, Narrative of Dedicated Contingency and Reserves for FY 2018-19 Budget Through Supplemental S-19-1.

Mr. O'Claire reviewed Schedule 7, Changes to FY 2018-19 Adopted Budget By Major Category From Transfer Resolutions, Special Purpose Grant Resolutions and Supplemental Budget S-19-1.

REVIEW OF CURRENT YEAR FINANCIAL INFORMATION

Mr. O'Claire discussed Handout 1, Summary Schedule of Fund Balances Revenues and Expenditures FY 2001-02 to FY 2018-19 including Supplemental S-19-1 for the General, Street, Building, Library, Street Lighting and TLT Operating Funds.

Mr. O'Claire reviewed Handout 2, Schedule of Business License Fee Revenues. He said the local economy has improved based on the increase in Business License revenues.

Mr. O'Claire reviewed Handout 3, Schedule of State Gas Tax Receipts. He said this reflects the new 4 cent gas tax that was approved and went into effect on January 1, 2018, and in January 2020 there will be another 2 cent increase. He said for this last year concluded, the State Gas Tax came in a little bit lower than they had originally planned for which he thinks is due to a timing issue. There was discussion regarding the Gas Tax distribution that is based on population.

Mr. O'Claire reviewed Handout 4, Schedule of County Vehicle Registration Fees. He said this is a new revenue source for the Street Fund and it is coming in on target.

Mr. O'Claire reviewed Handout 5, Schedule of Building Permit Fees, Revenue Collection Analysis. He said the results from last year came in a little under what they had estimated. He said the Building Official is confident that coming up in the spring, Building Permit revenue will increase and be on target for FY 2018-19.

Mr. O'Claire reviewed Handout 6, Water Consumption Revenues Analysis Through October 31, 2018. He said consumption this year compared to the same time last year is up about 2.21 % and Water Consumption Revenue is up by about 5%. Mr. Waffle explained the progress of the withdrawal of areas from TVWD to the City.

Mr. O'Claire reviewed Handout 7, Schedule of Active Water Meter Accounts by Meter Size FY 2012 to FY 2017.

Mr. O'Claire reviewed Handout 8, Schedule of Water Fund's Annual Debt Service Coverage (FY 2005 to FY 2017 Actuals, FY 2018 Pre-Audit Actuals, and FY 2019 Adopted and Supplemental Budget). He said the reason the Debt Service Coverage Ratio increased considerably from FY 2017 to FY 2018 is due to the termination of the 2004 and 2006 Water Bonds.

Mr. O'Claire distributed and then reviewed the Schedule of Additional PERS Contributions Over the Base Biennium - FY 2013-14 to FY 2014-15 To the Next Biennium - FY 2019-20 to FY 2020-22. He said the PERS Board has established the PERS rates for the next biennium and the projected increase for Beaverton for FY 2020-21 based on interim actuarial valuation as of December 31, 2017, is \$4,685,500 which is \$915,530 less than projected.

For the FY 2019-20 to FY 2020-21 Biennium, the actual rates are:

- 27.45% for Tier 1 and Tier 2
- 18.45% for OPSRP General
- 23.08% for OPSRP Police.

Mr. O'Claire expressed concern for the City's exposure to fund Tier 1 and Tier 2 future benefits based on a declining salary base which funds it. He said that he expects there to be a surcharge for the OPSRP contributions the future.

There was discussion regarding the increasing PERS costs.

Mr. O'Claire said about 2.2% of salaries is going into the PERS Reserve account.

Mr. O'Claire reviewed the Schedule of Taxes Assessed, Levy Rates and Assessed Valuations for FY 2018-19. He said the actual taxable assessed value of the city is \$9,976,307,000. He said the rate levied for FY 2018-19 is \$4.2205, and the future levy growth is \$ 0.3975 based on the City's Permanent Rate of \$4.6180.

Mr. O'Claire reviewed the Schedule of Court Fine Revenues Paid to the General Fund Regular, Photo Radar and Photo Red Light. He said the Photo Radar fine revenue is down because the photo radar vans were not in service due to the changing of vendors and the delivery of new vehicles. The photo radar vans were back in service on November 12. He said Photo Red Light fine revenue is down also due to changing vendors, but is slowly increasing. He said regular citation and fine revenue is down, but parking fine revenue is significantly increased.

Mr. O'Claire explained the changes to the red light cameras and the implementation of Speed on Green citations.

Mayor Doyle asked what amount the City receives from a levied fine.

Mr. O'Claire said the City retains about \$92 of a \$260 citation if the fine is not reduced. He said that he will provide more accurate information regarding the fine revenue at the pre-meeting for the FY 2019-20 budget.

Member Galindez requested that at the budget pre-meeting the Committee be provided statistics showing the number of citations issued to Beaverton residents versus non-residents.

Mr. O'Claire said that due to compression, the City lost \$1.06.

REVIEW OF SUPPLEMENTAL BUDGET S-19-1

The following proposed amendments to the supplemental budget were distributed earlier in the meeting:

PROPOSED AMENDMENTS TO FY 2018-19 SUPPLEMENTAL BUDGET (S-19-1) **S-19-1 Amendment Packet No. 1:**

1. Capital Development Fund - Public Safety Center Construction Program:

Correction to Request Number 2532 - Adjustment for rounding error on carryover of unspent appropriation from FY 2017-18 to FY 2018-19.

Account No.	Account Title	FY 2018-19 Supplemental Amendment
301-70-3521-683	Construction Design and Engineering	<\$1>
301-70-3521-991	Contingency -Unreserved	\$1

2. General Fund - General Contingency and Reserve for Privilege Tax

Adjust the balance of the Privilege Tax Reserve Contingency Account based on the actual collections and uses from FY 2017-18's operations.

Account No.	Account Title	FY 2018-19 Supplemental Amendment
001-13-0003-980	Privilege Tax Contingency Reserve	<\$26,571>
001-13-0003-991	General Contingency	\$26,571

3. General Fund - Grant Revenue and Associated Grant Expenses for the 8-SOBR Program

Record carryover of unspent grant revenue from the State of Oregon's Criminal Justice Commission and the associated appropriations in the State Criminal Justice B-SOBR Grant Program 0574.

Account No.	Account Title	FY 2018-19 Supplemental Amendment
001-03-0000-554	Grants State CJC B-SOBR	\$167,456
001-45-0574-103	Police Officer Salary (Overtime)	\$8,800
001-45-0574-281	DUII Court Coordinator Salary	\$1,000
001-45-0574-299	Payroll Taxes and Fringe Benefits	\$970
001-45-0574-301	Office Expense	\$1,162
001-45-0574-304	Department Equipment Expense	\$10,800
001-45-0574-307	Membership Fees	\$1,500
001-45-0574-317	Computer Equipment	\$2,000
001-45-0574-321	Travel and Training	\$11,264
001-45-0574-461	Special Expense	\$1,400
001-45-0574-511	Professional Services	<\$13,500>
001-45-0574-452	B-SOBR Participant Drug Screens	\$102,019
001-45-0574-453	B-SOBR Participant Treatment Services	\$8,000
001-45-0574-454	B -SOBR Treatment Providers	\$11,403
001-45-0574-455	B-SOBR Participant Assistance	\$19,780
001-13-0000-991	General Fund Contingency	\$858

4. General Fund - Human Resources

Remove Supplemental Budget Request Number 2419 - \$15,100 Additional appropriation in Materials and Services - Computer Software for Neo-Gov On Boarding software subscription which includes set up, implementation and training. This appropriation is not needed during FY 2018-19 as this vendor recently acquired the Highline Corporation who also provides the City's payroll system that has its own new employee on-boarding software module. City and Neo-Gov staff will determine the best on-boarding system to use after the two companies complete their merger and integration.

**FY 2018-19
 Supplemental
 Amendment**

Account No.	Account Title	
001-45-0534-318	Computer Software	<\$15, 100>
001-13-0003-991	General Contingency	\$15,100

5. Capital Development Fund - Public Safety Center Construction Program .3509

Appropriate funding from General Contingency Account for the Public Safety Center Construction Program to fund the recently awarded \$36,200,759 Guaranteed Maximum Price contract for the building's construction and the 1% for Art Acquisition expense of \$362,008 associated with the project.

**FY 2018-19
 Supplemental
 Amendment**

Account No.	Account Title	
301-70-3509-620	1% for the Art Acquisition	\$362,008
301-70-3509-682	Construction	\$16,201,657
301-70-3509-991	Public Safety Center Program General Contingency	<\$16,563,665>

6. General Fund - The Griffith Building Program

Re-appropriate funding from the Building Maintenance account for the Griffith Building Program to the Professional Services account funding the recently awarded \$71,012 Security Services contract award associated with the project to improve, the Griffith Building and increase security for visitors and personnel.

**FY 2018-19
 Supplemental
 Amendment**

Account No.	Account Title	
001-13-0008-511	Professional Services	\$71,012
001-13-0008-384	Building Maintenance	<\$71,012>

Mr. O'Claire reviewed the proposed amendment packets and said he would answer any questions regarding the amendments.

Vice Chair Moorhead then conducted a review of the Transmittal Memo for Supplemental Budget S-19-1 page by page.

Member Dawson asked about page 2, number 10 of the Transmittal Memo regarding Willamette Intake Facility Project - Program 3643 and that he could not locate it in the CIP.

Mr. O'Claire said two new programs were created - Program 3643 and Program 3645 - to track the Willamette Water Supply project. He said the funds for these programs were transferred from existing appropriations in Program 3620.

Regarding Request Number 2392, Councilor Beaty asked if an HR Director had been hired yet.

Mr. O'Claire said the HR Director position has not been filled.

After completing the page by page review of the Transmittal Memo, Vice Chair Moorhead called for a motion to approve Supplemental Budget S-19-1 as submitted.

Vice Chair Moorhead asked for information regarding an advanced warning system for earthquakes (Request 2483).

Mr. O'Claire said that he would find out and send a response to all of the Committee members with the information.

Councilor Arnold commented that there are a couple of requests (Request numbers 2496 and 3625) in the Water Construction Fund reducing the appropriation for the Cooper Mountain area, and asked if it meant that development in that area is moving more slowly than anticipated.

Mr. O'Claire said the requests more appropriately reflect the actual expenditures anticipated for FY 2018-19.

Regarding the Willamette Intake Facility Project, Member Dawson asked if multiple cities were participating in its funding.

Mr. O'Claire said Beaverton is responsible for about 4.07% of the total cost of the construction of the Willamette Intake Facility which is based on the percentage of our participation of 5 mgd. He said the major members are the Tualatin Valley Water District and the City of Hillsboro.

Councilor San Soucie said the City of Sherwood and the City of Wilsonville are currently using the intake facility, and the project that Beaverton is participating in is to expand the intake facility.

Regarding Requests 2506, 2507, 2512, 2530, and 2532, Vice Chair Moorhead asked for an explanation of pre-development services.

Mr. O'Claire said that Request 2506 and 2507 are directly related to the pre-development program to hire an architect to determine the potential for redevelopment of a specific area in Beaverton. He said Requests 2512, 2530 and 2532 have to do with the Tenant Improvement Program which are grant funds that are on a matching basis for businesses to improve their store fronts.

Member Galindez commented regarding Request Number 2558, a carryover of unspent funds for the Menlo Drive sidewalk project.

Councilor San Soucie said the funding for the Menlo Drive sidewalk will be spent, but there has been a delay with the project related to trees.

Councilor San Soucie MOVED/SECONDED by Councilor Beaty to approve the Supplemental Budget S-19-1 as submitted. The Chair called for discussion.

Vice Chair Moorhead recognized that there was one amendment packet to Supplemental Budget S-19-1 so the Chair entertained a motion to approve Amendment Packet No. 1 as submitted by the Finance Director.

Councilor San Soucie MOVED/SECONDED by Member Galindez to approve the amendments in Amendment Packet No. 1 to Supplemental Budget S-19-1. Vice Chair Moorhead called for discussion. The Chair then called for a vote to approve Amendment Packet No. 1. The motion CARRIED.

Vice Chair Moorhead called for a vote on the main motion as amended by Amendment Packet No. 1, and that the Supplemental Budget S-19-1 as Amended be forwarded to the City Council for approval at a Special Council Meeting. The motion CARRIED.

At 8:05 p.m., Vice Chair Moorhead then turned the gavel over to Mayor Doyle to conduct a Special Council Meeting.

Mayor Doyle convened the City Council for a Special Council Meeting at 8:05 p.m. All City Councilors were present except Councilor Fagin who was on the telephone, and Councilor Bode who was excused.

Mayor Doyle opened the public hearing regarding Supplemental Budget S-19-1 at 8:06 p.m.

No one was present to speak. The Mayor closed the public hearing at 8:06 p.m.

Councilor Beaty MOVED and it was SECONDED by Councilor San Soucie to adopt the Supplemental Budget S-19-1 and the amendments as presented. The motion CARRIED.

There being no further business to discuss the Mayor adjourned the Special Council Meeting at 8:07 p.m.

Mr. O'Claire introduced Susan Cole who was hired as the Assistant Finance Director. He said Dave Waffle is transitioning into retirement.

The Budget Chair then called for any other business of the Budget Committee. Hearing none, the Chair adjourned the Budget Committee at 8:09 p.m.

Recorded by
Joanne Harrington

APPROVED BY Jose Galindez, Secretary