



MINUTES  
Budget Committee Meeting  
November 14, 2019

**The meeting was called to order at 6:00 p.m. by Chair Jose Galindez.**

Present were Councilors Cate Arnold, Lacey Beaty, Mark Fagin (by phone until arriving at the meeting at 6:19 p.m.), Laura Mitchell (by telephone) and Marc San Soucie, and Members Tiffany Burton, John Dugger, Jose Galindez, Renu Kamath (alternate member), and Bill Kanable. Member Clay Moorhead was excused. Also present were Mayor Dennis Doyle; Patrick O'Claire, Finance Director; Susan Cole, Assistant Finance Director; Bill Kirby, City Attorney, Cheryl Twete, Community Development Department Director; Matthew Rawls, Support Specialist 2; and Peter Wong, Valley Times Reporter.

**MINUTES**

Member Kanable MOVED/SECONDED by Councilor Arnold to approve the minutes of April 23, May 13, 16, and 23, 2019, meetings. The motion CARRIED (9:0).

**REVIEW OF LAST YEAR'S FINANCIAL OPERATIONS**

Chair Galindez turned the meeting over to Mr. O'Claire.

Mr. O'Claire said the supplemental budget is larger than usual due to additional detail that has been implemented into the budget and accounting system. The Capital Project entries now include a new detail to account for the projects by the CIP Project Number rather than program.

Mr. O'Claire said there is one new position requested which is a Program Coordinator for Equity Procurement in the Purchasing Program. He said this program has operated with two staff members since 1996.

Mr. O'Claire distributed Proposed Amendment packets number 1, 2 and 3 for Supplemental Budget S-20-1 and gave a brief background of the amendments.

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

Mr. O'Claire reviewed Schedule 1, Summary Schedule of Fiscal Year 2018-19 Operating Results and adjustments to FY 2019-20 Beginning Fund Balances and Contingencies.

Mr. O'Claire reviewed Schedule 2, Schedule of Revenues and Expenditures By Fund, FY 2018-19 Estimated Compared to Actual. He said the Capital Development Fund has the largest underspent amount of \$11.1 million for the Public Safety Center which will be carried forward to FY 2019-20.

Mr. O'Claire reviewed Schedule 3, Schedule of General Contingency Accounts From Adopted Budget Through Supplemental S-20-1.

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-20-1.

Mr. O'Claire reviewed Schedule 6, Narrative of Dedicated Contingency and Reserves for FY 2019-20 Budget Through Supplemental S-20-1.

Mr. O'Claire reviewed Schedule 7, Changes to FY 2019-20 Adopted Budget By Major Category From Transfer Resolutions, Special Purpose Grant Resolutions and Supplemental Budget S-20-1.

Mr. O'Claire reviewed The Schedule of FY 2018-19 Actuals Fund Balance or Account Balance Target Performance to the City's Fund Balance Policy. He explained that the Library Fund, Storm Drain Fund (Surcharge), and the Insurance Agency Fund – General Liability Operating Program did not meet the recommended fund or account balance target.

## **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 2019-20 including Supplemental S-20-1 for the General, Street, Building, Library, Street Lighting and TLT Operating Funds.

Mr. O'Claire reviewed Handout 2, Schedule of Taxes Assessed, Levy Rates, and Assessed Valuations FY 2019-20. Mr. O'Claire said the city's actual assessed valuation is higher than was estimated in the budget, and due to this increase it will receive an additional \$476,750 in property taxes.

Mr. O'Claire reviewed Handout 3, Schedule of Business License Fee Revenues. He said the Business License revenues continue to grow.

Mr. O'Claire reviewed Handout 4, Schedule of State Gas Tax Receipts. He said the State Gas Tax revenue is about \$36,000 under what it was this time last year, but this is not a concern. He said due to the fuel efficient cars, this will probably continue to trend down. He said effective January 2020 there will be another 2 cent increase in the statewide gas tax and the final 2 cent increase to the gas tax will be effective January 2022.

Mr. O'Claire reviewed Handout 5, Schedule of County Vehicle Registration Fees. He said this fee was enacted last year. He said the fees are up about \$54,000 from this time last year.

Mr. O'Claire reviewed Handout 6, Schedule of County Gas Tax Receipts. He said the County established a 1 cent gas tax county-wide which is distributed based on a city's population in relation to the population of all of Washington County. Beaverton's distribution of the county gas tax has increased about \$10,000 from last year.

Mr. O'Claire reviewed Handout 7, Schedule of Building Permit Fees Revenue Collection Analysis. He said the Building Permit Fees Revenue is up by about \$234,000 from last year at this time.

Mr. O'Claire reviewed Handout 8, Water Consumption Revenues Analysis Through September 30, 2019. He said there is an increase of CCF consumption to date, but it includes the Tualatin Valley Water District (TVWD) customers that have been brought into the city. He said consumption has slightly decreased this year to date when compared to last year mainly due to the wet weather experienced in September.

Mr. O'Claire reviewed Handout 9, Schedule of Active Water Meter Accounts by Meter Size FY 2012 to FY 2020. He said 89% of the meter users are residential users.

Mr. O'Claire reviewed Handout 10, Schedule of Water Fund's Annual Debt Service Coverage (FY 2005 to FY 2018 Actuals, FY 2019 Pre-Audit Actuals, and FY 2020 Adopted and Supplemental Budget). He said the current Debt Service Coverage Ratio is 3.35 which means for every dollar of debt service coverage, there is \$3.35 in net revenues to pay debt. He said the minimum Debt Service Coverage Ratio that we need to maintain is 1.25. He anticipates they will issue more debt in March due to the lower interest rates for about \$35 - \$40 million for various water projects.

Ms. Cole explained that they prepared a model of a 30-year financial plan for the future water debt related to WIFIA to ensure that the Debt Service Coverage Ratio stays above \$1.25.

Mr. O’Claire reviewed Handout 11 the PERS Reserve Account Contribution History from FY 2003-04 to FY 2010-11 Ending Balances are recorded in each fund’s balance sheet.

**REVIEW OF SUPPLEMENTAL BUDGET S-20-1**

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

**PROPOSED AMENDMENTS TO FY 2019-20 SUPPLEMENTAL BUDGET (S-20-1)**

**S-20-1 Amendment Packet No. 1:**

**1. Information Systems Fund:**

Carry over \$16,019 unspent FY 2018-19 MACC Grant funding and re-appropriate in FY 2019-20.

<b>Account No.</b>	<b>Account Title</b>	<b>FY 2019-20 Supplemental Amendment</b>
603-30-0712-671	Equipment	\$16,019
603-30-0712-991	ISD Contingency –Unreserved	<\$16,019>

**2. Water Fund:**

Transfer \$185,000 from CIP 4120 Taralynn Waterline Improvements Construction and move to CIP 4117 Washington Ave Waterline for Engineering Design and Construction. Construction on CIP 4117 has been moved up to Winter/Spring 2020 and construction on CIP 4120 has been delayed until June 2020.

<b>Account No.</b>	<b>Account Title</b>	<b>FY 2019-20 Supplemental Amendment</b>
501-75-3701-682	Construction (CIP Project 4120)	<\$185,000>
501-75-3701-682	Construction (CIP Project 4117)	\$165,000
501-75-3701-683	Construction Design & Engr (CIP Project 4117)	\$20,000

**3. General Fund – Revenues:**

Record additional Right of Way Fees from Frontier for back payment of the fee increase from 4.03% to 7.0% of dial tone revenue for the period July 1, 2017 to March 31, 2019. Since April 2019, Frontier has paid the ROW Fees at 7.0%.

<b>Account No.</b>	<b>Account Title</b>	<b>FY 2019-20 Supplemental Amendment</b>
001-03-0000-316	Right of Way Fees – Frontier	\$146,140
001-13-0003-991	General Fund Contingency	\$146,140

**4. General Fund - Mayors Office Programs – Cultural Inclusion Program and Community Development Department – Economic Development Division:**

Revise Supplemental Budget Request Number 2794 by transferring the appropriation from the Mayor's Office Program's Cultural Inclusion Program 0526 to the Community Development Department's Economic Development Division Program 0654. Request Number 2794 was to provide funding for the First Winter Market which is a collaboration between Cultural Inclusion and Economic Development to promote MWESB community.

<b>Account No.</b>	<b>Account Title</b>	<b>FY 2019-20 Supplemental Amendment</b>
001-10-0526-325	Community Events Expense	<\$17,500>
001-70-0654-325	Community Events Expense	\$17,500

**5. General Fund – Mayors Office Programs - Emergency Management Program:**

Increase Supplemental Budget Request Number 2690 by \$51 to cover the title and registration fees that had not been included in the Supplemental Budget Request for the purchase of the drop deck trailer which transports the 9 barriers for events and activities.

<b>Account No.</b>	<b>Account Title</b>	<b>FY 2019-20 Supplemental Amendment</b>
001-10-0635-670	Rolling Stock	\$51
001-13-0003-991	General Fund Contingency	<\$51>

**6. General Fund – Non Departmental – Contingency Reserve Right of Way Future Use Account:**

Record the increase to the Contingency Reserve Right of Way Future Use Account based on the results for last year's operation; actual revenues received less actual expenditures on authorized projects.

<b>Account No.</b>	<b>Account Title</b>	<b>FY 2019-20 Supplemental Amendment</b>
001-13-0003-980	Contingency Reserve ROW Future Use	\$129,949
001-13-0003-991	General Fund Contingency	<\$129,949>

**7. BURA General Fund:**

Record adjustment to the Beginning Working Capital entry for General Ledger posting error. The monthly rent revenue from Curiosities for July 2019 was inadvertently recorded in FY 2018-19.

<b>Account No.</b>	<b>Account Title</b>	<b>FY 2019-20 Supplemental Amendment</b>
901-03-0000-301	Beginning Working Capital	<\$7,525>
901-95-0691-991	BURA Contingency	<\$7,525>

**8. General Fund and Capital Development Fund - Property Acquisition Program:**

Reduce the General Fund's transfer to the Property Acquisition Program in the Capital Development Fund. The land acquisition program received an early full loan payoff on the land sale contract for the Rise at Old Town; therefore, the transfer from the General Fund can be reduced by a like amount while retaining a \$1 Million appropriation for land purchases that may occur during the year.

<b>Account No.</b>	<b>Account Title</b>	<b>FY 2019-20 Supplemental Amendment</b>
001-13-0003-815	Transfer to Capital Development Fund	<\$200,418>
001-13-0003-991	Contingency	\$200,418
301-03-3513-411	Transfer from General Fund	<\$200,418>
301-70-3513-651	Property Acquisition	<\$200,418>

**S-20-1 Amendment Packet No. 2:**

**9. General Fund and Capital Development Fund – PacWest Gas Station Demolition And Plaza Construction:**

Record additional revenues and expenditures to fund the demolition of the Shell Gas Station and construction of a plaza gateway funded by a Transfer from the General Fund Contingency and/or ROW Fee Future Use Reserve Account

**Capital Development Fund – Project 3523**

<b>Account No.</b>	<b>Account Title</b>	<b>FY 2019-20 Supplemental Amendment</b>
<b>Revenues:</b>		
301-03-3523-328	State of Oregon Grants	\$35,000
301-03-3523-399	Reimbursements	\$16,525
301-03-3523-411	Transfer In From the General Fund	\$1,631,178
<b>Expenditures</b>		
301-70-3523-651	Property Acquisition	\$71,000
301-70-3523-653	Building Demolition	\$39,900
301-70-3523-654	Site Soil Remediation	\$50,000
301-70-3523-682	Construction	\$942,862
301-70-3523-683	Construction Design and Engineering Services	\$578,941

**General Fund Option – 1: 100% Funded by General Contingency**

<b>Account No.</b>	<b>Account Title</b>	<b>FY 2019-20 Supplemental Amendment</b>
<b>Revenues:</b>		
001-13-0003-815	Transfer Out to the Capital Development Fund	\$1,631,178
001-13-0003-991	General Fund - General Contingency Account	<\$1,631,178>

**General Fund Option – 2: 50% Funded by General Contingency and ROW Fee Future Use Reserve Account**

<b>Account No.</b>	<b>Account Title</b>	<b>FY 2019-20 Supplemental Amendment</b>
Revenues:		
001-13-0003-815	Transfer Out to the Capital Development Fund	\$1,631,178
001-13-0003-980	General Fund – ROW Fee Future Use Account	<\$815,589>
001-13-0003-991	General Fund - General Contingency Account	<\$815,589>

**General Fund Option – 3: 100 Funded by ROW Fee Future Use Reserve Account**

<b>Account No.</b>	<b>Account Title</b>	<b>FY 2019-20 Supplemental Amendment</b>
Revenues:		
001-13-0003-815	Transfer Out to the Capital Development Fund	\$1,631,178
001-13-0003-980	General Fund – ROW Fee Future Use Account	<\$1,631,178>

**S-20-1 Amendment Packet No. 3:**

**10. BURA General Fund, Debt Service Fund and Program and Activities Fund:**

Record additional revenue from land sales Beaverton Bank Property \$100,000 which reduces the amount of the “Day Light Loan” proceeds needed for the fiscal year

<b>Account No.</b>	<b>Account Title</b>	<b>FY 2019-20 Supplemental Amendment</b>
903-03-0000-382	Proceeds From Sale of City or BURA Property	\$100,000
903-03-0000-453	Loan From City of Beaverton’s General Fund	<\$100,000>
901-25-0691-839	Transfer Out to BURA Debt Service Fund	<\$100,000>
901-95-0691-991	Contingency	\$100,000
904-03-0000-444	Transfer In From BURA General Fund	<\$100,000>
904-95-0693-748	Repay Short Term Loan From City of Beaverton	<\$100,000>

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

Chair Galindez then conducted a review of the Transmittal Memo for Supplemental Budget S-20-1 page by page.

Regarding Request Number 2711, Councilor San Soucie asked that there be an update provided to the City Council about the status to incorporate the Friends of the Library retail operation into the main library.

Council Fagin said there has been ongoing discussion about this with the Library Board.

Regarding Request Number 2734, Councilor San Soucie asked Ms. Twete to provide more information.

Ms. Twete explained the circumstances concerning the Health Technology Collaborative (HTC) which is located at the Beaverton Building.

Regarding Request Number 2793, Councilor San Soucie asked under what circumstances the City will begin to explore the use of electric vehicles as opposed to gasoline powered vehicles.

Mr. O'Claire said the Fleet Manager recently asked him about doing a vehicle swap between departments which would enable the purchase of an electric vehicle.

After completing the page by page review of the Transmittal Memo, Chair Galindez called for a motion to approve Supplemental Budget S-20-1 as submitted.

Councilor Arnold MOVED/SECONDED by Member Dugger to approve the Supplemental Budget S-20-1 as submitted. The Chair called for discussion.

Chair Galindez recognized that there was an Amendment packet Number 1 to Supplemental Budget S-20-1 so the Chair entertained a motion to approve Amendment Packet No. 1 as submitted by the Finance Director.

Member Kanable MOVED/SECONDED by Councilor San Soucie to approve the amendments in Amendment Packet Number 1 to Supplemental Budget S-20-1. Chair Galindez called for discussion.

Regarding item #3 of Amendment Packet Number 1, Member Dugger asked if the 7% of dial tone revenue is being passed on to those who have a phone line.

Mr. O'Claire said he believes a portion of the 7% fee is being passed on to those who have a phone line.

The Chair then called for a vote to approve Amendment Packet Number 1. The motion CARRIED.

Chair Galindez recognized that there was an Amendment packet Number 2 to Supplemental Budget S-20-1 so the Chair entertained a motion to approve Amendment Packet No. 2 as submitted by the Finance Director.

Councilor Arnold MOVED/SECONDED by Member Kanable to approve the amendments in Amendment Packet Number 2 to Supplemental Budget S-20-1. Chair Galindez called for discussion.

There was discussion regarding the various options of Amendment Packet Number 2.

Member Kanable MOVED/SECONDED by Councilor Beaty to choose Option 1 of Amendment Packet Number 2. Chair Galindez called for discussion. The Chair called for a vote. The motion CARRIED.

The Chair called for a vote on Amendment Packet Number 2 as amended with Option 1. The motion CARRIED.

Chair Galindez recognized that there was an Amendment packet Number 3 to Supplemental Budget S-20-1 so the Chair entertained a motion to approve Amendment Packet No. 3 as submitted by the Finance Director.

Councilor San Soucie MOVED/SECONDED by Councilor Fagin to approve the amendments in Amendment Packet Number 3 to Supplemental Budget S-20-1. Chair Galindez called for discussion. The motion CARRIED.

Chair Galindez called for a vote on the main motion as amended by Amendment Packet No. 1, 2 (with Option 1 100% Funded by the General Fund's General Contingency Account), and 3, and that the Supplemental Budget S-20-1 as Amended be forwarded to the City Council for approval at a Special Council Meeting. The motion CARRIED.

At 7:36 p.m., Chair Galindez 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 7:36 p.m. All City Councilors were present.

Mayor Doyle opened the public hearing regarding Supplemental Budget S-20-1 at 7:37 p.m.

No one was present to speak. The Mayor closed the public hearing at 7:37 p.m.

Councilor Beaty MOVED/SECONDED by Councilor Fagin to adopt the Supplemental Budget S-20-1 and the amendments as presented. The motion CARRIED.

There being no further business to discuss, the Mayor adjourned the Special Council Meeting at 7:37 p.m.

The Budget Chair then called for any other business of the Budget Committee. Hearing none, the Chair adjourned the Budget Committee Meeting at 7:38 p.m.

Recorded by  
Matthew Rawls

---

APPROVED BY Bill Kanable, Secretary