



SHERWOOD BUDGET COMMITTEE MEETING
May 17, 2014 MINUTES

1. **CALL TO ORDER** –Chair Tim Carkin called to order the May 17, 2014 Sherwood Budget Committee Meeting at 9:05 AM.
2. **COMMITTEE MEMBERS AND COUNCIL PRESENT:** Chair Tim Carkin, Vice Chair Lynette Waller, Andy McConnell, Steve Munsterman, Kim Rocha-Pearson, Neil Shannon, Mayor Middleton, Council President Linda Henderson, Councilor Krisanna Clark, Councilor Bill Butterfield, and Councilor Dave Grant

COMMITTEE MEMBERS ABSENT: Brian Stecher and Councilor Robyn Folsom

COMMITTEE MEMBERS LATE: Councilor Matt Langer at 10:00 AM

CITY STAFF PRESENT: City Manager Joe Gall, Finance Director Julie Blums, Assistant City Manager Tom Pessemier, Police Chief Jeff Groth, Public Works Director Craig Sheldon, IT Director Brad Crawford

3. **OLD BUSINESS – Questions from the Prior Meeting-** Chair Carkin reviews questions from prior meeting:
 - a. Recommendation to add the candy for the parade floats back into the budget. Mayor Middle clears up that he did not mean to ask for that.
 - b. Recommendation to cut 1% from the general fund department excluding personal services. Julie made a list of potential cuts the directors prepared. Chair Carkin asks for any questions regarding this manner.
 1. Lynette Waller would like to know if the maintenance for the software is a discretionary item.
 2. Julie states that it is not really but there is nothing to cut in court because it is mostly Redflex payments and software costs.
 3. Neil Shannon thinks it is always a good goal to cut 1%, but is not sure we need to go line item by line item.
 4. Mayor Middleton states that this is a list brought back by every department as items that they know they can live without. This year's budget is going up 17% and there has to be areas we trim back, all their doing is cutting back meals. The directors are given a pot of money and they can move it around as needed. The Mayor would like to see a line item budget so we truly know where we are spending our money. We don't know where our money is going. The Mayor's goal is to get that line item budget so the committee can determine where the money goes.
 5. Julie states that it was extremely hard for all departments to come up with these. We struggled to come up with this 1%; there is really no fluff in our budget. We can all live with the cut, but it is possible that we will be coming back for a supplemental later and say that we need additional money.
 6. Councilor Clark states we get summaries but wants to know why the committee does not get line items.

7. Julie explains that right now our software limits us, but we will be able to get more with the new software.
8. Kim Rocha-Pearson states that she is all for the process of going through and trimming the fat, but she does understand that there may be areas that have no wiggle room. Kim is concerned about legal, training, maintenance and uniforms. I'm not ok with cutting out 1% if its things that we really need.
9. Joe Gall asks the Chief to answer if we need those uniforms.
10. Chief Groth explains that some items are not safety items like pants and shirts, but some like vests are. We don't know till the need arises whether or not the uniform items that are budgeted for are going to be safety related or not.
11. Chair Carkin asks for a motion.

Mayor Middleton- Motions to cut the 1%
 Councilor Clark- Seconds
 All in Favor- Mayor Middleton and Councilor Clark
 All Apposed- All others
 Chair Carkin- Nays carry

c. Reduced contributions to The Robin Hood Festival

1. Counselor Grant feels that this is something that is worth looking at putting back into the budget. The Robin Hood Festival is used to receiving a much larger grant from the city and the concern is, over time, this will have to become a city event if we are going to continue it and it will cost us a lot more if it is a city event.
2. Joe Gall reviews the history of The Robin Hood Festival. When he started working for the city he was told we budgeted \$10,000 a year but the organizers were told that over time they would have to come up with their own funding and this is the first step; cutting it down to \$5,000. This cut is in line with how much the city contributes to other groups. Joe thinks that this festival is important to the community and we need to look to the future. Joe is looking for feedback from the committee; does everyone support cutting the funding to \$5,000 vs \$10,000?
3. Counselor Clark voices her support with what Counselor Grant said. The festival supports everyone in the community and not just a special interest group, so as the city we should support it. Cutting the funding would send the wrong message to the community as a whole.
4. Joe asks for clarity from Counselor Clark; if she is saying she supports it at the \$5,000 or \$10,000 level?
5. Counselor Clark clarifies, at the \$10,000 level.
6. Counselor Henderson states that when she first started on counsel that we were giving the festival \$20,000 and that it has gradually decreased over the years. She has a question for Craig, at the end of every year does the city sit down with the festival's committee and decide what went good and what didn't go good, how they could potentially save money? Every year we have cut it, but they have still been able to put on the festival, but she is wondering, what is the threshold for them. Maybe there are ways to partner with Robin Hood to help them that we haven't done.
7. Craig states that the police is more involved then public works, our cost is usually about the same every year. Kristen might get in more to talk about what went good and what didn't.
8. **Counselor Clark** states that there are always council members at their committee to have a presence and maintain a strong connection with the city. **I move to grant them \$10,000 for the festival.**
9. Counselor Grant seconds with the expansion to direct staff to get more involved with scheduled meetings.
10. Joe states that the festival is run very well and don't need us; it's not our festival to run. They seem to have more room to get sponsorships. Do we want the \$10,000?
11. **Counselor Grant** states that he still **seconds** Counselor Clark's motion.

All in Favor- All except Chair Carkin
 Apposed- Chair Tim Carkin

d. How the committee would like to allocate the general fund ending balance

1. Julie states that her recommendation is to stick with 5% in contingency. We have roughly \$90,000 that is reserved for our PEG use, which is for our cable access channel, so that is restricted funds. My recommendation is to fully fund the cash for this year for maintenance and then put an addition amount over into the maintenance reserve that is equivalent to about a quarter of a year's worth of maintenance costs. The proposal is to put \$350,000 in the maintenance reserves and leave the remainder in the reserve for future years. That will leave us with a 23% ending fund balance on the general fund side and then 3% over in our maintenance side.
2. Neil Shannon asks about the 20% objective that we have. The maintenance reserves and reserve for PEG, are they currently included in what you would consider reserves as part of that 20% minimum?
3. Julie answers; this is the breakdown of what the ending fund balance will look like in the general fund, so 5% in contingency, 17% in reserve for future years (which is 22% together). That is what we need to use to meet our 20% goal. The rest is dedicated funds that we don't use to meet that 20% goal.
4. Neil Shannon thanks Julie; that is the clarification that he needed.

Chair Carkin- Moves to transfer \$350,000 to the general fund maintenance reserve.
Lynette Waller- Seconds
All in favor- Everyone
Opposed- None

e. PGE Franchise Fees

1. Julie is referring to page 15 in the budget, Counselor Butterfield noticed that the yellow looks significantly higher for next year. What this is related to is the extra 1.5% that we are allowed to charge in franchise fees, which would bring PGE's franchise fee to 5%. The last time we talked to council about this she took away that the general consensus that this was not something we wanted to do unless we had a dedicated expense to put that money towards. Internally we discussed that and we felt that putting that money towards our annual maintenance would give us a guaranteed amount that we could fund each year for our maintenance fund, so we did put it back in the budget. She also wants to note that that brings the franchise fee to be equal to what our city utilities pay as well and it puts us in line with other jurisdictions.
2. Steve Munsterman asks if there is a dollar amount.
3. Julie states it is about \$200,000 in addition.
4. Lynette Waller asks if the current budget includes this.
5. Julie confirms that it does.
6. Joe Gall adds that it was in this current year's budget and the council at the time said no. If they said no again, we have to deal with that gap. We will do the same thing we did this year in terms of dealing with it. We are budgeting the same way we budgeted last year and it's the assumption that council will say yes.
7. Counselor Henderson asks what the projected term is for the agreement.
8. Joe Gall states, 10 years
9. Vice Chair Carkin inquires if it is possible that the fee could offset one of the city bills.
10. Julie states that it was not discussed and we would have to look into it.
11. Counselor Henderson asks if this money is going into Craig's account?
12. Julie answers, yes.

4. NEW BUSINESS

A. STREET OPERATIONS FUND REVIEW (Exhibit C) – Craig Sheldon, Public Works Director and Julie Blums

Julie Blums:

Projects that we are going to be doing this year include:

Rehabilitating Lincoln Street (this item will be carrying over into the next couple funds as well)

Willamette to Division
Sunset Blvd from Heatherwood to Highway 99
Annual slurry seal work
Street light projects on Murdock Road and in Old Town
Install of sidewalk ramps around the city (we will be doing a certain amount each year to make us compliant with ADA)

Lynette Waller asks how long we have to get compliant with ADA. Craig states that he is not sure, but they have decided to start moving on it. We should get about 12 to 14 of them done this year, depending on the bids. In the older parts of the city we are not compliant and we are hearing about it.

Mayor Middleton asks if this is the first year we have budgeted for Lincoln Street. Craig states that this is the first year it has been budgeted. They looked at it back when the URA put numbers together for Lincoln Street, but that was for lights. This is for replacing the storm line and paving the existing street. It is one of our worst roads.

B. REVIEW ENTERPRISE OPERATIONS FUNDS

1. Water Operations (Exhibit D) – Craig Sheldon and Julie Blums

Julie Blums:

Projects that we are going to be doing this year include:

Master Plan, once it is completed we will do another rate study and figure out how we need to proceed.

AMI project to replace our meters with automated meters. The entire project will cost \$1.3 million and we are going to spread that out over 3 years.

Allocation changes for staff every year but the amount of people working in the department will be staying the same

Craig Sheldon:

This budget also includes:

Waterline replacement on April Court

Meter testing program

Replacement for fittings to be compliant with new lead standards

Clay valve maintenance

Methodic protection program

Sampling program

Backflow program

Sealcoating of the reservoir driveway entrance

Counselor Henderson asks what the clean water fee is. Craig states that they have a proposed rate increase of 4% for storm and sanitary and it has been that for the last few years. Counselor Henderson states that it is a fee that we collect that we cannot control. Craig confirms that and states that it will continue to go up.

2. Sanitary Operations (Exhibit E) – Craig Sheldon and Julie Blums

Julie Blums:

Projects that we are going to be doing this year include:

- A sanitary line on Columbia/Willamette Street
- Manhole repairs
- Purchase of a pickup truck that we have split between sanitary and storm funds

Craig Sheldon:

This budget includes:

- Training for staff members to meet clean water services requirements
- \$25,000 for emergency repairs
- Permit requirements

Matt Langer has noticed on the older piece of Century Drive, next to Sherwood Blvd, the manholes are bad. Craig states that back when those were put in, they used a material that is creating the issue and they have gone in to replace a bunch of those several years ago, but there is some real issues in Woodhaven. Counselor Henderson asks how we fix this problem and how many manholes are in the city that needs to be repaired. Craig states that the issue is the material they used in the manholes, not the asphalt, it's a concrete that they seal manholes up with. There is shrinkage and a variety of things that have happened over the years. It is not a safety issue, but it is something that we need to deal with before we come in and do street maintenance work. Craig is not sure how many we have total that need to be worked on, it is in their GIS system. They have bid out a certain number to 4 or 5 contractors and it is about \$300,000 just for the Woodhaven area. The project will be done in phases.

3. Storm Operations (Exhibit F) – Craig Sheldon and Julie Blums

Julie Blums:

Projects that we are going to be doing this year include:

- Storm line repairs while we have the streets opened up
- Rehabilitating swales at Richen Park and Millers Landing
- Water quality facilities, Woodhaven
- Ditch Rehabilitation on Murdock and the Old Town area
- Manhole repairs

Craig Sheldon:

This budget includes:

- Monthly street sweeping
- Swale maintenance and inspection on past projects
- Change out of some catch basins to sumps in the older part of town
- Staff training
- Equipment replacement (deck mower and possibly a used sweeper)

Councilor Butterfield asks if we possibly won't need to contract out street swiping. Craig states it would be a possibility in the future, but we need to get this sweeper first before we look into that program. We could use the sweeper in a variety of areas such as parking lots.

Andy McConnell notices that there are a lot of onetime expenses and wants to know what they will look like over time. Craig states that our city is getting older so I think we will continue to have items come up.

Matt Langer states that in the revenue for 13-14 it looks like Craig is about a half of a million dollars up. He would like to know what occurred there and what is different in the 14-15. Craig

states that he thinks its shifting money. When we brought utility billing in we did major audits and what we found is that for many years the city was not collecting the proper revenue, but Craig is very confident that the city is now collecting the right amount of revenue for clean water services standards. Julie states that the revenue is different in 14-15 because we are transferring money to our capital fund.

Kim Rocha-Pearson is looking at all 3 (storm, water and street), all of the expenditures make since, but looking out 3 years it looks like we are going to run out of money. Is it just because we are transferring money to the capital fund. Julie states the amount we transferred is \$400,000, if that was staying in the fund we would be spending less then what we are bringing in. Kim wants to know if that holds true for all 3. Julie states that in water it is the same. In the street fund, we have been saving up for these big projects and we are spending that now and then that will start to even out again. We will not be spending more than we take in. The goal is to get our ending fund balance in these funds at the 20% as well.

Steve Munsterman asks about the amount on the bill that the city collects for the city and the amount on the bill that the city collects for clean water service. The city's portion is not being increased in the upcoming budget year, but their portion is, do we get any portion of their fee? Julie states that we do; about 4% of the 4%. Steve states that they seem to be removed from us and we need to figure out how we can have an effect on the increases. Julie states that there are a couple different committees that we do sit on, but we are still a small fish in the sea but we are not completely removed.

Steve Munsterman brings up the public testimony from the previous meeting regarding the senior center maintenance problems. Is there any update regarding this? Julie states that those items are already in our budget. Craig adds that we are budgeting about \$37,000 a year on different items at the senior center (janitorial services, fire extinguishing services, HVAC maintenance, HVAC repairs, pest management, etc.). Also in the facilities plan there has been about half a million dollars that has been identified over the next 10 years for the senior center and that includes the roof replacement. We do, do work over there and we do budget for it.

Councilor Henderson states that Craig mentioned under sanitary he budgeted \$25,000 for emergency repairs, does he do that for most of his funds? Craig states that he does.

4. Telecommunications (Exhibit G) – Brad Crawford, IT Director and Julie Blums

Julie Blums:

In the current year we did some capital investment work because we had some new customers that wanted to come on, but we needed to do some work to be able to accommodate them. In the current year we are increasing our revenue about \$100,000 annually by bringing those new customers on.

The other highlight is that we have 2 payments left on the inter-fund loan, so that will be paid off in 2016. From that point we need to decide what we want to do with this fund.

Brad Crawford:

Projects that we are going to be doing this year include:

- Replacing the free wireless network around town with all new equipment
- Evaluating opening the public safety wireless network for public access
- Performing a legal review of the utility
- Building an inventory of common materials of which we use in our daily operations
- Equipment necessary for daily operations

Lynette Waller asks, in terms of Brad's revenue flow are most of those contracts that he expect to go on for quite a few years? Brad answers yes and most have always renewed.

Councilor Butterfield asks Brad if there is service on both sides of Highway 99. Brad answers yes.

Councilor Grant asks Brad if he knows what he would do with the kind of money that they are forecasted to have as a surplus. Brad states that they would reevaluate the business plan and take community feedback they have gotten into consideration.

Chair Carkin inquires how many of the customers are new business to Sherwood. Brad answers, one big one for sure that moved from Portland to Sherwood. Most are from 3rd parties so we don't know for sure.

Councilor Henderson asks if Brad foresees any growth in broadband. Brad states that he doesn't project growth in budget, but now that there are more customers, one person dropping off wouldn't hurt us. Councilor Henderson asks if we could offer incentives to businesses with our extra money. Could staff look into that? Julie states that we have a couple different options on the table that we are looking into with our legal team.

Chair Carkin asks if we could use the excess to offset storm rates. Julie states, that is one of the things we are looking into with legal. We are still working on what we can and cannot do with the money because it is an enterprise fund.

Julie states she forgot to put into the budget the loan payment so when we motion to approve that will be included.

Councilor Henderson asks when those properties come into the city, will Brad's staff costs go up? Brad states he doesn't for see that being a problem. One part time may go full time.

C. REVIEW CAPITAL PROJECTS FUNDS AND CIP (Exhibit H) – Julie Blums and Julia Hajduk, Community Development Director

Julie Blums:

Projects that we are going to be doing this year include:

- Water fund; master plan update
- Sanitary fund; master plan update and phase one of the Tonquin Employment Area sewer capacity upgrade
- Storm fund; master plan update and finish the Columbia Street Regional Storm Water Quality Facility
- Streets; complete the Adams Avenue North construction and when the TSP update is complete we will be doing a SDC analysis
- General construction; parks master plan, Cedar Creek Trail, field lights at Eddy Ridge and the middle school, and the design for Woodhaven Park phase two

When we do the projects listed on our five year summary will depend on funding and whether we have the revenue to do them, so the timing may change, but these are the next projects we will be working on.

Lynette Waller has a question regarding the five year summary. The total estimated cost is \$41 million and if you look at the total over the five years, you are at \$30 million. Is the other \$11 million beyond 18-19 or is it already incorporated, that some of it has already been spent? Julie states that it is both.

Mayor Middleton asks why the Woodhaven design is so expensive. Julie states that it includes the public involvement, the outreach meetings, and a consultant to do the design. Mayor Middleton asks

for clarification if we have money to then build the park. Julie states that we do not. Kim Rocha-Pearson asks if we have any idea how much we would need to build it. Julie states that we do not, because we don't know what is going to be going in there. Julia adds that we need a plan in order to start the process of finding grants to build the park. Matt Langer asks if that is the normal process to get things done. Julia confirms that it is. Julie adds that we have received grants and funding in the past because we have shovel ready projects that have given us an advantage. Julia adds that just because we have authorized that amount for the plans, does not mean that we will be spending that amount; we will bid it out so we make sure we get good rates.

Steve Munsterman brings up that he has been hearing discussion about a dog park. Is that anywhere in the budget? Julie states that it is not in the budget. We have contacted to hire someone to do a design for us and we are also doing the "Bark for Your Park" contest, where we could win money to fund it. Once we have a design, at that point, we would bring it back as a supplemental to council.

Matt Langer asks if the other four park projects have been on the plan for several years and the dog park just came in this last year. Julie answers yes. The Cedar Creek Trail we have been working on for a couple of years, the Woodhaven improvement design has been on the master plan for a long time and has been the Park Board's number one project, Stella Olson improvements, parks master plan and the field lights in the last year.

Councilor Henderson asks if we have a dialog with the school about when they will have to replace the turf field and whether we are going to jointly set money aside for it. Julie states that part of our IGA with them is that they are supposed to be putting money aside annually towards that, however that will not be enough to replace it in full. Craig adds that we have been meeting with them and at the end of the school year we will be coming up with a plan with them. Councilor Henderson asks if the IGA mentions that we will jointly replace it. Julie states that she doesn't think so and we have several assets that fall into this bucket, such as the field lights. That is one of her goals this year to work with Craig and the school district to really hammer out a plan; who owns it, who is responsible for replacing it and who is responsible for maintaining it. Julie adds that we currently split the maintenance costs 50/50 with the school district.

Councilor Henderson asks if the Eddy Ridge field lighting project is this fiscal year or next. Julie states there is some in both. Craig adds that once it is approved they will be moving forward with King County directors Association to piggyback off a contract with them which will save us time and money. Hopefully we will be bringing something to council in July and get it done before the time switches over. Councilor Henderson asks what the field drainage is like in that field. Craig states that it is better, but we still need to work on it in the off season. Councilor Henderson asks what fields we will be lighting. Craig states it will be the football field, baseball field and soccer field.

D. PUBLIC COMMENT

Chair Tim Carkin opened public comment at 10:58 AM

James Copfer (Sherwood Oregon) would like to address the police budget. He feels that we need more than one SRO. Up in SeaTac when he was working up there with city council they implemented a community service officer, which is something that Sherwood does not have. They did it because it helped offset the cost of things like maintaining parks and other things the city pays for through community service. The Community Service Officer also doubled to go around and help relieve SROs in the school district. This included garages, maintaining grounds around parks that we are paying people to do, could be done through community service and then the Community Service Officer could, in turn monitor that. James would also like to see a reserve program. He feels that there is more officers needed to do drug enforcements; right now we only have one.

Chair Tim Carkin closed public comment at 11:03 AM

E. COMMITTEE DISCUSSION

1. Steve Munsterman would like the Chief to respond to the public comment with an explanation of current staffing assignments. One detective sounds like it is different from what we have had in the past.
2. Chief Groth states that they currently have 1 detective, 1 school resource officer and 1 motorcycle, everyone else is assigned to patrol. The last time we had a second detective assigned was back in 2011 and we pulled that position and put him back on patrol (he would have to double check the date). They only had one SRO since he has been with the City of Sherwood.
3. Councilor Butterfield would like to know, in the Chief's opinion, how many people do we need to have?
4. Chief Groth states that the issue they are facing is not on the road; their response times are great and they are able to answer the calls for service, but it's the schedule they are having problems with. They do not have the ability, if someone calls in sick, to delay something; they have to have someone on the road. That is the problem as far as the patrol schedule goes, that's why they have moved people to the patrol schedule. Then we talk about, that we have no one doing narcotics right now, so unless a patrol officer falls into a case, we don't have anyone specifically working narcotics. They only have one SRO and he thinks with seven schools and almost 5,000 kids, they could use another SRO to do other things and have other programs in the schools. Those are the needs he has identified. He cannot give a hard fast number because he feels that we still need to go through the process (of the study/audit) and get the involvement of the community in a police advisory board to see what they want and expect from the department.
5. Matt Langer asks if it is fair to say we expect the study to come back and say that we will need one or more officers.
6. Chief Groth answers, yes, that is fair to say.
7. Discussion regarding whether the city should bring on a new officer right now or wait for the study to come back and the policy advisory board to be formed to see where the city's needs are.
8. Discussion regarding how we are going to sustain a new officer when we do bring them on.
9. Chair Carkin motions to add a FTE for six months and the source of funds for that to not come from ending fund balance, but to be trimmed from other areas.
10. Julie states that an option is that we could leave the budget alone, do the study and then come back with a supplemental to add \$50,000 or \$55,000 to the budget part way through the year, once the study is complete and we know what we need this. We don't have to wait to do a levy or wait to do a fee.
11. Chief Groth would like to add to that. They have less control over the RFP, the study and all that. We have far more control over the police advisory board, so what he would offer is that, in a month or two we could have our community group that could provide their input. If you are talking about staffing for six months, he thinks that we would still be in the same position with more input from the community, rather than trying to make these adjustments on an already tight balanced budget now.
12. Julie adds, that at that point if we came forward with a supplemental, that would allow us the time to find where to cut to offset the costs.
13. Chair Carkin withdraws his motion based on the Chief's comments.
14. Councilor Henderson asks how long it is going to take to get the study done and if we are spending \$25,000 to find out if we are efficient or what our community needs are.
15. Tom Pessemier states that our intent is to do both and we need the advisory board in order to decide what we want to do with the information that comes back in the study. There needs to be a lengthy conversation about what the study means when it comes back and more importantly, what it means to Sherwood, because Sherwood is different than other communities that this study has been done in. We are hoping to get it done in six months.
16. Councilor Henderson asks if there are any other agencies in Oregon that have done this study and we could read it to know what we are going to get out of this.
17. Tom Pessemier states that there was one done in Gresham, but it was different then what we are trying to accomplish here. They did not get the community input and he thinks that is really important here.
18. Joe Gall states that his gut is telling him that we are going to get to a decision point and we are going to have to go to the voters for the money and we need something that is sustainable, that is not going to damage other departments.

F. APPROVE CITY OF SHERWOOD FY14-15 PROPOSED BUDGET AND TAX RATE

Chair Carkin moves to approve with the following adjustments:

1. Correction of scrivener's errors and formatting as necessary

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2. Increase debt service in the Telecommunications Fund \$150,000
3. I also move that the Sherwood Budget Committee approve taxes for the 2014-2015 fiscal year of \$3.2975 per \$1,000 of assessed value for operating purposes

Councilor Henderson seconds

All in favor- Chair Tim Carkin, Andy McConnell, Steve Munsterman, Kim Rocha-Pearson, Neil Shannon, Lynette Waller, Councilor Krisanna Clark, Council President Linda Henderson, Councilor Bill Butterfield, and Councilor Dave Grant

All opposed- Mayor Middleton

G. ADJOURN TO URA BUDGET MEETING

Chair Tim Carkin adjourns budget meeting to the URA Budget meeting at 12:05 PM

Submitted by: Julie Blums, Finance Director Minutes approved on: 4/23/15