



AGENDA

SHERWOOD BUDGET COMMITTEE August 13, 2015

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

6:30 BUDGET COMMITTEE MEETING

- 1. CALL TO ORDER – Julie Blums**
- 2. ROLL CALL – Julie Blums**
- 3. APPROVE MAY 13, 2015 CITY OF SHERWOOD BUDGET COMMITTEE MINUTES
APPROVE MAY 20, 2015 CITY OF SHERWOOD BUDGET COMMITTEE MINUTES
APPROVE MAY 27, 2015 CITY OF SHERWOOD BUDGET COMMITTEE MINUTES
APPROVE MAY 27, 2015 SHERWOOD URA BUDGET COMMITTEE MINUTES**
- 4. NEW BUSINESS**
 - A. Introduction of New Committee Member Paul Mayer – Julie Blums**
 - B. Election of Committee Chair – Julie Blums**
 - C. Election of Committee Vice Chair – Julie Blums**
 - D. Update on New Finance System – Julie Blums**
 - E. CAFR 101 – Julie Blums**
 - F. Cost Allocation – Julie Blums**
 - G. Review Financial Policies in the Budget Document– Julie Blums**
 - a. Overview of Financial Policies (pg. 90)**
 - b. Policy 1 – Funds (pg. 91)**
 - c. Policy 2 – Budgeting (pgs. 92-93)**
- 5. FUTURE BUDGET COMMITTEE MEETINGS**

November 12, 2015
February 11, 2016
- 6. ADJOURN**



SHERWOOD BUDGET COMMITTEE MEETING May 13, 2015 MINUTES

1. **CALL TO ORDER** – Chair Neil Shannon called to order the May 13, 2015 Sherwood Budget Committee Meeting at 6:05 PM.
2. **COMMITTEE MEMBERS AND COUNCIL PRESENT:** Mayor Clark, Council President Sally Robinson, Councilor Jennifer Harris, Councilor Linda Henderson, Councilor Jennifer Kuiper, Neil Shannon, Andy Jensen, Andrew McConnell, Meerta Meyer and Kurt Studer

COMMITTEE MEMBERS CONFERENCED IN: Susan Claus and Brian Stecher

COMMITTEE MEMBERS ABSENT: Councilor Beth Cook and Councilor Dan King

CITY STAFF PRESENT: City Manager Joe Gall, Finance Director Julie Blums, Assistant City Manager Tom Pessemier, Community Development Director Julia Hajduk, Community Services Director Kristen Switzer, Police Chief Jeff Groth, Public Works Director Craig Sheldon, IT Director Brad Crawford

3. **APPROVAL OF APRIL 23, 2015 MINUTES:** Andy McConnell moved to approve, Mayor Clark seconded and all approved.

4. NEW BUSINESS

A. RECEIVE BUDGET MESSAGE – City Manager, Joseph Gall would like to highlight a couple of points

- a. There is 96 years of experience on our senior management. We are financially healthy; more than a lot of other jurisdictions. This budget is balanced; we with through the revenue that we are projecting.
- b. We have 3 goals
 - Continue the focus on core services
 - Invest in infrastructure (do not differ maintenance)
 - We fund current operations with current revenues and one time revenues are not to be used for funding ongoing operations
- c. Short term issues
 - The stability of Community Development positions
 - Councilor Robinson asked, when the cooling off was anticipated to occur in Community Development and if it would it be during this budget season? Joe stated that we were looking at approximately 2 to 3 years out because of the lack of land to build residential developments. There is plenty of commercial land, but not much residential land. Also the economy is an unforeseen factor.
 - Adding one officer at the Police Department, but there is still an issue with staffing the PD and what the right balance is.
 - Number of additions throughout the organization.
- d. PERS - When the budget was put together the PERS decision had not come through. There is still a tremendous amount of information that is unknown. PERS a major concern, but it is two

years down the road. Joe stated that PERS is an ice berg; we see it coming and we will be working on a plan as we get closer to it.

- e. 1.7% COLA increase that was negotiated with the union and is built into this budget.
- f. Other priorities and issues:
 - The current Comprehensive Plan for Sherwood was approved in 1991 with a 20 to 25 year time horizon. One of the onetime expenditures that is in this proposed budget would be to retain the services of Connie Randle, who is a limited duration employee now working on Sherwood West, so she can help the planning staff jump start the process of getting our comp plan up to date. It is critical that we develop an updated road map to ensure our community retains the high quality of life over the next 20 to 25 year period.
 - The dog park at Snyder Park and Woodhaven Park improvements are proposed to be funded in this budget.
 - The completion of the City's financial software update
- g. Our financial policies require an unrestricted fund balance of at least 10% of fund revenue with a goal of 20%. Our ending fund balance is at 23% which exceeds our financial goal. A recommendation that we will be making to Council, is that instead of having a 10% goal, make it 20% because that seems to be the comfort level.

Chair Shannon stated that in the past we were concerned about ending fund balance, does this stay within that? **Joe** answered, yes.
- h. The total budget is \$29,240,124 this year vs. \$25,929,001 last year.

B. GENERAL FUND PRESENTATION

1. General Fund Budget Overview (Exhibit A) – Julie Blums and Joe Gall

- a. **Review One Time Expenditures** – Julie reviewed the one-time expenditures on page 3 of the packet and noted that more information would be presented by each of the department managers
- b. **Review the Impact of the Proposed Budget on Future Years** – Julie presented the projected General Fund ending fund balance chart showing that staff does project out 5 years to make sure that decisions being made today do not harm us in the long run. Based on this, we are going to be able to maintain at least a 20% ending fund balance through FY19-20.
- c. **Review Requests not included in the Proposed Budget** – Julie reviewed the 3 major items that were not included in the budget this year that were requested: Police Administrative Assistant, Public Works Lead Maintenance Worker and Public Works Seasonal Worker.

Chair Shannon verified that the interfund payment from Telecom was being treated as a onetime income going for one time expenditures. **Councilor Henderson** confirmed that this is the last payment on the interfund loan. Joe explained that the Telecom fund had received a loan from the general fund years ago and over the past few years they have been paying that back slowly and this is the last payment on that interfund loan.

Councilor Kuiper asked about Sherwood's contribution to the Southwest Corridor Project being that's a onetime payment even though it's an ongoing project? **Julie** stated, yes that is my understanding and that Julia can explain more when she comes up.

2. Reports from the Directors (Exhibit B)

a. Community Development Director, Julia Hajduk

The proposed budget includes the following:

- Retaining Connie Randall for another year
- Complete the Sherwood West Preliminary Concept Plan and Housing Needs Analysis
- Design, engineer and permit phase 1 of the Cedar Creek Trail

- An update to the Old Town Design Guidelines
- Begin update of the Comprehensive Plan
- Environmental Review of the tannery site
- Complete re-organization of building permit files, archiving and document retention
- Complete updates to the Sanitary and Storm Master Plans
- Complete a System Development Charge and rate study for transportation, sanitary and storm funds
- Staff time to participate in the following:
 - The county's, streets transportation improvement planning to identify funding for the next cycle; we want to make sure we are positioned to get funding
 - Metro Transportation Improvement Plan

Julia answered Counselor Kuiper's earlier question about the Southwest Corridor Project; that hopefully it is not an ongoing project. It is taking quite a bit longer than was anticipated. They are hoping to wrap up within the next year or so and as part of the extension of the project, to do a little bit more refined work.

Chair Shannon asked if staffing levels would be staying the same? **Julia** said, that is correct; we work hard and we feel comfortable with the staff we have. **Counselor Kuiper** asked if this included the staff member that is funded by the grant? **Julia** stated that Connie is currently grant funded, and there will continue to be grants so that is a part of the revenues we show. While we are budgeting to do the Comprehensive Plan on our own, out of the general fund, we absolutely will be seeking any grant opportunities we can. We just can't assume them in the budget.

Andrew McConnell stated that on page 53 of the budget, it looks like the proposed FTE is 12.8, that's an increase from 10? **Julie** explained that it is the same number of people, their time is just being allocated different. **Joe** clarified that more money is being proposed in next year's budget to come out of the general fund to fund Community Development then this current year? **Julia**- The main reason is because we anticipate a continued up-tick in private development.

Counselor Kuiper- How accurate do you have to be in your projections before you fund a plan? **Julie**- For personal services, we go through a lot of rigger and we look at what projects we are going to do this year and break up their time. Are we ever 100% accurate? No, but we are close enough; it's a dynamic being. **Julia**- We check every few months to make sure that we are on budget.

Counselor Robinson- In your evaluation for the number of staff members you need for your department, did you take into account the potential for a lot of work to be done on recreational marijuana regulations? **Julia**- We take into account that there are going to be long range projects that we are going to need to work on, so yes, but the amount of time we are going to need to spend on that might not be as much as Sherwood West. We will check in to make sure the projects need to be worked are getting attention. We will be working on that and we know it will be something we will have to spend a good amount of time on and we will go to conferences as needed. I feel comfortable with the staff we have.

Meerta Meyer- On page 53 under the revenue detail, one of the line items that I'm hoping you can touch on a little bit is the charges for services. That number has decreased and with the amount of projects and items intended for completion this next fiscal year, I'm surprised by that. **Julia**- It is based on what actually came in. I think what we anticipated coming in last year came in a little bit lower so it's higher than what we actually brought in this year and what we expect to have happen. We do the best we can with the information we have.

Meerta Meyer- I would assume that any potential grants are not included in the budget? **Julie Blums**- We only include them if they have already been awarded.

Susan Claus- What grant money are included in this budget? **Julia**- The two grants that are included are the grant from the Environmental Protection Agency for the Tannery Project and the grant from Metro for the Sherwood West Concept Plan. **Susan Claus**- How much are those? **Julia**- I think about \$190,000 combined. There's also a little bit showing up in there

that's for the administration portion of the construction excise tax that we collect on behalf of the school district. That gets you to the \$202,000 for the intergovernmental. **Susan Claus-** Are these grants continuing from the last budget? And have we had other grants that have stopped? **Julia-** Some are, the EPA grant we did not budget last year because we hadn't been awarded it at the time of the budget. Sherwood West we did, what is not included in here is the Tonkin Employment Area Implantation Plan grant. **Susan Claus-** Did we have FTE appointed towards those grant moneys. **Julia –** Last year, that is how we justified adding the Associate Planner for a one year duration and we are proposing to continue that this year as well. **Susan Claus-** At the end of this year does that position go away? **Julia-** Potentially. We will see if we can find some grant funds to help us with the Comprehensive Plan Update. We will tackle that next budget cycle and a lot of it will depend on where we are at revenue wise and work load wise in the planning department.

Susan Claus- If we are estimating we have some floating staff that you are going to allocate to the different departments (the 10.0 that was talked about earlier in the current budget, up to 12.8 in this budget), where are we pulling those staff from? **Julie-** There is staff that have always been in this department, they were just working in other funds besides the general fund; so they may have been working in the water fund, sanitary fund or street fund. **Susan Claus-** Are any of them funded under the URA? **Julie-** A very small portion.

Susan Claus- In last year's budget we had \$112,000 in infrastructure and development fees, that's where the private development fees come in, is that correct? **Julia-** That is primarily engineering related fees and we budgeted \$112,000. **Susan Claus-** And this year we are budgeting \$335,000? Do we feel comfortable with this number? **Julia-** Yes. We don't for see a downturn in the next fiscal year. **Susan Claus-** Where are the other parts of the fees; planning and building department? **Julia-** Those are under "charges for services."

Meerta Meyer- Do we have any outstanding commitments related to the old Tannery Project? **Julia-** No outstanding commitments. It's owned by Washington County and the EPA grant is helping us do a site assessment to help us decide what the cleanup costs would be and help us decide if we would want to acquire that property. If we do acquire it, we would most likely seek a cleanup grant to help with those costs.

Counselor Robinson- On page 53, "other revenue," what is that? **Julie-** Re-inspection fees.

Chair Shannon- In last year's budget meeting there was a lot of time spent talking about trails. Do you see much of an effect or costs in your department? **Julia-** Within our department we have Cedar Creek Trail, but that is not general fund; it was funded through regional flexible funds. With that said staff goes to Metro and trail meetings so that we are in the loop and at the table when key decision are made or funding opportunities become available.

Counselor Robinson- On page 54, the anticipated code amendment projects expected to be undertaken. Is the one that we expect for the projected fiscal year the code cleanup where there were more policy level decisions that needed to be made to the code or is that some other project like The Comprehensive Plan update. **Julia-** I think that is code cleanup, like you were talking about the recreational marijuana update and Old Town design standards.

Counselor Robinson- Planning came to council with code cleanup, there were several other areas staff recommended we look into, but takes some direction from council because those are more policy decisions. I was wondering if we were going to get to that in the next year.

Julia- We will get to what we can get to. We will do certain things and we will deal with council priorities as they rise. **Andy Jensen-** You've talked about how you shift staff around. If and when development activity drops off, can those positions be absorbed into other work in other areas? **Julie-** We try to move people around before laying off.

Counselor Kuiper – As far as the Comprehensive Plan goes, how long do you anticipate that will take? **Julia-** A Comprehensive Plan usually takes 18 months to 2 years, so it will not be finished in the next fiscal year. We hope to get the foundation well enough established that we can get some grant funds to fund that position longer term. **Counselor Kuiper –** The Associate Planner would we focused on this along with Sherwood West? **Julia-** Right.

Kurt Studer- How far does the plan look out to? **Julia-** Generally they are 20 year planning documents.

b. Community Services Director, Kristen Switzer

The proposed budget includes the following:

- Hire a fulltime Administrative Assistant who will assist with front desk help at the Center for the Arts, process Special Event Permits and provide general administrative support for the department including records management.
- Expand library programming for school-aged children, teens and adults (increase Youth Services Librarian FTE from .65 FTE to full-time).
- Increase volunteer opportunities for teens and adults
- Provide coordination support for Community Garden Program.

Counselor Robinson- Why do we need a FULL TIME Administrative Assistant? Why don't we start out with a part time? Especially since we don't have the retail space leased at the Center for the Arts. **Kristen-** Honestly we could; something is better than nothing. That person will be doing special event permitting, we have about 35 of those per year and staff the Center for the Arts. Right now we are only open over there 11:00-5:00 Monday-Friday, but we would like to expand those hours. We are purchasing an online recreation software program so that people can register for classes online and reserve facilities. In order to do that and implement it, this person would need to be working heavily on it; helping process those reservations and requests. They would also help us manage our website and social media updates (we are really trying to boost that up). We also have our monument and reader board requests, there is about 70 monument requests and 50 reader board requests every year. They would also help support and take minutes for the Parks and Recreation Board and Arts Commission, right now we use other FULL TIME staff to do that. They would also manage records and track grant applications. I'm confident that we can keep this person busy.

Counselor Kuiper – The other people in the department, what do they do? **Kristen-** It's a little bit all over the place right now because we have had some staffing changes. This fiscal year we went from having a part time Volunteer Coordinator to a full Time Volunteer Coordinator and she has worked really hard to grow the program, helping with stuff like community gardens, she is also helping and stepping in to do some of these pieces for me right now. Therefore she hasn't been able to dedicate all of her time to growing the program. We then have a Program Coordinator position, that was Jennifer Ortiz and she left right after the Center for the Arts opened. She worked on many of these duties as well as the special event permits. Looking at her position and the future of the art center, I feel like it's best to have a Program Coordinator that is dedicated to the Center for the Arts who can program the facility, bring rentals in, program classes and activities, and help me with some of the other community wide events. Then there is Maggie who is the Manager at the center. She's done an excellent job, but she's just stretched too thin and she should be out networking and recruiting people for rentals and instead, she and I are setting up chairs and flipping the hall. We are short staffed and we are feeling it.

Counselor Robinson- Are you purposing to have someone monitor the building? **Kristen-** Yes, I think that is a little bit misleading in the budget message. It says that it's a .5 FTE, but really its 4 different people making up that .5 and those people will only be there when the building is being used. We may be budgeting a little high for that, but they are part time, seasonal type of positions as opposed to one regular time person.

Kurt Studer- Is there a forecast for the number of events you are planning to have at the center? **Kristen-** Yes, different types of events, but one of the things we just started doing is having a monthly family series. The different local performing arts groups will have plays there throughout the year. Most of the events will probably be rentals or outside organizations planning them as opposed to the city. The city will be programming more classes. We are projecting a couple events per month and rentals on a weekly bases.

Meerta Meyer- What would you guess the revenue is from the Field House? **Julie-** \$135,000 in revenue. **Meerta Meyer-** Because their scope has increased, is there consideration of taking

it out of Community Services and shift the work load? **Kristen-** It's something that could be considered. There are larger duties that would be better to shift.

Susan Claus- Is this an example of when you would shift an employee from Community Development that had extra time over to Community Services to help out? **Kristen-** No, they are part time seasonal employees that are hired for up to 15 hours a week and may only work on average 100 hours throughout the year and we schedule them as needed. They are hired specifically for that position. **Susan Claus-** Would you have the ability to ask across the departments for employees that could fill in or do you strictly find your own part time on call people? **Kristen-** We strictly find our own. Where we might share is with the Field House, if we find that our peak times are opposite. The people would have to apply for the position if it's something they want to do.

Councilor Henderson- If you bring on the admin person, would they would work 8-5? Does that mean the center will be open 8-5? **Kristen-** We would look at staggering that person's hours with the Program Coordinator or Maggie. We would want to evaluate things; I don't know if we would have a lot of activity between the hours of 8:00-10:00. I would like to get to having a 10:00-6:00 schedule, to be open after work hours and be available to people that are there in the afternoons. We are still playing with it a little bit, but at least we will have the staff to play with it. **Councilor Henderson-** I for one would like to see that building open as much as possible, even if it's just for a tour. I would also like to see Maggie be able to be out there and promoting the building. I fully support bringing in someone full time so we can take advantage of having the Center for the Arts as much as possible.

Andy Jensen- The automated registration software, how much FTE time will that alleviate? **Kristen-** It's a new service that we are offering so, from current work load, it's not going to free up too much. It will free up Public Works time, because you will be able to go on and reserve park shelters. I think that it's about improving services to the community; making things easier and more efficient. We want people to be able to do as much as they can online.

Kurt Studer- What is the percent of occupancy for the Field House? **Kristen-** I do not have that figure. Our leagues bring in about \$60,000 per year and our rentals bring in \$68,000 per year. Of the open times, I can bring that back to you. I'm sure there is still capacity to grow. I know we are looking at adding a 5th night of soccer.

Councilor Harris- Jennifer that left, is the admin replacing her? Or are you replacing here, as well as adding an admin? **Kristen-** We are replacing her with a Program Coordinator which will be the same level as what she was. The Administrative Assistant is a completely new position that is a little bit of a lower level, but they would take some of those responsibilities to free up some of the Program Coordinator to do more programming. **Councilor Harris-** So there will be 3 FTEs housed at the center? **Kristen-** Yes.

Brian Stecher- Is Kristen responsible for running the retail space? Is that going to be done this year? **Kristen-** It falls in the building, but I have not heard I will be managing the leases. **Tom-** The leasing of the space is handled by the Urban Renewal Agency. After the space is leased it will turn over to the operations of the City of Sherwood and the revenue from that will come into the general fund budget. We are working hard on getting the space leased. We have had some applications in and will be meeting again at the beginning of June to hopefully choose someone to start contract negotiations with to lease to one or two tenants. **Kristen-** I believe that we did make some assumptions on revenue that will most likely need to be adjusted at some point next year, depending on when we have tenants in the facility. The intent was that the revenue from the retail space will help offset the operation cost of the center, so that is some of the revenue line you are seeing there.

Susan Claus- On page 59, our different revenue streams that are contemplated for Community Services, the intergovernmental we've got \$778. What kind of percentage break down is that from other funds? I'm assuming that we are pulling from other funds in the city to bring them over to Community Services. **Kristen-** The \$778 that should all be from WCCLS. That is money that comes to the city from WCCLS to offset the operations of the Library. **Susan Claus-** We aren't pulling from any other funds? **Kristen-** No.

Susan Claus- The charges for services, the \$286, how does that breakdown? **Kristen-** The charges of services make up the revenue from the Field House (\$135,000), the projected revenue from the Center for the Arts, a small amount from sponsorships that we are bringing in and field rentals. **Susan Claus-** What are we projecting for the Art Center? **Kristen-** For the Art Center we are projecting, \$117,600. **Susan Claus-** That does not include revenue from the retail space, right? Because that is going into the general fund? **Kristen-** That does include some of those rentals. We have just over \$50,000 projected in retail revenues that would come in. **Julie-** It would be going into the general fund, under Community Services.

Susan Claus- Do you know how much you expect from facility rentals at the Center? And admissions? **Kristen-** Rentals \$29,400 and admissions \$9,850

Susan Claus- What is the "fines, interest and others," what is that? **Julie-** Library fines, retail space rental and any gifts or donations.

Susan Claus- On the FTEs. Last year we had 14.8 and now we are proposing 18.3. What is the break out of those FTEs? **Kristen-** I don't have the specifics for that, but I can tell you in general that would be for the Administrative Assistant, some going towards the part time seasonals, some increase in part time Library hours and upping a few hours for the youth services Librarian. Some of that is better use of the funding that we had and reallocating those funds, but there has also been the addition of those few positions or those hours. **Julie-** I can tell you that the money we get from the WCCLS funds almost all of the Library services. The costs that we are not covering are all the fun things we get to do. There was a choice by prior councils that we aren't going to fund this 100%; we are not going to have a cost recovery, this will have other general money to pay for it. **Susan Claus-** For this budget we are talking about, \$550,000? **Julie-** Yes, and again the goal is, with the revenue in this we are being very conservative because it's brand new. **Kristen-** Traditionally centers like this, do not cover their operation costs, it's something that is for the betterment of the community.

c. Public Works Director, Craig Sheldon

The proposed budget includes the following:

- Maintenance of the new Sherwood Center for the Arts
- Turf replacement at the Fieldhouse
- Replace patio at Senior Center
- Replace HVAC units at Senior Center
- Replace two police vehicles and a 1994 Ford Ranger pickup
- Replace a gator, trailer and zero turn bagging mower
- Replace ten feet of turf around baseball mound at Snyder Park
- Upgrades to observation deck at Stella Olsen Park
- Construct and maintain Dog Park
- Implement recycling program at certain parks and sports fields
- Brick repairs at Cannery Plaza
- Design and construct Community Garden
- Addition of 20 hour/week seasonal mechanic
- Addition of Maintenance Worker II for Parks

Meerta Meyer- When the retail spaces are lease at The Center for the Arts, Craig's group will be maintaining the building. In your projected revenue, are we anticipating reimbursement of a portion of the maintenance costs from the retail spaces? **Tom-** Yes, we need to go back and look exactly where that income got allocated.

Meerta Meyer- The person you are bringing on, where would their specialty be? **Craig-** Parks and mechanic.

Andrew McConnell- Regarding the material and services line, it looks like it has gone up by \$300,000. How much of that is representing the increase for the Center for the Arts and the Dog Park? **Craig-** I think part of the costs in that are part of our asset plan; the observation deck, carpet at Public Works, there are a variety of projects that make up that amount. **Andrew McConnell-** Where are we breaking out the capital outlay of those new projects vs. the

increased maintenance **Julie-** Maintenance would be in the material and services line and in personal services for the staffing. **Andrew McConnell-** I would like to see a breakdown to see what the increase is for the materials and services for maintaining the Art Center and the Dog Park.

Councilor Kuiper – How sure are we that both construction of Woodhaven Park and the Dog Park can we done this year? **Julie-** Based on our projections on the development that we know is coming, we are confident that we will have enough revenue to do both projects. **Councilor Kuiper –** When you construct both parks, do you have to have the funds in place before you start or can you spend the money in anticipation of receiving it? **Julie-** We have to have the funds in place before we start the projects.

Councilor Harris- Your transfers in and out of other sources in both revenue and expenditures. What are those? **Julie-** The transfers in are the other funds portion of the fleet maintenance and fuel. The transfer out is going to general construction to go towards the turf replacement at the Fieldhouse. **Joe-** The turf replacement at the Fieldhouse was going to happen two years from now, but we are having some issues with the turf. We delayed one of the playground replacements at one of the parks. **Councilor Harris-** Can we get that Asset Management Plan? **Julie-** We will get it to you.

Councilor Robinson- The sporting groups that use the fields, do they reimburse the city for the fields they use that the city maintains? **Julie-** The revenue that comes in offsets staff time to run the fields and whatever revenue is left offsets maintenance costs. The remainder of the cost we share with the School District 50/50.

Councilor Robinson- Do we sell the vehicles we are replacing? **Craig-** Yes, it is in the revenue side.

Mayor Clark- We are going to be getting Metro money, how do we account for that? **Julie-** It is in the general administration because we were not sure who all was going to be doing the work. It is in the general fund and then whoever does the work, the expense will be in their department. **Joe-** We will have to report back to METRO what we use it for.

Joe- Speaks about Metro IGA just signed.

Councilor Henderson- Does the money that we collect from the sports teams that use the turf at the Fieldhouse even begin to cover the costs to replace it? **Craig-** It doesn't, but we are funding the Fieldhouse project of \$100,000 from money that Lance has collected

Councilor Henderson- When it comes time to replace the High School turf fields, who is going to bare that cost? **Julie-** We have an IGA with the school district that they are supposed to be putting away a set amount each year to go towards that. My assumption is that they will be paying for it. **Councilor Henderson-** Are we currently doing repairs as needed on those fields? **Craig-** We are doing repairs. We usually split it with them. **Joe-** When is it scheduled to be replaced? **Craig-** 2017 or 2018. It is still in really good condition.

Councilor Kuiper – Where do we get funds to replace our soccer field? **Julie-** That is part of our maintenance plan so that we are putting money away towards that.

Susan Claus- When Linda was talking about the revenue brought in from sports teams, those don't go towards the field replacement cost, right? Those stay in the Community Services funds to offset the FTE expenses, right? **Julie-** It's used just to offset Lance's time to schedule the fields and manage it. Then whatever is left goes towards offsetting maintenance of the fields in Craig's department. **Susan Claus-** Is that apart of the charges for services in Craig's budget on page 64? **Julie-** Yes. That also includes park rentals and there is not a lot left over after we pay for Lance. Most is paid out of our pocket.

Susan Claus- There are two baseball fields over at Edy Ridge that are not being used. What is the status on those? **Craig-** There was a drainage issue out there. The school district paid to fix the issue and we maintain them as well as we prep the fields. **Susan Claus-** those are two assets

that we get zero dollars from because they are not brought up to standards. I would like to see those in production. **Councilor Harris-** Those fields are being used, but they are a mess.

Councilor Harris- When do you prep the fields? **Craig-** If they have not been prepped, it's because we are short staffed. Usually they are prepped just like any other field is prepped starting in the spring. We have had problems getting seasonals to start. I will check on their status tomorrow.

Councilor Robinson- How do you know the drainage problem has been fixed? **Craig-** I can't speak for the school district. What I have been told by my guys is that working out there is a lot better then what it was and they don't have a problem. If we have rain it's going to be soft.

Councilor Robinson- Under the IGA can you tell the district that they need to do more work? **Craig-** No. They put a lot of drainage pipe out there so if it's not draining there are some other issues.

Councilor Kuiper – Under the goals, why are the projects that are listed in general construction in the general fund, that seem to do with parks, not represented on the budget detail list for your goals? **Julie-** What we are trying to do tonight, is keep it to the general fund participation in these projects next meeting we will do the general construction part of the projects. There is some crossover because Craig's staff will be managing it.

Susan Claus- How much are we estimating to replace the turf? **Craig-** \$120,000

Susan Claus- How much are we estimating to maintain The Art Center? **Craig-** I have it, but I would have to go line by line. I think Julie can get it to you in an e-mail.

3. Committee Discussion and Questions – Chair Shannon

Committee would like to see more detailed numbers

C. LONG TERM DEBT REVIEW (Exhibit C) – Julie Blums

General obligation bonds:

- A&B Refunding
- Police Facility

Long-Term Loans for the City:

- YMCA Expansion

Loans for Water Project:

- SDW Water Reservoir
- SDW Water Pipeline
- Water Projects

Long-term Loans on behalf of the URA:

- URA Streets
- URA Cannery & Streets
- URA Cannery Projects
- URA City Hall/Street Refinance

Susan Claus- This is without selling anything right? **Julie-** Right. We don't not need to sell assets in order to pay off the debt

Susan Claus- When we close down Urban Renewal, those funds just get transferred over to the city? **Julie-** Yes.

D. PUBLIC HEARING ON STATE SHARED REVENUE

Public hearing opened at 8:53PM

Eugene Stewart property owner in Sherwood

Eugene Stewart asked what is the amount? **Julie** stated the projection is \$185,000. **Eugene Stewart** asked if the money was already budgeted, and **Julie** replied that it is budgeted in the General fund as a part of unrestricted revenue.

Eugene Stewart requested to have a public hearing before it's decided what to spend the money on and to use some of the money for funding of the Director at Meals on Wheels.

Councilor Kuiper asked for a short explanation of State Shared Funds. **Julie** explained that State Shared Revenue is money that the state collects and then allocates out to the jurisdictions based on population.

Mayor Clark asked what department does The Senior Center fall under? **Julie** stated that the maintenance of the building is in Public Works and the staff time for liaison is in Community Services.

Councilor Robinson requested more information about the cost of the Meals on Wheels Director before a decision is made.

Susan Claus stated that if Meals on Wheels is in danger, she thinks this is a nice way to make sure we are taking care of our elders.

Public hearing closed at 9:03PM

E. PUBLIC HEARING ON THE FY15-16 CITY OF SHERWOOD BUDGET

Public hearing opened at 9:03

- a. Eugene Stewart property owner in Sherwood
 - There seems to be a lack of a frame work and policies on what The City is spending money on.
 - Would like to see The Senior Center be added to the new registration system in Community Services
 - Would like The Senior Center to share their budget with The City
 - Would like The Senior Center to be added to The City's website
 - The Budget Committee website is not up to date on its members
 - Unfunded liability for your pension
- b. Bill Lewis citizen of Sherwood
 - How are documents distributed to public? vs distribution to the Budget Committee
 - Where are FTEs shifted between departments and what positions make up those FTEs?

Julie- Page 87 in your document, does outline the FTE and where they are. It's not by position, but it's by what departments pay for; how much of a position or how many positions.

Chair Shannon- I'm sure that all documents that are distributed to the committee can be put on the website for public review? **Julie-** I can print information that I am going to send to the committee so it is available at the next meeting.

- c. Public hearing closed at 9:13pm

F. RECESS UNTIL WEDNESDAY, MAY 20, 2015 6:00 PM – 9:00 PM, CITY HALL COMMUNITY ROOM

Submitted by: Kelsey Beilstein, Finance Administrative Assistant Minutes approved on:



SHERWOOD BUDGET COMMITTEE MEETING May 20, 2015 MINUTES

1. **CALL TO ORDER** – Chair Neil Shannon called to order the May 20, 2015 Sherwood Budget Committee Meeting at 6:05 PM.
2. **COMMITTEE MEMBERS AND COUNCIL PRESENT:** Mayor Clark, Council President Sally Robinson, Councilor Jennifer Harris, Councilor Linda Henderson, Councilor Jennifer Kuiper, Neil Shannon, Andy Jensen, Andrew McConnell, Meerta Meyer, Brian Stecher and Kurt Studer

COMMITTEE MEMBERS CONFERENCED IN: Susan Claus

COMMITTEE MEMBERS ABSENT: Councilor Beth Cook and Councilor Dan King

CITY STAFF PRESENT: City Manager Joe Gall, Finance Director Julie Blums, Assistant City Manager Tom Pessemier, Community Development Director Julia Hajduk, Community Services Director Kristen Switzer, Police Chief Jeff Groth, Public Works Director Craig Sheldon, IT Director Brad Crawford

3. **OLD BUSINESS – Questions and follow-up from the prior meeting (attachment A)**

A. QUESTIONS FROM STAFF'S E-MAIL OR FROM THE LAST MEETING?

Susan Claus- PERS, are we going to be talking about PERS or does the Budget Committee need to request it? **Chair Shannon-** We don't not have control over PERS unless it's planning for the following year. **Susan Claus-** My point is that we need to plan now so we don't need to rob the contingency budget for something that is going to be an ongoing budget issue. **Chair Shannon-** The PERS issues, which have occurred over the last few weeks, have little effect on FY15-16 budget. Is that correct? **Joe-** That is correct, it has no effect on the budget you are reviewing or next year's budget. **Chair Shannon-** Susan, if you have a motion we can move forward and discuss or determine if there is a second. **Susan Claus-** If we know that our savings are not going to be in PERS, is there any kind of analysis that we will be doing and what kind of time frame is that for this PERS question? **Julie-** Once we have more information, I will be forecasting for it and if we need to take more time to talk about it we will do it then. We don't want to make decisions on things we don't have information on. **Susan Claus-** Ok.

4. NEW BUSINESS

A. GENERAL FUND PRESENTATION – Continued from 5/13/15 Meeting

1. Police Chief, Jeff Groth (pg. 57-58)

The proposed budget includes the following:

- Adding 1 police officer position to strengthen patrol scheduling
- Includes contribution to Washington County Emergency Management Cooperative

Councilor Robinson- How much have we been paying in overtime? **Chief Groth-** \$85,000 has been budgeted. We have spent more this fiscal year than in the past. It's mostly made up of

court and shift coverage. The new position will not eliminate it, but it will help. **Councilor Robinson-** How much of this position will be used to address the increase in patrols for the marijuana regulations? **Chief Groth-** There is still so many moving parts on that that it is too early to say what it's going to look like. Any resources that go towards patrol could address that. We really want to look more at educating our kids that are under 21. **Councilor Robinson-** There was an officer that recently was hired on. We are talking about adding on an officer in addition to him, correct? **Chief Groth-** Correct. The officer that just got sworn in is a replacement officer.

Councilor Kuiper- How much does time does the SRO spend in the school? Will this additional officer effect that at all? **Chief Groth-** 85% of his time in the schools, may not be in the school, but it is school related work. This position will strengthen the patrol schedule and where we are weakest is on day shift and our SRO, at times, has to help cover those. If we strengthen that schedule, our SRO will have more time to spend with the schools.

Councilor Kuiper- I was doing some research and a city of about 19-20 thousand typically has 33 officers. Have you heard what statistics are on that? **Chief Groth-** That is a population based staffing model, which most experts will tell you that is not a way a community should plan on how they should staff their community. Based on comparing our department to other like sized cities around us, we are staffed lower. Every community is different, and we need to decide what is right for us.

Andy Jensen- \$10,000 in "other equipment," is that the Washington County co-op? What are the benefits of that co-op? **Chief Groth-** That \$10,000 is capital outlay and is for a radar trailer that will have solar panels. From joining the co-op we get economy of scale.

Meerta Meyer- Within the staffing study, will there be a conversation about a volunteer officer? **Chief Groth-** Sherwood had a reserve program, but they all have gone away. My worry with them is that they need to be managed well and we need to be in a position to manage them how they should be before it is brought on again.

Councilor Robinson- Do we have a volunteer that will be helping with emergency management and get the community more involved? **Chief Groth-** Yes, Mr. Stone. He is as close to an expert as you can get and he has already helped us a tremendous amount.

Chair Shannon- Has there been any problems with the new retail outlets? **Chief Groth-** We have a great relationship with them and their loss prevention management. They are our biggest users of our services. **Chair Shannon-** Do you feel like you have the man power to deal with them? **Chief Groth-** We have enough people on the streets to cover the calls; we need more Officers to have a sustainable schedule and to have a work/life balance.

Chair Shannon- We only have a half time Code Compliance Officer. Is that enough? **Chief Groth-** We have a position that is a Code Compliance/Evidence Technician. We will probably retitle that position to Community Services Officer to better capture the things that he is doing. On the books it is a half time position, but the reality of his job, is that he answers the demand. There are certain times in the season that code compliance is a big deal and there are other times when the demand is not as great so he is dealing more with evidence.

Mayor Clark- You said that the Staffing Study is budgeted and then, later on in the discussion, you said that the Police Advisory Board was going to be talking about the Staffing Study and deciding whether you were going for the Staffing Study or you were going to recommend a number of other things. Which one is it? **Chief Groth-** There is \$23,000 in this budget that is titled "Staffing Study", the Police Advisory Board is going to decide what to do with it. I look at them as the group that is tasked with deciding on how we want to move forward in getting community engagement. **Mayor Clark-** The recommendation will come to Council? **Chief Groth-** Yes.

Mayor Clark- We had \$85,000 budgeted this year for overtime. In the last 4 years what was the average? **Julie-** \$85,000 per year. **Mayor Clark-** How much will the proposed fulltime Officer cost? **Julie-** \$93,000. **Mayor Clark-** Are we still budgeting for overtime this year on top of that?

Julie- Yes, \$85,000. **Chief Groth-** Overtime covers things that are uncontrollable. We are hoping that the additional officer will reduce that, but it is unpredictable.

Brian Stecher- Turnover is costly. Are we a pass through or a destination department? **Chief Groth-** It's my belief that we are a destination. We have had little turn over.

Susan Claus- Is the K9 spending time in the schools? **Chief Groth-** We have been having many conversations with the school districts regarding the K9. We are hoping that the K9 will go to school next fall.

Susan Claus- The \$65,000 the school pays towards to the Police budget, does it cover the SRO? **Chief Groth-** It covers 50% shared costs.

Councilor Harris- Do officers have to sign something that says they will stay with us for a period of time after we train them? **Chief Groth-** Those are unenforceable so we don't, but, there is a state statute that was passed called the Poaching Law. By state statute, if an Officer comes to work at an agency and leaves within 36 months, their costs are to be reimbursed by the agency they go to work for.

Susan Claus- The red light program, do we keep statistics on the accidents that it is preventing? **Chief Groth-** Yes, it is making a difference. We track our accidents and none of the intersections that have the red light cameras were in the top 10 locations.

2. Administration

a) IT - Brad Crawford, IT Director (pg. 50)

The proposed budget includes the following:

- Complete the replacement of the remaining Audio/Video equipment
- Implement live broadcasts of City Council and Planning Commission meetings
- Continue security improvements and preform a security audit

Andrew McConnell- Is moving to an Office subscription model cheaper? **Brad-** We will evaluate it as it gets closer, but as of today it is cheaper.

Councilor Robinson- Under the 2014-2015 highlights, it says "continue working with School District to develop their new Video Program", is that within the City budget? **Brad-** There is no impact on the budget; it is a coordination effort. They will be producing some content for the cable access channel.

b) Finance/Court - Julie Blums, Finance Director (pg. 51-52)

The proposed budget includes the following:

- Complete the implementation of the new Finance Software System
- Provide an Amnesty opportunity for Municipal Court

Andrew McConnell- How does the amnesty effect the budget? **Julie-** last time we did it, it brought the budget up because we collected revenue we wouldn't have seen otherwise.

Chair Shannon- Court and fines wise, have you been staying on budget? **Julie-** We have.

Councilor Robinson- It says we added Pro Tem Judges. I thought we only had one? **Julie-** We now have three that we can choose from, because they are not always available. **Councilor Robinson-** Does that increase our budget? **Julie-** No, they just stand in for our regular Judge when he is on vacation.

Councilor Robinson- Is there a goal to switch over to a 2 year budget? **Julie-** Yes. I would like the same biannual schedule that the State has.

c) City Manager's Office and City Recorder/Council - Joe Gall, City Manager (pg. 46-49)

The proposed budget for City Council includes the following:

- More training and travel for City Council

Meerta Meyer- Will the training result in more income for the city? **Joe-** Yes. As an example the Mayor went to DC and made some inroads on some potential grant opportunities.

Chair Shannon- The Charter Review Committee had some concerns over control of Councilors submitting expense reimbursements. Has that been implemented? **Joe-** No, we have not had the conversation with Council about reporting that back. We will be able to track that better now that we are budgeting Council separately from the City Recorder.

Councilor Robinson- Under City Manager there is \$10,500 for community support and promotion and \$1,000 for special projects. What are those? **Joe-** We aren't there yet, but \$10,000 of that is the City's contribution to the Robin Hood Festival. The other \$500 is for sponsorships. The \$1,000 for special projects is for unforeseen things that come up; entering a float in the Grand Floral Parade.

The proposed budget for City Recorder includes the following:

- Travel and training opportunities

Susan Clause- FTE for the City Recorder is it 1 or 1.5? **Joe-** Its 1.5, Colleen is a .5 assistant.

The proposed budget for City Recorder includes the following:

- Complete the City's first-ever 5 year Strategic Plan
- Development of a Citizen Academy Program to increase citizen understanding of city government

Councilor Kuiper- The Citizen Academy Program could be an annual program if it goes well. Is the person working on this in the budget? **Joe-** Yes, but not a line item; it is in the personal costs.

Susan Claus- What is the FTEs? Julie- There are 2.65; Joe, Tina, Intern and part of Tom.

d) HR- Tom Pessemier

The proposed budget includes the following:

- Implement enhancements to City intranet to ensure efficient sharing of important information to employees

Andrew McConnell- When do union contracts get renewed? **Tom-** Just this year we renegotiated with the Sherwood Police Officers Association and that is a 2 year contract. The AFSCME Contract has been rolling over for the last 3 years, but if they want to renegotiate, that would happen around May.

Meerta Meyer- How often are we reviewing insurance rates? **Tom-** Not often, we have very competitive rates from CIS. For workers compensation we have SAIF. We will probably go out and check rates this year, just to make sure.

Joe- I want to highlight the City Attorney. In previous years the costs have been spread over all the departments; we had a contract Attorney. We are transitioning to an in-house Attorney, so we will track those costs in a new department. Costs will be slightly more because of initial investments. We budgeted a full year for the City Attorney and 9 months for the Assistant.

Councilor Robinson- There is no cost with licenses and permits and for a City Attorney there will be dues, fees and education. **Joe-** In the expenditure side we did put together some estimates for some of those costs.

Councilor Harris- Is it necessary to have \$1,444 for the City Attorney's cell phone? **Julie-** It is a stipend for both the Attorney and his/her Assistant.

B. STREET OPERATIONS FUND REVIEW – Craig Sheldon, Public Works Director (pg. 70-71)

The proposed budget includes the following:

- Start a wooden light pole program
- Pavement Management Program projects/slurry seal
- Replace ¼ of City's street name signs
- Sidewalk Replacement Program

Councilor Henderson- Where is the flashing light going? **Craig-** Crosswalk from Willamette to Fair Oaks. **Councilor Henderson-** What is the cost of that? **Craig-** \$20,000 total.

Andrew McConnell- What are calsense? **Craig-** It is our Water Irrigation Management System.

Kurt Studer- Budget being less than last year, do you feel like you have enough to maintain the infrastructure? **Craig-** We were behind with our pavement management from the start and we still are, but we are keeping it at an 80 PCI citywide.

Meerta Meyer- Have we considered flashing stop signs by parks and schools? **Craig-** We have looked into it, but we have never had budget to do that because we have been putting our money towards Pavement Management Program. We have put up radar signs by the schools. In the future it is something that we need to look at.

Councilor Kuiper- What is the range for PCI in Sherwood? **Craig-** We just paved Lincoln Street and it was down to 14. We want to try to do our slurry seals when they are at 78 so we can save the road. The section at Sunset that we will be doing is in the low 40s.

Chair Shannon- What year are we in the Sidewalk Program? **Craig-** We are getting close, it was a 5 year program. **Chair Shannon-** Is that funded by fees on the water bill? **Craig-** Yes. **Chair Shannon-** Is it getting close to completion? **Craig-** We will be rating them again and bringing that to council within the next year or so. We have had some other spots come up since we started the program, so that will have to be something that council needs to decide.

Councilor Robinson- Is the removal of monuments in the budget? **Craig-** Not to my knowledge. **Councilor Robinson-** What would the cost be? **Craig-** I don't have a cost for that. That is something that we could look into. **Councilor Robinson-** I would like to see that. **Julie-** Engineering is working on that and are looking into it now.

Councilor Robinson- Does the replacement of the street signs have to do with fire code? **Craig-** It is a federal law. **Councilor Robinson-** Are we going to be done with the replacement soon? **Craig-** After replacing the 1/4th we will just be left with replacing vandalized signs or maintenance.

Meerta Meyer- Can we defer a portion of the sign replacements and look at putting it into flashing stop signs instead? **Craig-** The cost of the signs do not cover the costs of flashing stop signs.

C. REVIEW ENTERPRISE OPERATIONS FUNDS

1. Water Operations – Craig Sheldon, Public Works Director (pg. 74-75)

The proposed budget includes the following:

- Maintain ground water wells as "emergency status"
- Complete AMI metering system installation
- Perform preventative maintenance on ½ our public fire hydrants
- All backflow assembly tested annually
- Provide Uni-directional Flushing Program
- Implement recommended CIP program
- Water right transfer and decommission well #4 project
- Rise in water costs

Councilor Kuiper- Where is the amount to decommission of the well? **Craig-** "Professional and other services"; in the \$132,525.

Meerta Meyer- Is there any revenue brought in from fines for illegal dumping? **Craig-** It is a different fund through code compliance.

Councilor Robinson- You are requesting 2 seasonal workers. How many FTEs is that? **Craig-** We have a hard time getting seasonal workers for a full 6 months. The FTE that we are asking for in parks, we gave up 2 seasonal workers to get. **Julie-** There at 8.5 FTEs in the water operations.

Susan Claus- The 4% increase in water that is being asked for in this budget. Is this where we talk about it? **Julie-** We did a work session with City Council about this, with our consultants, to go over proposed changes and the rates. These will be coming forward in the fee schedule in June and there will be a public hearing at that point. We are proposing the 4% increase. **Councilor Harris-** Is that 4% in the budget? **Julie-** It is not; it would be in addition. **Mayor Clark-** Will you be amending page 6, because it says "A water rate increase of 4% and a 20% reduction in SDC's are included in this proposed budget." **Julie-** Yes.

2. Sanitary Operations – Craig Sheldon, Public Works Director (pg. 78-79)

The proposed budget includes the following:

- Meet CWS performance measures
- 1/3 of the sanitary collections system to be NASSCO rated
- Increase public awareness of FOG
- No sanitary sewer overflows
- Mann hole rehabilitation program
- Emergency repairs
- Small equipment replacement

Meerta Meyer- Is a 7 year scope normal? **Craig-** It depends. In CWS requirements, it is 7 years. It's not that you wait 7 years to do all of them at once; you are required to do so many per year.

Meerta Meyer- In budgeting scopes, in terms of preventative measures for the city, so you propose additional scopes in areas that have more mature tree growth? **Craig-** We have certain hot spots throughout The City that get it more than every 4 years, we also have monthlies and stuff that gets done every 2 weeks.

Councilor Henderson- If the water rate increase isn't in the budget then the CWS increase is not. What do you think we expense just to maintain our system vs what we get reimbursed from CWS?

Julie- We do get a percentage of the charge and we have our own surcharge as well. It is enough to cover our annual expenses, not much more. If we have big projects to do, this is a fund where we run really tight. We are going to update our Storm and Sanitary Master Plans this year and in the process of that will be updating the SDC's and the rates as well. At that point we will evaluate if our surcharge is appropriate.

Councilor Harris- Are we stuck with CWS? **Craig-** Unless we want to get into water treatment business, yes.

Chair Shannon- How does the rate increases effect the budget? **Julie-** Water revenue will increase a little but, it will be saved for future years.

3. Storm Operations – Craig Sheldon, Public Works Director (pg. 82-83)

The proposed budget includes the following:

- Meet CWS performance standards
- All private water quality facilities are operational
- Perform monthly street sweeping
- Retro-fit 4 unsumped catch basins to sumped
- Rehabilitate 4 public WQF's, continue to increase % of functional facilities

Councilor Robinson- Does the City do street sweeping or do we contract it out? **Craig-** Currently CWS is contracted out to do it. We are in the middle of purchasing a used street sweeper from them and the plan is, once the AMI project is complete, that staff person will be taking over street sweeping. In this budget it is under contracted services because we did not know where we were going to be with it. It will be cheaper once we take over the street sweeping.

Councilor Kuiper- How much is a street sweeper? **Craig-** A new one is about \$180,000, but we are purchasing this one for \$25,000. It is about 5 years old. **Councilor Robinson-** Is that the "other operating materials and supplies"? **Craig-** The \$25,000 line item is dump fees.

4. Telecommunications – Brad Crawford, IT Director (pg. 85-86)

The proposed budget includes the following:

- Maintain current revenue stream
- Renew several customer contracts expiring this year and next
- Revise the Sherwood Broadband Business Plan
- Other purchased services increase related to new revenue
- Other professional technical services increase due to contracting services out

Councilor Kuiper- How much is leased right now and what is the potential to lease more? **Brad-** There is a lot of capacity. We will not run out.

Joe- Council has an upcoming work session about broadband.

Chair Shannon- Is this is the last year for the debt payment? **Brad-** Correct. Revenue and expense will look a lot better next year.

Councilor Robinson- Why do we pay \$88,000 for internet access? **Brad-** It is a lot of different lines. We have data center space that the core of the network sits in and that is like leasing retail space from another property owner. It is internet, it is backup internet, but it's not just internet; it's leasing of data space.

Susan Claus- Do we have a current business plan you are working off of? **Brad-** Yes, we have one from 2011-2012 and we are looking to revise that. **Susan Claus-** Are you expecting a lot of increases or is it a stabilized enterprise for the city? **Brad-** Everything is on the table as to what we do next.

D. REVIEW CAPITAL PROJECTS FUNDS AND CIP – Julie Blums and Julia Hajduk, Community Development Director (pg. 35-38)

This is a projection for the next 5 years of what our capital projects are going to be. The only year that is somewhat certain is next year. Most likely the out years will change once we have the Master Plans; we are going to do sanitary, storm and parks. We will also have a new Capital Improvement Plan that will be brought before Council on June 16th.

We get these projects on this list because they are all identified in existing plans or Council goals that have been set. The first priority is projects that we are already working on like Woodhaven Park. Then we look at projects that are in the Master Plan update. The projects that are in the 15/16 year are primarily projects that we have already started and are going to finish.

Julie Blums- In the street capital fund there is a project on page 72 that was double counted. In the motion that is made later there will be an adjustment to reduce the street capital budget by that dollar amount.

Chair Shannon- I have heard that there is going to be some major construction on Tualatin Sherwood highway as Washington County puts in their water infrastructure. Is there opportunity for the city to use on programs or improvements that they have in that area? **Julia-** That is actually a county facility. They are already working on the Tualatin Sherwood Road Widening Project and there will certainly be opportunities to coordinate that project and leverage the work that is being done there, but that is not something that we put into our Capital Improvement Program because it is not our project to fund.

Councilor Henderson- What I don't see in the next 5 years is Upper Pine. **Julia-** Based on Council need and funding that may change in future years.

Julie- Capital is the area where we come back with the most supplementals and transfers, because we try to get the projects done before July 1, but it's a timing thing with weather. It doesn't mean that we are spending more money, it just changing the time of when we spend the money. **Joe-** A two year budget would help this out.

Councilor Robinson- In my opinion The Oregon St/Tonquin Rd pre design \$25,000 and the Tonquin Employment Area Sanitary Upgrade, seems less of a priority than other projects we could be doing. They appear to be more anticipatory of future development when there is more of a need in other areas. **Julia-** The Tonquin Employment Area Sanitary Upgrade is 99% done. The Oregon St/Tonquin Rd is really to try to get a better estimate of what the cost will be so that when we are advocating to Washington County and METRO we have better and more information to get outside funding. **Councilor Kuiper-** I support that. We need to be ready for when we get the Tonquin Employment Area running. **Councilor Robinson-** My major concern is that we are updating all of our master plans with anticipating future projects because they are so far behind in their current status. I don't want to see a bunch of tax increases and rate increases for all of these different plans that we are updating when we can manage the money a little better internally. **Julia-** We need to go through the process of making the plans to identify what we need and for the most part, what we would be dealing with is the system development charges that would be attributed to development when it comes in and not tax papers.

Susan Claus- When we were talking about the SDC's and the rate study, we put those out for RFP's, is that right? **Julie-** That is a component of the master plan contract that was put out for an RFP; it's not a separate contract.

Susan Claus- Are the same people doing the master plan or does it go out to bid? **Julie-** We do a RFP process and anyone who wants to respond, can. Our water master plan was done by MSA and the contracts for storm and sanitary plans are also through MSA. We have not done a RFP yet for parks, I don't imagine MSA will be the contractor because they don't do parks. **Susan Claus-** If we have cost savings, what do we do with that? **Julie-** It stays in the fund and is available for future use on other projects. We frequently have a larger beginning balance then what we projected. We can't move money between the enterprise funds.

Susan Claus- When we have annexations into our town, are they responsible for completing their own infrastructure? **Julia-** Development basically pays for itself through the system development charges and/or through the requirements of that development. That's why we want to do the rate study; to make sure we are charging the correct amount so that the development pays for itself.

E. PUBLIC COMMENT – Opened at 8:48pm

- a. Bill Middleton citizen of Sherwood
 - Would like to see the staff say that they can make do with what they have.
 - Would like to see the Police Department Staffing Study done before we bring on another Officer and the decision should be in Council's hands
 - FTE's are needed in parks because we continue to add parks, but others are not needed
 - We elected a new Council because people wanted change
 - We need to streamline our departments
 - Monuments need to be removed
- b. Eugene Stewart property owner in Sherwood
 - Would like to see the seniors discussed
 - Would like more talk about unfunded liabilities; PERS
 - Business license fees should go towards helping businesses that are already here
 - Would like more discussion about what we are going to do about transportation problems
 - How do we bring more jobs to this area
- c. William Lewis citizen of Sherwood
 - How Finance Department FTE's get charged out
 - The overhead amount seems high

- Would like a description of that the \$682,00 is in the water fund under “other expenses”
- Surprised about franchise fees; our utility bills do not separate them out
- Would like to see more documentation to make sure that funds are allocated properly

Public comment closed at 9:00pm

F. COMMITTEE DISCUSSION

Mayor Clark moves to recess till next Wednesday, **Susan Claus** seconds
Discussion about the motion and who can/cannot be at the meeting next Wednesday
Mayor Clark removes her motion. **Susan Claus** withdraws her second

Councilor Robinson moves to continue to 9:30 to give staff feedback, **Meerta Meyer** seconds
Councilor Henderson, Councilor Harris, Brian Stecher and **Kurt Studer** nay, all others approve
Motion passes

Councilor Henderson- Would like to discuss some items about the Urban Renewal, but we are not there yet. We have gotten some feedback about some items that might be able to be covered by Urban Renewal money. **Chair Shannon-** Maybe someone can carry your proposals to the next meeting.

Councilor Harris- For the Chief. You mentioned in your presentation that your Officers on days are really where you are trying to increase your patrols, right? Not nights? **Chief Groth-** Correct.

Councilor Robinson- My feeling is that we should only add halftime staff for The Art Center. I know there seems to be a need, but given that we do not have the retail space leased and it's taking a large deficit to run The Center, I think a halftime position would be best for the time being. I would like to have a cost estimate from Craig to remove the monuments. I wanted to point out that there should be no cell phone charge to city council. I am surprised that we donate \$10,000 to the Robin Hood Festival. What if we donate \$5,000 and use the extra \$5,000 for removing monuments?
Councilor Kuiper- I would also like to see the cost to remove the monuments because it is a safety concern. **Julie-** It would not be something that is put together by Craig. It is in the Engineering Department. I know that they have started looking into different options because we will have to replace them with something. I do not know if we can get you a cost estimate by next week. **Joe-** The Council cell phone is for the Mayor, who is on her phone working all of the time. It is a tool. About Robin Hood, we have proposed cutting it in the past but it has always been restored. We can certainly try it again. **Mayor Clark-** I have advocated for Robin Hood in the past when it was proposed to be cut and the reason is this: The Robin Hood Festival is the Sherwood Festival that is run by volunteers. If we do not fund it we will not have the Festival and then the city will have to run it and the city running it would cost a lot more. **Councilor Kuiper-** The work that the volunteers do is way beyond the \$10,000 that we provide and the perception is worth the \$10,000. I recommend that we stay with it. **Mayor Clark-** I like the cost cutting idea and I'm interested to hear about The Art Center. If we cut that position to halftime, will we still be able to program that facility? **Joe-** There is more than enough work to keep a full time employee busy. It is not just for The Center, it's providing an Assistant to Kristen for her department. **Kristen-** I can't say that the position will effect programs. It may affect operating hours and if it was a part-time position I would just keep them at City Hall to support me. We would probably use more seasonals, so that budget would be increased so that our full time employees could program the facility. Part time is a lot better then what I have, but I feel like we would come back next year and ask for the full time employee again. This is a creative way of dealing with two issues; giving me an Assistant and staffing the front desk. **Councilor Kuiper-** If there was a halftime staff, how would that effect Maggie? **Kristen-** If there was a halftime staff, Leah and Maggie would also have to be coving the front desk and Maggie would be more tied to the facility.

Meerta Meyer- Can Kristen talk about why we need the halftime Building Monitor? **Kristen-** That is the combination of several Building Monitors that make up a halftime position in hours. They will be there on an as needed basis; if we have a rental or program. We can also call them in if we have sick staff. They are there to protect our asset. **Meerta Meyer-** Why would we not consider contracting out that position until we have more consistency? **Kristen-** It would cost more for the city. **Meerta Meyer-** I support Kristen getting the full time Administrative Assistant because they will be supporting Kristen with her whole department and not just at The Center for the Arts.

Councilor Robinson- What does the \$10,000 go towards when we give it to the Robin Hood Festival? **Joe-** We don't know exact numbers, they use it for marketing, bands.... **Chair Shannon-** From a past presentation, I remember they use it a lot for storage costs. It is also the Christmas Festival, not just Robin Hood. **Joe-** I will follow up to get more details as to what that \$10,000 goes towards. They are greatly appreciative of it. **Councilor Henderson-** I would like to know if they are ever going to be self-sustaining. Are there other ways we can help them, like grants. **Meerta Meyer-** Would you proposing cutting funding to the Robin Hood Festival? **Councilor Henderson-** I would just like to help them become more self-sustaining, not just pull their money. **Councilor Kuiper-** I think that we should start them on a transition plan over a couple years. I think we need more information. **Julie-** We have been saying we are going to do that for the past 5 year. **Mayor Clark-** I don't think that the Budget Committee is the committee that should come up with the plan.

Councilor Henderson- Do we have any Urban Renewal money that can go towards removing the monuments? **Tom-** We will look into it. We may not be able to use it, because it's more of a maintenance item now.

**G. RECESS UNTIL WEDNESDAY, MAY 27, 2015 6:00 PM – 9:00 PM, CITY HALL
COMMUNITY ROOM**

Submitted by: Kelsey Beilstein, Finance Administrative Assistant Minutes approved on:



SHERWOOD BUDGET COMMITTEE MEETING May 27, 2015 MINUTES

1. **CALL TO ORDER** – Chair Neil Shannon called to order the May 27, 2015 Sherwood Budget Committee Meeting at 6:05 PM.
2. **COMMITTEE MEMBERS AND COUNCIL PRESENT:** Mayor Clark, Council President Robinson, Councilor Kuiper, Neil Shannon, Andy Jensen, Andrew McConnell, Meerta Meyer and Brian Stecher

COMMITTEE MEMBERS CONFERENCED IN: Susan Claus, Councilor Harris and Kurt Studer

COMMITTEE MEMBERS ABSENT: Councilor Cook, Councilor King, and Councilor Henderson

CITY STAFF PRESENT: City Manager Joe Gall, Finance Director Julie Blums, Assistant City Manager Tom Pessemier,

3. COMMITTEE DISCUSSION (Continued)

Chair Shannon- Appreciates the time that staff has put into creating the budget and understands where there needs to be some increases in man power. I do not have any changes that I am recommending, but I do have some concerns about the economy and making sure that this is all sustainable. I am also concerned about issues that will be coming up with PERS and that is something that we need to keep an eye on.

Andrew McConnell- No Changes or suggestions.

Meerta Meyer- I am comfortable with the goals that staff has set. While some pieces of the budget may not meet my personal desires as a member of the community, I do understand and believe that the voice of the community has been heard and that is what has been presented to us.

Councilor Robinson- First, I agree with Chair Shannon that there needs to be some caution. While this budget is balanced, I think that it does not reflect too many of our department heads wants vs their needs and I would have liked to seen more things that were on the list of things that we did not include in the budget because we are being more frugal. I know that there is going to be a mild cost of living increase for the city workers, most people don't get that. I struggle with this budget quite a bit. I have raised some issues and understand that I am in the minority on coming up with some alternatives. For the Police Officers, we are seeking and additional Police Officer and although I have mixed feelings about it, I do recommend that we include the new Officer. I would like to express my own concern that I want that extra person to reduce OT. Also, we only have one SRO and our K9 is not being used in the manner that she was intended to be used. I want the K9 used, I want a SRO assigned to the Middle Schools and Elementary Schools. Rather than conducting surveys of adults, we need to focus our efforts on the school level. I prefer to have a part time Art Center staff person because we are in the first year of the Art Center, but I'm willing to go with the full time person that Kristen needs because I do think there is a need there. I would like to see some shift in levels of staffing in other locations; I don't think the Planning Department needs the amount of staff they have. I do not approve of giving the Robin Hood Festival \$10,000. I realize that it's too close to pull for this year, but I will be adamant in removing it next year. One thing that I would like to reject is the additional staff member for our Finance Department. That is moving our current PT person to FT and with the new finance software that we have paid for, I thought that would be a prime area where we could save some money.

Councilor Kuiper- Happy we still have 23% in the reserve and that we are moving forward cautiously. After looking over some data about comparable communities Police Officer to population ratios, I am comfortable with adding the additional Police Officer. I am not recommending any change to the budget.

Mayor Clark- We are getting the staffing study to make sure that we are staffed right for our community. It seems preemptive, as a Budget Committee, to add a Police Officer before the study is completed. The OT doesn't tell us that we need new staff, because that consistently has stayed the same. What will tell us, is the study. The worst thing that we could do is hire someone and then find out that we are over staffed and have to let them go.

Mayor Clark moves to remove \$93,000 from Police Division budget in the General Fund to Contingency, **Susan Claus** seconds, Discussion about the motion, **Chair Shannon, Brian Stecher, Councilor Harris, Andy Jensen, Councilor Kuiper, Andy McConnell, Metra Meyer and Kurt Studer** Nay, **Mayor Clark, Susan Claus and Councilor Robinson** Y, Motion Failed

Brian Stecher- No Changes or suggestions.

Susan Claus- Would like monthly reporting instead of quarterly bases. **Julie-** That is something that would need to go to Council for adoption. **Susan Claus-** Would like to see the Budget Committee be active through the year to stay on top of items in our future, such as PERS.

Kurt Studer- Supports adding staff to the Art Center and to the Police Department

Councilor Harris- Agrees with Susan as regards to needing more information earlier.

Meerta Meyer moves to reduce the Street Capital Fund expenditures by \$900,000 as recommended by staff, **Andy McConnell** seconds, all approved, Motion passes

Julie- The committee requested that staff come back with as much information as we could in a week and we have done that. The staff recommendation is to look at removing/modifying the 12 monuments, at the 3 intersections on 1st Street. To do that, we are requesting that you increase the Street Capital budget by \$50,000 so that we can contract out preliminary design and cost estimates. We would then bring 3 options to Council and they can decide which option they want to go with and how we are going to fund it.

Councilor Robinson moves to increase the Street Capital Budget by \$50,000 for a preliminary design and cost estimate review to remove and replace 12 monuments on 1st Street, **Mayor Clark** seconds Discussion about the motion, **Mayor Clark** withdrawals second, **Councilor Robinson** withdrawals motion

Andy Jensen- Agrees with Susan that we need to be planning for the upcoming changes to PERS and would be pushing back on making more changes to address PERS now, but feels like we have sufficient reserves. Supports funding that is going towards the Robin Hood Festival, but would like to see more accountability and oversight to how that money is spent.

Councilor Robinson moves to reduce Administrative budget in General Fund by \$24,000 and go to contingency, **Mayor Clark** seconds, Discussion about the motion, All nay, Motion fails

4. APPROVE CITY OF SHERWOOD FY15-16 PROPOSED BUDGET AND TAX RATE

Chair Shannon moves to approve the proposed 2015-2016 City of Sherwood Budget including the prior approved motions to amend. I also move that the Sherwood Budget Committee approve taxes for the 2015-2016 fiscal year of \$3.2975 per \$1,000 of assessed value for operating purposes, **Brian Stecher** seconds, **Mayor Clark** nay, All others Y, Motion passes

5. CHAIR SHANNON ADJOURNED THE CITY OF SHERWOOD BUDGET MEETING

Submitted by: Kelsey Beilstein, Finance Administrative Assistant Minutes approved on:



SHERWOOD URBAN RENEWAL AGENCY BUDGET COMMITTEE MEETING May 27, 2015 MINUTES

1. CALL TO ORDER – Chair Shannon

COMMITTEE MEMBERS AND COUNCIL PRESENT: Mayor Clark, Council President Robinson, Councilor Kuiper, Neil Shannon, Andy Jensen, Andrew McConnell, Meerta Meyer and Brian Stecher

COMMITTEE MEMBERS CONFERENCED IN: Susan Claus, Councilor Harris and Kurt Studer

COMMITTEE MEMBERS ABSENT: Councilor Cook, Councilor King and Councilor Henderson

CITY STAFF PRESENT: City Manager Joe Gall, Finance Director Julie Blums, Assistant City Manager Tom Pessemier,

2. NEW BUSINESS

A. RECEIVE BUDGET MESSAGE – Tom Pessemier, Assistant City Manager (pg. 2)

Tom read the Budget Message; the FY15-16 capital projects primarily includes appropriations to:

- Construct a parking lot on the 1st Street Properties acquired by the URA in 2014
- Sidewalk Improvements in Old Town
- Old Town Alley conversion (between 1st and 2nd Streets)
- Signage for the Sherwood Center for the Arts

Funding for all projects will come from fund balance.

B. URBAN RENEWAL OVERVIEW – Tom Pessemier, Assistant City Manager (pg. 3)

It says “Operations Budget,” but we will probably change that title to “Operations and Capital,” so it is clear that this includes both portions. We used to have a separate Operations and Capital Budget, but this year we put them into one because our Capital Projects are going down so much.

Tom has heard the concern about the monuments. The ORS says that we can spend moneys on transportation type projects, as long as it was a project in the plan. The URA will have to take some action in order to change the plan to create a project that would encompass taking care of the monuments. That would also require them to go back and look at the list of priorities. Those are the two things that would have to happen before that money is spent, but he does not think those things need to happen before the money is allocated. It would be safe to add some money to the “Professional and Technical Services,” line of the Budget. Tom proposes to add \$30,000 instead of \$50,000.

What is not included in the Budget is money for The Center for the Arts. There could be some tenant improvements, which we are expecting to have to do, as well as some capital items. We will probably be able to do that in the Capital Infrastructure that we already have outlaid, but if we have to come back at some point, we will.

Councilor Robinson- Why do we go from \$15,000 to \$32,000 on the Professional and Technical without adding the additional \$30,000? Also, what is the Sale of Fixed Asset? **Julie-** The Sale of Fixed Asset: We

are working to sell off the property that the URA owns and we are making the assumption that we will be selling off at least one of those properties in the next year. **Tom-** The Professional and Technical: We are in the proses of getting an intern working full time for 11 months of the year on Old Town activities that equals \$22,000.

Councilor Kuiper- On Furniture and Equipment, \$25,000 for signage for the Art Center seems cheap. **Tom-** We are limited to a 6x6 sign, due to city code, so it will not be large. Sign cost have also significantly come down because there are more options. **Councilor Kuiper-** Are you adding more signage to The Center for the Arts or just the reader board? **Tom-** We are hoping to accomplish 2 purposes in one. One is a monument sign that says "Center for the Arts," the other is the reader board.

Susan Claus- Do we have any city property on Highway 99? **Tom-** Not owned by the URA **Susan Claus-** It would be nice to get some off site signage in a high traffic area. **Tom-** That area is outside the URA boundary and we have had trouble getting other signs out there approved by ODOT because of the large number of signs already there.

Meerta Meyer- What about more directional signage that would lead people to The Center for the Arts? Is a reader board the most effective way to spend money at this point? **Tom-** the reader board would not be exclusively for The Center for the Arts. We currently have a reader board in the Robin Hood lot, this would really be to replace that. That sign is very expensive for us to maintain and put the letters up. We feel the cost saving from not using the Robin Hood sign and doing it electronically will pay for itself within a year or two.

Councilor Kuiper- The property that we are selling, is it downtown? **Tom-** It is on Main Street, just one house north of Columbia Street. It is the property that we purchased for the construction of the water quality facility, we did a lot line adjustment and are now ready to sell it.

3. PUBLIC COMMENT FOR SHERWOOD URBAN RENEWAL AGENCY BUDGET

Public comment opened, no requests to comment, public comment closed

4. COMMITTEE DISCUSSION

Susan Claus- There is a \$4M transfer, what is that? **Julie-** That is in the current year and it is a transfer in from the Operations Fund to the Capital Fund; between the two URA Funds.

Councilor Kuiper- Whose salaries are paid out of the URA? **Julie-** Tom's time, engineering's time... it's all related to who is working on those projects.

Meerta Meyer moves to add \$30,000 to the URA expenditures and reduce reserves to address the monuments, **Mayor Clark** seconds, Discussion about the motion, All approved, Motion passes

Susan Claus- On the May 20th attachment on page 16 that we had for the Budget Committee meeting, there is more detail for the URA. There is Administrative overhead of \$43,480 and an Engineering overhead on capital projects. I'm assuming that is a reimbursement. How are we calculating our administrative overhead reimbursement that we have done out of the URA Budget back into the normal City of Sherwood Budget? **Julie-** Explains how administrative overhead is calculated. **Susan Claus-** What rate is that? **Julie-** It's a proportional share. It's budgeted at about 40% of personal services, but we charge based on actuals. **Susan Claus-** Where did we come up with that 40%? **Julie-** It's based on the costs of the administrative division. **Susan Claus-** Can you put something together for the Budget Committee? **Julie-** It's on my list of things for us to look at later in the year during one of our quarterly meetings.

5. APPROVAL OF THE SHERWOOD URBAN RENEWAL AGENCY BUDGET AND TAX RATE

Chair Shannon moves to approve the proposed 2015-2016 Sherwood Urban Renewal District Budget including the prior motions to amend and to approve taxes for the 2015-2016 fiscal year of \$3,534,760 for operating purposes, **Andy Jensen** Seconds, All approved, Motion passes

6. CHAIR SHANNON ADJOURNED THE SHERWOOD URA BUDGET MEETING

Submitted by: Kelsey Beilstein, Finance Administrative Assistant Minutes approved on:

Budget, CAFR, and Audit

Budget

The budget is a statement of the proposed expenditures over the course of the coming year, and a statement of which income sources will be used to cover those expenditures, following both State law and the Charter. The budget is generally a cash-based description of activities in the coming year.

CAFR – Comprehensive Annual Financial Report

While the budget is primarily a forward-looking, cash-based view of a single year of operations, the CAFR is quite different. The CAFR is a backward-looking comprehensive review of what happened in the last year, and it includes a number of items that are not referred to in the more cash-based budget. The CAFR reports all of the assets, liabilities, revenues, expenses, and gains and losses of the government.

Audit

Audits are performed in accordance with Generally Accepted Auditing Standards (GAAS). Those standards require the auditor to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Summary

Budget – Projection of what are we going to do the next fiscal year

CAFR – Review of what we did last fiscal year

Audit – Review of the CAFR and accounting procedures

Cost Allocation

For the City of Sherwood

Prepared by Julie Blums, Finance Director

August 13, 2015

What is Cost Allocation?

- ▶ Cost allocation is the allocation of costs for essential shared services for the general operations of the business.
- ▶ Examples of Cost Allocation Costs
 - ▶ Accounting services (payroll, accounts payable, CAFR, Budget, Audit)
 - ▶ IT services (computer support, website, helpdesk, software maintenance)
 - ▶ HR services (recruitments, personnel, risk management, insurance)
 - ▶ City Recorder services (council support, elections, records management)
 - ▶ City Manager services (administration of all city functions)
 - ▶ Facilities (building maintenance and utilities)

Why Use A Cost Allocation Model?

Measuring the Full Cost of Government Service

Best Practice - Approved by GFOA's Executive Board: January 2002

- ▶ Measuring the cost of government services is useful for a variety of purposes, including **performance measurement and benchmarking; setting user fees and charges; privatization; competition initiatives or managed competition; and activity-based costing and activity-based management.** The full cost of a service encompasses all direct and indirect costs related to that service. Direct costs include the salaries, wages, and benefits of employees while they are exclusively working on the delivery of the service, as well as the materials and supplies, and other associated operating costs such as utilities and rent, training and travel. Likewise, they include costs that may not be fully funded in the current period such as compensated absences, interest expense, depreciation or a use allowance, and pensions. Indirect costs include shared administrative expenses within the work unit and in one or more **support functions outside the work unit (e.g., legal, finance, human resources, facilities, maintenance, technology).** These shared costs should be apportioned by some systematic and rational allocation methodology and that methodology should be disclosed.
- ▶ The National Advisory Council on State and Local Budgeting acknowledged the importance of measuring the cost of government services in two of its recommended practices: developing a policy on cost recovery through fees and charges (4.2) and assessing how a service could be alternatively provided more efficiently (6.1).

Reference: <http://www.gfoa.org/measuring-full-cost-government-service>

Sherwood's Cost Allocation Model?

Total personal services costs in each fund/department/or capital project
divided by
Total non-support services personal services costs city wide
multiplied by
Total support services costs
=
Cost Allocation Charge

Cost Allocation Example - Support Services

| SUPPORT DEPTS - COSTS TO ALLOCATE | |
|--|---------------------|
| Costs by Department | |
| General Administration | 234,000 |
| City Recorder | 186,000 |
| City Council | 23,000 |
| City Manager | 403,000 |
| IT | 872,000 |
| Human Resources | 307,000 |
| City Attorney | 318,000 |
| Finance | 605,000 |
| Facilities | 755,000 |
| Total support depts costs to allocate | \$ 3,703,000 |
| Costs by Category | |
| Personal Services | 1,912,000 |
| Materials & Services | 1,690,000 |
| Capital Outlay | 101,000 |
| Total support depts costs to allocate | \$ 3,703,000 |

Cost Allocation Example - Calculation

| USER DEPTS - ALLOCATION BASE | | | | |
|-------------------------------------|----------------------------------|---|-------------------------------------|--|
| | Personal Services Expense | Department % of Total Personal Sevices Expense | Department Allocation Charge | Allocation Charge as a % of Total Expense |
| General Fund | 7,013,000 | 77.58% | 2,872,692 | 19% |
| Water Fund | 660,000 | 7.30% | 270,352 | 5% |
| Sanitary Fund | 292,000 | 3.23% | 119,610 | 11% |
| Storm Fund | 439,000 | 4.86% | 179,825 | 8% |
| Street Operations Fund | 385,000 | 4.26% | 157,705 | 7% |
| Street Capital Fund | 9,000 | 0.10% | 3,687 | 0.3% |
| General Construction Fund | 91,000 | 1.01% | 37,276 | 2% |
| Telecom Fund | 45,000 | 0.50% | 18,433 | 4% |
| URA Fund | 106,000 | 1.17% | 43,420 | 2% |
| Total user depts | \$ 9,040,000 | 100.00% | \$ 3,703,000 | |

Overview of Financial Policies

Purpose

In order to carry out the mission of the City of Sherwood and support the City's values, this set of financial policies has been created by the City of Sherwood.

The purpose of these financial policies is to provide a cohesive long term approach to financial management of the City of Sherwood. These policies establish a means for guiding today's financial decisions in order to achieve the mission of the City of Sherwood in a manner that reflects the City's values.

Goal

The goal of these policies is to provide the financial stability needed to navigate through economic changes, adjust to changes in the service requirements of the community and respond to other changes as they affect the City's residents.

Responsibilities

1. **Stewardship:** The City of Sherwood is a steward of public funds. These funds are entrusted to the City through the payment of taxes, fees, and fund transfers from other governments. The City of Sherwood is responsible for using all funds efficiently and effectively and for the purposes for which they were intended.
2. **Asset Protection:** The assets of the City of Sherwood exist in a variety of forms. All these assets must be protected through an effective accounting and internal control System. The System must track assets and document the costs of acquisition, maintenance, and replacement.
3. **Legal Conformance:** The City of Sherwood is subject to federal, state, and local statutes and rules regarding purchasing, entering into debt, budgeting, accounting, and auditing: regulations that govern virtually all financial transactions. The City also voluntarily enters into contracts which include significant financial and operational covenants. The City of Sherwood is responsible for conforming to laws, rules, and covenants to which it is subject.
4. **Standards:** The Government Finance Officers Association (GFOA) and the Governmental Accounting Standards Board (GASB) set polices and guidelines for public sector accounting and financial reporting. The City of Sherwood is responsible for adhering to the requirements of these organizations and for seeking guidance from policies, standards and best practices set forth by these organizations.
5. **Authority:** The Sherwood City Council is the sole authority for deleting, modifying, or adding to these policies. Every two years, the Council shall engage the Budget Committee to review and update these policies'

Policy 1 - Funds

1. The City of Sherwood will maintain an orderly and logical fund structure that provides stakeholders with ready access to financial information.
2. The City of Sherwood will conform to Generally Accepted Accounting Principles (GAAP) and the Government Finance Officers Association's best practices for establishing and maintaining funds.
3. The City of Sherwood will establish and maintain those funds required by law and sound financial administration. Acknowledging that unnecessary funds result in inflexibility, complexity, and inefficient financial administration, only the minimum number of funds consistent with legal and operating requirements will be established.
4. The criteria for establishing a new fund are variable, but include triggers such as;
 - a. Inauguration of a new dedicated revenue stream and a concurrent service.
 - b. The need for increased clarity of financial information.
 - c. The establishment of a new enterprise.
 - d. Covenants embodied in financing agreements.
 - e. Changes in state law or financial management/accounting standards.
5. Only the Sherwood City Council has the authority to create or delete funds. The Council shall create or delete funds by resolution.

Policy 2 - Budgeting

1. The City of Sherwood budget process shall consist of activities that encompass the development, implementation, and evaluation of a plan for the provision of services and capital assets.
2. The purpose of the budget process is to help decision makers make informed choices about the provision of services and capital assets and to promote stakeholder participation in the process.
3. The City of Sherwood budget process shall:
 - a. Incorporate a long term perspective (minimum three fiscal years)
 - b. Establish linkages to broad organizational goals
 - c. Focus budget decisions on results and outcomes
 - d. Involve and promote effective communication with stakeholders
4. All budgetary procedures will conform to existing state and local regulations. Oregon budget law requires each local government to prepare a balanced budget and Oregon Administrative Rules state:
 - a. The budget must be constructed in such a manner that the total resources in a fund equal the total of expenditures and requirements for that fund, and
 - b. The total of all resources of the municipality must equal the total of all expenditures and all requirements for the municipality.
5. A cost allocation plan will be developed and incorporated into the City of Sherwood budget. The cost allocation plan will be the basis for distribution of general government and internal service costs to other funds, divisions, and capital projects.
6. The Sherwood City Council shall adopt the budget at the fund, division, or program level (as appropriate to each fund) as a total dollar amount for all appropriations except contingency, unappropriated ending fund balance and reserves, which shall be stated separately.
7. Inter-fund Transfers shall be kept to a minimum. Inter-fund loans shall be documented in a resolution that cites the terms of the loan.
8. As part of the annual budget process, the City of Sherwood will maintain a three-year revenue and expenditure forecast. This forecast will be created using an objective, analytical process incorporating applicable projections from the State of Oregon's latest Economic Forecast and conservative assumptions where State developed data is not available. Revenues will be estimated realistically and prudently using best practices as defined by the Government Finance Officers Association. Revenues shall be forecasted conservatively.

Policy 2 – Budgeting (Continued)

9. Oregon budget law provides a means to adjust the budget for emergency expenditures or unforeseen circumstances. All resolutions adjusting the budget will be prepared by the Finance department for City Council approval to ensure compliance with budget laws.
10. Prior to submittal to City Council, the Budget Officer will convene the Budget Committee to review supplemental budget resolutions. If time does not allow for this action, Budget Committee members shall be informed of the City Council's action on the resolution promptly.
11. A mid-year review process will be conducted by the City Manager and Finance Director in order to make any necessary adjustments to the adopted budget.
12. In the City's effort to strive for excellence, the City of Sherwood will make every effort to obtain the Award for Distinguished Budget Presentation from the Government Finance Officers Association (GFOA).
13. Reports comparing actual to budgeted expenditures will be prepared quarterly by the Finance Department and distributed to the City Council, City Manager and Department Directors.