



**SHERWOOD BUDGET COMMITTEE MEETING - 2013-2014 BUDGET MINUTES**  
**April 29, 2013**

1. **CALL TO ORDER:** Chair Ivonne Pflaum called to order the FY2013-2014 Budget Meeting at 6:00 PM and announced that if needed the next Budget Committee Meeting will be on May 6, 2013 at 6:00 PM.

Chair Pflaum asked Accounting Supervisor Julie Blums to conduct the roll call.

2. **COMMITTEE MEMBERS AND COUNCIL PRESENT:** Chair Ivonne Pflaum, Neil Shannon, Kim Rocha-Pearson, Brian Stecher, Lynette Waller, Mayor Middleton, Council President Linda Henderson, Councilor Bill Butterfield, Councilor Krisanna Clark, Councilor Robyn Folsom, Councilor Dave Grant, and Councilor Matt Langer.

**COMMITTEE MEMBERS ABSENT:** Vice Chair Tim Carkin and Steve Munsterman,

**STAFF PRESENT:** City Manager Joe Gall, Finance Director Craig Gibons, Accounting Supervisor Julie Blums, Police Chief Jeff Groth, Police Captain Ty Hanlon, Assistant City Manager Tom Pessemier, Community Development Director Julia Hajduk, Community Services Director Kristen Switzer, and City Recorder Sylvia Murphy.

Chair Pflaum reminded the attendees there are forms to fill out in the back of the room for the Public Comment portion of this meeting.

Minutes from previous meeting are not yet complete for approval so will move forward.

3. **OLD BUSINESS**

A. Questions from 4/22/13 Meeting:

**Kim Rocha-Pearson:** In reading Slide #13 and comparing to #10 of the presentation it states that we continue to decrease our support in the number of Law Enforcement Officers per Citizen even though what is considered "Violent Crimes" went up in 2012?

**Chief Groth** stated this is partially correct but provided clarification to the phrase "Violent Crimes". There are two measuring systems that are in place right now. The FBI is measuring violent crime and property crime that is a transition that has not trickled down to local records. We use the PPDS Parts 1 and 2 for measuring.

**Kim Rocha-Pearson:** You state you are not requesting any additional positions however we cannot afford any more cuts. Are we still getting help from other counties, i.e. Washington County for patrolling?

**Chief Groth:** In regards to patrolling it is kind of a yes and no. Because we are in Washington County their units do drive through. They have their own responsibilities in the non-incorporated areas. We also have mutual aid agreements but those are more for “if it really gets bad they can come help”, but you never know what they have going on during that time. But we do help one another and a county car can be in Sherwood any time but it could take up to 15 minutes for them to respond.

**Kim Rocha-Pearson:** Page 23 of slides states we are not up to the same level of coverage as other cities for the 24 hour patrol time.

**Chief Groth:** Correct, we are trying to put 2 officers on the road 24 hours a day and are having difficulty maintaining that level because of normal scheduling impacts. It is my opinion that we need to move to 3 officers, 24/7 so if one has to leave to take someone to jail there would be 2 officers. Right now it would leave one officer alone or we have to utilize supervisors to cover.

**Kim Rocha-Pearson:** I assume with these shifts there is a decent amount of overtime. What is the amount of overtime?

**Chief Groth:** As of the mid-way time the officers have worked the equivalent of 1 FTE this year. But that is not all shift cover over-time because there is court and other types of overtime reasons that come up. A lot of it is over-time shifts.

**Kim Rocha-Pearson:** In your opinion, you say it is inadequate, so, how many officers do you think we need? I do think we need to be fiscally responsible and it is important that we are adequately staffed for our community. I personally have had a situation and I rely on the presence of the police. It was a violent crime and I called and got protection for my family until I left town. I would like to think that I received that protection, not because I am on the budget committee but because I am a citizen. I felt better knowing and talking with the chief that the police were out patrolling around.

**Chief Groth:** We never got into that and respectfully I am not prepared to respond. I would just like the committee, community and council to give us some guidance and a message of what kind of service level we need to have. And there are certainly different options.

**Kim Rocha-Pearson:** Do we need any additional police cars and if so, how many years are left on the cars that are needed to be replaced?

**Chief Groth:** I did request that but they were cut out of the budget to find savings to balance the budget this year. We had planned to replace 2 cars that are getting old this year. We have some time between now and first of 2014, next fall, to replace before they hit their mileage mark.

Chair Pflaum addressed the next agenda item.

#### 4. NEW BUSINESS

- A. Public Works Director, Craig Sheldon:** We are going to talk about city playground structures and park equipment. The life expectancy of playground equipment is 15 to 20 years. We have some structures that are nearing that and the city has not been putting any money away for replacement.

The life expectancy is considered through a variety of reasons: material type, amount of use, age of the users and weather and preventative maintenance. The standards are set through the US Safety Products Commission which is through the ASTM (American Standard Testing Material) set out through the National Park and Recreation. I provided a Park Vision Statement that was adopted in 2006 by the City Council and the Parks Board.

The first structure that was cut out of the budget was Murdock Park. That is the worst structure we have in our system and has been a problem since 2002-2003 and we have had to make a variety of replacements as the structure is 15 years old. The structure meets standards but is not ADA compliant that would be required at the time of upgrades. To replace this structure and a new border would cost ~\$110K and it should be replaced within the next 2 years. Next is Langer Park and the information we currently have is it is about 17 years old and could cost ~\$75K. It is an HOA park and the agreement is coming up in 2015. The HOA dumped a bunch of money into it about 4 years ago to bring it into compliance. It was not ADA compliant but is now and we do the inspections. Cinnamon Hills Park is 15 years old and it does meet standards but is not ADA compliant with a lot of ADA access issues, and would be ~\$120K. We will be able to get more than the 15-20 years out of this park because it is not a high use. Pioneer Park meets safety standards, is 12 years old, is not ADA compliant and will be ~\$118K to replace that structure. Oregon Trails is one of our smallest parks and is 10 years old, is not ADA compliant and will be ~\$57K to replace. Lady Fern Park is about 11 years old, meets standards and will be ~\$120K to replace. The Playground at Wood Haven is 10 years old and would be ~\$130K to replace. Snyder Park is already 7 years old and would be \$200K-\$250K to replace those structures. Then there is Stella Olsen Park which we have had to make many major repairs, because of usage, is 15 years old. Some of the structures may get us to the 20 year mark, some to 22-23 years.

As we move forward to this next year and working with the Parks Board we will be putting together a Resource Management Plan so that next year we will have everything lined out. We will be breaking it down by play structures, park shelters and benches, tables, water features, restrooms, turf fields to mention a few and still have drinking fountains, observation decks and fencing. On the sports field side you have basketball and tennis courts, turf fields, turf in-fields, backstops, dugouts, fences and bleachers. The Field House has fences and some other items. We have a trail system that is made up of dirt, gravel, granite or sand, asphalt pathways, concrete as well as a boardwalk.

Over the next 10 years routine maintenance, which is what we cover in our budget for labor and small costs, we actually need to be putting away about \$250K per year to meet the next 10 years of replacing city park assets. If we don't we will get to the point where we will have to shut down playgrounds because they don't meet the standards. What you have in the Public Works area is that the city was built all about the same time and all of those assets are going to come due at about the same time or pretty close to that time.

We are currently working on a facilities plan and once that is complete we will look at the next plan as well as city wide vehicle replacement. The Enterprise Fund has a pretty good replacement plan.

Craig also provided some age and replacement statistics and costs on a long list of other park and sports field assets and items that all point to the need for the \$250K per year savings to cover replacement in the next 15 years. We need to also take into account the routine things that come up.

Craig then discussed a future issue that needs to be addressed. The high school is putting away \$25K per year for replacement of the football field and in 10 years they will have \$250K but the cost will be somewhere around \$400-\$450K. This is a bigger conversation and right now we are addressing City Park Assets.

Trail Maintenance - We have about 7.5 miles of trails and should be budgeting at least \$5K per mile. Over the past 2 years we have spent \$20-\$25K on maintenance repairs plus an additional \$10K on labor and equipment. We have deferred costs on trails and that number is not available at this time but is being worked on through the Resource Planning Activities. As we build new trails we need to put aside \$5K per mile to cover maintenance, sealing and repairs.

Murdock Park is cut out of the budget but Craig feels we can go another year. It is rusty around some welds but is structurally sound enough for now but do not know what will happen after another year.

#### **Questions:**

**Kim Rocha-Pearson:** Murdock Park, we have done some maintenance on the equipment or work that has extended the life of the asset? Also, do you feel pretty good about the integrity of the structure and potential of public risk?

**Craig Sheldon:** We have done some maintenance and replacement of the slides but we have had a hard time finding parts for the equipment. It was purchased from a local company and they moved. It has sometimes taken weeks and we have had to board it up and shut down. Most have been band aid fixes and as we get closer to the end of their lives it is going to cost more to repair or maintain. I can say now that I think the structure is good but I don't know if I will say the same 6 months from now. Very quickly Stella Olsen is going to be backing up right against Murdock in requiring maintenance or replacement. It meets standards but it does have some problems. We are probably about 2-3 years out from replacement at Stella Olsen and it gets more use than Murdock.

Craig reminded all that the dollars that are in the packets can change.

**Lynette Waller:** Is this complete City expense or do the Home Owners Associations cover any of the costs?

**Craig Sheldon:** These would be city expenses and the only HOA on the list is Langer Park. Woodhaven is all city expense because we built it.

**Neil Shannon:** Regional Trails – I guess the Tonkin Trail is coming in sometime this year. Is this something that after it is installed it is strictly all city maintenance or is there any Metro or Regional funds that become available?

**Craig Sheldon:** I cannot answer for the Regional but I would think that the fact it is going through Sherwood the city would be responsible. I am sure all of these details are being worked out. I have not been completely in the loop on that one. Again if you are bringing in a 4 ½ mile trail in we need to look at \$5K per mile to maintain that trail system.

**Ivonne Pflaum:** Have you looked at any how to prioritize how to repair or maintain these playgrounds? I was adding this up and it comes to over \$1M

**Craig Sheldon:** Yes, we have a Resource Management Plan that is in draft form that lists every asset from small to large. It will include age, usage and risk factors. This will be going before the Parks Board then it is my hope that it will come before the council also for review. The deferred cost is about \$2.8M if we don't do anything in the next 10 years.

**Ivonne Pflaum:** I was not part of the city government process when all this was happening. Is there anyone here who knows if there was any discussion on how to maintain all of these wonderful assets to our city?

**Craig Sheldon:** I think the maintenance part has not been a big deal up until the last 5 years. It was not a high priority at that time.

**Ivonne Pflaum:** This is going to be interesting to try to juggle this issue with the parks and probably a good lesson to learn is that when we start to think about something new we think about maintenance and maintainability of what we have so that we don't have to deal with such large numbers in the future.

**Craig Gibbons, Finance Director:** You have been given overviews of 2 really critical areas, Police and Park Maintenance as just examples of places where we are not spending money. In the case of parks, we reduced the department head budgets to a level where we are within the revenue available.

There are a series of memos in your packet, Attachment C1 through C5. They are addressed to the Budget Committee and are from various department directors. Each one of these memos highlights the accomplishments in the last year, of the departments, and then it says what we could do with more resources. They are packed with information about each General Fund Department and what they cannot accomplish given the limited budget for next year. Please look at them and in future budget meetings we will look at where we want the city to go and these memos can be a starting place for that discussion.

**Kim Rocha-Pearson:** On Exhibit C from 4/22/13, for Public Works, it states that we are going to eliminate the Administrative Assistant position in Utility Billing. Who is going to do that work and is it safe to say that the people there will not incur any overtime?

**Craig Sheldon:** It is not just Utility Billing but all of Public Works. It will be rolled between all of the other people doing the work. If you remember last year there was a layoff in the Finance Department and the position was moved to Public Works. I feel we are a lot stronger now with our software system, the call volumes have come down and I don't think we need that position. There could be some overtime but it will be minimal. I think we have done

enough to get people to move to on-line payments and we are getting fewer calls. Almost 40% have done some on-line billing. The position has been vacant since the holidays.

**Neil Shannon:** Am I correct that this is not a General Fund position but is Enterprise.

**Craig Sheldon:** That position was \$6K-12K out of the General Fund and the rest was the Enterprise Fund.

Chair Pflaum addressed the next agenda item.

**B. Long Term Debt Review, Julie Blums Accounting Supervisor:** This is Exhibit G in your packet and is a brief overview of the Long Term Debt that the City has. We have two kinds of debt:

- 1) General Obligation Bonds – These are repaid directly from property tax revenue that is not subject to any kind of limitation based on compression. So the voters passed a bond measure to incur that debt back in 2004.
- 2) Full Faith in Credit – We have one loan that is the YMCA Expansion Loan. The General Fund pays part of the debt and the YMCA reimburses us for 74.2% of the total loan payment and the remaining portion is paid out of Parks SDCs. It is a net zero to the General Fund.

We have 3 Water Loans for the reservoir and pipeline projects. We have 4 URA Loans that are backed by the city but are paid for by the Urban Renewal Fund. Craig did a fantastic job this fall by refinancing 2 of our Urban Renewal loans and was able to save us about \$700K in interest for the life of those 2 loans.

Craig Gibbons: The term of the loan is the same as the term of the original loan. One had 10 years the other had 12 years. The URA is a completely separate organization. It is another business and is not the city. However those loans that the URA did, the city back the loans with its Full Faith in Credit. Which means if the URA cannot pay the loans the City will pay the loans. When we get to the URA you will see that there is not a problem with them to be able to pay the debt service.

**C. Street Operations Fund, Julie Blums Accounting Supervisor.** This is Exhibit H in your packet. On the first page is our Forecasted Budget and we have been budgeting to spend about \$600K per year in Pavement Management to keep that program going and get our ratings up. We are bringing in enough fees to cover the cost of the program now. On the next couple of pages I want to highlight Street Fees. We have a Streetlight Fee which in October 2011 it was \$3 per month and then in November 2012 we changed the methodology and the Streetlight Fee is bringing in enough revenue to pay for the streetlights in the city.

We have 2 Sidewalk Fees. One is for sidewalk repairs and the other is for the new “safe sidewalks”, like the one we did along Edy Road to keep the kids safe while walking to the schools. The next page is the accounting of these and the first one is the Sidewalk Repair Fee and this is the one where we had the Sidewalk Assistance Program that was started last year. The first year we brought in about \$50K in revenue with this fee and for city owned sidewalk repairs we spent a little over \$13K. In the current year we are projected to bring in about \$50K and we already spent about \$47K in Sidewalk Assistance Repairs. We have billed about \$20K and have received \$10K or half of the citizen’s portion. People

are using the program and it is working well. According to Craig Sheldon there have only been a couple of complaints and most people sign up for it and are very happy.

The second sidewalk fee is the Safe Sidewalk Fee and the first year's revenue we did completely use on the Edy Road Project.

Questions:

**Lynette Waller:** About how long does it take us to get reimbursed? Do they pay in installments or 25% per quarter?

**Craig Sheldon:** It can take up to about 1 year but we are finding that most of them who owe a \$22 fee pay right up front. It is the bigger repairs that are taking a little bit but they can have up to 12 months to pay it back.

**Kim Rocha-Pearson:** Have we put any thought to some sort of reserve for any of them that we are at risk for not collecting?

**Craig Sheldon:** Council passed the Assistance Program and it is a lien on the property.

**Craig Gibbons Finance Director:** I asked Julie to specifically identify the Streetlight Fees and the Sidewalk Fees as an example of dedicated fees that the Council created that was created for a purpose. We want to make sure that those fees are used for that purpose. The Streetlight Fee pays for the electricity and any maintenance or end of life treatment that is needed. The other funding source for the street fund is gas taxes and cannot be used for any other purpose except for transportation.

**Linda Henderson:** Could we talk about Street Operations Fund, Exhibit H 1 of 3. Julie you mentioned that we are collecting enough to maintain. Are we collecting enough to bring that PCI up to where we need to be at the current level of fee we are collecting?

**Craig Sheldon:** Currently and in the next 10 years if we are able to stay where we are at in what we are doing we have a PCI (Pavement Condition Index of 0-100%) of about 77 to 78. And over the next 10 years if we bring in that we talked about it being ~\$650K and we would stay at 77 as our PCI. We need to have our roads rated this year but we are still where we have to be. We still have deferred cost but as far as moving forward this is where we are.

**Linda Henderson:** With additional assets coming up are we collecting enough and not under or over collecting to maintain our roads at about a PCI level of 82 or 83 if possible.

**Craig Sheldon:** That is a good conversation to have and with the new businesses coming in we will have to address that.

Chair Pflaum addressed the next agenda item.

**D. Review Capital Projects, Julie Blums Accounting Supervisor:** This is Exhibit I and I want to go over the Capital Projects we have for this next fiscal year.

1) **Water** - We are going to finish up our Pipeline and Segment 3 Construction Project to Wilsonville. That will be done by the end of the year, right Craig?

**Craig Sheldon:** Hopefully we will be done by the end of the calendar year. We are having some problems with acquiring some land (it is a Wilsonville issue with a land owner easement) but the permits are good to go, it is out on the streets and we should be getting some bids back. The SOQ is out and construction will be sometime in August or September.

The other water project is to do an Update to the Master Plan.

**Craig Sheldon:** That is really important for the city as we move forward with a new source with all the components in place to do that. The last one was done in 2005.

2) **Sanitary Projects** we have one project this year The Tonquin Employment Sanitary Sewer Capacity Upgrade.

**Bob Galati:** That particular project comes out of the Master Plan in conjunction with Area 48 Concept Planning that was done for development of that area. Basically the system is at capacity right now. Future development that we expect to occur requires that the system be upgraded so as that we are not behind the eight ball trying to do it later. Design is completed, we have gone out to bid and have a contract ready to sign and will begin construction of the upgrade of the system this summer.

**Storm Water Projects** we have one project this year. The Columbia Street Regional Storm Water Quality Facility. It will service the Cannery area and where the Community Center will be.

**Bob Galati:** This particular project is based on the fact that we made an agreement with Clean Water Services to provide a Regional Water Quality Treatment System as part of the development of the downtown area, Plaza, Cannery and private residents' development. The agreement was to build within a 5 year time span and we are in year 2.

3) **Street Capital Projects** we have one small project. Council asked that we do an Analysis of Alternatives for the Cedar Brook Way Alignment. We have some money slated to look into that.

4) **General Construction Projects:**

- a) Cedar Creek Trail – Continuing with that project.
- b) Lights at Edy Ridge and Sherwood Middle School – We budgeted for this; however that is contingent on revenue coming in and at this time we do not have the revenue. We are expecting revenue but we will not start those projects until we receive the SDC funds.
- c) Snyder Park Turf Replacement – We do have the funds for that now.
- d) Design for the Woodhaven Park Improvements – That was on the Parks Board priority list. That will be contingent on receiving revenue and SDCs.

**Linda Henderson:** Can you remind me where the Snyder Park Turf Replacement is coming from.

**Julie Blums:** \$300K from the General Fund and \$200K was already in the General Construction Fund. No SDCs and no money were used from the turf replacement fee

collection. **Craig Gibbons:** That is being used for the \$50K contribution for the Reserve for next year.

The final page is a summary of our 5 Year Capital Improvement Plan where we preliminarily slated them and estimated cost of those projects. Craig Gibbons: The Council will be seeing this chart again as it needs annual approval.

**Linda Henderson:** Just a clarification, the Regional Water Quality Facility is not behind the Community Center. It is over off of Main and the other half of Columbia.

Chair Pflaum addressed the next agenda item.

**B. Revenue Enterprise Operations Funds, Craig Gibbons:** This is Exhibit J, April 29<sup>th</sup> Memo and I will brief you on the Water Operations Program. There has been a lot of activity in this fund over the past 7 years and is because we switched from a Well Water Based System to a Surface Based System. This is a \$35-\$40M project that is coming to an end at the completion of Segment 3 that is being built now. We are heading into a steady state for a while.

The first chart shows Beginning Fund Balance of \$4.584M, Revenues of \$4.4M, a transfer out to the Water Capital Projects Fund of \$350K, Expenditures of \$4.467M, and Ending Fund Balance of \$4.2M, both for the projections for the year and the City Managers Budget.

Next year's Budget shows Revenues slightly lower than this year's Budget. It shows Expenditures slightly higher than this year's budget. The Ending Fund Balance for next year is \$3.7M, according to the City Manager's Recommended Budget.

Revenues: When we project budget revenues we are looking for some basis on which to project them. For this fund I used "consumption". If water consumption is on an upward trend then it makes sense that we would see more revenue and a downward trend would be less revenue. The projection for next year is that we will be level. The last 9 months, up to the end of March of this year, consumption is virtually the same as it was the same period a year ago. The rates since the increase last January, 15-16 months ago, are level. I forecasted revenue to drop about 1% this year because consumption has dropped about 1%. That is my logic and there is no rate increase for next year. There are some graphs on the next page that give a view of this information.

Expenditures: For FY14 the expenditure budget is about \$400K higher than the budget this year. That is primarily due to adding \$300K to the budget for switching from manually read meters to automated read meters. Right Craig?

**Craig Sheldon:** There are a couple of things, where you show staff replacing meters in FY14 it actually started in FY13 and we have about 18 left to do. That is compliance per our water right. The \$300K AMR, we actually had \$100K in the budget that we never did anything with and we are farther along for our work session with the council. Sometime this summer, if that is the directions you want to move in, I think you have to look, not just at the cost, if you spread it out it is going to be a longer payback. I think you need to look at the water meters that are in the ground from the late 80's early 90's, you really wonder how efficient they are. What is 20 years on a water meter, it is like the parks. If the city chooses not to go to AMR we need to raise our O and M \$12K per year to replace water meters and start a more aggressive meter maintenance program. If the city chooses not to we don't spend the \$300K that is in there to move in the AMR direction. That is just an option that is out there.

**Matt Langer:** Do we have a means of measuring how many gallons were drawn from the Wilsonville Plant to see how many gallons we are losing?

**Craig Sheldon:** Sure, we actually did leak detection as part of our permit. We had very few leaks and we have been taking out meters and testing them while we are doing the analysis for the AMR. We are required by the state to pull and test 2 inch and larger meters on an annual basis now that we are hooked up to the Willamette.

**Neil Shannon:** While I certainly agree with replacement of the major meters, 2 inch and larger, I have some concerns about the cost of replacing all of the residential meters. It seems to be an excessive cost and would be about \$1M over 3 years.

**Craig Sheldon:** Originally, when we began talking about this, we were going to spread it over 10 years but that did not make a lot of sense. If the Council wants to go another direction there are registers on the meters, some expensive and some cheap. Not all would have to be replaced for cost savings. There is other information that can be provided in the work session that could impact cost savings on the Residential part of AMR.

**Neil Shannon:** I plan to attend the work session and “plan to give Council my opinions”,

**Craig Sheldon:** The next page shows a chart for 5 years out and a graph for The Ending Fund Balance. The EFB reached its’ peak in 2011-2012. It is something we will have to look at in the future. There is no rate increase in this budget. We need a little more stability in the Water Fund, get the project finished and the Master Plan done, and then look at the long term health of this fund. This is all water dedicated money and cannot be used for Librarians or in other functions or programs. One exception is that a portion is used for administrative functions.

Questions

**Neil Shannon:** Part of the discussions and justification for this water program is marketing to neighboring associations. Do we have a Marketing Program for future partners?

**Craig Sheldon:** We have been talking to other agencies. When we built this pipeline it wasn’t to have a partner now. But we do have an IGA with another partner. It is a matter of if they are going to move on it or not. We are currently putting another plan together for that partner.

Chair Pflaum addressed the next agenda item.

**C. Sanitary Operations Funds, Julie Blums:** The fund balance is holding pretty steady and we are able to put money away in reserves for future equipment and infrastructure replacement. The city is not contemplating a rate increase but Clean Water Services will probably do one again but we do not have final numbers until they are approved by their board. This budget is status quo with no projects.

**Linda Henderson:** When was the last time Clean Water Services had a rate increase?

**Craig Sheldon:** Last year and they raise their rates on an annual basis and have for many years. The city raised their rates 2 years ago and was the first time in quite a while.

**D. Storm Operations Fund, Julie Blums:** Exhibit L. We have one major project planned and it is the repairs to the retaining wall on Villa Road. Our Engineering department will be assisting along with Public Works. We are not contemplating a rate increase in this fund and the fund

remains pretty steady. Clean Water Services will have a small rate increase. We are able to put money away in reserves for future equipment and infrastructure replacement in the future.

- E. Telecom Fund, Craig Gibbons for Brad Crawford:** Stability and financial success is the story here. This fund has been managed so that it can pay its' loan back to the General Fund and it has an increasing customer base and an increasing fund balance. It will hit bottom but after that the fund balance increases. The loan amortization schedule on the next page. The loan will be paid off in FY16.

Brad left me with some comments on this fund. There have been more inquiries for the Sherwood Broadband Services this year than in the past several years. Currently he has \$85K out in quotes to potential customers. That is a potential of \$85K in annual revenue. These customers would require little to no capital expenditures. This has been an interesting year as Brad has renegotiated 2 or 3 key SBB customers early and we have extensions on their contracts through FY16. The Revenue in this fund balance chart is under contract. Future capital expenditures will be necessary to replace some of the aging equipment for Sherwood Broadband but that is included in the Fund Balance Forecast.

#### Questions

**Linda Henderson:** We have a large amount of industrial land that we hope to get developed out in area 48. A lot of these people may be interested in broadband services. So when we put services in, sewer, water then broadband goes in at the same time, right?

**Tom Pessemier:** Yes, our development code requires contractors to put conduit in for the purposes of broadband. We usually don't put the fiber in until there is a user. Typically the costs are included in the contract and passed on to the end user.

Chair Pflaum reminded those who are interested in giving public comment to please fill out a form. Public Comment will commence after a 10 minute break.

**Chair Pflaum** – I will now be opening the meeting to accept comment on the 2013-2014 City of Sherwood Budget. Additional protocol and instruction was given and the chair asked for and acknowledged the first speaker.

Bill Whiteman, 16923 SW King Richard Court, Sherwood, OR 97140 : I have lived in Sherwood for about 18 years. During that time I have served on our Planning Commission, City Council and have been in business for 13-14 years. I would like to ask some questions about your Business Licenses. I am not in conflict of interest because I did not get a business license this year. I sold my business to someone outside of the Sherwood City but I could have used some assistance in locating a business in Sherwood today. You see I have got to the age where I am fortunate enough that now I am a snowbird. So I returned yesterday from 6 months in Mesa, AZ. I left last week and it was 94 degrees and we weren't in Oregon for a half hour before it was raining and felt we were home. What happened was looking for someone with a business license in the City of Sherwood and I did not have the resources to find that. I was told a few years ago, when I asked for a listing of businesses that were licensed in the City of Sherwood, that I could not have that. I don't know if that is the case or not. I look at the budget in the revenue section and see \$72.5K in fees. I don't know if that is business license fees are included in that. I don't know what the Business License Fee structure is but the letter I received from the city every year said it was a revenue generator. So I am curious what a private business, such as mine, would receive for that business license in the City of Sherwood? But if I or any business or the public

came in and asked for a copy of all the businesses licensed in the City of Sherwood, am I allowed to have that and could that be provided to me. I had a water heater go out when I turned on my water and was looking for a plumber. If you go to the yellow pages it says use your iPhone. Well I am old school and my phone when it rings I say hello and when I am done I hang up. That is the extent of the use of my phone. It does not take pictures or anything else. So I am just curious about those things as we pay Business License Fees to the City of Sherwood, what can I expect from you in return? That's my comments and my question to you tonight.

Nancy Bruton, 22566 SW Washington St #101, Sherwood, Oregon: I am the Executive Director of the Chamber of Commerce. I would like to first acknowledge that the Chamber of Commerce does publish the City of Sherwood Business License list in the back of our Annual Directory. It will be going out to all residential customers next week and feel free to drop us a note if you would like a digital copy. I would like to first thank the City of Sherwood Staff, Budget Committee and the Budget Chair for their thoughtful approach to addressing the adoption of this year's fiscal budget. It is no simple task. The Sherwood Chamber serves a membership that consists of over 50% of Sherwood Businesses. The mission of the Chamber is to give value to its members and all of the community through innovation, bold leadership and programs that develop the business climate. After reviewing City Manager Gall's Budget proposal the City Chamber seeks to share and to some reiterate several business experiences as they relate to the budget. First Sherwood and the region have entered into the growing climate of economic development, which will require more need for essential services. As mentioned in Chief Groth's presentation, the development of big box commercial stores and satellite smaller businesses, projected need for police support among other services are increasing. Additional police serve the function of increasing community based partnerships in crime prevention. This is a partnership that the Chamber greatly values. Preserving the quality of life locally is a tremendous value to our businesses as well as our whole community. Secondly the Chamber seeks to continue our partnership with the City in order to find new and innovative ways to approach the City needs. The businesses and citizens of Sherwood are an altruistic community. We commend Joe Gall for further bridging partnership with the School District for maintenance services. Perhaps more innovative approaches such as this can support the wealth the City in other areas. Please don't consider cutting City Staff or Services before considering creative ways to continue them and look to other partners, such as the Chamber, for help with these projects. Additionally Sherwood, Regionally, does not have the best reputation for being the most business friendly. That is something we seek to accomplish. One can be quoted as saying, an entrepreneur has to be strong headed and diligent as the city does not support new businesses. Supporting business growth and jobs for Sherwood residents helps create revenue for the entire city. As you look to the hard decisions you will have to make, we hope you consider this economic forecast of this reality for Sherwood. Thank you for time and consideration for Sherwood businesses by making decisions relating to the City of Sherwood Budget and if your conversations do continue tonight please do contact me or one of my board members directly because we would love to come up with ways we could work further on this. Thank you.

Robert James Claus, 22211 SW Pacific Hwy, Sherwood, Oregon. First I have a question that will not cut into my time because I want an answer. Mr. Gibbons I guess you have a legal license now in addition to a CPA. You have legal opinions in the front of this document and I want to know if it is run by the attorney. I ask why because I heard a rumor that you were going to do an RFP for Attorneys. I ask how much you paid for your attorney. That is required by State Law. That is my opinion and belief and that I have been told by my attorney it does. This budget states

we paid \$84K in legal fees and tells us that we paid \$840K+ for experts. Your current legal fees go to Beery, Elsner and Hammond and the contract was signed by Ross Schultz. Any questions have to be directed by the City Manager, Mayor and City Council. If you are paying \$84K that limits what you are going to do in your RFP, The second thing I am going to tell you is that I cannot get basic numbers. You cannot get a straight answer out of anyone in his staff on any income level. For example storm water fees. When we started storm water fees in this town we said we were going to pay 40% of the adjacent property for the storm water in either exaction fees or money. Farelds, for instance went in with no storm water and a drains directly into the Tualatin National Wildlife Refuge and it is not treated. So does Chesapeake Park, they were designed that way. I am the happy recipient of more than a little of your trash storm water on the properties we own. I went down and Clean Water Services said wait a minute you are exempt and you just have to file a variance. You get 75% of your clean water feels and you get all of your add on. Just on your residences it has got to be \$50-\$60K per month. You cannot give that figure to anybody and you never break anything out in this budget. You are telling us Mr. Gibbons that you are going to answer questions. How are you going to answer them? If we put them in writing are we going to get an answer, just a simple yes or no?

Craig Gibbons: We have answered all questions submitted to the budget committee in writing.

Robert James Claus: Mr. Gibbons that is your opinion and belief and I don't have much business with a historian masquerading as a lawyer and a CPA. You have not answered the questions, you think you have. I cannot even get a fee on notification of storm water. We have now outpaced Bull Run which finances the city on their water and we have the cheapest water in Washington County. How do we get those answers?

Kendra Kurtz, 16675 SW Baywood Court, Sherwood, Oregon: I have lived here for almost 7 years and I love our city, our parks, our streets, our events, our schools and our community. All make this home for my family and me. I would like to offer my support for City Manager Gall's Proposed 2013-2014 Budget. I appreciate all city services that were kept in place, including continuation of the building of our new Cultural Arts Center, proposed staffing and service levels for our Public Works, Community Services and Community Development Departments and our Police Department. I had the privilege of working with Chief Groth after he prepared his annual report to coordinate the printing of his report. Reading this report and listening to Chief Groth at the last meeting was enlightening and I really appreciate how hard our Police Department works to protect and serve our city. Chief Groth, over the last 6 years, has done an outstanding job of organizing the police department to best fit our city. As in any career, training is very important for a person to grow in their position. It is very admirable how well our police department is trained and I believe our police officers are very admirable. I stand behind our chief and his officers in this proposed budget. As the city grows in many ways I fully expect our budgets to allow for more officers to protect and service all of us. Each police officer I have met, including Captain Daniel, Captain Hanlon, Officer Jentzch and Irma, Sargent Shields, Officer Brinkman, Officer Drummond, Officer Hirsh, and Officer Asla and of course our volunteer Police Chaplain Wilson Parish. They have each been respectful, professional and personable. I have had several conversations with Chief Groth, Captain Daniel and Captain Hanlon and each time I leave feeling enlightened and protected. It means a lot to me that our Police Department has an open door to the public. Lastly, I thank you all for your countless hours to review the Proposed Budget and to provide important citizen perspective to the budget process. I appreciate the years of service and commitment you have given to our community. I know most of you have done this

for several years and I trust you know your citizens well enough to accept this Proposed Budget.  
Thank you

Scott C. Haynes, 9157 SW Sweek Road, Tualatin, Oregon: Thank you Chair Pflaum, Committee Members, Council President Henderson, and City Council Members for the opportunities to speak on the topic of the Police Department's Budget and support City Manager Gall's Proposed Budget. My sweet and beautiful fiancé manages a business in Sherwood. She graduated from Sherwood High School. My future in-laws live in Sherwood. My family is going on 2 years at the same Sherwood area address. My sister, another Sherwood graduate often visits our family which includes driving through Sherwood and joining our family for a meal or to shop. I have many friends from high school in Sherwood who have never left or made it a point to come back and start a family and build a future here in town. I encourage my customers in Sherwood, whom I call on many times a week, to continue their business and customer service in this community and surrounding areas. I travel through Sherwood and Newberg in doing business. Friends and family from other cities and states come to Sherwood to visit my family and they spend their time and resources here. All of the activities, social and business, and life style, rely on a safe and secure community where we can be confident that we are safe driving, visiting our local businesses, eating in our restaurants and safe attending our church. This means that we strongly support a Police Department that continues to be well managed. Thank you.

We were going to address the questions after the public comment. I believe the Chamber of Commerce answered the question about the Sherwood Businesses List and I believe getting the questions answered in writing was also answered by saying, yes, that answers will be provided in writing.

The next thing on the Agenda is committee discussion. If there is anyone who has not spoken yet and would like to speak now:

**Councilor Dave Grant:** I think that one of the overriding messages we have heard is about Police Staffing. I give the Police chief a lot of credit for describing the situation we are in but also not saying that we have to add more staff. I think a lot of us would like more staff on Police. I don't like the numbers we have right now and believe our number one priority of our citizens is safety. We are looking at having a new building over here and I frankly can't see how that is going to be funded. I have got the feeling it is going to be a draw on City funds. I hope I am wrong but right now we are a long ways from where a lot of people would like us to be on Police staff. So those two things don't go together from my standpoint. Last week I asked Joe to give me some numbers. I was not really comfortable on how I was going to present this tonight but the numbers were what would happen if we had a wage freeze city wide. Joe has implemented a wage freeze upon himself and as I recall there was a wage freeze last year. I believe the citizens would at least like us to discuss this. We have heard from a number of citizens about Police staff and that we are spending too much on one thing or another and I just think there is an elephant in the room and we need to think about that. I don't like going another year with a wage freeze. I believe if we did go with that recommendation I would go with all staff. That would be on Joe to negotiate with the Union. If we eliminated COLA's alone, that's \$130K and would be one additional police that could be added. If we eliminated STEPS in the upcoming year, that would be an additional \$43K in savings. That would not add another police person but the total is \$171 and if anyone wants to discuss this it should be addressed. If we could do this or in some way find something else to add police so we don't get further behind. Safety is our first priority. I don't want to dig in the pockets of our employees and I don't want to make them suffer for this but I think the citizens want us to discuss this. I am throwing that out and I don't want to do

something that is not sustainable and Joe does not want that. I just would like to see even one more cop.

**Councilor Robyn Folsom:** I do appreciate this discussion and that the citizens have made it clear that this is something they would like address. I, for one, am concerned about using the increases because it is not sustainable. We have already done that and I would rather find a way to do it with money that is going to be there continually to make it sustainable for the long term. Please remember that the new Community Center will have retail which will fund a very large portion of the operations of that facility. That is down the line and we have probably a year and a half before we need to look into that. I don't know if that needs to be part of this discussion. How do we fund the Police? Did we get the questions answered that the Mayor put forth. I think Chief Groth, what we are saying is there any way we can help you this year instead of waiting?

**Chief Groth:** While this is an uncomfortable budget I think we can move ahead where we are at I think we should look to the future. We have taken cuts as I am sure you all know. I sat down last week to respond to the Mayor's comments and questions. Everything in a Materials and Services Budget is connected with a service. It is a piece of equipment, a case of bullets, rainwear etc. It goes down to that point. So the answer is yes and no. We have looked at that but we have not fully vetted this and changes can be made to get people moved to different places. We intentionally staff day shift because that is where we have the most bodies to draw from. The other shifts are stronger.

**Councilor Robyn Folsom:** I think what you are saying is that you support the budget and you are prepared to go ahead with it and appreciate the focus that we all have in looking to the future to try to build something more than we have now. Is that accurate?

**Chief Groth:** Absolutely, this is exactly what I hoped my message was that came out last week.

**Councilor Robyn Folsom:** My take away is that we need to go forward and am not sure we can find the money today to get the additional police staff this year.

**Councilor Bill Butterfield:** I just want to echo the feeling I have in that we have a balanced budget and you have all worked hard on it and the presentations. I spent a lot of time myself looking into and reviewing the budget. We have a balanced budget and we need to look ahead and do some strategic planning so we can include some of the other services we think we need to provide. There is a lot of work that has to be done in the future to get what we want. It is problem is all of ours. Everyone sitting here and we all need to help make this thing work. I support the budget and I look forward to tomorrow and working on a plan for out years and not just the day after tomorrow, years from now.

**Councilor Krisanna Clark:** I would like to echo what Council Butterfield said. I have heard a lot of testimony about the Police Department and the fabulous service. But I have also heard from the citizens and Craig Sheldon about the parks situation. I support the budget and we need to be looking forward. It is the parks, sidewalks and the roads that are coming and coming all at once. I am hearing that we need to look at our partnerships and today we need to gather together and see needs that require attention, work on and plan for that. We need to move forward.

**Chair Pflaum:** I have heard a few things today about the parks that make me sad. I think we should have addressed these earlier and in phases. Without thinking about the maintenance and creating a hardship for people now. I would not beat ourselves up too much now and I think we should focus that energy on finding solutions for the future. We have a reputation for not being business friendly and I would like to help study the situation and come up with ways we can improve this. We also

have to deal with the State Budget and there are many things at the State level as well that are not getting resolved. We need to get involved as citizens. It only takes 10-15 minutes a week and just read an article I think we would have a much better outlook on our government and what we can do. Right now how do we get blood out of a turnip? This is a serious thing and we need to be kind to one another and work together. It is important to hear what people's ideas are. If no one has anything else I will ask for a motion.

**Council President, Linda Henderson**

Item Number 1 - I move to approve the Proposed 2013-2014 City of Sherwood Budget with the following adjustments, Scribner's errors, formatting as necessary.

Item Number 2 – I also move that the Sherwood Budget Committee approve Taxes for the 2013-2014 Fiscal Year for \$3.2975 per \$1000 of Assessed Value for Operating Purposes.

**Chair Pflaum: Do I hear a Second**

**Neil Shannon:** I will Second.

**Chair Pflaum:** I will call for a vote. All those in favor say Aye-11. All those Opposed say Ney - 1. Any Abstains – None. The Motion Passes.

With no other committee member comments, the meeting was adjourned.

**5. ADJOURN**

Chair Pflaum adjourned the meeting at 9:00 pm.

Submitted by: Julie Blums, Interim Finance Director

Minutes approved on: August 19, 2013