



AGENDA

SHERWOOD BUDGET COMMITTEE

May 12, 2016 6:00 pm

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

BUDGET COMMITTEE MEETING

- 1. CALL TO ORDER –Andy McConnell, Chair**
- 2. ROLL CALL – Cathy Brucker, Interim Finance Director**
- 3. APPROVE April 7, 2016 MINUTES – Chair McConnell**
- 4. NEW BUSINESS**
 - A. Election of Committee Chair – Joseph Gall, City Manager/Budget Officer**
 - B. Election of Committee Vice Chair – Joseph Gall**
 - C. Overall Budget Overview (Exhibit A)– Joseph Gall**
 - 1. General Fund Presentation – Joseph Gall and Cathy Brucker**
 - a. Legal level of authority and resource discussion**
 - b. Review One Time Expenditures list**
 - c. Review Requests not included in the Proposed Budget**
 - d. Review the impact of the Proposed Budget on future years**
 - 2. Review of Departmental Line Item information – Joseph Gall and Cathy Brucker**
 - 3. Committee Discussion and Questions**
 - D. LONG TERM DEBT REVIEW (Exhibit B) – Cathy Brucker**
 - E. PUBLIC HEARING ON STATE SHARED REVENUE**
 - F. PUBLIC COMMENT**
 - G. RECESS UNTIL Thursday May 19, 2016 6:00 pm, City Hall Community Room**



SHERWOOD BUDGET COMMITTEE MEETING

April 7, 2016 Minutes

1. CALL TO ORDER – Chair Andy McConnell Andy McConnell called to order the regular meeting of the SHERWOOD BUDGET COMMITTEE MEETING at 6:00 pm on April 7, 2016.

2. Roll Call – Cathy Brucker

3. COMMITTEE MEMBERS AND COUNCIL PRESENT: Mayor Clark, Council President Harris, Councilor Brouse, Councilor Henderson, Councilor Kuiper, Councilor Robinson, Chair Andy McConnell, Vice Chair Meerta Meyer, Amy Kutzkey, Paul Mayer, Kurt Studer

COMMITTEE MEMBERS ABSENT: Councilor King, Andy Jensen

CITY STAFF PRESENT: City Manager Joe Gall, Interim Finance Director Cathy Brucker, Accountant Brenda Graves, Administrative Assistant II Jean Macaulay

3. APPROVE Mar 3, 2016 CITY OF SHERWOOD BUDGET COMMITTEE MINUTES
Vice Chair Meerta Meyer motioned to approve all minutes, Seconded by **Paul Mayer, Mayor Clark** abstained. Minutes approved by all in attendance at the time of approval.

4. NEW BUSINESS –

A. Budget Process Training and Review – Cathy Brucker

Cathy Brucker reviewed the required budget process:

The process is designed to establish a procedure for Government Budgets, encourage citizen involvement in the process, and provide a method of estimating revenues and expenditures that promote efficiency and economy when using public funds. The process local governments must follow is outlined below:

1. Budget Officer, Joe Gall this year, to prepare the proposed budget
2. Notice of the public Budget Committee meetings to be published, adhering to strict timelines
3. Proposed budget document is made available to City Council, Committee Members and the Public prior to these meetings

4. Budget Committee to conduct at least 1 meeting with public comment allowed, we are having two with possibly a third meeting if needed
5. Budget Committee will ultimately approve the proposed budget,
6. Once approved the Notice of Public Hearing and the Summary of the approved budget to be published in local publication
7. City Council will conduct a Public Hearing on the approved budget
8. City Council will then adopt the budget and enact the resolutions or ordinances, all of this must be completed by June 30, 2016, the end of our fiscal year.
9. The City Council will certify the district's tax levy which must be on file with the County Assessor by July 15.

Joe Gall commented that the key date for this committee and the public is April 29, 2016 for releasing the proposed budget.

Cathy Brucker reviewed the appropriation structure of the city and the Budget Process for Staff handout.

Joe Gall commented that the committee will see more detailed information than in the past several years, the committee can discuss any part of the budget but doesn't approve every item in the budget. We will highlight the areas that you are approving.

Cathy Brucker discussed the Local Budgeting in Oregon booklet attached in the meeting packet, it is a good overview of the budget process.

B. PERS Town Hall Video & Discussion – Cathy Brucker

After watching the Town hall video for PERS the committee discussed wanting to make sure that we know what our increase to PERS will be and ensure that future budgets have this increase budgeted appropriately so that when decisions are being made on projects it's accounted for.

C. Review Budget Schedule – Cathy Brucker

- May 12, 2016 at 6:00 – 9:00 pm
- May 19, 2016 at 6:00 – 9:00 pm
- May 26, 2016 at 6:00 – 9:00 pm

6. Adjourn at 8:19 pm

Submitted by: Jean Macaulay, Administrative Assistant Minutes approved on:

TO: Budget Committee
FROM: Cathy Brucker, Interim Finance Director
DATE: May 12, 2016
SUBJECT: General Fund Budget Overview

This memo serves as an overview of four key factors associated with the proposed General Fund budget for the Fiscal Year 2016-2017:

1. Presentation of a balanced budget to the Budget Committee,
2. One time expenditures included in the Proposed Budget,
3. Department budget requests not included in the Proposed Budget, and
4. The impact of the Proposed Budget and future assumptions over the next five years.

Balanced Budget

Oregon Budget Law requires that City Council adopt a balanced budget for each budget cycle. By law a balanced budget simply means that total resources equal total requirements. Sherwood takes a stricter approach to the term “balanced budget” by stating that it means that total operating revenue is greater than operating expenses. The budget that is being presented to the Committee tonight accomplishes both of these interpretations.

As conducted each year, department heads were asked to assess their budget needs for FY2016-17. Once all needs were compiled, it was obvious that General Fund operating revenue was not sufficient to cover the total operating expenditures requested. At this point the Directors and the City Manager worked together to decide what items were the most important to be included and what items could be deferred or simply eliminated.

Below is a list of new items that have an ongoing annual budget impact that are included in the proposed budget. Ongoing revenue is sufficient to add these expenditures and still maintain a balanced budget.

General Fund:

- Add a half-time position for a Youth Services Librarian I
- Additional eight hours per week to bring a Library Assistant II to full-time
- Upgrade a Maintenance Worker II to a Lead Worker
- Upgrade a Maintenance Worker II to III

Telecommunications Fund:

- Add a full-time Senior Network Engineer

The change in the General Fund balance is broken down as follows:

Operating Revenue	\$11,644,303
Operating Expense	<u>(\$11,597,114)</u>
Net Normal Operations	\$47,189
Less One Time Expenses Net	<u>(\$379,663)</u>
Change in Fund Balance	<u>(\$332,474)</u>

One Time Revenue/Expenditures Included in the Proposed Budget

The following list outlines the one time expenditures that were then added to the balanced budget.

Department	Item/Project	Estimated Cost
HR	Compensation study	12,000
HR	Fix stairs in City Hall	10,000
Attorney	Surety bond issue	2,500
Finance	Navigator software/implementation	56,500
Planning	Senior Planner for comprehensive plan up	77,963
Events & Volunteers	Recreation feasibility study	45,000
Facilities	Teen Center roof replacement	80,000
Facilities	VFD replacement	8,000
Facilities	Chairs - Police Department	6,600
Facilities	Chairs - Civic Building	4,500
Parks	Identify/design dog park	12,000
Parks	Asset Plan projects within Parks (24)	64,600 *
		\$ 379,663

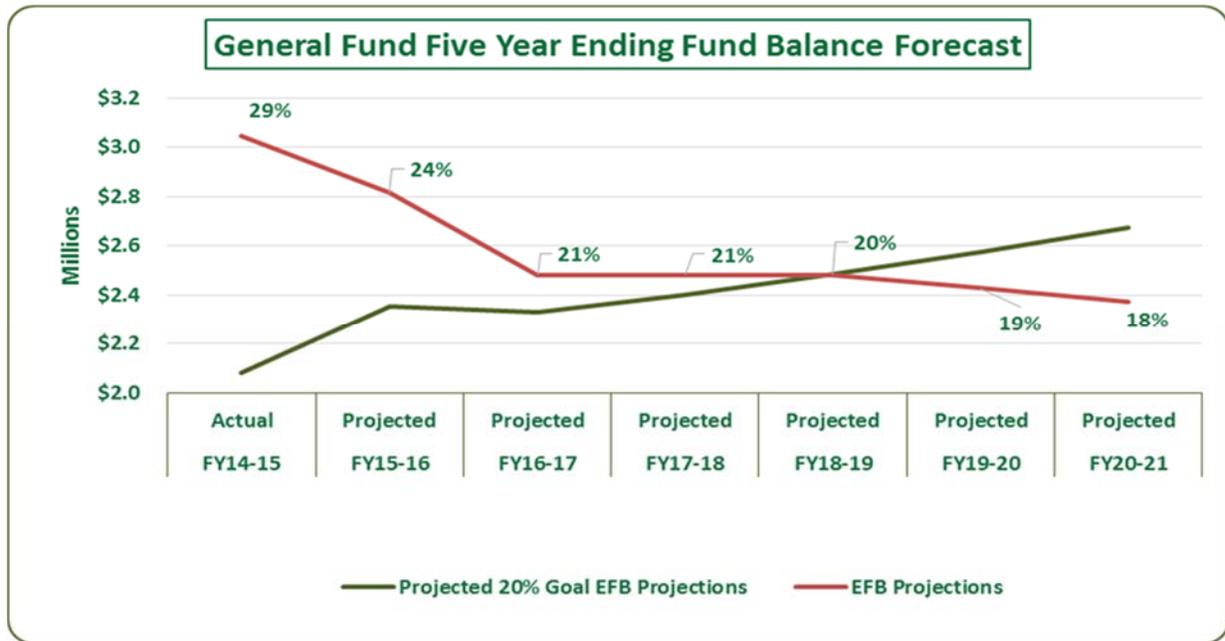
* projects listed at end

- **Projects included in Proposed Budget**

Parks - Asset Plan Projects:		
High School	Infill football field	15,000
Snyder Park	Infill soccer field	6,000
Snyder Park	Infill baseball field	5,000
Murdock Park Trails	Cracksealing	400
Oregon Park trails	Cracksealing	200
Snyder Park	Rplce log benches/playground	1,500
Snyder Park	Replace turf base cut outs	10,000
Snyder trail	Cracksealing	500
Stella pathway	Cracksealing	500
Stella pathway	Cracksealing phase II	500
Trails #1-11	Cracksealing	5,600
Trail #14	Pave w/ bollards, St. Barbara-Division	18,000
Trail # 17	Cracksealing	1,000
Villa to Villa	Cracksealing	400
		\$ 64,600

The Impact on Future Years' Budgets

While the chart below shows a projected slow decline in ending fund balance, staff is committed to providing a balanced budget to the Committee each year and maintaining the 20% goal for ending fund balance. However, with the impending increase in the PERS rate in FY2017/18, course corrections may be necessary in the future to ensure that goal. The chart below maintains a conservative growth rate on resources, coupled with average rates of increase for operating expenditures, and the impending approximate 4.0% increase to the retirement rate.



Requested Items not included in the Proposed Budget

Below is the list of items that were requested by departments but were not included in the Proposed Budget.

Department	Item/Project	Estimated Cost*
City Manager	CFM	\$ 24,000
City Manager	Robin Hood Festival	10,000
Planning	Code Compliance Officer position	70,027
Events & Volunteers	Public Art program	15,000
Facilities	Flag Pole replacement	10,000
Human Resources	Neo-Gov software	8,000
City Manager	Strategic Plan	25,000
Building	In For (Hansen) software	50,000
Facilities	Teen Center building sealing	45,000
		\$ 257,027

* only items over \$5,000

TO: Budget Committee
FROM: Cathy Brucker, Interim Finance Director
DATE: May 12, 2016
SUBJECT: LONG TERM DEBT

SUMMARY

The City has two types of debt, General Obligation Bonds and Full Faith and Credit debt. General Obligation Bonds are repaid from property tax revenue. The Full Faith and Credit debt is repaid using multiple sources of funds (i.e. water rates, parks SDC's, and URA property taxes).

There is no new debt proposed for FY2016-17. Further information is available on Pages 33-34 of the Proposed Budget.

The chart below shows the projected outstanding debt as of July 1, 2016.

	Original Loan Amount	Principal Outstanding as of 7/1/2016	Year Paid Off
General Obligation Bonds			
2004 A&B Refunding (interest 1-3.8%)	6,045,000	600,000	2017
2011 Police Refunding (interest 2-4.04%)	2,305,000	1,235,000	2021
Long-term Loans for the City			
2001 Teen Center Expansion (interest 2.76-5.4%)	1,970,000	* 180,000	2017
Long-term Loans for Enterprise activities			
2008 SDW Water Reservoir (interest 3.55%)	6,000,000	4,615,655	2030
2009 SDW Water Pipeline (interest 3.83%)	6,000,000	4,887,905	2031
2011 Water Projects (interest 2-5%)	14,165,000	12,575,000	2036
Long-term Loans on behalf of the URA **			
2006 URA Streets #2 (interest variable)	6,400,000	4,170,133	2027
2010 URA Cannery & Streets (interest 4.65%)	7,065,000	5,580,000	2030
2010 URA Cannery Projects (interest 0.55%)	5,898,888	5,898,888	2021
2012 URA City Hall/Street Refinance (interest 1.67%)	5,245,000	3,585,000	2024
Total	<u>\$61,093,888</u>	<u>\$43,327,591</u>	

* 74.2% of the payments on this loan are reimbursed by the YMCA

**The payoff dates for the URA are based on the loan agreement; however the plan is to pay off all URA debt by 2021 or 2022.