



AGENDA

SHERWOOD BUDGET COMMITTEE December 4, 2025 6:00 pm

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

This meeting will be live streamed at
<https://www.youtube.com/user/CityofSherwood>

BUDGET COMMITTEE MEETING

- 1. CALL TO ORDER – Kady Strode, Chair**
- 2. ROLL CALL – David Bodway, Finance Director**
- 3. APPROVE MAY 22, 2025 CITY OF SHERWOOD BUDGET COMMITTEE MINUTES
APPROVE MAY 29, 2025 CITY OF SHERWOOD BUDGET COMMITTEE MINUTES
APPROVE JUNE 5, 2025 CITY OF SHERWOOD BUDGET COMMITTEE MINUTES**
- 4. NEW BUSINESS**
 - A. Welcome – Craig Sheldon, City Manager**
 - B. Financial Update – David Bodway**
- 5. ADJOURN**

How to Find out What's on the Committee Schedule: Budget Committee meeting materials and agenda are posted to the City web page at www.sherwoodoregon.gov, generally by the Thursday prior to a Committee meeting. When possible, Budget Committee agendas are also posted at the Sherwood Library/City Hall and the Sherwood Post Office.

ADA Accommodations: If you require an ADA accommodation for this public meeting, please contact the Finance Director's Office at (503) 625-4248 or bodwayd@Sherwoodoregon.gov at least 48 hours in advance of the scheduled meeting time. Assisted Listening Devices available on site.



SHERWOOD BUDGET COMMITTEE MEETING

May 22, 2025 Minutes

1. CALL TO ORDER – Chair Kady Strode called to order the regular meeting of the SHERWOOD BUDGET COMMITTEE MEETING at 6:04 pm on May 22, 2025.

2. Roll Call – David Bodway, Finance Director

COMMITTEE MEMBERS AND COUNCIL ATTENDING: Chair Kady Strode, Vice-Chair Matt Kaufman, Lana Painter, Brian Fairbanks, Aaron Wiebe, Nancy Taylor, Thomas Sherwood, Mayor Tim Rosener, Council President Kim Young, Councilors Dan Standke, Taylor Giles, Renee Brouse and Doug Scott. Councilor Keith Mays was absent.

CITY STAFF ATTENDING: Finance Director David Bodway, City Manager Craig Sheldon, and Assistant City Manager Kristen Switzer, Interim City Attorney Sebastian Tapia, City Recorder Sylvia Murphy, Community Development Director Eric Rutledge, IT/Broadband Director Brad Crawford, HR Director Lydia McEvoy, Police Chief Ty Hanlon, and Library Manager Adrienne Doman Calkins

3. APPROVE February 27, 2025 CITY OF SHERWOOD BUDGET COMMITTEE MINUTES

Motion: from Nancy Taylor to approve Budget Committee minutes. Mayor Tim Rosener seconded the motion. **Motion passed 12:0.** All present members voted in favor. (Lana Painter had not yet arrived).

4. ELECTION OF BUDGET COMMITTEE CHAIR AND VICE-CHAIR

Motion: Mayor Tim Rosener nominated Kady Strode for Budget Committee Chair. Council President Kim Young seconded the motion. **Motion passed 12:0.** All present members voted in favor. (Lana Painter had not yet arrived).

Motion: Councilor Renee Brouse nominated Matt Kaufman for Budget Committee Vice-Chair. Nancy Taylor seconded the motion. **Motion passed 12:0.** All present members voted in favor. (Lana Painter had not yet arrived).

5. NEW BUSINESS

A. Public Comment

Chair Kady Strode asked Finance Director David Bodway if any public comments had been received. David responded no and asked the audience in attendance if anyone wished to give a public comment; all declined. Chair Kady Strode closed public comment.

B. City Manager Budget Update

City Manager Craig Sheldon welcomed committee members to the presentation of Sherwood's first Biennial Budget 2025-2027 which marks a strategic shift towards longer term financial planning and service delivery.

This budget did have challenges in the financial landscape particularly because it occurred during inflation, slowing development activities and declining revenues, including photo enforcement or red-light cameras, state shared revenues, franchise fees, as well as slowing private development.

In addition to those declines, the rising cost of employee total compensation packages, materials and services, general liability insurance, property insurance, as well as rising costs of infrastructure also impacted this budget.

The total biennial budget is \$263.7 million dollars and is balanced in accordance with Oregon Law. It meets all City financial policies, including maintaining a minimum of 20% ending fund balance in the 5 Year Forecast.

Reviewing the breakdown of the budget, rounding up the General Fund is \$40.5 million, the Enterprise Fund (which is the water, sanitary, storm, and broadband) is \$51.6 million. Total all funds expenditures is \$106.8 million. Personnel services is \$49.9 million; and the General Fund covers \$34.3 million of those personnel costs. Materials and Services is \$26.5 million, Capital Outlays \$21.2 million, and Debt Services \$7.1 million.

The City had staffing reductions during this budget cycle. A reduction of 8 FTE out of the General Fund bringing the total to 137 FTE for the City. The General Fund staffing reduced from 97.7 FTE to 87.3 FTE. Current staffing levels are comparable to the FY 2016-2017 budget, with 87.5 FTE in the General Fund.

We do expect service level impacts in some departments. Materials and Services were also reduced to provide additional savings. There is only one new position added in this budget, a Community Engagement Coordinator, which will be funded through multiple funds.

Again, as in previous years, several departments requested additional staffing, but these requests could not be included in this budget because of the large General Fund shortfall.

The COLA is 2.8% of the budget and the City Manager is asking for one-time general fund expenditures funded by reserves and non-reoccurring revenues which meets the City Financial Policy of retaining 20% of the General Fund at the end of 5 years.

Rate increases per year of this budget are as follows: Water Fund 2% residential and 3% commercial increase, Sanitary Fund 2% residential and 5% commercial increase, Storm 2% residential and 2% commercial increase, Street Fees 2% increase. There will also be some additional business license fee increases in this budget, as well as some building permit fee increases.

The Council approved City Goals include economic development, infrastructure, livability and workability, public safety, fiscal responsibility, and citizen engagement.

C. Five Year Forecast Update from the Finance Director

Finance Director David Bodway stated that the City has met the 20% financial goal for the past 18 years and is on track to meet the 20% with this current budget. The 20% represents a little over \$4.8 million dollars of General Fund balance at the end of 5 years. However, \$1.7 million of that ending fund balance has already been committed to asset replacement and/or equipment replacement identified by Fleet, Parks, and Facilities. This \$1.7 million would include things like police vehicles, park maintenance, lawn mowers, etc. These items are not typically budgeted but are instead requested as one-time expenses from the carryover fund balance and are therefore not shown in the budget but are accounted for in the 5 Year Forecast. Additionally, there will be some challenges in Year 6 or 7 as some larger asset replacements will be needed.

Questions have been asked as to why a 20% ending fund balance is needed. One reason is because property taxes are a major source of revenue for the General Fund and those property taxes do not come in until November. Thus, from July 1st until the property tax revenue arrives in November, the City is deficit spending, and the reserve is what is used for that deficit spending. For example, in this current fiscal year, from July 1st to November 1st the City incurred a deficit of \$3.2 million. The City was able to operate because of the healthy General Fund and the ability to use that reserve until the taxes arrived in November. Therefore the 20% could also be seen as a necessary cash flow to keep the City operating until the tax rolls come in.

Mayor Rosener made the point that if we did not have the reserve, we would not have money unless we wanted to take out loans to pay our cash flow until November. Nancy Taylor added that the City Council has not had to borrow much because they've been able to borrow from the reserves each year to have the funds to get us until the property taxes are paid.

Finance Director David Bodway noted that spending each year is slowly dwindling down the General Fund balance and it is creating a significant problem for the future. The General Fund is tapped with what it can handle paying for and any new projects will likely need a different source of income. One reason for this is that property taxes are guaranteed to increase at a rate of 3% each year, but this cannot compete with rising

expenses, such as a recent health insurance cost increase between 9-13%, and property insurance cost increasing 15-20% each year. These costs are outpacing revenue, so the General Fund is slowly getting chipped away.

David shared that the red light camera revenue has significantly decreased, industrial growth in the City has decreased, state shared revenue has decreased, and franchise fees have decreased.

Councilor Taylor Giles asked City Manager Craig Sheldon if his opening remark about the current staffing level of the General Fund having been reduced to what it was 10 years ago was accurate. Craig responded that was correct.

David continued explaining the City's long track record of exceeding expectations owing, in part, to the City's commitment to prepare a conservative forecast each year. This is beneficial when the City finds itself in the position of decreasing revenues, like the current situation. A conservative forecast underestimates revenue and it builds in a layer of contingencies for expenditures. This does, however, make it more challenging to balance the budget.

At the beginning of the budget process, the City had a budget shortfall of about \$2.5 to \$2.6 million. In order to close that budget shortfall, we looked to cut materials and services from every department. After looking at all departmental budgets, we were able to cut a total of about \$1.7 million. This has left the departments very lean and could be a major issue if something happens that is an out of the ordinary expense, like a roof collapses. Because of this, David explained he built in a little extra contingency in the General Fund for unforeseen emergencies.

The City uses a hybrid model of forecasting which allows for both financial expertise of the finance team, along with the input from the entire leadership team to build the budget. This is also a collaborative budget process where the department directors, who are experts in their respective businesses, provide feedback to further enhance the budget.

After cutting the materials and services to close the budget shortfall, the next option was personnel costs as those are the costs that are consistent throughout the year and touch that 5 Year Forecast. So unfortunately, that's where the reduction in 8 FTE was used to balance the budget (or close the shortfall) in order to meet the financial goals of the City.

Regarding property tax growth, from fiscal year 24/25 the City saw just about a 6% growth; 3% is guaranteed by law every year so really the growth is about 2.98%. Most of the growth, however, was in the URA, so the actual non-URA growth was about 1.3%. This current forecast factors in an average of growth of 1.06% over the next five years, so minimal growth expected.

Additional revenue sources come from a Fines, Interest, and Other category. Traffic fines have decreased significantly, approximately \$400,000 to \$500,000 less a year in revenue for the City. David will continue to monitor the trend of traffic fine revenue for the future now that the construction projects are finished and the cameras are back up full-time.

The 5 Year Forecast revenue assumptions that have decreased this budget cycle are Franchise Fees (from 7% to 6.75%), Intergovernmental Revenue (from 4.3% to 3.83%), and Charges for Services (from 3.63% to 2%).

Expenditures assumptions for the 5 Year Forecast include inflation (3.146% average over the next five years), PERS (new rates have been released and will increase for all three tiers: 1.87% for Tier 1, 2.43% for OPSRP General Services, and 2.91% for OPSRP Police), Benefits (Regence increase 9% and Kaiser increase 13% on January 1st), Asset Replacement (General Fund only, \$365,000 for 2026), Facility and Equipment (forecasted growth of 9.6% because of the largely reduced Materials and Services from all departmental budgets; the City won't be able to sustain that reduction for 5 years).

D. Department Presentations

1. City Council

City Manager Craig Sheldon shared the City Council budget noting that several councilors were able to attend the League of Oregon Cities Conference and highlighted the four youths who went back to DC to attend the NLC Conference. The \$57K for Materials and Services covers League of Oregon Cities conferences & dues, travel to DC to lobby for money for Sherwood and other related meals and/or yearly expenses like candy for the parades, etc.

2. City Recorder

A significant change to the City Recorder's budget this year was the removal of the \$25K for elections. Each year the City typically budgeted \$25K in case there was an initiative or special election was needed. To save money this year, it was decided to remove that budgeted amount and if an election was needed during the biennium, a supplemental budget would be brought to City Council. A Records Coordinator (0.5 FTE) was laid off and a Records Management Coordinator was not included in this budget. Additionally, a Records Tech position was vacated and instead of hiring for that position, a Deputy City Recorder was added, and if the budget is approved, that position will be filled.

3. City Manager

A performance measure to highlight is the employee satisfaction and engagement score was previously at an 11 but have now scored a 43 which is a significant improvement and a respectable score as the range is from -100 to 100 (a score above 30 is considered good and any score above 50 is excellent). For the biennial budget the number has been averaged over the 2 years. Craig shared that because of the loss of the 8 FTE there might be additional people leave the City's employment; however he hopes to shoot for a score of 35 in each year of this upcoming budget. This budget also includes a small increase in Personnel costs and the Materials and Services includes a about \$110K for state and federal lobbyists, which help the City to receive grants and other monies for local projects.

4. City Attorney

The Interim City Attorney, Sebastian Tapia, presented the biennial budget for the City Attorney, Ryan Adams. An additional goal was added this budget cycle to reduce the reliance on outside council by strengthening existing skills, which will have the benefit of reducing costs. There was a reduction in all three categories: Personnel, Materials and Services, and Total Departmental budget. Outside council expenses are listed under Materials and Services. The reduction of personnel expenses is because the Interim City Attorney will leave when the City Attorney returns from his military deployment, thus creating a savings. The Interim City Attorney further clarified that it's anticipated the City Attorney will be able to maintain service levels despite the reduced budget.

5. Human Resources

There are some cost increases in the HR budget, however many of those costs (insurances and liability insurance) are outside of HR control. Despite these increases outside of internal control, Materials and Services within the department's control has seen a reduction year on year. Contract negotiations, the rollout of the new employee handbook, the implementation of the HRIS, and both discrimination/harassment and managerial trainings were accomplished this year. Councilor Giles asked if the HRIS system will now mean the Council will have access to analysis needed about staffing and positions from HR faster; unlike before the HRIS system when the answer was just a best guess or the answer could not be given at all. HR Director Lydia McEvoy said unfortunately no; the HRIS system is not integrated into the City's current payroll system, so it does not work with the City financial system of record, but the HRIS is helping with historical data collection.

6. IT

The IT budget is pretty much status quo this year as there aren't a lot of major upcoming projects. This budget will include infrastructure upgrades, a PC refresh cycle, some Microsoft licensing level changes which will enable a reduction in other licensing platforms, a completed new City website, and some money allocated for some AI software. Some staff are already using AI, so a formalized AI policy will be created and rolled out. There was a reduction of staff in the department of 1 FTE. The IT and Broadband departments are working slowly to merge, as Broadband is in need of more assistance. To the best of ability, the cyber security policy aligns with the cyber security insurance. However, a gap analysis is currently being done to align the City's cyber security policy with federal standards to achieve a NIST 2.0 certification.

7. Finance

New implementations this year include a travel policy and procurement card policy (already in draft) and a review of the allocation module to better align the City with other local municipalities who utilize their administrative allocation in a different, perhaps better, way. That would entail a major overhaul of the whole fund structure for the City. Personnel costs are increasing because more of the Finance Director's time is being allocated to Finance, as opposed to the URA, which is slowing down. Additionally, there are Materials

and Services costs that are outside internal control, such as the cost for external auditors (the audit is a State requirement) and other professional services which require a specialized skillset, such as actuarial services. As far as internal costs which can be controlled, travel & training and office supplies are all reduced in this budget. A clarification was made that an Unqualified opinion on the City's audit report is good, even though common nomenclature would suggest otherwise.

8. Municipal Courts

The department was affected by the budget shortfall, losing 1.5 FTE. Additionally, revenue is projected to be much lower than previous years (owing to the completed construction project on Roy Rogers & 99W, the reworking of some intersections which previous had high numbers of ticket offenses and the increase in red light camera fees. In prior years revenue for tickets was about \$2.2 to \$2.3 million, now the budget is \$1.8 million which is a \$400-\$500K reduction. Materials and Services are higher due to the red light camera system, which costs a little over \$300K year and gets adjusted annually for inflation. The department did cut Materials and Services in other areas, but the offset wasn't enough to mitigate the rising costs of the red light camera system.

9. Community Development

The CD Management fund is mainly used to pay salaries for the Director and one other staff member. No big changes in personnel costs, however Materials and Services were able to be reduced from \$76K last year to \$21K this year due to a switch in E-permitting software. Planning has several big projects moving forward in the next two years, which includes the Sherwood West UGB expansion and the Old Town strategic plan. Planning is anticipating a significant increase in departmental revenue in this budget due to the grant from Metro for the Sherwood West Project (about \$700K). Personnel Services in the Planning department was impacted by the budget shortfall, necessitating the loss of 3 FTE, Materials and Services primarily house the consultant services which we will pay for with the Metro grant. For Building, a slowdown is expected because of the uncertainty in the economy and a key piece of infrastructure going in (Ice Age Drive) to incentivize development. Ice Age Drive will take 1 ½ years to build, developers will need 6mos-1 year to get approvals, and then this budget cycle is already finished, thus the downturn over the next two years. Fees were raised this year which should help balance out the dip in revenue from the building department.

10. Public Safety

For Personnel, a 0.5 FTE was let go, whose Red Flex (redlight camera) duties will be assumed by patrol, and Public Safety will be taking back code enforcement duties again. Materials and Services was challenging this budget cycle as nearly half the budgeted amount (\$849K) is used just for technology. WACCA, our dispatch, increased 9% this year and anticipate another 9% increase next year. The Axon body worn cameras with the tasers have seen year over year 5% increases. Mayor Rosener asked about partnering with other police agencies to save money on this technology by buying in bulk and he also offered some information to the Chief on procurement organizations or

nonprofits that may be able to help mitigate some of the expense for the police department. Some of the departmental goals are to reduce retail theft, to impact drug use (Oregon ranks #1 in opioid deaths), and to continue with the mental health response team to handle mental health concerns and/or emergencies. The department has acquired three drones that can augment what the canines and officers can do. Community engagement through social media continues to be an important goal. The department also has a partnership with the school district which allows the City to employ 2 SRO's (Student Resource Officer) because the school district funds 50% of each position; so the City receives 1 FTE from the school district.

11. Library

The Library expects a 1% increase from Washington County Cooperative Library Services (WCCLS) which is the main source of revenue. Normally it would be a 3% increase, but the County is facing budget deficits so there's been a decrease. In Year 2 the budgeted increase is listed as 1% as well, but because of the Funding Governance Evaluation Project and the levy on the November ballot, there is a possibility for that increase to be higher than 1%. For Personnel, 0.5 FTE was laid off, along with a reduction of our on-call hours, both of which will necessitate some service reductions and reducing library hours from 60 hours to 53 hours. Materials and Services will also see a reduction in the collection budget. With the reduction of library hours, the least popular hours are being looked at to create the littlest impact on the community. If the levy passes in the Fall, the library will receive more revenue but that is not currently reflected in the current budget or the 5 Year Forecast.

6. ADJOURN

Chair Kady Strode adjourned the meeting at 9:05 pm.

Submitted by: David Bodway

Minutes approved on:



SHERWOOD BUDGET COMMITTEE MEETING

May 29, 2025 Minutes

1. CALL TO ORDER – Chair Kady Strode called to order the regular meeting of the SHERWOOD BUDGET COMMITTEE MEETING at 6:04 pm on May 29, 2025.

2. Roll Call – David Bodway, Finance Director

COMMITTEE MEMBERS AND COUNCIL ATTENDING: Chair Kady Strode, Lana Painter, Brian Fairbanks, Aaron Wiebe, Nancy Taylor, Thomas Sherwood, Mayor Tim Rosener, Council President Kim Young, Councilors Dan Standke, Taylor Giles, Renee Brouse and Doug Scott. Councilor Keith Mays and Vice-Chair Matt Kaufman were absent.

CITY STAFF ATTENDING: Finance Director David Bodway, City Manager Craig Sheldon, and Assistant City Manager Kristen Switzer, Center for the Arts Manager Chanda Hall, Marjorie Stewart Senior Community Center Manager Maiya Martin Burbank, Public Works Director Rich Sattler and IT/Broadband Director Brad Crawford.

3. NEW BUSINESS

A. Public Comment

Chair Kady Strode asked Finance Director David Bodway if any public comments had been received. David responded no and asked the audience in attendance if anyone wished to give a public comment; all declined. Chair Kady Strode closed public comment.

B. Department Presentations

1. Field House and Sports Recreation

Both leagues and rentals are up for the Field House this year. It was a slow return from Covid, but there have now been more league signups and more rentals this Spring than previously had in years. More revenue is also anticipated. Close to \$150K has already been received this year and the total revenue projected was less than that. Councilor Giles asked if the \$150K was comparable to pre-Covid numbers. Assistant City Manager Kristen Switzer thought it was probably close to that figure, however the City will also be reviewing its fees and they do anticipate raising some of the fees (if approved by Council), which will bring in more revenue in the future. Councilor Giles also asked about the rental capacity of the Field House. In the evenings the Field House is near capacity, but in the

daytime, there is availability, however it is limited by the activity of the adjacent Public Works and the limitations on parking.

There will be an upcoming turf replacement project for Snyder Park in a couple of years, so the revenues for the outdoor fields are recorded in the General Construction Fund as money to be set aside for this turf replacement. Finance Director David Bodway confirmed that about \$80-85K has been set aside each year for the past few years totaling to well over \$600K in anticipation of the upcoming turf project. There was discussion and concern about the full revenue not showing for this fund, and David added that for future years he could add an asterisk on the bottom of the slide which would give the missing amount of revenue that has been recorded in the General Construction Fund. Councilor Giles asked if in the end the amount set aside will cover the cost of the turf replacement. Assistant City Manager Switzer confirmed there are three fields to be replaced (Snyder Park, the baseball fields and the Field House) and the money set aside should cover the cost of replacement.

2. Events and Volunteers

The volunteer hours projected were exceeded by 35% and the City also successfully launched an Adopt-a-Trail program with the opening of Cedar Creek Trail. Four trail segments were made available for adoption, and they all have been adopted. Expansion of the program is anticipated. The main revenue for this department is from sponsorships for events like Music on the Green and Movies in the Park. The sponsorships are up from years previous, and there is no change to Personnel Services for this department in terms of hours or FTE's; the increase in personnel costs is for COLAs and PERS increases.

3. Arts Center

It's the 10th Anniversary of the Arts Center this year, therefore the focus for the department is the continued viability, health, and rental ability of the center to make sure it stays a treasured community asset. Audiences are slightly up for local programs and presentations. The Center had 25 brand new renters utilizing the space this current fiscal year. In the current fiscal year the Center is at 90% capacity of available weekend dates; there are only 10 Saturdays available all year, so the rentals are very full.

The City is reviving the annual gala tradition this year on September 27th which the City hopes will be a revenue generating event yearly to raise money for the Friends of the Sherwood Center for the Arts. The Friends will use this money as they see fit to assist the Arts Center or individuals with scholarships for programs, etc.

The Arts Center did complete a robust review of the rental fees being charged and they are currently making adjustments to these fees which will be proposed in the fee schedule presented in June. Most of the fees are anticipated to go up 20-30%, if they are approved by City Council. The projected increase, if approved, would be approximately \$20K the first year and \$47K the next year, gradually increasing over time.

Mayor Tim Rosener asked out of the projected \$598K, how much is TLT revenue and how much is ticket revenue. Finance Director Bodway answered \$155K is projected from TLT.

4. Senior Center

It's been another year of growth for the Senior Center with the addition of the Sherwood Senior Shuttle. They gave 945 rides from May 1st to May 1st, so it's being utilized every day. The Center is continuing to look for volunteer shuttle drivers, as it's operated by all volunteers. The Center has also had over 9,000 activity registrations and participations over the last year putting the Center at almost capacity for offerings. They served just under 17,000 meals last year which is a 9% growth from the year before. The Center will be starting one new program next year partnering with Pacific University to offer social worker interns the experience in helping with housing needs, transportation, medical ombudsman ship, and mental health needs of the older adults in the area who need additional assistance.

Mayor Rosener asked what was the revenue stream from the Older Americans Act Funds from Washington County. The Senior Center received \$120K last year for the meal program, but do not have an exact figure at this point because no contract has been signed, however, the City was told it would be \$108K for the next year. The County's reason for the reduction was a reduction in the federal funding. The Center also had \$30K in donations toward meals which is up from the projected \$24K. They also receive some small grants which total about \$12K and have rental income for the building. The rental fees are also being evaluated and will be adjusted (if approved by Council) through the fee schedule. Another change to the upcoming fee schedule (if approved by Council) will include a \$35 membership fee annually for non-Sherwood residents.

Councilor Doug Scott asked City Manager Craig Sheldon and Assistant City Manager Kristen Switzer if going forward the metrics pages for the Senior Center (and also Arts Center, Library, Parks, essentially across the board for departments) if the Budget Committee could see more individual unique metrics. For example, instead of listings 17K meals served, could that number say how many people were served instead to determine the direct impact these programs are having on Sherwood residents.

5. Fleet and Equipment

Fleet and Equipment is responsible for all the police cars, heavy equipment, and small equipment that the City uses on a daily basis. Of note this year, the department is improving upon its preventative maintenance work orders so that work is being done ahead of any equipment failure to make sure time is being spent wisely and dollars are going farther. Personnel costs are holding consistent, but the cost allocations and capital outlay will change from year to year depending on the schedules for vehicle replacement. The revenue for this department is mostly from surplus or selling cars.

The department received a grant last year for \$45K for the evidence van that was purchased. The outfitting of the van is in next year's budget, but the City doesn't get

reimbursed that revenue until the project is completed, so it is a part of the \$51K shown. The vehicle will be done and ready for use after June 30th (next fiscal year) because the outfitting is very specialized. The department is having similar problems with police vehicles which can take upwards of 4-5 months to outfit. And there is a typo in Year 2, the police vehicle is listed as \$94K and it's actually \$84K.

6. Facilities

Staff is responsible for setting up the rooms for various departments to hold meetings and other events. They've had zero OSHA violations. Personnel costs are consistent with the rest of the increases of the City. Materials and Services has dropped. The department completed some large projects this year, such as new carpet for the Police Department, an elevator lift and new windows for the Morback House, and a few other projects. The Materials and Services number changes based on the asset plan. Of note, the department is implementing some efficiency measures this next year for the Police Department regarding their HVAC system.

7. Parks Maintenance

The City is proud of our parks and how well they are maintained. No new parks have been added but reservations at existing parks continue to rise as people see the value in the facilities. There are a few capital projects in the works: resurfacing and painting the basketball courts, resurfacing of the Snyder courts, and repaving of the path at Oregon Trail park.

Councilor Dan Standke asked when the Murdock park realignment will happen? City Manager Craig Sheldon said that in the General Construction Fund there is money for the next two years of that project.

8. Engineering

Many of the engineering drawings are done in house, from the pedestrian bridge, which is a very large project for the department, to ADA ramps and various street projects. They also ensure the design standards for private development are adhered to, as well as right-of-way permits to make sure contractors are preserving our roadways and restoring them when finished. There is a downturn in the number of plan reviews as this ties to the forecasted downturn of the housing development market. The General Fund has been subsidizing the personnel costs of the engineering department for years. That is being corrected now; the personnel costs will now be assigned to the specific enterprise funds in which the engineering work is being done, for example, the water, sewer or storm funds.

9. General Fund

In order to get the budget balanced from the large shortfall this year and to meet the City's financial goal of retaining a 20% General Fund contingency at the end of five years, the one-time expense requests are down from previous years. Again, there was one typo in

the cost of the police vehicle requested and that will be corrected when the budget ready for the approval process.

Chair Strode asked where the money for the HVAC controls was listed in the Facilities Fund as they showed no capital outlay. Finance Director David Bodway answered the department budgeted that money within their Material and Services line.

Committee Member Nancy Taylor asked if there would be service level impacts felt by the public because of the 8 employees laid off. David answered yes. Nancy then asked what is the matrix the City will be using to explain the additional time needed to complete work for the public and where will those impacts be felt. City Manager Craig Sheldon answered the effects will be varied; the library will be reducing hours from 60 to 53, code compliance could take a day or two more, for parks the grass may be a little taller, in planning the person who was let go did the minutes for the Planning Commission, the commercial plans examiner position has been contracted out so no delay should be felt there, but City Records will definitely have a slowdown and departments who have been tasked with records management will have to step up and help.

City Manager Sheldon stated that the departments looked at trying to minimize public impact and he feels they did that. He said there were additional cuts needed to get to Years 3-5, and he made them because the lay-offs did not balance the budget and the budget needed to be completed on time.

Council President Young asked how many hours the lost 0.5 position for the Police Department would take an officer off the road. City Manager Sheldon answered that non-sworn officers can be used to offset those duties previously performed by the person who left. Police Chief Ty Hanlon confirmed that non-sworn officers can fulfill the redlight camera duties and testify for the courts, but they can't cover courts security, so if needed other officers will assist with that. Chief Hanlon stated that the police department used to do all the code enforcement for the City, so this is just a return to how things were done in the past and they will simply adjust.

Councilor Brouse clarified that losing the 0.5 police position was not going to pull any officers off the road, rather the hours worked by officers now may include some time spent doing code enforcement or other things instead of patrol. But that does not mean losing a police officer off the road, it simply means losing a few hours of the officer's time typically spent on the road to now assist with other duties.

Mayor Rosener also added that the 0.5 position should not impact the police department much because the red light camera revenue is down and not expected to return to previous levels. As this position was primarily responsible for that system, the loss of the position shouldn't put a large burden on the police especially since non-sworn officers can be used to fulfill those duties, namely review of red light camera images and testifying in court to those images.

City Manager Sheldon stated that not only were 8 positions let go from this budget, but staff had asked for new positions which were unable to be granted because of the large

budget shortfall. There were 5.5-6 positions requested, some of them short-term interns all the way to two police officers over the two year budget. Departments that need staff were Finance, HR, and the Community Services Director position which Assistant City Manager Kristen Switzer is still doing. The staffing needs are one concern, but the \$1.6 million dollar cut to Materials and Services is also very concerning.

Craig also stated that the City will no longer benefit from having an ending fund balance of \$300K to \$400K each year, which means finances for the City are very tight. He is concerned about the number of projects that have now been deferred or delayed because of the budget shortfall, such as a full playground equipment replacement at Snyder Park, the YMCA roof replacement, the sealing of the YMCA building, and the sealing of the Police building. These projects were cut and moved outside of the current budget which means funding for them will need to be addressed in the future.

Craig reiterated what Finance Director David Bodway said at the previous meeting: the General Fund is tapped out with what it can afford and the City will need to find other revenue sources for the future if it wants to continue moving forward with the levels of service to the public the City has been providing. Craig stated that David has mentioned this concern over General Fund spending for the past several years and with the changes to the City's revenue streams in the last year (redlight camera revenue down, the slowing of private development, loss of some State shared revenue, and the change to the employee salary step system) the issue has finally caught up. It's not just losing 8 employees; it's understanding all the variables now facing the City.

Council President Young stated that her biggest concern with what Craig said was the deferred maintenance; it's a bad thing and will catch up to us eventually, where we won't be able to stay on top of our maintenance if we keep kicking the can down the road.

City Manager Sheldon agreed with Kim and said that he just wanted to make sure all the budget committee members understood that there's deferred maintenance the City is not getting to right now and they are also pushing maintenance out for other projects even further, so this issue is going to continue to grow.

Councilor Giles said his biggest concern, besides the deferred maintenance, is the employees. He's been in companies where tightening belts meant everybody's expected to do more with less and if that's happening here, at a certain point the City will be burning out those employees that they are trying to keep. He asked if that was a concern and what signals are we going to see that will say staff is stretched too thin and it's time to start talking about a reduction in services offered, rather than a reduction in staff.

City Manager Sheldon said that is a real concern, and he agrees that employees are going to get burned out. He said the City hired an independent person to come and do an Organization Assessment. That study showed that Sherwood compared to other cities around us and our size, did not have enough staff in certain areas. They recommended the one position shown in the budget this year (the communications position) along with other recommendations for certain departments, like procurement and grants, that the City had crammed onto certain people because they are good at these tasks, but then

those people will get burned out and leave. The City will need to address the staffing shortage for certain departments that have been identified in the Organizational Assessment soon.

Councilor Scott pointed out that the City's income growth (through the property tax revenue) is capped at 3% a year, however costs tend to go up 10-15% a year. There are only 3 ways to solve this: grow the property tax base through new development, come up with other revenue streams, or cut things – and not just staff, but cut programs and services. And if the City is in this same position in two years at the next budget and new growth hasn't occurred, then the choice is down to two: start cutting programs or come up with new sources of revenue.

Councilor Giles asked whose job is it to look for new sources of revenue. City Manager Sheldon answered that it was a joint effort between City Council and staff. Craig further reiterated his previous concerns that hopefully the cuts made in this budget will be sustainable, but if revenue continues to drop the City will need to lower service levels. Councilor Giles added that the current staffing size is the same as 10 years ago. Craig confirmed that the current General Fund staffing level has dropped to 87.5 FTE, which is the same as it was in 2017.

Finance Director David Bodway added another concern for the General Fund forecast; the 20% contingency at the end of five years does not include 6 labor contract negotiations, which will likely affect the forecast in a negative way.

Chair Strode asked about the ARPA money that was put into the Community Investment Fund. Could that unrestricted money be used to help supplement the General Fund? Craig said City Council would have to approve that. Councilor Scott said he would be more inclined to use that money for one-time expenses. Councilor Young noted that the Community Investment Fund was a part of the budget so ultimately the budget committee could put a recommendation forward to use some of that money; it would still need approval by City Council, but that is one way to look at using those funds.

10. Public Art Fund

The major project for the Art Fund is the installation of the artwork (the deer) that will go on the Oregon St. roundabout. The deer are ready to come to Sherwood; however the right-of-way permit hasn't been issued yet. The other project is working on updating the public art master plan for the City and seeking partnerships to promote arts within the community and funding opportunities.

Mayor Rosener stated that the Public Art Fund is funded through the Transient Lodging Tax, which the State severely limits what the City is allowed to spend that tax on, which is why the City is not spending it on employees or other General Fund expenses. The Mayor felt it was important to mention this because everyone was just discussing the 8 employees cut from the City and now the conversation has turned to Public Art.

Committee Member Nancy Taylor asked how much the deer cost and Assistant City Manager Switzer answered that the total project is close to \$120,000.

Finance Director Bodway stated that nothing has been budgeted for new projects in this budget, however he has built in money into contingency so that if a project is identified during the biennium the City can access those funds.

11. Economic Development and Promotion Fund

Community Development Director Eric Rutledge informed the committee that there is an Economic Development Manager also named Erik who has been with the City about six months and has been Bruce's replacement. Erik's been doing a great job for the City working on networking with the business community in Sherwood and surrounding areas. Personnel costs for this fund includes a portion of Erik's salary; the other portion is out of the URA. Materials and Service includes about \$50K, most of which will be cost allocation going back to the General Fund and the rest will be used for attending events and networking. The Old Town Strategic Plan will be adopted soon and language included could reflect recommendations to the City for financial incentives to be offered for development of the project. However, this budget does not include any dedicated funding for financial incentives.

Additional revenue streams for Economic Development are being looked at, such as if using the TLT tax is possible, along with other programs the department is researching to bring in revenue for the City.

The industrial development that's occurred in the City over the last five years has greatly contributed to the revenue earned by the City, first with all the development fees and then with the addition of the completed projects being added to the tax roll. However, if the industrial property developed is in the URA, none of the property taxes go to the General Fund.

12. Transient Lodging Tax Fund

The City is working on a plan to potentially grow this tax by trying to attract additional hotels and by looking at the current rate being charged. In terms of revenue, it's mainly coming from the one hotel in Sherwood, along with a few other Airbnb's. The tax collected is transferred to the General Fund and then allocated out to the Public Art Fund, the Economic Development Fund, and a some of it remains in the General Fund to support the Center for the Arts with operation costs.

Councilor Giles asked about the study which looked at how many hotels Sherwood could support and asked if there was any movement in the development of any new hotels. Economic Development Director Rutledge said that the study (which was done about 2 years ago) said that the City could support three hotels, so that would mean two more hotels in Sherwood. However that study did not consider wine tourism, so the number might actually be higher. There is one hotel on the Langer property that is approved and building permits can be pulled at any time, however conversations with Langer have

revealed that they intend to focus on the retail development of the property first and then see if a hotel is feasible. The City gave a tour to a hotel developer two weeks ago who was looking at property in Old Town, but hotel development is a highly sensitive development type so it's hard to get these types of projects to construction.

Councilor Standke asked if the house rentals and Airbnb rentals are self-reporting the TLT tax. Finance Director Bodway confirmed they are and stated that the City contracts with Washington County to collect the TLT tax for Sherwood. He also added that Washington County monitors websites and shares information with the State to ensure the full amount of TLT is being collected.

13. Grant Fund

The Community Enhancement Grant Program is money that is received from Metro which they collect from Pride Disposal, and then the City offers grants to municipalities, nonprofits, and school districts, which is in line with the restrictions from Metro. On June 3rd, there will be a work session to decide which applications for the grant program will be awarded. There were many applications received this year, and the total dollar amount is more than the City has to give, but ultimately it will be up to the committee to decide who and how much they will hand out. For Materials and Services, 100% of the funds received have been committed so if the committee chooses to hand out all the money it can. This is a committee decision that will have to be made every year for any new grant applications sent in, irrespective of the City's new biennial budget cycle.

Councilor Scott asked how much is carried over from previous years? Finance Director Bodway said there is a 20% carry over each year and he believes the figure is now about \$67K, which can be used to fund a larger project if the committee wish to do so.

14. Community Investment Fund

This fund has been used for career cycle planning at the police department, a loan to the Sewer fund for a maintenance project and used to fund Broadband. The Sewer fund and the Broadband fund will ultimately pay this fund back with interest. The rest of the money is growing through investments. The City is earning 4.5-5% on the remainder of the money in this fund. Currently there is about \$1.1 million dollars available in this fund.

15. Street Operations Fund

This fund adopted an ADA plan this year and \$100K dollars will continue to be dedicated toward the replacing about 10 ADA ramps on an annual basis. The PCI rating, which is a pavement condition index, continues to be high. Inventory and assets continue to climb, so as we add new streets, there's more signs and street segments that need continued maintenance. The sign inventory increased this year by 42, so the total signs maintained by the City is 2,438. The downtown street lights project continues this year, and several of the trees downtown have outgrown their grates and will have to be removed. This fund also continues to transfer out \$100K to the Traffic Safety Committee annually.

Personnel services has a larger increase this year because there are more people working on the streets, as well as the City's trails are a part of the transportation system and trail maintenance is funded in street operations. This increase in personnel costs is also reflected in the increase in Materials and Services cost.

Chair Strode asked if the revenue was primarily from the gas tax. Finance Director Bodway answered the revenue is comprised of a street fee, state shared revenue, county vehicle registrations, and the gas tax.

16. Street Capital Fund

The Sunset-Timbral Crosswalk Enhancement project will begin in early Fall. The Arrow Street project should be completed in the next two months. The Traffic Safety Committee continues to make recommendations for traffic calming projects. And there are some pavement management projects coming up within the next two years. As the engineering staff spends considerable time working on street capital projects, their personnel costs are getting allocated to the Street Capital Fund. Engineering used to come out of the General Fund, so this correction should now help preserve the General Fund.

17. General Construction

Some of the projects include Murdock Park, trail network expansion improvements, and the adjacent Art Center design. If the Old Town strategic plan moves forward, the gravel lot next to the Arts Center will have money for a new design. The Personnel Services, Materials and Services, and the Capital Outlay shown in the budget are reflective of the projects just outlined.

Finance Director Bodway noted there's a line item on page 103 of the budget book for Charges for Services which is where the Outdoor Fees are being recorded for the eventual turf replacement project previously discussed during the Field House and Sports Recreation Fund.

18. Water Operations

There are many programs conducted on a regular basis to ensure water safety for the City such as flushing the water systems to maintain the quality of water, testing all the back flow assemblies to make sure the water stays safe, or the meter maintenance program. A small decline in water use is anticipated this next year with only about 100 new connections added.

Councilor Giles asked what is the City water's capacity to deliver clean water and could this be used as a revenue source for the City in the future. Public Works Director Rich Sattler answered the City's water treatment plant was expanded in the last two years which has given the City the ability to have 6.7 million gallons of clean water a day. There is also continued expansion that will take place through the Master Plan from Wilsonville to Sherwood to be able to accommodate partners in the future that may want to join.

Mayor Rosener asked about the conflict improvement areas for Tualatin-Sherwood Road and whether that was to support the County construction in that area. Director Sattler answered the City is responsible for relocating fire hydrants or utilities if they fall within the right-of-way of the County and its current construction project.

Materials and Services fluctuate with the cost of the water from the water treatment plant the City shares with Wilsonville. Typically, the City overpays throughout the year and the overpayment (of a couple \$100K) is returned after the true-up accounting matrix is reviewed. The overpayment is typically received in August or September.

Committee Member Thomas Sherwood asked if the City was still raising the water rates to the cap of 2% and if that cap is sustainable for the City for the next 10-20 years or if the cap will need to be removed at some point. City Manager Sheldon confirmed the water rates for residential have been raised 2% and commercial 3%; this reevaluation happens every three or four years. Finance Director Bodway said that overall the 2% cap hurts the water fund because costs are not just increasing by 2%, in fact costs are increasing significantly. Chair Strode clarified that the 2% cap is in the City Charter and voter approval would be needed to remove it.

Mayor Rosener asked for Finance Director Bodway to explain the loan from the water fund and to clarify that the water fund was not raided to pay for the pedestrian bridge. Finance Director Bodway confirm there was simply an inter-fund loan used (which many government agencies use) to borrow money from one fund to use for something else. The benefit of this decision is that all the money will be paid back to the water fund with interest, so the City gets the benefit of earning the interest itself, rather than paying interest to a bank on a traditional loan. Additionally, the City did not have to pay any underwriting fees to a bank which can be anywhere from \$250-400K.

19. Water Capital

The 5 million gallon expansion project of the water treatment plant will be completed in the Fall with the final installation of the transformer. The City is a third owner of that plant and this project will gain another 1.7 million gallons capacity out of the water treatment plant. The City is anticipating the completion of the conflicts with Tualatin-Sherwood Road and the County this fiscal year. Several important projects needed to protect the investment of the water treatment plant have been rolled over to the next two year budget.

City Manager Sheldon added that the City feels it has enough water for the eventual Sherwood West development until the year 2067, and then an upgrade will be needed.

20. Sanitary Operations Fund

The City does a lot of preventive maintenance to ensure the performance measures being set by Clean Water Services are being met. Of note is that both backups and overflows are a zero. There's a small amount of capital outlay for the raising of manholes associated with the Tualatin-Sherwood Road conflict improvements. Materials and Services remain constant for the utility.

21. Sanitary Capital Fund

The City is seeking funding for two projects coming up: the Rock Creek Upsizing Phase 2 and the Brookman Sanitary Sewer Trunk Line. Some of the project costs will be paid by Clean Water Services, some by collected SDC's by Clean Water Services, and the City will be responsible for a portion. For the Brookman project, the City's portion is expected to be about \$5 million dollars in total.

22. Stormwater Operations Fund

Most of the programs in this fund are to meet the performance measures set by Clean Water Services. This is another utility that will be supporting our engineering staff as they inspect our utilities out there through the new development or maintain and support other capital projects. This fund is also how we fund the City's street sweeping that takes place on a monthly basis. The street sweeping schedule can be found on the Public Works interactive maps found on the City's website.

23. Stormwater Capital Fund

Some of the projects which have been on the schedule for a while are the Gleneagle Drive Regional Storm Facility and the 2nd & Park Street Stormwater Facility Rehabilitation; it's anticipated they will be completed this budget cycle. Materials and Services and Capital Outlay just reflect the programs and projects that we are hoping to complete this next biennium.

24. Broadband

In addition to fiber-to-the-home projects, Broadband has been working on a lot of grants this past year. Broadband finished a \$1.6 million project about 6-9 months ago that extended out into the rural areas of Sherwood and also into Wilsonville. Broadband was also awarded a \$1 million dollar grant to complete a similar rural expansion and a \$9 million BDP grant (Broadband Development Program) through the State of Oregon that comprises the rural areas between Sherwood and Newberg & Wilsonville. Broadband continues to see high satisfaction rates for service and they continue to see great take rates. For the City the fiber-to-the-home project is now approaching a 50% completion rate. In the fund, there aren't any major capital expenditures other than the grant expense, and the other major expenses are just operational expenses. Attrition is really low, most customers who join stay with the City Broadband.

C. State Shared Revenue

Chair Strode opened the Public Hearing.

In order for the City to received distributions (State Shared Revenue) they are required to hold one public hearing during the budget deliberations and one public hearing during the adopting process, which will be at a City Council meeting in June. The League of Oregon

Cities provides a report that outlines where the State Shared Revenue is coming in and future projects. Portland State University determined the City population was 20,781 on December 15, 2024, and that is the basis by which the distribution is determined. State Shared Revenue is projected to be a little over \$1.4 million dollars over the biennium. This is a decline from previous years. State Shared Revenue is made up of the liquor tax, cigarette tax, marijuana tax and additional revenue for street operations.

State Shared Revenue can be used in two ways: for General Fund support, with the marijuana tax being used only for Public Safety, and for Street Operations, which is more restrictive in its uses.

Chair Strode asked if there were any public comments or testimony. Finance Director Bodway stated there were none.

Chair Strode closed the Public Hearing on the State Revenue Sharing and opened the floor for discussion among the Budget Committee. There was no discussion.

D. General Discussion of the Biennium Budget

Finance Director Bodway asked to add in the budget message under the 5 Year Forecast a different term to describe what has been explained in the budget book as “Reserves.” He asked what the budget committee thought of “Operating Contingency” as opposed to Reserves to clarify the discussion around how that future money is understood by the general public. As discussed by the budget committee, it is not a bucket of money held in reserve, rather it is money that is used to operate the City until future tax rolls are received, and it includes a small portion that is anticipated to be used in future City projects. Mayor Rosener asked that the definition be easily found and clearly explained and not buried in a budget message so it’s easily accessible for the public. Discussion was held on splitting all the performance measured listed in the budget to reflect each year, rather than a combine total which could look inflated, such as 60 police officers, when in reality the budget is for 30 officers each year. Finance Director Bodway also added that he will correct a few scrivener errors and some amendments to how the beginning fund balances have been shown for the next meeting.

6. ADJOURN

Chair Kady Strode adjourned the meeting at 9:04 pm.

Submitted by: David Bodway

Minutes approved on:



SHERWOOD BUDGET COMMITTEE MEETING

June 5, 2025 Minutes

1. CALL TO ORDER – Chair Kady Strode called to order the regular meeting of the SHERWOOD BUDGET COMMITTEE MEETING at 6:05 pm on June 5, 2025.

2. Roll Call – David Bodway, Finance Director

COMMITTEE MEMBERS AND COUNCIL ATTENDING: Chair Kady Strode, Vice-Chair Matt Kaufman, Brian Fairbanks, Lana Painter, Nancy Taylor, Mayor Tim Rosener, Council President Kim Young, Councilors Dan Standke, Taylor Giles, Renee Brouse, Doug Scott and Keith Mays. Members Aaron Wiebe and Thomas Sherwood were absent.

CITY STAFF ATTENDING: Finance Director David Bodway, City Manager Craig Sheldon, and Assistant City Manager Kristen Switzer.

3. NEW BUSINESS

A. Public Comment

Chair Kady Strode asked Finance Director David Bodway if any public comments had been received. David responded no and Chair Kady Strode closed public comment.

B. Budget Discussion

Finance Director David Bodway discussed the budget changes that were agreed to in the last meeting. Some of the changes were necessary to follow budget law for reporting a biennial budget within the budget book, and some were more cosmetic in nature (splitting the department performance measures by each year, rather than showing the total for two years). David asked if there were any questions on the changes or any questions/comments on the budget in general.

Council President Young asked the City Manager about the 0.5 FTE contracted position in Public Safety which was let go because of the budget shortfall. Would the City Manager be able to bring that position back or reinstate any position that has previously been let go, if economic changes necessitate it. City Manager Sheldon explained that if staffing levels needed to be increased, the change would happen within the department's budget first, as that is in the control of the City Manager. If the changes were such that a

Supplemental Budget was needed, City Council would be involved in approving those changes.

Councilor Giles commented that the City Council has not looked at new revenue sources as a part of Council Goals and that perhaps that needs to be addressed at the next goal setting meeting. City Manager Sheldon agreed and said that City Council should hold some work sessions to discuss new revenue options. He also stated there is an upcoming work session to discuss changes to the TLT revenue and the Police Advisory Board is looking to hold a work session to update Council on what they have been researching.

Mayor Rosener clarified that City Council has been very successful in bringing in outside money for capital projects, unfortunately none of that money goes into the General Fund, where the revenue is needed. There are options for getting more revenue, such as a levy, but that involves going to the public for approval.

Councilor Scott agreed that Council should meet and discuss all available options for more General Fund revenue.

Councilor Giles stated that he did not want to be in the same position two years from now at the next biennial budget where the General Fund budget shortfall has grown because building and ticket revenue is still down, and now the City must cut another 8-10 employees because the operational budget is shrinking.

Member Taylor asked where in the budget is the new communications position listed. City Manager Sheldon answered the position will be paid in a small part from the General Fund and then the rest will be split between the utility funds and Broadband. Member Taylor asked who the position will report to. City Manager Sheldon answered the position will report to the Assistant City Manager.

Member Taylor commented that the City has functioned without this position, so is it necessary. Councilor Giles explained that the City has not had a consistent message from all the departments and further explained the value in having a unified voice and message clearly communicated to the public for all departments. Member Taylor asked what the salary range for this new position is. Mayor Rosener stated that even if this new position was not hired, the impact to the General Fund would be very small as most of this position's time will be charged to other funds.

Member Taylor asked if the budget committee should hold meetings more often in light of the budget shortfall this year. Finance Director Bodway answered that the first meeting will be held in December after the fiscal year books are closed and the majority of the tax rolls have been received in November; meeting prior to December won't afford the committee much in the way of tangible data to discuss. City Manager Sheldon confirmed budget meetings will be held in December and February.

Councilor Standke asked why the departmental contingencies had been shifted from splitting them out by each year to listing them combine in the second year. Finance Director Bodway explained that was the correct way to show contingency per budget law

for biennial budgets. The contingency is listed only in the final year of the two year budget to be used as necessary, not split up in each year.

Councilor Giles asked if it seemed clear to everyone that there is no contingency for the General Fund, or if that message needs to be further communicated in another place in the budget to help the public understand. Discussion indicated that everyone felt the budget was clear and no further information regarding contingency needed to be added.

Mayor Rosener suggested the budget message should be reworked to explain better about City funds and how money cannot be moved from funds to other funds. He further explained that the public may have questions about how the City could choose to build a large pedestrian bridge but then lay people off. However, that is the nature of the State of Oregon budget law which requires capital to be separate from expense.

Councilor Mays asked if the changes to the budget were now properly noticed so they are incorporated into the budget or does approval of the changes need to happen first before budget approval. Finance Director Bodway stated the changes needed committee approval first.

4. APPROVAL OF THE AMENDED BUDGET CHANGES

Motion: Council President Young made a motion to approve the changes made to the biennial budget. Chair Strode seconded the motion. **Motion passed 12:0.** All present members voted in favor.

5. APPROVAL OF THE PROPOSED BIENNIAL BUDGET 2025-2027, AS AMENDED

Motion: Council President Young made a motion to approve the proposed biennial budget 2025-2027, as amended. Member Taylor seconded the motion. **Motion passed 12:0.** All present members voted in favor.

6. ADJOURN

Chair Kady Strode adjourned the meeting at 6:26 pm.

Submitted by: David Bodway

Minutes approved on:



BUDGET COMMITTEE MEETING
DECEMBER 4, 2025



WELCOME





FINANCIAL UPDATE

General Fund



	Through October 31, 2024		Through October 31, 2025		FY 24-25	FY 25-26
	Adopted Budget	Actual	Adopted Budget	Actual	% of Adopted Budget	% of Adopted Budget
REVENUE						
Property Taxes	\$ 8,559,149	\$ 69,024	\$ 9,051,042	\$ 71,370	0.81%	0.79%
Fines And Forfeitures	2,103,400	503,979	1,754,300	483,225	23.96%	27.55%
Charges For Services	3,490,285	1,130,728	2,350,755	427,255	32.40%	18.18%
Intergovernmental	1,508,140	663,488	2,399,472	741,871	43.99%	30.92%
Franchise Fees	2,778,000	273,375	2,863,731	358,129	9.84%	12.51%
Interest Earnings	248,000	52,269	200,000	27,855	21.08%	13.93%
Miscellaneous Revenue	127,250	52,717	481,205	102,822	41.43%	21.37%
Total Operating Revenues	18,814,224	2,745,580	19,100,505	2,212,527	14.59%	11.58%
Other Financing Sources						
Transfers In	416,493	23,844	187,010	5,010	5.72%	0.00%
TOTAL REVENUE	19,230,717	2,769,424	19,287,515	2,217,537	14.40%	11.50%
EXPENDITURES						
Salaries & Wages	16,766,635	4,836,215	16,691,590	4,803,825	28.84%	28.78%
Materials and Services	2,882,191	1,156,865	2,405,377	1,260,487	40.14%	52.40%
Capital Outlay (\$5,000 And Up)	588,000	144,869	663,722	15,697	24.64%	2.36%
Transfers Out	105,000	-	127,400	127,400	0.00%	100.00%
TOTAL EXPENDITURES	20,341,826	6,137,949	19,888,089	6,207,409	30.17%	31.21%

Public Art



	Through October 31, 2024		Through October 31, 2025			
	Adopted Budget	Actual	Adopted Budget	Actual	FY 24-25 % of Adopted Budget	FY 25-26 % of Adopted Budget
REVENUE						
Fines, Interest and Other	\$ 2,000	\$ 1,539	\$ 2,500	\$ 296	76.95%	11.84%
Total Operating Revenues	2,000	1,539	2,500	296	76.95%	11.84%
Other Financing Sources						
Transfer In	35,000	-	42,467	42,467	0.00%	100.00%
TOTAL REVENUE	37,000	1,539	44,967	42,763	4.16%	95.10%
EXPENDITURES						
Capital Outlay (\$5,000 And Up)	37,000	65,000	-	-	175.68%	#DIV/0!
TOTAL EXPENDITURES	37,000	65,000	-	-	175.68%	#DIV/0!

Economic Development and Promotion



	Through October 31, 2024		Through October 31, 2025			
	Adopted Budget	Actual	Adopted Budget	Actual	FY 24-25 % of Adopted Budget	FY 25-26 % of Adopted Budget
REVENUE						
Fines, Interest and Other	\$ 5,000	\$ 4,161	\$ 5,500	\$ 1,170	83.22%	21.27%
Total Operating Revenues	5,000	4,161	5,500	1,170	83.22%	21.27%
Other Financing Sources						
Transfers In	70,000	-	84,933	84,933	0.00%	100.00%
TOTAL REVENUE	75,000	4,161	90,433	86,103	5.55%	95.21%
EXPENDITURES						
Salaries & Wages	99,787	-	105,184	34,602	0.00%	32.90%
Materials and Services	88,400	28,560	50,480	24,962	32.31%	49.45%
TOTAL EXPENDITURES	188,187	28,560	155,664	59,564	15.18%	38.26%

Transient Lodging Tax



	Through October 31, 2024		Through October 31, 2025		FY 24-25	FY 25-26
	Adopted Budget	Actual	Adopted Budget	Actual	% of Adopted Budget	% of Adopted Budget
REVENUE						
Intergovernmental	\$ 150,000	\$ 50,379	\$ 158,000	\$ 33,617	33.59%	21.28%
Fines, Interest and Other	5,000	1,257	4,500	709	25.14%	15.76%
TOTAL REVENUE	155,000	51,636	162,500	34,326	33.31%	21.12%
EXPENDITURES						
Transfers Out	155,000	-	182,000	-	0.00%	0.00%
TOTAL EXPENDITURES	155,000	-	182,000	-	0.00%	0.00%

Grants



	Through October 31, 2024		Through October 31, 2025			
	Adopted Budget	Actual	Adopted Budget	Actual	FY 24-25 % of Adopted Budget	FY 25-26 % of Adopted Budget
REVENUE						
Intergovernmental	\$ 100,000	\$ -	\$ 100,000	\$ -	0.00%	0.00%
Fines, Interest and Other	4,500	2,697	4,750	171	0.00%	3.60%
TOTAL REVENUE	104,500	2,697	104,750	171	2.58%	0.16%
EXPENDITURES						
Materials and Services	203,962	112,193	100,200	89,849	55.01%	89.67%
Transfers Out	11,493	-	5,010	5,010	0.00%	0.00%
TOTAL EXPENDITURES	215,455	112,193	105,210	94,859	52.07%	90.16%

Community Investment



	Through October 31, 2024		Through October 31, 2025			
	Adopted Budget	Actual	Adopted Budget	Actual	FY 24-25 % of Adopted Budget	FY 25-26 % of Adopted Budget
REVENUE						
Fines, Interest and Other	\$ 50,000	\$ 81,410	\$ 40,000	\$ 8,763	162.82%	21.91%
Total Operating Revenues	50,000	81,410	40,000	8,763	162.82%	21.91%
Other Financing Sources						
Transfers In	-	-	-	-	n/a	0.00%
TOTAL REVENUE	50,000	81,410	40,000	8,763	162.82%	21.91%
EXPENDITURES						
Transfers Out	250,000	-	-	-	0.00%	n/a
TOTAL EXPENDITURES	250,000	-	-	-	0.00%	n/a

Street Operations



	Through October 31, 2024		Through October 31, 2025			
	Adopted Budget	Actual	Adopted Budget	Actual	FY 24-25 % of Adopted Budget	FY 25-26 % of Adopted Budget
REVENUE						
Charges For Services	\$ 780,590	\$ 272,847	\$ 787,052	\$ 258,238	34.95%	32.81%
Intergovernmental	2,092,050	487,944	2,117,361	508,406	23.32%	24.01%
Fines, Interest and Other	210,000	94,289	249,000	41,980	44.90%	16.86%
TOTAL REVENUE	3,082,640	855,080	3,153,413	808,624	27.74%	25.64%
EXPENDITURES						
Salaries & Wages	651,666	194,068	929,239	229,360	29.78%	24.68%
Materials and Services	1,767,333	459,526	1,872,667	520,567	26.00%	27.80%
Total Operating Expenditures	2,418,999	653,594	2,801,906	749,927	27.02%	26.76%
Other Financing Uses						
Transfers Out	750,000	-	750,000	750,000	0.00%	100.00%
TOTAL EXPENDITURES	3,168,999	653,594	3,551,906	1,499,927	20.62%	42.23%

Street Capital



	Through October 31, 2024		Through October 31, 2025			
	Adopted Budget	Actual	Adopted Budget	Actual	FY 24-25 % of Adopted Budget	FY 25-26 % of Adopted Budget
REVENUE						
Charges For Services	\$ 62,150	\$ 22,412	\$ 68,000	\$ 23,107	36.06%	33.98%
Infrastructure Development	1,403,235	308,026	2,593,569	1,094,379	21.95%	42.20%
Fines, Interest and Other	425,000	217,341	535,000	105,699	51.14%	19.76%
Total Operating Revenues	1,890,385	547,779	3,196,569	1,223,185	28.98%	38.27%
Other Financing Sources						
Transfers In	750,000	-	750,000	750,000	0.00%	100.00%
TOTAL REVENUE	2,640,385	547,779	3,946,569	1,973,185	20.75%	50.00%
EXPENDITURES						
Salaries & Wages	97,347	32,705	365,215	57,143	33.60%	15.65%
Materials and Services	646,478	31,509	326,699	145,816	4.87%	44.63%
Capital Outlay (\$5,000 And Up)	3,050,091	429,048	2,366,841	575,622	14.07%	24.32%
Total Operating Expenditures	3,793,916	493,262	3,058,755	778,581	13.00%	25.45%
Other Financing Uses						
Transfers Out	635,000	65,696	-	-	10.35%	n/a
TOTAL EXPENDITURES	4,428,916	558,958	3,058,755	778,581	12.62%	25.45%

General Construction



	Through October 31, 2024		Through October 31, 2025			
	Adopted Budget	Actual	Adopted Budget	Actual	FY 24-25 % of Adopted Budget	FY 25-26 % of Adopted Budget
REVENUE						
Charges For Services	\$ 85,000	\$ 18,843	\$ 82,000	\$ 28,223	22.17%	34.42%
Franchise Fees	25,000	-	20,000	3,537	0.00%	17.69%
Infrastructure Development	752,075	321,492	757,684	210,128	42.75%	27.73%
Fines, Interest and Other	160,000	98,898	175,000	36,333	61.81%	20.76%
Total Operating Revenues	1,022,075	439,233	1,034,684	278,221	42.97%	26.89%
Other Financing Sources						
Transfers In	635,000	62,090	-	1,591	9.78%	n/a
TOTAL REVENUE	1,657,075	501,323	1,034,684	279,812	30.25%	27.04%
EXPENDITURES						
Salaries & Wages	58,873	13,429	70,600	2,176	22.81%	3.08%
Materials and Services	90,724	36,510	291,487	1,886	40.24%	0.65%
Capital Outlay (\$5,000 And Up)	985,000	29,846	200,000	-	3.03%	0.00%
TOTAL EXPENDITURES	1,134,597	79,785	562,087	4,062	7.03%	0.72%

Water Operations



	Through October 31, 2024		Through October 31, 2025		FY 24-25	FY 25-26
	Adopted Budget	Actual	Adopted Budget	Actual	% of Adopted Budget	% of Adopted Budget
REVENUE						
Charges For Services	\$ 3,133,500	\$ 2,868,807	\$ 3,314,000	\$ 1,516,953	91.55%	45.77%
Fines, Interest and Other	526,000	254,443	691,000	39,125	48.37%	5.66%
TOTAL REVENUE	<u>3,659,500</u>	<u>3,123,250</u>	<u>4,005,000</u>	<u>1,556,078</u>	<u>85.35%</u>	<u>38.85%</u>
EXPENDITURES						
Salaries & Wages	946,457	236,672	1,055,128	287,729	25.01%	27.27%
Materials and Services	3,353,967	1,265,815	3,704,159	1,333,081	37.74%	35.99%
Debt Service	2,257,497	-	2,223,719	-	0.00%	0.00%
TOTAL EXPENDITURES	<u>6,557,921</u>	<u>1,502,487</u>	<u>6,983,006</u>	<u>1,620,810</u>	<u>22.91%</u>	<u>23.21%</u>

Water Capital



	Through October 31, 2024		Through October 31, 2025			
	Adopted Budget	Actual	Adopted Budget	Actual	FY 24-25 % of Adopted Budget	FY 25-26 % of Adopted Budget
REVENUE						
Charges For Services	\$ 650,000	\$ 3,100,000	\$ 3,300,000	\$ 1,516,953	476.92%	45.97%
Infrastructure Development	270,022	700,486	418,578	200,765	259.42%	47.96%
Fines, Interest and Other	243,105	610,000	620,000	109,181	250.92%	17.61%
TOTAL REVENUE	1,163,127	4,410,486	4,338,578	1,826,899	379.19%	42.11%
EXPENDITURES						
Salaries & Wages	3,021	92,721	126,204	2,537	3069.22%	2.01%
Materials and Services	794	127,135	46,878	1,034	16011.96%	2.21%
Capital Outlay (\$5,000 And Up)	576,965	1,256,000	1,352,891	-	217.69%	0.00%
TOTAL EXPENDITURES	580,780	1,475,856	1,525,973	3,571	254.12%	0.23%

Sanitary Operations



	Throught October 31, 2024		Throught October 31, 2025			
	Adopted Budget	Actual	Adopted Budget	Actual	FY 24-25 % of Adopted Budget	FY 25-26 % of Adopted Budget
REVENUE						
Charges For Services	\$ 797,100	\$ 263,856	\$ 848,500	\$ 267,498	33.10%	31.53%
Intergovernmental	2,200	510	2,200	837	23.18%	38.05%
Infrastructure Development	-	114,925	-	-	n/a	n/a
Fines, Interest and Other	67,000	31,515	140,000	38,247	47.04%	27.32%
TOTAL REVENUE	866,300	410,806	990,700	306,582	47.42%	30.95%
EXPENDITURES						
Salaries & Wages	388,809	116,086	471,468	117,108	29.86%	24.84%
Materials and Services	403,047	132,070	404,616	146,466	32.77%	36.20%
Debt Service	-	-	76,368	-	n/a	0.00%
Capital Outlay (\$5,000 And Up)	10,000	-	10,000	-	0.00%	0.00%
TOTAL EXPENDITURES	801,856	248,156	962,452	263,574	30.95%	27.39%

Sanitary Capital



	Through October 31, 2024		Through October 31, 2025			
	Adopted Budget	Actual	Adopted Budget	Actual	FY 24-25 % of Adopted Budget	FY 25-26 % of Adopted Budget
REVENUE						
Charges For Services	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%
Intergovernmental	75,000	-	400,000	10,366	0.00%	2.59%
Infrastructure Development	158,203	71,864	53,989	42,499	45.43%	78.72%
Fines, Interest and Other	119,000	58,834	145,000	30,711	49.44%	21.18%
Total Operating Revenues	352,203	130,698	598,989	83,576	37.11%	13.95%
Other Financing Sources						
Loan Proceeds	600,000	-	-	-	0.00%	0.00%
TOTAL REVENUE	952,203	130,698	598,989	83,576	13.73%	13.95%
EXPENDITURES						
Salaries & Wages	113,331	4,488	100,116	12,585	3.96%	12.57%
Materials and Services	715,395	9,626	252,850	24,313	1.35%	9.62%
Capital Outlay (\$5,000 And Up)	1,100,000	-	292,099	-	0.00%	0.00%
TOTAL EXPENDITURES	1,928,726	14,114	645,065	36,898	0.73%	5.72%

Stormwater Operations



	Through October 31, 2024		Through October 31, 2025		FY 24-25	FY 25-26
	Adopted Budget	Actual	Adopted Budget	Actual	% of Adopted Budget	% of Adopted Budget
REVENUE						
Charges For Services	\$ 2,360,000	\$ 855,048	\$ 1,292,000	\$ 601,752	36.23%	46.58%
Fines, Interest and Other	80,000	124,908	365,000	91,542	156.14%	25.08%
TOTAL REVENUE	2,440,000	979,956	1,657,000	693,294	40.16%	41.84%
EXPENDITURES						
Salaries & Wages	1,058,925	255,569	1,118,904	269,688	24.13%	24.10%
Materials and Services	947,385	199,981	1,011,091	180,256	21.11%	17.83%
TOTAL EXPENDITURES	2,006,310	455,550	2,129,995	449,944	22.71%	21.12%

Stormwater Capital



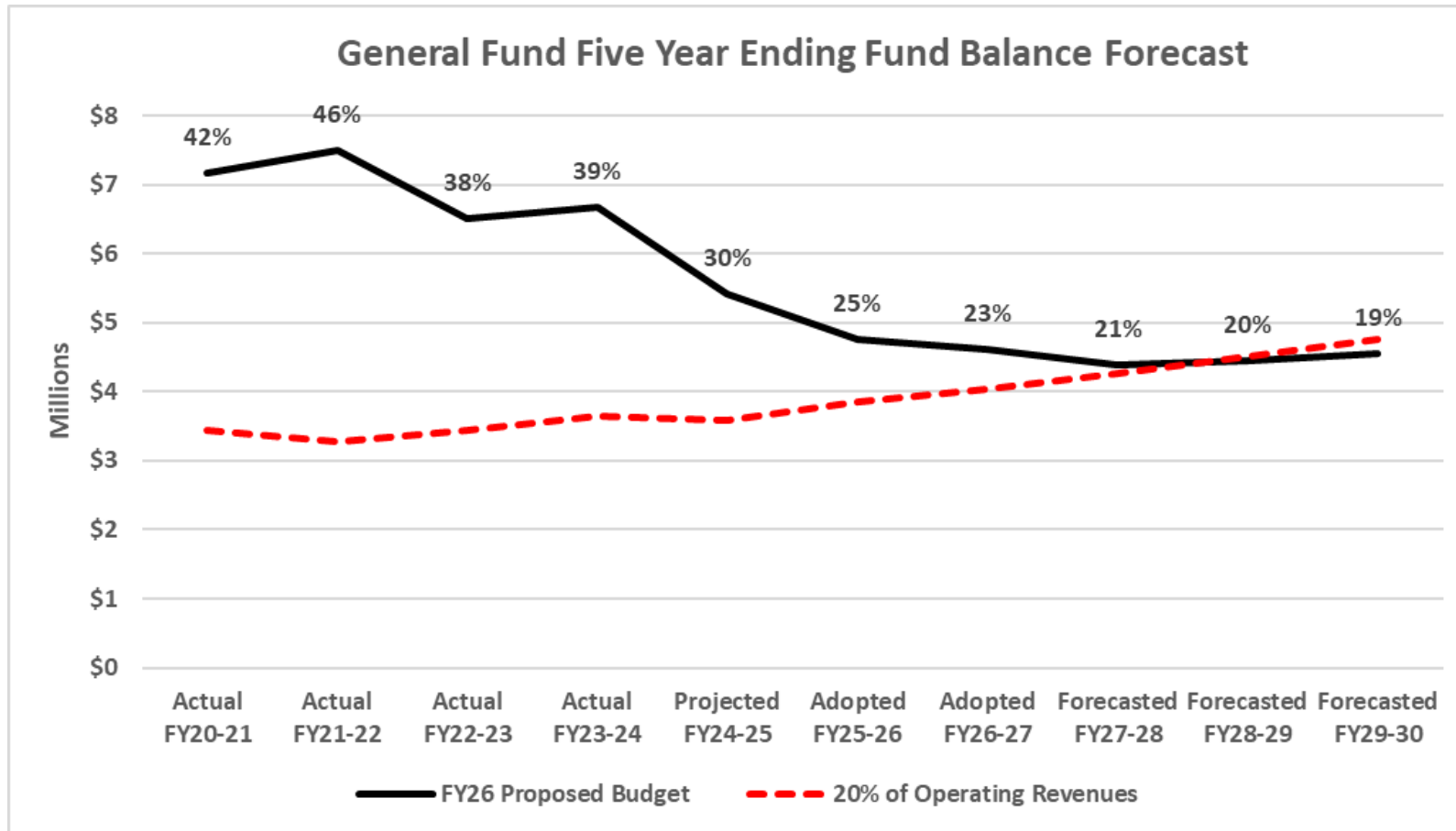
	Through October 31, 2024		Through October 31, 2025			
	Adopted Budget	Actual	Adopted Budget	Actual	FY 24-25 % of Adopted Budget	FY 25-26 % of Adopted Budget
REVENUE						
Charges For Services	\$ 1,225,000	\$ -	\$ 1,290,000	\$ 188,422	0.00%	14.61%
Infrastructure Development	43,818	295,220	67,622	9,828	673.74%	14.53%
Fines, Interest and Other	131,000	61,170	145,000	29,577	46.69%	20.40%
TOTAL REVENUE	1,399,818	356,390	1,502,622	227,827	25.46%	15.16%
EXPENDITURES						
Salaries & Wages	64,076	4,392	167,367	23,506	6.85%	14.04%
Materials and Services	88,858	12,602	320,098	41,304	14.18%	12.90%
Transfer Out too General Construction				1,531		
Capital Outlay (\$5,000 And Up)	730,000	-	1,112,155	328,277	0.00%	29.52%
TOTAL EXPENDITURES	882,934	16,994	1,599,620	394,618	1.92%	24.67%

Broadband

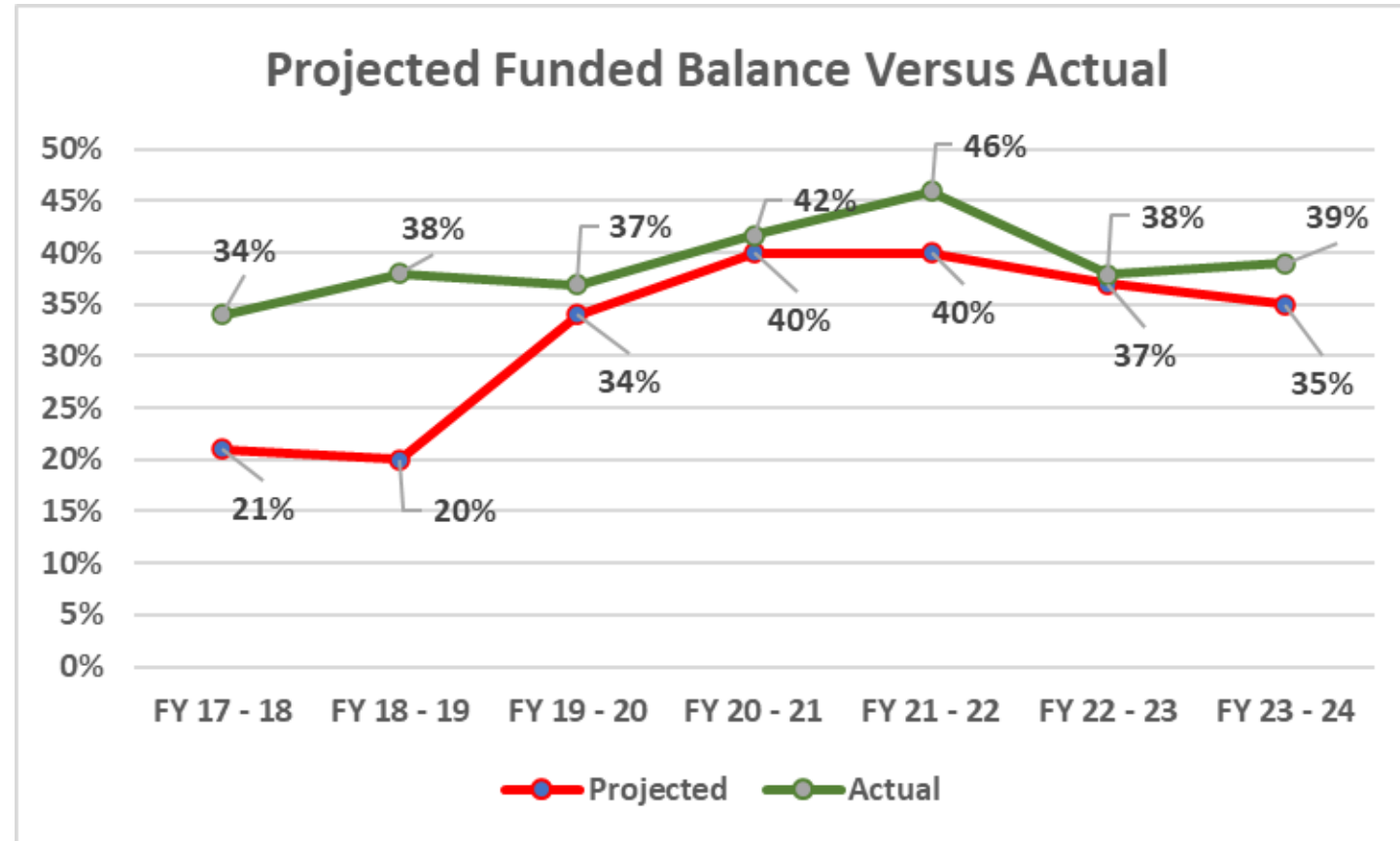


	Through October 31, 2024		Through October 31, 2025			
	Adopted Budget	Actual	Adopted Budget	Actual	FY 24-25 % of Adopted Budget	FY 25-26 % of Adopted Budget
REVENUE						
Charges For Services	\$ 1,779,600	\$ 429,938	\$ 2,297,148	\$ 517,535	24.16%	22.53%
Intergovernmental	-	-	5,875,085	-	n/a	0.00%
Fines, Interest and Other	77,000	70,783	550,000	-	91.93%	0.00%
Total Operating Revenues	1,856,600	500,721	8,722,233	517,535	26.97%	5.93%
Other Financing Sources						
Loan Proceeds	2,400,000	-	15,500,000	-	0.00%	n/a
TOTAL REVENUE	4,256,600	500,721	24,222,233	517,535	11.76%	2.14%
EXPENDITURES						
Salaries & Wages	2,817,534	761,565	3,128,229	746,867	27.03%	23.88%
Materials and Services	1,951,754	680,817	2,302,635	667,798	34.88%	29.00%
Capital Outlay (\$5,000 And Up)	5,000	33,666	5,880,085	777,484	673.32%	13.22%
Debt Service	483,051	-	788,520	-	0.00%	0.00%
TOTAL EXPENDITURES	5,257,339	1,476,048	12,099,469	2,192,149	28.08%	18.12%

Updated 5-Year Forecast



5-Year Forecast Projected Versus Actual



Property Tax Update



	<u>Assessed Value FY 2025-2026</u>	<u>Assessed Value FY 2024-2025</u>	<u>Actual New Growth</u>
City	\$ 2,731,701,823	\$ 2,611,441,330	1.56% (1)
URA	<u>\$ 203,146,313</u>	<u>\$ 137,437,047</u>	<u>43.51% (1)</u>
Total	\$ 2,934,848,136	\$ 2,748,878,377	3.66% (1)
(1) - Excludes the 3% increase			

Project Update



Projects	Estimated Cost	Total Expenditures	% Completed
Arrow Street Construction	\$ 1,675,091	\$ 263,562	16%
Gleneagle Drive Regional Storm New Facility	520,000	183,327	35%
Sunset-Timbrel Crosswalk Enhancement	590,557	302,174	51%
Transportation System Plan (TSP)	694,500	284,678	41%
Washington St from Tualatin to Division/Schamburg (Reconstruction)	977,702	22,954	2%
2nd and Park St Stormwater Facility Rehabilitation	335,000	3,625	1%



Comments or Questions?



AGENDA

SHERWOOD URA BUDGET COMMITTEE (Following Sherwood City Budget Meeting) **December 4, 2025 6:00 pm**

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

This meeting will be live streamed at
<https://www.youtube.com/user/CityofSherwood>

URA BUDGET COMMITTEE MEETING

- 1. CALL TO ORDER – Chair**
- 2. ROLL CALL – David Bodway, Finance Director**
- 3. APPROVE JUNE 5, 2025 CITY OF SHERWOOD URA BUDGET COMMITTEE MINUTES**
- 4. NEW BUSINESS**
 - A. WELCOME – Craig Sheldon, URA Manager**
 - B. FINANCIAL UPDATE – David Bodway, Finance Director**
- 5. QUESTIONS**
- 6. ADJOURN**

How to Find out What's on the Committee Schedule: Budget Committee meeting materials and agenda are posted to the City web page at www.sherwoodoregon.gov, generally by the Thursday prior to a Committee meeting. When possible, Budget Committee agendas are also posted at the Sherwood Library/City Hall and the Sherwood Post Office.

ADA Accommodations: If you require an ADA accommodation for this public meeting, please contact the Finance Director's Office at (503) 625-4248 or bodwayd@Sherwoodoregon.gov at least 48 hours in advance of the scheduled meeting time. Assisted Listening Devices available on site.



SHERWOOD URA BUDGET COMMITTEE MEETING
22560 SW Pine Street, Sherwood, Oregon 97140
June 5, 2025, Minutes

1. CALL TO ORDER – Chair Kady Strode called the meeting to order at 6:26 pm.

2. ROLL CALL – David Bodway, Finance Director

COMMITTEE MEMBERS AND COUNCIL ATTENDING: Chair Kady Strode, Vice-Chair Matt Kaufman, Brian Fairbanks, Lana Painter, Nancy Taylor, Mayor Tim Rosener, Council President Kim Young, Councilors Keith Mays, Dan Standke, Taylor Giles, Renee Brouse and Doug Scott. Thomas Sherwood and Aaron Wiebe were absent.

CITY STAFF ATTENDING: Finance Director David Bodway, City Manager Craig Sheldon, and Assistant City Manager Kristen Switzer.

3. APPROVAL OF February 27, 2025 CITY OF SHERWOOD URA BUDGET COMMITTEE MINUTES

Motion: The Committee Member who made the motion did not use their microphone; the motion was not audible. Nancy Taylor seconded the motion. **Motion passed 12:0.** All present members voted in favor.

4. NEW BUSINESS

A. Public Comment

Chair Kady Strode asked Finance Director David Bodway if any public comments had been received. David responded no and asked the audience in attendance if anyone wished to give a public comment; all declined. Chair Kady Strode closed public comment.

B. Budget Update

City Manager Craig Sheldon noted the two funds that make up the URA. The Operations Fund which pays Administration and Economic Development costs and the Capital Fund where the construction projects are funded. Projects in the budget for the Capital Fund are the finishing of the pedestrian bridge, starting construction on Ice Age Drive, and working to develop design plans for the mass grading and cleanup of the Tannery site.

Member Nancy Taylor asked for the listening public, could someone talk about what Ice Age Drive is and why it is important to the economic development going forward in Sherwood.

Mayor Rosener talked about the Tonquin Employment Area (east of Oregon St. and near the Tualatin Sherwood Road) which is zoned Industrial property, but it is not easily accessible, as it's not near a road or water and sewer infrastructure. Ice Age Drive will connect 124th Ave to Oregon St. allowing the development of those land locked properties. The City's goal is to have the property "shovel ready" by building this road and connecting infrastructure to make it easier to attract new business to Sherwood. The Mayor talked about the businesses who have moved to the City in the last 5 years (LAM Research, NSI, DW Fritz, Olympus Controls) and pointed to the investments in infrastructure as the main reason for being able to attract these types of businesses. Senator Wyden gave Sherwood a \$3 million dollar earmark from the federal government which enable the City to procure a \$17-18 million dollar loan from Business Oregon by using that earmark as seed money. The cost to build Ice Age Drive will be paid for by the URA and future SDC fees as the property is developed. City Manager Craig Sheldon added that the City had to buy some property in order to build this road and once it's completed the City will be able to sell the property for additional revenue.

Finance Director Bodway stated that the Operations Fund grows through Tax Increment Financing (TIF) and it's doing very well; it required a supplemental budget to be brought to the City Council around January/February of this year. When analyzing the revenue, there are still a few properties outstanding which are currently being assessed off the land value only, even though they are fully developed. These properties will be assessed correctly in the next tax roll, which will contribute to add more growth for the Operations Fund. Personnel Services is the staff who spend time working for the URA, notably the Economic Development Manager, the Agency Manager, and some Finance Director time. Materials and Services will decline this year from the previous year in which a study on Dahlke Lane was the result of the increase. Debt Service is starting to increase. The interfund loan will pay interest-only the first three years and then they will start to pay principal also. Some of the loans which were taken out in 2021 are requiring principal payments now as well.

Finance Director Bodway shared that the Capital Fund has many pots of revenue; this includes a \$5 million grant from the EPA for the Tannery Site and the fund is still earning interest revenue from investments. Personnel Services is the employee's time spent working on the capital projects. Materials and Services encompasses the professional services the URA needs such as architectural or engineering fees. Capital Outlay includes the three projects the City Manager talked about: the pedestrian bridge, Ice Age Drive, and the Tannery Cleanup.

Councilor Scott asked if the roughly \$12 million dollars in Year 1 and the roughly \$9.4 million dollars in Year 2 shown in Capital Outlay is comprised mainly the pedestrian bridge and Ice Age Drive. Finance Director Bodway answered it was.

City Manager Sheldon added that the Ice Age Drive project will probably be a two season project that the City is just beginning. And the Tannery site is still about \$2.5 million dollars short of the

projected cleanup costs, so the City will be applying for a watershed grant (dollar amount unknown at this point) but reportedly the grant will have about \$13 million dollars in available money for grants. If successful, this grant could offset some of the costs which the \$5 million dollar EPA grant cannot cover and help to bridge the funding gap.

Councilor Giles asked if once the cleanup is finished will land be “shovel ready” and will the City be able to finally buy the property from the County. City Manager agreed that this money includes just the cleanup of the site, no buildings erected. Finance Director Bodway clarified that the City already owns the property.

Councilor Standke asked what the total interest payments will be on the current loans for the URA. Finance Director Bodway referred the committee to Page 6 of the URA budget which is at the back of the budget book for an outline of the total payments; he said the interest only portion is recorded in the audit report, and he would email that out.

Councilor Scott asked if the first two loans showing in the budget book were the outside loans taken out in 2021, and the third was the interfund loan. Finance Director Bodway replied yes.

Mayor Rosener clarified that the interfund loan with the water fund to build the pedestrian bridge was financed that way to avoid traditional loans through a bank because the interest rates at the time were very high. The City decided to pay itself interest rather than a banking organization. Finance Director Bodway agreed and stated that the interfund loan also saved the City about \$300-400K in underwriting fees and closing costs.

Member Nancy Taylor asked if this way of financing is approved by the State of Oregon. Mayor Rosener answered that it was, as long as the loan paid interest (at a real market rate) and was fully paid back in 10 years. Finance Director Bodway confirmed the City took the local government investment rate at the time the interfund loan was brought before Council.

Vice-Chair Matt Kaufman added that it's very important to consider how to message to the community on complicated things (like the interfund loan) the City does, to make sure that it's properly communicated and understood by the public.

Finance Director Bodway talked about the URA budget changes; changes to the beginning fund balance and contingency, like in the City budget for the Operations Fund, and for the Capital Fund the changes were to the beginning fund balance and contingency or reserve for future years. In Capital Funds you cannot budget for contingency because local budget law states that an entity should know how much you are going to spend on large capital projects.

Councilor Doug Scott asked about the TIF revenue accumulating in the Operations Fund and whether that money could be moved over to Capital Fund. Finance Director Bodway answered that it can, and he has already moved a portion of that revenue to the Capital Fund last January/February when he brought a supplemental budget before City Council. Councilor Scott also asked if the

intergovernmental revenue in the Capital Fund was from the \$5 million grant from the federal government. Finance Director Bodway answered yes. Councilor Scott then asked when the URA would have enough TIF money to begin a new project; would there be enough to start something in the next biennium. Community Development Director Eric Rutledge answered that growth in the Tonquin Employment Area (TEA) is very strong and the City just issued permits for Phases 2 and 3. In addition, there are other properties around the TEA which will likely be developed soon and that will contribute to the TIF revenue growth for the URA. Finance Director Bodway answered that by the next biennium budget the URA should be close to being able to start something new.

Council President Young asked if the consultants who advised on the TIF revenue build-up and the URA project completion timeline could come back at some point to give an updated estimate of how quickly the URA may be able to start new projects. Finance Director Bodway answered that the advisors did come in October to update all those figures, but they could always be asked to update it again for the City, perhaps after the tax rolls are received in November.

Councilor Scott stated that the URA should look at the project list this upcoming year to determine what should be next for the City. Mayor Rosener agreed, stating that even if projects aren't started for a couple of years the planning phase should be happening now.

5. APPROVAL OF THE AMENDED URA BUDGET CHANGES

Motion: Council President Young made a motion to approve the amendments as presented. Chair Strode seconded the motion. **Motion passed 12:0.** All present members voted in favor.

5. APPROVAL OF THE PROPOSED BIENNIAL URA BUDGET 2025-2027, AS AMENDED

Motion: Council President Young made a motion to approve the proposed biennial URA budget 2025-2027, as amended. Member Taylor seconded the motion. **Motion passed 12:0.** All present members voted in favor.

6. ADJOURN

Chair Kady Strode adjourned the meeting at 7:02 pm.

Submitted by: David Bodway

Minutes approved on:



URA BUDGET COMMITTEE MEETING
DECEMBER 4, 2025



WELCOME





FINANCIAL UPDATE

2021 URA Operations Fund



	Through October 31, 2024		Through October 31, 2025			
	Adopted Budget	Actual	Adopted Budget	Actual	FY 24-25 % of Adopted Budget	FY 25-26 % of Adopted Budget
REVENUE						
Property Taxes	\$ 1,266,696	\$ 7,595	\$ 2,074,500	\$ 12,683	0.60%	0.61%
Fines, Interest and Other	52,000	13,127	45,000	10,595	25.24%	23.54%
TOTAL REVENUE	<u>1,318,696</u>	<u>20,722</u>	<u>2,119,500</u>	<u>23,278</u>	<u>1.57%</u>	<u>1.10%</u>
EXPENDITURES						
Salaries & Wages	441,885	49,138	398,541	100,461	11.12%	25.21%
Materials and Services	187,803	37,314	148,034	60,387	19.87%	40.79%
Debt Service	871,488	-	1,193,488	-	0.00%	0.00%
TOTAL EXPENDITURES	<u>1,501,176</u>	<u>86,452</u>	<u>1,740,063</u>	<u>160,848</u>	<u>5.76%</u>	<u>9.24%</u>

2021 URA Capital Fund



	Through October 31, 2024		Through October 31, 2025			
	Adopted Budget	Actual	Adopted Budget	Actual	FY 24-25 % of Adopted Budget	FY 25-26 % of Adopted Budget
REVENUE						
Intergovernmental	\$ 4,000,000	\$ 683,666	\$ 1,500,000	\$ 102,865	17.09%	6.86%
Fines, Interest and Other	500,000	213,972	315,000	117,365	42.79%	37.26%
Total Operating Revenues	4,500,000	897,638	1,815,000	220,230	19.95%	12.13%
Other Financing Sources						
Loan Proceeds	12,000,000	-	7,316,545	173,274	0.00%	2.37%
TOTAL REVENUE	16,500,000	897,638	9,131,545	393,504	5.44%	4.31%
EXPENDITURES						
Salaries & Wages	113,019	29,927	237,320	30,687	26.48%	12.93%
Materials and Services	201,390	203,807	394,826	230,431	101.20%	58.36%
Capital Outlay (\$5,000 And Up)	23,789,250	988,145	11,966,545	4,700,547	4.15%	39.28%
TOTAL EXPENDITURES	24,103,659	1,221,879	12,598,691	4,961,665	5.07%	39.38%

TIF Revenue Update



	<u>Assessed Value FY 2025-2026</u>	<u>Assessed Value FY 2024-2025</u>	<u>Actual New Growth</u>
City	\$ 2,731,701,823	\$ 2,611,441,330	1.56% (1)
URA	\$ 203,146,313	\$ 137,437,047	43.51% (1)
Total	\$ 2,934,848,136	\$ 2,748,878,377	3.66% (1)
(1) - Excludes the 3% increase			

2021 URA – Project Update



Projects	Estimated Cost	Total Expenditures	% Completed
Pedestrian Bridge	\$ 29,500,000	\$ 27,907,343	94.60%
Ice Age Drive	19,086,162	5,421,146	28.40%
Tannery Site Clean Up	7,315,282	773,303	10.57%



Comments or Questions?