



OFFICIAL MINUTES OF THE TUALATIN CITY COUNCIL WORK SESSION FOR NOVEMBER 12, 2019

Present: Mayor Frank Bubenik, Councilor Bridget Brooks, Councilor Robert Kellogg, Councilor Paul Morrison, Councilor Maria Reyes, Councilor Valerie Pratt

Absent: Council President Nancy Grimes

Mayor Bubenik called the meeting to order at 5:02 p.m.

1. Parks Funding Options.

Parks and Recreation Director Ross Hoover, Parks and Planning Development Manager Rich Mueller, and Finance Director Don Hudson presented parks funding options. Director Hoover recapped project milestones for parks project prioritization including public engagement, review and scoring, and the Parks Advisory Committee recommendations. He spoke to funding needs and cost estimates for Tier I projects and presented projected SDC revenue. Manager Mueller presented project cost examples for playgrounds, sports fields, splash pads, accessibility, restrooms, and sport courts. He stated on September 9 Council asked staff to bring back options on a park utility fee, general obligation bond, and a local option levy.

Director Hudson presented information on a Park Utility Fee. He stated it would be a monthly fee included on utility bills and the revenue could be used for either capital or operating costs. Director Hudson stated estimated revenue at a fee of \$1.00 per month per account would be \$135,600 a year and a fee of \$5.00 per month per account would bring in \$678,000 in annual revenue. He stated a park utility fee would need to be adopted by ordinance. Director Hudson stated a General Obligation Bond could only be used for capital costs and is repaid through a property tax levy. He noted this funding option would require a public vote. He stated estimated revenues from this type of bond would vary depending on the direction of Council and could be similar to the current transportation bond. Director Hudson stated a Local Option Levy can be used for either a capital levy or an operational levy. He noted funds would be levied on annual property tax statements and requires a vote of the public. He stated estimated revenues based of the FY 19/20 Assessed Value (AV) at \$0.10 per \$1,000 of AV would bring in \$449,230 and at \$0.25 per \$1,000 of AV would bring in \$1,123,080.

Councilor Morrison asked about the estimated SDC fees for commercial and residential fees and the differing dates in the document. Director Hoover stated the data set in the projections only went through 2035 in residential and 2040 for non-residential.

Councilor Morrison asked if maintenance schedules would be upgraded with capital raised. Manager Mueller stated priorities would have to be determined based on aging infrastructure and accessibility issues. Councilor Morrison asked if there is a master list of all the maintenance needs. Director Hoover stated staff has begun work on a new model for managing assets. He stated currently a conditions assessment is being conducted.

Councilor Morrison asked if a General Obligation Bond is for 10 or 20 years. Director Hudson stated the Council can make that determination as long as it is not less than the useful life of the capital. Councilor Morrison asked about the timeframe for a Local Option Levy. Director Hudson stated if it is for capital they can be ten years and for an operating they can be five years.

Councilor Pratt asked if a Utility Fee could be used for either capital or operating expenses. Director Hudson stated the Council could make that determination.

Councilor Pratt would like to see a fund established to set aside money for parks maintenance needs in the future.

Councilor Brooks stated going forward when developing new parks it will be important to look at more efficient park management and build in funding for future repairs.

Councilor Brooks asked about the difference between a General Obligation Bond and a Local Option Levy. Director Hudson stated with a bond you get the money up front and a levy is a tax on assessed value that is collected yearly. Councilor Brooks asked what the more efficient option. Director Hudson stated with a bond you are paying money back with interest so it is more expensive over time. Director Hoover noted that with a bond you can make improvements right away and with a levy the money comes in over times so it is harder to do larger projects.

Councilor Reyes asked how funds are paid back. Director Hudson stated they are both levies on property taxes so you don't pay them back.

Councilor Kellogg asked what would happen if the city does nothing. Director Hoover stated many amenities will have to be closed due to deterioration and safety concerns. He noted in many cases the age of the amenities is beyond repair and will need replacement.

Councilor Kellogg stated he is not in favor of a utility fee as it raises the least amount of money and isn't approved by the voters. He stated he is in favor of a bond but has concerns with the timeline.

Mayor Bubenik stated a levy would be subject to compression the closer you get to \$10.00 per \$1,000 assessed value. He noted the city is currently far enough away from that number so it shouldn't be a problem but is something to consider. Mayor Bubenik stated the utility fee would have a household impact of \$60 a year and a bond would be \$30 per household. He expressed concerns with the timing of a bond since there are a lot of items upcoming and is concerned with bond fatigue.

Councilor Morrison asked what the useful life of park is when financed through a bond. Director Hoover stated it depends on how it is built.

Councilor Morrison stated he is not in favor of a utility fee as he would like to hear from voters on the subject. He added the city is not ready to move forward with a bond at this time as more project identification would need to be done. Councilor Morrison stated his interest is in an operating levy as it raises the most funds.

Mayor Bubenik stated with a levy you still have to garner voter support now and again in five years.

Councilor Reyes stated she would like to hear from citizens on what they want and does not want to rush the process.

Councilor Pratt stated she doesn't want to rush into a bond. She would like to further evaluate funding sources.

Councilor Brooks would like to look at a hybrid funding model with a lower amount spread out over time.

Councilor Pratt asked where funding would come from to further identify projects. Mayor Bubenik stated there is consulting dollars in the general fund.

Mayor Bubenik stated he would like to take the time to work on project prioritization and messaging and put a bond on the ballot when the time is right.

City Manager Lombos suggested the Council proceed with some polling work to see where the citizen's interests are.

Councilor Reyes would like to see a statistically valid survey conducted.

Councilor Morrison would like to see more information on how an operating levy would work.

Councilor Brooks would like to see more information on the current conditions of the parks.

Council consensus was reached to conduct polling on the topic.

2. PERS 101.

Piper Jaffray Managing Director Carol Samuels presented a course on the Public Employees Retirement System (PERS). Ms. Samuels shared information on PERS actuary estimates noting total estimates for the system are \$87 billion dollars. She stated most public employees are covered by the system. Ms. Samuels explained the PERS Board and the three different programs including Tier 1, Tier 2, and OPSRP. She spoke to the actuarial process including the annual valuations that are conducted. It was noted odd year valuations are what set payroll rates. Ms. Samuels explained actuarial pools are grouped in four ways: school pool, state and local government rate pool, independent, and judiciary.

Ms. Samuels provided history on the PERS unfunded liability and legislative changes. She stated the most current changes from the 2019 Legislative Session included SB 1049 with key provisions including the IAP redirect, extension of amortization, work-back provisions, and Final Average Salary limits. It was noted the combined impact of SB 1049 is projected to reduce collared system-wide increase by 5.43% which will have a biennial savings of \$1-1.8 billion. Ms. Samuels highlighted side accounts that were created and designed to reduce payroll rates by having employers deposit extra payments that earn actual PERS returns and are used to reduce payroll rates through rate credits. Finance Director Hudson stated the city established a side account and is already seeing a 2% reduction in the rate.

Councilor Pratt asked about the assumed rate being 8%. Ms. Samuels stated the assumed rate was set at 8% in 1989 and was held until 2015 when it was reduced to 7.2%. She stated the notion of the assumed rate is supposed to predict the long term rate of return on the fund.

Councilor Kellogg asked if all tiers are taken into account when the percentage of liability is calculated. Ms. Samuels stated each employee is embedded into the rates. Councilor Kellogg asked what percentage of each city employee is in each tier. Director Hudson stated 80% of employees are OPSRP.

Adjournment

Mayor Bubenik adjourned the meeting at 7:01 p.m.

Sherilyn Lombos, City Manager

_____ / Nicole Morris, Recording Secretary

_____ / Frank Bubenik, Mayor