



OFFICIAL MINUTES OF THE TUALATIN BUDGET ADVISORY COMMITTEE MEETING FOR MAY 29, 2024

Present: Valerie Pratt, Chris Brune, Mary Dirksen, John Hannam, Joe Tanous, Alyssa Colon, Bridget Brooks, Maria Reyes, John Hannam, Frank Bubenik, Christen Sacco, Octavio Gonzalez

Absent: Ryan Wilson, Brittany Valli, Elizabeth Michels, Cyndy Hillier

Call to Order

Chair Brune called the meeting to order at 5:36 p.m.

Approval of Minutes

1. Budget Meeting Minutes of May 6 and 13, 2024

Motion to adopt the Budget Advisory Committee Meeting of May 6 and 13, 2024 made by Tanous, Seconded by Pratt

Voting Yea: Valerie Pratt, Chris Brune, Mary Dirksen, John Hannam, Joe Tanous, Alyssa Colon, Bridget Brooks, Maria Reyes, John Hannam, Frank Bubenik, Christen Sacco, Octavio Gonzalez

MOTION PASSED

Public Hearing

Assistant Finance Director Matt Warner stated the intent of the public hearing is to receive state shared revenues. He noted this is the first of two public hearings required to receive a portion of the state liquor tax revenue. Director Warner stated the city is estimated to receive \$479,130 in the FY 24/25 budget. The revenue is not restricted and is used for general city operations. He noted cigarette, gas, marijuana, and remaining liquor taxes are not covered in this public hearing.

PUBLIC COMMENT

None.

Meeting Agenda and Materials

Assistant City Manager/Finance Director Don Hudson presented an overview of the proposed FY 24/25 budget, totaling \$156,704,075. He noted a 1.99% increase in the budget, with revenues rising by 3.25% and expenditures decreasing by 8.69%. Manager Hudson explained the city's contingency policy, which allocates 15% of total appropriations for the general fund and 15% of operational requirements for building and utility funds. These contingency funds are available for use but require Council action for approval.

Member Hannam inquired about where Tualatin Development Commission (TDC) staff comes from. Manager Hudson clarified their roles and sources.

Member Brune asked about the actual percentage allocated for contingencies. Manager Hudson confirmed it is set at 15%, with all additional funds allocated to reserves.

Council President Pratt questioned why no contingency was shown in FY 21/22. Manager Hudson explained that while the budget document showed zero spent, the full balance was carried over to the following fiscal year.

Member Dirksen asked whether unspent funds are lost or carried forward. Manager Hudson clarified that unspent funds are carried forward and appropriately distributed.

Councilor Brooks asked how often contingency funds are utilized. Manager Hudson stated that during his tenure, the city has not exceeded the contingency spending limits.

Manager Hudson also addressed city reserves, noting that they are allocated for specific uses and can be spent within the current fiscal year through a supplemental budget process, which requires a public hearing. He further explained that the Unappropriated Fund Balance is reserved for future expenditures and cannot be used in the current fiscal year.

Member Hannam questioned why reserves and unappropriated funds are not listed as separate line items. Manager Hudson responded that the general fund is the only fund with unappropriated funds, and these are separately identified.

Councilor Gonzalez asked about the funding of grants. Manager Hudson explained that if a grant is not included in the budget, it would typically be drawn from contingency funds or a budget adjustment would be presented to the Council increasing the expenditure budget and the revenues in that fund for the amount of the grant; however, if planned for, it would be adopted in the budget.

Assistant City Manager Don Hudson provided an overview of the city's 23 funds, focusing on the Parks Utility Fund. He explained that the fund generates approximately \$750,000 in revenue annually, collected through a \$5 fee on all utilities. Projects slated for the upcoming year include a facility building study, a system signs project, repairs to the Ki-a-Kuts Bridge, improvements to the Hwy 99 boat ramp, and upgrades to the main shelter at Tualatin Community Park.

Manager Hudson highlighted that the fund's increase is partly due to the development of the Autumn Sunrise Development. He also discussed the committee's interest in establishing a Parks Replacement Fund to address the ongoing maintenance and replacement of park infrastructure. Staff estimated the cost of such a fund to be approximately \$300,000 annually and presented this information to the Council, which directed staff to further assess the fee structure required to support the fund.

Member Tanous asked whether the Parks Replacement Fund needs to be implemented immediately since it did not exist before. Manager Hudson explained that the Council will need to evaluate the fee and explore additional funding sources before deciding.

Councilor Brooks inquired whether the Parks Utility Fund could be used for smart water systems. Manager Hudson confirmed that such projects could be funded through this source. Councilor Brooks also asked about a Tree Canopy Study included in the Parks Master Plan. Manager Hudson stated that a funding source for the study has not yet been identified.

Councilor Reyes asked about the total bond amount. Assistant City Manager Don Hudson stated the approved bond amount was \$25 million. He explained that \$15 million has been sold and utilized, with plans to use the remaining \$10 million in 2026.

Manager Hudson discussed the Parks Projects Fund, which includes \$500,000 in interest revenue from unused bond proceeds. He highlighted projects planned for the upcoming year, including the Veterans Plaza.

Manager Hudson spoke to the Vehicle Replacement Fund, explaining that it is supported through contributions from other funds that are assigned vehicles.

Manager Hudson provided an update on the American Rescue Plan Act (ARPA) Fund, stating that all remaining funds have been budgeted this year. The most significant project funded by ARPA is the renovation of Las Casitas Park.

Member Hannam asked whether the ARPA funds need to be spent this year. Manager Hudson clarified that the funds only need to be committed by the end of the year.

Manager Hudson discussed Development Funds Revenue, which includes the Transportation Development Tax, Parks Development, Water Development, Sewer Development, and Stormwater Development. He noted that revenues are projected based on anticipated development activity. Sewer and Stormwater System Development Charge (SDC) rates are determined by Clean Water Services, with the city retaining 4% of sewer SDC revenues and 100% of stormwater SDC revenues.

Assistant City Manager Don Hudson discussed the Parks Development Fund, which finances projects necessitated by growth. He highlighted upcoming projects, including Basalt Creek parkland planning.

Director Hoover addressed questions that were asked prior to the meeting related to the park projects.

Member Colon inquired about expenditures growing at a faster rate than revenues. Manager Hudson talked about some of the reasons for this and that the City looks at these annually as this is not the case in every fund every year.

Deputy City Manager Megan George answered questions about the increase in the Outside Agency Grant Program. She explained that the Council requested an increase in this fund to address the rising needs in the community and the growing number of requests received.

Library Director Jerianne Thompson answered questions about the special programs that are identified in the library budget.

Public Works Director Rachel Sykes responded to questions about the water fund and membership dues in that category, specifically mentioning the Regional Water Providers Consortium.

Community Development Director Kim McMillian addressed questions related to community engagement and capital projects.

Information Services Director Bates Russell responded to questions regarding the computer replacement schedule and related costs.

Police Chief Greg Pickering addressed questions about equipment, uniforms, and staff training expenditures.

Councilor Pratt and Councilor Brooks advocated for additional funding to support the next phase of the Climate Action Plan. They proposed allocating \$100,000 from contingency to the non-departmental consulting budget to address climate-related concerns. City Manager Sherilyn Lombos outlined the next steps for the plan, which include reconvening the Climate Action Plan Steering Committee to determine the path forward. She stated that the Council would receive a recommendation for a five-year implementation plan as part of this process. Manager Lombos also noted that a placeholder has been included in the consulting line to assist with the implementation efforts.

Motion to amend the budget to include \$100,000 from reserves to non-department consulting line for use for the Climate Action Plan made by Councilor Brooks, seconded by Councilor Pratt

Questions on the Motion

Member Dirksen inquired whether the proposed funding for the Climate Action Plan needed to be approved immediately or if a different process would be followed. Manager Hudson explained that the committee could vote to include the funding in the budget.

Councilor Gonzalez expressed a preference for receiving more detailed information before allocating funds to the project.

Council President Pratt emphasized the importance of ensuring the Climate Action Plan moves forward and identifying the appropriate actions to advance its implementation.

Member Tanous requested clarification on the exact consulting fee required for the next phase. Similarly, Member Dirksen stated she was not comfortable deciding without precise information on the associated costs.

Councilor Brooks withdrew the motion, with Member Tanous seconding the withdrawal, to allow time for additional information on the consulting fees to be gathered.

Deputy Public Works Director Nic Westendorf came forward and answered questions about the Climate Action Plan and the status of scoping an implementation plan.

Councilor Gonzalez asked for additional information on the community engagement that was done. Deputy Public Works Director Westendorf explained the community engagement efforts during the Climate Action Plan development.

Motion to amend the budget to \$100,000 from reserves to non-department consulting line for use for the Climate Action Plan made by Councilor Brooks, seconded by Councilor Pratt

Voting Yea: Pratt, Brooks, Bubenik, Brune

Voting Nay: Reyes, Gonzalez, Dirksen, Hannam, Tanous, Colon

MOTION FAILED

The committee recessed at 7:52 p.m. and resumed at 8:00 p.m.

Public Comment

None.

Committee Questions and Comment

Director Hudson presented amendments to the budget as proposed. He noting most are carryover items from this year.

Motion to approve the Fiscal Year 2024-2025 City of Tualatin budget, as amended, the property taxes it contains at the rate of \$2.2665 per \$1,000 of assessed value for operating purposes, and the amount of \$4,937,120 for payment of general obligation bond principal and interest made by Tanous, Seconded by Pratt.

Voting Yea: Pratt, Brune, Dirksen, Hannam, Tanous, Colon, Brooks, Reyes, Hannam, Bubenik, Gonzalez

MOTION PASSED

Manager Hudson spoke to the Tualatin Development Commission (TDC) budget. He explained how urban renewal works. Manager Hudson spoke to the TDC administration fund noting the addition of a staff position and a transfer from the SWURD fund to cover this expenditure. He also described the Southwest Urban Renewal District and the Core Opportunity and Reinvestment Area and the timing of tax increment collections.

Member Hannam inquired about the methodology used to determine the number of personnel costs. Manager Hudson provided an explanation, outlining the breakdown of personnel costs for the position. He detailed the components, which included salary, pension contributions, and insurance expenses.

Manager Hudson presented an amendment to the TDC budget as proposed. He stated the amendment is a change in the way the items are classified.

Motion to approve the Fiscal Year 2024-2025 Tualatin Development Commission budget made by Gonzalez, Seconded by Hannam.

Voting Yea: Pratt, Brune, Dirksen, Hannam, Tanous, Colon, Brooks, Reyes, Hannam, Bubenik, Gonzalez

MOTION PASSED

Manager Hudson spoke to the city fiscal health model, as a precursor to the gaps and needs discussion.

Member Tanous asked how the city manages budgetary gaps. Manager Hudson explained that the estimate provided is conservative and that careful budget management allows for effective handling of any potential gaps.

Member Colon inquired whether different scenarios could be modeled to better anticipate outcomes. Manager Hudson confirmed that the budget model allows for multiple projections and that staff actively monitor these scenarios.

Council President Pratt questioned how the city consistently achieves a balanced budget. Manager Hudson attributed this to the diligence and strategic planning of city staff, as well as the thoughtful decisions made during budget preparation.

Member Hannam asked about the contingency policy and what would occur if the 15% contingency could not be maintained. Manager Hudson clarified that the 15% is a Council-established policy, meaning it could be adjusted if necessary.

Councilor Brooks inquired about the best practices for capacity building. City Manager Lombos explained the city's gaps and needs, emphasizing that the city operates very lean. She outlined three primary categories for improvement: facilities, staffing capacity, and programs/services. Facility needs include upgrades to the police building, library workspaces, park facilities, the absence of a recreation center, and the lack of a unified city hall. Staffing capacity needs span the police department, recreation and events, parks maintenance, long-range planning, library services, climate action plan implementation, economic development, and support functions like benefits administration and records management. Manager Lombos also highlighted the need for growth in programs and services, including Spanish-language and culturally responsive programming, evolving technology needs, recreation programs, and community engagement efforts.

Member Tanous asked how these issues would be addressed. Manager Lombos stated that staff plan to explore these needs further this year, aiming to identify associated costs and potential funding sources.

Council President Pratt asked how the city can address its needs when sufficient funding is unavailable. Mayor Bubenik responded by stating that increasing fees is one potential solution. City Manager Lombos added that staff will return to the Council with recommendations on potential revenue sources to address these funding gaps.

Adjournment

Chair Brune adjourned the meeting at 9:00 p.m.

Sherilyn Lombos, City Manager

_____ / Nicole Morris, Recording Secretary

_____ / Frank Bubenik, Mayor