

CITY OF WILSONVILLE
BUDGET COMMITTEE MEETING MINUTES

A meeting of the Wilsonville Budget Committee was held at Wilsonville City Hall beginning at 6:00 p.m. on Wednesday, May 19, 2021. Mayor Fitzgerald called the meeting to order at 6:02 p.m., followed by roll call and the Pledge of Allegiance.

Budget Committee members present:

Julie Fitzgerald, Mayor

Kristin Akervall, Council President

Charlotte Lehan, Councilor

Joann Linville, Councilor

Ben West, Councilor

Andrew Karr, Committee Member

Paul Bunn, Committee Member

Katie Hamm, Committee Member

Daphnee Legarza, Committee Member

Shawn O'Neil, Committee Member

Staff present included:

Cathy Rodocker, Finance Director

Keith Katko, Assistant Finance Director

Andy Stone, IT Director

Jeanna Troha, Assistant City Manager

Dwight Brashear, Transit Director

Scott Simonton, Fleet Services Manager

Chris Neamtzu, Community Development Director

Bryan Cosgrove, City Manager

Beth Wolf, Senior Systems Analyst

Kimberly Veliz, City Recorder

Eric Loomis, Transit Operations Manager

Delora Kerber, Public Works Director

Zach Weigel, Capital Projects Eng. Manager

Motion to approve the order of the agenda.

Motion: Councilor West moved to approve the order of the agenda. Member Karr moved seconded the motion.

Vote: Motion carried 10-0.

SUMMARY OF VOTES

Mayor Fitzgerald Yes

Council President Akervall Yes

Councilor Lehan Yes

Councilor West Yes

Councilor Linville Yes

Member Karr Yes

Member Bunn Yes

Member Hamm Yes

Member Legarza Yes

Member O'Neil Yes

ELECT BUDGET COMMITTEE CHAIR

Member O'Neil nominated Member Karr as the Chair of the Budget Committee for 2021.

Motion: Member O'Neil moved to elect Member Karr as Chair. Councilor Linville moved seconded the motion.

Vote: Motion carried 10-0.

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SUMMARY OF VOTES

Mayor Fitzgerald	Yes	Member Karr	Yes
Council President Akervall	Yes	Member Bunn	Yes
Councilor Lehan	Yes	Member Hamm	Yes
Councilor West	Yes	Member Legarza	Yes
Councilor Linville	Yes	Member O'Neil	Yes

MOTION TO APPROVE FY 2020-21 BUDGET COMMITTEE MINUTES

A. March 11, 2020; May 20, 2020; May 21, 2020; and January 26, 2021 Budget Committee Minutes

Motion: Chair Karr moved to approve the FY 2020-21 Budget Committee Minutes. Member Hamm seconded the motion.

Vote: Motion carried 9-0-1

SUMMARY OF VOTES

Mayor Fitzgerald	Yes	Chair Karr	Yes
Council President Akervall	Yes	Member Bunn	Yes
Councilor Lehan	Yes	Member Hamm	Yes
Councilor West	Yes	Member Legarza	Yes
Councilor Linville	Yes	Member O'Neil	Abstain

STATE SHARED REVENUE

A. Public Hearing for the Proposed Fiscal Year 2021-22 City of Wilsonville Budget

Chair Karr called to order the City of Wilsonville Budget Committee public hearing on State Shared Revenue as reflected in the City of Wilsonville's FY 2021-22 proposed budget at 6:07 p.m. He read the conduct of public hearing format into the record.

B. Citizen Input

Chair Karr confirmed there was no public testimony and called for the Staff report.

Finance Director Rodocker presented the Staff report on the proposed State Shared Revenues via PowerPoint, reviewing how the City met the State requirements and the revenues received. (Slide 3) She clarified that no property taxes were included in State Shared Revenues. The County collects property taxes.

Chair Karr closed the public hearing on State Shared Revenue at 6:13 p.m.

PUBLIC HEARINGS/CITIZEN INPUT

A. Public Hearing for the Proposed Fiscal Year 2021-22 City of Wilsonville Budget

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Chair Karr called to order the City of Wilsonville Budget Committee public hearing on the proposed Fiscal Year (FY) 2021-22 City of Wilsonville Budget and possible uses of State Shared Revenues as reflected in the City of Wilsonville's FY 2021-22 proposed budget at 6:13 p.m. He read the conduct of public hearing format into the record.

B. Citizen Input

Chair Karr confirmed there was no public testimony and called for the Staff report.

Chair Karr testified that he had been a citizen for 18 years. He believed the work the Budget Committee and Staff had done on the budget, as well as the fiscal responsibility Staff provided the citizens, while also making Wilsonville a livable, vibrant, sustainable, and economically viable city, could not be commended enough; especially with what the community had survived this last year and how Staff has responded. He believed the urban renewal agencies had been fabulous for Wilsonville and he hoped the State would not take that away.

BUDGET MESSAGE

Mr. Cosgrove provided a brief overview the Budget message, which reflected what the City had gone through over the last 15 months, and he commended Mr. Katko for his work in developing it. He announced that the Oregon Health Authority (OHA) and Occupation Safety and Health Administration (OSHA) recently provided new guidance about how the City could have board and commission meetings back at City Hall. The Budget Committee should expect an email from Staff regarding the requirements for in person meetings. He noted this was Ms. Rodocker's last budget presentation, as she would retire in June. He commended Ms. Rodocker for her dedication for nearly 20 years as a key member of the City's finance team, thanking her for her commitment and contributions to Wilsonville and wishing all the best. (Slide 5)

Member Bunn said he echoed comments by Chair Karr and Mr. Cosgrove on the great job the Finance team had done, and he congratulated Ms. Rodocker on her retirement. However, he was concerned that about 44 percent of the Operating budget was not in the budget for the Budget Committee to review. The budget stated, "At the time that the budget was developed, labor negotiations were underway after being postponed due to the state of emergency declared in response to COVID-19. Therefore, there are no changes to the salary wage scale." He understood there were valid reasons for that, but it was repeated time and time again throughout the budget. He was concerned that as a citizen representative on the Budget Committee, he was being asked to approve this budget without all of the information. Ms. Rodocker had told him no supplemental meetings would be held for the Budget Committee to review and approve the finalized wages and benefits as that would be approved by a City Council resolution. That was fine, but he wanted to be sure to voice his concerns and to state that once the Personnel Services information was known, he was willing to attend meetings so he could provide his input on what that would do to the overall budget. He had raised this concern in his questions to Staff and he did not believe it had been adequately addressed.

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Assistant Finance Director Katko responded he would go over the Operating Budget in the presentation. He noted the Personnel Services budget is included in the Operating Budget, but only at a status quo level; therefore, any changes would be incremental and subject to a budget supplemental, which would go through a public hearing process before City Council likely in July or August depending on when the labor negotiations are completed.

Councilor Linville understood the 43-plus percent of the budget Mr. Bunn referenced current personnel costs was currently in the budget right now.

- Mr. Cosgrove replied that was correct, adding the only thing missing was the unknown of what would happen with the negotiations. The situation was not uncommon. The City negotiates three-year contracts with two bargaining units. The City did a one-year extension because of COVID-19, so this was just a timing issue. When negotiating these collective bargaining agreements, Staff is mindful of the City's limited resources and what the City could give to its employees because the City must be able to sustain the employees' salary and benefits long-term. Once Staff had the information and Council signed off on the collective bargaining agreement, Staff would return to Council with that agreement. He understood Mr. Bunn's concerns and he wished there was more he could say, but Staff just did not know until Council ratified the agreements.

Chair Karr reminded that the Budget Committee did not approve the budget, but just made a recommendation to City Council, who approved the budget.

- Mr. Cosgrove agreed, adding City Council had sole discretion over class and compensation for all City employees.

Mr. Bunn said he understood the mechanics of all that and that the ultimate authority rested with the City Council. He was not faulting anyone, but he had been asked to serve on this Committee to give his input and approval. He understood there were circumstances that forced this issue to go beyond these meetings. All he was saying was that he was uncomfortable with the fact that as a Budget Committee member he was not given an opportunity to provide his input on those costs when they do represent a large part of the budget. He was not questioning Staff's commitment to make sure to make sound fiscal judgment, but no one could guarantee that there would not be some big changes that no one was anticipating. He had been on the Budget Committee for two tenures, and he believed the Budget Committee should have an opportunity to formally review the changes and then provide input.

Assistant Finance Director Katko continued the PowerPoint presentation, noting that as required, the City uses fund accounting, which focuses on accountability and tracking to ensure the resources of each fund was being used for the intended use. He provided a high-level overview of the City's \$241.8 million budget, highlighting how the budget operates, illuminating the major changes and trends in the City's budget 24 budgeted Funds, and describing changes to Resources year-over-year, as discussed on Page 23 in the Budget Book. He concluded by noting that the Ending Fund Balances of the Building Inspection, Community Development (CD), and Stormwater Funds were on Staff's watch list, adding that the Transit Fund, which had been on the watch list previously, included \$2.2 million of STIF funding that involved specific earmarks.

(Slides 6–26)

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Chair Karr asked how the Local Government Investment Pool (LGIP) got 0.6 percent interest and if the LGIP was riskier. (Slide 17)

- Mr. Katko explained that the LGIP has professional advisors and a longer investment term they could invest in. LGIP was a more aggressive type of investment but was safe. He did not know exactly what was in the investment pool, but with professional management, access to greater, longer-term investments, and more flexibility with corporate notes, they were able to do well at 0.6 percent. The City was limited to AAA rated corporate notes. In the abstract, LGIP was a bit riskier, but that was why the cap for municipalities was \$50 million. He understood the cap required by ORS was an attempt to mitigate or limit risk of investments for cities.
- Ms. Rodocker added the LGIP also had a much larger balance to invest than the City did. All cities are able to use LGIP as a savings account.

FY 2021-22 CAPITAL IMPROVEMENT PROGRAM

A. Overview

Ms. Rodocker provided a brief overview of the proposed FY 2021-22 budget for the Capital Improvement Program (CIP) via PowerPoint, highlighting the CIP funds and CIP funding sources, and describing how projects were identified to be added to the CIP list. She noted the \$60.5 million budget was higher than normal and that four projects totaled \$40.1 million: the Water Treatment Project to expand capacity to 20 million gallons per day (mg/d) (\$25.1M), and three street projects, extending 5th St to Kinsman Rd (\$6.4M), the Boeckman Bridge (\$3.4M) and the grant match set aside for the I-5 Pedestrian bridge (\$5.0M). (Slides 28–31)

B. Capital Projects

Ms. Rodocker reviewed via PowerPoint the key 2021-22 CIP projects planned within each quadrant of the city, as well as the Street Maintenance Program, current Master Plans and Studies and Information Technology projects. (Slides 32–37)

Mayor Fitzgerald asked for a recap of the large project with the City of Sherwood.

- Ms. Rodocker explained the project would expand the water treatment plant from 15 mg/d to 20 mg/d. The project also included upgrading electrical systems and some seismic retrofitting. Sherwood was paying approximately one-third of the project cost with the Operating Fund covering one-third and system development charges (SDCs) covering one-third of the project cost. The City would have to borrow some money for the SDC portion.

Councilor Akervall said the maps in the PowerPoint showing the CIP projects in each city quadrant was a very helpful visual representation of the work being done throughout the city. While the Budget Book included maps of the water projects and parks, she suggested including the quadrant maps from the PowerPoint in the budget binder as well because it helpful to view projects all together and understands their locations.

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- Ms. Rodocker added she also liked the slides because they showed where the City took advantage of synergy. For example, when the City is going to open up a road, any sewer and water projects scheduled in that location would be done at the same time. She would pass the suggestion on to her staff.

Ms. Legarza noted the Capital Project Summary discussed several tree mitigation projects, one in Facilities, one in Parks, and two that tied back to the ice storm. She asked if any outside funding was included in those projects, such as from the emergency declaration from the State, or if the City was looking to obtain any funding outside of City funds.

- Mr. Cosgrove answered yes; Staff has pursued other funding sources. The City currently has a request in to the Federal Emergency Management Administration (FEMA) for the ice storm, and he believed the City would get close to 100 percent of what it committed in resources to respond to the emergency. The City also had some American Recovery and Reinvestment Act (ARRA) funds that replaced some of the other things the City did. A Metro Enhancement Committee program also pays the City \$1.00 per ton of wet waste because of Wilsonville's transfer station operated by Republic Services. The City uses that revenue for community beautification projects. Councilors Linville and West serve on the Committee and Staff recently made a presentation to the Committee requesting funds moving forward for things like stump grinding, tree replacement, and some safety related items needed in the city's parks and homeowner association common areas.

Ms. Rodocker noted a question in the chat and explained that ERP stood for the City's Enterprise Resource Planning Program, the new software system for the City's financials and building permits.

Mayor Fitzgerald believed the Budget Committee could benefit from having acronyms spelled out.

- Ms. Rodocker said she would make sure Staff did that next year.

FY 2021-22 OPERATING BUDGET

A. Department Presentations

Ms. Rodocker highlighted the format Staff would use during each department's budget presentations which would start with FY 2020-21 Ending Budget, followed by an explanation of any changes made to arrive at the FY 2021-22 budget being presented this evening.

Chair Karr stated he like the presentation format because it provided a clearer picture than just looking at the overall numbers.

1. Transportation

Dwight Brashear, SMART Transit Director, updated on the progress and achievements SMART experienced during the pandemic over the last fiscal year, as well as the return and anticipation of programs returning to pre-pandemic levels. He also reviewed the Transit/Fleet funds, describing their purpose, key details, and funding sources. (Slide 42—43)

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Mr. Bunn asked if SMART was allowed to sell used buses and keep the profit. What was done with any vehicle that reached the end of its service life?

- Mr. Brashear replied that Fleet Services Manager Scott Simonton had a very aggressive program for auctioning off surplus vehicles. The federal government required that SMART put that money back into buying down the grant. For example, with an 80/20 grant, the next time SMART purchased a bus; SMART might pay 22 percent instead of 20 percent because the proceeds from the sale of surplus vehicles must be used toward the next bus purchase. It worked out well and SMART was audited on that regularly.

Mr. Katko briefly described the challenges involved with the Transportation budget, which had to align with the budgetary grant requirements of both federal and STIF funding and accommodate timing issues like those involved with ordering buses so far in advance. These requirements resulted in some variances.

SMART

Mr. Katko presented the SMART Transportation budget, noting the key items in the proposed Baseline Changes and Add-Packages. (Slide 44)

Mr. Brashear explained that the new Transit Program Coordinator was a STIF funded position and was necessary due to the onerous recording requirements by TriMet and state and federal governments. Many agencies were adding this position, which would require a finance background. If SMART passed audits by the federal government would mean the state and TriMet requirements were met as well.

- He confirmed it was a full-time position with benefits.
- He clarified that TriMet was involved because it was the qualified entity for the tri-county area, so all of SMART's funding collected in Wilsonville was sent to the State. The State sends the money to TriMet and TriMet sends it back to SMART, which was a subrecipient.

Ms. Legarza said she was excited about the Master Plan update and asked how SMART would acquire data about ridership rates post-COVID. She rode the bus to Salem pre-COVID and had not been riding since COVID.

- Mr. Brashear responded SMART had done outreach the traditional way three or four years ago with open houses and a transit advisory committee. He hoped that, things would have quieted down with the pandemic, and with most everybody being vaccinated, SMART could do a traditional outreach. If not, then the outreach would be done virtually, which was not as effective in his opinion; either way, the outreach would be extensive, and an outreach consultant would be hired. He expected to have at least a year of public outreach before Staff started to formulate the plan.

Fleet

Mr. Katko presented the Fleet Transportation budget, noting that not many changes were proposed and briefly describing the department's operations and how that related to the budget. Mr. Brashear clarified that Fleet regarded all vehicles except buses.

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Five-Year Forecast

Ms. Rodocker recalled the financial challenges with the Transit Fund in years past, and substantial improvement in the last three or four years. SMART would likely spend any grant money received and not spend money if no grant funding was received, thus expenses and revenues were shown close together with a slight increase in the Ending Fund Balance over the next five years. The Transit Fund was no longer on the watch list. (Slide 46)

Councilor Linville commended Mr. Brashear, adding there was a time when the transit tax revenue comprised pretty much the majority of the funding for SMART, and now it was about 60/40 or even better. She believed there was also a misconception in the public that the transit tax revenue paid for all of SMART, but business paid for Wilsonville's bus service. While that is significant and not something to be disparaged in any way because those resources were important and appreciated, she really wanted the public to know that the work Mr. Brashear has done had actually balanced that out over time.

- Mr. Brashear responded that ultimately, SMART's goal was to become less dependent on that particular resource because other resources were available. Staff had done an incredible job tapping into state and federal money and continues to pursue funding wherever it can be found. He shared that Congressman Schrader had commented that for a small agency, SMART fights well above its weight class. SMART has a seat at the table, which was getting larger and larger to TriMet's dismay. SMART had a good product and a good team, and it was hard to knock them when SMART was putting such a good product out on the street, and it would only get better as SMART brought more technological advances and amenities to its customers. He was proud of his team.

Ms. Rodocker clarified that the blue revenue line was slightly above the orange-brown expenditure line, reiterating that SMART would spend the revenues from grants and the transit tax as it came in. If no grant were received, SMART would not spend the money.

Mr. Bunn said he definitely remembered when things were looking bad three years ago and how he had made the mistake of suggesting that the City talk to TriMet. Obviously, City Manager Cosgrove saw the great potential that Mr. Brashear has brought. Things definitely looked bleak three years ago when the Budget Committee was reviewing the budget. He had said that if it was that bad, the City needed to do something. Everyone said they would take care of it and sure enough, in a year, Mr. Brashear put his money where his mouth is and had been doing well ever since. He commended Mr. Brashear and thanked him for his work.

- Mr. Brashear said thank you and acknowledged Jeanna Troha, his immediate supervisor, who keeps him in line, makes sure he focuses on the things he needs to focus on, and gives him the support he needs.

Mayor Fitzgerald added that the fleet has become efficient with the technology Mr. Brashear talked about, and the employers were paying; they have gotten SMART started and given the City something to work with. Wilsonville has a transit system that could be managed within the city instead of just seeing what an outside provider might decide to do as far as routes. She recently visited the Coca-Cola plant, which pointed out that like all employers, they had trouble hiring right now, but they really appreciated the transit service, because it was an amenity they could offer to their current and future employees. She believed that the more the City did with transit, the more it would be used.

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2. Public Works

Delora Kerber, Public Works Director, provided an update of Public Works' responsiveness to the COVID-19 pandemic, wildfire, and ice storm emergencies, all of which occurred in addition to the division's normal operations, implementing protocols to keep citizens and City staff safe and ensuring the protection of the City's assets. She announced that National Public Works Week is being celebrated this week, May 16-22, noting the theme "Stronger Together" was very fitting in light of the challenges of this last year. (Slides 48-51)

Ms. Rodocker presented the Public Works budget, Current Year-End 2020-2021 Estimate and Proposed 2021-22 Budget, describing the proposed Baseline Changes and Add-Packages for each of the seven program areas. (Slides 47-61) Comments and questions regarding the following program areas were as follows:

Water – Treatment

Chair Karr asked what percentage of granulated activated carbon (GAC) filters is replaced every year. (Slide 57)

- Ms. Kerber said the GAC filters are replaced every other year. Two of the four filters are replaced alternatively every two years, so each filter is replaced on a four-year cycle.

Wastewater - Treatment

Mayor Fitzgerald asked why electricity costs increased so much.

- Ms. Rodocker stated Staff was seeing that increase across the board. The cost was higher this year than anticipated. Electricity costs were increasing on all of the City's programs.
- Ms. Kerber added the wastewater treatment plant contract limited Jacobs to a set kilowatt-hour usage per year, and if that kilowatt-hour usage per year were exceeded, then Jacobs would rebate back to the City. However, in the budget, the City had to accommodate for what they might potentially use.

Wastewater - Collection

Ms. Legarza:

- Asked if the reduction of a vacuum operator this was tied to the type of vehicle. Looking at the full time equivalent (FTE) and personnel numbers, it appeared the City would no longer have a vacuum operator.
 - Ms. Kerber explained that was a title change. The City had a vacuum operator, but was now using a utility technician. The positions were swapped because the City was looking for somebody with a higher skill level.
- Asked what the Regional Water Consortium, if the membership was new for the City and what the membership entailed. (Slide 56)
 - Ms. Kerber replied the Regional Water Providers Consortium was made up of various water providers within the Portland metro area, including the City of Portland, Tualatin Valley Water District, Tigard, Sherwood, Hillsboro, and Beaverton. The City was a Consortium member for many years and then there was a period when its goals were not aligning with Wilsonville's, so the City resigned its membership. Now, the Consortium is changing. They still did water conservation, which was very important because there were certain tasks that every city needed to meet to show the State they were doing water

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conservation, and, the consortium was really starting to focus more on emergency preparedness, which was huge. Therefore, Staff believed it was the right time to rejoin the group. The consortium has conservation and emergency preparedness discussions, and anything and everything related to water in the Portland metro area. The member agencies met to share knowledge and expertise. The Consortium also had training the City could participate in and she believed being part of the group was a very good investment for the City.

Chair Karr added that Ms. Kerber's professional recognition as the Top 10 Public Works Director of the Year showed everyone in the city that Wilsonville's Staff is focused on what is best for the City. He shared with everyone that Wilsonville was the best run city he had ever lived in and that he loved living here. He applauded Ms. Kerber's efforts.

- Ms. Kerber replied that she could not do it without the support of her staff and the rest of the City Staff.

Mr. O'Neil stated that during COVID-19 and the ice storm when many things that were considered abnormal, like homeschooling, being stuck at home, learning Zoom, and appreciating wearing sweatpants, he came to appreciate the extent of normalcy the City tried to communicate during the crisis. He, his wife, and his son were walking down the street and saw SMART and Public Works out during the ice storm when trees had fallen, and he saw normalcy. He could turn to his child who was concerned about what was going on in the world and say the City was still operating. They saw the City functioning and the support that should be there during this time. That goes to the great leadership of Mr. Cosgrove, Ms. Kerber, and Mr. Brashear. Of all the things he could complain about, normalcy was key and a key win and Staff should be proud of that.

B. Questions and Comments from the Budget Committee

City Manager Cosgrove thanked the elected officials and Budget Committee members for sending in questions, which allowed Staff to do a deep dive and provide a thoughtful response. He encouraged Committee members to continue sending in questions, noting all of the responses were shared with the entire Budget Committee. He thanked the Committee members for their kind comments about Staff.

RECESS MEETING UNTIL MAY 20, 2021

The meeting was recessed at 8:14 p.m. for continuation tomorrow, May 20, 2021, at 6:00 p.m. with the public record left open.

Respectfully submitted,

Paula Pinyerd, ABC Transcription Services, LLC.
for Kimberly Veliz, City Recorder