



OFFICIAL MINUTES BUDGET ADVISORY COMMITTEE MEETING FOR MAY 14, 2018

Present: Dan Gaur, Terri Ward, Frank Bubenik, Jeff DeHaan, Paul Morrison, Robert Kellogg, Brittany Valli, Rebekah Morse, Joelle Davis, Cyndy Hillier, John Hannam, Monique Beikman, Graehm Alberty

Absent: Lou Ogden, Nancy Grimes

Staff Present: City Manager Sherilyn Lombos; City Attorney Sean Brady; Police Chief Bill Steele; Community Services Director Paul Hennon; Finance Director Don Hudson; Planning Manager Aquilla Hurd-Ravich; Deputy City Recorder Nicole Morris; Parks Maintenance Manager Tom Steiger; Maintenance Services Division Manager Clayton Reynolds; Street/Sewer/Storm Division Manager Bert Olheiser; Library Manager Jerianne Thompson; Economic Development Manager Jonathan Taylor; Management Analyst II Kelsey Lewis; Parks and Recreation Manager Rich Mueller; City Engineer Jeff Fuchs; IS Director Bates Russell; Program Coordinator Lisa Thorpe; Accounting Supervisor Matthew Warner; Human Resources Director Stacy Ruthrauff

A CALL TO ORDER

The meeting was called to order at 5:02 p.m.

B WELCOME AND INTRODUCTIONS

Finance Director Don Hudson lead introductions of the committee and staff.

C ELECT COMMITTEE CHAIR

MOTION by Joelle Davis, SECONDED by Paul Morrison to nominate Terri Ward as the Committee Chair.

Vote: 12 - 0 MOTION CARRIED

D APPROVAL OF MINUTES

1 Consideration of Minutes for the Budget Advisory Committee Meeting of May 30, 2017

MOTION by Joelle Davis, SECONDED by Monique Beikman to approve the minutes from May 30, 2017.

Vote: 12 - 0 MOTION CARRIED

E MEETING AGENDA AND MATERIALS

1 Review Fiscal Year 2017-18

City Manager Sherilyn Lombos presented highlights from the 2017-18 year. She presented project highlights from the Administration, Police, Community Development, Public Works, Community Services, Legal, Finance, Human Resources, and Information and Maintenance Services departments.

2 Deliver Budget Message and Distribute proposed Fiscal Year 2018-19 Budget

Finance Director Hudson presented a PowerPoint on the Fiscal Year (FY) 2018-19 budget message. He spoke to the City Council's 2030 vision. He recapped the seven vision statements. The 2017-18 completed city projects were briefly reviewed. Director Hudson stated the proposed FY 2018-19 budget is \$93,144,435, which is an increase of 1.04%. He stated the Tualatin Development Commission (TDC) FY budget is \$4,027,580 and decreases 0.99%.

Director Hudson spoke to the fiscal health model, it aligns ongoing revenues with ongoing expenditures. He noted the City has sustained fiscal health for eight years, including this year's budget as it has a positive alignment.

Director Hudson began his review of expenditures. He noted overall expenditures, less reserves, contingencies, and transfers, will go up 2.5%. Personnel Services is the largest expenditure category at about 40% and will increase 3.8%. Most of the increases in personnel services are due to contractual increases and the addition of a Code Compliance Inspector, Transportation Engineer, a seasonal Parks Maintenance Worker, and additional hours for the part-time Special Events Coordinator. He noted the PERS contribution rate will remain the same. Reform/funding options are being considered in upcoming legislative sessions and it is projected there will be a significant increase in contribution rate in FY 2019-20. Materials and Services are 39% of expenditures and will be increasing 3.8% due to items out of the City's control, such as contractual obligations.

The Capital Outlay fund is about 18% of the City's budget. Capital expenditures this year will include replacement of end of life vehicles, pedestrian safety projects, water reservoir projects, completion of master plan updates, library furniture replacement, and the Ibach Park play area renovation. The Debt Services fund is where the city's obligation bonds reside.

Director Hudson stated current revenues remain stable and have increased 4.51%. He spoke to charges for services as it is the largest revenue category at 40%. He stated Property Taxes is 23.7% of City revenues. He spoke to the impacts of Measure 50 and the permanent tax rate for the City. The City's permanent tax rate is \$2.2665 per \$1,000 assessed rate. An increase of 4.67% was seen in property taxes this year based on development in the area.

Member Rebekah Morse asked if there is a cap of the growth of property taxes. Director Hudson explained 3% without growth would be the anticipated range.

Director Hudson stated intergovernmental revenues went up 26.2%. The increase is due to the fact the City now has a Local Transient Lodging Tax, Washington County adopted a county vehicle registration fee, and State Transportation legislation passed. Fines and forfeitures decreased 2.4% as the City is predicting a slight decrease in citations being issued.

Director Hudson stated the TDC fund has earned interest revenue on its current fund, and the commission will be looking at ways to spend remaining dollars in the future.

Director Hudson distributed the proposed FY 2018-19 budget.

3 Discussion of Fiscal Year 2018-19 Budget

Director Hudson proceeded with an overview of the smaller funds including the Tualatin Scholarship Fund and the Core Area Parking District Fund. Debt Services Funds were reviewed and included the General Obligation and Enterprises Bond. Capital Development Funds including Park Development, Water Development, Sewer Development, Storm Drain Development, and the Transportation Development Tax Funds were reviewed.

The TDC Funds were reviewed including the Administration, Central Urban Renewal District Projects, and Leveton Project Funds.

4 Discuss Second Budget Committee Agenda

The meeting concluded with a brief discussion of the agenda for the next budget meeting on May 30, 2018, at 6:00 p.m.

F ADJOURNMENT

Chair Ward adjourned the meeting at 6:19 p.m.

Sherilyn Lombos, City Manager

 / Recording Secretary