



BUDGET COMMITTEE AGENDA

May 09, 2024 at 6:00 PM

Wilsonville City Hall & Remote Video Conferencing

PARTICIPANTS MAY ATTEND THE MEETING AT:

City Hall, 29799 SW Town Center Loop East, Wilsonville, Oregon
YouTube: <https://www.youtube.com/user/CityofWilsonville/featured>
Zoom: <https://us02web.zoom.us/j/88653337091>
Telephone: 1-312-626-6799, Webinar ID # 886 5333 7091

TO PARTICIPATE REMOTELY OR PROVIDE PUBLIC COMMENT:

Register with the City Recorder:
CityRecorder@ci.wilsonville.or.us or 503-570-1506
Individuals may submit comments online at: <https://www.ci.wilsonville.or.us/SpeakerCard>,
via email to the address above, or may mail written comments to:
City Recorder - Wilsonville City Hall
29799 SW Town Center Loop East, Wilsonville, OR 97070

CALL TO ORDER

1. Roll Call
2. Motion to Approve the Order of the Agenda

ELECT BUDGET COMMITTEE CHAIR

MOTION TO APPROVE FY 2023-24 BUDGET COMMITTEE MINUTES

3. [Minutes of the May 17 and 18, 2023 Budget Committee Meetings. \(Veliz\)](#)

OPEN PUBLIC HEARING #1 - STATE SHARED REVENUE

4. Presentation ORS 221.770
5. Citizen Input
6. Close State Shared Revenue Hearing

OPEN PUBLIC HEARING #2 - FY 2024-25 PROPOSED BUDGET

7. Citizen Input
8. Budget Message

9. Budget Overview
10. Capital Improvement Project Budget
11. Program Budget: Public Works - PW Admin, Facilities, Roads, Water, Sewer, Storm, Street Lighting
12. Program Budget: Transportation - SMART, Fleet

RECESS MEETING UNTIL MAY 15, 2024

Time frames for agenda items are not time certain (i.e. agenda items may be considered earlier than indicated). The City will endeavor to provide the following services, without cost, if requested at least 48 hours prior to the meeting by contacting the City Recorder at 503-570-1506 or CityRecorder@ci.wilsonville.or.us: assistive listening devices (ALD), sign language interpreter, and/or bilingual interpreter. Those who need accessibility assistance can contact the City by phone through the Federal Information Relay Service at 1-800-877-8339 for TTY/Voice communication.

Habr  interpretes disponibles para aqu llas personas que no hablan Ingl s, previo acuerdo. Comun quese al 503-570-1506.



BUDGET COMMITTEE MINUTES

May 18, 2023 at 6:00 PM

Wilsonville City Hall & Remote Video Conferencing

RECONVENE CITY BUDGET COMMITTEE MEETING FROM MAY 17, 2023

1. Roll Call

The Wilsonville Budget Committee meeting was held at the Wilsonville City Hall beginning at 6:00 p.m. on Thursday, May 18, 2023. Chair Scull reconvened the meeting at 6:00 p.m. followed by roll call.

PRESENT

- Chair Scull
- Member Fitzgerald
- Member Akervall
- Member Berry
- Member Dunwell
- Member Linville
- Member Hamm
- Member Moulton
- Member O'Neil
- Member Russell

ABSENT

None

STAFF PRESENT

- Bryan Cosgrove, City Manager
- Keith Katko, Finance Director
- Katherine Smith, Assistant Finance Director
- Amanda Guile-Hinman, City Attorney
- Andrea Villagrana, Human Resource Manager
- Chris Neamtzu, Community Develop. Director
- Dan Carlson, Building Official
- Miranda Bateschell, Planning Director
- Kris Ammerman, Parks and Recreation Director
- Shasta Sasser, Library Director,
- Andy Stone, IT Director
- Zach Weigel, Capital Projects Engineering Manager
- Jeanna Troha, Assistant City Manager
- Cricket Jones, Finance Operations Supervisor

Zoe Mombert, Assistant to the City Manager
 Dillion Jenkins, Senior Accountant
 Dustin Schull, Parks Supervisor
 Kerry Rappold, Natural Resources Manager
 Mike Nacrelli, Civil Engineer
 Bill Evans, Communications & Marketing Manager

PUBLIC HEARING / CITIZEN INPUT

2. Public Hearings for the FY 2023-24 Proposed Budget

Chair Scull reconvened the Public Hearing at 6:00 p.m. and read the conduct of public hearing format.

3. Citizen Input

There was none.

FY 2023-24 Operating Budget

4. Department Presentation: Policy and Administration

The Assistant Finance Director noted each year City Staff liked to showcase a program area within the Policy and Administration Department and this year, Human Resources was featured to give a special presentation.

The Human Resources Manager outlined the department's current recruitment environment, upcoming challenges, job application data, turnover statistics, candidate priorities, and options for improving the City's recruitment environment.

Questions and comments from Committee members with responses from Staff were as follows:

- The City's applicant tracking system, NEOGOV, did not include work/life balance percentages for public sector employees. However, during every interview process, applicants ask about the City's work/life balance, which was a focus for the Human Resources Department.
- Staff complete the entire recruitment process for each qualified applicant, which includes a background check and reference checks with prior employers. Hiring managers are asked what the reference check should focus on beyond ordinary questions, like being punctual. The process is still time consuming, and some checks take longer for some applicants than others, but Staff tries to move through the process quickly. Speeding up the process could prevent candidates from taking a job elsewhere.
- The most common reason that applicants turn down job offers by the City was that their current employer offered them more money.
 - The City did not offer more money as a strategy to retain employees. Employees usually leave the City for a promotion in another organization, a position with more responsibility, or a position in a larger organization. Several factors limit the City's ability to offer salary increases.

- The City does its best to offer competitive salaries. Market studies on cost-of-living increases in comparable cities were completed regularly so Staff could determine whether the City's salaries need to be adjusted in the budget as salaries are limited by the budget.
29:55-geographic search
- The City recruits nationally for positions that are difficult to fill; currently only candidates from out of state have applied for the Library Outreach position.
 - The advertising methods that work best depend on the positions required to be filled. Generally, the word-of-mouth advertising and networking with others in the profession is beneficial. The City also receives a lot of traffic from the governmentjobs.com website.
- The Professional Development budget had returned to pre-COVID levels; however, Staff did not know how the City's budget compared to the professional development budget of other cities. A comparison could be beneficial since the ability for growth played a significant role in employee retention.
- The City was on track to a 20 percent attrition rate for this year, which was typical. In 2021-2022, the City's attrition rate was 28 percent, while in years prior the range was between 15 and 20 percent. The hardest positions to recruit for and which had turnover were trade positions, such as in Public Works and Parks. It was also difficult to recruit for Engineering and Information Technology positions.
 - The Transit Department also had high turnover, but some of that was considered natural attrition due to retirements.
 - The City's attrition rates had not been compared to sister cities.
- Retention strategies were department-specific, but Citywide retention strategies were also discussed at the managerial level.
- The City had a good mix of long tenured and newer managers.
- Employees are not required to live within the city limits, but the cost of living can be an issue for people moving into the state. The City provides new employees with a relocation packet that is updated annually and includes information about every Portland suburb.

Assistant Finance Director Smith presented the Policy and Administration Department budget, including the Current Year-End 2022-23 Estimate and Proposed 2023-2024 Budget, describing the proposed Baseline Changes and Add-Packages for each of the five program areas: Administration, Finance, Information Technology, Legal, and Human Resources/Risk Management.

Member Dunwell asked why there was an 11 percent change in employee benefits with no difference in FTEs in the Human Resources Department. Keith Katko, Finance Director explained the benefits depended on the configuration of the employees in that department and their selections in any given year. An annual increase of 10 percent is budgeted for health insurance. Assistant Finance Director Smith stated one employee waived insurance this year.

5. Department Presentation: Community Development

The Community Development (CD) Director briefly overviewed the functions of the CD Department's four divisions, including the Building Fund, which was a separate accounting fund. He described the department's goals and achievements and highlighted key components impacting the department's proposed budget.

DRAFT

Comments and questions regarding CD program areas were addressed by Staff as follows:

- The mental hospital project was officially dead because the hospital was unable to get a Certificate of Need from the State of Oregon, and the City's approval timeframe expired due to a lack of construction activity.
- Supply chain issues were mostly electrical related, odd things like switches and fixtures. The school district had to prolonged delay construction for the Frog Pond Primary School due to the inability to get a specific electrical switch. Overall, the issues were narrowing.
- A planning permit was only good for five years. Construction must start within two years of approval and up to three additional one-year extensions can be requested. If nothing happens, the Villebois Village Center project would go away after five years; however, if substantial construction occurs, then one building could be built and the other two would be good forever. The Building Division would keep the Villebois planning permits alive, which Dan Carlson could explain later.
- House Bill (HB) 3414 would establish a State Housing Accountability and Production Office under the Department of Land Conservation and Development (DLCD) to bridge land use planning with building permits related to housing. The new office would help cities enact Codes that comply with State housing laws and hold cities accountable if cities were not implementing housing consistent with State law. House Bill 3414 could potentially bring resources, such as technical or financial assistance, to help cities get into compliance.
 - The current draft of the bill included challenges related to how accountability would occur in relation to the City's existing appeal and enforcement processes. The City was trying to provide direction to ensure the bill would not impact local processes or development decisions around building housing.
 - House Bill 3414 included a variance component which states that housing developers would be required to get a variance for things that they request, and a list of exceptions and exclusions was provided. The City has been commenting a lot because the variance component could be cumbersome to implement, result in an increase in appeals and slow housing production, as well as significantly impact the Planning Department budget and workload, if substantial findings around the variance requests were required to be written. The City wanted the requirements to be clear and objective.
 - Variances being discussed included things like setbacks, sidewalks, access to the front and rear of a house, etc. which could change the way neighborhoods look. The current draft allows everything unless it is included in the exceptions and exclusions list which addresses things like health and safety. For example, a developer could not get a variance for water, sewer, or stormwater infrastructure.
 - Transportation was not listed, so a development could impact the transportation system and what the City could require a developer to implement, particularly related to multi-modal connections and the trail system.
 - Other items not on the list but of concern to the City included trees, Goal 5 items, such as historic resources, housing production strategies, climate friendly and equitable community strategies.

- The City adopted Middle Housing into the Code but could not enforce any of those Codes because the bill only lists exclusions to the variance, so everything else was on the table. An amendment has been proposed that was more specific to things typically reviewed in a development application, like minimum lot size, minimum frontage, setbacks, and landscaping. The City would not be able to enforce design standards above the ground floor for mixed-use buildings, so the City was arguing to protect the ground floor, which was especially important in creating a walkable pedestrian environment.
- All Development Review Board (DRB) members had the option to be paperless, and Staff worked to reduce using paper as much as possible.
- The Building Division presentation would include numbers on home improvement projects and how such trends might impact the budget.

Keith Katko, Finance Director, presented the Community Development Department (CD) budget, including the Current Year-End 2022-23 Estimate and Proposed 2023-24 Budget, noting the proposed Baseline Changes for the three Department divisions. No Add-Packages were proposed. He briefly described the volatile characteristics of the CD Fund and the challenges in developing the five-year forecast.

Comments and questions regarding the CD budget were addressed by Staff as follows:

- The three civil engineer positions were included in the budget but had not been filled.
- The revenue line shown on Slide 30 included residential, commercial, and industrial, as well as transfers in, project management, urban renewal projects, capital projects, and permit revenues. Much of CD was funded through the Engineering Department, which tracked and billed their time to specific capital improvement projects, and then the funding sources, i.e., water, sewer, stormwater, or street SDCs, would be reimbursed to the CD Fund for that time.
- The bottom limit for Reserves was the Financial Policy Minimum, which was 15 percent of CD's Personal Services and Materials and Services budget. While the Reserves line crossed over to the Financial Policy Minimum, revenues were anticipated to pick up. The CD budget was balanced, Staff just needed to keep monitoring it and pushing for the funding sources to come in in a timely fashion.
- The City budgeted the full FTE count consistently, however also had consulting expenses related to not being fully staffed. Personnel Services and Contracting Services were separate line items. As long as departments remained within their bottom-line budget, money could be moved around within budgeted line items.

The Building Official noted that on February 1, 2023, a comprehensive update on the overview of development activity had been presented to the Budget Committee which included what Staff anticipated development activity would be doing. The Building Official presented a brief update on the number of permits issued January through April, which already accounted for more than half of the permits issued in all of 2022, and highlighted key projects and challenges that impacted the permit numbers as well as projects that were in the queue. He noted permits issued January through April for single-family remodels and additions had already exceeded the number issued last year.

Comments and questions regarding the Building Fund were addressed by Staff as follows:

- The revenue from a permit issued for a commercial building was not significantly greater than a permit issued by the City for a single-family home. The valuation for commercial buildings and single-family homes was close as they increased, and permit fees were based on the value.
 - The City has a valuation chart that could be provided for Committee members to see. In the last couple of years, the City had the State Department of Administrative Services (DAS) Project, the Twist Bioscience project, and the Performing Arts Center at the high school, all of which totaled about \$150 million in projects.

The Finance Director presented the Current Year-End 2022-23 Estimate and Proposed 2023-24 Budget, noting the proposed Baseline Changes and that no Add-Packages were proposed.

6. Department Presentation: Parks and Recreation

The Parks and Recreation Director, reviewed the Department's mission statement and highlighted the functions and responsibilities of the Department's two program areas, General Services and Parks Maintenance, noting the need for an additional FTE to accommodate future growth in 2024. He also highlighted the various boards and commissions influencing the department and supported by Staff.

Comments and questions regarding Parks and Recreation were addressed by Staff as follows:

- While the meals provided at the Community Center were suggested as being for people aged 60 and over, but no one is turned away. A donation is suggested, but the meals are free whether a donation is made. Qualification for the home delivered meals was vetted through the City's social services provider.
 - Member Dunwell noted the donation was passive and the diners were never questioned. She understood that for some homebound individuals receiving home delivered meals, the delivery person was the only contact they might have. The City's meal program is not tied to Meals-on-Wheels and provides healthy food and a way to make sure community members are safe. It was a spectacular community service.
- The meal delivery program served somewhat as a safety and wellness check and there were instances where people with a medical condition were saved. He added that the social aspect of the in-person meals at the Community Center was important, particularly after COVID.

The Assistant Finance Director presented the Parks and Recreation budget, including the Current Year-End 2022-23 Estimate and Proposed 2023-24 Budget, describing the proposed Baseline Changes and Add-Packages for the two program areas.

The City Manager clarified that the maintenance costs for the new camping area were included in the Public Works Facilities budget. A lot of the funding was spent this year and the Assistant Finance Director confirmed \$50,000 had been added next year for those maintenance costs.

Chair Scull called for a brief recess at 7:52 p.m., reconvening the meeting at 8:04 p.m.

7. Department Presentation: Library

The Library Director presented several statistics related to the Library's Services, described newly added services, and explained key components in the Library's 2023-24 budget.

The Library Director addressed questions from the Committee as follows:

- The Library had 16.76 FTE of regular paid Staff and about 4 FTE volunteers.
- Volunteer Staff levels were still climbing after COVID. The Library did not have volunteers during COVID and when volunteers returned, the Library wanted to make sure they were retrained due to the number of changes at the Library during COVID. During that retraining period, some volunteers moved on to other things. The Library always had a steady stream of volunteer applications being submitted. Six FTE volunteers was the most the Library has had and while she would like to have more, that would require Staff time to train them and monitor their progress.
- While digital materials did well during COVID, library patrons clearly indicated they still wanted to check out physical books from the Library, which contributed to the increase in the circulation of materials.
- The Seed Library was being done with the Parks and Recreation Department and began by writing to a couple of various places to request free boxes of seeds. As they accumulated, the seed packets were alphabetized and stamped by volunteers. The Library provides envelopes and spoons for Library patrons to scoop out a few seeds from the packets, label their envelopes, and take them home. The idea was that after library patrons dry some of the seeds from the plants they grew and bring them back so the Seed Library could eventually become self-sustaining.
- The Library partnered with SMART for Books on the Bus, which is available at some of the large events throughout the year instead of doing weekly visits because the program is Staff intensive.
- Many people use Wilsonville's Library. During COVID, the Library offered services that were different from other libraries, which attracted a lot of people from other libraries. Wilsonville's Library was equivalent to West Linn's library as far as funding and population, and both libraries partnered with each other.
- Contract costs for electronic subscriptions had not increased much, and the cost depended on the model. Hoopla was a pay-per-use model, which was different from some of the other contracts. The Library could control some parameters, for example, use could be limited to 10 items per user, which helps the Library estimate the cost. Use is monitored closely and if the cost gets too high, the limit could be lowered or a cap on the dollar amount per item could be added. There were many ways that publishers make digital items available and many different cost mechanisms were in play.
- The acquisition of new books has been kept flat for now. She did not want to budget for more than the Library was spending, and book costs had not gone up significantly through the Library's book vendors.

The Assistant Finance Director presented the Library budget, including the Current Year-End 2022-23 Estimate and Proposed 2023-24 Budget, and reviewed the requested Baseline Changes and Add-Packages.

8. Department Presentation: Law Enforcement

The Assistant City Manager, filling in for Police Chief Wurpes, who was attending a class at the Federal Bureau of Investigation (FBI) Academy, reviewed the Law Enforcement Department's various functions and responsibilities within its three program areas, Public Safety, Code Compliance, and Municipal Court, highlighting the Department's community focus and priorities for Fiscal Year 2023-2024.

Comments and questions regarding Law Enforcement were addressed by Staff as follows:

- The Sidewalk Repair Reimbursement Program was common in other communities and had existed in Wilsonville for about five years.
 - To qualify, the sidewalks had to be public sidewalks, which included the sidewalks in Villebois and Charbonneau located in the public right-of-way. Internal sidewalks at Target or Costco would not qualify for the funding.
 - Property owners were responsible for maintaining the sidewalks adjacent to their property. The City had to follow up on complaints about someone tripping on a sidewalk, and the program was an attempt to incentivize property owners to fix the sidewalk.
- Part of the City's contract with Clackamas County included specialized services, including access to a S.W.A.T. team, diving teams for situations on the Willamette River, etc. These specialized services were built into the contract and did not cost the City extra, although incidences that required overtime or extensive resources would add costs.
 - The County uses the budgeted amount for the cost of the law enforcement contract with the Sheriff's Office to estimate costs and every month, the amount was reconciled with the actual costs when the County billed the City for actual cost.
 - The law enforcement contract was rolled over each year.
- Chief Wurpes tried to stay on top of things like the speed racing on Graham's Ferry behind Villebois and other concerns by putting out additional patrols to enhance focus. The individual who was speed racing was caught.
- If the City determined that additional officers outside of the contract were needed, they would be paid for by the General Fund. If an additional officer was always needed on duty, the City would come before the Budget Committee with an Add Package as part of the annual budget process.
 - The number of officers per thousand was only metric and Staff also had to consider call volumes, the types of calls, and other variables. The City's staffing study will assess the community's needs now and over the next 20 years.
- The City had officers on bicycles as well as a School Resource Officer. Bicycle cops were typically used in parks and on trails and they have also gone to the schools and participated in school events. Some schools host a bike safety program, and the bike officer helped teach that class at the middle school and then lead the children on a bike ride across town.
 - Assistant City Manager Troha and Chief Wurpes recently discussed summer bike patrols and she just approved an invoice for training for the officers who would be on bicycles in public areas over the summer.
- Speed reading signs are first placed with the display turned off to gather actual speed data. When the display is turned on, the City then compares the difference in speed data.

- Hiring a police officer was a much longer process than hiring City employees. Applicants go through an extensive background check, attend the academy, and complete a field training program. Add Package requests for adding a police officer position are made to the Clackamas County Sheriff's Office, which fills the position as quickly as possible. The Sheriff's Office had been successful in getting good, qualified candidates.

The Finance Director presented the Public Safety budget, including the Current Year-End 2022-23 Estimate and Proposed 2023-24 Budgets for the program areas, and highlighted the proposed Baseline Changes and Add-Package.

The Finance Director explained that individuals convicted of traffic violations had to pay a fee and pay for the diversion class. The State received a portion of the funds received from diversion programs.

General Fund 5-Year Forecast

The Finance Director highlighted the 5-Year Forecast General Fund, noting the City was well above the reserve minimum balance and explaining how one-time capital projects and the closure of the urban renewal districts impacted the General Fund.

QUESTIONS FROM THE BUDGET COMMITTEE AND STAFF RESPONSES

Chair Scull confirmed there were no additional questions or comments and closed the public hearing at 8:49 p.m.

CONTINUED DELIBERATIONS BY BUDGET COMMITTEE

9. Motion to Approve the FY 2023-24 Proposed Budget

Motion: Moved to approve the FY 2023-24 proposed budget as amended to increase the Street Capital Fund's Street Maintenance Capital Improvement Project (CIP #4014) by \$1 million dollars inclusive of \$910,000 in Capital Project expense; \$60,000 as a related Project Management Fee transfer out to the Community Development Fund; and \$30,000 as related overhead transfer out to the General Fund, funding to be provided through \$1 million transfer-out from the Road Maintenance Fund with offsets to Contingency to balance each fund, to cumulate the total amount of \$277,476,344; and levying the full amount of the City general tax rate of \$2.5206.

Motion made by Member Akervall, Seconded by Member Moulton.

10. Discussion

Member Fitzgerald stated she appreciated Chair Scull's leadership of the Budget Committee, Staff's work on the presentations, and the questions from Committee Members.

Chair Scull thanked Staff for doing such an excellent job taking care of the City.

11. Final Motion to Approve the FY 2023-24 Proposed Budget

Voting Yea:

Member Fitzgerald, Member Akervall, Member Berry, Member Dunwell, Member Linville, Member Moulton, Member Hamm, Member Russell, Member O'Neil, and Chair Scull.

Voting Nay:

None.

Vote: Motion carried 10-0.

ADJOURN OR RECESS UNTIL MAY 23, 2023

Chair Scull adjourned the Budget Committee meeting at 8:52 p.m.

Respectfully submitted,

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



BUDGET COMMITTEE MEETING MINUTES

May 17, 2023 at 6:00 PM

City Hall Council Chambers & Remote Video Conferencing

CALL TO ORDER

1. Roll Call

The Wilsonville Budget Committee meeting was held at the Wilsonville City Hall beginning at 6:00 p.m. on Wednesday, May 17, 2023. Member Fitzgerald called the meeting to order at 6:01 p.m.

PRESENT

Member Fitzgerald
 Member Akervall
 Member Berry
 Member Dunwell
 Member Hamm
 Member Moulton
 Member Scull
 Member O'Neil
 Member Russell

EXCUSED

Member Linville

STAFF PRESENT

Bryan Cosgrove, City Manager
 Jeanna Troha, Assistant City Manager
 Keith Katko, Finance Director
 Katherine Smith, Assistant Finance Director
 Amanda Guile-Hinman, City Attorney
 Zach Weigel, City Engineer
 Delora Kerber, Public Works Director
 Chris Neamtzu, Community Develop. Director
 Dwight Brashear, Transit Director
 Kelsey Lewis, SMART Grants & Programs Manager
 Scott Simonton, Fleet Services Manager
 Andy Stone, IT Director
 Cricket Jones, Finance Operations Supervisor
 Zoe Mombert, Assistant to the City Manager

2. Motion to Approve the Order of the Agenda

Motion: Moved to approve the order of the agenda.

Motion made by Member O'Neil, Seconded by Member Akervall.

Voting Yea:

Member Fitzgerald, Member Akervall, Member Berry, Member Dunwell, Member Hamm, Member Moulton, Member Scull, Member O'Neil, Member Russell.

Voting Nay: None.

Vote: Motion carried 9-0.

ELECT BUDGET COMMITTEE CHAIR

Amanda Guile-Hinman, City Attorney, reviewed the rules for nominating and electing the Chair.

Member O'Neil nominated Member Hamm for 2023 Budget Committee Chair.

Member Hamm declined the nomination.

Member Hamm nominated Member Scull for 2023 Budget Committee Chair.

Member Dunwell nominated Member Berry for 2023 Budget Committee Chair.

Member Berry declined the nomination.

The City Attorney confirmed there were no further nominations and declared the nominations closed.

Following a roll call vote, Member Scull was unanimously elected as 2023 Budget Committee Chair.

Chair Scull assumed the responsibilities of Committee Chair.

MOTION TO APPROVE FY 2022-23 BUDGET COMMITTEE MINUTES

3. Minutes of the February 2, 2022; May 18 and 19, 2022; and February 1, 2023, Budget Committee Meetings

Motion: Moved to accept the Minutes of the February 2, 2022; May 18 and 19, 2022; and February 1, 2023, Budget Committee Meetings.

Motion made by Member Akervall, Seconded by Member Dunwell.

Voting Yea:

Member Fitzgerald, Member Akervall, Member Berry, Member Dunwell, Member Hamm, Member Moulton, Member O'Neil, Member Russell, Chair Scull.

Voting Nay: None.

Vote: Motion carried 9-0.

OPEN PUBLIC HEARING #1 - STATE SHARED REVENUE

Chair Scull called to order the City of Wilsonville Budget Committee public hearing on State Shared Revenue as reflected in the City of Wilsonville's FY 2023-24 proposed budget at 6:09 p.m. He read the conduct of public hearing format into the record.

4. Presentation ORS 221.770

Katherine Smith, Assistant Finance Director, presented the Staff report on the proposed State Shared Revenues via PowerPoint, reviewing how the City met the State requirements and the revenues received.

There were no questions from the Budget Committee.

5. Citizen Input

There was none.

6. Close State Shared Revenue Hearing

Chair Scull closed the public hearing on State Shared Revenue at 6:14 p.m.

OPEN PUBLIC HEARING #2 - FY 2023-24 PROPOSED BUDGET

Chair Scull called to order the City of Wilsonville Budget Committee public hearing on the City of Wilsonville Fiscal Year (FY) 2023-24 proposed Budget at 6:15 p.m. The Chair read the conduct of public hearing format into the record and reviewed the public notice provided regarding the meeting.

7. Citizen Input

There was none.

8. Budget Message

The City Manager noted that even before tonight's deliberations began, Staff were requesting an amendment to the proposed budget to account for the fact that the annual Street Maintenance bid which came in \$1 million higher than anticipated. From an accounting standpoint, which meant the Budget Committee had to address a \$2 million item to reflect that money in and money out.

- The City Manager also noted the employee salary schedules did not match the budgeted numbers. Salary tables included in the Budget Book reflected what was negotiated in 2021. To ensure the City could retain and attract employees, the budget included some ability to shift salary ranges should research indicate the City's wages were not competitive within the market. Preliminary research indicated the City was a little bit out of market range for salaries.
- The proposed budget also included additional resources to respond to recent Council goals. The goals in the Budget Book and budget message were accurate. The other was included because Staff did not have the new ones in time and would be corrected on the adopted budget.
 - One highlighted area of the goals was a proposal for a new communications position in the City Manager's department to help increase City outreach, engagement, and connectivity, which was an important value during the last budget process. Council believed more needed to be done on social media, video, and Hispanic outreach as 12 to 14 percent of the City's population was Hispanic, and not enough outreach was being done to that demographic.
 - Other Staff additions were budgeted for, but the overall FTE increase was about 3.6 FTEs, which he characterized as just maintaining the current level of service. Key additions were being made in the Parks Department and Public Works due to the new parks and Public Works facilities coming online.
- The City Manager thanked the Finance Department, the management team, City Council, and Budget Committee for all their hard work and collaboration that went into the annual process.

9. Budget Overview

The Finance Director briefly explained how the budget would be presented, noting the quickest way to understand the budget was the Budget Message, which was about 10 to 11 pages and condensed the budget story to a manageable amount. The Budget Book was four hundred pages with a lot of detail. It was a policy document, a financial plan for the City, an operations guide, and a communications device. The Budget Book also included a five-year crystal ball forecast and was available on the City website.

The Finance Director presented the Budget Overview via PowerPoint, providing a high-level overview of the City's Fund Accounting System, the inner workings of the City's 24 Budget Funds within the Fund Accounting Structure, and the Budget's role, both within the City and broader community. Collectively, all City funds combined for a \$276 million budget. The Finance Director described how money flowed through the budget and how inter-fund transfers worked to self-balance the budget. He then highlighted the year-over-year changes in the City's revenue resources and expense requirements from the Fiscal Year Ending (FYE) 2023 Budget and the proposed FYE 2024 Budget, noting recent changes and significant impacts within the resource and requirement funds. He concluded by reviewing the Ending Fund Balances, noting the Community Development Fund was on Staff's watch list, but looked a bit better at FYE 2023, which would help the Beginning Fund Balance and likely boost the Ending Fund Balance FYE 2024 because certain anticipated revenues had not been budgeted, such as planning grants.

Questions and comments from Committee members were addressed by Staff as follows:

- The significant decrease in Intergovernmental Resources was because the \$21 million of FYE 2023 included ARPA funds and a lot of transit grants, which were not available for the coming fiscal year.
 - The City was astute at tracking down federal money as it became available, specifically in the Transit Department and for CIP projects. Sometimes money was also available from the State, Metro, and the County. Periodically, the federal government makes large grant funding a priority for infrastructure across the US, and the City was usually quite poised to win those awards to the extent it could. (Slide 11)
- A big project was required to make federal grants worthwhile due to the additional costs and requirements related to BOLI issues and buying American, for example. Applying for a federal grant could make sense for a \$30 million project.
 - Every year, an independent CPA firm audited the City to make sure federal money was used how the City said it would and that the City was adhering to all the compliance requirements. Even buying a bus had many hurdles to ensure the City was complying with federal regulations.

10. Capital Improvement Project Budget

The Finance Director overviewed the Capital Improvement Program (CIP) Budget via PowerPoint, providing budget summaries by programs and funding sources, noting Urban Renewal Fund would decrease with the closing of two urban renewal districts. The top five of the 125 CIP Projects accounted for about 65 percent of the total CIP budget.

Questions and comments from Committee members were addressed by Staff as follows:

- The CIP funding ratio of System Development Charges (SDC) to Operating Funds depended on what projects were being done each year. While certain projects had a certain split/percentage of how much SDC funding could be used, the ratio was generally consistent year-to-year.
 - SDCs were based on growth, and more growth led to more balance sheet growth. Operating Funds tended to be consistent with 7,000+ utility accounts providing pretty predictable income every year. Less SDCs meant less capital available to jumpstart the CIP Program.
 - SDCs had to be utilized within the group they were collected from. If SDCs were not received for the Parks and Recreation Department, project funding came from the General Fund specific to Parks and Recreation. Water projects were funded by water operating and sewer funds.
- Urban renewal funds would not go away because the City still had the Coffee Creek Urban Renewal District, however, the tax increment growth had not occurred yet to fund capital projects. The City's two long-standing urban renewals plans, Year 2000, and the West Side, each had two lingering projects left, but the maximum indebtedness had been reached and those debts had been paid off, so those plans were ending. The urban renewal districts had specific projects that the urban renewal funds could be spent on, so once those projects were completed, the increment was no longer needed.
 - Coffee Creek held a promise for development, and that increment would be used to build future capital projects in the urban renewal area. It was slow, but development was coming to that area.

- At the next Budget Committee meeting, the Community Development Director and Building Official could address whether the 16 percent decrease in SDCs was due to a change in the rate of home sales and building activity from last year.
 - SDCs included water, sewer, stormwater, and roads, and each had different collection methodologies and different calibers of development within the city, so classifying the decrease was difficult due to the myriad of different formulas. In general, if SDC revenue was down, the City would not have as much growth.
 - Identifying the reason for lower SDCs was complicated, and could be attributed to interest rates, supply chain issues, infrastructure cost for residential, and opening the infrastructure at Coffee Creek to attract more private investment and bring in more warehouses there.
- CIP projects could be funded by multiple sources, which made funding complicated and why capital projects were done within the Capital Funds (Slide 9) to track the different funding streams. Some funds came from SDCs collected from developers and some from Operating Funds which were transferred into the CIP Fund. It was easier to track within specific funds so it was clear where that funding had come from when audited, for example, Water funds could not be used for Parks and Recreation.
 - In general, Operating Funds paid for maintenance related projects, such as replacing a sewer line. Replacing and upsizing a sewer line would allow a combination of SDCs and Operating Funds to be used, so every project was a bit different. SDC funds generally paid for growth-related projects and sometimes were paired with urban renewal money. Operating Funds tended to be used for deferred maintenance, and SDCs tended to be used to get parcels ready for development.

City Engineer Weigel continued the PowerPoint, reviewing how CIP projects got on the CIP list and highlighting the CIP projects planned within each quadrant of the city, as well as the Charbonneau improvements and projects related to Master Plans and Studies. He noted Art Tech Campus Light Renovation had a misprint in the Budget Book and on Slide 36, noting it was the demolition of the Kiva Building.

- He noted the City just received bids for the next phase of the Street Maintenance Program, which were quite high due to a combination of increased prices and an increase in the amount of work to be done. Staff considered the boundaries of where the paving work made sense and had extended them a bit, but enough money was available in the fund to accommodate the additional cost, so Staff was requesting an amendment to increase the Street Maintenance Fund.

Staff addressed Committee member questions about CIP projects in the City's quadrants as follows with additional comments from Committee members as noted:

Northwest Quadrant

- Land for the West Side Level B Reservoir had been purchased quite some time ago, even though it was outside of the city limits.

Southeast Quadrant

- A series of open houses was planned to get public feedback as the Boeckman Creek Interceptor Project moved through design. The first public open house would be held this summer to start gathering comments from the community, which would be addressed as the City moved through design, followed by another open house to show how those comments were addressed and to gather more comments. Design would continue in that stepwise fashion through the entire process to construction.

Charbonneau Improvements

- Member Fitzgerald appreciated how the magnitude of projects needed to bring Charbonneau up to the right standards was described, noting the infrastructure deficiencies caused leaks and breaking pipes, messing up the streets. She believed the Charbonneau Consolidated Improvement Plan was a great plan. As part of whole visioning project to look at the infrastructure across the entire city, she understood the initial scoping covered more than Charbonneau.
- Staff did track the condition of materials throughout the entire city, but Charbonneau stood out as the place to start.
- Public Works had an inspection program for utility pipelines, and the levels of deficiencies in Charbonneau were not being found elsewhere in the city. As one of the first neighborhoods built in the city, Charbonneau was unique. Inspection services had been provided via the County, and the quality of materials used was not great. Because Wilsonville was not an old city and Charbonneau was one of the oldest neighborhoods, the standards and materials had gotten better over time.

Further questions were addressed by Staff as follows:

- The Furniture Replacement Fund was for replacing furniture in public areas as it became worn and torn. Furniture that was still functional was surplussed to the State, assuming the State was accepting surplus furniture, which was not always the case. Broken or irreparable furniture was taken to the landfill. If furniture was repairable, it was repaired. The City preferred to donate items, if possible, instead of putting them in storage.
 - The Facilities Staff were good at maintaining furniture. Donating usable furniture to local nonprofits could be done. Recently, library items were donated to McMinnville.
- Not a lot of federal funds were available, and money that was available was competitive. Big projects were needed to make federal funding worthwhile, adding funding even for those projects were competitive because the City's projects competed against the entire nation. Staff was always looking for grant opportunities to become available, and more programs would become available in the next few years. Staff were in discussions with the City's federal highway liaison about what federal funding was coming up and what projects might be eligible for those funds.
 - Transportation projects funded with federal grants had to be managed by ODOT and could not be managed by the City, which required intergovernmental agreements (IGAs) and contracts and added a lot of time and expense to the project. The City went through that process for planning work on the French Prairie Bridge and it took two years just to get a contract in place. Additional requirements could add 30 percent to a project's cost, making big projects necessary to make it worthwhile to go after federal funding.

- Member Fitzgerald reported on a recent presentation, noting that Congresswoman Salinas and the federal representative with her seemed interested in trying to streamline some of the federal funding requirements as many were legacy steps built in many years ago. She suggested sending a letter to Congresswoman Salinas to provide moral support on cutting out some of the steps.
 - Staff agreed and stated that if the State standards met Federal regulations that would relieve about half of the problem.
- The City had been experimenting with different contracting methods to get a handle on material costs on CIP projects. The Boeckman Road Corridor Project was one example, where the City was doing a progressive design-build and alternative contracting where the contractor was part of the design team all the way through the project. Instead of competitive bidding, the contractor was on the team to help reduce risk on the project and help inform the team of better ways to build things, providing the design team expertise up front and helping to keep project costs low by assessing building method alternatives and providing up-to-date costs, since they were better able to track industry cost trends. It was working well on the Boeckman Project, and the City was getting the information it needed. Costs were still rising, but the team could be nimbler in the design because the information was known up front. Staff was also reaching out to a lot of the City's neighbors known to have construction projects out for bid to get their numbers and share information.
 - Material costs were all over the place and difficult to predict. Bids for some projects were coming in low and some were really high, so the City was looking at alternatives to help mitigate that issue.

The Assistant Finance Director, briefly described how each City department would review their prospective budgets, noting that for all departments, Personnel Services included a budgeted 10 percent increase for health insurance, and under Materials and Services, liability insurance was anticipated to increase by 10 percent to 20 percent. Employee Development was returning to pre-pandemic levels.

11. Program Budget: Public Works - PW Admin, Facilities, Roads, Water, Sewer, Storm, Street Lighting

The Public Works Director, described the functions and responsibilities of the Public Works Department, highlighting the work, key activities, and describing any budget requests within the Department's seven program areas: Administration and Emergency Management, Facilities and Grounds, Roads Maintenance, Streetlights, Water Treatment and Distribution, Sewer Collections and Treatment, and Stormwater Maintenance.

Questions and comments from Committee members were addressed by Staff as follows:

- A large street maintenance repair project done on Day Road three or four years ago included repaving the east bound lane; however, the gas line along the west bound lane was very shallow, so the City was working with NW Natural to get the line lowered and that lane repaved within the next year. He hoped that work would take care of the pothole problem temporarily. The 5-year CIP included the installation of a sewer line on Day Road and the long-range plan was to make Day Road a five-lane concrete road.

- Concerning the street light replacement project, Director Kerber confirmed LED lights were not significantly more expensive, and she had not heard about any discrepancies regarding the life cycle of LED lights. The lights in Frog Pond were currently being converted to LED and the newest lights, like those in Villebois, would be replaced last.
- The additional FTE position was a Facilities position. Facilities takes care of all the City's buildings and structures, and even helps set up for meetings. The new Public Works building was a driver for the additional position because Staff would still have to maintain the old building.
- The City's Pretreatment Coordinator worked with permitted industries, which are significant industrial users that work with heavy metals, high organics, or large flows of water. Currently, there were about eight in the city. The City also has best management practice agreements with businesses to ensure they understand that domestic waste could be sent to the City but industrial and processing waste must be shipped to another facility or sent to the City only occasionally. Managing the industrial and commercial waste coming to the City prevents harm to the water treatment plant. If the treatment plant cannot appropriately process the waste, the waste would end up in the river.
 - If a business or industry violated its permit by exceeding their permitted requirements, the City sends a notice of violation, Staff speaks with the business, and the business must submit a compliance response, which details how the violation will be rectified. If the violation continues, the City could impose financial liquidated damages on the business or publish the business's name in the newspaper. If the violation is egregious, the Department of Environmental Quality (DEQ) would get involved as well.
- The City owned the police station facility and contracts the services Clackamas County, so the County would not contribute to the reconditioning of the facility. The reconditioning would not include seismic upgrades.
 - The Community Service Block Master Plan describes the 10-year vision recommends ways to incrementally build out the block. In the meantime, the functions of the community center and police station must continue. The budget includes funding for the police station modifications, but it was a minimal amount to make the building more functional, add security in the lobby, eliminate the front stairwell, and build an internal stairwell.
 - The City did receive a grant for seismic upgrades, but the grant was for police facilities and since the building included Public Works, the City did not receive as much funding. Once Public Works moves out, the City could pursue additional funding.
 - The proposed budget included funds for a professional staffing survey for the police department that would look out 20 years, so if a new police facility were needed, it would account for growth and accommodate an appropriate staffing level 20 years from now.
 - The City Council's goals included improving emergency preparedness and public safety and completing a police department staffing study.
 - A future City Council could direct the City Manager to do take on policing as a City operation. Currently, the City gets excellent value and specialized services from the contract and trying to incorporate all that into a City municipal police department would likely double the current budget, though doing so might be a consideration as Wilsonville grew much larger.

- The upcoming requirements to allow camping on City property would affect the Public Works, its budget, and Staff. Some funds had been added to the Facilities budget for maintenance of vegetation, portable toilets, garbage, and other things, but there were so many unknowns. About \$100,000 had already been allocated from this year's budget to jumpstart setting up the camping area and the City would also allow people to live in their cars in the City Hall parking lot, so some minor adjustments and improvements would have to be made there.
- Determining the budgetary impacts was just a guess at this point. The goal was to have interactions with people living in cars or tents and get them into services. A lot of money was available through a supportive services grant and a Metro housing grant, and Staff understood housing was available for anyone who wanted it. Wilsonville's homeless population has remained consistent since Covid-19, between eight to ten people.

Member Fitzgerald noted the Supportive Housing Services Tax approved by the voters had generated an additional \$40 million in Clackamas County each year starting in 2020 and would remain in effect for another eight years. She was encouraged by the level of coordination by several entities in the county that would help build efficiencies, so it seemed there should be a way to avoid a big financial hit on the City. The goal was to get housing for those who need it.

The City Manager added the goal was to get too functional zero.

Chair Scull called for a brief recess at 8:03 p.m. and reconvened the meeting at 8:12 p.m.

Assistant Finance Director Smith presented the Public Works budget, including the Current Year-End 2022-23 Budget Estimate and the Proposed 2023-24 Budget, describing any proposed Baseline Changes and Add-Packages for each of the seven program areas.

The Finance Director confirmed maintenance trucks were on a depreciation schedule and explained that a new position would need an additional truck outside of the Fleet reserve. The vehicle would be depreciated over 10 years, and then it would be evaluated, and either be sold, traded in, or used for other purposes.

12. Program Budget: Transportation - SMART, Fleet

The SMART Transit Director noted that Scott Simonton, Fleet Services Manager had been awarded Fleet Services Manager of the Year by Clean Cities. He presented several key SMART and Fleet projects and explained how the Statewide Transportation Improvement Fund (STIF) and other grants and subsidies funded Transportation programs. He was extremely proud of the transit-oriented development project that would bring much needed affordable housing to the Wilsonville area, and specifically to the transit center which will provide residents access to wraparound social services on the first floor along with a regional transit customer service center.

Questions and comments from Committee members were addressed by Staff as follows:

- Currently, the proposed Clackamas Town Center bus route would operate Monday through Friday with peak service in the A.M. and P.M. being half hour headways and off peak being 60 minutes. However, he just submitted cost information to the County for running the service every half hour

Monday through Friday. The County expressed interest in helping to fund the higher frequency and was helping to purchase one of the four vehicles for the route. Ridership would increase if the route ran more frequently.

- The proposed route was discussed before tolling and as tolling started to be discussed, the City was approached by ODOT and others wanting the project expedited. Working with ODOT was slowing the project down as ODOT tried to figure out the cost of making the shoulders bus-ready with striping and signage. The shoulder lanes between Wilsonville and Tualatin cost ODOT about \$75,000, and lanes for the Clackamas Town Center route would cost three times as much because there was a lot more shoulder.
- Both shoulders along the route to Clackamas Town Center would be made bus ready. The stops currently being planned were for Stafford Road, with a bus turnaround at a high school near I-205, on 10th Street in West Linn, as well as in Oregon City, and Clackamas Town Center in both directions.
- The proposed route would be for SMART only, but the route did connect with other transit providers. SMART hoped this service would allow someone to go from Wilsonville to Mt. Hood using a transfer at Clackamas Town Center. Sandy Transit was working on bringing a route to the Town Center and Canby Transit would connect at the Oregon City shopping center. This was the first time SMART was coordinating all the providers. TriMet was involved and discussing the possibility of also using the shoulder with ODOT.
- Using the shoulder has improved SMART's on-time performance and Chariots was also interested in running service from Salem to Tualatin Park and Ride, but only if the shoulder was available.
- The main driver behind wanting the battery backup tool was that the charging infrastructure at the SMART/Fleet facility was not on a backup generator. A 480-volt generator would have been necessary and at a huge expense. The facility was on an electrical service that was separate from the rest of the facility, so another generator would have been necessary. With the battery backup tool, the buses could still be charged enough to continue providing some service during a one-to-three-day power outage. The total cost was close to \$400,000 with 80 percent of the cost being funded by a grant.
- Electric vehicles were now more economical and beneficial than light rail or mass transit. TriMet recently set up Bus Rapid Transit (BRT) along Division, which was much less expensive than light rail and did not require passing a bond measure to pay for it. Metro was working on a high-capacity transit plan, which was full of BRT along 99W and various corridors. Metro might still be considering the Southwest Corridor Plan, but the plan died after it was voted down.
- The City was close to having a study on extending WES light rail to Salem. The City was responsible for legislation requiring a committee to be formed with representatives from several agencies and disciplines, and SMART was expected to have a seat on the committee. Everyone realized the rail service needed to be extended and while quite expensive, it was an investment worth making. Metro had the project on its list, but it was not a priority. TriMet said it was neutral, but once a rail authority was formed, taking TriMet out of the rail business, TriMet would likely support it.

Director Katko briefly described the complexities of the Transportation Department and the Transit Funds, which involved the City budget, a federal grant budget, and the STIF budget. Each budget was submitted at various times, so the budgets did not always line up. The alignment of the delivery of vehicles was always a challenge. Vehicles were budgeted this year with the hope that they would arrive on time, as there had been supply chain issues with the buses.

The SMART Transit Director noted three buses were ordered from Colorado two years ago and were still in the process of being converted for alternative fuels.

The Finance Director presented the Transportation budget, including the Current Year-End 2022-23 Budget and Proposed 2023-24 Budget for SMART and Fleet, highlighting the key items in the proposed Baseline Changes and Add-Packages, noting that all the capital outlay was grant funded.

Questions from Committee members were addressed by Staff as follows:

- The electronic trolley would arrive this year and was purchased with a grant from the Volkswagen settlement.
- A more detailed breakdown of the percentage of part-time versus actual FTEs would be provided to the entire Budget Committee.
- The 20 percent projected increase in the actual number of trips on the fixed route was an achievable increase because the department was now close to being fully staffed.
- The projected nine percent increases in the cost per passenger trip and cost per service hour were based on fully loaded costs, which included benefits and other things.
- Revenue did spike during the legislative session with people taking the 1X. SMART was responsible for the park and ride at the transit center and monitored it very closely. Prior to COVID-19, the lot was 60 to 65 percent full. During Covid-19, there was one car. Now, there were about fifty vehicles, most being driven by State workers riding the 1X into Salem. Ridership was expected to grow because it was one of SMART's heaviest travelled routes at one time and the service was often standing room only.
 - Once the transit-oriented development (TOD) was complete, there would be an appreciable increase in ridership. Staff were thinking of ways to attract more riders. Most of the transit service is free, and because SMART was not dependent on fares to operate, it survived COVID very well.
- SMART was working with Chariots on some creative ideas, like electronic fares where a cell phone could be swiped at a receiver to pay the fare, as well as heavily discounted monthly bus passes for individuals and companies.
 - Providing incentives for electronic payment options was recommended like those offered with punch cards.
 - SMART was also working on implementing van pools to Salem, which was subsidized by an ODOT grant.

City Manager Cosgrove asked Committee Members to email questions about upcoming presentations to Staff in advance so Staff could respond to the entire Committee.

RECESS MEETING UNTIL MAY 18, 2023

Motion: Moved to continue the Budget Committee meeting to May 18, 2023, at 6:00 p.m.

Motion made by Member O'Neil, Seconded by Member Berry.

Voting Yea:

Member Fitzgerald, Member Akervall, Member Berry, Member Dunwell, Member Hamm, Member Moulton, Member O'Neil, Member Russell, and Chair Scull.

Voting Nay: None.

Vote: Motion carried 9-0.

Chair Scull recessed the Budget Committee meeting at 9:02 p.m.

Respectfully submitted,

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

DRAFT