

MINUTES  
Budget Committee Meeting  
April 4, 2012

The meeting was called to order at 6:00 p.m. by Budget Committee Secretary Allen Dawson. Present were Councilors Catherine Arnold, Ian King, Marc San Soucie, and Cathy Stanton and Members Karmen Bickel, Allen Dawson, and Traci Stout. Councilor Bode, members Randy Blake and Jose Galindez and alternate member Geoff Dougall were excused. Also present were Mayor Denny Doyle, Patrick O'Claire, Finance Director; Dave Waffle, Assistant Finance Director; and Joanne Harrington, Recording Secretary.

Secretary Allen Dawson opened the meeting.

Mayor Doyle gave opening remarks.

Mr. O'Claire said the purpose of the meeting is to review the operations of the current fiscal. He said the meeting will give an overview as to what has happened so far this year and his thoughts on what might appear in the budget for next year. He said that there can be no deliberation on items for the upcoming fiscal year budget.

Mr. O'Claire reviewed Handout 1, Schedule of Building Permit Fees Revenue Collection Analysis. He said on average over the prior four years the City collected 74.1% of the average building revenue. This is an improvement over last year which was at 70.7%. He said according to the Building Official, the estimate for FY 11-12 has been increased by \$45,000 to about \$1.8 million.

Mr. O'Claire reviewed Handout 2, Water Consumption Revenues Analysis Through March 31, 2012. He said the Water Fund is the most sensitive fund in the City because of the downturn in the economy, vacancies, the downturn in new connections to the water system, general water conservation practices and water conservation devices.

Mr. O'Claire said the revised budget for water revenue is \$7.1 million, which is a decrease from the original budget of \$7.6 million. He said this is due to consumption being down about 11% from the three year average. He said consumption is even lower than last year's.

Mr. O'Claire reviewed Handout 3, Schedule of Water Fund's Annual Debt Service Coverage (FY 2011-12 Budget and Estimated and FY 2012-13 Projected). He discussed the Debt Service Coverage Ratio and said it cannot drop below 1.2. He explained that the original budget for water revenue was established with the idea that the water rate increase would take affect September 2011, rather than January 2012.

He said the question to be considered is what to set the water rate at for FY 12-13. He said there were a couple of unanticipated projects this year with the replacement of the bridge on Allen near Scholls Ferry Road with a cost of about \$450,000 for the City to replace the water line. He said in FY 13-14, Washington County is going to widen Scholls Ferry Road from Teal Boulevard to Roy Rodgers Road to a five lane road and due to this the City will replace and upsize the water line that is located in that portion of the road estimated to cost \$900,000.

Mr. O'Claire said for FY 12-13 they are considering a dollar increase to the fixed rate and another 20 cents increase to the consumption rate along with options for a lower increase of 10 or 15 cents.

Mr. O'Claire reviewed Handout 4, Schedule of State Gas Tax Receipts. He said the City receives 24 cents which has been in existence since 1983 and has been fairly flat over the years. It is projected that the City will receive about \$4.9 million dollars in Gas Tax revenues which is on target.

Mr. O'Claire reviewed Handout 5 which shows the changes in various revenues for the City which have a notable increasing or decreasing trend. The schedule consists of information from FY 2001-02 through FY 2012 Estimated.

Mr. O'Claire explained the dramatic drop in Sewer SDCs. He said the City use to retain 20% of the Sewer SDCs and CWS received 80%. The drop in the Sewer SDC revenue is due to a newly formed agreement where the City retains only 4% of the SDCs and CWS receives 96%; however, CWS will reimburse any city 50% of the cost of replacing existing sewer lines that will reduce inflow and infiltration of ground water into the sewer system. He said that Beaverton is the only city to his knowledge that has requested reimbursement CWS for this program in replacing sewer lines.

Mr. O'Claire said the spike in TIF/TDT revenue in FY 11-12 is due to Wal-Mart paying over half a million dollars in SDCs for converting a furniture store on Cornell Road to a grocery store.

Mr. O'Claire explained the funding formula for WCCLS.

Mr. O'Claire reviewed Handout 6, Schedule of Business License fee Revenues. Revenue is projected to be higher than was budgeted for FY 11-12 so the \$470,000 budget amount has been revised to \$495,000.

Mr. O'Claire reviewed Handout 7, Summary Schedule of Fund Balances, Revenues, and Expenditures for the last ten years. It projects the revised estimate of Ending Working Capital that will be reviewed at the Budget Committee Meeting. He said the purchase of the South Office Building is reflected in the estimated columns and explained its effect on the ending fund balance. He said the General Fund's ending fund balance is a little under the 16% target, but if the City could have reimbursed itself for the office building purchase this year then it would be at 18%.

Mr. O'Claire said the Street Fund contingency is down due to the number of street improvements planned.

Mr. O'Claire said that according to the revenue projections from the Building Official, the Building Fund should start increase its ending working capital.

Mr. O'Claire said the Library Fund is doing very well. He said the roof repair at the library lowered the contingency.

Mr. O'Claire reviewed Handout 8, Personnel Services By Category Proposed Budget Sample Calculation of COLA Adjustment. He said the union contract is still being negotiated so he has entered an estimated amount into the budget.

Mr. O'Claire reviewed Handout 9, Medical Cost Increases. He said the total increase in medical and dental costs for FY 12-13 is \$348,648. The increase for ODS is 5.6%, Kaiser is 5% and there is no increase for dental.

There being no further business to discuss the meeting was recessed at 7:25 p.m.

Recorded by  
Joanne Harrington  
Recording Secretary