



## Tualatin Hills Park & Recreation District Minutes of a Budget Committee Work Session

A Tualatin Hills Park & Recreation District Budget Committee Work Session was held at 6 pm, Tuesday, April 18, 2017, at the Elsie Stuhr Center, Manzanita Room, 5550 SW Hall Boulevard, Beaverton.

Present:

Susan Cole	Chair/ Budget Committee Member
Miles Glowacki	Secretary/Budget Committee Member
John Griffiths	Budget Committee Member
Jerry Jones Jr.	Budget Committee Member
Ali Kavarianian	Budget Committee Member
Shannon Kennedy	Budget Committee Member
Anthony Mills	Budget Committee Member
Larry Pelatt	Budget Committee Member
Bob Scott	Budget Committee Member
Doug Menke	General Manager

Absent:

Stephen Pearson	Budget Committee Member
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### Agenda Item #1 – Call to Order

The work session was called to order by Chair Susan Cole at 6 pm. All present introduced themselves.

### Agenda Item #2 – Approve February 21, 2017 Minutes

**Miles Glowacki moved that the budget committee approve the minutes of the February 21, 2017 Budget Committee Meeting as submitted. Ali Kavarianian seconded the motion. The motion was UNANIMOUSLY APPROVED.**

### Agenda Item #3 – Opening Comments

*Note: A PowerPoint presentation was used throughout agenda items #3, #4, and #5. A copy of the PowerPoint presentation was entered into the record.*

General Manager Doug Menke welcomed everyone to the FY 2017/18 Budget Committee Work Session and outlined the interactive public meeting process. He announced that THPRD received the Government Finance Officers Association's Distinguished Budget Presentation Award for the 13<sup>th</sup> consecutive year.

### A. Guiding Themes/Strategies for FY 2017/18

Doug referenced the Comprehensive Plan Update, Strategic Plan, five functional plans, and Service and Financial Sustainability Analysis as tools staff used to develop the following themes that drove the development of the proposed FY 2017/18 budget:

- Ensure THPRD serves our entire community and eliminate barriers that could limit participation from some segments of our community
- Enhance communication and outreach efforts with patrons and residents

- Maintain and enhance levels of service in THPRD parks, trails, natural areas and facilities
- Ensure continuity of service and minimize service disruptions
- Move cost recovery on THPRD services in line with established goals

Doug noted that the proposed amount to fund the General Fund budget is just under \$54 million.

## **B. Goal Outcomes & Performance Measures**

Seth Reeser, Operations Analysis manager, described the revised process staff used for the FY 2017/18 goal outcomes and performance measures, noting that based on board of directors' priorities, nine business plans were completed and will be funded in FY 2017/18.

### **Agenda Item #4 – Review Proposed 2017/18 Fiscal Year Budget Resources**

Keith Hobson, director of Business & Facilities, provided a brief overview of the budget process. He stated that the proposed budget reflects staff's final proposal. The budget committee may make changes, which would be reflected in the approved budget and approved by the budget committee. The board of directors may make limited changes to the budget committee's approved budget, which would be reflected in the adopted budget.

Keith stated that THPRD's total resources for the FY 2017/18 proposed budget are approximately \$101 million. Of the total resources:

- A little over one-third is from beginning Cash on Hand (\$37 million), with approximately 75% of Cash on Hand (\$29 million) in capital carry forwards from the bond, System Development Charge (SDC) and general funds.
- A little over one-third (\$38 million) is from property taxes.
- The balance is from a variety of sources including program user fees, SDC fees, grants, and other income.

Keith noted that there is little change in resources between FY 2016/17 and FY 2017/18, other than a significant decrease in beginning Cash on Hand due to the spend down of the bond funds from the 2008 bond levy.

### General Fund Resources

- The tax levy is based on estimated assessed value. The budget committee will be asked to approve tax levies at their May meeting. The proposed budget was prepared with an estimated increase in assessed value of 4.5%, equal to the budgeted increase and actual growth in assessed value for FY 2016/17. Taxes have been increased by 3% on existing properties where market value is more than assessed value. New development growth is conservatively estimated at 1.5%, consistent with FY 2016/17.
- The beginning fund balance is projected at \$5.5 million, slightly less than the estimate provided at the February midyear meeting.
- Program revenue is projected to increase by 4.4% from the FY 2016/17 budget. Program revenue is built from the compilation of all program activities and is based on actual programs, not an overall estimate. The loss of revenue from programs that do not run is offset by costs that are not incurred. The budget is based on minimum levels of participation in classes; as such, more revenue than budgeted is realized on the programs that run over minimum.
- Rental revenue has decreased due to demolition of some rental houses. When a house becomes vacant, staff reassess the cost of repairs against future rental income. With development of several sites anticipated in the next two to four years, staff determined it was not cost effective to repair them.

- Grant revenue has increased.
- All other resources remain relatively unchanged from the prior year.

John Griffiths inquired about the number of houses THPRD owns.

- ✓ Mark Hokkanen, Risk & Contract manager, replied there were 19 residential properties before the demolitions; 12 currently.

Anthony Mills asked whether any of the recent demolitions could have been rented at below market.

- ✓ Mark replied staff assess the condition of the house to determine if it is habitable.

Shannon Kennedy asked what Transfers In represents.

- ✓ Keith stated that Transfers In are capital funds transferred into the General Fund to reimburse for staffing costs for project management of bond or SDC projects.

### **A. Cost Recovery Targets**

Seth reviewed contact hours and program revenue over the last six years and noted that contact hours and program revenue generally track in the same direction and both continue to increase.

Anthony asked for the definition of contact hours.

- ✓ Seth explained that it was the amount of patron face time for activities such as classes or drop-in activities; it does not include park usage.
- ✓ Keith added typically contact hours are program hours multiplied by the number of participants.

Seth reviewed actual and budgeted cost recovery percentages by department, noting that actual cost recovery is generally higher than budgeted because expenditures are usually less than the budgeted appropriations and revenues are typically higher or if programs are not run, then expenses are not incurred.

Anthony, referring to the “Revenues as a % needed to meet Cost Recovery” slide, inquired what is included in Natural Resources.

- ✓ Seth replied that the Nature Center and Cooper Mountain Nature House are included as program revenue generating centers.
- ✓ Keith added Natural Resources also includes maintenance of natural areas.

Anthony requested clarification regarding desired cost recovery targets.

- ✓ Seth explained the cost recovery pyramid and the expected levels of cost recovery for each tier based on the amount of community or personal benefit. He noted that generally centers are expected to recover up to 85 to 95% of their target.
- ✓ Keith explained that the 100% cost recovery target is a long-term target where ultimately all programs are performing within cost recovery goals.

Miles Glowacki inquired about the percentage of budgeted classes that do not run.

- ✓ Keith replied that, in the budget book, each program center’s key performance indicators lists the percent of classes held versus offered; however, there is not a districtwide total of all classes. He indicated that staff would provide the information for the budget committee’s May meeting.

### **B. Grant Detail**

Keith provided historical information regarding grants THPRD budgeted and were awarded, including federal grants that were awarded to Oregon Department of Transportation (ODOT)

that are not reflected in THPRD's budget. He acknowledged that pursuing grants is a board of directors' priority. Many grants are awarded in one year and received the following year. Keith commented that approximately 70% of the budgeted grant revenue is from awards received prior to the end of FY 2016/17. For grants not received, revenue is tied to specific expenditures to ensure there is no shortfall. Of the \$2.1 million of budgeted grant revenue, approximately \$58,000 supports operating expenses, \$180,000 is a federal interest subsidy that supports debt service payments, and \$1.8 million supports capital projects.

Miles requested clarification on THPRD's policy for sponsorships.

- ✓ Ann Mackiernan, chief financial officer, replied that \$5,000 is used as a placeholder as the amount fluctuates greatly year over year.
- ✓ Keith added that THPRD does have a sponsorship policy; however, THPRD has not pursued sponsorships aggressively in the past. In-kind donations are not reflected as sponsorship revenue.
- ✓ Ann noted that staff would provide more information regarding in-kind donations.

John inquired when the \$3.7 million grant will be reflected and who manages the project.

- ✓ Keith replied that the grant is federal transportation funded and must be managed by ODOT. THPRD's Design & Development staff work with ODOT staff to manage the project.

John requested additional information regarding the Local Government Grant Program grant for Cedar Hills Park.

- ✓ Keith replied that the LGGP grant is lottery funds that are awarded through the Oregon Parks and Recreation Department. The grant application will be for restrooms and sport courts.

Larry Pelatt, referring to the \$3.7 million federal transportation grant, asked if project management staff costs could be reimbursed from the grant.

- ✓ Keith replied that while staffing costs could be reimbursed, due to the competitive nature of the grants and the required THPRD match, generally staffing costs are not recovered.

## **Agenda Item #5 – Review Proposed 2017/18 Fiscal Year Budget Resources**

### **A. Operating Expenditures**

Keith noted that because THPRD has a balanced budget, appropriations total approximately \$101 million in the FY 2017/18 proposed budget. Total General Fund appropriations are approximately \$54 million, an increase of approximately 4%.

- Personal Services costs increased by 4.4%. The current three-year collective bargaining agreement expires on June 30, 2019, and the budget reflects costs in line with the agreement. A cost of living increase of 2.1% is included, as well as an 8% increase for health benefits and a 5% decrease for dental benefits. Payroll tax rates are unchanged. Based on the most recent valuation dated July 1, 2016, pension costs are budgeted to be 6.2% higher than last year.
- The FY 2017/18 proposed budget reflects the addition of two new full time positions, the upgrade of two regular part-time positions to full time, and the downgrade of one full-time position to regular part-time. The total effect is a net increase of three full-time positions and a net decrease of one regular part-time position. THPRD consistently evaluates vacant positions prior to filling to determine if positions should be repurposed or eliminated.
- Budget targets for Materials and Services were given an indexed increase of 2.5%. The FY 2017/18 proposed budget includes a 1.5% increase, which includes the indexed increase but reduced by one-time funding additions from FY 2016/17. Utility rate and

utilization changes are reflected in the proposed budget; gas and electricity are projected to decrease, while water is projected to increase.

- General Fund capital outlay decreased by approximately 5% compared to last year due to a lower level of carryover projects.

#### Board of Directors

Ann provided a brief overview of the Board of Directors appropriations, including:

- No election funding for FY 2017/18 as it will not be an election year
- Additional funding for required pension plan audit services

#### Administration

Ann provided a brief overview of the Administration budget highlights including:

- Direct implementation of the bond program
- Maintain cooperative relationships with local agencies and organizations
- Pursue grant funding for capital improvements
- Implement the Comprehensive Plan Update and Service and Financial Sustainability Analysis
- Increase funding for partnerships and staff tuition reimbursements

#### Communications & Outreach

Bob Wayt, director of Communications & Outreach, provided a brief overview of the Communications & Outreach Division's budget highlights including:

- Improve registration portal, including mobile utility
- Update trail maps
- Encourage diverse participation at public meetings
- Focus marketing on increasing awareness, participation and revenue, such as using vinyl wraps on 12 more THPRD vehicles

John asked if there have been any comments from the public regarding the vehicle wraps and inquired about their cost and how long they last.

- ✓ Bob replied that staff have not received specific comments from the public. The average cost for the vinyl wrap is \$1,000 for each vehicle, and they will last approximately five to seven years. A local firm helps design the wraps.

Jerry Jones Jr. commented that local agencies have similar trail maps and encouraged staff to work with the agencies to consolidate efforts and possibly produce one map.

- ✓ Bob replied he would be happy to reach out to the local agencies.

Anthony asked if other amenities could be wrapped such as garbage cans.

- ✓ Bob replied that staff will consider wraps for other amenities.

Chair Cole asked whether THPRD's registration program is an in-house or branded software.

- ✓ Keith replied it is an in-house developed product.

Jerry inquired when registration via mobile device would be available.

- ✓ Bob replied that mobile registration could be ready in early FY 2017/18.

#### Security Operations

Mike Janin, superintendent of Security Operations, provided a brief overview of the Security Operations Department's responsibilities and budget highlights including:

- Update THPRD's rules and regulations
- Continue to promote safe parks

- Continue to investigate encroachments on THPRD property
- Continue to manage security and fire suppression systems, keyless access controls, and security camera systems
- Continue working partnerships with local law enforcement agencies and the Beaverton School District

John asked how encroachments have been trending over the past few years.

- ✓ Mike replied that encroachments have been decreasing due to staff's collective efforts.

Anthony requested an update about public camping on THPRD property.

- ✓ Mike replied that patrons call Security Operations when they see public camping and staff make contact with the camper and provide information regarding available resources in the area.

Jerry commented on Security Operations' modest budget and acknowledged the great work they do as the face of THPRD.

### Community Partnerships

Geoff Roach, director of Community Partnerships, provided a brief overview of the Community Partnerships Division's responsibilities and budget highlights including:

- Complete capital campaign for SW Quadrant Community Park
- Continue work with Tualatin Hills Park Foundation (THPF)
- Ensure fundraising by THPF are aligned with THPRD priorities

Shannon asked how much has the department raised since its inception.

- ✓ Geoff replied that approximately \$1.47 million has been raised specifically for SW Quadrant Community Park; in addition, funds have been raised for operations.
- ✓ Doug described how THPF, the Champions Council, and THPRD's many partners helped fundraise for this common goal.

Anthony asked for a brief overview of THPF.

- ✓ Geoff replied that THPF's mission is Access for All, removing barriers for full participation for all patrons. THPF currently has 12 members, but will grow over time. Their operating budget is approximately \$25,000, and there is approximately \$120,000 for capital projects. He described the Legacy Circle that is a \$1,200 commitment for each member.

### Business & Facilities

Keith provided an overview of the Business & Facilities Division's budget highlights including:

- Continue project oversight of the bond capital program and support for the Bond Oversight Committee
- Continue implementation of the SDC capital program
- Continue ongoing legislative advocacy
- Continue pursuit of public and private partnerships

Keith noted that the total appropriation for the entire Business & Facilities Division is approximately \$22 million, an 8% increase over FY 2016/17. The increase is attributed to replacing THPRD's financial software (over \$500,000), staffing adjustments in the Information Services Department, and staffing and materials increases in the Maintenance Department to accommodate increased workload due to new park acreage.

### Finance Services

Ann provided a brief overview of the Finance Services Department's responsibilities and budget highlights including:

- Fund two temporary positions to backfill existing staff implementing the financial software replacement. The current software (Springbrook) was purchased by another company who has reduced support for customized packages such as THPRD's.

Shannon inquired about software licensing fees.

- ✓ Ann replied that Springbrook's fees are approximately \$35,000 annually; however, newer software would be approximately \$80,000 annually due to a more comprehensive service level.
- ✓ Keith added that with newer software, staff are hoping to use more modules such as budgeting and reporting tools.

Anthony asked how long would the new financial software last.

- ✓ Keith replied that THPRD has used Springbrook for about 25 years, with additional costs for upgrades through those years. He estimated at least five to 10 years for the new software.
- ✓ Ann added that software implementation such as data migration is included in the \$500,000 amount.

Miles asked how the purchasing cards have been working for THPRD.

- ✓ Ann replied that overall the purchasing card program is performing well; it has reduced the amount of paperwork, and staff monitor for inappropriate use.

Jerry inquired if the \$500,000 amount for the financial software includes staffing.

- ✓ Keith replied the temporary staffing is included and is budgeted for FY 2017/18 in Finance Services, while the software is budgeted in Information Services.

### Risk & Contract Management

Mark provided a brief overview of the Risk & Contract Management Department's responsibilities and budget highlights including:

- Support annual accreditation of Oregon OSHA Safety and Health Achievement Recognition Program (SHARP)
- Reduce claim costs and improve employee injury recovery rates through Risk Management Steering Committee initiatives
- Enhance Employee Wellness Program through collaborations with Human Resources Department
- Enhance Sheltering in Place and Student Reunification programs with Security Operations Department
- Provide increased procurement opportunities for Minority, Women and Emerging Small Businesses (MWESB)

### Information Services

Phil Young, Information Services manager, provided a brief overview of the Information Services Department's responsibilities and budget highlights including:

- Add position to Information Services Department
- Replace one-third of desk phones
- Replace Finance Services' financial software
- Implement configuration management software

John requested more information regarding the new position.

- ✓ Ann replied that the existing Information Services manager position will be split into two job descriptions, separating the engineering and managing components.

Doug commented that staff are currently in the process of transitioning the email system.

### Operations Analysis

Seth provided a brief overview of the Operations Analysis Department's responsibilities and budget highlights including:

- Continue cost recovery strategies
- Complete Strategic Energy Management cohort through the Energy Trust of Oregon and develop long-term strategies for energy savings

### Human Resources

Nancy Hartman Noye, Human Resources manager, provided a brief overview of the Human Resources Department's responsibilities and budget highlights including:

- Enhance cultural competency through employee training
- Enhance community outreach to attract a diverse workforce
- Review and update human resources related operational policies and procedures

Shannon inquired about the number of employees represented in the collective bargaining agreement.

- ✓ Nancy replied of the 174 full-time employees, approximately 45 are exempt. There are an additional 20 regular part-time employees, who work 30 to 35 hours per week, who are also covered in the collective bargaining agreement.

Anthony asked who negotiates the collective bargaining agreement.

- ✓ Nancy replied internal management staff negotiate on THPRD's behalf, while represented staff negotiate with Oregon School Employees Association (OSEA) staff.

### Maintenance Operations

Jon Campbell, superintendent of Maintenance Operations, provided an overview of the Maintenance Operations Department's responsibilities and budget highlights including:

- Implement new service model; merge Athletic Facilities and Parks Maintenance
- Upgrade two regular part-time pool operator positions to full time, downgrade one full-time pool operator I to full-time pool operator II
- Pursue Strategic Energy Management incentives through the Energy Trust of Oregon

Jerry asked how many THPRD facilities are located in the City of Beaverton, but are served by Tualatin Valley Water District.

- ✓ Keith indicated that staff would provide the information for the budget committee's May meeting.

Jerry complimented Maintenance Operations staff for the work they do at THPRD facilities and parks, and shared that he has received many positive comments from the public.

### Planning

Jeannine Rustad, superintendent of Planning, provided a brief overview of the Planning Department's responsibilities and budget highlights including:

- Convert urban planner position to urban planner grant specialist and add urban planner II

- Continue land acquisition with focus on not served or underserved areas as well as future growth areas
- Continue implementation of grant strategy
- Strengthen partnerships
- Continue participation in local and regional planning efforts

Jerry, in regard to strengthening partnerships, encouraged staff to not only focus on local agencies, but include the development community such as Home Builders Association and commercial developers.

- ✓ Jeannine noted that she is participating in Washington County's Developer Forum next week to start those conversations.

### Design & Development

Gery Keck, superintendent of Design & Development, provided a brief overview of the Design & Development Department's responsibilities and budget highlights including:

- Reclassify Design & Development coordinator to park planner II
- Complete construction of SW Quadrant Community Park, Westside Trail #18 and Aquatic Center Renovation Phase II
- Complete public engagement and master plan of three neighborhood parks
- Complete construction documentation and permitting phase for Cedar Hills Park

Jerry requested clarification on which department works with developers that build SDC-credit projects and asked if the SDC methodology includes project management costs for SDC-credit projects.

- ✓ Gery replied that Design & Development staff ensure that the developers build per the approved plans.
- ✓ Keith added that there is a transition between the Planning and Design & Development departments. Planning staff negotiates the SDC-credit project and Design & Development staff follow through construction. He noted that total project cost, including project management, is accounted for in the SDC methodology.

Miles requested more information regarding the enhanced outreach process.

- ✓ Gery provided information regarding the Crowell Woods project that began seven months ago. THPRD hired a consultant to help staff reach out to diverse audiences and solicit more engagement on the project development. The process was successful and staff will evaluate what worked and what did not, and they will use it as a model for future projects. Staff will use a consultant for limited assistance in upcoming projects, but will eventually transition to a staff-led process.
- ✓ Anthony reemphasized the need to continue to reach out to diverse audiences.

### Park & Recreation Services

Aisha Panas, director of Park & Recreation Services, provided a brief overview of the Park & Recreation Services Division's responsibilities and budget highlights including:

- Repurpose program analyst position from the Office of the Director to the center supervisor position at the Elsie Stuhr Center
- Continue to pursue the National Recreation and Park Association's Gold Medal award; THPRD was a finalist in 2016
- Pursue accreditation through the Commission on Accreditation of Park & Recreation Agencies (CAPRA)

Shannon inquired about the application fees associated with CAPRA, not including staff time.

- ✓ Aisha replied that CAPRA fees are based on the size of the organization's budget; for THPRD, the fee was \$3,300. THPRD will host a three-person visitor group to review the CAPRA submittal and those expenditures are reflected in the Office of the Director budget.

Shannon asked if being certified would help secure grant funding or make THPRD more eligible for other programs.

- ✓ Aisha replied being certified is taken into consideration and would be included in all grant applications. She noted that nationwide there are approximately 8,000 park and recreation agencies, of which less than 150 are certified. If THPRD is successful in its application, THPRD will be the fourth agency in Oregon to be accredited.

### Aquatics

Sharon Hoffmeister, superintendent of Aquatics, provided a brief overview of the Aquatics Department's responsibilities and budget highlights including:

- Focus community outreach to underserved areas by expanding water safety at community events
- Expand Make a Splash swim lessons
- Complete Aquatic Center Renovations Phase 2
- Expand Hire to Train lifeguard recruitment program

Anthony asked about the need for swim instructors who speak other languages.

- ✓ Sharon replied that staff recruit bilingual instructors when possible to better serve our patrons.

Miles asked where the new high school swim team will practice and what their impact will be on existing programs.

- ✓ Sharon replied that the sixth high school will be accommodated at Aloha Swim Center along with Aloha High School. Sunset Swim Center has a similar accommodation for both Sunset High School and Westview High School. She noted that some programming will be impacted at Aloha Swim Center. Staff evaluated the capacity of both Aloha Swim Center and Conestoga Recreation & Aquatic Center before assigning Aloha Swim Center to the new high school.

Chair Cole commented on the different demographics of Aloha Swim Center and Conestoga Recreation & Aquatic Center and wondered if Aloha patrons will be crowded out because of the additional high school programming.

- ✓ Sharon replied that evening swim lessons at Aloha Swim Center are very popular and will continue to be offered. Pool time has been allocated equitably between schools and staff will monitor use and reevaluate, if necessary. She noted that both morning and afternoon time slots are offered to the high schools and the schools decide which slots they will use, the times not allocated are used for patron programming.

### Sports

Keith Watson, superintendent of Sports, provided a brief overview of the Sports Department's budget highlights including:

- Transfer adaptive and inclusive program specialist, field fee revenue and specialized recreation revenue from the Sports Department to the Athletic Center
- Continue growth of community partnerships and expand Access for All program development
- Continue implementation of the Athletic Facilities Functional Plan, emphasizing emerging sports such as pickleball, corn hole and archery.

Jerry inquired about the location of the archery range at PCC Rock Creek.

- ✓ Keith Watson replied that the outdoor, all-ages, drop-in archery range will be located at the north practice fields. It will have approximately 10 targets. THPRD staff are working with Oregon Department of Fish and Wildlife (ODFW) staff and volunteers to set up the range.

John asked about the link between ODFW and archery.

- ✓ Doug explained that ODFW issues the licenses for bow hunting and they are required to offer educational opportunities.
- ✓ Keith Watson added that ODFW has partnered with THPRD over the past couple of years, initially approaching Recreation staff for the first archery range.
- ✓ Larry commented that the archery range at Washington Park was recently refurbished.

### Recreation

Eric Owens, superintendent of Recreation, provided a brief overview of the Recreation Department's responsibilities and budget highlights including:

- Transfer the Elsie Stuhr Center from the former Programs & Special Activities Department to the Recreation Department and transfer Office of the Director position to the center supervisor position at the Elsie Stuhr Center
- Repurpose vacant program coordinator position at Elsie Stuhr Center to new urban planner grant specialist in Planning
- Manage medical community partnerships such as RxPlay, FamilyCare, Silver&Fit, SilverSneakers as well as new partnerships
- Add districtwide program specialists to manage fitness programs and community engagement
- Implement updated Programs Functional Plan

Chair Cole commended staff on the partnerships with the medical community, but cautioned that taxpaying residents should continue to be the priority for recreational opportunities.

- ✓ Eric replied that in order to receive the benefits from the medical community partnerships, recipients must be in-district residents.

### Community Programs

Deb Schoen, superintendent of Community Programs, provided a brief overview of the Community Programs Department's responsibilities and budget highlights including:

- Rename department from Programs & Special Activities to Community Partnerships
- Transfer office tech position to Community Programs from the Athletic Center
- Continue collaboration with City of Beaverton to provide community events and programs
- Make recommendation for Jenkins Estate programming
- Develop strategic theme and supporting message to improve community engagement during summer events
- Continue to develop a framework for the improvement of THPRD facilities for people experiencing disability through the ADA Transition Plan

Miles requested clarification regarding the 5,350 volunteers listed in the Community Partnerships narrative inquiring if the count is for unique individuals. He also inquired of the demand for one-time versus long-term volunteer activities.

- ✓ Deb replied the number is not unique individuals. She noted that staff have created more opportunities for one-time volunteering for those who do not wish to make a long-term commitment.

Anthony asked if volunteer opportunities are easy to find on THPRD's website.

- ✓ Deb confirmed that there are several areas that direct those interested to the volunteer page.
- ✓ Jerry added that as a recent THPRD volunteer who registered online, he has received emails on upcoming volunteer opportunities.

Anthony requested more information about the Jenkins Estate concept plan and programming opportunities.

- ✓ Deb replied that Bruce Barbarasch, superintendent of Natural Resources & Trails Management, is developing a concept plan for when the current concessionaire leaves in October 2017. Staff are evaluating other programming opportunities such as a preschool in the Gate House based on the Nature Center's preschool program. Staff plan to solicit requests for proposals for the Main House and Stables. She noted that weddings continue to be popular on the weekends.

Chair Cole asked why the concessionaire is leaving Jenkins Estate.

- ✓ Deb replied that the concessionaire's contract is ending and they decided not to renew based on financial and logistical reasons.

#### Natural Resources & Trails Management

Bruce provided a brief overview of the Natural Resources & Trails Management Department's responsibilities and budget highlights including:

- Start \$800,000 grant-funded habitat improvements and culvert replacements in the Fanno Creek Greenway
- Continue bond-funded restoration efforts

#### **B. Capital Expenditures**

Keith provided an overview of the funded General Fund Capital Projects.

- Information Services capital and Maintenance Operations equipment may be found in their respective department budgets.
- Projects are prioritized toward maintenance replacements and some selected improvements.
- Total replacement funding is approximately \$4 million, which includes Information Services and Maintenance Operations capital.
- Capital projects funded by outside sources include approximately \$1.8 million from grants.
- The total carryforward balance is \$1 million, plus additional funding of \$1.5 million for a total of approximately \$2.5 million. One major carryover project is the second phase of Aquatic Center renovation.
- Challenge Grant allocations are \$75,000, a decrease from \$90,000 in FY 2016/17 due to the consolidation of the advisory committees and friends groups. A set amount will be available as a match to the friends groups' contributions, and there will be a combined amount that the advisory committees may access to initiate capital initiatives.
- Energy saving capital improvements include:
  - LED lighting at the Babette Horenstein Tennis Center
  - HVAC improvement at Harman and Sunset Swim Centers
- Replacement projects to note:
  - Replacement of bridge and boardwalk at six sites, including the Willow Creek boardwalk if pilot results of a new surfacing material are favorable
  - Resurfacing of five tennis courts at Camille Park and Roxbury Park

- Replacement of parking lot at Hazeldale Park with a more sustainable option that will treat stormwater runoff on site
- Replacement of play structures at Butternut Park and Hazeldale Park
- Implementation of signage replacement per signage master plan
- Investments in items to improve employee safety and significant new funding to address ADA improvement items identified through the recently completed ADA Transition Plan.

Keith explained that the Capital Improvement Plan (CIP) section lists all capital expenditures regardless of funding source. The section contains tables that show capital outlay for FY 2017/18 and a five-year projection, and shows the source of funding for this capital. The project summary pages include projections of available funding for the General Fund and SDC fund.

Keith noted that the CIP section includes the unfunded capital and deferred replacements. The unfunded capital list includes maintenance replacement items as well as new capital requests from staff. Unfunded capital is categorized by severity of need. Overall, the level of unfunded capital has decreased significantly from FY 2016/17. It is down in all categories except for an increase in new capital requests.

Keith stated that the amount of replacements due in FY 2017/18 is approximately \$2.6 million. This amount is on the low end of the average, which ranges between \$2.5 and \$3 million. Beginning deferred maintenance backlog was \$4.3 million. Cost adjustments and purged items resulted in an increase to the backlog of approximately \$250,000. The total replacement funding needed is \$7.1 million. With \$4 million available to be funded in FY 2017/18, the resulting backlog projected for June 30, 2018 is approximately \$3.1 million.

Keith reviewed the backlog balances over the last 10 years, noting the backlog peaked in 2010 and generally has trended downward since. He noted that FY 2018/19 will be a higher than normal obligation; otherwise, obligations are at or below normal until FY 2022/23. It is not necessarily THPRD's goal to get the deferred balance to zero as some replacement deferrals are intentional due to condition of assets. Maximizing the useful life of THPRD's assets ensures that THPRD receives the best value for its investment.

Keith reviewed the level of funding for replacement items, showing an overall trend of increasing funding for capital replacements. Based on the last four years and through FY 2017/18, THPRD has made consistently high levels of maintenance replacement funding. He noted that while there may always be some backlog due to condition of assets, the backlog would not be due to funding limitations. He showed the budget committee examples of typically deferred projects, noting that although the assets are not in optimal condition, they are serviceable.

Keith reviewed THPRD's reserve fund for major replacement items, noting that the available replacement funding the past two fiscal years and the proposed FY 2017/18 budget are net of \$850,000 each year, which is being appropriated into the replacement reserve fund. The amount of funding for the replacement reserve is based on a sinking fund calculation that sets aside the cost of replacing an asset over the life of the asset, which was a key recommendation of the Service and Financial Sustainability Plan. The \$850,000 annual contribution reflects the current year funding need plus a contribution to the unfunded balance from prior years. The total reserve fund balance includes the backlog items already at the end of their useful life, and includes the portion of used life of all other major assets that will need to be replaced. In order to start transitioning toward the appropriate use of the replacement reserve, for FY 2017/18, a portion of the replacement reserve (\$183,000) will be used to fund major replacement items.

Keith noted that routine replacements are being calculated similarly starting in FY 2017/18. The total asset base for routine assets is over \$60 million, with an estimated replacement reserve

liability of approximately \$30 million. Staff will continue to measure the routine replacements liability each year and prioritize funding to maintain the backlog at an appropriate level; however, the routine replacements reserve will not be funded until the major replacements reserve is fully funded in about 5 to 10 years.

Shannon asked when the sinking fund would be fully funded.

- ✓ Keith replied that, at the given contribution rate, it would take approximately 10 years to fully fund the major capital replacement reserve; however, based on five-year projections, he estimated that there could be no backlog in three to four years and THPRD could increase contributions to fully fund the reserve in six to seven years.

John asked how much is contributed annually to the sinking fund.

- ✓ Keith replied it is a net of \$850,000 annually. For example, for a pool tank replacement that is on the replacement list and had partial funding that will be pulled to fund the project, the amount of the partial funding plus \$850,000 would be contributed to the capital replacement reserve.

John complimented staff for their work in reducing the deferred maintenance backlog over the years.

- ✓ Keith commented that it has been a long-term, collaborative effort with the board of directors, budget committee and staff to develop fiscal policies and exercise financial discipline.

Jerry questioned whether budgeting phases 2 (carryover) and 3 (new project) of the signage master plan in FY 2017/18 is realistic, noting his concern that delaying implementation creates inconsistent branding.

- ✓ Keith replied staff conservatively estimate projects to be carried forward in December.
- ✓ Jon announced that phase 2 of the signage master plan was recently completed and staff are preparing for phase 3.

Jerry requested more information regarding the fall protection at five sites building improvement project.

- ✓ Mark explained that per an OSHA requirement, fall protection devices are being installed at a number of older THPRD facilities with flat roofs in order for staff to safely access HVAC units.

### **C. Special Revenue, Debt Service, and System Development Charge**

Bruce noted that THPRD allows developers to use THPRD property to mitigate their impact to wetland areas or buffers around streams. Fees collected from these projects are placed in a Special Revenue Fund to be used to maintain the sites.

Larry requested confirmation that a developer would pay to mitigate the THPRD site plus provide additional fees to maintain the site.

- ✓ Bruce confirmed.

Keith provided an overview of THPRD's Debt Service Fund that accounts for the repayment of principal and interest of THPRD's General Obligation Bonds.

- Repayment of the \$73 million outstanding bond balance from the \$100 million 2008 bond levy is funded through a separate property tax levy.
- The levy amount is set based on the annual debt service payment required and the rate is then determined based on the total assessed value.

- The total levy amount needed is \$7.1 million and based on the projected growth in assessed value results in a property tax rate of \$0.30 per thousand, which continues to be well below the projected rate of \$0.37 stated in the 2008 election materials.
- This lower rate is due to a combination of the favorable market conditions at the time of the original issue and refinancing, but also due to THPRD's strong credit ratings.

Larry asked if THPRD collects based on the \$0.30 per \$1,000 rate.

- ✓ Keith explained that THPRD sets the debt service amount for the budget, then Washington County converts that amount to a per \$1,000 rate based on assessed values.

Keith provided an overview of the System Development Charges (SDC) Fund projects:

- Although increased SDC revenues were anticipated due to the updated SDC methodology and increased development in the North Bethany area, staff have scaled back the increases and used a lower revenue estimate based on year-to-date revenues.
- There will not be a cash shortfall as there is approximately \$3 million in undesignated appropriations in FY 2016/17.
- Carryforward projects were included in the FY 2016/17 adopted budget. Approximately \$860,000 is proposed to be added in FY 2017/18.
- Approximately \$2.4 million in undesignated appropriations for FY 2017/18.
- Approximately \$8.3 million is available for new acquisition and development project commitments.
- Approximately \$5.2 million is budgeted for new acquisitions. Staff anticipate using more SDC credit funding rather than SDC cash for land in the South Cooper Mountain area. Undesignated appropriations could be used for land acquisition.
- Approximately \$3 million is budgeted for new development projects, including a new neighborhood park development in the northwest quadrant on a site acquired through the 2008 bond measure and development of a segment of the Bethany Creek Community Trail that will connect North Bethany to the Westside and Rock Creek Trails.
- The projects proposed for funding were based on the updated five-year CIP approved by the board in March 2016. The CIP was restated to reflect the reduced revenues and the extended timeline to fund the projects.

Larry inquired if THPRD has the ability to borrow against SDCs.

- ✓ Keith replied that while THPRD has the capacity to borrow against SDC revenue, a full faith and credit obligation fund is a better debt structure.

Chair Cole asked what is the current SDC fee for a single-family residence.

- ✓ Keith replied the fee varies depending on location. The base fee is \$10,800, and slightly over \$12,000 if located in the newer urban service areas.

Chair Cole requested confirmation that the priority order for SDC CIP remained the same.

- ✓ Keith confirmed.

#### **D. Bond Capital Projects**

Keith provided an overview of the Bond Capital Projects Fund:

- The carryforward is estimated at \$17 million, based on expenditures to date.
- The Bond Fund Overview by project illustrates project appropriations included in the bond package.
- Based on the Parks Bond Citizen Oversight Committee's fiscal policy, interest earnings on unspent bond funds are allocated to the projects based on the remaining appropriation in order to help offset inflation.

- Staff project a budget shortfall of approximately \$2.7 million based on estimated project costs, primarily due to the Cedar Hills Park and the Somerset West Park redevelopment projects. The budget reflects available funds, and the appropriations for the projects with budget shortfalls do not cover the full estimated cost of these projects. This has been an ongoing discussion with the board of directors and bond oversight committee as they, along with staff, review options for either reducing the cost of the projects or supplementing the bond funds with other funding sources. Any shortfall in a project category will be resolved prior to awarding construction contracts in order to ensure that other categories are not harmed by the shortfalls. Cedar Hills Park is scheduled to go to bid in the winter/spring of 2018.
- The bond capital program is nearing completion. The SW Quadrant Community Park will be completed soon. Over \$87 million of bond funds have been expended and many project categories have been completed.
- The Parks Bond Citizen Oversight Committee continues to monitor the bond capital program to ensure THPRD meets the commitments made in the bond levy and completed their June 2016 report. However, due to the limited amount of activity left, this may be their last full report.

Gery and Bruce showed pictures of various bond projects and explained the status of the different bond areas.

Anthony asked if staff have noticed more pollinators at Rock Creek Greenway.

- ✓ Bruce stated that they have seen a variety of butterflies and bees. Staff are developing a process for volunteers to monitor the habitat.

John requested clarification on the funding sources for the SW Quadrant Community Park project.

- ✓ Keith stated that the project is funded with multiple sources – bond, Champions Too, and SDCs.

Chair Cole thanked staff for their presentation of the proposed budget.

#### **Agenda Item #6 – Public Comment**

There was no public comment.

#### **Agenda Item #7 – Budget Committee Questions and Recommendations**

There were no budget committee questions and recommendations.

#### **Agenda Item #8 – Date of Next Budget Committee Meeting: May 16, 2017**

Chair Susan Cole announced that the next budget committee meeting will be May 16, 2017.

#### **Agenda Item #9 – Adjourn**

There being no further business, the meeting adjourned at 8:55 pm.

Recording Secretary,  
Jessica Collins

Transcribed by,  
Marilou Caganap