

**MEETING SUMMARY
CITY OF FAIRVIEW
BUDGET COMMITTEE**

April 13, 2015

Budget Committee Members

Ted Tosterud, Mayor
Ed Bejarana
Brian Cooper
Francis Doo
Ted Kotsakis (Absent)
Dan Kreamier
George Lingelbach
Les Moore
Nancy Murdick
Steve Owen
Steve Prom
Tamie Tlustos-Arnold
Valerie Tewksbury
Natalie Voruz

Staff

Samantha Nelson, City Administrator
Allan Berry, Public Works Director
Ken Johnson, Police Chief
Devree Leymaster, City Recorder

(6:30 PM)

1. CALL TO ORDER/ROLL CALL

Mayor Tosterud called the meeting to order. City Recorder Leymaster called the roll call. Mayor Tosterud welcomed the committee and called for chair and secretary nominations.

2. ELECTION OF BUDGET COMMITTEE CHAIR AND SECRETARY

Committee Member Owen nominated Committee Member Tewksbury for Chair and Committee Member Kreamier seconded. Committee Member Tewksbury is unanimously appointed Budget Committee Chair.

Committee Member Cooper nominated Committee Member Doo for Secretary and Committee Member Murdick seconded. Committee Member Doo is unanimously appointed Budget Committee Secretary.

3. INTRODUCTION TO BUDGET PROCESS PRESENTATION

City Administrator Nelson presented an introduction to the budget process. (*Exhibit A*) The City Administrator reviews and presents a proposed city-wide budget to the Budget Committee and the Budget Committee reviews and recommends an approved budget to City Council for adoption. City Council is required to hold a public hearing and adopt no later than June 30, 2015. City Administrator Nelson reviewed the roles and fiscal powers of the Budget Committee and City Council.

4. REVIEW BUDGET LAYOUT

City Administrator Nelson reviewed the budget structure and fund categories. (*Exhibit A*)

5. FORECAST/BUDGET MESSAGE

City Administrator Nelson reviewed the financial forecast. (*Exhibit B*) She highlighted current service sharing with the City of Gresham for Code Enforcement Services, Fire and Emergency Services, and potentially Building Inspection Services. Staff will continue to explore service sharing and/or consolidation opportunities. Future projections include completion of the Veterans Affairs (VA) building. Property taxes from the VA project should appear in the November 2016 tax statements. Other local development projects are anticipated in the near future.

City Administrator Nelson presented the Budget Message (*Exhibit C*). It is her practice to budget conservatively. Historically, the city routinely spends less in expenses than budgeted, revenues are often higher than anticipated and the use of reserves falls below what is requested.

Mayor Tosterud inquired if the projections include anticipated revenue from the photo radar project. City Administrator Nelson replied no, as a contract to execute the project has not been approved. They are still in the Request for Proposals (RFP) stage. Committee Member Bejarana asked if the results of the RFP would be known prior to City Council adopting the budget. City Administrator replied yes, the deadline to submit an RFP is April 30, 2015.

6. PUBLIC HEARINGS

a. Public Hearing Regarding FY 2015-2016 Budget

Chair Tewksbury opened the Public Hearing for the proposed budget for FY 2012-13. Hearing no requests to speak, Chair Tewksbury recessed the public hearing to the next meeting.

b. Public Hearing Regarding State Shared Revenues

City Administrator Nelson explained the state shared revenues the City receives through certain taxes: liquor tax, cigarette tax, 911 tax, and highway fund revenues. (*Exhibit B*)

Mayor Tosterud asked if there will be a vaping tax. City Administrator Nelson answered she did not know.

Secretary Doo inquired about a marijuana tax. City Administrator replied it is unknown. The City Council did adopt a tax for implantation if sales in Fairview are allowed; however, there are bills proposed in the state legislature that may pre-empt a city from imposing their own tax.

Chair Tewksbury opened the public hearing for state shared revenues. There was no public comment, and the hearing was closed.

Committee Member Tlustos-Arnold moved to accept the state shared revenues and Mayor Tosterud seconded. The motion passed unanimously.

AYES: 13

NOES: 0

ABSTAINED: 0

7. BUDGET PRESENTATION

a. General Fund

City Administrator Nelson presented the anticipated fiscal activity within the General Fund. (*Exhibit D*) During review of property taxes she explained the maximum combined tax collection that may be imposed is \$10 per \$1,000 assessed value (AV). Currently Fairview residents are paying approximately \$9.72 in combined taxes per \$1,000 AV. Of the combined tax rate Fairview's permanent rate is \$3.4902 per \$1,000 of AV. The permanent tax rate for neighboring cities is: Gresham \$3.61, Troutdale \$3.76 and Wood Village \$3.16. Fairview's property tax base will increase with completion of the VA and other anticipated developments.

During review of IT related projects, Mayor Tosterud expressed concern for the security of city information if a city dashboard was created. City Administrator Nelson replied the dashboard would not be hosted directly from a city server; the city servers would push information to a separate source that the dashboard would access. There would be no direct link between the dashboard and city servers. Budget Committee Prom inquired if the cost to rent cloud storage had been considered in lieu of purchasing servers. Budget Committee Bejarana proposed researching managed server options. City Administrator Nelson replied she forward the inquiries to the IT staff for review.

Mayor Tosterud verified the general fund included a \$1,000 donation to the Fairview on the Green event. City Administrator Nelson replied yes.

City Administrator Nelson noted a key project of the Finance Department is converting to a new banking provider. This process is underway. Removing or significantly decreasing credit/debit card processing fees to the user is a primary goal within this project.

The Public Works Department anticipates contracting for professional planning services to assist with the VA project and other developments to ensure service is provided in an effective and timely manner. To continue developing the Halsey Street and Village corridor projects, \$15,000 has been allotted to pursue business/marketing analysis.

During review of Police items Mayor Tosterud inquired about body cameras and Automated External Defibrillators (AED) in police vehicles. Chief Johnson replied there hasn't been funding and he isn't aware of any incident where an officer having an AED would have been beneficial. There is a body camera pilot project the city was considering but elected to defer pending legislative decisions and discussions with the Multnomah County Sheriff Office (MCSO).

City Administrator Nelson summarized there is a projected increase in the Fire/BOEC/Emergency Management fund in large part due to the new fire and emergency service contract.

b. Special Revenue Funds, Capital Project Funds, Debt Funds, Permanent Funds & Enterprise Funds (*Exhibit E*)

City Administrator pointed out the following during review of the above funds.

- The Community Development Block Grant (CDBG) will be used for an infill project to connect 7th Street sidewalks.
- The Sidewalk Assistance Fund is budgeted for \$50,000.
- Sewer System Development Charge (SDC) Fund - no immediate projects, but planning for major projects in 2018.
- Park and Open Space SDC Fund - only funded by new residential construction.

- Fairview Lake Sewer Local Improvement District debt fund will be retired in May. Only 6 properties have remaining balances.
- No major equipment replacement expected. Committee Member Bejarana inquired about the replacement of the tables and chairs for council chambers. City Administrator Nelson replied historically the facility maintenance fund has been used for these types of replacement items, but it can be changed.
- Enterprise Funds:
 - Sewer Fund: system improvement projects (Bridge and Matney street sewer upgrades) and initial planning for the Interlachen interceptor replacement planned for 2018.
 - Stormwater Fund: complete projects as mandated by MS4 permit requirements.

Committee Member Bejarana requested the matrix used to develop the proposed budget be available at the next meeting. Committee Member Tlustos-Arnold proposed in the future identifying budget page numbers on the agenda for ease of reference and following along.

9. CONTINUE MEETING

Chair Tewksbury continued the meeting at 9:02 PM. The next meeting is April 20 at 6:30 PM.

City Budgeting in Oregon: A Brief Overview

City of Fairview
Initial Budget Committee Meeting
Fiscal Year 2015-16

Outline

- ▶ Background
 - ▶ Budget Committee Processes and Procedures
- ▶ The Mechanics
 - ▶ Budget Structure
 - ▶ Fund Structure

Background

What is a Budget

- A legal document
 - Makes lawful appropriations that give the City the authority to spend public money
- A financial plan for the City for one fiscal year
 - Based on estimates of revenues and expenditures
- An internal control mechanism
 - Referenced by City auditors
- A policy document
 - Funds the plans and priorities of the City
- A public communication document
 - Expresses the City's goals to the citizens

Local Budget Law - Who Makes the Rules?

- ▶ State of Oregon (ORS 294.305 - 294.565)
 - ▶ Establishes standard procedures
 - ▶ Outlines programs and fiscal policies
 - ▶ Requires estimates of resources and expenditures
 - ▶ Controls expenditure of public funds
 - ▶ Encourages citizen involvement

The Budget Process: Overview

- The Budget Officer (City Administrator) prepares the **Proposed Budget** in consultation with City staff.
- The Budget Committee reviews, revises, and approves the budget.
 - It now becomes the **Approved Budget** (to be referred to the City Council).
- The City Council holds a public hearing, makes further revisions, and adopts the budget.
 - It now becomes the **Adopted Budget**.
 - The Adopted Budget is the City's legal budget - making appropriations and levying taxes.

The Budget Committee

- Consists of City Council and equal number of appointees
- Primary roles
 - Hear the budget message
 - Hold public meetings
 - Hear public comments / input
 - Review and discuss the Proposed Budget
 - Make revisions to the Proposed Budget
 - Approve the budget
 - Approve each tax rate or dollar amount

Budget Committee Process

- ▶ All Budget Committee meetings are subject to Public Meetings Law.
- ▶ A quorum is required to conduct business.
- ▶ The Committee may request and receive additional information from staff.
- ▶ A majority is required to take action.

Public Comment

- ▶ The budget is a public document once it is released to the Budget Committee - copies must be made available to the public.
- ▶ The Committee must take public comment at one or more meetings.
- ▶ Any member of the public may speak.

Recap

This is your role in the process.



Budget and Fund Structure

Budget Structure

- ▶ Budget is organized by Fund
 - ▶ A Fund is a self-balancing set of accounts used to record estimated resources and requirements for specific activities and objectives
- ▶ All resources and requirements must be budgeted
- ▶ All resources and requirements must balance
- ▶ Estimates of resources and requirements must be made in “good faith”

Why can't the City move money around to make ends meet?

- ▶ When thinking about city finance it is important to keep in mind the idea of restricted revenue. Cities budget and track money by using "funds." Each fund is a separate fiscal and accounting entity, and cities must balance revenues and expenditures within the fund. In a manner of speaking, a city budget is made up of many little budgets, each with their own distinct purpose. Accounting in this manner allows for accountability and transparency. Clearly demonstrating resources are being utilized for the purposes for which taxes or rates are identified to be utilized. Each fund is based on a specific activity and the money in these accounts can only be spend on specific programs. Business-type and special revenue funds cannot be spent for general purpose items, so cities cannot "borrow" from these funds to cover shortage in general fund activities (say, police).- *League of Oregon Cities*

Common Types of Funds

- ▶ General Fund
- ▶ Special Revenue Fund
- ▶ Capital Project Funds
- ▶ Debt Service Fund
- ▶ Reserve Funds
- ▶ Enterprise Funds

General Fund

- ▶ A fund used to account for most fiscal activities except for those activities required to be accounted for in another fund (ORS 150-294.352(1)-(A))
- ▶ Every municipal organization is required to have a General Fund.
- ▶ Fairview's General Fund has 9 sections/departments: Resources, Administration, Finance, Court, PW Community Services, PW Parks, Police, Fire/BOEC/ Emergency Management, and Other Requirements

Special Revenue Funds

- ▶ A fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes (OAR 150-294.352(1)-(A))
- ▶ Fairview has four Special Revenue Funds: Administrative Excise Charge Fund (AEC), Building Fund, Grant & Project Fund, Street Tax Fund

Capital Project Funds

- ▶ Funds used to account for resources to be used for major capital purchases or construction (OAR 150-294.352(1))
- ▶ Fairview has four capital funds: Water System Development Charge Fund, Sewer System Development Charge Fund, Stormwater System Development Fund, and Parks and Open Spaces System Development Charge Fund

Debt Service Fund

- ▶ A fund established to account for payment of general long-term debt principal and interest (OAR 150-294.352(1)).
- ▶ Fairview has one Debt Service Fund: Fairview Lake Sewer LID Debt Fund

Reserve Funds

- ▶ Fund established to accumulate money from year to year for a specific purpose, such as purchase of new equipment (ORS 294.346).
- ▶ Fairview has two Reserve Funds: Equipment Replacement Fund and Facilities Maintenance Fund

Enterprise Funds

- ▶ Funds established to account for operations that are financed and operated in a manner similar to private business enterprises. They are usually self-supporting. (ORS 150-294.352(1)-(A))
- ▶ Fairview has three Enterprise Funds: Water Fund, Sewer Fund, and Stormwater Fund

Fund Structure

- Funds have resources and requirements sections
- Requirements sections have some or all of the following expenditure categories:
 - Personal Services
 - Materials and Supplies
 - Capital Outlay
 - Debt Service
 - Transfers
 - Contingency
 - Unassigned

Required Columns

- Actual, audited budget figures from the two fiscal years immediately preceding the current fiscal year.
- Budgeted amounts for the current fiscal year.
 - (Fairview also includes projected figures for the end of this fiscal year).
- Proposed budget from Budget Officer.
- Approved amounts from Budget Committee.
- Adopted amounts from City Council.

Required Columns

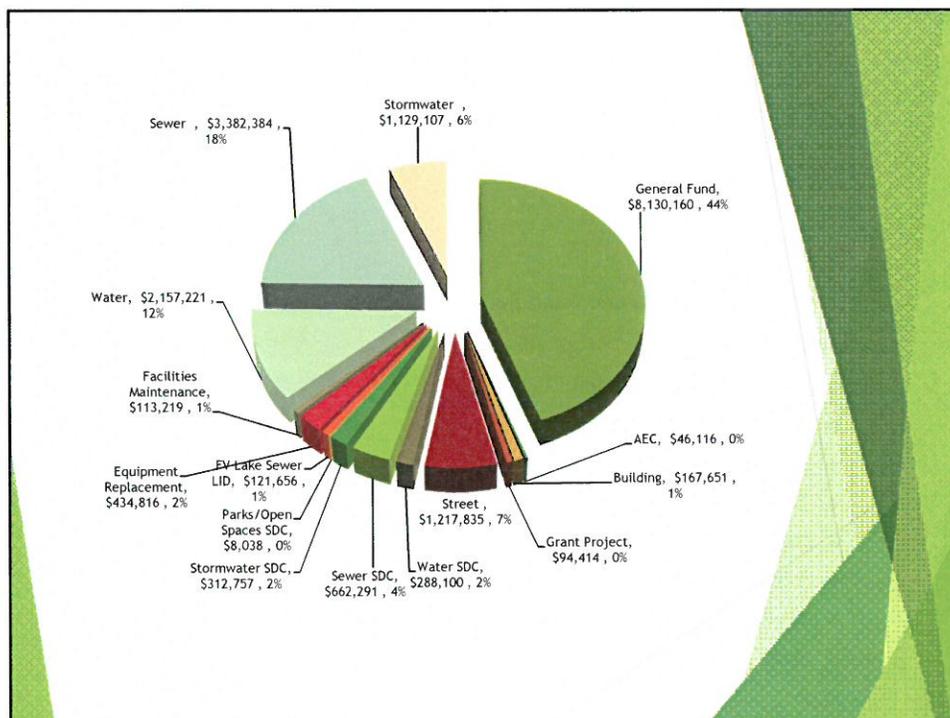
| 2012-13 Actuals | 2013-14 Actuals | 2014-15 Adopted Budget Staff Detail | 2014-15 Adopted Budget as Amended | 2014-15 Budget Forecast for Year End w/Audited B/F | Account Number | 2015-16 Proposed Budget Staff Detail | 2015-16 Approved Budget | 2015-16 Adopted Budget |
|-----------------|-----------------|--|--|---|----------------|---|----------------------------|---------------------------|
|-----------------|-----------------|--|--|---|----------------|---|----------------------------|---------------------------|

Fairview Fund Structure Review

Funds in Fairview's Budget

► The Proposed Budget has 15 separate Funds

- #1 General Fund
- #2 Administrative Excise Charge
- #3 Building
- #4 Grant/ Capital Project
- #5 Street Tax
- #6 Water SDC
- #7 Sewer SDC
- #8 Stormwater SDC
- #9 Parks & Open Spaces SDC
- #10 Fairview Lake Sewer Lid Debt Fund
- #11 Equipment Replacement
- #12 Facilities Maintenance
- #13 Water Fund
- #14 Sewer Fund
- #15 Stormwater Fund



Allocated and Fund Specific Expenses

- ▶ Requirements grouped by type per Government Finance Officers' Association (GFOA) Guidelines
- ▶ Some requirements are allocated across funds such as electricity, telephones, building cleaning, audit & accounting, postage, IT Services, property and liability insurance, personnel.
- ▶ Some requirements are estimated specific to department such as contract services, Training & Conference, fuel, supplies, publications, printing, vehicle maintenance, water testing, etc.

Fairview Budget Document Review

- ▶ Table of Contents
- ▶ Financial Guidelines and Fund Balance Policies
- ▶ Funds
- ▶ Supplemental Information
 - ▶ Salary and Wage Ranges
 - ▶ Position Allocations
 - ▶ Expense Summaries
 - ▶ Debt Service Detail
 - ▶ 5 Year History and Proposed Budget At a Glance
 - ▶ Working Draft of Council and Staff 2015-16 Goals
 - ▶ State of Oregon Local Budgeting Manual

Fairview Financial Forecast



What is a forecast?

- ▶ A snapshot of the City finances at a point in time then assessing historical and best guess future trends forecast out....considering the following
 - ▶ Resource Projections
 - ▶ Requirement Projections
 - ▶ Reserve Requirements

- ▶ Forecast can change monthly based on revised assumptions
- ▶ Shows trends
- ▶ Best guess based on analysis, education, and professional experience

Unknowns...

Concerns...

- ▶ Economy
 - ▶ Budgetary issues at Federal and State level trickle down affecting funding sources for City (i.e. grant opportunities for capital projects, state shared revenues, etc.)
 - ▶ Military Conflicts, Natural Disasters, Commerce Issues (i.e.. shipping from Port of Portland)
- ▶ PERS increases and/or reform
- ▶ Labor Contract: Teamsters termed 12/31/2014, FPOA term 6/30/2015
- ▶ Imposed expenses by outside agencies- Police related i.e.. County Booking Fee, RegJin Project, Radio upgrade requirements, BOEC

Positives...

- ▶ February 2015 Oregon Unemployment dropped to 5.8% from 6.3% in January- lowest since May 2008
- ▶ March 2015- Business Income Tax (BIT) up 33.8% from same point last year
- ▶ Additional development of vacant lands and re-development and expansion of current properties (i.e.. VA Site Projects, Providence Site, Halsey Corridor Development, Industrial area businesses growing and expanding, Small business expansions (i.e.. Bumpers))
- ▶ Development in neighboring jurisdictions bring jobs to East County and people looking for homes, quality schools for their children, and neighborhoods which provide the type of livability standards they desire
- ▶ Service Sharing/Consolidation: Law Enforcement Services, Building Permitting and Inspections, Recreation, Parks, and other ongoing efforts to increase efficiencies through consolidation

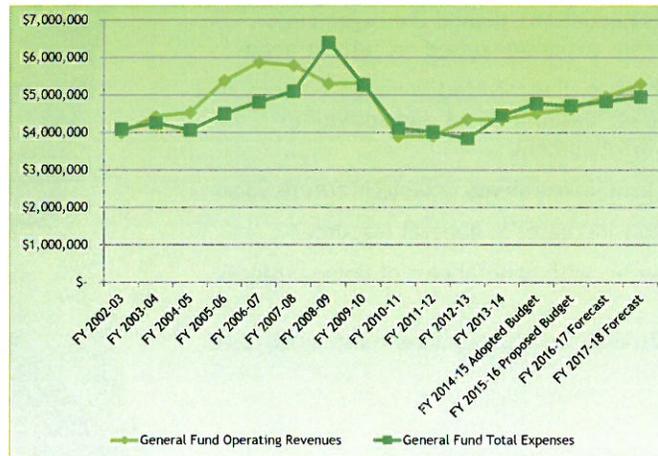
Future Projections

- ▶ Prior Budgets Reductions aligned the organization enabling current expansion based on current needs
- ▶ Improving economy has resulted in increased consumer spending and increased interest and activity in commercial development
- ▶ Large value local investments taxable in future years
- ▶ Continued slow increases in general resources
- ▶ Routine expenses with general cost of doing business increases:
 - ▶ Fuel, electricity, business insurance, construction costs

Next Three Years....

- ▶ All things remaining equal- the City will continue to generate adequate resources to meet operating expenses for personnel and materials and services
- ▶ Funding for infrastructure and ongoing maintenance of City owned facilities will need to continue to be balanced, and priorities identified, with other competing demands for resources
- ▶ Addition of any new programs, events, or other major initiative will require the identification of additional funding sources in order to be implemented (i.e.. Cost sharing/collaboration, tax levy, grants, etc.)

General Fund Projections



In numbers...

| | General Fund Operating Revenues | General Fund Total Expenses | GF Fund Balance |
|----------------------------|---------------------------------|-----------------------------|-----------------|
| FY 2002-03 | \$ 3,994,638 | \$ 4,087,564 | \$ 1,466,426 |
| FY 2003-04 | \$ 4,430,068 | \$ 4,255,207 | \$ 1,641,287 |
| FY 2004-05 | \$ 4,529,243 | \$ 4,063,612 | \$ 2,106,918 |
| FY 2005-06 | \$ 5,384,917 | \$ 4,499,285 | \$ 2,992,551 |
| FY 2006-07 | \$ 5,867,491 | \$ 4,810,998 | \$ 4,097,043 |
| FY 2007-08 | \$ 5,780,019 | \$ 5,094,441 | \$ 4,782,621 |
| FY 2008-09 | \$ 5,299,926 | \$ 6,394,108 | \$ 3,688,440 |
| FY 2009-10 | \$ 5,311,183 | \$ 5,270,892 | \$ 3,728,731 |
| FY 2010-11 | \$ 3,886,685 | \$ 4,114,303 | \$ 3,696,466 |
| FY 2011-12 | \$ 3,902,318 | \$ 4,011,859 | \$ 3,453,662 |
| FY 2012-13 | \$ 4,349,727 | \$ 3,844,437 | \$ 3,344,119 |
| FY 2013-14 | \$ 4,352,377 | \$ 4,459,554 | \$ 3,841,056 |
| FY 2014-15 Adopted Budget | \$ 4,519,627 | \$ 4,777,737 | \$ 3,733,878 |
| FY 2015-16 Proposed Budget | \$ 4,629,018 | \$ 4,713,676 | \$ 3,501,141 |
| FY 2016-17 Forecast | \$ 4,953,049 | \$ 4,831,518 | \$ 3,622,672 |
| FY 2017-18 Forecast | \$ 5,299,763 | \$ 4,952,306 | \$ 3,970,129 |

- ▶ General Fund Ending Fund Balance Requirements are being met

| | |
|-----------------------------------|-------------|
| ▶ Emergency Contingency | \$ 245,000 |
| ▶ Excess Contingency | \$1,699,484 |
| ▶ Ending Fund Balance- Unassigned | \$1,172,000 |

Operating resources of the General Fund are adequate to fund Personnel Services and Materials and Services expenses at current service levels; however, ongoing capital outlay and the demand for expanded services will have to be balanced and prioritized to coincide with future growth or resources.

- ▶ Overall, the City is exhibiting a strong recovery from the recession. In fact, the beginning fund balance for FY 2015-16 is budgeted to be \$10,000 greater than the beginning fund balance from FY 2008-09, despite during using reserves to weather the recession as follows:

| | <u>Actual Reserves Used:</u> | <u>Budgeted Reserves to be Used:</u> |
|--------------|------------------------------|--------------------------------------|
| ▶ FY 2009-10 | \$ 50,803 | \$298,058 |
| ▶ FY 2010-11 | \$227,618 | \$217,826 |
| ▶ FY 2011-12 | \$109,541 | \$270,576 |
| ▶ FY 2012-13 | \$ 0 | \$ 10,332 |
| ▶ FY 2013-14 | \$107,177 | \$989,727 |
| ▶ FY 2014-15 | TBD | \$258,110 |
| ▶ FY 2015-16 | TBD | \$ 84,658+\$120,000= \$204,658 |

Other Funds:

- ▶ Building Fund is predicted to spike for three years due to development and then to level off.
- ▶ Construction financed funds: SDC funds and AEC fund are predicted to spike for three years and then be reduced due to a decline in new construction and infrastructure master plan project construction.
- ▶ Enterprise funds are predicted to continue to require minor increases to fund maintenance of expansion of system to meet service demands from current property owners and new development.

State Shared Revenues

State Shared Revenues

- Based on 2013-15 legislatively-enacted state budget, cities are projected to receive the following per capita distributions from several state collected taxes:

| | Liquor Tax Revenues | Cigarette Tax Revenues | 9-1-1 Tax Revenues | Highway Fund (Gas Tax) |
|----------------|---------------------|------------------------|--------------------|------------------------|
| 2014-15 | \$ 14.44 | \$ 1.25 | N/A | \$ 56.74 |
| 2015-16 | \$ 16.11 | \$ 1.17 | N/A | \$ 57.66 |
| 2016-17 | \$ 16.57 | \$ 1.08 | N/A | \$ 57.81 |

Qualifications to Receive

ORS 221.760 provides that cities located within a county having more than 100,000 inhabitants, according to the most recent decennial census, must provide four or more of the following municipal services in order to be eligible to receive the state shared revenues:

1. Police Protection
2. Fire Protection
3. Street Construction, Maintenance, Lighting
4. Sanitary Sewers
5. Storm Sewers
6. Planning, Zoning, Subdivision Control
7. One or more Utility Services.

In order to receive state shared revenues, the City of Fairview must on an annual basis, through resolution, certify that it provides four or more of the above criteria.

Liquor Revenue

ORS 471.810(1)(b) and 471.810(1)(d)

- ▶ Liquor Revenue may be used by Cities for general government purposes. A portion of the state's allocation is dedicated to mental health services and substance abuse treatment.
- ▶ 20% of State Liquor receipts are allocated to cities on per capital basis on monthly basis
- ▶ 14% of State Liquor receipts are allocated to cities on a formula basis and distributed quarterly as "state revenue sharing"

2015-16 Disbursement Estimates Total= \$45,276,000

2015-16 State Shared Liquor Revenue
Estimates=\$31,693,000

Cigarette Tax Revenue

ORS 323.455

- ▶ Cities may use Cigarette Tax Revenue for general government purposes, without program restrictions on their use.
- ▶ As tax has increased, Cities proportionate share has decreased
- ▶ Current tax rate: \$1.32 per pack
- ▶ Tax distribution- \$0.8574 Oregon Health Plan, \$0.22 state general fund, \$0.0342 tobacco use reduction programs, \$0.0228 to cities, counties, public transit

2015-16 Disbursement Estimate Totals: \$3,290,666

9-1-1 Emergency Communications Tax Revenue

ORS 403.240

- ▶ Only 9-1-1 jurisdictions are allowed to use this 9-1-1 tax revenue and any investment proceeds thereof for the planning, installation, maintenance, operations and improvements of the 9-1-1 reporting system.
- ▶ SB 1559 mandated distributions be made directly to 9-1-1 service provider, rather than “passed through” local jurisdictions. Fairview’s share is received by the City of Portland Bureau of Emergency Communications (BOEC). The City receives a credit on its bill for these funds.

Due to uncertainties as a result of new revenue generated from pre-paid cell phones, a forecast for 9-1-1 tax revenue is not possible or provided by the Office of Emergency Management.

Highway Fund Revenue

ORS 366.742

- ▶ 2001: To provide funding for Oregon Transportation Investment Act (OTIA I and II) debt service of approximately \$500 million in bonds.
- ▶ 2003: To provide funding for state and local bridge repair and replacement, highway modernization and local road and preservation projects and OTIA III debt service for cities portion of \$300 million in local bridge projects.
- ▶ 2009: Phased in increases in revenue for gas tax, and DMV services

2015-16 Debt Service and Disbursement Estimate Totals:
\$162,024,399

FY 2015-16 Proposed Budget Budget Message

Budget Message Highlights

- ▶ Personnel Changes-
 - ▶ Contractual Cost of Living Increases. No changes in PERS rates or medical cost. Employees continue to contribute 10% of Health and Welfare cost
 - ▶ Teamster Contract terms TBD
 - ▶ No added personnel
 - ▶ Two positions re-instated in FY 2014-15 have been included the operating budget
 - ▶ Two patrol officer positions added since FY 2013-14 and one of these has been included in operating budget, the other per council direction, is included as a decision packet to bridge operational funding to FY 2016-17. This position was funded utilizing specified funding source in FY 2014-15, that source has been termed for FY 2015-16 per City Council

Staffing...

2007- 2008:

16 Funds- 5 Departments

| | |
|------------------|----------|
| Admin | 3.0 FTE |
| Finance | 6.0 FTE |
| Public Works | |
| Bldg/Plan/Dev. | 5.5 FTE |
| Engineering/Crew | 11.0 FTE |
| Police | 14.5 FTE |
| Total: | 40 FTE |

Total City Operating Budget:
\$13,692,919

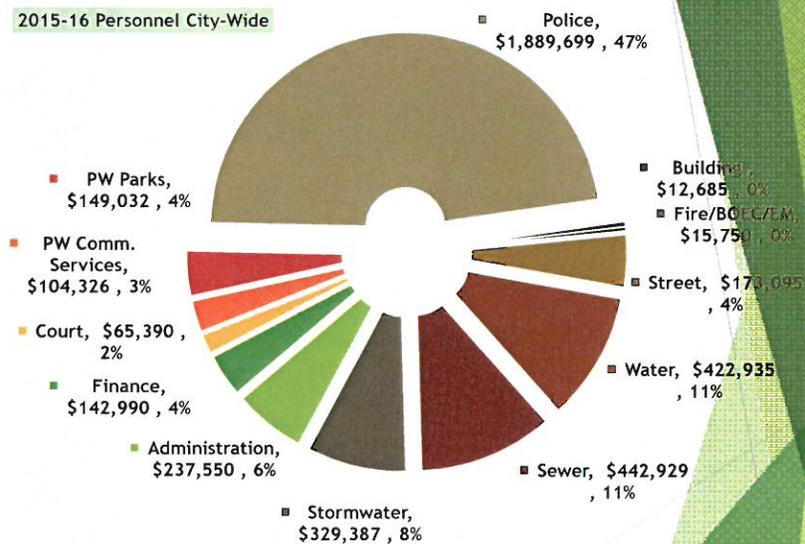
2015-16

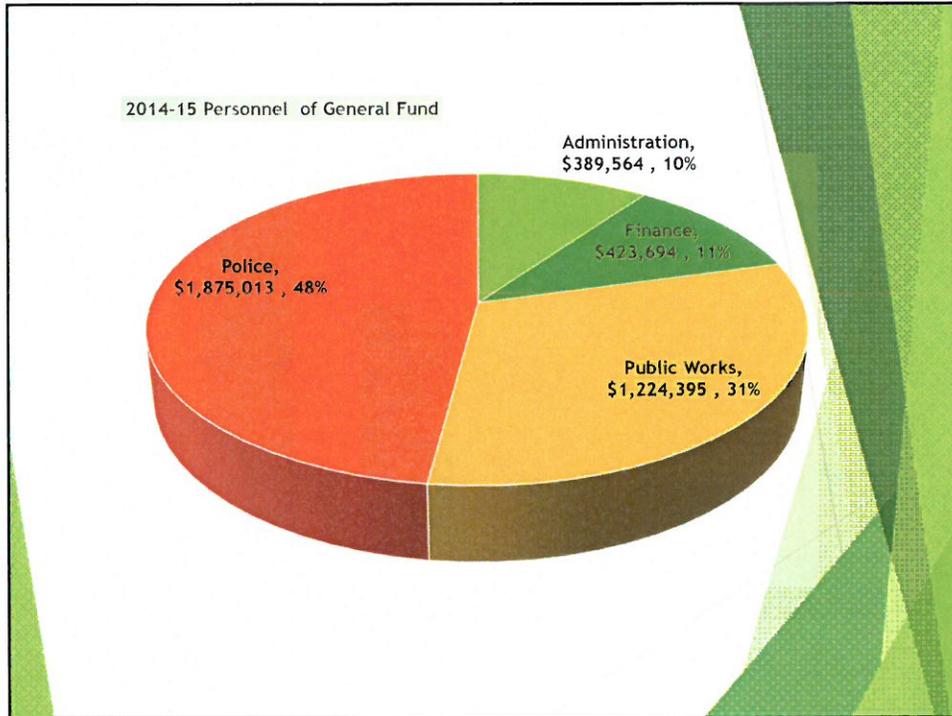
15 Funds- 4 Departments

| | |
|------------------|----------|
| Admin | 3.0 FTE |
| Finance | 5.0 FTE |
| Public Works | |
| Bldg/Plan/Dev | 2.0 FTE |
| Engineering/Crew | 10.5 FTE |
| Police | 17.0 FTE |
| Total: | 37.5 FTE |

Total City Operating Budget:
\$14,448,534

2015-16 Personnel City-Wide

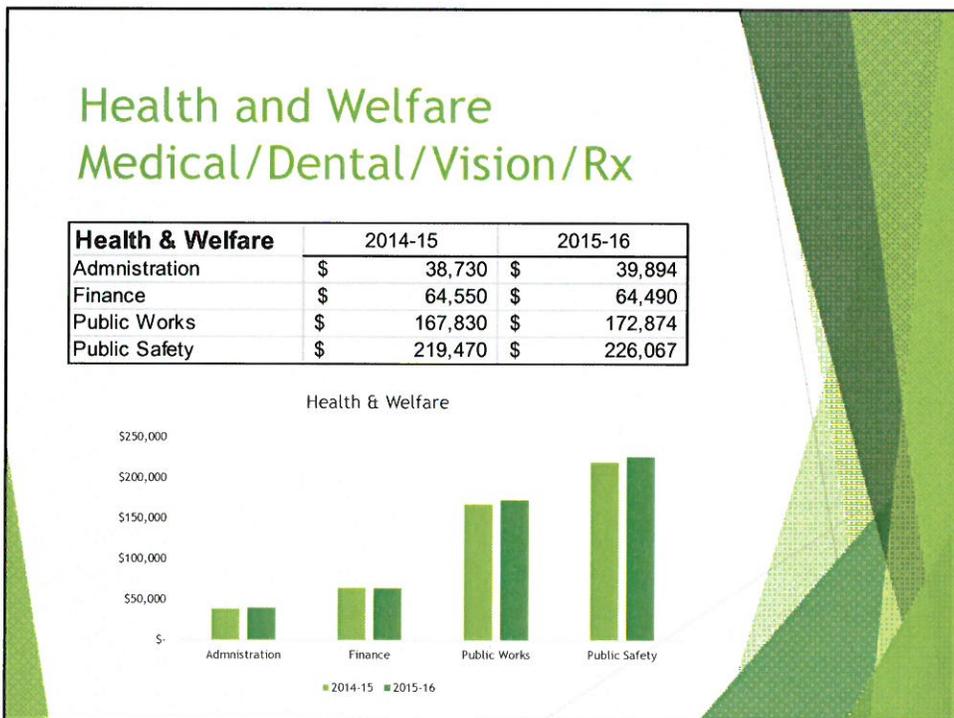
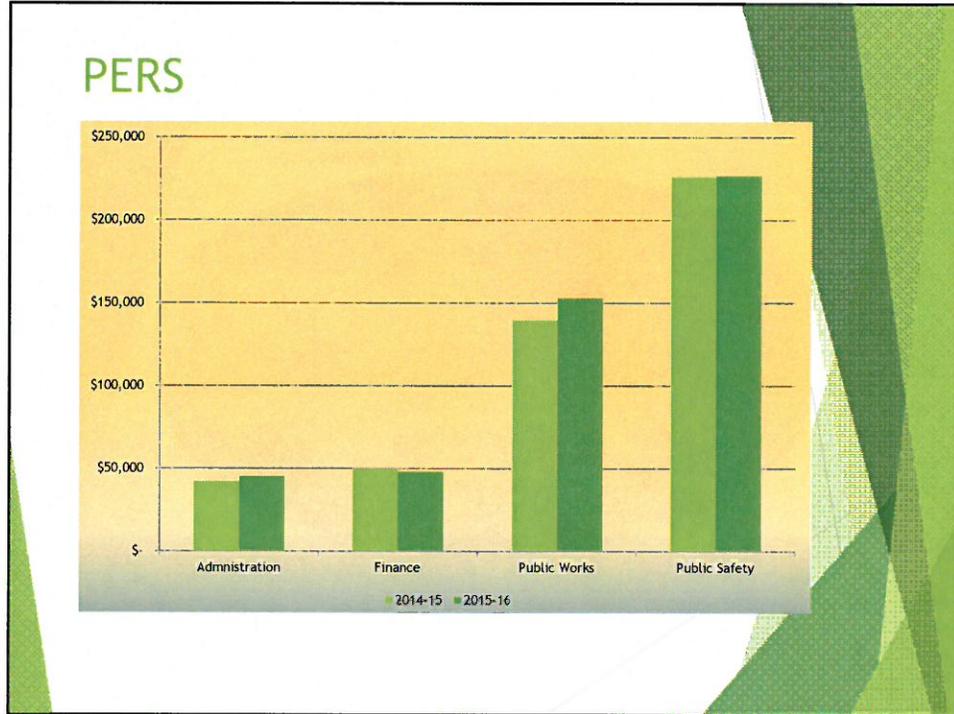




Public Employees Retirement System (PERS)

| PERS | July 1, 2015- June 30, 2017 | |
|-----------------------|-----------------------------|--------------------|
| | Contribution | Unfunded Liability |
| Tier 1/ Tier 2 | 12.00% | 9.37% |
| OPSRP General Service | 12.00% | 3.01% |
| OPSRP Police/Fire | 12.00% | 7.12% |

| PERS | 2014-15 | 2015-16 |
|----------------|------------|------------|
| Administration | \$ 42,340 | \$ 45,439 |
| Finance | \$ 49,494 | \$ 48,297 |
| Public Works | \$ 140,060 | \$ 153,261 |
| Public Safety | \$ 226,288 | \$ 226,909 |



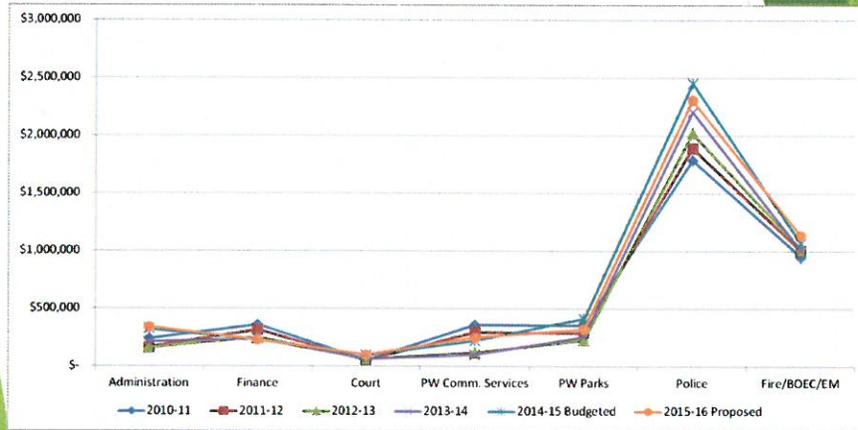
Beginning Fund Balances

General Fund Beginning Fund Balance History:

| | | |
|----------|----|-----------|
| 7/1/2005 | \$ | 2,106,918 |
| 7/1/2006 | \$ | 2,992,551 |
| 7/1/2007 | \$ | 4,097,043 |
| 7/1/2008 | \$ | 4,782,622 |
| 7/1/2009 | \$ | 3,688,440 |
| 7/1/2010 | \$ | 3,696,466 |
| 7/1/2011 | \$ | 3,453,662 |
| 7/1/2012 | \$ | 3,344,119 |
| 7/1/2013 | \$ | 3,841,056 |
| 7/1/2014 | \$ | 3,733,878 |
| 7/1/2015 | \$ | 3,501,142 |

| | 2014-15 Adopted & Amended | 2015-16 Proposed | Variance from Prior Year |
|----------------------------------|---------------------------------|---------------------|-----------------------------|
| GENERAL FUND: | | | |
| ADMINISTRATION | | | |
| PERSONNEL | 219,195 | 237,550 | 18,355 |
| MATERIALS & SERVICES | 102,007 | 101,554 | (453) |
| TRANSFER OUT | 1,000 | 1,000 | - |
| CAPITAL | 1,000 | 1,000 | - |
| FINANCE | | | |
| PERSONNEL | 144,041 | 142,990 | (1,051) |
| MATERIALS & SERVICES | 76,961 | 78,741 | 1,780 |
| TRANSFER OUT | 10,000 | 2,500 | (7,500) |
| CAPITAL | 5,000 | 4,000 | (1,000) |
| COURT | | | |
| PERSONNEL | 64,972 | 65,390 | 418 |
| MATERIALS & SERVICES | 30,840 | 35,377 | 4,537 |
| TRANSFER OUT | - | - | - |
| CAPITAL | - | - | - |
| PW COMMUNITY SERVICES | | | |
| PERSONNEL | 108,477 | 104,326 | (4,151) |
| MATERIALS & SERVICES | 111,320 | 142,739 | 31,419 |
| TRANSFER OUT | 1,000 | 1,500 | 500 |
| CAPITAL | 500 | 1,000 | 500 |
| PW PARKS & RECREATION | | | |
| PERSONNEL | 146,680 | 149,032 | 2,352 |
| MATERIALS & SERVICES | 147,945 | 111,440 | (36,505) |
| TRANSFER OUT | 1,775 | 1,775 | - |
| CAPITAL | 116,750 | 61,000 | (55,750) |
| POLICE | | | |
| PERSONNEL | 1,926,289 | 1,889,699 | (36,590) |
| MATERIALS & SERVICES | 446,771 | 387,636 | (59,135) |
| TRANSFER OUT | 40,000 | - | (40,000) |
| CAPITAL | 36,150 | 28,300 | (7,850) |
| FIRE/BOEC/EM | | | |
| PERSONNEL | 15,211 | 15,750 | 539 |
| MATERIALS & SERVICES | 1,047,690 | 1,119,377 | 71,687 |
| CAPITAL | 1,000 | - | (1,000) |
| OTHER REQUIREMENTS | | | |
| TRANSFERS OUT | 75,000 | 30,000 | (45,000) |
| | <u>4,877,574</u> | <u>4,713,676</u> | <u>(163,898)</u> |

General Fund Departments...2010-2016



Reserves

FY 2015-16 Budget Reserve Use

- ▶ \$25,000 for Fairview Woods Parks Improvements- signage, fencing, etc.
 - ▶ (reserve use approved in FY 14-15 Supplemental Budget)
- ▶ \$25,000 for Heslin House Improvements- exterior painting and new roof
 - ▶ (reserve use approved in FY 14-15 Supplemental Budget)
- ▶ \$30,000 Council Chamber Chair and Table replacements
- ▶ \$10,000 for Community Center First Floor refinishing

Decision Packet

- ▶ Use of budgeted reserves to bridge funding until FY 2016-17 for 16th officer added in FY 2014-15 Budget Process to achieve Council 7 year goal of having 2 officers/24 hours a day/7 days a week
- ▶ Position added in current year utilizing Photo Enforcement Resources, contracted termed May 31, 2015 at Council direction
- ▶ History:
 - ▶ 2 officers added in last two fiscal cycles
 - ▶ 1 officer already absorbed by operating resources
 - ▶ Forecast indicates this position could be funded without reserves in FY 2016-17
 - ▶ Alternative public safety service delivery options being investigated to limit escalating law enforcement costs

| | Budgeted Operating Revenue | Year End Budgeted Expenses | Budgeted Variance |
|----------------------|----------------------------|----------------------------|-------------------|
| General Fund: | | | |
| 2000-01 | 3,142,138 | 3,919,042 | (776,904) |
| 2001-02 | 4,078,061 | 4,644,119 | (566,058) |
| 2002-03 | 4,149,136 | 4,869,585 | (720,449) |
| 2003-04 | 4,136,374 | 4,621,312 | (484,938) |
| 2004-05 | 4,446,084 | 4,613,531 | (167,447) |
| 2005-06 | 5,027,986 | 5,257,777 | (229,791) |
| 2006-07 | 5,442,199 | 5,719,840 | (277,641) |
| 2007-08 | 5,572,202 | 5,710,308 | (138,106) |
| 2008-09 | 5,695,864 | 6,844,413 | (1,148,549) |
| 2009-10 | 5,308,692 | 5,606,750 | (298,058) |
| 2010-11 | 3,972,331 | 4,190,157 | (217,826) |
| 2011-12 | 4,104,226 | 4,374,802 | (270,576) |
| 2012-13 | 3,967,856 | 3,978,188 | (10,332) |
| 2013-14 | 4,245,555 | 5,235,282 | (989,727) |
| 2014-15 | 4,519,627 | 4,777,737 | (258,110) |
| 2015-16 | 4,629,018 | 4,713,676 | (84,658) |

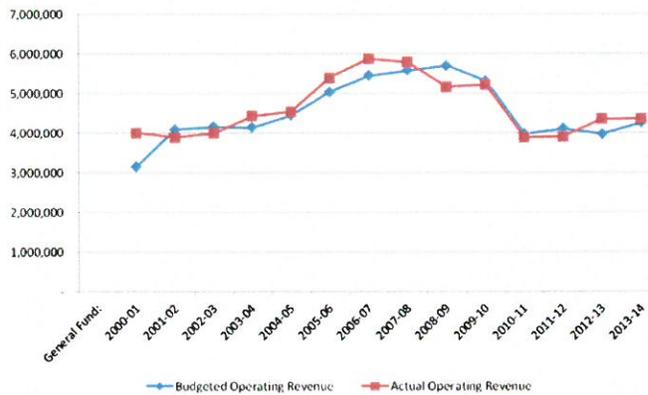
Actual Use of Reserves:

| GENERAL FUND | Operating Revenues | Operating Expenses | Reserves Used |
|-----------------------|--------------------|--------------------|---|
| FY 2002-03 | \$ 3,994,638 | \$ 4,087,564 | \$ (92,926) |
| FY 2003-04 | \$ 4,430,068 | \$ 4,255,207 | \$ 174,861 |
| FY 2004-05 | \$ 4,529,243 | \$ 4,063,612 | \$ 465,631 |
| FY 2005-06 | \$ 5,384,917 | \$ 4,499,285 | \$ 885,633 |
| FY 2006-07 | \$ 5,867,491 | \$ 4,810,998 | \$ 1,056,493 |
| FY 2007-08 | \$ 5,780,019 | \$ 5,094,441 | \$ 685,578 |
| FY 2008-09 | \$ 5,157,948 | \$ 6,394,108 | \$ (1,236,160) *City hall debt retirement |
| FY 2009-10 | \$ 5,220,089 | \$ 5,270,892 | \$ (50,803) Recession |
| FY 2010-11 | \$ 3,886,676 | \$ 4,114,303 | \$ (227,627) Recession |
| FY 2011-12 | \$ 3,902,318 | \$ 4,011,859 | \$ (109,541) Recession |
| FY 2012-13 | \$ 4,349,727 | \$ 3,844,437 | \$ 505,290 Recovery/Photo Enforcement |
| FY 2013-14 | \$ 4,352,377 | \$ 4,459,554 | \$ (107,177) Water Debt Retirement by GF |
| 014-15 Adopted Budget | \$ 4,519,627 | \$ 4,777,737 | \$ (258,110) Capital |
| 15-16 Proposed Budget | \$ 4,629,018 | \$ 4,713,676 | \$ (84,658) Capital |
| FY 2016-17 Forecast | \$ 4,953,049 | \$ 4,831,518 | \$ 121,531 |
| FY 2017-18 Forecast | \$ 5,299,763 | \$ 4,952,306 | \$ 347,457 |

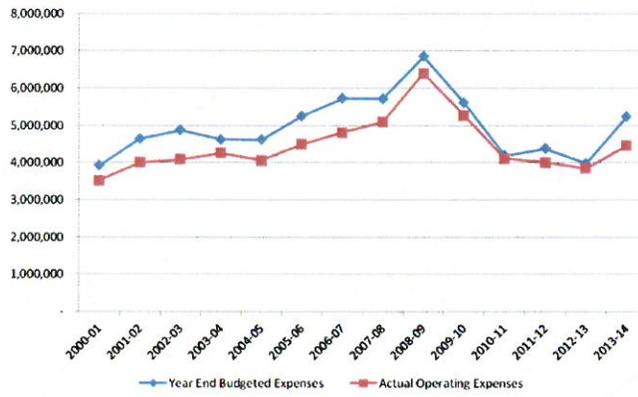
Budget vs. Actual Reserve Use:

| General Fund: | Budgeted Variance | Actual Operating Variance |
|---------------|-------------------|---------------------------|
| 2000-01 | (776,904) | 481,677 |
| 2001-02 | (566,058) | (115,781) |
| 2002-03 | (720,449) | (92,926) |
| 2003-04 | (484,938) | 174,861 |
| 2004-05 | (167,447) | 465,631 |
| 2005-06 | (229,791) | 885,632 |
| 2006-07 | (277,641) | 1,056,493 |
| 2007-08 | (138,106) | 685,578 |
| 2008-09 | (1,148,549) | (1,236,160) |
| 2009-10 | (298,058) | (50,803) |
| 2010-11 | (217,826) | (227,618) |
| 2011-12 | (270,576) | (109,541) |
| 2012-13 | (10,332) | 505,290 |
| 2013-14 | (989,727) | (107,177) |
| 2014-15 | (258,110) | TBD |
| 2015-16 | (84,658) | TBD |

Budgeted Resources to Actual Resources... *Blue=Budget*



Budgeted Expenses to Actual Expenses... *Blue=Budget*



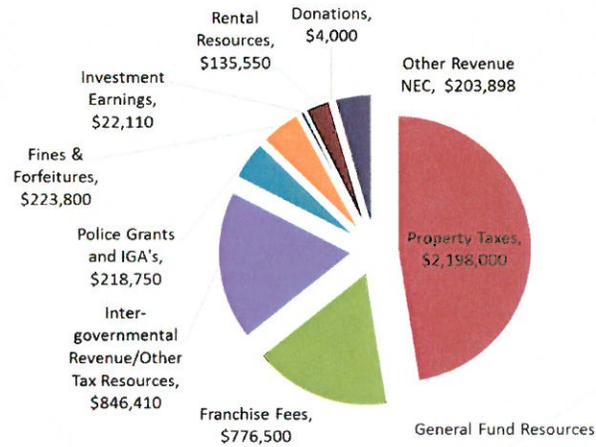
General Fund

Fund used to account for most fiscal activities except for those activities required to be accounted for in another fund. (OAR 150-294.352(1)-(A))

General Fund

- ▶ Departments:
 - ▶ Resources
 - ▶ Administration
 - ▶ Finance
 - ▶ Court
 - ▶ Public Works Community Services
 - ▶ Public Works Parks
 - ▶ Police
 - ▶ Fire/BOEC/Emergency Management
 - ▶ Other Requirements

General Fund Resources



Property Taxes

- ▶ The Oregon Constitution places limits on property tax collection
 - ▶ Measure 50, passed in 1997, limits growth in assessed value to no more than 3% per year for existing property.
 - ▶ Measure 5, passed in 1990, limits combined tax collection by general governments to \$10 per \$1,000 of assessed value.
 - ▶ If combined rates of all general jurisdictions exceed \$10, local option taxes are the first to be 'compressed,' followed by permanent rate taxes.

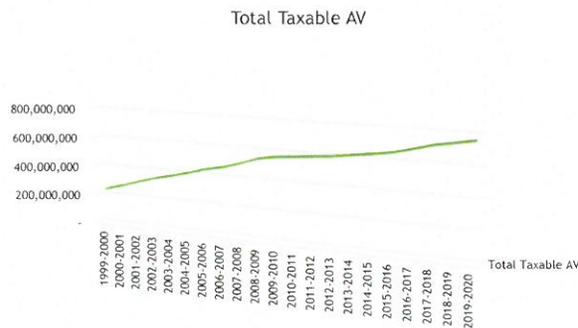
City of Fairview Tax Rates

| Fairview Property Tax Rates: | Limited | |
|---|------------------|------------------|
| | Rate | Bond Levy |
| City Fixed Rate | 3.4902 | |
| East/West Soil & Water Conservation | 0.1 | |
| Metro | 0.1926 | 0.2659 |
| County | 5.5734 | 0.0978 |
| Total Government: | \$ 9.3562 | \$ 0.3637 |
| <i>*Measure 5 Limited Amount is \$10.00</i> | | |
| Grand Total General Government: | \$ 9.7199 | |

| Schools: | Limited | |
|--|------------------|------------------|
| | Rate | Bond Levy |
| E.S.D. | 0.4576 | |
| Reynolds S.D. | 4.4626 | 1.3514 |
| Mt. Hood C.C. | 0.4917 | |
| Total Education: | \$ 5.4119 | \$ 1.3514 |
| <i>*Measure 5 Limited Amount is \$5.00</i> | | |
| Grand Total Education: | \$ 6.7633 | |

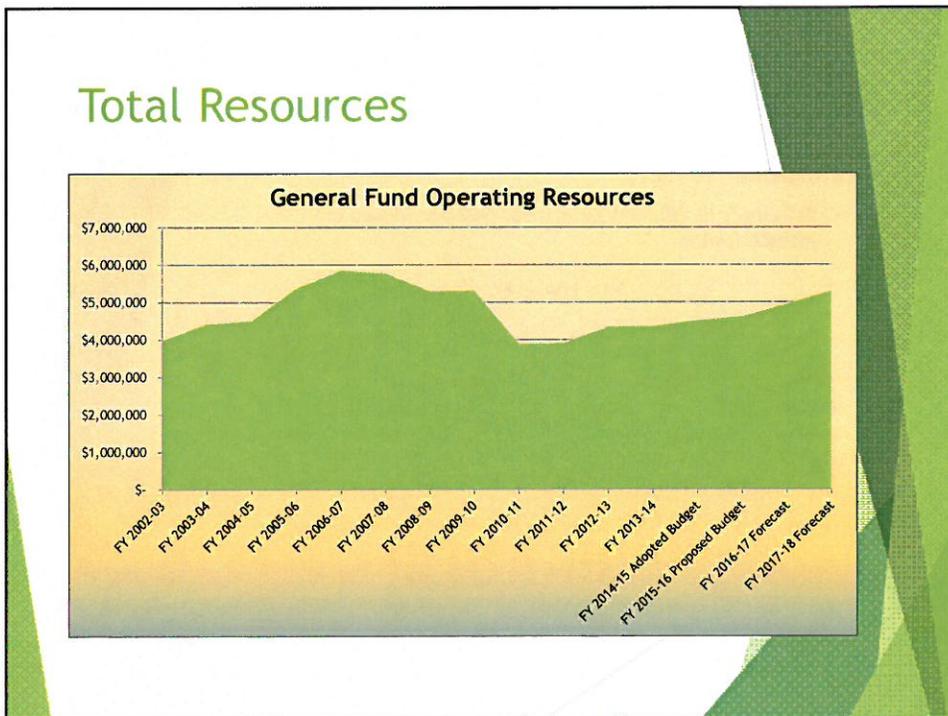
Property Taxes

- Permanent Rate Levy
 - Fairview's Permanent Rate is \$3.4902 per \$1,000 of assessed value



FAIRVIEW:

| Fiscal Year | Total Taxable AV | \$ Change | % Change |
|-------------|------------------|------------|----------|
| 1999-2000 | 241,374,471 | | |
| 2000-2001 | 273,923,688 | 32,549,217 | 13.48% |
| 2001-2002 | 312,206,184 | 38,282,496 | 13.98% |
| 2002-2003 | 346,989,639 | 34,783,455 | 11.14% |
| 2003-2004 | 375,364,119 | 28,374,480 | 8.18% |
| 2004-2005 | 405,386,662 | 30,022,543 | 8.00% |
| 2005-2006 | 441,358,940 | 35,972,278 | 8.87% |
| 2006-2007 | 465,962,617 | 24,603,677 | 5.57% |
| 2007-2008 | 502,218,440 | 36,255,823 | 7.78% |
| 2008-2009 | 544,859,454 | 42,641,014 | 8.49% |
| 2009-2010 | 566,319,382 | 21,459,928 | 3.94% |
| 2010-2011 | 577,673,035 | 11,353,653 | 2.00% |
| 2011-2012 | 589,632,877 | 11,959,842 | 2.07% |
| 2012-2013 | 600,120,349 | 10,487,472 | 1.78% |
| 2013-2014 | 617,900,340 | 17,779,991 | 2.96% |
| 2014-2015 | 634,983,720 | 17,083,380 | 2.76% |
| 2015-2016 | 654,033,232 | 19,049,512 | 3.00% |
| 2016-2017 | 684,654,229 | 30,620,997 | 4.68% |
| 2017-2018 | 718,886,940 | 34,232,711 | 5.00% |
| 2018-2019 | 740,453,548 | 21,566,608 | 3.00% |
| 2019-2020 | 762,667,155 | 22,213,606 | 3.00% |



| General Fund Operating Resources | |
|----------------------------------|--------------|
| FY 2002-03 | \$ 3,994,638 |
| FY 2003-04 | \$ 4,430,068 |
| FY 2004-05 | \$ 4,529,243 |
| FY 2005-06 | \$ 5,384,917 |
| FY 2006-07 | \$ 5,867,491 |
| FY 2007-08 | \$ 5,780,019 |
| FY 2008-09 | \$ 5,299,926 |
| FY 2009-10 | \$ 5,311,183 |
| FY 2010-11 | \$ 3,886,685 |
| FY 2011-12 | \$ 3,902,318 |
| FY 2012-13 | \$ 4,349,727 |
| FY 2013-14 | \$ 4,352,377 |
| FY 2014-15 Adopted Budget | \$ 4,519,627 |
| FY 2015-16 Proposed Budget | \$ 4,629,018 |
| FY 2016-17 Forecast | \$ 4,953,049 |
| FY 2017-18 Forecast | \$ 5,299,763 |

General Fund Resources Summary

- ▶ Total AV to increase by minimum of 3%
- ▶ Fines and Forfeitures reduced by \$155,000 due to Photo Red Light Enforcement termed May 31, 2015
- ▶ Consumer Driven resources increasing with increased spending by consumers: Business Income Tax, Cigarette Tax, etc.

Administration

- ▶ No major changes in this General Fund Department
- ▶ Total Department increased in expenditure by \$17,900 which is primarily related to Personnel related expenses
- ▶ Department includes:
 - ▶ City Administrator
 - ▶ City Recorder
 - ▶ IT Coordinator
 - ▶ Mayor & Council Related Expenses

FY 2015-16 Key Projects/Goals: Above and beyond daily operational responsibilities and tasks

- ▶ Teamster Union Negotiations Completion
- ▶ Fairview Police Officers' Association Labor Negotiations
- ▶ Evaluation and Negotiation of Multnomah County Sheriff's Office Contract for law enforcement services
- ▶ IT System maintenance and server and hardware replacements
- ▶ Research and evaluate options and cost for paperless Council meetings
- ▶ Issue Request for Proposals for Insurance Agent Services
- ▶ Update City Contracting and Purchasing Rules
- ▶ Evaluate live streaming of city meeting options and costs
- ▶ Update Employee Manual
- ▶ Continued organization of city archived records and preparations for conversion to digital documents
- ▶ Coordination of City hosted events including Easter Egg Hunt, City Council Neighbor Fairs, Flicks in the Park, Christmas Tree Lighting, and assistance to Police Department (as needed) in coordinating National Night Out and Bike Rodeo

Finance

- ▶ No major changes in this General Fund Department
- ▶ Total Department decreased in expenditure by \$7,771 which is primarily related to Personnel related expenses and a reduction in Capital Outlay expense which was increased in FY 2014-15 to fund Financial system upgrades
- ▶ Department includes:
 - ▶ Deputy Director
 - ▶ Accountant II
 - ▶ Office Assistant I
 - ▶ Utility Billing Clerk

FY 2015-16 Key Projects/Goals: Above and beyond daily operational responsibilities and tasks

- ▶ Complete Conversion to new Banking Provider
- ▶ Utilize Utility Billing system in correlation with banking provider to facilitate automatic email billing and automatic payments
- ▶ Implement statement billing for customers with more than one account
- ▶ Issue Request for Proposals for Auditing Services

Court

- ▶ No major changes in this General Fund Department
- ▶ Total Department increased in expenditure by \$4,955 which is primarily related to IT Expenses related to the Court System Upgrade currently in process.
- ▶ Department includes:
 - ▶ Court Clerk

FY 2015-16 Key Projects/Goals: Above and beyond daily operational responsibilities and tasks

- ▶ Develop and implement monthly system for collection of parking tickets fines
- ▶ Complete Court Software Conversion Upgrade
- ▶ Complete Audit of Court Citations

Public Works Community Services

- ▶ No major changes in this General Fund Department
- ▶ Total Department increased in expenditure by \$28,270 which is primarily related to increases in contact services related to anticipated need for additional planning services as well as funding for a Business Development Study of the Halsey Corridor.
- ▶ Department includes:
 - ▶ Public Works Director
 - ▶ Public Works Superintendent
 - ▶ Public Works Operations Lead
 - ▶ Development Analyst (2)
 - ▶ Engineering Associate (2)
 - ▶ Maintenance Worker II (4)
 - ▶ Office Assistant- Part- Time)

FY 2015-16 Key Projects/Goals: Above and beyond daily operational responsibilities and tasks

- ▶ Provide timely and professional assistance to developers, business owners, and residential property owners
- ▶ Pursue Business/Market Analysis for Halsey Street/ Village Street corridors
- ▶ Coordinate rate analysis for fees for permits and plan review
- ▶ Facilitate Planning Commission Review of Development Code and forward recommendations to City Council
- ▶ Implement permit tracking system to easily identify total cost of project permitting

Public Works Parks

- ▶ No major changes in this General Fund Department
- ▶ Total Department decreased in expenditure by \$89,903 which is primarily due to an supplemental budget increase in FY 2014-15 to facilitate Fairview Woods Park improvements.
- ▶ Department includes:
 - ▶ Public Works Director
 - ▶ Public Works Superintendent
 - ▶ Public Works Operations Lead
 - ▶ Development Analyst (2)
 - ▶ Engineering Associate (2)
 - ▶ Maintenance Worker II (4)
 - ▶ Office Assistant- Part- Time)

FY 2015-16 Key Projects/Goals: Above and beyond daily operational responsibilities and tasks

- ▶ Solicit Request for Proposals for design services for Lakeshore Park improvements
- ▶ Pursue all applicable grant opportunities to leverage limited resources for park maintenance and improvements
- ▶ Complete fence, trail markers, and signage at Fairview Woods Park
- ▶ Install "Historic" signage in "old town" Fairview
- ▶ Paint exterior and replace roof of Heslin House
- ▶ Paint interior and resurface upstairs floors of Community Center
- ▶ Facilitate coordination of tree policy review and education task group

Police

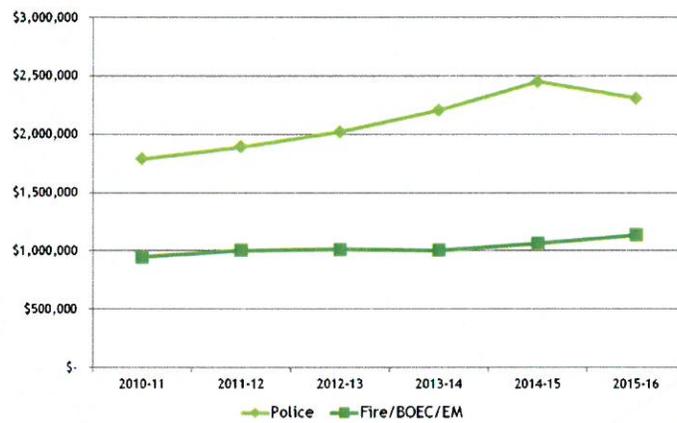
- ▶ Major changes in this General Fund Department include budgeted reduction of one officer position to decision packet and decreased cost in contract services related to the terming of Red Light Camera Photo Enforcement Program
- ▶ Total Department decreased in expenditure by \$143,575 which is primarily due to decrease in number of personnel as well as the elimination of a Equipment Replacement Fund Contribution. Required MDC's, scanners, and mobile printers will be purchased as part of the RegJin Project.
- ▶ Department Includes:
 - ▶ Chief of Police
 - ▶ Sergeant (3)
 - ▶ Patrol Officers (12)
(3 of which serve as Detective, School Resource Officer, and EMGET officers)
 - ▶ Records Specialist Lead
 - ▶ Records Specialist

Interesting fact...

| | |
|------------------------------|-------------|
| ▶ Property Tax Resource= | \$2,198,000 |
| ▶ Public Safety Budget= | \$3,440,762 |
| Law Enforcement: | \$2,305,635 |
| 9-1-1 Dispatch Services: | \$ 205,000 |
| Fire and Emergency Services: | \$ 914,377 |
| City Emergency Management: | \$ 15,750 |

Public Safety utilizes all of the property taxes received by the City as well as an additional \$1.2 million dollars of General Fund Total Operating Resources to provide services to the City.

Public Safety Cost Through the Years



FY 2015-16 Key Projects/Goals: Above and beyond daily operational responsibilities and tasks

- ▶ Evaluate and provide professional recommendations to provide high quality and responsive law enforcement services in Fairview
- ▶ Provide citizen based training for personal safety and emergency preparedness
- ▶ Complete implementation of RegJin
- ▶ Maintain status of department while evaluation of MCSO contract is explored by City Council

Fire/BOEC/Emergency Management

- ▶ No major changes in this General Fund Department
- ▶ Total Department increased in expenditure by \$71,000 which is primarily due to the renewing of the contract for Fire and Emergency Services with the City of Gresham. The current contract terms June 30, 2015 and was for a period of 10 years.
- ▶ Department includes:
 - ▶ Chief of Police who is designated as the Emergency Operations Manager for the City

Other Requirements

- ▶ Facilities Maintenance Fund transfer was reduced by \$40,000 as in FY 2014-15 it was increased using reserves to fund deferred maintenance issue from the period of the recession. For FY 2015-16, a \$30,000 transfer is budgeted to fund new chairs and tables for Council Chambers.
- ▶ Contingency is fully funded at \$2,244,484
- ▶ Ending Fund Balance-Unassigned is fully funded with the minimum best practice amount of 3 months of operating requirements at \$1,172,000

Special Revenue Funds

Fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes (OAR 150-294.352(1)-(A))

Administrative Excise Charge Fund (AEC)

- ▶ Fund Purpose: to collect funds from new development to pay for public infrastructure such as City Hall and other City Buildings. City Council adopted tax.
- ▶ This fund assisted with the retirement of the debt on City Hall.
- ▶ Anticipated Development activity is expected to result in largest increases in several years for this fund.

Building Fund

- ▶ State law requires that permit revenues be used only towards operating expenditures of the Building Department.
- ▶ Building Fund is budgeted to increase by only \$6,600 which is related to increases in building inspection service to meet increased demands
- ▶ Current and Future Development is anticipated to result in significant increases in resources with related increases in requirements.
- ▶ Building Inspection services will be provided by contracted provided = City of Gresham pending Council approval.

Grant Project Fund

- ▶ This fund is utilized for large grant projects in order to identify and track expenditures in compliance with grant requirements. Some grants may require single audit adherence.
- ▶ The primary change in this fund for FY 2015-16 is the recognition of a bi-annual grant titled "Community Development Block Grant." The City utilizes these grants to systematically install sidewalks in "old town" "historic" Fairview. The grant is estimated to be \$69,500 for FY 2015-16.

Street Fund

- ▶ This fund provides equipment and services to maintain the City's streets and alleyways. This fund is monitored closely as funding from gas tax from both the state and county level are under increasing pressure given the level of deferred maintenance at all levels of government.
- ▶ This fund is budgeted to increase \$71,600 which is primarily due to increases related to the contract services cost of updating the City's Transportation System Plan (TSP). The City also was awarded a grant to assist with offsetting some of the cost for the mandated update.

Capital Project Funds

Fund used to account for resources, such as bond sale proceeds, to be used for major capital item purchases or construction. (OAR 150-294.352(1))

Water System Development Charge Fund

- ▶ SDC fees are assessed on all new construction and work in conjunction with the system operating fund to pay for infrastructure projects listed in the City's water master plan. These projects ensure the efficient operation of the system for adequate water flow.
- ▶ Approximately \$140,000 of these funds are forecasted to be utilized in FY 2014-15 to complete the Village Loop Project. Other projects may be identified in FY 2015-16 dependent upon demand or unexpected emergencies.

Sewer System Development Charge Fund

- ▶ SDC fees are assessed on all new construction and work in conjunction with the system operating fund to pay for infrastructure projects listed in the City's sewer master plan. These projects ensure the efficient process of sewer system waste to Gresham sewer processing system.
- ▶ No immediate projects are identified for FY 2015-16; however, it is anticipated these funds will be utilized to help meet the funding requirements of the Interlachen interceptor project.

Stormwater System Development Charge Fund

- ▶ SDC fees are assessed on all new construction and work in conjunction with the system operating fund to pay for infrastructure projects listed in the City's stormwater master-plan. These projects protect the streams and rivers from contaminated water run-off and also ensure the proper system to prevent flooding during heavy rainfall.
- ▶ No immediate projects are identified for FY 2015-16; however, this would potentially change with requirements of the MS4 permit or additional city development of vacant properties.

Park and Open Space System Development Charge Fund

- ▶ Park SDC fees are assessed on all new residential construction and work in conjunction with the system operating fund to pay for infrastructure projects listed in the City's Park and Open Spaces master-plan. These projects protect the green spaces and ultimately the livability of the city which currently maintains 27 separate parks.
- ▶ Over the last 10 years, this fund has funded projects in multiple parks including Salish Ponds, Fairview Community Park, and Park Cleone. It is anticipated this fund will not increase substantially in the short term as it is dependent upon new residential construction.

Debt Service Funds

Fund established to account for payment to general long-term debt principal and interest (OAR 150-294.352(1))

Fairview Lake Sewer Local Improvement District Debt Fund

- ▶ This debt is scheduled to be retired in May 2015. One property remains in foreclosure and is delinquent in submitting payments to the City. The few properties remaining with amounts owing to the City are scheduled to have met their obligations by 2018.
- ▶ Future payments will be recognized as resources of the General Fund and are forecasted be approximately \$74,000 per year.

Reserve Funds

Fund established to accumulate money from to year to year for a specific purpose, such as purchase of new equipment (ORS 294.346)

Equipment Replacement Fund

- ▶ Purpose of this fund is to ensure that resources are systematically set aside for routine replacement of equipment and vehicles
- ▶ Equipment purchases are expected to be limited for FY 2015-16 with the exception of the standard vehicle and equipment purchases by the Public Works Department per the Public Works Equipment Replacement Schedule.

Facilities Maintenance Fund

- ▶ Purpose of this fund is to ensure that resources are systematically set aside for routine repair and maintenance of city facilities
- ▶ The City anticipates replacing the worn and broken chairs of Council Chambers which were purchased when the building was built.

Enterprise Funds

A fund established to account for operations that are financed and operated in a manner similar to private business enterprises. They are self supporting.

(OAR 150-294.352(1)-(A))

Water Fund

- ▶ This fund is forecasted to decrease by \$116,400 which is primarily due to decreases in system improvements as the city initiates the planning phase and accumulates resources to cash fund Reservoir 1 liner replacement and Seismic Protection

- ▶ Other projects for FY 2015-16 include:
 - ▶ Completion of GSI Mapping project
 - ▶ Completion of Standard Specifications for the City
 - ▶ Water Master Plan Update

Sewer Fund

- ▶ This fund is forecasted to decrease by \$112,000 which is primarily related to a decrease in system capital improvements. Improvements budgeted in FY 2015-16 are \$500,000 whereas in FY 2014-15 the city budgeted \$630,000.

- ▶ Other projects for FY 2015-16 include:
 - ▶ Bridge and Matney Street Sewer Upgrades
 - ▶ Completion of I&I Basin Study
 - ▶ Sewer pre-design for Interlachen Interceptor Replacement planned for 2018

Stormwater Fund

- ▶ This fund is forecasted to decrease by \$44,000. This is primarily due to a decrease in contract service expenses related to meeting the requirements of renewing the MS4 permit as required.
- ▶ Other projects for FY 2015-16 include:
 - ▶ Detention Ponds Evaluation and Restorations
 - ▶ Completion of Water Quality Manual
 - ▶ Increased Public Education Outreach regarding water quality and stormwater run-off into lakes, streams, and rivers

FY 2015-16 Proposed Budget Summary

- ▶ Professional recommendation of what is needed to meet the goals as identified by staff and City Council
- ▶ As service organization, maintains focus on service to the public:
 - ▶ including addressing utility system concerns and billing questions,
 - ▶ processing permits and plan reviews in timely manner as delays cost money for developers,
 - ▶ pro-actively maintaining systems and assets to prevent future spikes in cost as a result of neglect
- ▶ City resources are healthy, but cost of capital and new programs must be strategically balanced and implemented

Overall, budget is fairly flat with considerable projects being carried over for final steps and planning for FY 2016-17

City-Wide the total change in Personal Requirements and Materials and Services Requirements is \$50,000.

City- Wide Capital is budgeted to decrease over \$650,000.

Projects include: VA and other Halsey Corridor Developments, Village Street remodels and developments, increasing online city-hall billing and payment capabilities, evaluating additional areas for consolidation of services with neighboring jurisdictions.. just to name a few.

Thank You!

**MEETING SUMMARY
CITY OF FAIRVIEW
BUDGET COMMITTEE**

April 20, 2015

Fairview Budget Committee reconvened from April 13, 2015

Budget Committee Members

Ted Tosterud, Mayor
Ed Bejarana
Brian Cooper
Francis Doo, Secretary
Dan Kreamier
George Lingelbach
Les Moore
Nancy Murdick
Steve Owen
Steve Prom
Tamie Tlustos-Arnold
Valerie Tewksbury, Chair
Natalie Voruz
*Ted Kotsakis (Resigned Council Position)

Staff

Samantha Nelson, City Administrator
Allan Berry, Public Works Director
Ken Johnson, Police Chief
Les Folger, Deputy Finance Director
Devree Leymaster, City Recorder

(6:30 PM)

1. CALL TO ORDER/ROLL CALL

Chair Tewksbury called the meeting to order. City Recorder Leymaster called roll call.

2. BUDGET PRESENTATION SUMMARY

City Administrator Nelson presented a budget summary and recap from the April 13 meeting. (*Exhibit A*) Highlights included a city-wide resource change of \$10,872 and reduced expenditures of \$1,184,992; general fund resource increase of \$109,391 and expense decrease of \$163,898; historically rarely use all of requested reserves; the proposed budget maintains current operating levels and completes current projects; anticipated expenses for infrastructure improvements, exploring consolidation of law enforcement services, recreation service sharing, etc. are included; as are the anticipated City Council goals, which have yet to be adopted.

City Administrator Nelson addressed Committee Member Bejarana's request for the budget matrix. Staff does not have a matrix. The approach to develop the budget includes looking at the goals of City Council and the City's Master Plans, evaluating department structures and operational tasks, and the institutional knowledge of the City's operating processes. Each Director reviews their budget by line item and evaluates the associated tasks against council goals and citizen needs and requests; always mindful of protecting and improving core services. Decision packets are used as a tool to provide transparency for citizens. City Administrator Nelson remarked in reviewing the current process to address Committee Member Bejarana's request, she could see the value of developing and incorporating a matrix in future budget processes.

Committee Member Bejarana remarked the Budget Committee often has to make tough decisions. Having quantifiable numbers to address what needs to be done is essential. It is a critical tool in deciding to spend tax payer money one way or another and encouraged Council to create a measurement system, i.e. matrix, for future budget processes.

Mayor Tosterud inquired what services citizens are not getting due to the reduced staff levels. City Administrator Nelson replied it is not that the services are not being provided, the impact is in timeliness. As in Finance the implementation for increased technology has been slower than if the department was fully staffed. The direct impact to citizens depends on the priority of a particular service to that citizen. Mayor Tosterud asked if the addition of one full-time employee (FTE) could be added back which department has the highest need. City Administrator Nelson answered Public Works. They are stretched to meet the current demand and that demand is only anticipated to increase. Mayor Tosterud proposed since the budget is conservatively prepared, Council review the budget quarterly or mid-year to see if an FTE can be reinstated. Committee Member Bejarana noted having a measurement system would be beneficial in making these types of decisions; the decision would be based on quantifiable facts. Committee Member Cooper queried if adding more staff is a need or a want. City Administrator Nelson replied staff was given a directive to do more with less. That is what prompted the organizational restructuring in 2011. Rebuilding has been based on what is needed. The greatest need over the next few years is in Public Works.

City Administrator Nelson commented Fairview has a very diverse population with different definitions of what quality of life means to them. Outside the core services i.e. public safety, water, sewer, etc.; try to provide something for everyone. The City is a service organization that interacts with citizens and strives to maintain and/or enhance current service levels.

Committee Member Moore proposed developing performance standards for future reference. Committee Member Voruz suggested beginning the budget review with what the city has accomplished in the prior year.

Committee Member Kreamier asked if Public Works hires seasonal help. City Administrator Nelson replied yes, but the city has to be mindful of hours and labor contract limits. Typically seasonal help is used June through September; sometimes it is project specific. They advertise for position(s) for a few months and reach out to Mt. Hood CC programs and the Cascade Academy Foundation (CAF) program at the local high school.

3 PUBLIC COMMENT

Chair Tewksbury reconvened the Public Hearing for the proposed budget for FY 2015-16.

Brad Robertson, Fairview Officer and Fairview Police Association President, spoke in support of the proposed budget and decision packet. The best practice for public safety and officer safety is for two officers and supervision 24/7. Still do not have supervision 24/7. There is the potential for discussions with the Multnomah County Sheriff's Office (MCSO) over the next year. The police department has had challenges with officer shootings, murder investigations, and officer health issues. He requested keeping the sixteenth officer on staff. Mr. Robertson summarized the city has made good decisions financially and he supports the proposal and decision packet.

Josh Reis, sixteenth Fairview Officer, spoke in favor of the proposed budget and decision packet to maintain the sixteenth officer position. Mr. Reis commented the "police officer" is a service driven

profession; he was raised in this community and provided many opportunities. He affirmed his commitment to the City Council and Budget Committee to do his best to increase the livability and give back to the community if provided the opportunity in keeping his position.

Hearing no more requests to speak, Chair Tewksbury closed the public hearing.

Committee Member Bejarana moved to request staff to fund the sixteenth officer from general funds and offset the expenditure by creating decision packets that use reserves and Tlustos-Arnold seconded.

Committee Member Cooper proposed reallocating the contingency funds from the Lakeshore Park project to balance the budget.

Committee Member Bejarana noted he has concerns for the economy and another potential recession. Public safety should be permanently funded not a reserve item. Committee Members Kreamier and Tlustos-Arnold agreed the sixteenth officer should be permanently funded and other expenses identified for one-time funding using reserves. Committee Members Voruz and Prom agreed. Two officers 24/7 is an identified council goal and council goals should drive the budget. We should send the message to our citizens and officers that Fairview puts public safety first.

Chair Tewksbury asked where in the budget will it state reserves were used to fund the officer or is it just anecdotal. City Administrator Nelson replied several funds will be affected to incorporate the sixteenth officer, but none of the funds, or line items, will be flagged or identified as using reserves. The only fund that will reflect the change is contingency excess reserves. As noted before, the use of a decision packet is for transparency. It was presented this way because of Council direction. The red light camera program revenue was initially used to fund the sixteenth officer with the expectation that the position would be fully absorbed into the operational budget within a few years. Council supported using reserves to fund the position for one year when deciding to not continue the red light program.

Committee Member Owen commented he does not object to funding the sixteenth officer, but this seems like a political ploy to say how the position was funded. Ultimately the general fund has no more guarantees than reserves. He inquired what the real goal is – a 100% balance budget or is the committee open to the use of reserves. Committee Member Bejarana replied it is not political; it is psychological and noted an officer should not have to worry about their job.

Committee Member Cooper reiterated one of the funding options is to use a portion of the Lakeshore Park contingency. Committee Member Prom noted the initial results of the Lakeshore Park indicate the desire to keep the park a nature park. He cautioned the survey results are not final yet.

Committee Member Moore “called for the question” and Committee Member Tlustos-Arnold seconded. Committee Member Bejarana recited the motion and proposed a roll call vote. Chair Tewksbury clarified an “aye” brings the motion to a vote and a “no” continues discussion. The “call for the question” passed by majority.

AYES: 10

NOES: 3 – Committee Member’s Cooper, Doo and Owen

ABSTAINED: 0

Chair Tewksbury requested a roll call for the motion to request staff to fund the sixteenth officer from general funds and offset the expenditure by creating decision packets that use reserves. The motion passed by majority.

AYES: 10

NOES: 3 – Committee Member's Cooper, Doo and Owen

ABSTAINED: 0

Mayor Tosterud moved to defer the purchase of tables and chairs for council chambers (\$30,000) until next fiscal year and Committee Member Bejarana seconded.

Chair Tewksbury noted with the history of reserves not being spent, resources coming in higher than expected, and expenditures lower than budgeted there is the potential as the budget moves along the tables and chairs could be purchased. It would be up to Council to review and approve it. Fundamentally, she supports the message and prioritization.

Chair Tewksbury called for a voice vote. The motion passed unanimously.

AYES: 13

NOES: 0

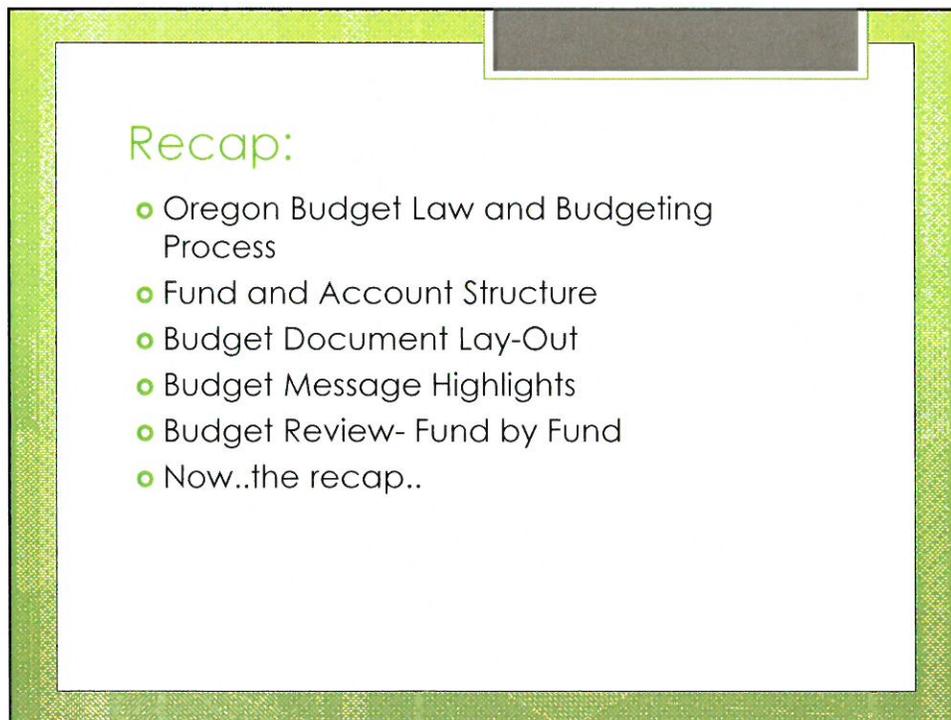
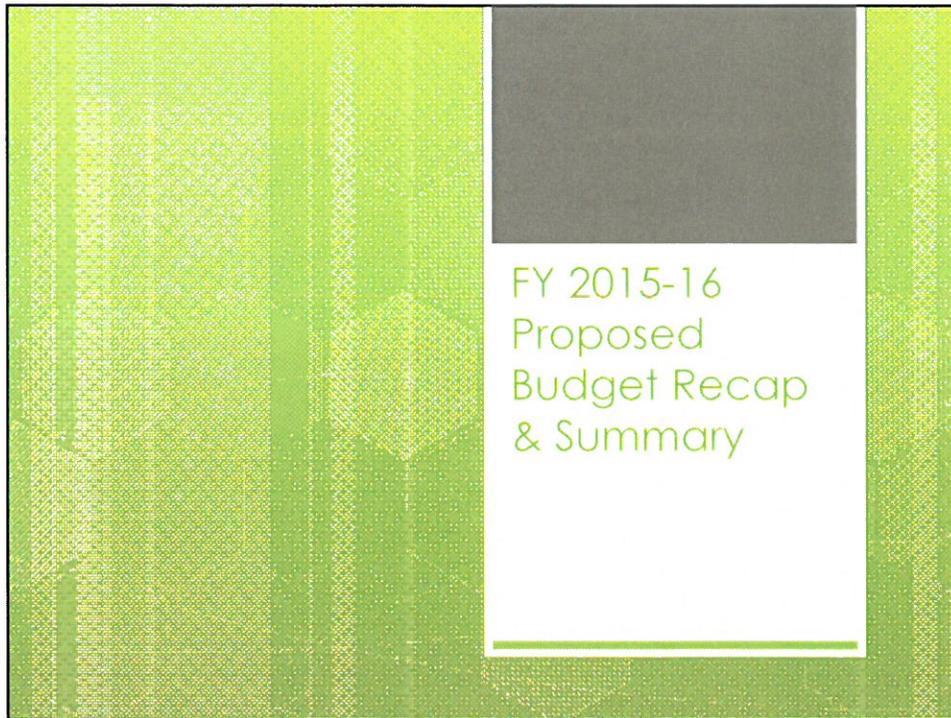
ABSTAINED: 0

City Administrator Nelson requested direction as to whether she is coming back with cuts for a 100% balanced budget or a list of fund items for reserve use consideration. Mayor Tosterud clarified the request is to present an itemized list of fund items totaling \$174,658 for reserve use consideration.

4. COMMITTEE DISCUSSION

Committee Member Bejarana moved to recess the meeting until next week and Committee Member Tlustos-Arnold seconded. The meeting recessed at 7:30 PM by consensus.

EXHIBIT A
4-20-15



| CITY WIDE TOTALS | 2014-15 Adopted Budget Staff Detail | 2015-16 Proposed Budget Staff Detail | Budgetary Change City Wide |
|---------------------------|--|---|-----------------------------------|
| BEGINNING BALANCES | 8,809,583 | 8,495,138 | (314,445) |
| OPERATING RESOURCES | 9,718,314 | 9,729,186 | 10,872 |
| PERSONNEL SERVICES | 4,002,715 | 3,985,768 | (16,947) |
| MATERIALS AND SERVICES | 4,326,965 | 4,394,633 | 67,668 |
| DEBT SERVICE | 787,224 | 272,883 | (514,341) |
| TRANSFER TO OTHER FUNDS | 258,352 | 224,631 | (33,721) |
| CAPITAL OUTLAY | 3,259,737 | 2,572,086 | (687,651) |
| CONTINGENCY | 2,455,464 | 2,998,533 | 543,069 |
| ENDING BALANCE TOTAL CITY | 2,633,287 | 3,252,188 | 618,901 |
| | | Resource Change: | 10,872 |
| | | Expenses Change: | (1,184,992) |

| General Fund | 2014-15 Adopted Budget Staff Detail | 2015-16 Proposed Budget Staff Detail | Budgetary Change General Fund |
|---------------------------|--|---|--------------------------------------|
| BEGINNING BALANCES | 3,733,878 | 3,501,142 | |
| OPERATING RESOURCES | 4,519,627 | 4,629,018 | 109,391 |
| PERSONNEL SERVICES | 2,624,865 | 2,604,737 | (20,128) |
| MATERIALS AND SERVICES | 1,963,534 | 1,976,864 | 13,330 |
| DEBT SERVICE | - | - | - |
| TRANSFER TO OTHER FUNDS | 128,775 | 36,775 | (92,000) |
| CAPITAL OUTLAY | 160,400 | 95,300 | (65,100) |
| CONTINGENCY | 1,819,381 | 2,244,484 | 425,103 |
| ENDING BALANCE TOTAL CITY | 1,168,000 | 1,172,000 | 4,000 |
| | | Resource Change: | 109,391 |
| | | Expenses Change: | (163,898) |

| General Fund: | Budget to Actual | Budget to | Net Effect: |
|---------------|------------------|----------------|--------------|
| | Resource | Actual Expense | |
| | Above/(Under) | Under/(Over) | |
| 2000-01 | \$ 855,326 | \$ 403,256 | \$ 1,258,582 |
| 2001-02 | \$ (191,580) | \$ 641,857 | \$ 450,277 |
| 2002-03 | \$ (154,498) | \$ 782,021 | \$ 627,523 |
| 2003-04 | \$ 293,694 | \$ 366,105 | \$ 659,799 |
| 2004-05 | \$ 83,159 | \$ 546,919 | \$ 630,078 |
| 2005-06 | \$ 356,931 | \$ 758,492 | \$ 1,115,423 |
| 2006-07 | \$ 425,292 | \$ 908,842 | \$ 1,334,134 |
| 2007-08 | \$ 207,817 | \$ 615,867 | \$ 823,684 |
| 2008-09 | \$ (537,916) | \$ 450,305 | \$ (87,611) |
| 2009-10 | \$ (88,603) | \$ 385,858 | \$ 247,255 |
| 2010-11 | \$ (85,646) | \$ 75,854 | \$ (9,792) |
| 2011-12 | \$ (201,908) | \$ 362,943 | \$ 161,035 |
| 2012-13 | \$ 381,871 | \$ 133,751 | \$ 515,622 |
| 2013-14 | \$ 106,822 | \$ 775,728 | \$ 882,550 |

Staff Levels:

Administration- at minimum level

Finance- one under minimum level

Public Works- 2 under minimum level

Police- at Council Goal level

What the Proposed Budget does:

- Maintains current operating levels to complete current projects which will result in long term positive benefits for city (shortened A/R days, less paper and postage expense, economic development, increased property taxes and other resources across city funds)

- Continues infrastructure improvements of parks, street, water, sewer, and stormwater systems
- Enables funding for the exploration and study of consolidation potential for efficiencies and financial improvements in various areas of city services including law enforcement
- Enables adequate staffing and needed materials and supplies to move goals of the Council and departments forward

- In line with past conservative budgetary history as demonstrated.
- Worst case scenario- will utilize \$204,000 of reserves to carry out the tasks, projects, and goals of the General Fund
- FY 2016-17- all indicators remaining equal, will present budget with current staff levels all absorbed into operating funds along with on-going capital contributions and expenses

- Question regarding Matrix.... For evaluating
"current operating efficiencies"
and
"sustaining the quality of life in Fairview"

- Council Goals
- City Master Plans
- Departmental Goals
- Departmental Evaluation of Operating tasks
- Citizen feedback and comments- online, newspaper, webpages, next door neighbor, council meetings, calls, letters
- Intimate knowledge of operating processes and goals of all departments by Director and/or City Administrator

- Evaluate, analyze, question, assess, considering all factors above and make recommendation- line item by line item

FY 2015-16 Proposed Budget Summary

- Professional recommendation of what is needed to continue current service levels, facilitate strategic expansion of services, and meet the goals as identified by City Council and Departments
- City resources are healthy, with cost of capital and new programs being strategically balanced and implemented

The "City of Fairview" municipal operations is a service organization which means people. All expenses were evaluated and assessed in recognition of their impact on the services the City provides citizens, developers, businesses, and other governmental partners.

**MEETING SUMMARY
CITY OF FAIRVIEW
BUDGET COMMITTEE**

April 27, 2015

Fairview Budget Committee reconvened from April 20, 2015

Budget Committee Members

Ted Tosterud, Mayor
Ed Bejarana
Brian Cooper
Francis Doo, Secretary (Absent)
Dan Kreamier
George Lingelbach
Les Moore
Nancy Murdick
Steve Owen (Absent)
Steve Prom
Tamie Tlustos-Arnold
Valerie Tewksbury, Chair
Natalie Voruz

Staff

Samantha Nelson, City Administrator
Allan Berry, Public Works Director
Ken Johnson, Police Chief
Lesa Folger, Deputy Finance Director
Devree Leymaster, City Recorder

(6:35 PM)

1. CALL TO ORDER/ROLL CALL

Chair Tewksbury called the meeting to order. City Recorder Leymaster called the roll call.

2. COMMITTEE DISCUSSION

Mayor Tosterud moved to approve the Fairview budget as presented with Decision Packet #2, Funding Mechanism #2, and Committee Member Prom second.

Committee Member Moore requested clarification concerning the restricted fund in the street fund, page 95. City Administrator Nelson commented the street fund is funded by gas tax only and the fund is dedicated to street functions. This fund is used to maintain current street infrastructure. The Transportation System Plan (TSP) identifies projects and schedules. The ability to complete projects as scheduled is subject to the availability of funds. The TSP is due for review and staff is anticipating receiving a grant to assist with some of the costs associated with the TSP review. She reviewed each line item within the fund.

Committee Member Moore moved to amend the main motion for \$423,216 of restricted funds to be applied to sidewalks in Old Town and the sidewalk plan to be adopted so that the work can occur in this budget cycle and Committee Member Tlustos-Arnold seconded.

Chair Tewksbury requested clarification from staff that the Budget Committee can direct funds to a specific project. City Administrator Nelson replied City Council would need to approve a specific project. She cautioned against depleting the street fund. It is the most endangered fund as the gas tax is volatile depending on the economy and state and federal decisions. The city has no control over

what is received. That is why staff takes a very systematic and cautious approach to funding street projects.

Councilor Cooper inquired if this would affect the city's ability to receive the Community Development Block Grant (CDBG) for sidewalks. Director Berry replied Old Town is the only area in Fairview that meets the criteria for the CDBG. The city receives funds every other year and leverages these grant dollars to systematically add sidewalks in Fairview. The ability to receive CDBG funds may be jeopardized if Fairview were to solely fund a sidewalk project in Old Town. Also, \$400,000 would make a small dent in completing sidewalks in Old Town.

Committee Member Tlustos-Arnold inquired how long it would take to complete sidewalks in Old Town relying on CDBG funds. Director Berry replied the CDBG funds approximately one block of sidewalks. It would take approximately 92 years to complete all of Old Town relying solely on CDBG funds.

Committee Member Voruz asked if there have been discussions to prioritize sidewalks on 223rd. Director Berry replied it is a County road, the County would need to install sidewalks. Sidewalks on 223rd are not in the County's foreseeable work plan.

Mayor Tosterud commented during campaigning some residents expressed they do not want sidewalks and curbs in Old Town. The current approach for sidewalks is to work out from the grade school, creating safe connectivity to the school and addressing public safety issues i.e. 7th and Lincoln. City Council has had work sessions prioritizing public safety needs and the school connectivity plan with limited resources.

Committee Member Moore remarked the decision of where sidewalks go should be decided at a City Council work session but he would like to see these funds applied to the sidewalk program and begin incorporating funds for sidewalks in the budget moving forward. Public safety is a priority and it should be reflected in this budget.

Committee Member Cooper commented other areas in the city need sidewalks; not just Old Town.

Chair Tewksbury remarked the budget is already dipping into reserves. The city is already planning to spend more than it anticipates receiving in revenues. She inquired if in future years it would be expected that revenues would replenish the street fund. City Administrator Nelson replied no. The street fund is driven by tax resources and the city has no control over the resources for the fund. If the fund is depleted the city loses its ability to maintain its streets.

Hearing no more discussion, Chair Tewksbury called for a roll call vote for the amendment. The motion to amend the main motion for \$423,216 of restricted funds to be applied to sidewalks in Old Town and the sidewalk plan to be adopted so that the work can occur in this budget cycle did not pass.

AYES: 1 – Committee Member Moore

NOES: 10

ABSTAINED: 0

Prior to voting on the main motion, Committee Member Kreamier requested City Administrator review the breakdown of the \$174,658 identified in decision packet 2. During the review the Committee had questions regarding the Heslin House lease agreement between the city and the

Historical Society and the improvements needed at the Heslin House i.e. new roof. City Administrator Nelson explained the city owns the home, it is not historical, and the lease agreement requires the city to maintain the building's exterior. This is the first year with these terms in the lease; do not have yearly costs to share.

Committee Member Tlustos-Arnold asked about the trending expenses for legal services over the past few years. City Administrator Nelson referred to the summary section on page 162. The utilization of legal services is also broken out by department. The summary includes all legal services i.e. land use, labor negotiations, contracts, etc. The Police Department expense is increased in anticipation of needing legal services if the city evaluates law enforcement consolidation with MCSO.

Hearing no more discussion, Chair Tewksbury called for a roll call vote for the main motion. The motion to approve the Fairview budget as presented with Decision Packet #2, Funding Mechanism #2, passed unanimously.

AYES: 11
NOES: 0
ABSTAINED: 0

3. LEVING OF TAX

a. Accept levying of Tax Rate as Identified in Proposed Budget

Mayor Tosterud moved to accept the levying of the tax rate as identified in the proposed budget, \$3.4902 per \$1,000 of assessed value, and Committee Member Bejarana seconded.

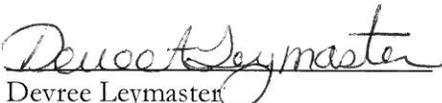
Committee Member Kreamier asked if this is the current rate for this year. City Administrator Nelson replied it is the permanent rate as set by the state and it is the maximum rate the city can impose. The motion passed unanimously.

AYES: 11
NOES: 0
ABSTAINED: 0

4. ADJOURNMENT

Committee Member Bejarana moved to adjourn and Mayor Tosterud seconded; the meeting adjourned by consensus at 7:27 PM.

Summary prepared by:


Devree Leymaster
City Recorder

A complete recording of the Budget Committee Meeting(s) is available by contacting the City of Fairview Administration Office, 1300 NE Village Street, Fairview, Oregon 97024 • 503.665.7929