



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, Monday, April 20, 2015, at the Elsie Stuhr Center, Manzanita Room, 5550 SW Hall Boulevard, Beaverton.

Present:

Anthony Mills	Chair/Budget Committee Member
Stephen Pearson	Secretary/Budget Committee Member
Joseph Blowers	Budget Committee Member
Greg Cody	Budget Committee Member
Susan Cole	Budget Committee Member
John Griffiths	Budget Committee Member
Jerry Jones Jr.	Budget Committee Member
Shannon Kennedy	Budget Committee Member
Larry Pelatt	Budget Committee Member
Bob Scott	Budget Committee Member
Doug Menke	General Manager

Agenda Item #1 – Call to Order

The meeting was called to order by Chair Anthony Mills at 6 pm. All present introduced themselves.

Agenda Item #2 – Approve February 23, 2015 Minutes

Jerry Jones Jr. moved the budget committee approve the minutes of the February 23, 2015 Budget Committee Meeting as submitted. Stephen Pearson 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 2015/16 Budget Committee Work Session and outlined the interactive process for the public meeting. He announced that THPRD received the Government Finance Officers Association's Distinguished Budget Presentation Award for the eleventh consecutive year.

A. Guiding Themes/Strategies for FY 2015/16

Doug referenced the Comprehensive Plan Update, the Service and Financial Sustainability Analysis, and the updated Strategic Plan approved by the board of directors in 2013. Staff have completed the Natural Resources Functional Plan and are working to complete the remaining functional plans – Parks, Program, and Trails by the end of FY 2014/15, and Athletic Facilities by early FY 2015/16. With these tools, staff developed five themes that drove the planning and development of the proposed FY 2015/16 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 our parks, trails, natural areas and facilities
- Ensure continuity of service and minimize service disruptions
- Move cost recovery on THPRD services in line with established targets

Doug noted that the proposed amount to fund the General Fund budget is \$48,085,161.

B. Goal Outcomes & Performance Measures

Seth Reeser, Operations Analysis manager, described the process staff have taken for FY 2015/16, noting that 16 of the total 23 business plans submitted are to be funded in FY 2015/16, two plans required no funding, and five plans were denied. He reviewed the amount of funding required for FY 2015/16 and the continued funding for the approved FY 2014/15 business plans.

Agenda Item #4 – Review Proposed 2015/16 Fiscal Year Budget Resources

Keith Hobson, director of Business & Facilities, stated that the proposed budget reflects staff's final proposal. The budget committee may make changes to the proposed budget, 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 final adopted budget.

Keith stated that THPRD's total resources for the FY 2015/16 proposed budget are approximately \$103 million. Of the total resources:

- A little less than half is from beginning Cash on Hand (\$49 million), with approximately 60% of Cash on Hand (\$29 million) in the Bond Fund.
- Approximately one-third (\$34 million) is from property taxes.
- The balance is from a variety of sources including program user fees, System Development Charge (SDC) fees, grants, and other income.

Keith noted that there is little change in resources between FY 2014/15 and FY 2015/16, other than an increase in SDC revenues and debt proceeds in the Bond Capital Projects fund.

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%, slightly higher than the budgeted increase in FY 2014/15 assessed value (3.6%), but equal to the actual growth in FY 2014/15. Taxes generally were increased by 3% on properties where market value was more than assessed value. Approximately 13% of property within THPRD is at market value, decreasing the overall growth to 2.6%. New development growth is conservatively estimated at 1.4%. Staff continue to monitor indicators that show property values are steadily improving, but still estimated growth conservatively.
- The beginning fund balance is projected at \$4.27 million, which is slightly higher than the estimate provided at the February midyear meeting. As noted at the midyear meeting, this projection is net of an adjustment of approximately \$1 million for deferred revenue that brings the budget estimate in line with the basis of accounting on the financial statements.
- Program revenue is projected to increase by 4% from the FY 2014/15 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 do run.

- Interest revenue decreased slightly because of the continued spend down of bond capital funds which reduces investable cash.
- Grant revenue reflects grants awarded in the current fiscal year, but not yet received, as well as grants that staff will submit applications for in the next fiscal year. For grants staff have not yet applied, revenue is tied to specific expenditures. In the event the grant is not awarded to THPRD, there will be no budget shortfall. Of the \$626,000 of budgeted grant revenue, approximately \$56,000 supports operating expenses, \$390,000 supports capital projects, and \$180,000 is a federal interest subsidy that supports debt service payments.
- Transfers In reflects bond-related and SDC-related staffing for project management, which is carried in the General Fund, but reimbursed from the Bond and SDC Funds. The decrease in Transfers In is due to the reduction in project management charges due to the completion of projects.

A. Program Revenue Analysis

Seth Reeser, Operations Analysis manager, provided a year-over-year program revenue comparison, noting that overall total revenue increased slightly in calendar year 2014 while the overall number of patrons decreased.

B. Cost Recovery Targets

Seth stated that FY 2014/15 is the first complete year staff will have data by tier and by center to evaluate cost recovery. More information will be provided in the fall when the board of directors adopts the FY 2016/17 goal outcomes. He noted ways to improve cost recovery include decreasing costs, and increasing prices and participation. He provided information on the newly implemented passes.

Seth reviewed contact hours and program revenue. He explained that the decrease in contact hours is based on shifts in programming due to cost recovery. He provided an example of how aquatics has moved some open/lap swim programming to instructional programming. While instructional programming has a higher cost recovery, open/lap swim has higher contact hours.

Shannon Kennedy asked how the passes increased both participation and cost recovery.

- ✓ Seth explained how the passes provide patrons flexibility to drop into any class at any center rather than having to register for a specific class at one center.

Stephen Pearson inquired how staff will monitor if too many passes have been issued and if any classes have maxed out capacity due to drop-in use.

- ✓ Seth noted that registration for fitness classes have decreased over the years and providing the passes is a way to compete with the private sector. Staff will monitor participation as this is only the first quarter the passes were offered.

Chair Anthony Mills asked why the out-of-district assessment paid decreased.

- ✓ Seth provided background on the change to the out-of-district assessment based on recommendations from the Service and Financial Sustainability Analysis. The amount changed from being charged 200% for an overall assessment to being charged 25% of the registration cost.
- ✓ Keith commented that while many changes took effect in January 2015, including out-of-district registrations and passes, revenue and registration still increased.

Anthony inquired what the out-of-district revenue has been in the past.

- ✓ Keith replied he did not have the exact data, but the trend has been a slight increase in revenue with a decrease in utilization. He noted that the implemented changes so far appear to be reversing the trend.

Jerry Jones Jr. asked if the 25% premium could be separated from the program registration revenue.

- ✓ Keith replied based on the 36% growth in registration revenue, 25% of the increase could be attributed to the premium and the remaining 11% to growth.

Shannon asked whether staff believe pass users may come in for drop-in and decide to take a class.

- ✓ Seth stated that staff's hope on offering the passes is that patrons would see what other programs are offered at THPRD.

Agenda Item #5 – Review Proposed 2015/16 Fiscal Year Budget Resources

A. Operating Expenditures

Keith Hobson, director of Business & Facilities, noted that because THPRD has a balanced budget, appropriations total approximately \$103 million in the FY 2015/16 proposed budget.

Board of Directors

Cathy Brucker, Finance Services manager, provided a brief overview of the Board of Directors appropriations which includes legal and audit services, conference expenses, some district memberships as well as the following:

- No election costs in FY 2015/16
- 60th anniversary celebration
- Decreased legal services based on prior actuals

Administration

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

- Direct implementation of the Bond Measure program, including significant land acquisitions
- Expand cooperative relationships with other local agencies and organizations
- Pursue grant funds for capital improvements
- Implement the Comprehensive Plan Update and Service and Financial Sustainability Analysis recommendations

Communications & Outreach

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

- Implement first-ever formal marketing plan
- Develop districtwide mobile app
- Continue to execute bond communications plan

Bob Scott inquired if there are other park districts in the country that use mobile apps.

- ✓ Bob Wayt commented that while not common, there are some park districts that use a mobile app.

Security Operations

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

- Continue to promote safe parks through SARA (Scan, Analyze, Respond & Assess)/CPTED (Crime Prevention Through Environmental Design)
- Continue to investigate encroachments on THPRD property
- Continue to manage intrusion and fire alarms, keyless access controls, and security camera systems

- Continue working partnerships with local law enforcement agencies
- Serve as staff to the Parks Advisory Committee. Through the Challenge Grant program, the advisory committee has purchased a trailer for trail management and two remote battery-powered cameras for security operations.

Susan Cole asked if THPRD has a problem with homeless camps in the parks.

- ✓ Mike stated that THPRD has a rule about unlawful camping. Camps are identified by staff, neighbors or patrons. THPRD staff work with the proper law enforcement agencies as appropriate to remove the camp. The camper is issued an exclusion.

Susan asked if there is additional security of park areas near public transit hubs.

- ✓ Mike noted that Park Patrol makes regular visits to these areas.

John Griffiths asked if there is a trend in encroachments.

- ✓ Mike replied that encroachments are generally decreasing.

Anthony asked how many unauthorized campers are found per year and if they are the same people moving around.

- ✓ Mike stated that there is an average of three unauthorized campers per week. Some are repeat campers.

Community Partnerships

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

- Advance private investment for Access for All elements planned at Southwest Quadrant Community Park
- Explore application of newly adopted sponsorship policy at THPRD
- Increase size of Tualatin Hills Park Foundation Board of Trustees
- Prioritize projects and programs available for investment opportunities

Greg Cody inquired how many trustees are on the Tualatin Hills Park Foundation and how many is the goal.

- ✓ Geoff replied six currently serve; he seeks a total of 15.

Shannon asked how much has been raised this year.

- ✓ Geoff replied approximately 53% of the \$1.5 million goal for the Access for All elements has been raised.

Business & Facilities

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

- Carry debt service for general fund-supported debt (approximately \$960,000 of the division's appropriation, including \$140,000 of interest on the interim financing issued to cover cash flow prior to November tax collections)
- Continue financial oversight of the bond program and support the bond oversight committee
- Continue implementation of the cost recovery strategy outlined in the Service and Financial Sustainability Plan
- Provide legislative advocacy at the state and federal level

Finance Services

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

- Received the Government Finance Officers Association awards for both the Budget Document and the Comprehensive Financial Statement Presentation
- Implemented disaster recovery plan
- Maintain compliance monitoring and accounting for the Bond Capital Projects program
- Continue to expand purchasing card program; received first rebate of \$43,000
- Produce two publications – Popular Annual Financial Report and Budget in Brief

Greg requested more information about the Brief and Popular Annual Financial Report.

- ✓ Cathy stated that the publications are recommended by the Government Finance Officers Association.

Shannon inquired if the new reports are part of a regulatory requirement.

- ✓ Cathy replied they are not required, the Government Finance Officers Association recommends providing reports for those who require less financial detail.

Risk & Contract Management

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

- Approximately 51% of Risk & Contract Management's budget is for insurance premiums
- Reduce claim costs and improve employee injury recovery rates through Risk Management Steering Committee initiatives and Employee Wellness Program
- Support annual accreditation of Oregon OSHA Safety and Health Achievement Recognition Program (SHARP)
- Provide increased procurement opportunities for Minority, Women and Emerging Small Businesses (MWESB)

Larry requested more information about the increase in the Risk & Contract Management budget over last year.

- ✓ Keith noted the increase is due to the creation of a new position in FY 2014/15 which was only funded for a portion of the year.

Human Resources

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

- Increase diversity & inclusion efforts based on completed employee climate survey
- Expand and enhance the Employee Wellness Program
- Review and revise all full-time and regular part-time job descriptions in accordance with ADA

Stephen asked if a demographic shift is happening now or anticipated.

- ✓ Nancy that the shift is occurring and anticipated.

Susan asked whether THPRD has any bilingual staff.

- ✓ Nancy stated that there are 35 bilingual staff out of approximately 700 total staff. She mentioned that THPRD has a bilingual incentive pay policy.
- ✓ Keith added that THPRD has enhanced procedures for front desk staff by providing them with tools to assist patrons who do not speak English.

Anthony inquired if absenteeism is an issue.

- ✓ Nancy replied that staff have begun collecting baseline information to track absenteeism. She noted that, on average, full-time employees take three to four sick days per year.

Information Services

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

- Build an off-site disaster recovery site in Washington County's backup server room
- Implement third year of virtual desktop infrastructure

Anthony inquired if the mobile app will be the Information Services Department's responsibility.

- ✓ Phil stated that the Information Services Department will not be responsible for the mobile app and it will most likely be handled with a consultant managed by the Communications & Outreach Department.

Maintenance Operations

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

- Increase to utility costs although usage has decreased
- Decrease in fuel costs due to lower cost and service adjustments
- Increase in water costs although usage has decreased
- Upgrade irrigation systems at two middle schools
- Update preventative maintenance procedures
- Analyze facility labor plan
- Implement phase two of the real-time patron feedback technology
- Special event support
- Add full-time receptionist
- Install solar-powered trash compactors
- Install push-button lighting at PCC Rock Creek outdoor tennis courts
- Install LED lighting at Nature Center
- Pilot all-weather irrigation station controllers
- Install gender neutral restroom signage

Stephen referenced page BF-52 and requested more information on why electricity increases from 12.3 KWh/square foot in FY 2014/15 to 12.9 KWh/square foot in FY 2015/16.

- ✓ Jon replied that staff anticipate increased program hours.

Anthony asked what the average % of DSL means.

- ✓ Jon replied that DSL stands for desired service level.
- ✓ Keith explained that if THPRD had unlimited funds, what would the desired service level be.

John inquired how maintenance is doing servicing all of the new bond projects.

- ✓ Jon replied that Maintenance staff have been creative and efficient to handle the added workload.
- ✓ Keith explained that as new properties are approved, a maintenance impact statement is completed to ensure that adequate funding is provided for maintenance.

John commended the Maintenance staff for being able to accomplish the increased workload without an increase in staffing.

Greg inquired about the solar-powered trash compactor purchased by the Parks Advisory Committee for Progress Lake.

- ✓ Jon replied that the trash compactor is working well; staff receive a signal when it is time for servicing.

Anthony asked for the cost of the irrigation control.

- ✓ Jon replied that the irrigation controllers would pay for themselves in about two years.

Planning

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

- Continue coordination with City of Beaverton and Washington County on South Cooper Mountain, North Bethany and Bonny Slope West developments
- Reduce part-time land acquisition specialist hours
- Continue to support the work of the Parks Bond Citizen Oversight Committee
- Pursue the high-priority sites identified in Parks and Trails functional plans

Susan requested additional information regarding the South Cooper Mountain planning area and inquired if properties in this area will be automatically annexed to THPRD as developed.

- ✓ Aisha noted that Cooper Mountain Nature Park is located on the northern end of the planning area. There is another 544 acres north of Scholls Ferry in the City of Beaverton. She noted that annexing into THPRD is a separate process from annexing into the city.

Planning & Development

Steve Gulgren, superintendent of Planning & Development, provided a brief overview of the Planning & Development Department's responsibilities and budget highlights including:

- Serve as staff to the Trails Advisory Committee. Through the Challenge Grant program, the advisory committee has purchased a bicycle repair station, a rotary broom for Maintenance Operations, and miscellaneous equipment for trails management.
- Work on voluntary annexation program
- Will not backfill a temporary park planner position
- Will be involved in several SDC agreement construction projects in North Bethany
- Continue to move forward with Somerset West Park and Cedar Hills Park master planning processes
- Will start design work on Bonny Slope Trail and Beaverton Creek Trail
- Begin construction projects in spring of 2016 – Westside to Waterhouse Trail Connection, Westside Trail Segment 18, Ridgewood View Park, Aquatic Center roof, and Southwest Quadrant Community Park
- Complete Trails Functional Plan

Shannon inquired if the department budget decrease is related to the bond planner decrease.

- ✓ Steve confirmed that it is.

Park & Recreation Services

Jim McElhinny, director of Park & Recreation Services, provided a brief overview of the Park & Recreation Services Division's responsibilities and budget highlight including:

- Offer a wide variety of programs, activities and events

Aquatics

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

- Reduce two full-time program coordinator II positions and one regular part-time program coordinator II position
- Expand popular swim lesson programs on evenings and weekends
- Expand efforts for drowning prevention education

- Staff participate in the Water Safety Subcommittee for Washington County Safe Kids and the Drowning Prevention Subcommittee of the Portland Area Aquatic Council.
- The Aquatics Advisory Committee has purchased life jackets for four apartment complexes.
- THPRD has been accepted as a local partner with the USA Swimming Foundation Make-a-Splash program.
- THPRD will launch a Water Watcher Program informing patrons to designate a water watcher if hosting an event around water to constantly watch all the children in and around the water.
- Close Harman Swim Center for 5-6 weeks for maintenance projects, programs to be offered at Beaverton Swim Center
- Serve as staff to the Aquatics Advisory Committee

Greg requested more information about the life jackets.

- ✓ Sharon replied that the Aquatics Advisory Committee funded a dozen life jackets each for the four apartment complexes where staff will be providing water safety presentations.

Bob inquired if the pool temperature at Beaverton Swim Center would be increased to accommodate the Harman Swim Center users.

- ✓ Sharon replied that the pool temperature may be increased by a degree.

Sports

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

- Transfer of Tennis Center from Programs & Special Activities
- Develop tennis instructor training program
- Continue joint programming with other departments and community partners
- Expand Access for All programming
- Serve as staff to the Sports Advisory Committee. Through the Challenge Grant program, the advisory committee has purchased fence railing for the front of the Athletic Center. They have committed to purchase fencing for the Tennis Stadium.

Shannon requested clarification on the increase in staffing.

- ✓ Scott replied that it is due to the addition of the Tennis Center.

Joe Blowers referenced page PRS-34 and inquired why the cost recovery is decreasing at the Athletic Center.

- ✓ Scott stated that staff are typically conservative in their projections primarily due to the volatility with the sports leagues.

Larry suggested a shadow graph showing projections versus actuals.

- ✓ Scott concurred.

Recreation

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

- Transfer of Cedar Mill Farmers Market from Programs & Special Activities
- Develop programs for underserved ages 12-19
- Continue to develop and grow other program areas to partner with new or current medical community partners. Received Washington County Public Health Partner in Public Health Award.

- Create a teen and inclusive recreation program district-wide
- Serve as staff to the Recreation Advisory Committee. Through the Challenge Grant program, the advisory committee paid for the Garden Home Recreation Center sidewalk to make it ADA accessible and purchased fitness equipment for one of the recreation centers.

Anthony inquired why the Cedar Mill Farmers Market was moved from Special Activities to Recreation.

- ✓ Keith replied that with the superintendent of Programs & Special Activities taking over the duties of the eliminated Elsie Stuhr Center supervisor position, there was not enough time to continue with all the duties originally assigned to the superintendent.

Anthony asked if THPRD has always run the farmers market.

- ✓ Lisa Novak, superintendent of Programs & Special Activities, replied THPRD has run the farmers market for about 10 years and has expanded over time.

Shannon inquired if the farmers market is a revenue maker.

- ✓ Eric explained that the farmers market is revenue neutral after taking into account the revenue made from the table rentals and the grant received.
- ✓ Joe added because there was not another government entity in the Cedar Mill area, THPRD undertook the responsibility.
- ✓ Doug commented that it is not unusual for a park district to run a farmers market.

Programs & Special Activities

Lisa provided a brief overview of the Programs & Special Activities Department's responsibilities and budget highlights including:

- Completed Concerts in the Park and Party in the Park
- Serve as staff to the Elsie Stuhr Center Advisory Committee. Through the Challenge Grant program, the advisory committee paid for the new stage curtain for the Manzanita Room and fitness equipment. In addition, through the Competitive Challenge Grant program, they purchased multi-station outdoor exercise equipment.
- Complete the required ADA Access Audit of facilities and properties, and the accompanying Transition Plan
- Transfer of Tennis Center to Sports and Cedar Mill Farmers Market to Recreation

Greg asked what is next for the advisory committee's Challenge Grants.

- ✓ Lisa anticipated fitness equipment, but the advisory committee has not yet developed a list.

Larry inquired about the security for the outdoor exercise equipment.

- ✓ Doug replied that the equipment is heavy duty and not likely to be stolen.

John asked if something will be done with the track.

- ✓ Lisa replied that the track was resurfaced recently.

Joe referenced page PRS-60, noting that the Stuhr Center is the only center below 50% cost recovery. He inquired what the projection will be once the senior discount is reduced.

- ✓ Lisa stated that the senior discount is currently at 20% and will eventually drop to 10%.
- ✓ Keith replied that there is not a specific target, but noted that it will take time for the cost recovery to improve considerably.

Natural Resources & Trails Management

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

- Work through objectives of Natural Resources Functional Plan
 - Rank all natural areas
 - Map biodiversity corridors
 - Perform a gap analysis of environmental education program offerings
 - Review quality standards for programming
- Implement trail safety changes
- Serve as staff to the Natural Resources Advisory Committee and Friends of the Tualatin Hills Nature Park. Neither group has expended Challenge Grant funds to date. The friends group may purchase paper materials for the Nature Center before the end of the fiscal year.

Greg asked what is next for the committee's Challenge Grants.

- ✓ Bruce replied that nothing is planned, but he anticipates that the friends group will purchase updated maps for the Nature Park.

Larry inquired if the lack of Challenge Grant ideas is indicative of an uninterested committee.

- ✓ Bruce stated that with the Natural Resources Advisory Committee, more labor is required over capital. The Friends of the Tualatin Hills Nature Park makes more capital purchases.

John asked if there is a friends groups forming around the Cooper Mountain Nature Park.

- ✓ Bruce stated that there has not been much interest and compared how Cooper Mountain Nature Park and Tualatin Hills Nature Park were created. He noted that there are many active volunteers and supportive neighbors.

John asked what habitat restoration projects are coming up.

- ✓ Bruce explained the stages for natural resources bond projects – site preparation/ planning, planting, and establishment. He noted that for FY 2015/16 projects are slated for the following sites: Jenkins Estate, Hyland Woods, and Mount Williams. Staff will also be observing animal habitats.

Anthony inquired if it would be worthwhile to seek support for a Cooper Mountain Friends Group.

- ✓ Bruce stated that a friends group could be created if it is supported by volunteers.

B. Capital Expenditures

Keith provided an overview of the funded 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 \$2.8 million which includes Information Services and Maintenance Operations capital.
- Capital projects funded by outside sources include approximately \$380,000 from grants.
- The total carry forward balance is a little over \$3.5 million, plus additional funding of \$1.1 million for a total of approximately \$4.6 million. Approximately \$3.7 million of this total is attributed to three large projects - Tennis Center roof replacement, Aquatic Center roof and other replacements, and the synthetic turf field installation at Conestoga Middle School.

- Challenge Grant allocations remain at \$7,500 for each advisory committee and friends group. The Competitive Challenge Grant will continue to be funded with unspent Challenge Grant funds from the previous year (currently estimated at \$50,000 for FY 2015/16).
- Capital Improvements include energy-saving technology such as LED lighting at the Nature Center, solar-powered trash compactors, and push-button activated lights at the PCC Rock Creek tennis courts.
- Replacement projects to note:
 - Resurface pool tank, deck and dressing room floors and replace tank gutters at Harman Swim Center
 - Replace synthetic turf field at Sunset High School as part of THPRD's cooperative use agreement with Beaverton School District
 - Resurface tennis courts at Somerset Meadows Park, Melilah Park and Tualatin Hills Tennis Center indoor courts
 - Replace some wood ramps with concrete ramps at HMT Skate Park
 - Replace asphalt path at three sites
 - Replace concrete sidewalk at three sites
 - Repair bridge and boardwalks at four sites
 - Replace parking lots at Garden Home Recreation Center and Hazeldale Park

Jerry requested clarification on why funds are being added to carryover projects.

- ✓ Keith stated that some projects are delayed to coincide with other closures or to accommodate program needs. For those that are having funds added, there could be many causes; the project scope may have increased or material costs increased. In some cases the design was completed and the information on the current conditions led to cost increases.

Greg inquired why the shaved ice machine is a capital project and not an equipment purchase.

- ✓ Keith replied that the shaved ice machine meets the threshold for a capital item.

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 2015/16 and a five-year projection, and shows the source of funding for this capital.

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 or advisory committees. Unfunded capital is categorized by severity of need. Overall, the level of unfunded capital has decreased from FY 2014/15. Serious projects (Category 2) and Not Applicable decreased significantly.

Keith stated that the amount of replacements due in FY 2015/16 is approximately \$2.4 million. In comparison, the amount is on the low end of the average, which ranges between \$2.5 and \$3 million. Cost adjustments and purged items (i.e., projects that were on the list due to age, not necessarily need to be replaced, and project redundancies or service level adjustments) resulted in a reduction in the backlog by approximately \$700,000. The total replacement funding needed is \$6.8 million; however, only \$2.8 million is available to be funded in FY 2015/16. The resulting backlog projected for June 30, 2016 is approximately \$4 million. He noted that replacement projects that are funded but not yet completed, such as the Tennis Center and the Aquatic Center roof replacements, are not reflected in the backlog balance.

Keith reviewed the backlog balances over the last 10 years. He noted that the backlog peaked in 2010 and has trended downward since with a slight increase in FY 2014/15 due to an unusually large balance for major replacements. He noted there will be a couple more years

with higher than normal obligations (FY 2016/17 and FY 2018/19), but overall there is a downward trend.

John asked if deferred maintenance will reach \$0.

- ✓ Keith stated that there will always be some level of deferred maintenance. He noted that \$4 million in deferred maintenance is manageable.

John asked what percentage of non-land assets that represents.

- ✓ Keith replied approximately 5%.

Keith noted although FY 2013/14 had the highest funding, the FY 2015/16 funding maintains the level of FY 2014/15. The available replacement funding in FY 2015/16 is over and above the \$850,000 which is proposed to be appropriated to a replacement reserve. In the future, staff will track unfunded deferred maintenance items as well as the unfunded replacement reserve for assets that have not yet reached their useful life.

Keith noted that the General Fund contingency has been increased from \$2.1 million to \$2.3 million.

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

Jim commented that the Special Revenue Fund was created in 2005 for funds collected from those who use THPRD's land for mitigation projects. Funds may be used for enhancement, maintenance, or restoration of THPRD natural areas. In FY 2014/15, funds were used for weed control at Morrison Woods Natural Area.

John inquired if these funds could be used for land acquisition.

- ✓ Jim replied they could not.

Shannon asked how much this fund is expected to increase.

- ✓ Keith replied that the fund has not grown in several years as it is dependent of mitigation that THPRD can do for other parties.

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

- Voters approve General Obligation Bonds, and a separate property tax levy funds the annual debt service.
- The 1994 issue has been retired, which impacts the tax rate by \$0.10 per thousand.
- A portion of the 2009 issue will be refinanced to accelerate the original 2009 payoff by two years, facilitate the borrowing of the remaining \$1.4 million bond authority, and realize interest savings in the refinance to fully cover all debt service resulting in a tax rate of \$0.01 per thousand.
- The FY 2015/16 tax rate is forecasted at \$0.32 per thousand due to the payoff of the 1994 issue and refinancing, a \$0.09 per thousand reduction over FY 2014/15.
- Appropriations in the fund are approximately \$7 million for principal and interest payments.
- The outstanding balance for the 2009 issue is \$8.3 million set to retire in 2019, the 2011 issue is \$35 million set to retire in 2029, the 2015 issue (once closed) is \$37 million set to retire in 2027.

John inquired if there are any outstanding Certificates of Participation (COPs).

- ✓ Cathy replied that there are no outstanding COPs, but THPRD has Full Faith and Credit Obligations within the General Fund.

Shannon asked how the tax rate reduction would be announced to the taxpayers.

- ✓ Anthony stated that the bond oversight committee has discussed this as well to promote the savings.
- ✓ John suggested an announcement via the newsletter.
- ✓ Keith noted that the original tax levy approved by the voters was \$0.37 per thousand, but after the refinance the rate will be \$0.32 per thousand. He stated that THPRD has over delivered on what was promised in the tax levy, at a lower rate, and will be able to retire a portion of the bond earlier.

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

- SDC activity continues to improve. In recent years, SDC revenue was not designated to protect against any revenue shortfall.
- Staff project SDC revenue to substantially exceed budget, and project to carry forward \$5.8 million over the \$5.6 million being carried forward for project commitments.
- Carry Forward Projects were included in the FY 2014/15 adopted budget. Approximately \$500,000 is proposed to be added in FY 2015/16.
- Projected SDC Revenue for FY 2015/16 is higher than in prior years, but is reasonable when compared to projected actual revenue for the current year. The projected revenue was also adjusted to reflect development activity taking place in the new urban areas such as North Bethany.
- Approximately \$4.5 million is proposed to fund land acquisitions, primarily to cover park land acquisition in the North Bethany area to meet THPRD's obligations under this area's master plan. The funded amount is based on anticipated obligations for the next year, which are in turn based on anticipated levels of development activity taking place next year.
- Approximately \$2.8 million is proposed for new development projects based on the Capital Improvement Plan approved by the board of directors in February 2014.
- New projects to note include:
 - Grant-matching funds for six different projects (\$710,000)
 - New synthetic turf field at Conestoga Middle School (\$850,000, plus funding from the General Fund and Bond Fund for a project total of approximately \$2 million)
 - Facility expansion at a site to be determined to provide space for new recreational offerings (\$1 million)
- New project funding for development and land is approximately \$7.3 million, significantly higher than the \$4.5 million budgeted in FY 2014/15.
- As is previous practice, the bulk of the FY 2015/16 SDC revenue is undesignated to not overcommit available cash balances. For FY 2015/16, the undesignated appropriation is \$3.3 million or 70% of the projected SDC fund revenue. The board of directors may later appropriate funds as new projects are recommended.

Stephen requested more information regarding THPRD's SDC methodology update, referencing an *Oregonian* editorial regarding Portland Parks & Recreation's update.

- ✓ Keith stated that THPRD is updating its SDC methodology while Portland Parks & Recreation is a substantial revision to how fees are calculated.
- ✓ Aisha added that part of the SDC methodology update will include analysis on the increased cost of providing services to newly developed areas to determine if a supplemental SDC fee is justified.

Stephen asked whether SDC rates are charged system-wide or geographically.

- ✓ Aisha stated that currently SDC rates are system-wide. With the methodology update, staff will review how other jurisdictions charge SDC fees.

D. Bond Capital Projects

Aisha provided an overview of the Bond Capital Projects Fund:

- THPRD has issued nearly all of the \$100 million authorization and continues to spend it down.
- Staff have estimated \$31 million in appropriations.
- Staff are in the process of refinancing the 2009 bond issue based on reduced interest rates. The remaining authority (approximately \$1.4 million) will be issued as well. The savings in debt service on the refinance will offset any debt service cost in the new issue meaning at no net cost to the taxpayers.
- 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 based on estimated project costs. The budget reflects available funds, and the appropriations for the three projects with budget shortfalls do not cover the full estimated cost of these projects. Since none of the projects is expected to go to construction in FY 2015/16, this will not create any budgetary problems and provides staff with the flexibility to determine how to address the shortfall before the projects proceed.

Aisha reviewed bond capital accomplishments as well as showed pictures of various bond projects and explained the status of the different bond areas.

Agenda Item #6 – Public Comment

There was no public comment.

Agenda Item #7 – Budget Committee Questions and Recommendations

Susan requested a status update of the Jenkins Estate concessionaire agreement.

- ✓ Doug replied that Elephants Delicatessen completed its first year under the agreement. While it may not have been as successful as Elephants had hoped, they have asked to continue as concessionaire.

Agenda Item #8 – Date of Next Budget Committee Meeting: May 18, 2015

Chair Anthony Mills announced that the next budget committee meeting will be at 6:30 pm on May 18, 2015.

Agenda Item #9 – Adjourn

There being no further business, the meeting adjourned at 8:45 pm.

Recording Secretary,
Jessica Collins

Transcribed by,
Marilou Caganap