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FOREST GROVE BUDGET COMMITTEE

Zoom Video Conferencing
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TUESDAY, APRIL 20, 2021
6:00 PM
Community Auditorium

During the pandemic, all public meetings are held in a "hybrid" format allowing the public to attend meetings both virtual and in-person. The Community Auditorium is open and has limited availability and social distancing measures. The public can observe the meetings **LIVE** on **Zoom Webinar** or on television on Tualatin Valley Community Television (TVCTV) Government Access Programming or **LIVE** on their website: http://tvctv.org/. Written comments may be submitted by 3:00 p.m. the day of the meeting to: bmaughan@forestgrove-or.gov.

Tom Cook	David Andersen, Chair	Donna Gustafson
Wolanda Groombridge	Peter Truax, Mayor	Kristy Kottkey
David Maisel		Timothy Rippe
Robert Moats		Elena Uhing
Debby Roth		Mariana Valenzuela
Heidi Ruby		Malynda Wenzl, Council President

All public meetings are open to the public and all persons are permitted to attend any meeting except as otherwise provided by ORS 192. In accordance with the Americans with Disabilities Act, the City of Forest Grove will make reasonable accommodations for participation in the meeting. Request for assistance can be made by contacting City Recorder's Office, aruggles@forestgrove-or.gov, 503-992-3235, at least 48-hours advance notice of the meeting.

AGENDA

6:00 1. **CALL TO ORDER and INTRODUCTION OF NEW MEMBERS: Donna Gustafson, Robert Moats and Heidi Ruby**

2. **PUBLIC COMMENT:** This is a time provided for anyone wishing to speak on an item not on the agenda or on the agenda, and not scheduled for a public hearing. Testimony is electronically recorded. Written comments may be submitted by 3:00 p.m. the day of the meeting to: bmaughan@forestgrove-or.gov.

3. **CONSENT AGENDA:**
   A. Approve Budget Committee Meeting Minutes of May 28 and June 4, 2020

4. **ADDITIONS/DELETIONS:**

5. **INFORMATIONAL DISCUSSION:** Please be aware that this is an informational meeting only. There will be no discussion of the proposed budget for FY 2021-22.
   A. City Council Goals and Objectives
   B. American Rescue Plan (ARP)
   C. Levy Renewal Process
   D. Upcoming Capital Improvement Projects
   E. General Fund Financial Information

6. **ANNOUNCEMENT OF NEXT MEETING: Tuesday, May 18, 2021**

9:00 7. **ADJOURNMENT:**

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Budget Committee Meeting Minutes | **Thursday, May 28, 2020 6:00 pm, Webex Community Auditorium**

Minutes not official until approved by Budget Committee.

1. **CALLED TO ORDER AND ROLL CALL:**
Mayor Truax called the Budget Committee meeting to order at 6:00 p.m. via Webex video conferencing.

COVID-19: Due to the emergency declaration resulting from COVID-19 (Coronavirus disease) and protocols, the City limited in-person contact and social distancing. **The City Budget Committee conducted the meeting remotely by video conferencing.** The meeting was remotely video conferenced by Fire Chief Kinkade and Executive Assistant Beverly Maughan and televised live from the projector screen at the Community Auditorium by Tualatin Valley Community Television (TVCTV) Government Access Programming LIVE Channel 30 and Live Streamed on MACC TVCTV YouTube Channel 30. The public was allowed to attend and observe in the Community Auditorium as space allowed (no more than 10 persons total at one time). The Council accepted written comments on items not on the agenda submitted by May 28, 2020, 3 pm, to the Executive Assistant.

ROLL CALL: PRESENT via Webex video conferencing: David Andersen, Jeff Boivin, Tom Cook, Wolanda Groombridge (late, left at 7:41 pm), David Maisel, Debby Roth, Dale Smith, Kristy Kottkey, Timothy Rippe, Peter Truax, Elena Uhing, Mariana Valenzuela, Adolph "Val" Valfre and Malynda Wenzl.

STAFF PRESENT via Webex video conferencing: Jesse VanderZanden, City Manager; Paul Downey, Administrative Services Director; Bryce Baker, Assistant Finance Director; Bryan Pohl, Community Development Director; Colleen Winters, Library Director; Tom Gamble, Parks and Recreation Director; Henry Reimann, Interim Police Chief; Michael Kinkade, Fire Chief; Gregory Robertson, Public Works Director; and Beverly Maughan, Executive Assistant to City Manager.

2. **ELECTION OF CHAIR:**
Truax asked for nominations. Cook nominated David Andersen as Chair. The nomination was seconded by Boivin and, with all those present voting in favor, Andersen was elected.

3. **ADDITIONS/DELETIONS: NONE.**

4. **APPROVAL OF MINUTES FROM APRIL 30, 2020:**
Valfre moved, seconded by Wenzl, to approve the minutes as presented. With all those present voting in favor, motion passed.

5. BUDGET MESSAGE FOR 2020-21 PROPOSED BUDGET:

Budget Officer VanderZanden referred to his printed budget message and gave an overview of the proposed budget indicating the fiscal health of the City overall is stable, reserves are adequate, and our bond rating is strong and unchanged. He noted the City has taken proactive measures over the past several years to assure financial security and these forward leaning policies allow the City to face the current crisis with less risk and a higher assurance that current services can be sustained. He highlighted opportunities departments took during COVID 19 down time to complete projects that seem to get trumped by the trials of the day. VanderZanden expressed his appreciation to the Budget Committee members, the City Council, Department Directors and staff for their leadership guiding the use of Forest Grove's resources and to Paul Downey, Administrative Services Director, who has constructively applied his experience and knowledge to the budget in a manner that provides for today, considers tomorrow, and ensures a high level of public trust and accountability.

6. REVIEW AND DISCUSSION OF 2020-21 PROPOSED BUDGET:

Downey referred to the PowerPoint presentation and presented a budget overview highlighting the general increases related to wages and benefits, insurance rates, retirement plan changes, and expenses directly related to COVID-19. He reviewed the general fund resources which did not include any proposed fee or rate increases and anticipated changes in revenue from the effects of COVID-19 in three funds: 1) General Fund; 2) Transient Lodging Tax Fund; and 3) Street Fund. Downey noted changes from last year's budget in the General Fund departments as well as Building Permits, Fire Equipment Replacement, Parks Acquisition & Development and Debt Service Funds highlighted in the analysis and answered questions from the committee. In response to Rippe's inquiry regarding the transparency of Economic Development funds, Downey indicated that staff would address this and include Economic Development in the budget message. He also noted the new software should be fully searchable and indicated that developers usually focus on the Economic Development webpages rather than the budget to answer their questions regarding new business in the community.

7. PUBLIC HEARING ON STATE SHARED REVENUE:

Downey noted the City was required to hold two Public Hearings taking comments on the proposed uses of State Shared Revenue with the Budget Committee holding one public hearing and the City Council holding the other. Downey reviewed expected revenue and noted that, if the State significant reduces the State Shared Revenue, another meeting of the Budget Committee may be needed. For budgetary purposes, the Alcohol Tax is allocated to the Police Department, the Cigarette Tax is allocated to the Fire Department, and the State Marijuana Tax and State Shared Revenue are put in General Fund Discretionary Revenue. Andersen opened the public hearing at 8:03 pm, asked for public comments and, there being none, closed the public hearing at 8:06 pm. Consensus from the Budget Committee was to continue receiving State Shared Revenue for the proposed uses.

8. **PUBLIC COMMENT ON PROPOSED BUDGET**: Andersen asked for public comment on the proposed budget. None.

9. **ADJOURNMENT:**
Chair Andersen adjourned the meeting at 8:21 pm.
Respectfully submitted by

Beverly Maughan, Executive Assistant

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Budget Committee Meeting Minutes | **Thursday, June 4, 2020** **6:00 pm, Webex Community Auditorium**

Minutes not official until approved by Budget Committee.

1. **CALLED TO ORDER AND ROLL CALL:**
   Chair David Andersen called the Budget Committee meeting to order at 6:02 p.m. via Webex video conferencing.

   COVID-19: Due to the emergency declaration resulting from COVID-19 (Coronavirus disease) and protocols, the City limited in-person contact and social distancing. **The City Budget Committee conducted the meeting remotely by video conferencing.** The meeting was remotely video conferenced by Fire Chief Kinkade and Executive Assistant Beverly Maughan and televised live from the projector screen at the Community Auditorium by Tualatin Valley Community Television (TVCTV) Government Access Programming LIVE Channel 30 and Live Streamed on MACC TVCTV YouTube Channel 30. The public was allowed to attend and observe in the Community Auditorium as space allowed (no more than 10 persons total at one time). The Council accepted written comments on items not on the agenda submitted by June 4, 2020, 3 pm, to the Executive Assistant.

   ROLL CALL: PRESENT via Webex video conferencing: David Andersen, Jeff Boivin, Tom Cook, Wolanda Groombridge (joined at 6:11 pm), David Maisel, Debby Roth, Dale Smith, Kristy Kottkey, Timothy Rippe, Peter Truax (joined at 6:21 pm), Mariana Valenzuela, Adolph "Val" Valfre and Malynda Wenzl. **ABSENT:** Elena Uhing, Excused.

   STAFF PRESENT via Webex video conferencing: Jesse VanderZanden, City Manager; Paul Downey, Administrative Services Director; Bryce Baker, Assistant Finance Director; Keith Hormann, Light & Power Director; Gregory Robertson, Public Works Director; Colleen Winters, Library Director; Michael Kinkade, Fire Chief; and Beverly Maughan, Executive Assistant to City Manager.

2. **FOLLOW UP FROM PRIOR MEETING**: NONE.

3. **REVIEW OF 2021 ANNUAL PROPOSED BUDGET (Continued)**:
   Downey continued the review of the highlights for the remaining proposed budget funds as noted in the PowerPoint summary and answered questions from the committee.

4. **PUBLIC COMMENT ON PROPOSED BUDGET:** Andersen asked for public comment on the proposed budget. None.

5. DISCUSSION AND APPROVAL OF BUDGET:

Approval of Capital Improvements Program

Wenzl moved, seconded by Boivin, to approve the Capital Improvements Program for FY 2020-25. DISCUSSION: None. ROLL CALL VOTE: AYES: David Andersen, Jeff Boivin, Tom Cook, Wolanda Groombridge, David Maisel, Debby Roth, Dale Smith, Kristy Kottkey, Timothy Rippe, Peter Truax, Mariana Valenzuela, Adolph "Val" Valfre and Malynda Wenzl. EXCUSED: Elena Uhing. NOES: None. Motion passed 13-0.

STAFF PROPOSED CHANGES: Downey noted the two funds that have been revised

1) Transcient Lodging Tax as already discussed;
2) Parks SDC to include Metro Bond proceeds for park acquisition and Miscellaneous revenue to include Harper's Playground fundraising;

and that the Revenue and Expenditure Summaries have been revised with staff changes.

Approval of Proposed FY 2020-21 Budget

Roth moved, seconded by Boivin, to approve expenditures for FY 2020-21 Proposed Budget in the amount of $128,709,175 and to establish the maximum expenditures for each fund as shown on FY 2020-21 Approved Budget Expenditure Summary by Fund. DISCUSSION: In response to Rippe's inquiry, Downey explained that if major revenue changes are determined in State Shared Revenue after this budget is approved, then he will convene the Budget Committee for another meeting to discuss possible options and revisions. Andersen noted that he desired discussion of flexible options to address deficit spending prior to increasing the local option levy.
ROLL CALL VOTE: AYES: David Andersen, Jeff Boivin, Tom Cook, Wolanda Groombridge, David Maisel, Debby Roth, Dale Smith, Kristy Kottkey, Timothy Rippe, Peter Truax, Mariana Valenzuela, Adolph "Val" Valfre and Malynda Wenzl. EXCUSED: Elena Uhing. NOES: None. Motion passed 13-0.

Approval of Property Tax Rate

Wenzl moved, seconded by Roth, to approve, for fiscal year 2020-21, a property tax rate of $3.9554 per $1,000 of assessed value for General Fund property taxes for taxes levied by the City's permanent rate, and a property tax rate of $1.60 per $1,000 of assessed value for General Fund property taxes for the third year of the five-year Local Option Levy expiring on June 30, 2023. DISCUSSION: None.
ROLL CALL VOTE: AYES: David Andersen, Jeff Boivin, Tom Cook, Wolanda Groombridge, David Maisel, Debby Roth, Dale Smith, Kristy Kottkey, Timothy Rippe, Peter Truax, Mariana Valenzuela, Adolph "Val" Valfre and Malynda Wenzl. EXCUSED: Elena Uhing. NOES: None. Motion passed 13-0.

6. ADJOURNMENT: Chair Andersen adjourned the meeting at 7:41 pm.

Respectfully submitted by
Beverly Maughan, Executive Assistant

2021

Goals

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Goal 1: Support DEI in the delivery of City services and operations	1.1 Develop a DEI plan that includes an assessment of hiring practices and equitable delivery of City services and operations. 1.2 Continue DEI Advisory Team and internal DEI assessment work. 1.3 Support training for DEI Advisory Team, Directors, and Council. Explore additional DEI training for Boards and Commissions.
Goal 2: Support housing stability and mitigation of homelessness	2.1 Implement middle housing legislation (HB2001). 2.2 Partner with other agencies and non-profits to address homelessness needs and access to wraparound services in Forest Grove. Monitor legislation and advocate to meet the needs of homelessness population. 2.3 Evaluate recommendations from the Housing Needs Analysis to incentivize affordable and middle housing to focus on ADUs and SDCs. 2.4 Monitor legislation and work with agencies including Washington County, Metro, Federal and State governments to advocate for policies that support affordable housing options in Forest Grove. 2.5 Develop the Oak Street plan in accordance with our long-term commercial and industrial supply goals and in alignment with the City's Economic Opportunities Analysis.
Goal 3: Support Community Recovery from the Pandemic	3.1 Work with community organizations to communicate available resources to assist with COVID recovery. 3.2 Provide information and management tools as small business pivots, and be flexible in how the City supports small business through policy decisions. 3.3 Continue to offer modified service delivery in addition to in-person post-pandemic services (virtual, online, curbside, etc.).
Goal 4: Maintain financial and organizational sustainability	4.1 Continue exploration of fire district governance. 4.2 Conduct a needs analysis for the upcoming levy renewal. 4.3 Refine the West Side Plan Financial Plan. 4.4 Plan for a future police facility.

2021

Goals

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Goal 5: Improve communications and engagement	5.1 Develop an engagement strategy that provides structure for equitably engaging the community. 5.2 Develop the community vision and values following the completion of the equity plan. 5.3 Complete and implement the Communications Plan. 5.4 Develop partnerships between the City, the school district and Pacific University. 5.5 Collaborate with community partners to plan for the City's 150th anniversary/sesquicentennial.
Goal 6: Promote sustainable transportation alternatives and enhance mobility	6.1 Assess areas with limited transportation alternatives and identify options to enhance mobility. 6.2 Address high use areas with no sidewalks. Make improvements in coordination with other public works projects. 6.3 Prioritize Transportation Development Tax (TDT) projects.
Goal 7: Expand recreation opportunities	7.1 Complete feasibility analysis for preferred alternative for Eastside Park. 7.2 Partner with the School District, Pacific University, and non-profits to enhance coordination of recreation and sports activities, explore opportunities for shared recreation space, and make information accessible so all can access programs and facilities. 7.3 Support the Council Creek Regional Corridor.

URBAN RENEWAL AGENCY

GOALS AND OBJECTIVES

WORK PLAN 2021

GOAL 1

Provide Opportunities For Public Participation in the Preparation and Adoption of Urban Renewal Plans, Plan Amendments, and Policies

GOAL 2

Adopt a Prudent Annual Budget to Minimize Financial Risk to the Urban Renewal Agency and the City of Forest Grove

GOAL 3

Improve the Local Investment Climate by Reducing Financial Barriers to Development and Redevelopment Within the Urban Renewal Area

GOAL 4

Promote a Vibrant Forest Grove Town Center Through Strategic Urban Renewal Investments

GOAL 5

Promote Commercial and Mixed-Use Redevelopment of Sites Along the Pacific Avenue Corridor

URA

Forest Grove
Urban Renewal Agency

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AMERICAN RESCUE PLAN

Budget Committee

Paul Downey, Adm. Services Director

April 20, 2021

Purpose

- To brief the Budget Committee on the City's Funding from the American Rescue Plan (ARP)
  - Amount and timing of funding
  - Allowable uses of funding
  - Status of staff efforts

Background

- Congress passed the $2.2 Trillion Coronavirus Aid, Relief, and Economic Security Act (CARES) in March, 2020.
    - A portion of these monies went to the State and County. Cities did not receive any direct funding.
    - Cities were reimbursed by the County for COVID-related expenses.
- Congress passed a $900 Billion Coronavirus Response and Consolidated Appropriations Act in December, 2020.
    - These monies were principally distributed to individuals. The State, County, and City did not receive any direct funding.

Background

- Congress passed the $1.9 Trillion American Rescue Plan (ARP) in March, 2021.
  - Unlike the previous two bills, the ARP provided direct funding to Cities through formula grants.
  - Forest Grove is scheduled to receive $5,208,567 in ARP funds.
  - One-half of the funds should be received by June 30, 2021. The other half of the funds arrive a year later.
  - The City has until December 31, 2024, to expend the funds. Unused funds must be returned to the federal treasury.
  - Not all of the FY 21-22 Funds must be spent in FY 21-22; they can be rolled into FY 22-23 if not spent in FY 21-22.
  - Apart from the City's funds, the ARP includes other funds for Counties, States, Tribes, Individuals, Businesses, Capital Projects, and Housing.

Allowable Uses: City Funds

- The legislation lists general allowable uses. Further guidance from Treasury is forthcoming. The known allowable uses are:
  - Recover lost City revenue due to the COVID-19.
  - Respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, nonprofits, or aid to impacted industries such as tourism.
  - Premium pay to eligible workers performing essential work or by providing grants to eligible employers that have eligible workers who perform essential work.
  - Make necessary investments in water, sewer, or broadband infrastructure.

Uses Not Allowable

- The legislation lists specific uses that are not allowed. The City is not allowed:
  - To reduce taxes by legislation, regulation or administration. The City cannot lower property or other taxes and use ARP funds to offset that reduction.
  - To deposit into pension funds. The City cannot deposit ARP funds into its Defined Benefit Pension Plan to lower the Plan's Unfunded Accrual Actuarial Liability.

Actions to Date

- Staff is setting up a separate Fund to account for the receipt and expenditure of ARP funds.
- Staff is reviewing lost revenue in various departments due to COVID. Staff will recommend first using ARP funds to recover lost City revenue.
  - That review is ongoing. To date, staff has identified about $700,000 in lost General Fund revenue and approximately $62,000 in lost Transient Lodging Taxes (TLT) in the TLT Fund.

Actions to Date

- Reviewing previous expenditures made by the City to respond to the COVID emergency that were not recovered under the CARES Act. Some additional expenditures may be recoverable.
- Reviewing infrastructure projects including water, sewer, and broadband.
    - Staff has identified at least $1.5 million in projects for FY 21-22 but has not yet completed its review of all proposed projects.

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2022 Payment

- As stated earlier, the City will receive a second payment of $2,604,283 in June 2022. This payment is projected to be used for:
  - Recovery of lost revenue in FY 2021-22 as the revenue lost to the effects of COVID is expected to continue into FY 2021-22.
  - Some of the areas where lost revenue is expected to continue are Aquatics, Parks & Recreation, Utility Fees, and Transient Lodging Taxes.
  - Water and sewer infrastructure projects.

Next Steps

- Staff will continue reviewing for lost revenue due to COVID, expenditures not recovered by prior CARES funding, and to identify eligible capital projects as part of the FY 21-22 Proposed Budget.
- Similar to administration of CARES monies, staff is working with local and federal entities to monitor their programs and assure they are accessible to city residents and businesses. Staff will amplify programs and information through the website, Facebook, and utility bill notices.
- Questions and Feedback.

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LOCAL OPTION LEVY PLANNING Budget Comm.

Paul Downey, Admin. Services Director

April 20, 2021

Purpose

- Begin discussion with the Budget Committee of determining the process and timing to ask the voters to renew/replace the Local Option Levy (LOL) which expires on June 30, 2023.
- The stated purpose of the LOL is to maintain services and programs for police, fire, parks, and the library.
- Staff will present:
  - History of the Levy
  - Dependence on the Levy
  - Possible timeline and steps for renewal or replacement of LOL.
  - Renewal=same rate. Replacement=different rate.

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Levy History

Levy Year	Amount	Promotional Material:	Reason stated:	Outcome
Nov, 2002	$0.99 per $1,000 of AV; $1 mill/yr in revenue	▸ "Community Safety Levy" ▸ Not expand services ▸ Add 3 police officers (one officer per shift) ▸ Add 2 firefighters	▸ # of calls to 911 on the rise; ▸ Meth labs, child abuse; ('01 FG busted the most meth labs in Wash Co.) ▸ Taxes not enough; using contingency funds ($600K/yr)	▸ Levy passed (58% to 41%) ▸ By FY 04-05, in the PD, 2 more police officers and 1 sergeant were added to the budget for a total of 21 officers and 5 sergeants. ▸ By FY 03-04, Fire added 2 firefighters.
Nov, 2006	$1.35 per $1,000 of AV; $1.4 mill/yr in revenue	▸ "Community Safety Levy" ▸ Not expand services	▸ Increasing costs ▸ Continue services such as investigations to keep out meth labs; ▸ Respond to simultaneous fire calls	▸ Levy failed by 50 votes; Comments from citizen survey indicated there were too many money measures on the ballot and the need for the levy was not clearly communicated with citizens
May, 2007	$1.35 per $1,000 of AV; $1.4 mill/yr in revenue	▸ "Safety First...and a livable community" ▸ If not passed: ▸ Reduce 3 police officers ▸ Reduce 2 firefighters ▸ Broken park equipment, more trash & weeds ▸ Close pool on weekends ▸ Fewer library hours	▸ Reduce police personnel ▸ Police presence decreases ▸ Meth labs return ▸ Medical call response times increase ▸ Daily visits by Parks Dept to parks will cease ▸ Not enough resources to maintain pool & library hours	▸ Levy failed due to lack of double majority. Needed 4358 voters, only had 3813; actual votes—Yes 73.72%, No 26.28% In FY 07-08 – ▸ Police: Reduced 1 officer and 1 captain; ▸ Fire: Reduced 2 firefighters; ▸ Parks: Reduced 1.0 FTE; ▸ Library: Reduced 1.0 FTE; ▸ Aquatics: Reduced 1.23 FTE; ▸ Planning: Reduced 1.25 FTE.

Levy History (cont.)

Year	Amount	Promotional Material:	Reason stated:	Outcome
Nov, 2007	$1.35/ $1,000 of AV; $1.4 mill/yr in revenue	▸ "Public Safety/ Community Services Levy" ▸ Restore 2 police officers ▸ Restore 2 firefighters ▸ Restore Parks staff ▸ Reopen pool on weekends ▸ Restore library hours ▸ Maintain 2002 level of services	▸ Replacing the 2002 levy ▸ July 2007, City reduced 2 police positions, 2 firefighters, 1 park mnt. staff, P-T library, aquatic & planning staff ▸ Restore weekend hours at both the pool & library	▸ Levy passed 62.8% to 37.2% In FY 08-09 – ▸ Police: Restored 1 officer and 1 captain, and added 0.50 clerk; ▸ Fire: Restored 2 firefighters, added 0.38 P/T fire inspector; ▸ Parks: Restored 1.0 FTE; ▸ Library: Restored 1.0 FTE, added 0.49 FTE ▸ Aquatics: Restored 1.23 FTE; ▸ Planning did not change.
FY 2008-2009	Worst recession hits since the Great Depression of the 1930s. City takes conservative budget approach in light of decreasing fines and franchise revenues, and slowing growth in property tax revenues.			In FY 08-09 – ▸ TriMet begins paying for 1 police ▸ Retiring Fire Division Chief not replaced. (Position since reinstated, leaving a fire inspector vacant.)
May, 2012	$1.60/$1,000 of AV $1.6 million/yr in revenue	▸ "Public Safety/ Community Services Levy" ▸ Allow departments to keep pace with inflation on existing services	▸ Keep Forest Grove a Full Service City	▸ Levy passed 60.73% to 39.27%
Nov, 2017	$1.60 per $1,000 of AV $2.5 million/yr in revenue	▸ Maintain City Services ▸ Maintain service and programs for police, fire, parks, and library	▸ Maintain City services	▸ Levy passed 79.75% to 20.25%

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Dependence on LOL

- The LOL contributes $2.82 million to the General Fund's budget of $20.4 million or 13.8% of the General Fund.
- The LOL represents 21.4% of the General Fund's Discretionary Revenue of $13.2 million.
- Discretionary revenues can be moved amongst departments. Non-discretionary revenues are allocated to the department based on their fees for services.
- Discretionary revenue sources include property taxes (largest), franchise fees, in-lieu of tax charges to City enterprise funds, and state shared revenue.
- Police and Fire expenditures account for 79% of total General Fund Discretionary Revenue.

Dependence on LOL

- If the LOL is not renewed, it would mean service reductions as staff reductions would have to occur to maintain a balance budget.
- The General Fund does have reserves that could be utilized in the very short-term:
  - The Council set a minimum Operative Reserve of 25% of operating expenditures. That reserve amount is reset each year when the operating budget for the coming year is proposed.
  - The Council also set aside an additional $900,000 in reserves for smoothing contributions to the City's Defined Benefit Pension Plan in the event actual earnings do not equal the assumed earnings of 6% in any year.

General Fund Services

- Services provided in General Fund with percentage of Discretionary Revenue (DR) used by each department:
  - Police 47% of DR
  - Fire 32% of DR
  - Library 4% of DR
  - Parks 5% of DR
  - Aquatics 3% of DR
  - Planning 3% of DR
  - Engineering 0.5% of DR
  - Municipal Court No DR
  - General Administrative Functions 5.5% of DR

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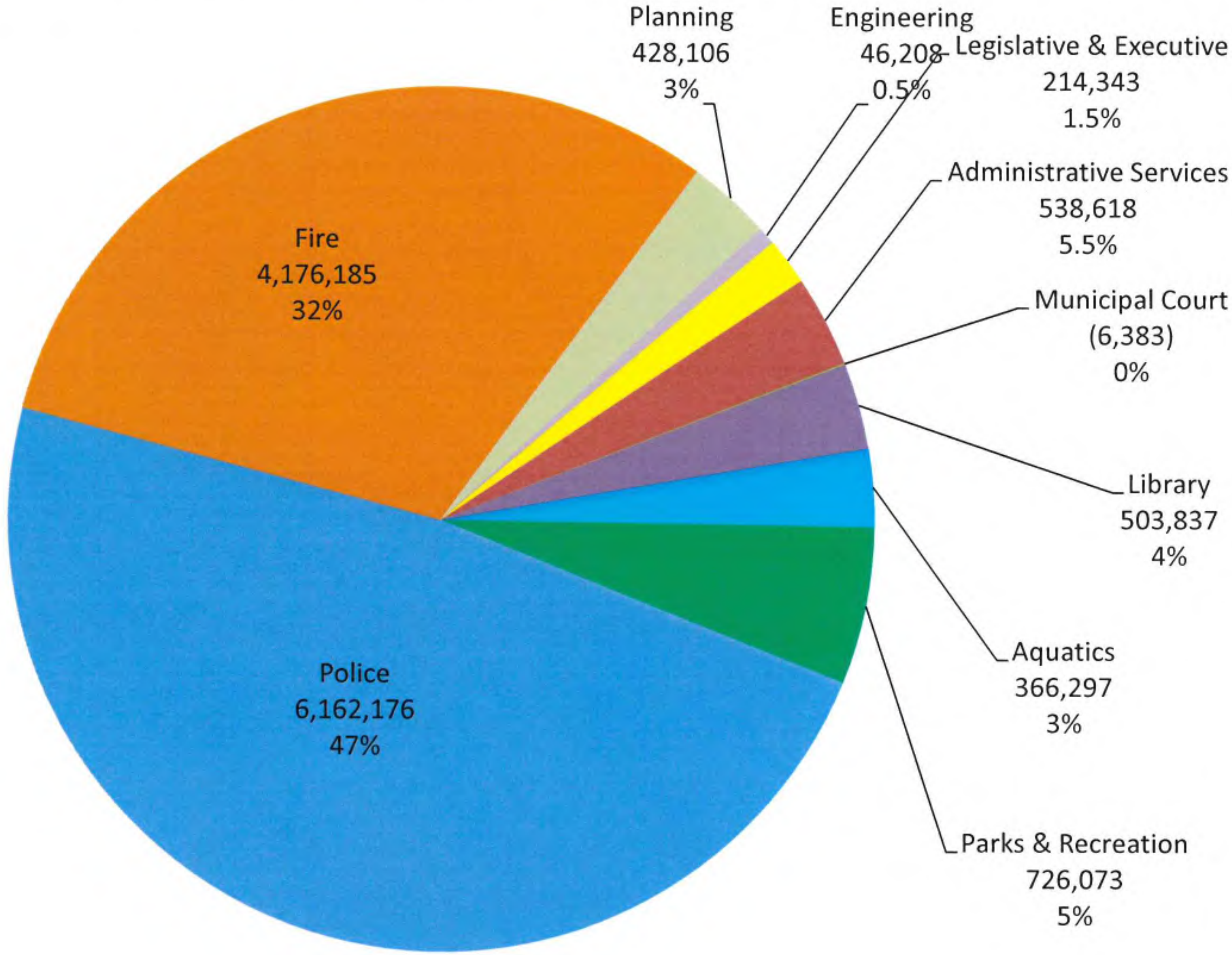
FY 2020-21 GENERAL FUND DISCRETIONARY USES



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Election Timing

- Potential election dates prior to June 30, 2023, when the double majority requirement does not apply are:
  - May, 2022
  - November, 2022
  - May, 2023
- The City typically submits the LOL to voters at least 2 elections prior to the expiration of the LOL.
- Staff recommends considering a May, 2022 election, particularly if voters are asked to increase the LOL.
- LOL must be approved no later than May, 2023, for the LOL taxes to be collected in FY 2023-24.

Tentative Timeline

- Tentative Timeline for a May, 2022 Election:

Information Budget Comm. Meeting	April 20
Levy Needs Assessment Work Session	August 9
Discuss Levy Polling Questions	September 13
Present Levy Polling Results	November 22
Levy Work Session - Rate Setting	December 13
Levy Work Session - Rate Setting	January 10
Council Retreat Work Session	January 24
Annual Town Meeting –Levy (?)	January 29
Council Retreat	February 12
Levy Approval	February 28*

*Last Council meeting to meet filing deadline for May, 2022 election.

Activities

- Prior to the Needs Assessment Work Session:
  - Staff will begin to develop information for City website and FYI article to begin informing residents about the upcoming levy efforts.
  - Staff will ask departments to review and prioritize additional service needs over the next levy period.
  - Estimate costs for those additional service needs so options can be presented to the Council and Budget Committee.

Activities (cont.)

- At the Needs Assessment Work Session, staff will present:
  - Five-year General Fund financial plan assuming current LOL rate.
  - Five-year General Fund financial plan assuming level of services set in the FY 21-22 Adopted Budget.
  - Potential additional services and the incremental increase needed in the LOL rate to add each potential additional service.
  - Other options to raise funds for some of the potential additional services.
  - What additional services, if any, should be included in the public opinion poll to be conducted after the work session.

Survey

- As with the last LOL, staff is recommending a polling consultant be hired to survey public opinion to help develop a strategy for the LOL.
- The consultant will assist with three key objectives:
  - Determine if voters will support a LOL at a rate needed to maintain the current level of services
  - Determine if voters will support a LOL at an increased rate to add focused additional services
  - Identify facts about the proposed LOL that voters say are most useful in determining how they will vote
  - Assess sources of information about a LOL

Goals of Survey

- Determine likelihood of success under different scenarios if the LOL is on the ballot in May, 2022.
- The survey is not a survey of the general population – it targets likely voters for the May, 2022 election. The consultant will use the County's list of registered voters to conduct the survey.
- The survey gauges reaction to 10 to 12 facts about the LOL to help determine important messages to communicate and what sources to use to communicate the LOL to likely voters.
- Get demographic information of survey participants.
- Timing of survey is important – not too early, not too late.

Next Steps

- Questions
- Staff is looking for feedback on the proposed activities/timelines as we proceed forward with the process to begin planning for the levy renewal/replacement.
- Does the Council/Budget Committee want to see other steps included in the LOL renewal process so staff can determine potential effect on the levy planning process and possibly timing of the election.
- Staff recommends asking voters to approve the next levy no later than the November 2022 election.

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FY 2021-26 DRAFT CAPITAL IMPROVEMENT PLAN

Paul Downey, Admin. Services Director
Bryce Baker, Senior Management Analyst

April 20, 2021

Purpose

- The City prepares a five-year Capital Improvement Plan (CIP) each year as part of the budget process.
- Tonight staff will present a draft FY 2021-26 CIP.
- Projects in the draft FY 2021-22 CIP will likely be included in the Proposed FY 2021-22 Budget.
- Tonight's meeting is an opportunity to ask questions on the proposed projects.
- The CIP is an important part of the budget process:
  - It informs the Budget Committee of intended upcoming capital projects and potential funding sources.
  - For System Development Charges (SDC) to be spent on a capital project, the project needs to be in the CIP.

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FY 2021- 22 Projects

- Development Services Annex / City Hall Remodel:
  - This project proposes to demolish the old one-story Engineering Office and replace it with a new two-story DSA.
  - This project also includes a non-structural remodel of City Hall.
  - This project builds on the findings from the Development Process Review Study that recommending co-locating Engineering and Community Development combining two counters into one.
  - City Hall has undergone several minor remodel projects over the past five years to accommodate additional services.

- Both buildings are currently above capacity with no room for growth.
- Both buildings are in excess of 80 years old. The Engineering Building has no historical designation or architectural significance.

FY 2021- 22 Projects

- Police Facility Design:
  - The design for a new 50 year police facility to be located on 19th and Birch Avenue (south of the Library) was completed last year.
  - The estimated cost, after extensive value engineering, was $20+ million.
  - This design followed an alternatives analysis that showed constructing a new facility would be less expensive than demolishing and rebuilding at the current location or remodeling and expanding the existing facility.
  - Staff has requested the designer look at a fourth option that became possible with the purchase of property at the corner of 19th and Birch.
  - That option is to keep the current facility, move secure parking east, and add an annex to the southern portion of the existing facility.
  - If the current building envelope is kept intact, this may not require seismic retrofits to the existing building, reducing cost.

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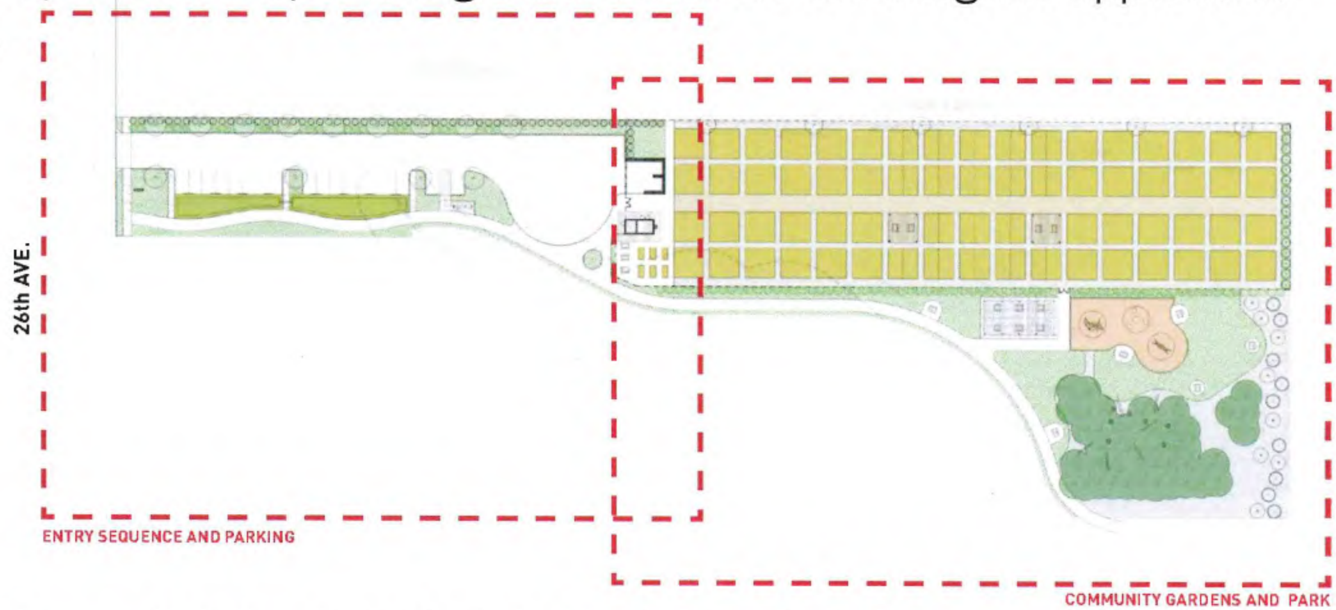
FY 2021- 22 Projects

- Fire Department Upgrades:
  - The Fire Department was constructed 27 years ago in 1994.
  - The fire alarms require upgrades to meet current code and operability standards.
  - The kitchen area, including counter, dining area, and appliances, are woefully outdated and in need of upgrade and replacement.
  - This project would enlarge the counter and replace the appliances and flooring in the kitchen area.
  - The project also proposes to design remodeling the sleeping quarters from aggregate to non-aggregate, i.e., a separation wall between beds.

FY 2021- 22 Projects

- Construction of Stites Park. This project was one of five parks/aquatics projects that were planned and/or designed in 2018-19 following the approval of the Master Plan.



  - The other projects included an Eastside Park, North Lincoln Park, A.T. Smith Property, and outside pool at the Aquatic Center.
  - This project was scheduled for construction after the successful opening of Anna and Abby's Yard and Rogers Park.
  - The current project scope includes a parking lot, relocation of the community garden from the Oak Street substation, a walking path, restrooms, and limited play equipment.

FY 2021- 22 Projects

- Completion of design and construction of 26th Street from Sunset Drive to Hawthorne Street.
  - This project was a commitment to property owners in the area upon annexation.
  - The project has been designed to 30% and sufficient right of way exists to construct.
  - Staff will conduct additional public outreach before finalizing design and constructing the project.
  - The project includes new pavement and sidewalks.

FY 2021- 22 Projects

- Reconstruction of "D" Street from 19th Street to Pacific Avenue.
  - This is a Community Development Block Grant (CDBG) project.
  - The city would provide matching funds.
  - The project includes pavement, sidewalks, storm, sewer, and water.

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FY 2021- 22 Projects

- Design of an emergency water intertie
  - The City is a member of the Joint Water Commission (JWC). The City receives water from JWC for approximately six months of the year during the summer and fall.
  - There are two water mains from JWC's Fernhill water treatment plant that pertain to Forest Grove: a 24" main that fills Forest Grove's water reservoir and a 72" main that goes East and serves Hillsboro, Beaverton and TVWD.
  - This project would design an "intertie" that would enable water from the 72" main to serve the east side of Forest Grove for emergency purposes, i.e., if the 24" line fails or if there is a large industrial fire.
  - This project does not include construction funds. Construction is contingent on the cost/benefit of the intertie design.

FY 2021- 22 Projects

- Public Works Equipment Storage
  - Approximately half of Public Works and Parks equipment storage is underneath a roofed, open air storage.
  - This storage area is old and failing.
  - The roof on the eastern portion of the storage area collapsed this winter under the snow. The collapsed roof in turn damaged the equipment underneath.
  - Further inspection showed other areas of the facility are worn and will likely fail.
  - This project will replace all the storage area with new storage area.
  - This facility is relatively inexpensive to construct as it is open air and composed only of a roof and a back wall. There are no doors, dividing walls, or insulation.

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Next Steps

- Questions
- Staff will revise this draft CIP upon completion of the FY 2021-22 Proposed Budget at which time it will become the FY 2021-26 Proposed CIP.
- The projects included in the Proposed FY 2021-22 Budget will also be discussed during the Proposed Budget.
- The Budget Committee will be asked to approve the FY 2021-26 Proposed CIP as part of the budget approval process.

Summary

CIP #	PROJECT	2021-22	2022-23	2023-24	2024-25	2025-26	CIP TOTAL	FUND
ADMINISTRATION								
GEN.001	New Police Facility	40,000	0	500,000	22,750,000	0	23,290,000	CAP PROJECTS
GEN.002	Development Services Annex	5,600,00	0	0	0	0	5,600,000	CAP/GEN/ PERMITS
GEN.003	Replace Police Facility Roof	0	0	200,000	0	0	200,000	MAJOR MAINT
GEN.004	Complete City Fiber Loop	250,000	0	0	0	0	250,000	CAP PROJECTS
	ADMINISTRATION CIP TOTAL =	**5,890,000**	**0**	**700,000**	**22,750,000**	**0**	**29,340,000**	
LIGHT AND POWER								
LP.001	Major Tools and Equipment	20,000	30,000	30,000	30,000	30,000	140,000	L&P
LP.002	Substation Upgrade	150,000	150,000	150,000	150,000	150,000	750,000	L&P
LP.004	Property Improvements & Office Building	92,000	20,000	20,000	20,000	20,000	172,000	L&P
LP.008	Vehicle Replacement Program	445,000	160,000	180,000	100,000	100,000	985,000	L&P
LP.009	Specialized Equipment	25,000	91,000	91,000	0	0	207,000	L&P
LP.022	Dist. System Addition and Upgrade	100,000	200,000	200,000	200,000	200,000	900,000	L&P
	LIGHT & POWER CIP TOTAL =	**832,000**	**651,000**	**671,000**	**500,000**	**500,000**	**3,154,000**	

Summary

CIP #	PROJECT	2021-22	2022-23	2023-24	2024-25	2025-26	CIP TOTAL	FUND
STREETS								
ST.001	General Overlay Improvements	780,000	780,000	780,000	780,000	780,000	3,900,000	Street
ST.002	Sidewalk Program	100,000	100,000	100,000	100,000	100,000	500,000	Street/ TIF
ST.008	Major Tools and Equipment	10,000	10,000	10,000	10,000	10,000	50,000	Street
ST.XXX	D Street CDBG Project	343,000	0	0	0	0	343,000	TIF/CDBG Grant
ST.XXX	ARTS Safety Procet-ODOT Program	46,000	0	0	0	0	46,000	Street
ST.XXX	Thatcher & Gales Creek Intersection	400,000	0	0	0	0	400,000	TIF
ST.XXX	Signal Loop Replacement	8,000	8,000	8,000	8,000	8,000	40,000	Street
ST.XXX	Martin road & Highway 47 intersection	740,000	0	0	0	0	740,000	TIF
ST.XXX	Stites Park Frontage Improvements	25,000	0	0	0	0	25,000	TIF
ST.XXX	Curb Ramp Improvements	100,000	100,000	100,000	100,000	100,000	500,000	Street
ST.XXX	Mountain View/TV HWY Sidewalk Enhance	101,000	0	0	0	0	101,000	Street/Safe Route
	STREET CIP TOTAL =	**2,653,000**	**998,000**	**998,000**	**998,000**	**998,000**	**6,645,000**	

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Summary

CIP #	PROJECT	2021-22	2022-23	2023-24	2024-25	2025-26	CIP TOTAL	FUND
WATER								
W.001	Improvements to Distribution System	100,000	100,000	100,000	100,000	100,000	500,000	Water
W.002	Waterline Oversizing	50,000	50,000	50,000	50,000	50,000	250,000	Water SDC
W.003	Water Treatment Plant Projects	33,000	33,000	33,000	33,000	33,000	165,000	Water
W.X	Water Line Extensions	100,000	100,000	100,000	100,000	100,000	500,000	Water
W.016	Large Meter Replacement	50,000	50,000	50,000	50,000	50,000	250,000	Water
W.X	Emergency Intertie	102,000	2,030,000	30,000	30,000	30,000	2,222,000	Water/ Water SDC
W.X	Water Line Reloc. @ Martin & HWY 47	0	172,000	0	0	0	172,000	Water SDC
W.X	SCADA communications upgrade	101,000	0	0	0	0	101,000	Water
W.X	D Street CDBG Project	57,000	0	0	0	0	57,000	Water SDC
W.X	10th Ave Flow Meter Replacement	35,000	0	0	0	0	35,000	Water
JWC.001	JWC Project (FG Portion)	628,298	70,595	148,022	434,639	414,765	1,696,319	Water/ Water SDC
	WATER CIP TOTAL =	**1,256,298**	**2,605,595**	**511,022**	**797,639**	**777,765**	**5,948,319**	

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Summary

CIP #	PROJECT	2021-22	2022-23	2023-24	2024-25	2025-26	CIP TOTAL	FUND
SEWER								
SW.001	Repair & replace Old Sewer Pipes	30,000	30,000	30,000	30,000	30,000	150,000	Sewer
SW.002	Sewer Oversizing Participation	70,000	70,000	70,000	70,000	70,000	350,000	Sewer SDC
SW.X	Infiltration and Inflow Phase II	500,000	0	0	0	0	500,000	Sewer
SW.X	Sewer and Storm Extension Project	350,000	0	0	0	0	350,000	Sewer/ SWM
SW.X	Sewer Repair at Forest Glenn Park	25,000	0	0	0	0	25,000	Sewer
SW.X	Martin Road Sewer Line Design and Reloc.	0	80,000	0	0	0	80,000	Sewer
SW.X	D Street CDBG Project	122,000	0	0	0	0	122,000	Sewer SDC
	SEWER CIP TOTAL =	**1,097,000**	**180,000**	**100,000**	**100,000**	**100,000**	**1,577,000**	
SURFACE WATER MANAGEMENT								
SWM.X	Storm Sewer Construction	20,000	20,000	20,000	20,000	20,000	100,000	SWM
SWM.X	Storm Sewer Outfalls	10,000	10,000	10,000	10,000	10,000	50,000	SWM
SWM.X	D Street CDBG Project	97,000	0	0	0	0	97,000	SWM
SWM.X	Alyssum & Twinflower Storm Line	0	0	0	30,000	0	30,000	SWM
	SURFACE WATER MGMT CIP TOTAL =	**127,000**	**30,000**	**30,000**	**60,000**	**30,000**	**277,000**	

Summary

CIP #	PROJECT	2021-22	2022-23	2023-24	2024-25	2025-26	CIP TOTAL	FUND
MAJOR EQUIPMENT								
EQ.001	Equipment Replacement Program	312,000	544,000	239,000	764,000	1,007,000	2,866,000	Equipment
	EQUIPMENT CIP TOTAL =	**312,000**	**544,000**	**239,000**	**764,000**	**1,007,000**	**2,866,000**	
PARKS & RECREATION								
AQ.004	Aquatic Center Renovation	0	0	7,838,950	0	0	7,838,950	GO Bond
PKS.007	Stites Park Development per 2020 Study	1,650,000	0	3,414,844	0	0	5,064,844	Metro/ SDC
PKS.008	AT Smith Park Development per 2020 Study	0	0	0	0	4,244,249	4,244,249	SDC/ Partnerships
PKS.013	Trails and Greenways	0	450,000	0	0	0	450,000	Grant
PKS.022	Lincoln Park Master Plan	0	1,650,000	0	0	8,719,458	10,369,458	Parks SDC/ Bond
PKS.023	Northside Property Purchase	0	0	0	0	1,400,000	1,400,000	Parks SDC
PKS.024	David Hill Road Property Purchase	0	0	0	0	650,000	650,000	Parks SDC
PKS.025	Eastside Park	0	1,250,000	0	0	0	1,250,000	Parks SDC
	PARKS AND RECREATION CIP TOTAL =	**1,650,000**	**3,350,000**	**11,253,794**	**0**	**15,013,707**	**31,267,501**	

Summary

CIP #	PROJECT	2021-22	2022-23	2023-24	2024-25	2025-26	CIP TOTAL	FUND
PUBLIC SAFETY (POLICE & FIRE)								
PD.012	Mobile Computer Replacement(4 yr cycle)	0	78,000	0	0	0	78,000	Excise
PD.040	Weapons Procurement and Replacement	10,000	10,000	10,000	10,000	10,000	50,000	Excise
FF.001	Vehicle Replacement	411,500	122,500	405,000	0	116,500	1,055,500	50/50 District
FF.002	Replacement of Rescue Equipment	15,500	15,500	15,500	15,500	15,500	77,500	50/50 District
FF.003	Replacement of Turnouts Safety Equipment	20,000	20,000	20,000	20,000	20,000	100,000	50/50 District
	PUBLIC SAFEY CIP TOTAL	**457,000**	**246,000**	**450,500**	**45,500**	**162,000**	**1,361,000**	

		2021-22	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**CIP TOTAL**
	2021-26 CAPITAL IMPROVEMENT PLAN TOTAL =	**14,274,298**	**8,604,595**	**14,953,316**	**26,015,139**	**18,588,472**	**82,435,820**

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