

FIRST MEETING OF THE CITY OF REDMOND BUDGET COMMITTEE WAS HELD VITRUALLY ON JUNE 2, 2020, VIA GOTOMEETING.

BUDGET COMMITTEE MEMBERS PRESENT: Bill Braly – Jon Bullock – Albert Calderon – Krisanna Clark-Endicott – James Cook – Edwin Danielson – George Endicott – Camden King – Ginny McPherson – Aubrey Oslund – Jay Patrick – Bud Prince – James Wood – Lisa Young

STAFF PRESENT: City Manager Keith Witcosky – Deputy City Manager John Roberts – City Attorney Keith Leitz – Airport Director Zachary Bass – Chief Financial Officer Jason Neff – City Engineer Mike Caccavano – Accounting and Financial Reporting Director Brooks Slyter – Police Chief Dave Tarbet – Public Works Director Bill Duerden – City Recorder Kelly Morse – IT Manager Sheri Cleveland – Police Captain Devin Lewis – Streets Division Manager Brad Haynes

MEDIA PRESENT: None

CALL TO ORDER – CITY OF REDMOND BUDGET COMMITTEE

Mayor Endicott called the meeting to order at 6:00 p.m.

ELECTION OF OFFICERS

A. Chair

Ginny McPherson moved, seconded by Camden King, to nominate Bill Braly as Chair of the Budget Committee, motion passed. (Yes - Jon Bullock, Albert Calderon, Krisanna Clark-Endicott, James Cook, Edwin Danielson, George Endicott, Camden King, Ginny McPherson, Aubrey Oslund, Jay Patrick, Bud Prince, James Wood, Lisa Young; No - Bill Braly; Absent - None)

B. Secretary

Ginny McPherson moved, seconded by Camden King, to nominate Bud Prince as Secretary of the Budget Committee, motion passed. (Yes - Bill Braly, Jon Bullock, Albert Calderon, Krisanna Clark-Endicott, James Cook, Edwin Danielson, George Endicott, Camden King, Ginny McPherson, Aubrey Oslund, Jay Patrick, Bud Prince, James Wood, Lisa Young; No - None; Absent - None)

BUDGET MESSAGE

City Manager Keith Witcosky presented his budget message and explained the impacts of COVID-19 on the proposed budget. The General Fund is projected to have a \$1 million shortfall due to decreases in property tax collections, lodging tax, state gas tax, and business licenses. The Airport has experienced a decline of 80-96 percent in passengers and revenue. Recovery is estimated to take 12-18-months. Development has experienced a 30 percent decline in activity. The Coronavirus Aid, Relief, and Economic Security (CARES) Act has provided the City with \$8.9 million in funding for the Airport, \$151,000 for the Community Development Block Grant program, and \$34,000 for a Police Justice Administration Grant through CARES for COVID-related Personal Protection Equipment. The City recently submitted a reimbursement request for \$373,000 for COVID related expenses. The Fiscal Year (FY) 2020/2021 budget takes into account broad assumptions such as a hiring freeze through the first quarter and delayed equipment purchases until mid-year with course corrections taking place monthly. Mr. Witcosky explained the City's department/funding structure and compared the number of employees to population.

City Engineer Mike Caccavano reviewed the Capital Improvement Plan, highlighting the following significant capital projects for FY 2020/2021:

- Wastewater Treatment Plant Expansion (\$4 million)
- NW Maple Avenue/NW 9th Street Traffic Signal (\$0.5 million)
- NW Maple Avenue Dry Canyon Staircase (\$0.6 million)
- NE Hemlock Avenue Improvements (\$1 million)
- NW Hemlock Avenue Improvements (\$0.6 million)
- SW Canal Boulevard/SW Pumice Avenue Roundabout (0.6 million)
- Quartz Park (\$0.7 million)
- South Redmond Water Facility (\$12.7 million)

COMMENTS FROM CITIZENS AT THE MEETING

There were no comments from the public.

PUBLIC HEARINGS – CITY OF REDMOND BUDGET

Chair Braly opened the public hearing on the City of Redmond's Budget for FY 2020/2021.

A. State Shared Revenue Hearing

There were no comments from the public on State Shared Revenue.

B. General Operating Funds

Chief Financial Officer Jason Neff explained General Operating Funds and noted there is a projection of \$0.1 million for FY2019/2020, \$1 million budgeted for FY 2020/2021, and a \$0.8 million in operating deficit for FY 2020/2021. The operating break-even factor is 5 percent.

i. Police

Mr. Neff stated the Police Department operating budget is \$10.5 million, with 57 full time employees. Resources are 92% of budget (\$9.4 million) with additional revenue coming from the Redmond School District for School Resource Officers, court fines, and Airport law enforcement. Expenditures are anticipated to be \$10.8 million.

Police Chief Dave Tarbet explained the number of officers per 1,000 population continues to hold steady at 1.44. The three open officer positions will be held open for one quarter resulting in a savings of approximately \$114,000. Current call volume per officer is 837 per year (long-term goal is 700 calls). Police Captain Devin Lewis described other notable budget items which include \$175,000 for 4 new patrol vehicles, \$41,000 for car/portable radios, \$30,000 for body cameras and motion tablets, and \$15,000 for a wellness program to support mental health for officers. Captain Lewis addressed question regarding body cameras, mental health training, motion tablets, and health premium reductions due to the wellness program.

ii. Parks and Facilities

Mr. Neff stated the operating budget for the Parks and Facilities Fund is \$3 million, with 15 full time employees. Resources are 94 percent of budget (\$1.9 million) with additional revenue of \$65,000 coming from cemetery plot sales/fees. The Parks System Development Charges (SDC) reimbursement fee has alleviated support from the General Fund for non-growth-related components of capital projects. This is an expected saving of \$200,000 to \$500,000 to the General Fund. Expenditures are estimated at \$6.3 million.

Public Works Director Bill Duerden commented that additional land acquisition is needed to reach the goal of 4 acres of park space per 1,000 residents (currently 40 acres short). The budget includes \$1.5

million (SDCs) for land acquisition should an opportunity arise. Notable budgetary items include \$340,000 for vehicle/equipment purchases, \$50,000 for parking lot asphalt maintenance, and \$25,000 to replace the irrigation system at the cemetery. Staff responded to questions regarding contingencies for Parks SDCs, target acreage of developed parkland, continued focus on land acquisition, and consideration of opening parks during Phase 2 of the COVID-19 re-opening.

In response to Budget Committee Member Lisa Young, Mr. Duerden explained that additional staffing was eliminated from the budget because of COVID-19. Mr. Neff added that pre-COVID-19, staff developed a way to fund the additional staff needed in Police, Parks, and Transportation by using reserves to pay down the PERS side account and debt on the Public Works facility. The savings over time would have allowed for the addition of necessary staff.

iii. Transportation

Mr. Neff stated the operating budget for the Transportation Fund is \$7.1 million, with 22.5 full time employees. Resources come from the State Highway Fund (\$2.2 million, 54 percent), General Fund (\$1.4 million, 34 percent), Grant Pass-Thru (\$0.2 million, 6 percent), Internal Charges for Services (\$0.2 million, 4 percent), and Other (\$0.1 million, 2 percent). Expenditures are anticipated at \$11.7 million.

Mr. Duerden stated that Redmond's streets are the City's biggest asset, noting that a Pavement Condition Index (PCI) of greater than 80 is a cost-effective way of maintaining the asset. An additional \$200,000 (\$1.2 million total) is needed to maintain the PCI at an appropriate level. Streets Division Manager Brad Haynes noted it would take approximately \$1.5 million to maintain a PCI of 82. Notable budget items include \$225,000 for equipment purchases, \$104,000 for Public Works facility debt service, and \$126,000 for new fleet services software. Staff addressed questions on gas tax revenue and splitting the funding for the Pumice roundabout between two FYs.

iv. General Fund

Mr. Neff stated the \$15.2 million in resources for the General Fund comes from property taxes (\$10.1 million), franchise fees (\$3.6 million) State Shared Revenue (\$0.9 million), and lodging tax (net \$0.5 million). Mr. Neff noted that lodging tax revenue is down about 30 percent with a 10 percent improvement each month for an overall return to approximately 80 percent of "normal" by the end of the calendar year. Expenditures are anticipated to be \$15 million. The budget assumes a 2.1 percent increase in property taxes resulting from a 6.2 percent increase in assessed value and a 4 percent decline in collection rates (92-93 percent collection range based on prior recessions).

Staff addressed questions regarding assumptions made because of the decline in lodging tax and tourism, the property tax collection rate forecasted for FY 2021/2022, and loss in state shared revenue from marijuana sales.

The General Fund will have approximately \$14.4 million in discretionary transfers to Police (\$9.5 million, 66 percent), Parks (\$1.9 million, 14 percent), Transportation Ops (1.4 million, 9 percent), Transportation Capital (\$0.8 million, 5 percent), Golf (\$0.4 million, 3 percent), CDD Ops (\$0.3 million, 2 percent), and CDD Long Range Planning (\$0.1 million, 1 percent).

Notable budget items include \$118,000 (plus \$10,000 from the Airport) for Redmond Economic Development, Inc., \$226,000 for tourism promotion, and \$40,000 for roof replacement at the Senior Center.

Mr. Neff stated the operating budget for Central Services is \$3 million, with 17.5 full time employees. Resources are received via the Airport (26 percent), General Operating Fund (20 percent), Water (19 percent), Wastewater (16 percent), Other (9 percent), CDD (Self-Sustaining, 3 percent), Stormwater (3 percent), and Urban Renewal (3 percent). Expenditures are anticipated to be \$3.4 million. Staff answered questions on the allocation of funds for legal services, decrease in processing fees, increase in contractual services, and passing-through credit card fees and mailing fees.

Mr. Neff stated the operating budget for Information Technology is \$5.2 million, with 5 full time employees. Resources are received via the General Operating Fund (40 percent), Airport (20 percent), Other (13 percent), CDD (Self-Sustaining, 9 percent), Wastewater (8 percent), Water (6 percent), Stormwater (2 percent), and Urban Renewal (2 percent). Expenditures are anticipated to be \$1.3 million with a 25 percent increase to personnel expenses for another IT employee.

C. Enterprise Funds

i. Golf

Mr. Neff stated the operating budget for the Golf Fund is \$2 million, with 8+ non-City seasonal employees. Resources are received from Food & Beverage (\$685,048, 35 percent), Green Fees (\$543,677, 28 percent), Membership (\$349,644, 18 percent), Carts (\$252,682, 13 percent), Driving Range (\$52,202, 3 percent), Merchandise (\$38,433, 2 percent), and Lessons (\$18,400, 1 percent). Mr. Neff explained that the new contract with CourseCo incentivizes any golf revenue over \$1 million from a combination of green fees, memberships, carts and merchandise. The Budget assumes the revenue from these four areas will be \$1.2 million. If CourseCo meets their budget, it would result in an incentive of \$27,000 in addition to the fixed amount of \$80,000. Expenditures for Materials & Services and Debt Service are approximately \$2.4 million. Revenue per round is projected at \$36 which is at or above other regional courses. Infrastructure needed at Juniper Golf Course for FY 2020/2021 is the Driving Range Tee (\$15,000). Additional discussion was had on tourism funds for payment of debt service, deferred maintenance, and the feasibility of an event center.

There being no further testimony, Chair Braly closed the public hearing.

RECESS

George Endicott moved, seconded by Camden King, to recess the City of Redmond Budget Committee, motion passed. (Yes - Bill Braly, Jon Bullock, Albert Calderon, Krisanna Clark-Endicott, James Cook, Edwin Danielson, George Endicott, Camden King, Ginny McPherson, Aubrey Oslund, Jay Patrick, Bud Prince, James Wood, Lisa Young; No - None; Absent - None)

Chair Braly recessed the City of Redmond Budget Committee at 8:26 p.m.

Respectfully submitted,

<u>/s/ Bud Prince</u>	<u>9/16/20</u>
Bud Prince	Date
City of Redmond Budget Committee Secretary	