Connecting People, Parks & Nature

Tualatin Hills Park & Recreation District
Minutes of a Budget Committee Meeting

A Tualatin Hills Park & Recreation District Budget Committee Meeting was held at the HMT Recreation Complex, Peg Ogilbee Dryland Training Center, 15707 SW Walker Road, Beaverton, on Monday, February 22, 2010, 7:00 p.m.

Present:

Greg Cody	Chair/Budget Committee Member
Ruth Rosimo	Secretary/Budget Committee Member
Spencer Benfield	Budget Committee Member
John Griffiths	Budget Committee Member
William Kanable	Budget Committee Member
Fred Meyer	Budget Committee Member
Larry Pelatt	Budget Committee Member
Bob Scott	Budget Committee Member
Doug Menke	General Manager

Absent:

Joseph Blowers	Budget Committee Member
Elisabeth Zeller	Budget Committee Member

Agenda Item #1 – Call to Order
The meeting was called to order by Chair, Spence Benfield, at 7:00 p.m.

Agenda Item #2 – Election of Officers
Larry Pelatt, opened the floor for nominations of Budget Committee Chair.

Bill Kanable nominated Spence Benfield to serve as Chair of the Budget Committee.

Spence Benfield thanked Bill and the Budget Committee, but respectfully declined the nomination.

Spence Benfield nominated Greg Cody to serve as Chair of the Budget Committee. Bill Kanable seconded the nomination. Hearing no further nominations, a vote was called. The vote was UNANIMOUS in favor of appointing Greg Cody to serve as Chair of the Budget Committee.

Chair, Greg Cody, opened the floor for nominations of Budget Committee Secretary.

Spence Benfield nominated Ruth Rosimo to serve as Secretary of the Budget Committee. Bill Kanable seconded the nomination. Hearing no further nominations, a vote was called.

The vote was UNANIMOUS in favor of appointing Ruth Rosimo to serve as Secretary of the Budget Committee.

Agenda Item #3 – Appointment of Budget Officer
Chair, Greg Cody, noted that only the Park District's Board of Directors may appoint the Budget Officer. Larry Pelatt, Board of Directors President, stated that he would entertain a motion.

Bob Scott moved the Board of Directors appoint Keith Hobson, Director of Business & Facilities, as Budget Officer for Fiscal Year 2010-11. Bill Kanable seconded the motion. The motion was UNANIMOUSLY APPROVED.

Agenda Item #4 – General Manager's Comments
Doug Menke, General Manager, welcomed the Budget Committee members. He stated the two purposes for tonight's meeting: 1) to review the first half of the FY 2009-10 budget and 2) to review projections and receive the Budget Committee's and the public's input for the FY 2010-11 Budget. He noted that the budget is driven by the Park District Goals and Objectives adopted by the Board of Directors.

Doug commented on the activity to date of the first year of the $100 million Parks Bond Measure. He noted that some projects have been completed, while many projects are in the planning and design stages with groundbreakings projected in the upcoming construction season. More details about the Bond Program will be provided later in the meeting.

Doug stated that a key element of the Bond Program is the Citizens Oversight Committee. The committee is comprised of knowledgeable and professional volunteers whose work will be discussed later in the meeting.

Keith Hobson, Director of Business & Facilities, commented that the budget process is intended to be as open to the public as possible. He announced the four public meetings.

- Tonight, February 22 – Mid-Year Budget Review
- April 19 – Budget Work Session
- May 17 – Budget Meeting
- June 21 – Board of Directors Budget Hearing

Keith noted that overall operations to date are generally favorable in comparison to budget. Staff is projecting a $3 million year-end general fund balance carry forward for next year. He noted that revenue shortfalls are offset by higher than anticipated beginning balances, and that Park District operations are expected to be within budget expenditure appropriations.

Agenda Item #5 – Current Year (2009-10) Goals Review
Keith Hobson, Director of Business & Facilities, indicated that detailed narrative information on the Park District 2009-10 Goals and Objectives is included in the Budget Committee information packet. Staff will describe key issues and any updates to the information in the binder.

Goal #1: Provide quality neighborhood and community parks that are readily accessible to residents throughout the District's service area.
Hal Bergsma, Director of Planning, provided the following information pertaining to Goal #1:

- Staff have begun implementation of Phase I of the Bond Program. The first 16 capital bond measure projects are underway.
- Maintenance staff have begun replacement and upgrade projects, completing the Sunset Swim Center pool tank repair.
- Natural Resources staff have begun assessing and evaluating restoration and enhancement sites.
- Staff have worked closely with the Board of Directors to evaluate and prioritize acquisition sites by quadrant. They have started contacting and negotiating with property owners.
- Staff adopted the Community Outreach Policy in July 2009 that outlines public notice standards for Park District projects.

Goal #2: Acquire, conserve and enhance natural areas and open spaces within the District.
Jim McElhinny, Director of Park & Recreation Services, provided the following information pertaining to Goal #2:

- Natural Resources staff have worked with Planning & Development staff to assess potential land acquisition properties.
- Natural Resources staff manage natural resources sites throughout the Park District.
- The Nature Mobile is an outreach tool used to connect with underserved communities, special events patrons, and school students for environmental education. Jim distributed a February 18, 2010, *Beaverton Valley Times* article titled, "Nature Mobile helps kids explore their wild side." A copy was entered into the record.

Larry Pelatt complimented Bob Wayt, Director of Communications & Development, for the coverage the Nature Mobile has received in the media.

Goal #3: Develop and maintain a core system of regional trails, complemented by an interconnected system of community and neighborhood trails, to provide a variety of recreational opportunities, such as walking, bicycling and jogging.
Hal Bergsma, Director of Planning, provided the following information pertaining to Goal #3:

- Planning staff continue to work through issues delaying completion of Fanno Creek Trail. Hal commented that the trail will not be completed in FY 2009-10, and may not be completed in FY 2010-11.
- Planning staff continue to pursue grant opportunities for trail segments. The Park District was recently awarded a Metropolitan Transportation Improvement Program (MTIP) grant for a segment of the Westside Trail. Also, staff has submitted a Connect Oregon III grant application for a segment of the Waterhouse Trail.
- Planning staff and Trails Advisory Committee members are working with Washington County staff to review the mid-block crossings process. The crossing near NW 185th Avenue and NW West Union is being used as a test case. Hal noted that the Board of Directors approved a mid-block crossing paper outlining how Park District staff would approach mid-block crossings.

Goal #4: Provide quality sports and recreational facilities for Park District residents and workers of all ages, cultural backgrounds, abilities and income levels.
Jim McElhinny, Director of Park & Recreation Services, provided the following information pertaining to Goal #4:

- The second Rec Mobile was purchased with funds from Nike. It supplements the first Rec Mobile by visiting additional underserved sites.
- Staff continue to find new ways to reach specific populations such as a special event to be held this fall for the Latino community. Staff have worked with members of the Latino community to identify ways to better involve them in the Park District.
- Fourteen ADA improvement projects are identified in the Bond Program.

Goal #5: Operate and maintain parks and facilities in an efficient, safe and cost-effective manner, while maintaining high standards.
Keith Hobson, Director of Business & Facilities, provided the following information pertaining to Goal #5:

- Metro completed development of Cooper Mountain Nature Park, and the Park District has been operating it under an agreement with Metro since July 2009. The Park District programs and maintains the site and the Park District's costs will be reimbursed by Metro for the first five years of operation.
- Staff is working with a real estate broker to pursue a site for the maintenance and operations facilities relocation.

Goal #6: Provide value and efficient service delivery for taxpayers, patrons and others who help fund Park District activities.
Keith Hobson, Director of Business & Facilities, provided the following information pertaining to Goal #6:

- The Park District continues to keep and develop successful partnerships with other agencies. Examples include Metro with the Cooper Mountain agreement, City of Beaverton for combined staff training programs, The Trust for Public Land for land acquisitions, and a consortium of area local governments for Internet service.
- Staff continue to pursue limited grant opportunities, and have been fairly successful.

Goal #7: Effectively communicate information about Park District goals, policies, programs and facilities among District residents, customers, staff, District advisory committees, the District Board, partnering agencies and other groups.
Bob Wayt, Director of Communications & Development, provided the following information pertaining to Goal #7:

- The Public Awareness Program outreach efforts are currently focused on new residents and ethnic minorities. The Park District has hired its first bilingual assistant to work with Spanish speakers.
- Staff have expanded communications with the public via an E-newsletter, Twitter, and Facebook.
- As mentioned earlier, a cross-functional group of employees developed the Community Outreach Program defining the public notice process for Park District projects.

Goal #8: Incorporate principles of environmental and financial sustainability into the design, operation, improvement, maintenance and funding of Park District programs and facilities.
Keith Hobson, Director of Business & Facilities, provided the following information pertaining to Goal #8:

- The Energy Savings Performance Contract (ESPC) is moving forward. To date, the Technical Energy Audit and Project Development Plan have been completed. The Energy Savings Contractor has identified a $1.6 million package of improvements that would have a payback through energy savings of approximately 16 years.

Chair, Greg Cody, requested more information on the Sustainable Opportunities Fund.

- ✓ Doug Menke, General Manager, stated that it is an in-house program created in the current fiscal year.
- ✓ Keith noted that the fund was created as part of the Sustainability Program. Staff are encouraged to assess purchases by overall sustainability, not just by cost. The fund supplements department budgets to purchase these items. The funds have not been expended yet, but staff are putting in place the parameters by which projects are chosen. Staff anticipate a similar fund for next year.

Agenda Item #6 – Current Year (2009-10) Budget Review
Keith Hobson, Director of Business & Facilities, provided comments on the Current Year Budget Review information provided in the Budget Committee information packet.

Current Fiscal Revenue Reports

- The revenue projections are based on information through December 31, 2009.
- The total resources include the current year revenue and beginning fund balance.
    - The current year projected resources is expected to be short of budget by approximately $1.5 million–$2.2 million short on revenue offset by $700,000 higher beginning balance than budgeted.
    - Approximately $1.7 million is attributed to a shortfall on grants and debt proceeds that are tied to specific capital projects. This shortfall is offset by lower than budgeted capital expenditures.
    - The remaining balance is accounted for as follows:
        - Approximately $100,000 due to lower than expected tax levy.
        - Approximately $135,000 due to lower than anticipated interest earnings.
        - Approximately $200,000 due to lower than anticipated program fees.

Keith provided comments on the graphs provided in the Budget Committee information packet noting that the graphs compare monthly trends for the first six months and provide the basis for making year-end projections. Analysis comments are included with each graph.

- Current Year Taxes
    - Washington County levy projections are used to prepare the budget. The actual levy was approximately $118,000 less than projected. The growth rate used in the budget was 4%; the actual growth of the levy for FY 2009-10 is 3.5%. Based on year-to-date collections, staff expects actual property tax revenue to be short of budget by approximately $118,000.

- Interest Revenue
    - Staff projects a dramatic shortfall in interest revenue for FY 2009-10 partially due to record low interest rates, currently at 0.55%.
    - The shortfall is primarily due to lower investable cash balances. As needed, staff used an interfund loan from bond funds to cover operations for the first five months of the fiscal year. Typically, staff borrows $5 million in Tax and Revenue Anticipation Notes (TRANs). Lower interest earnings were offset by lower interest expense.
- Program Revenue
    - Programs are tracking ahead of the prior year due to the second and third year phase-in of fee adjustments and growth in programs.
        - Actual program participation has increased due in part to new program offerings.
        - With the third year phase-in, approximately 80% of programs have reached cost recovery targets and will only incur inflationary adjustments. Exceptions include fees for drop-ins, rentals, and private lessons.
        - Revenues are being estimated conservatively. Patrons are registering and paying for classes closer to the class start date, making it harder to know if activity levels will be the same as last year.
    - Program revenues are projected to be below budget because of decreases in Jenkins Estate rentals and Tennis Center instruction that could have been effected by the economy.
    - Program revenue projections are typically conservative. Some shortfall is attributable to the difficulty in projecting the increased fee revenue. Staff will make adjustments where warranted.
- Grants Awarded/Received
    - Although the Park District has been awarded nearly all of the grants budgeted in FY 2009-10, grant awards will not be received until FY 2010-11. The revenue shortfall will be offset by a reduction in capital expenditures.

Bill Kanable referred to the Current Year Taxes graph, noting that only approximately 25% of the taxes were received in November 2009, compared to November 2007 and November 2008.

- ✓ Keith stated that usually by December of each year the Park District receives all taxes collected through November from Washington County.

Bill Kanable commented that external rentals have until 2011 to reach cost recovery targets.

- ✓ Keith concurred.

John Griffiths requested a status update on the fee increases and its effect on the deferred maintenance backlog.

- ✓ Keith stated that, overall, a greater percentage of the maintenance backlog is being completed each year; however, the cost of the backlog has also increased. He expects the maintenance backlog to cap in 1-2 years, and then begin to decrease. He noted that economic conditions are mitigating the benefits of the fee increases

such as increases to the Family Assistance Program and a decrease in tax levies received.

- ✓ Bill Kanable noted that the fee increases have served as a buffer; without them, revenue projections would have been worse.
- ✓ Larry Pelatt commented that the Park District would reach the peak of the backlog 2-3 years later than anticipated from when the fee increases were originally implemented.

Keith stated that he would bring to the April Budget Work Session a graph displaying the maintenance backlog. Although the backlog is expected to peak later than projected, the peak is projected to be lower than the $10 million originally estimated. The peak is estimated to be $7.5-$8 million.

- ✓ John asked what caused the decrease in the peak level?

Keith commented that the original $10 million estimate did not include implementing the fee adjustments, better than anticipated operating results of the fee increases, and $1.5 million in bond funding.

- ✓ Larry also noted that the decrease in the peak level was not due to a recategorization of projects.

Keith replied that, in prior years, maintenance costs had increased, offsetting some of the benefit of the fee increases. Costs have since leveled off.

Bill Kanable commented that external field rentals are likely to contribute approximately $500,000 by 2011.

- ✓ Keith stated that users have become more efficient and the likely revenue is 40% off the original estimate.

Doug stated that the energy loans for boilers could also offset the maintenance backlog.

- ✓ Keith stated that while some of those projects are not on the current backlog, it would remove them from the list of future replacements.

<u>Current Fiscal Expenditures</u>

Keith Hobson, Director of Business & Facilities, provided the following comments regarding expenditures for the current fiscal year.

- The expenditure projections are based on information through December 31, 2009.
- The Board of Directors budget has a large variance due to the $1.7 million contingency. Other Division budgets are projected to be under budget as well. The positive variances are due to cost savings in personal services and materials and services, not from any targeted reduction in activities or service levels.
- To date, the overall results are very good. The year-end balance is projected to be $3 million, $4.4 million due to the positive expenditure variance less the $1.5 million due to the revenue shortfall.

Keith noted that similar to the revenue graphs, the expenditure graphs provided in the Budget Committee information packet compare monthly trends for the first six months and provide the basis for making year-end projections. Analysis comments are included with each graph.

- Board
    - Expenditure decreases are due to no election activity in the current fiscal year; however, the Board's expenditures are expected to be over budget due to higher than anticipated legal fees.
- Business & Facilities
    - Capital expenditures for Information Services and Maintenance Operations are not included in the graphs.
- Business Services
    - All departments are tracking consistently with the prior year, and are expected to be within budget.
    - Costs included in Business Services include debt service on non-general obligation debt plus interest on short-term borrowing. Most of the savings are due to savings on TRANs interest. As mentioned earlier, staff completed an interfund loan with bond funds instead of borrowing $5 million through TRANs.
- Maintenance
    - Expenditure increases are due to adding to park acreages maintained, including Cooper Mountain Nature Park.
    - Natural gas rate decreases have offset electricity and water rate increases.
- Planning
    - Expenditure increases are due to the continued addition of temporary staff positions for bond related projects. Costs for these positions are covered by bond fund reimbursements.
- Park & Recreation Services
    - Expenditure increases are due to inflationary increases and program expansions such as Cooper Mountain and Community Schools. Projections remain conservative.
    - The Director of Park & Recreation Services budget includes the Family Assistance Program, which is projected to be approximately $70,000 over budget.
    - Overall, the individual Park & Recreation Services Departments are trending consistently with prior years, and all program areas are expected to be within budget.

Bill Kanable inquired if staff would utilize an interfund loan in FY 2010-11.

- ✓ Keith replied that staff may utilize an interfund loan again, but would also budget for a TRANs loan for flexibility.

Larry Pelatt asked what if the Park District could not use a TRANs loan.

- ✓ Keith replied that the Park District would have the option to use a TRANs loan, but would wait to evaluate interest rates before deciding between the two loans.

John Griffiths inquired about the number of temporary staff positions in the Planning Division.

- ✓ Keith replied that there are three planners, one office tech, and one-half of a land acquisition specialist.

Larry asked about the System Development Charge (SDC) Land Acquisition Specialist.

- ✓ Hal Bergsma, Director of Planning, clarified that she is a part-time employee also working on some trail acquisitions for the bond program.

John Griffiths asked what is the average allotment for the Family Assistance Program.

- ✓ Doug Menke, General Manager, replied that it is $200 per person per year. Recipients cannot pool their allotments with others in their household.

John asked if there is a cap for funding.

- ✓ Doug replied that all who qualify are accepted. Program criteria are available at THPRD's website.

John asked how many individuals are participating.

- ✓ Bob Wayt, Director of Communications & Development, replied that 6,489 individuals were granted assistance in calendar year 2009.

John commented that potentially could be $1.2 million in awards.

- ✓ Doug stated that the methodology has changed as staff gathers more information about the program and how it is used.

Fred Meyer asked if individuals reapply each year.

- ✓ Bob replied that they do.

John asked what effects the Family Assistance Program has on the budget.

- ✓ Keith replied that there is an effect on expenses because family assistance could be used for affiliated sports programs, which are checks being written to the affiliated sports programs. He noted that while it could be possible that family assistance recipients are displacing some paying patrons, for the most part, the classes would still run and these recipients are using slots that would otherwise not be filled.

Larry inquired if there is a method to track displacements of paying patrons.

- ✓ Keith stated that assumptions could be made based on the type of program.

Doug noted that family assistance is intended for the Park District's core programs, and is not eligible for rentals or private lessons.

- ✓ John noted that he would like to get a sense of the trend for family assistance to understand the Park District's obligation.

Bill commented that there are grants available for government agencies to support programs such as the Family Assistance Program.

- ✓ Larry commented that the original charge of the Tualatin Hills Park Foundation was to fund the Family Assistance Program. He noted that this discussion would be more appropriate during a Board of Directors meeting.

John noted the importance of keeping the Family Assistance Program sustainable.

- ✓ Chair, Greg Cody, stressed that because of the importance of this program to the community, he believes it should continue to be fully funded.

Agenda Item #7 – Current Year (2009-10) Capital Outlay Review

Keith Hobson, Director of Business & Facilities, provided the following comments on the information in the Capital Update section of the Budget Committee information packet:

- The report includes all General Fund capital including Information Technology capital and Maintenance Operations equipment capital.
- A number of projects have been completed while others have had contracts awarded. Park and Trail projects are expected to move forward in the spring.
- Projects not completed by June 30, 2010 will be carried forward to FY 2010-11. Grant funded projects that were not awarded will not be carried forward.
- As of December 31, 2009, approximately 25% or $1.1 million of capital outlay was expended. During the same time last year, 38% or $1.2 million of capital outlay was expended.

- As of December 31, 2009, approximately 4% or $200,000 of capital outlay was encumbered in project awards.
- The percentages in FY 2009-10 are skewed downward due to the single large item for the ESPC.
- Overall, the projected General Fund capital outlay is slightly under budget due to savings on budgeted projects. The savings are being used to fund additional projects based on identified needs.

Agenda Item #8 – System Development Charge Program Review
Keith Hobson, Director of Business & Facilities, provided the following comments on the information in the System Development Charges Fund section of the Budget Committee information packet:

- System Development Charge Report for December, 2009
    - The report shows cumulative activity from the inception of the SDC program through December 31, 2009. SDC revenues are approximately $27.6 million and interest is approximately $2 million. Year-to-date collections and interest through December is estimated at $1.1 million.
- System Development Charges Graph
    - The graph compares collection history in prior years, and shows revenue net large SDC refunds from prior years. While staff anticipates lower levels of building activity, staff projects SDC revenue to be greater than prior years.
- Five Year Cash-Flow Projections
    - The projections are based on the capital improvement plan adopted by the Board of Directors in November 2007 plus additional projects budgeted in FY 2008-09 and FY 2009-10.
    - A revenue estimation reserve is used to avoid overcommitting actual SDC revenue. For FY 2010-11, the reserve is 40% of SDC revenue.
    - Approximately $8.1 million is available for SDC projects through the five years ending FY 2013-14.
    - No new projects have been committed. Staff suggests updating the 2007 list of capital improvement projects prior to committing more projects.

Chair, Greg Cody, inquired how prior SDC revenue projections have compared to actuals.

- ✓ Keith replied that budgets are projected higher than anticipated in order to be able to expend the funds if received. A large undesignated project appropriation is kept as a contingency to offset funds not received. In the past two years, the Park District has received more funds than projected at the Mid-year meeting.

Keith noted that the SDC methodology changed in January 2008, and inflationary adjustments have been issued each year since. He noted that the Park District has been fortunate with the timing of the downturn in building activity and the passing of the bond measure. Planning & Development staff have been focused on bond projects and have had little time for large SDC projects.

- ✓ John Griffiths stated that timing is also optimal with the decrease in costs for materials and services.

Agenda Item #9 – Bond Capital Project Fund Update
Hal Bergsma, Director of Planning; Bob Wayt, Director of Communications & Development; and Keith Hobson, Director of Business & Facilities, provided the following comments on the information in the Bond Capital Project Fund section of the Budget Committee information packet:

- The Bond Oversight Committee created a list of policy recommendations to guide staff during the implementation of the Bond Program.
- The Board of Directors approved the Acquisition Parameters and Due Diligence Guidelines to outline how staff should negotiate with property owners.
- Hal and Bob showed a PowerPoint presentation to highlight Bond Program activities to date. A copy of the presentation was submitted for the record.
- Keith provided an overview of the capital projects summary for the Bond Program that shows amounts expended in prior years and to date. Expenditures will increase in the next 12 months as more projects begin construction. The two completed projects to date have been under budget.

Spence Benfield was excused from the meeting.

Chair, Greg Cody, asked if the Bond Oversight Committee is happy with their charge.

- ✓ Doug Menke, General Manager, replied that we believe they are pleased with the committee work and noted that Bob Scott is the Board of Directors representative for the Bond Oversight Committee and could comment more.

Bob Scott stated that he has been impressed with the committee's involvement. They look forward to the challenge of keeping the Park District on task.

Agenda Item #10 – 2010-11 Projected Resources and Expenditures
Keith Hobson, Director of Business & Facilities, provided the following comments on the information in the Projected Capital Replacements and Projected Budget FY 2010-11 sections of the Budget Committee information packet:

<u>Maintenance Operations Division Capital Replacement Forecast Summary</u>

- Nine years ago, the Board of Directors established a priority to maintain existing facilities and equipment and to manage deferred maintenance.
- The schedules estimate replacement funding needs over the next ten years, as well as track deferred replacements.
- Capital replacements are tracked by two categories: Major Assets (identified by each asset) and Routine (based on a portion of a total quantity).
- The FY 2010-11 capital replacement needs total approximately $10 million, which include current year replacements and deferred maintenance replacements at $2.8 million and $7.5 million, respectively. Projects will be prioritized due to the limited amount of funding available.
- The Maintenance Operations Department uses these schedules as a guide, but assesses the physical condition of assets to identify actual priority replacement items.
- Safety items are always addressed, and none of the backlog items are a safety concern.

Maintenance Operations Division Replacement Funding Analysis

- The Major Assets backlog has been managed well and has stayed below $1 million. The majority of the backlog is due to condition of asset. Half of the backlog is pool tank related; however, none represent a maintenance issue. Some of the pool tanks will be priority items in the next fiscal year.
- The Routine Assets replacement needs are not fully funded annually and, therefore, have been compounding to a total of $6.5 million projected to June 30, 2010.
- The Park District continues to fund a higher amount of routine replacements each year thereby slowing the rate of growth. The user fee adjustments will be fully implemented and should help fully fund replacements and lessen the backlog.
- The Park District received a one-time reduction in the backlog with a $1.5 million allocation from the Bond Program. Funds will be used mostly for replacement play structures.
- Deferred maintenance is also being addressed through the bond structural enhancement and ESPC projects.

Bill Kanable inquired when the synthetic turf field replacements would be included in the capital replacement schedule.

- ✓ Keith replied they would be included this year.

Larry inquired about the lifecycle for synthetic turf fields.

- ✓ Bill replied approximately 10-15 years depending on the wear and tear of the field.

Larry asked what factor does maintenance have to prolong the life of the field.

- ✓ Dave Chrisman, Superintendent of Maintenance Operations, replied that ultraviolet light impacts the life as it degrades the plastic for which staff have no control. Controllable factors include frequency of adding top dressing, frequency of cleaning the field and repairing rips and tears, and compaction of the lower layers of fibers.
- ✓ Bill commented that it would cost approximately $350,000-$400,000 to replace a synthetic turf field. Costs will vary depending on the condition of factors such as the gravel and drainage system.
- ✓ Dave noted that another condition to factor in are landscaping surrounding the fields.

Bill commented that payment relationships exists for Field #1 and Field #2, and wondered if these relationships would continue with the replacement fields.

Projected Budget for FY 2010-11

Keith Hobson, Director of Business & Facilities, noted that the projected budget is a preliminary estimate based on current service levels. It does not include any new costs as a result from Park District Goals and Objectives, or staff requests.

Projected Revenue Summary

- Program revenue is estimated to grow by 7% overall, but will vary by program area based on the third and fourth year implementation of the user fee increases. Staff will provide more details at the April Budget Work Session.
- Future projected resources are reduced for non-recurring items such as debt proceeds. Capital carry forwards are not included, but will reflect offsetting revenues and expenditures.
- Projections reflect a drop in interest income due to lower interest earning rates projected for next year. The increase over current year actual is based on

budgeting for the use of TRANs next year, which will have a higher investable cash balance with also a higher interest expense.

- Property taxes are based on a growth of 3.5% over the current year levy. Estimates remain conservative due to current economic conditions.
- Under Measures 47 and 50, because assessed value of residential houses is well below market value, the assessed value will increase by 3% and the general fund tax levy will not be negatively impacted.
- Grant revenue estimates are provided as placeholders. Other than reimbursement for Cooper Mountain Nature Park expenses, grant opportunities have yet to be identified.
- The significant increase in the Transfers In category reflects reimbursement of the General Fund from bond projects funds and SDC funds for project management staffing.

Projected Expenditure Summary

- The projected expenditures are based on anticipated inflationary increases, such as the general Consumer Price Index (CPI) or specific increases. Since the CPI is expected to be zero for the current fiscal year, budget targets are set at no growth.
- Personal services are based on approved current year positions and do not reflect any new full-time or regular part-time personnel.
    - Per the Collective Bargaining Agreement, cost of living allowances (COLA) are based on CPI. For preparation of the mid-year budget, no COLAs were included.
    - Budget increases are due to merit increase and anticipated benefit cost increases.
- Materials and services are estimated to decrease by 0.5%.
- Capital outlay is based on available funding, but would be targeted toward maintenance replacements since the entire replacement backlog cannot be adequately funded.
- The projected contingency is increased to $1.9 million, following the Board of Directors established fiscal policy of increasing the contingency by 1% of property tax revenue (approximately $200,000) when the General Fund balance is below the targeted 10% of annual operating expense. Because the projected carry forward of $3 million is below the 10%, staff will increase the contingency as indicated.

Five Year Fiscal Projection

- Projections are for the General Fund only because that is where all operations are accounted.
- Capital needs items have been broken down into several line items to track replacement requirements and deferrals.
- The compounding effect of the deferred replacements results in a projected deferred balance of $7.5 million in 2011-12, and reduces to $4.3 million by 2014-15. The replacement projects funded through the bond measure ($1.5 million) are included in the projections, but bond structural upgrades and ESPC projects are not.
- Full phase-in of the user fee increases by January 1, 2011 account for the decrease in later years.

- The user fee increases are working to lessen deferred maintenance over time. Deferred maintenance should peak in FY 2011-12 or FY 2012-13. The benefits of these increases are being mitigated for the following reasons:
    - The Family Assistance Program has increased dramatically.
    - Tax revenue over the next couple of years may not grow as fast due to a slower growth in residential value.
    - Potential acquisition of a maintenance facility would affect operating costs and could slow down deferred maintenance.
- At the April Budget Work Session, staff will demonstrate how the FY 2010-11 goals drive the FY 2010-11 budget.

Keith concluded his presentation of the Mid-Year Budget and offered to answer any questions the Budget Committee may have.

Chair, Greg Cody, inquired if the Contingency Fund is carried forward from year to year.

- ✓ Keith replied that the Contingency Fund technically is not carried forward; however, the funds are not expended either. The Contingency Fund is the basis for the next fiscal year's Beginning Balance. For example, the $1.9 million contingency is $1.7 million of the $3 million Ending Fund Balance that was not expended as the Contingency Fund plus an additional $200,000 from the ending balance.

Agenda Item #11 – Public Input

Wendy Kroger, 12030 SW Settler Way, Beaverton, is before the Budget Committee this evening representing the Trails Advisory Committee. She thanked staff for their involvement with the Trails Advisory Committee, specifically:

- Maintenance for fixing problems on trails once identified, and for their help with the kiosks which were funded through Challenge Grants.
- Security for assistance when called.
- Planning for staff time on projects such as mid-block crossings. Wendy is hopeful that staff, while understandably busy with bond projects, do not miss out on opportunities for grants or partnerships for trail projects. She provided an example of the MTIP grants and working on an Intergovernmental Agreement for the Hall Boulevard crossing.
- She mentioned that the Advisory Committee has worked with staff from Natural Resources and Metro to identify the type of counters that would supplement volunteer counters on trails. The Advisory Committee has submitted the trail counters for consideration in the budget.
- Wendy hopes that the Advisory Committee could work with Communications staff on trail signage and maps, including content and distribution locations.

Chair, Greg Cody, opened the floor to the Budget Committee for additional comments. Hearing none, he noted that with the addition of a bilingual office tech, he encouraged staff to consider offering bilingual training with the increased allotment to the training budget last year.

Agenda Item #12 – Set Date of Budget Committee Work Session

The next Budget Committee meeting is scheduled for Monday, April 19, 2010, 6:00 p.m., at the Elsie Stuhr Center.

In closing, Greg commended Spence Benfield for his leadership in the Budget Committee.

Larry Pelatt moved that the Budget Committee recommend to the Board of Directors an official thank you to Spence Benfield for his leadership. Bill Kanable seconded the motion. No vote of the Committee occurred.

Agenda Item #13 – Adjourn
The meeting adjourned at 9:00 p.m.

Recording Secretary,
Marilou Caganap