



## **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, 2016, 7 pm.

### Present:

Stephen Pearson	Chair/Budget Committee Member
Susan Cole	Secretary/Budget Committee Member
Miles Glowacki	Budget Committee Member
John Griffiths	Budget Committee Member
Jerry Jones Jr.	Budget Committee Member
Ali Kavianian	Budget Committee Member
Shannon Kennedy	Budget Committee Member
Anthony Mills	Budget Committee Member
Bob Scott	Budget Committee Member
Doug Menke	General Manager

### Absent:

Larry Pelatt	Budget Committee Member
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### **Agenda Item #1 – Call to Order**

The meeting was called to order by Chair Anthony Mills at 7 pm.

### **Agenda Item #2 – Election of Officers**

Anthony Mills nominated Stephen Pearson to serve as chair of the budget committee. Susan Cole seconded the nomination. Hearing no further nominations, a vote was called. The vote was UNANIMOUS in favor of appointing Stephen Pearson to serve as chair of the budget committee.

Stephen Pearson nominated Susan Cole to serve as secretary of the budget committee. Anthony Mills seconded the nomination. Hearing no further nominations, a vote was called. The vote was UNANIMOUS in favor of appointing Susan Cole to serve as secretary of the budget committee.

All present introduced themselves.

### **Agenda Items #3 – General Manager's Comments**

General Manager Doug Menke welcomed the budget committee to the start of THPRD's process for the FY 2016/17 budget. He noted that the purposes of tonight's meeting are 1) to preview the FY 2016/17 budget and 2) to review operations to date for 2015/16. He stated that THPRD's Comprehensive Plan continues to guide the budget. Staff have created performance measure outcomes for these goals as part of the budget process and these are used to develop the budget. Staff will review the outcomes of these measures.

Doug commented that THPRD is in year seven of the \$100 million bond measure for expanding and improving district parks and facilities. Staff will provide a brief summary of the status in completing the projects.

Doug noted that staff continue to implement recommendations from the Comprehensive Plan and the Service and Financial Sustainability Plan. To date, a number of policy areas have been reviewed and modified, including completion of the functional plans for Natural Resources, Parks, Programs, and Trails. The final planned function plan, Athletic Facilities, will be before the board of directors in March for consideration of adoption.

Doug stated that staff will preview the FY 2016/17 budget projections, noting that operations will continue to be influenced by the Service and Financial Sustainability Plan. Staff continue to take steps to ensure operations for the future of the district.

#### **Agenda Item #4 – Current Year (2015/16) Goal Outcomes Review**

Seth Reeser, Operations Analysis manager, highlighted some of the goal outcome measures as listed within the budget committee information packet that have received feedback or have had recent policy or program changes:

- Goal 2, basis of measurement: Program registrants/1,000 population, demographic % served as compared to total population.
  - This is the first year in the past five that the total number of program registrants did not decrease. Program registrants grew slightly, but not enough to keep up with the population growth of 1.25%.
- Goal 2A, basis of measurement: % of registrations that are dropped/refunded.
  - This measurement resulted from a recommendation within the Service & Financial Sustainability Plan that the district reevaluate its cancellation and refund policy. This percentage declined in spring/summer of 2015 and the trend is continuing downward.
- Goal 8, basis of measurements regarding gallons of water per year.
  - The district experienced a large swing in the evapotranspiration rate due to a dramatic change in weather patterns between 2013/14 (wet) and 2014/15 (dry).
- Goal 8A, basis of measurements regarding electricity (kWH) per year.
  - Each of these measurements is currently trending up. District staff is working with Energy Trust of Oregon and PGE to develop real time monitoring, which will help the district incorporate best practices in managing its electricity.

Seth noted that provided within the budget committee information packet is an update regarding the 2015/16 and 2014/15 approved business plans. The current fiscal year's business plans began July 1, 2015, and a status update is provided. For 2014/15 business plans, a final update is provided. Those plans that were successful and requested ongoing funding will be included within the FY 2016/17 Proposed Budget.

Anthony Mills inquired if the basis of measurement referenced for Goal 2A of % of registrations that are dropped/refunded include classes that the district cancels due to low enrollment.

- ✓ Seth replied that the measurement includes both classes that are cancelled due to low enrollment, as well as registrations dropped by patron request.

Anthony Mills asked whether the district uses a formula that takes into account the area's actual rainfall in order to normalize the calculations for the district to determine whether there is a true increase or decrease in water usage.

- ✓ Seth replied that the district uses information from a federally maintained weather station in Forest Grove to gather statistics regarding the net rainfall and evapotranspiration rate

for the area. In addition, the district is exploring irrigation controllers that collect that type of information on site, which could be further evaluated on a site-by-site basis.

- ✓ Keith Hobson, director of Business & Facilities, noted that the evapotranspiration rate is comprised of a combination of factors that measure not only the rainfall, but heat and how much groundwater evaporates given the heat and humidity conditions.

Anthony Mills referenced the 2015/16 approved business plan for push button activated outdoor tennis lights. He asked whether the district has considered motion-detection lights instead.

- ✓ Seth provided the background information behind this business plan, noting that district staff is still exploring the different mechanical options in how to facilitate this need.

### **Agenda Item #5 – Current Year (2015/16) Budget Review**

Keith Hobson, director of Business & Facilities, announced that four public meetings will be held as the district's budget is developed, noting that the budget process is intended to be as transparent and open to the public as possible:

- Tonight, February 22 – Budget Committee Midyear Budget Review
- April 18 – Budget Committee Work Session
- May 16 – Budget Committee Meeting
- June 20 – Board of Directors Budget Hearing

Keith noted that overall financial operations to date are very positive. While there are some revenue shortfalls, overall resources are projected to be in excess of budget. With the significant expenditure savings projected, staff estimate a \$4.6 million current year ending balance.

Keith introduced Ann Mackiernan, interim chief financial officer, who provided comments on the current year revenue information provided in the budget committee information packet.

### **Current Fiscal Revenue Reports**

- The revenue projections are based on information through December 31, 2015.
- Total resources include the current year revenue and beginning fund balance.
  - The current year projected resources are expected to exceed budget by approximately \$684,000 primarily due to a strong beginning Cash on Hand.

Ann provided comments on the revenue graphs in the budget committee's information packet, noting that the graphs compare monthly trends for the first six months over three years and provide the basis for making year-end projections.

- Current Year Taxes
  - THPRD received \$130,000 more than projected. Washington County continues to collect taxes at a strong rate, with current year collections averaging over 95%. The actual collections are estimated to increase over last year by 4.2%.
- Prior Year Taxes
  - Collections are trending lower than last year, but are anticipated to meet budget.
- Interest Income
  - Interest Income is projected to meet budget. Rates remain at historical lows, averaging 0.5% to 0.6% through the Local Government Investment Pool.
- Miscellaneous Income
  - This category is projected to exceed budget due to leased space at the Fanno Creek Service Center, as well as a lump-sum catch up payment for lease-back rent from property acquired under the bond program. Also anticipated is an unbudgeted unemployment insurance rebate of \$60,000 received due to the

district's unemployment insurance rate decreasing from 0.4% to 0.1%, which is the lowest possible rate.

- Program Revenue
  - Overall Program Revenue is projected to fall short of budget by -0.83%.
    - Sports and Interpretive Programs are projected to exceed targets, while Aquatics and Recreation are projected to be under. Tennis is expected to be on target.
    - If revenue trends are indicating a shortfall for the year, centers are required to identify the affected programs and restrict expenditures to offset any shortage.
- Grants Awarded/Received
  - THPRD was not awarded five budgeted grants. Grants not received will be offset by reduced capital and operating expenditures.

Chair Stephen Pearson asked why Recreational Activities Income is currently reflecting a revenue shortfall.

- ✓ Ann replied that the shortfall is attributed to a decreased popularity in the trips operated by the Elsie Stuhr Center, as well as changes in Medicare that affected the amount of grant funding Camp Rivendale receives for operations. There are also some general programming shortfalls that will be offset by a reduction in expenditures.
- ✓ Keith added that there is also a shortfall reflected within the administration section of Recreational Activities Income, which in the past housed the out-of-district assessment revenue and fitness passes sold online. Out-of-district assessments are down due to a change in the district's out-of-district fee policy. And the accounting practices have changed for fitness passes to allocate pass revenue over the life of the pass as it is used at each center, which created a one-time lag in pass revenues. In prior years, it would have been recorded as it was collected, not used.

Anthony Mills asked what is contributing to the revenue shortfall for Aquatics Income.

- ✓ Ann replied that the Aquatics Department has been experiencing challenges in finding qualified staff to serve as instructors. It seems to be a districtwide issue and expenditures have been significantly cut to compensate for the lost revenue.

Anthony Mills asked for an update regarding how the concessionaire agreement is going at the Jenkins Estate.

- ✓ General Manager Doug Menke described the district's agreement with Elephants Delicatessen to operate the catering and events function of the Jenkins Estate while district staff maintains the grounds and park access. He noted that the contract with Elephants was recently extended.

#### Current Fiscal Expenditures Reports

Ann Mackiernan, interim chief financial officer, provided an overview of the expenditure graphs provided in the budget committee's information packet, noting that expenditure projections are based on information through December 31, 2015.

- Board of Directors & Administration
  - Both areas are expected to be within budget.
- Business & Facilities
  - Business & Facilities departments are expected to be within budget, with the overall division projected to be under budget by approximately \$437,000. \$145,000 of these savings are from favorable utility results including lower natural gas and gasoline rates. \$107,000 was recognized from savings in debt service.

- Planning
  - The Planning Division is expected to be within budget. Only two temporary bond positions remain at this time with one of these positions scheduled to conclude at the end of the fiscal year.
- Park & Recreation Services
  - Park & Recreation Services is projected to be under budget by 3.5%.
  - All program areas are projected to be within budget except for Programs & Special Activities, which is projected to exceed target by approximately \$36,000 due to increases in inclusion services expenditures.

Shannon Kennedy asked for clarification regarding what defines inclusion services, as well as what might be contributing to the increase in these services.

- ✓ Ann replied that inclusion services are the services required by the Americans with Disabilities Act (ADA) for the district to provide reasonable accommodations to those with disabilities.
- ✓ Aisha Panas, director of Park & Recreation Services, commented that these services are becoming more popular over time as patrons share their experiences using inclusion services with others. The types of services provided include aides to allow patrons with special needs or disabilities to participate in a class with others their age.

Susan Cole asked if a department exceeding budget would require the district to go through a supplemental budget process.

- ✓ Keith replied only if an entire division is over budget.

#### **Agenda Item #6 – Current Year (2015/16) Capital Outlay Review**

Keith Hobson, director of Business & Facilities, provided an overview of the Capital Update section of the budget committee's information packet:

- System Development Charge (SDC) projects are included in the SDC fund and bond projects are included in the Bond Capital Program fund.
- The report under Capital Update includes all General Fund capital including Information Services capital and Maintenance equipment capital.
- The report is based on information through December 31, 2015.
- A number of projects have been completed while others have contracts awarded.
  - Maintenance staff prepare a master maintenance replacement project schedule at the start of each year, which helps with scheduling projects around planned facility closures. For 2015/16, projects are generally proceeding on schedule and most should be completed by the end of the year.
  - Park and Trail projects typically move forward in the spring when weather improves.
- The following projects will not be completed in FY 2015/16:
  - The Aquatic Center roof replacement, pool tank resurfacing, deck replacement, and HVAC controls replacement are being intentionally delayed until a planned facility closure in late summer 2016. The combined project will go to bid this spring.
  - The Conestoga Synthetic Field project reflects only a portion of the overall funding, with the rest from the bond and SDC funds. The project will begin construction in summer 2016 to coincide with the close of the school year.
- Approximately 30% of the \$6.3 million capital outlay has been expended, with an additional 11% encumbered, resulting in a little over one third (\$2.6 million) of the capital outlay completed or under contract. Even though this is ahead of last year, the current year percentage is skewed lower largely due to the two projects noted earlier. The total

cost of the two projects is approximately \$2.5 million, so if those were removed from the total capital it would leave \$3.8 million, of which \$2.6 million is under contract.

- Overall, the projected General Fund capital outlay is under budget by approximately \$600,000. About \$250,000 of this savings is due to grant funded projects for which the grants were not received and the savings are offset by lower revenue.
- No projects were eliminated to provide these savings. In fact, the district has experienced several unbudgeted emergency replacements this year and the savings are over and above these unbudgeted capital expenditures.

Anthony Mills asked what the future plan is for the John Quincy Adams Young House, noting that although he sees the value in preserving historical sites, such sites can also be an underestimated drain on resources.

- ✓ General Manager Doug Menke noted that this is a carryforward item from previous budgets. The designated funding is an initial commitment the district made to a Cedar Mill area friends group that existed at the time. While the district funded a work plan that outlined what it would take to move the project forward, the district also specified the need for fundraising in order to contribute to a majority of the needed improvements, but such an effort has stalled.

Shannon Kennedy asked if the district incurs costs associated with maintaining the house.

- ✓ Doug replied that the costs are minimal, although the district has funded some improvements in order to keep the house from degrading further, such as a new roof and foundation improvements.
- ✓ Keith commented that the land the house occupies is a key parcel for the district, which provides access to the Cedar Mill Falls. A master plan exists for what the site may look like fully improved, but the funding still needs to be raised.
- ✓ Lisa Novak, superintendent of Special Activities, noted that while the house is not on the National Register of Historic Places, the property it sits on is due to its historical significance.

### **Agenda Item #7 – System Development Charges Program Review**

Keith Hobson, director of Business & Facilities, provided an overview of the System Development Charges Fund section of the budget committee's information packet:

- System Development Charges Report for December 2015
  - The report shows revenue and expenditure activity through December 31, 2015. Year-to-date collections and interest through December is approximately \$2.4 million.
- System Development Charges Graph
  - The current year is trending slightly below the prior year, but still ahead of 2013/14. Staff is making fairly conservative projections for the balance of the year, but are projecting that current year SDC revenue will meet budget.
  - Staff continue the practice of budgeting SDC revenue and expenditures based on historical averages of building activity, but only committing to projects with funds on hand and appropriating current year revenue to undesignated, allowing flexibility to expend funds if received, but ensuring available resources are not overcommitted.
- Monthly Capital Project Report
  - The approved SDC project costs are within the appropriations and the current year costs are at budget.
- Five Year Cash Flow Projections
  - The updated five year cash flow projection is based on projects that have already been budgeted.

- Project List
  - The Capital Improvement Program (CIP) included in the budget committee information packet is a prioritized list of projects that were approved by the board of directors in February 2014. The district has been in the process of updating this list and has been conducting public outreach over the last few months to prioritize projects for a new five-year SDC CIP, which will be under consideration by the board for approval at the April meeting. The new SDC CIP will be the basis for SDC project appropriations in 2016/17.

Jerry Jones Jr. inquired how fast the new SDC rates will go into effect when the board adopts the new SDC methodology currently under consideration.

- ✓ Keith explained that any building permits that are already in process, or land use actions where the use has been approved but building permits have not yet been pulled, will have up to six months to pull permits at the current SDC rates. The district will likely see a six-month lag between adoption of the new SDC rates and beginning to receive increased SDC fee revenues.

Jerry asked if future SDC reports will look different based on the specific subarea SDC fees that the district would be assessing under the new methodology.

- ✓ Keith replied that staff had not intended on appropriating the three subareas, but are tracking the fees collected by subarea in order to ensure that the district meets the obligations in each of the areas. However, this is something that will be considered.

Anthony Mills asked for an update regarding the Teufel Property.

- ✓ Keith replied that there are still two or three more years left on the lease for the property to be utilized as a nursery. The timing is good in that it will be a multiyear process to master plan and design the site for park use.

### **Agenda Item #8 – Bond Capital Project Fund Update**

Keith Hobson, director of Business & Facilities, provided an overview of the Bond Capital Program section of the budget committee information packet:

- Through December 31, 2015, approximately 72% of the overall bond program budget has been expended. Construction activity has slowed compared to the last two years as the district moved into a planning phase on the last few significant projects, three of which will be in construction this summer: SW Quadrant Community Park, Westside/Waterhouse Trail connection, and Conestoga Middle School field.
- The overall budget shortfall has increased from about \$3 million to \$4.7 million. This increase has been discussed extensively with both the board and bond oversight committee and is primarily due to the estimated cost increases for the SW Quadrant Community Park, which is a significantly larger site now than when initially budgeted. While most of the shortfall on this project can be offset by available funds within the bond capital fund, it will likely require some supplemental funding from another source, such as SDC funds, to complete the project as designed.
- The Bond Program Project Timeline illustrates the projects' steady progress. Nearly all projects have begun with over two-thirds of the projects completed. Six categories are completed: New Neighborhood Park Development, New Neighborhood Park Land Acquisition, New Community Park Land Acquisition, Deferred Park Replacements, Facility Expansions and Community Center/Park Land Acquisition.
- The Parks Bond Citizen Oversight Committee's sixth annual report details their work monitoring the Bond Capital Program; a copy is included in the budget committee information packet.

John Griffiths recalled that Washington County contributed funding to the SW Quadrant Community Park project.

- ✓ General Manager Doug Menke confirmed that the county contributed approximately \$300,000, which was partially allocated to a land transaction that enabled the growth of the site.
- ✓ Keith noted that these funds are captured within the Champions Too fundraising campaign.

John commented on a recent conversation with Commissioner Schouten, noting that more funds might be available from the county, and suggested that district staff reach out again.

Anthony Mills asked for additional information regarding the project referenced on page 63 titled Jenkins Estate Phase 2.

- ✓ Bruce Barbarasch, superintendent of Natural Resources & Trails Management, replied that it is a natural area restoration project taking place in the northern half of the forest.

Anthony Mills commented that this year's oversight committee report is the best looking government report he has ever seen, and he encourages district staff to submit it for an award, if such an award exists.

- ✓ Keith noted that the language included within the report is written entirely by members of the Parks Bond Citizen Oversight Committee and that they deserve a lot of credit for their efforts.

### **Agenda Item #9 – 2016/17 Projected Resources and Expenditures**

Keith Hobson, director of Business & Facilities, provided an overview of the Projected Capital Replacements and Projected Budget FY 2016/17 sections of the budget committee information packet.

#### Maintenance Operations Division Capital Replacement Forecast Summary

- More than ten years ago, THPRD established a priority to maintain existing facilities and equipment and to avoid deferring maintenance.
- Schedules are used to estimate replacement funding needs and track deferred replacements over the next 10 years.
- Capital replacements are tracked by two categories: Major Assets (identified by each asset) and Routine Assets (based on a portion of a total quantity).
- The FY 2016/17 capital replacement needs include current year replacements of \$3.3 million and deferred maintenance backlog of \$4 million for a total of approximately \$7.3 million. Projects will be prioritized due to the limited amount of funding available.
- The Maintenance Operations Department uses these schedules as a guide, and staff assesses the physical condition of assets to identify actual priority replacement items which typically results in a decreased backlog balance.
- Safety items are addressed in a timely manner, and none of the backlog items are a safety concern.

#### Maintenance Operations Division Replacement Funding Analysis

- Most of the Major Assets backlog is deferred due to condition of assets such as the deferral of the HMT Complex field 2 synthetic turf.
- The Routine Assets replacement end-of-year backlog is estimated at \$2.9 million, about \$900k below the beginning deferred balance.
- Over the next few years, staff anticipates lower major item replacement requirements with a couple exceptions: Fanno Creek Service Center roof replacement and Portland



Community College Rock Creek synthetic turf replacement. Next year's replacement funding is projected to be healthy and will help manage the replacement obligation.

### Sinking Fund

Keith noted that a recommendation from the district's Service and Financial Sustainability Analysis was to create a capital replacement sinking fund whereby the district would set aside funds in a replacement reserve over the life of the asset so that the funds are already in place when an asset needs to be replaced. As was noted last year, the unfunded accumulated amount and the annual contribution required needs to be calculated over three phases:

1. Major capital replacements
2. Routine replacements
3. Entire facility replacements

Keith noted that staff completed the first phase last year and what it revealed was that for major replacements, the district had a cumulative unfunded reserve amount of just under \$8 million and would need to set aside an additional \$650,000 in 2016. In actuality, \$850,000 is being set aside to meet the current year funding requirement, as well as contribute to the unfunded amount. Staff anticipates making a similar commitment in 2016/17 to continue the progress.

Keith explained that as the replacement reserve is fully funded, it would provide the source of replacement funding instead of the current way of finding funds in each year's budget. Staff will complete the calculations for the remaining two phases, but it will be a long-term process to convert to this method of funding replacements.

Susan Cole asked whether the district would also consider a maintenance bond as a way to fund deferred maintenance items and replace facilities.

- ✓ Keith replied that it may take the district up to ten years to fully fund the sinking fund for major item replacements, so it is several years out before the district would begin to build a sinking fund for facility replacements. The district explored including a facility within the 2008 Bond Measure, but that particular amenity did not score well in the public polling conducted. In addition, new facilities that expand capacity can be funded via SDC funds, but replacement of existing facilities would require some combination of sinking fund, revenue bonding and/or a levy.

Shannon Kennedy asked for clarification regarding the sinking fund's current balance.

- ✓ Keith provided a detailed overview of the fund, noting that the balance would continue to grow until the requirement is fully funded, at which point the sinking fund would become the resource for funding capital replacements.
- ✓ General Manager Doug Menke noted that a consistent message from the public to the district has been to maintain its current assets and not to let conditions deteriorate to the point that a maintenance bond is necessary.

Chair Stephen Pearson recalled past discussion regarding the possibility of assessing a user fee for the replacement of athletic fields.

- ✓ General Manager Doug Menke replied that this is in process. The field fees already being assessed are a start, but are nowhere near what is needed in order to fund replacements. The district needs to find a balance in having the ability to provide these services without driving the market away, while also having a fund to afford the replacement of the fields as they become due.

Anthony Mills noted that although some regions may vote for any funding measure proposed, his belief is that Washington County agencies need to be more judicious in what they ask.

### Projected Budget for FY 2016/17

Keith noted that the projected budget is based on current service levels and does not include any new costs as a result from new business plans, non-discretionary increases, or new capital funding requests.

### Projected Revenue Summary

- Program revenue is estimated to increase by 0.3% overall. Staff will provide more detail at the April Budget Work Session, including an assessment on fee policy adjustments.
- Future projected resources are reduced for nonrecurring items such as grants or capital carry forward.
- Taxes are projected at an overall growth of 5.4% over the current year budget. Actual projected tax revenue for FY 2015/16 is approximately 0.9% over budget, resulting in an increase in the FY 2016/17 budget of 4.5% over the current year actual amount.
  - In prior years the district has experienced some compression, but this is no longer an issue due to recent increases in real market value. The district can now assume an overall 3% increase, in addition to a 1.5% increase for exception based growth due to development.

### Projected Expenditure Summary

- The projected expenditures are based on anticipated inflationary increases. The targets were based on an estimated Consumer Price Index (CPI) growth of 2.5%, but the actual was just received and it is 1.25%, which will result in savings to the district.
- The board-approved fiscal policy for contingency sets a floor of 5% of operating expenses, but also mandates an increase if the ending general fund balance is not at least 10% of operating expenses. Since the projected carry-over from 2014/15 exceeds the threshold of 10% of operating expenses, the district is in compliance with the policy and no contingency increase is required, although there will be a slight increase in order to maintain the 5% floor.
- As noted earlier this projection also includes continuation of transfers to the sinking fund.

Susan Cole asked for additional information regarding the district's pension plan. She noted that Oregon's Public Employees Retirement System (PERS) is anticipating a marked increase in cost over the next few years.

- ✓ Keith replied that the district's pension program is similar to PERS and that the district has seen declining rates as market returns were better, in addition to the implementation of a tier two plan a few years ago, which also helped bring rates down. However the current market rates are having an impact and the district's pension costs for the current fiscal year are going to be between \$300,000 and \$400,000 more than what was budgeted, which the district is already absorbing within the figures presented to the budget committee. Next year the district is expecting a potentially even greater increase.

### Five Year Fiscal Projection

- The deferred balance remains relatively unchanged through 2017/18. An increase is seen in 2018/19 but is entirely due to the projected roof replacement at Fanno Creek Service Center, the timing of which is speculative. The balance declines in 2019/20 and 2020/21 as the annual replacement requirements return to more normal levels.
- This capital replacement status is in conjunction with funding the sinking fund at the current level of \$850,000. As the sinking fund is fulfilled, the amount required for replacements begins to reduce. If the district is able to continue funding the sinking fund as shown, the cumulative balance at the end of 2020/21 will be \$5.1 million, which will exceed the backlog balance.

Shannon Kennedy asked if there are any accounting rules governing where sinking fund allocations should be housed within the budget.

- ✓ Keith replied no, it is being carried as a segregated portion of the General Fund balance.

Chair Stephen Pearson asked if sinking fund allocations can only be used for capital.

- ✓ Keith replied that this is how it will be tracked and that the funds would not be used for any other purpose than capital replacements.

Susan Cole asked whether the board passed a resolution designating the sinking fund.

- ✓ Keith replied that the board has not yet passed such a resolution as the sinking fund is in its first year, but at the end of the year the board will be requested to adopt such a resolution.

Keith concluded the presentation of the midyear budget.

#### **Agenda Item #10 – Public Input**

There was no public comment.

#### **Agenda Item #11 – Set Date of Budget Committee Work Session**

Chair Stephen Pearson noted that the next budget committee meeting is scheduled for 6 pm, Monday, April 18, 2016, at the Elsie Stuhr Center.

#### **Agenda Item #12 – Adjourn**

The meeting adjourned at 8:20 pm.

Recording Secretary,  
Jessica Collins