

**City of Gresham Finance Committee
Wednesday, November 20, 2024, 7:00 p.m.
Zoom Meeting Minutes**

Finance Committee Members Present:

Mike Schultze, Vice-Chair
Nick McWilliams
Theresa Tschirky, Chair
Rusty Allen
Jan Baker

Finance Committee Members Absent:

Council Liaison in Attendance:

Janine Gladfelter

Staff Members in Attendance:

Sharron Monohon, Director of Budget & Finance
Elizabeth McCann, Budget Manager
Susan Brown, Finance & Accounting Services Manager
Terry Aguon, Treasury Analyst
Steve Fancher, Assistant City Manager
Ian Peterson, Financial Analyst
Sarah Kirk, Budget Analyst
Sagun Pokharel, Budget Analyst
Frank McDonnell, GPA Investment Advisor
Deanne Woodring, GPA Investment Advisor

Christina Ott (Recording Secretary)

1. Convene Meeting and Roll Call

The meeting was convened at 7pm by Chair Tschirky.

2. Public Comment

None

3. Meeting Minutes – July 17, September 26 & October 16, 2024

There was a motion made by Mr. Allen and seconded by Ms. Baker to:

“Accept the Meeting Minutes for July 17, September 26, and October 16 as presented.”

Motion passes unanimously.

4. Investment Performance Review

Mr. McDonnell and Ms. Woodring began with their presentation.

“Presentation can be seen as a part of Attachment A.”

They then opened it up to questions and comments from the committee.

Ms. Monohon reminded the committee when looking at the size of the portfolio, it is always important to remember the combined balance of all the funds in the city. It is a combination of a lot of different business lines such as risk and insurance related funds, balance for capital projects, and more that have restricted usage.

Before departing the meeting, Ms. Brown informed the committee that they are planning on issuing Requests for Proposals (RFPs) in the new year for Investment Advisory services and Audit services. She will be asking the committee for an interested volunteer or two to evaluate them.

Chair Tschirky asked if there are prohibitions for how long we can stay with the same advisor.

Ms. Brown answered that they are required to issue a new RFP periodically but can continue with the current firm if that is who comes out on top of the evaluation process.

5. Interfund Loan Agreements

Ms. Monohon began with her presentation.

“Presentation can be seen as a part of Attachment A.”

Ms. Monohon paused for questions and comments from the committee.

Ms. Baker asked if the goal tonight was to allow something to go through with the figures and location not clearly stated so that when the time comes, the City has its ducks in a row.

Ms. McCann clarified that there are several properties the City is looking at and the City Manager is working through that process with Council and the real estate agent. We can't discuss the details of any particular property, but this is the framework to allow us to proceed if they reach a successful negotiation. There is a limit of up to \$2.2 million. She described this step as similar to a pre-approval letter for a mortgage. This step allows the City Manager to spend up to that amount following completion of any necessary steps and due diligence.

There was a motion made by Ms. Baker and seconded by Chair Tschirky to:

“Recommend approval to Council of the interfund loan for the Acquisition of Strategic Properties within Gresham as described by staff.”

Motion passes unanimously.

Ms. Monohon continued with her presentation.

Mr. Fancher noted with this new building, we are looking to find the least cost solution to our problem. We're not looking for anything fancy, we're looking for a very utilitarian building with the square footage that we need for these services. We would have preferred to find something existing that was less expensive, but there's nothing on that market we have been able to find. As Ms. Monohon mentioned, there is great operational efficiency in having the property right next door to our existing Operations center.

Chair Tschirky then opened it up to the committee for questions and comments.

Mr. McWilliams asked for clarification on the total lease obligation on an annual basis for the 2 services needing relocation.

Ms. Monohon provided that the current amount paid is about \$300,000 per year.

Mr. Fancher added the \$300,000 was really because of the negotiated 1-year extension with the county on the existing rate. They proposed a 75% increase before the negotiation. He said he expected more increases, likely in the ballpark of \$800,000 per year for leasing compared to a capital asset cost of \$15 million spread over a long time.

Ms. Monohon also added in the short term, you would be paying more, but you would be owning that asset that you can continue because this is a facility that extends on an ongoing basis. Over a 20–30-year horizon, leasing doesn't provide you with a facility at the end of that time. With the option of building, you have a facility and you're continuing to provide those

services because this isn't something that is suddenly going to go away. Stability is a key part to that ownership. Having the ability to not relocate and not incur the costs and downtime that comes with it needs to be considered there, as well as the extensive expense of relocation of inventory and supply.

Chair Tschirky then asked what the City's assumption for the break-even period to be if relocating to another facility.

Ms. Monohon predicted to be within 20 years. That's assuming you have a facility available. One of the big challenges is the uncertainty of where to relocate, what you need to relocate, and how much time and effort is being spent on that.

Mr. McWilliams also asked what the service growth per population projection of when we outgrow the building.

Mr. Fancher responded that it is difficult to predict. As far as the property itself is concerned, it was important to look as if it has the capacity for growth and expansion. It's a little bit difficult to predict currently as we haven't designed the building yet, we're now starting to look at the square footage needs and what the costs are. We've gotten indications from contractors we've talked to that initially what we thought we could build may not fit within the budget we're looking at. So we're adapting our ideas. We will learn a lot as the design process moves forward.

Mr. Allen asked how much space is currently leased for fleet.

Mr. Fancher answered around 16,000 square feet. They have indicated that they've taken on more of the fire apparatus and Yellow Iron, while 16,000 square feet have been great, they're needing more just for their operation now as well.

Mr. McWilliams wanted to clarify that he questions on the margin of safety regarding the investment. He also asked on if there will be a change in service rates under the new facility.

Ms. McCann replied to the lease rate that we pay for our fleet operations is built into our internal services charge. Under this scenario, we would now be paying debt service.

Mr. McWilliams asked if there would be any more review by the committee in the future related to this agenda item even after the recommendation.

Ms. Monohon answered there would be more opportunities in the next agenda item as well as possible updates as the contract plan gets better identified.

There was a motion made by Mr. Schultze and seconded by Ms. Baker to:

“Recommend approval to Council of the interfund loan for the Fleet and Transportation Operations Facility as described by staff.”

Motion passes unanimously.

6. Fiscal Year 2024/25 Supplemental Budget #2

Ms. McCann began with her presentation.

“Presentation can be seen as a part of Attachment A”

Mr. McWilliams asked for clarification on the Public Information Officer portion.

Ms. McCann clarified we do not have a public information officer and that is something traditionally police and fire departments would have. We are looking to do is create a centralized public information officer that would focus much of their time on police and fire, but also on emergency management type of events. What we are looking to do is utilize some general fund dollars that are not going to be spent because that is what’s available. We need to move them to the City Manager’s office where this position will be located. In the next year of 2025/26, we would then fund it traditionally through the City Manager’s office. This would also be adding this as a Full Time Employee to our FTE count on the supplemental budget. We are still compliant with our cap.

Mr. McWilliams then asked what was given up or abandoned to free the dollars.

Ms. McCann answered that the current City Manager’s old position is not intended to be filled this year.

Councilor Gladfelter commented that this was an important position to create because any emergency within the city is important for the public to know what is going on around them.

Mr. McWilliams also asked about the utility billing software, for example, was it missed or did it break faster than expected.

Ms. Monohon responded that the customer interface with the billing system is handled by a 3rd party. It is an older system that, from a compliance and security standpoint, we’ve been looking for finding another alternative. Our utility billing provider Cayenta has developed their own module that wasn’t available previously. We don’t want to wait for the next budget to propose

this from the compliance and security set process, we want to get the replacement underway.

Mr. McWilliams then asked where the money was being transferred from.

Ms. McCann stated it would come from the contingency that is built into most operating budgets from these types of unexpected events.

There was a motion made by Mr. McWilliams and seconded by Mr. Schultze to:

“Recommend to Council for approval of the Supplemental Budget #2”

Motion passes unanimously.

7. Project Updates

Ms. McCann began sharing some possible Budget Committee Dates.

- April 17, 2024
- April 29, 2024
- May 1, 2024 if needed

Ms. McCann also informed the committee that the GRDC Budget Committee meeting will be on May 7, 2024.

Ms. Monohon began sharing some Project Updates:

- At the last Council meeting, they decided on the Levy Oversight Committee as being a subcommittee of the Finance Committee. Also discussed the potential makeup of that committee, no more than 3 being from Finance for the 7-member committee, and discussion on eligibility requirements for other members. Looking at a second reading scheduled for December 10, 2024, then goes through selection process around January and February.
- Extensive discussion also with Council on Flood Safety District fee, now charging the surrounding cities a portion of the operating services for Gresham, close to around \$900 thousand a year. Requesting more information that will be coming back to Council and discussed further at December meeting.
- Asked committee if a quorum will be achieved for a December 18, 2024 meeting.

Chair Tschirky asked if there would be any issues with the Budget Committee meetings with the vacancies in the Finance Committee.

Ms. Monohon replied we need to at least be working through recruitment.

8. Committee Business

None

9. Good of the order

None

10. Meeting Adjournment

The meeting was convened at 8:57pm. The next Finance Committee meeting will be held on December 18, 2024 at 7pm.



Theresa Tschirky, Chair



Christina Ott, Recording Secretary