

TSCC Meeting Minutes

June 1, 2020

Via Telephone conference call

Commissioners Barringer, Ofsink, Norton, Wubbold, and Quiroz were present as were Executive Director Craig Gibons, Budget Analyst Tunie Betschart all via telephone conference call.

Chair Barringer convened the TSCC Regular Meeting at 12:32.

The minutes for May 21st and the May 27th meeting were approved following corrections

The suggestion was made to email commissioners the minutes from the Public Hearings as they are completed.

Commissioner Norton made a motion to email all minutes to each commissioner for edits, comments or correction; staff will make corrections and at the June 18th meeting Chair Barringer will ask for any further discussion and approval of each of the minutes. The motion was seconded by Commissioner Wubbold, which passed with a unanimous vote.

New Business:

The Unusual City of Portland Budget Issue letter from Executive Director Gibons to the TSCC Commissioner dated May 29, 2020 was discussed. (See Attached) This letter contained excerpt from an email sent from Mary Hull Caballero (City Auditor) on May 29, 2020 which included the following two questions:

1. Can a budget that violates the City Charter be in compliance with State Budget Law?
2. If the funding remains in the Auditor's Office but she has withdrawn her responsibility to spend it, what's next for the people who rely on being heard at the City Hearings Office?

These two questions were the topics of considerable deliberation. TSCC certifies the City's budget at the appropriation level. The City makes lawful appropriations at the bureau level and the taxes certified are lawful. So, there is no reason TSCC would not certify the budget. They may be in violation of the City Charter but they are not in violation of Local Budget Law.

Since the question was asked of TSCC, there is an obligation to answer the questions asked. The suggestion was made to answer them as follows:

- 1) We do not believe that this is a Local Budget Law compliance question. If you believe the charter is being violated you should look to the remedies provided in the City Charter.
- 2) This is beyond our authority.

TSCC Meeting Minutes

June 1, 2020

Page 2

Prosper Portland's hearing time change to 3:00 p.m. will work for the commissioners. It was suggested that Mr. Gibbons advise Prosper Portland staff that the commissioners will make every effort to hold the hearing duration to 60 minutes.

The time change for Mt. Hood Community College's Budget Hearing will work for the commissioners and staff.

Budget Reviews:

Prosper Portland's 2020-21 Approved Budget review was next on the agenda. Topics of discussion were: Capital projects continue since they are funded by TIF and bond proceeds. Their revenues are decreasing. They have allowed those businesses owing them disbursements to defer some payments or spread their payments out during this economic downturn.

After some deliberation, the commissioners decided on the following questions to be considered at the Prosper Portland hearing:

1. In the current year ending June 30, is the district expecting any year-end budgetary problems arising from revenue shortfalls or unanticipated expenditures due to the Covid-19 situation? What impact will this have on the district's ending fund balances that are not yet reflected in upcoming budget?
2. For the upcoming FY 2020-21 budget year, should the economy remain stalled, where are the district's greatest vulnerabilities? How will the district monitor and respond timely if revenue collections go off track or if unanticipated service requirements continue?
3. Give us an update on how you are responding to the current economic hardships. How it is affecting the funding sources for your work. How are the agency's public outreach and small business support efforts changing?
4. The budget was prepared and approved in a constantly changing environment due to the COVID-19 pandemic. Now that you have had a little time and a little more information, what budget changes are you planning for adoption or early next fiscal year?
5. Prosper Portland estimates that property income will decrease by \$6 million next year due to the economic slowdown. Is it a loss or a deferral? How are you working with borrowers and tenants to manage it?
6. Tell us about your role on the Economic Recovery Task Force and what recovery initiatives are in the works. What economic sectors is this group targeting and, in particular, does this include hotels? What fund is or may be available? What plans are solidifying for an economic recovery?
7. Last year when we met, you talked about your new community development displacement mitigation effort. Please brief us on the status of the program now and in the 2021 budget. How is that effort going and how has it changed with the economic slowdown? How is the effort funded?

TSCC Meeting Minutes

June 1, 2020

Page 3

The conversation moved to the City of Portland's 2020-21 Approved Budget Review. Total expenditures are flat. Budget overall is decreasing by about 5%. Ending fund balance and contingency accounts for all of this decrease. Personnel Services expenditures were discussed. Most employees will be on reduced hours of some sort. Parks & Recreation has cut 700 positions, but most are temporary help and not reflected in the FTE count. The overall FTE change is an increase of 7. This is tied to dedicated funding. Police vacancies and overtime was talk about. C.A.R.E.S. money and the allocation of it in a timely manner was mentioned. There has been some reorganization and reallocation of spending, and consolidating into administrative services.

In the interest of time the discussion moved to the questions to be asked at the public hearing.

1. In the current year ending June 30, is the district expecting any year-end budgetary problems arising from revenue shortfalls or unanticipated expenditures due to the Covid-19 situation? What impact will this have on the district's ending fund balances that are not yet reflected in upcoming budget?
2. For the upcoming FY 2020-21 budget year, should the economy remain stalled, where are the district's greatest vulnerabilities? How will the district monitor and respond timely if revenue collections go off track or if unanticipated service requirements continue? FU: The City has a General Fund Gap of about \$40 million in next year's budget. Has anything emerged in recent weeks that may increase or decrease that gap?
3. Are any debt service revenue streams at risk? If so, what is the coverage plan?
4. The budget was prepared and approved in a constantly changing environment due to the COVID-19 pandemic. Now that you have had a little time and a little more information, what budget changes are you planning for adoption or early next fiscal year? Has anything been identified yet to close that budget gap in the Fall Budget Bump? (Follow-Up) In an addendum to your budget message, Mayor Wheeler, you ask the bureaus to tell you about which programs will do more than others to serve Portlanders during our recovery and the transition to a "new normal." Would you please elaborate on your expectations here?
5. Has the current economic slowdown affected the City's working relationships with Metro, the county, and other local government partners? Will the city be making any revisions to its participation in or financial contributions to major projects: the Portland's Venues IGA, the Joint Office, the harbor cleanup, and Levee Ready Columbia? (Follow-Up, if not addressed and if appropriate: Would you say it has strengthened relationships?)
6. Recently the city administrative hearings function has been in the news. How is the Council planning to assure that the function is performed throughout the fiscal year?
7. Given the civil unrest nationally and locally around police accountability and racial justice in public safety, what do we see in this year's budget that addresses the root causes of these public safety and equity concerns? (Follow-ups as relevant: police hiring, the "Cahoots" type program, equity advisory committee, cost of current situation, Council request for study of police and fire consolidation)

The three smaller districts were considered next, beginning with Burlington Water District. There was some discussion about the contract with the City of Portland's for fire protections for the district's customers.

TSCC Meeting Minutes

June 1, 2020

Page 4

Commissioner Wubbold moved to certify that the commissioners had no recommendations or objections with regard to the Burlington Water District's 2020-21 Approved Budget or the budget process. Commissioner Quiroz seconded the motion which carried with a unanimous vote.

Next district for conversation was Lusted Water District. Because the two prior years' audits still remain incomplete, Commissioner Commissioner Norton suggested using the revised letter with the stronger language. They do not have audits and this is a violation of Local Budget Law.

Commissioner Norton moved to certify Lusted Water District's 2020-21 Approved Budget with no objections or recommendation but with the stipulation that they provide the required audits for all years by the submission deadline for the FY 2021-22 budget or the certification of that budget will be at risk. Commissioner Quiroz seconded the motion which passed with a unanimous vote.

The final review to be considered was Palatine Hill Water District. This district did not notice the budget committee meeting in a timely manner. The rest of the budget met the Local Budget Law requirements. The district has taxing authority but they do not levy a tax.

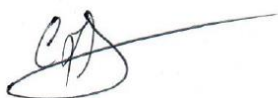
Commissioner Wubbold moved to certify that the commissioners had the following recommendations with regard to the Palatine Hill Water District's 2020-21 Approved Budget and budget process: Local budget law requires posting of the budget meeting notice twice between 5 and 30 days before the budget meeting. The District's second notice this year was published one day before the meeting. The Commission recommends that the District Board make certain this notice is published twice between 5-30 days prior to the budget committee meeting. Commissioner Norton seconded the motion which carried with a unanimous vote.

Mr. Gibons confirmed that TSCC would be controlling the hearings at both Metro and the UFSWQD Hearings. All login information was provided at the top of the questions for each hearing.

Chair Barringer closed the meeting at about 2:00 p.m.

Attachment: Letter dated 5/29/2020, Unusual City of Portland Budget Issue

Reviewed and approved with Commissioner Norton edits by commission at its June 15, 2020 meeting



Craig Gibons

RE: Fy21 budget

Inbox



Hull Caballero, Mary

Fri, May 29, 1:55 PM (11 days ago)

to me

The Portland City Auditor says the FY202-21 Approved Budget violates a Charter provision that protects her office from Council assigning responsibilities without the Auditor's consent. She withdrew consent in August 2019 to continue operational support for the City Hearings Office, citing risks from understaffing. The Auditor's subsequent FY2020-21 requested budget did not include the Hearings Office. The Mayor directed the City Budget Office to put the funding for the Hearings Office back in the Auditor's Office for his proposed budget over her objections.

1. Can a budget that violates the City Charter be in compliance with State Budget Law?
2. If the funding remains in the Auditor's Office but she has withdrawn her responsibility to spend it, what's next for the people who rely on being heard at the City Hearings Office?