



City of Tigard

City Council Workshop Meeting - January 15, 2013

TIGARD CITY COUNCIL

MEETING DATE/TIME: January 15, 2013 – 6:30 p.m.

MEETING LOCATION: City of Tigard – Town Hall, 13125 SW Hall Blvd., Tigard, OR 97223

1. WORKSHOP MEETING

A. At 6:33 p.m. Mayor Cook called the Tigard City Council meeting to order.

B. Deputy City Recorder Krager called the roll.

	Present	Absent
Mayor Cook	✓	
Councilor Buehner	✓	
Council President Henderson	✓	
Councilor Snider	✓	
Councilor Woodard	✓	

C. Pledge of Allegiance

D. Council Communications & Liaison Reports

Park and Recreation Advisory Board (PRAB) liaison Councilor Woodard reported that 15 teenage volunteers removed invasive species such as ivy and jasmine from East Bull Mountain Park recently. He commented that it is great to have the students involved. He said the Rotary Club is interested in donating fitness equipment for use in Tigard parks. PRAB members will be attending a council meeting in February to discuss equipment placement. He said the PRAB is currently working on annual goals and is looking forward to viewing the council's goals. He said they are working on the final land acquisitions from the parks bond.

Councilor Buehner mentioned she will give a liaison report at the next council meeting.

Council President Henderson reported to the audience that council held their goal setting session on January 10, 2013. City Manager Wine said revised

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groundrules, 2013 council goals and council liaison assignments will be finalized and considered for approval by council at a future meeting.

E. Call to Council and Staff for Non-Agenda Items: City Manager Wine said she would follow up at the end of the meeting on several administrative items from the goal setting session.

2. EXECUTIVE SESSION: At 6:38 p.m. Mayor Cook announced that the council would be entering into an Executive Session to consider pending litigation or litigation likely to be filed, under ORS 192.660 (2) (h). The executive session ended at 7:05 p.m.

3. ANNUAL CITY COUNCIL TOUR OF POLICE DEPARTMENT TEMPORARY HOLDING FACILITY

At 7:08 p.m. Police Chief Orr and Captain de Sully gave council a tour of the police department temporary holding facility. This tour is a requirement for the city to comply with Oregon State Department of Corrections procedures. Council returned to Town Hall at 7:30 p.m.

4. QUARTERLY JOINT MEETING WITH THE BUDGET COMMITTEE

Mayor Cook welcomed the citizen members of the Budget Committee. Citizen members attending were Don Fisher, Melody Graeber, Cameron James, Clifford Rone and alternate Melonie Boekee. Senior Management Analyst Collins distributed information to all members and a copy of this material has been added to the packet for this meeting.

Recap of Last Fiscal Year Audit

Finance and Information Services Director LaFrance gave a brief recap of last fiscal year's audit. The audit was completed by Thanksgiving and published on the city's website the following Tuesday. There were no negative findings regarding controls. The city had one budget law violation - adequate public notice did not appear in a newspaper for one supplemental budget hearing. He said new internal procedures have been implemented to prevent this occurrence in the future. He said the audit is available on the city's website.

Councilor Buehner asked if there would be a presentation to council from the auditors this year. Finance and Information Services Director LaFrance replied that he would defer that question to the new Audit Committee.

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Presentation of FY 2013 Second-quarter Financial Report

Finance and Information Services Director LaFrance presented the second-quarter financial report and noted that while the numbers are not audited, they show the current financial standing at the close of the previous month. Releasing quarterly reports meets the goal of transparency and a benefit is that it gives staff a high-level look at the financials and an examination for things that appear out of order. He said the quarterly financial reports are always prefaced with a memo explaining how to read them. He said any questions or items of interest can be discussed during the presentation, or council can contact him any time and the answers to the questions will be shared with the other budget committee members. In-depth items from the previous quarter that require a follow-up response can also be addressed in the next quarterly financial report.

In response to a question from Councilor Buehner regarding timeliness of the city's gas tax receipts from the Department of Revenue, Finance and Information Services Director LaFrance said the state is currently running two months behind.

Finance and Information Services Director LaFrance discussed the city's departments and other expenditure accounts such as Debt Service and the Capital Improvement Plan (CIP).

Finance and Information Services Director LaFrance pointed out that the budget numbers reflect one supplemental budget. At the January 22, 2013, council meeting there will be a public hearing to consider a second supplemental budget. He said sustainability is a main assumption in the General Fund so the forecast assumes a spending rate of only 95 percent. Departments have to manage not only their budgets but limit their spending to that goal of ninety-five percent.

Finance and Information Services Director LaFrance said operating expenditures in all funds are currently at 47 percent. Revenues are at 66 percent, which is to be expected due to the bulk of property taxes coming in November. Spending in some capital funds is over 50 percent such as Parks System Development Charges (SDCs). Street Maintenance spending is also over 50 percent because paving occurs during the first two months of the fiscal year.

Finance and Information Services Director LaFrance said sewer revenue is below budget but this is not due to problems with collections. It was determined that it was budgeted too high. Councilor Snider asked for an explanation and Mr. LaFrance said that due to bad modeling, the city's sewer budget was high in 2012 and a correction made in 2013 was more accurate but it needs adjustment.

Finance and Information Services Director LaFrance said expenditures for the Water CIP Fund are lower due to the timing of invoices from Lake Oswego. Tigard has not received the second quarter invoice. Councilor Buehner inquired whether, since the invoices from Lake Oswego lag behind, the city should make that adjustment as it goes through the fiscal year 2014 budgeting process so we won't be expecting the revenue.

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Mr. LaFrance said this would not work from a budgetary standpoint, because it is still earned during the fiscal year and needs to be recognized in the year received.

Mayor Cook said the expenditure side of the second-quarter report is easy to understand. He said, “But on the revenue side, other than property taxes, it is hard to know if we are on target. Are we six percent high or low?” He suggested it would be helpful to council if they saw a budget by the month or quarter that lists when various revenues are expected. He said just looking at the percentage is not helpful. Finance and Information Services Director LaFrance said a quarterly report discussion is a good time to discuss the timing of revenues. But he said if the Budget Committee wants more frequent cash-flow information, staff can provide it. Councilor Buehner noted for new council members that one of the revenues the city receives is the PGE franchise, and it does not come until March.

After a discussion with Councilor Buehner regarding the Insurance Fund, Finance and Information Services Director LaFrance said putting total percentages on the requirements and resources may be misleading. He said staff we may look at removing this from future reports.

General Fund Financial Forecast and Budget Instructions for Fiscal Year 2014

Finance and Information Services Director LaFrance discussed the General Fund forecast and described the meaning of the lines on the graph. He noted that on the General Fund forecast, the orange line indicates the minimum amount of fund balance needed at the end of the year in order to have enough cash to begin the next year. Mayor Cook confirmed that it indicates a minimum cash requirement but no percentage of reserves. Mr. LaFrance said if a reserve is desired, then that needs to be discussed. He said that in general, these are preliminary forecasts. Initial decisions of the Budget Committee and council are not presumed. He said it starts with what is happening today and takes known data and assumptions and forecasts forward. It does not assume additional staff or unknown increases in fees. He said the budget for 2013 is supposed to be sustainable for three years. These forecasts have been updated with business enterprise and CIP assumptions. The updated forecast shows that the goal will continue for the next three to five years.

Finance and Information Services Director LaFrance said fiscal year 2014 budget instructions given to city departments require level budgets. Department directors were told to take existing positions and apply them to the work that must be done. Dollar amounts for services and equipment must remain the same as the current year. Additional needs must come with additional revenue identified. Departments submitted their budget requests on January 14, 2013.

Executive staff will be reviewing budget requests and working with City Manager Wine to develop a proposal for the Budget Committee meeting on April 15. Finance and Information Services Director LaFrance said training for new members will cover such topics as how to read a budget document and their role as a budget committee member.

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Assistant City Manager Newton said the city's budget document comes with more words than numbers to tell what our city does and describes what the funds are for.

Councilor Snider welcomed the new Budget Committee members and asked to hear their concerns for the upcoming budget year. He noted that he is a former member of the Budget Committee and chaired it for a number of years.

Budget Committee Member Fisher said he had no specific agenda and thinks that the city of Tigard is doing a great job in providing services. He said he is primarily interested in helping the city maintain as many services as possible.

Alternate Member Boekee said Tigard is at a crossroads and she wants to help shape the city.

Member Rone said he joined the committee in order to understand what goes on at this level in city government. He said the moves made to balance the fiscal year 2013 budget set the city in good stead to move forward for the next few years. He suggested there should be a way to return some of the franchise fee to citizens in the future when the economy is in better shape. He said he didn't want to increase franchise fees last year but felt there were few options. He said the budget was handled well last year.

Member James said he hoped for a less contentious year than last, noting that, "It was rough, but we made the hard decisions."

Member Graeber said she has no concerns and is impressed with how the city is governed.

Councilor Buehner said she is a member of the League of Oregon Cities State Tax Committee. She said, "I am concerned about fiscal issues due to Measures 50 and 47, especially for counties; some of which are going under." She said counties are required to provide three things - elections, jails, and assessor services. The state has had to pick up these services for some counties. She is very concerned that the cities will not receive their state shared revenues. She requested that all Budget Committee members be provided with this LOC committee's report so they can be aware of the loss of this revenue stream. City Manager Wine said training on these issues can also be arranged through the LOC.

Council President Henderson raised a point of order. He asked if it was time to choose a Budget Committee chair. Finance and Information Services Director LaFrance said a chair will be elected at their first meeting which is according to state law. He said their first meeting is scheduled for April 15, 2013. He said he typically works with the sitting chair prior to that meeting. As they have lost their sitting chair he said the Budget Committee could make a recommendation for a point of contact until such time as a chair can be elected. Budget Committee Member Graeber offered to fill this interim spot. A question arose about whether or not the chair had to be a citizen member and Mr. LaFrance said he will look into this.

Councilor Woodard reflected back on the 2013 budget challenges. He said, "Things look good now but then they did at this time last year too. Things can sneak up on us." He challenged each Budget Committee member to think ahead and come up with opportunities

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to fill shortfalls. There may not be a lot of time for discussion of options so it would be helpful if there are options and ideas ready to come to the table if that is necessary. He thanked them for their willingness to work on this committee.

5. RECEIVE BRIEFING ON THE DEVELOPMENT OF THE CAPITAL IMPROVEMENT PLAN (CIP) AND THE PROCESS TO PRIORITIZE CIP PROJECTS

City Engineer Stone introduced this item. He distributed a handout called, "Internalized Capital Improvement Program Ranking Process Flowchart." He said he was interested in hearing input about the prioritization process. He led council through the process from the project suggestion phase through approval by the Council/Budget Committee. He noted that Councilor Buehner suggested that the Planning Commission be involved in the staff ranking step, which he agreed was a good idea. He asked council if they had any suggestions.

Councilor Woodard said he would like to see an updated list as projects are considered. He said it would be helpful to have a monthly or bimonthly status update listed by priority. City Manager Wine noted that staff presents a CIP quarterly update to council and did this for three out of the four quarters last year. She said sometimes there may be an update on a single, major project. She asked City Engineer Stone about a scenario where a company comes to Tigard and their improvements create an opportunity to fund projects on our CIP list. City Engineer Stone said there are projects that the City of Tigard cannot afford. He said he would like to have a list of such projects that is ready to go if regional funding became available. In response to City Manager Wine's question, he said he wanted to see a list that can be used through a process where, if three priority projects are taken off the list because they were funded by private development, three more projects can move up.

Mayor Cook asked who completes the matrix for project grading. City Engineer Stone said staff completes it internally and gives it to the CCAC or maybe the TTAC, for example. They complete their own rankings and then staff does a comparison of the rankings. He said for the most part, the priorities are the same and their top five projects are consistent.

Councilor Buehner described a former process where the proposed CIP list would go before the Planning Commission in February and then again in April for a public hearing just prior to Budget Committee meetings. This gave the general public an opportunity to comment on the prospective list. She said this public comment venue no longer exists and she recommends reinstituting this process.

Councilor Buehner asked how she can be assured that projects don't just drop off the list. She referred to a Walnut Street project that had been at the top of the list and after two phases were completed, engineering and right of way purchases, it seemed to disappear.

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City Engineer Stone suggested projects may be moved off the list because priorities change. He said the city may have moved it because the city could not afford to build the project and wanted to wait until there was enough funding available to complete it. He said, "That is a decision council could make. We can have a list of prioritized projects and if we can't afford number one, then we'll save our money and not do anything else until we have it." Another option is to get the design completed on a project and shelve it until the money is available for construction. City Manager Wine said it is incumbent upon staff to communicate well about where we are with projects and make sure council has a clear understanding about the status of the projects. When opportunities arise or something changes that we have a system in place to maintain continuity. She said finding an opportunity for council to set priorities and clearly communicate that to staff would be helpful direction.

Council President Henderson said he agreed with City Manager Wine and strategy is more important than running through a list because some projects need to be built before others to make sure we are getting the best value for the dollar. He referred to the cost evaluation timeline and said he didn't remember that council has done that very frequently. He asked why anything over \$100,000 isn't coming to council first.

Councilor Woodard agreed with putting the Planning Commission's consideration into the mix. He advised everyone to think of opportunities to work together and use strategy to set wise priorities.

Councilor Buehner said the strategy discussion as part of the presentation at the Planning Commission. City Manager Wine reiterated that, "we are not recommending any changes to the CIP process because we are in the current cycle, but these suggestions will lead to staff coming back with recommendations on ways to get other input and make this process as transparent as possible."

- *Mayor Cook announced a change in the agenda order. He said it was fiscally responsible to hold the executive session next as the attorney was present. He said council would consider the remaining agenda items after the executive session.*

9. EXECUTIVE SESSION: At 8:51 p.m. Mayor Cook said the Tigard City Council was entering into an Executive Session to consider information or records that are exempt by law from public inspection under ORS 192.660(2) (f). *An Executive Session called under ORS 192.660(2) (e) to conduct real property negotiations was rescheduled to the next council meeting, January 22, 2013.*

The Executive Session ended at 9:39 p.m. Council returned to regular session while in the Red Rock Creek Conference Room.

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6. REVIEW PROPOSED CITY COUNCIL 2013-14 BUDGET

This item was discussed out of order, at the end of the meeting.

Assistant City Manager Newton led a discussion on the city council's proposed budget which was submitted to them in their newsletter of January 10, 2013. She said the city is taking a level budget approach, however there is an increase of \$400 per iPad that is not included. If the remaining councilors upgrade electronically, there will be \$1,200-\$3,000 added to the data package amount. This amount will be offset by reductions in other line items.

Assistant City Manager Newton said legal costs were hard to budget for because they vary greatly from year to year. She said 2012-13 was a huge year in terms of legal expenses, largely due to the light rail initiative. She noted that election years always require more legal fees. She said expenditures in this budget category will be closely monitored.

Council agreed with recommended reductions in the Dues & Subscriptions and Recognition expenses.

Assistant City Manager Newton distributed a spreadsheet showing FY 12-13 budgeted and spent Council Travel and Training amounts. Discussion was held on sharing budgeted training and travel money if an individual councilor does not use their allotted portion. Council President Henderson commented that he did not realize that former Councilor Wilson's unused budget for training and travel was available for others to use. Assistant City Manager Newton suggested council discuss their preference on this. Councilors Snider and Woodard recommended allowing flexibility within the Training & Travel budget. Mayor Cook said council will discuss this and also instructed staff not to increase travel money in FY 2014.

Assistant City Manager Newton said the council stipend will be reviewed and a recommendation developed by the Budget Committee.

~~7. DISCUSSION ON FEDERAL LEGISLATION~~ — *This item was rescheduled to the Feb. 5, 2013, council meeting*

8. NON AGENDA ITEMS: City Manager Wine led a calendar discussion on some housekeeping and calendar items.

- Council gave feedback on the council email box and how they wish to receive council materials. The City Manager, Assistant City Manager and Confidential Executive Assistant will continue to be copied on all council emails.
- January 29, 2013, 6-8 pm, Red Rock Creek Conference Room – Follow-up to goal setting Meeting – Councilor Snider requested that this meeting begin at 6:30 p.m. rather than 6:00 p.m. The time change will be made per his request.

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- City Day at the Capitol – No council members plan to attend.
- National Guard Cities of Honor – Council wants to participate, but not until the next quarter. Assistant City Manager Newton will follow up on this.
- March 21, 2013, 9 am - 4 p.m. in the Public Works Auditorium – LOC Land Use Training- Council was asked to confirm with City Recorder Wheatley if they wish to attend.

10. ADJOURNMENT

At 10:21 p.m. Councilor Snider made a motion to adjourn, which was seconded by Councilor Buehner. The motion passed unanimously.

	Yes	No
Mayor Cook	✓	
Councilor Buehner	✓	
Council President Henderson	✓	
Councilor Snider	✓	
Councilor Woodard	✓	

/s/ Carol A. Krager
 Carol A. Krager, Deputy City Recorder

Attest:

Marland H. Henderson
~~John L. Cook, Mayor~~
 Marland H. Henderson, Council President

February 26, 2013
 Date

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