



STAFF REPORT

CITY OF TUALATIN

TO: Honorable Mayor and Members of the City Council

THROUGH: Sherilyn Lombos, City Manager

FROM: Nicole Morris, Deputy City Recorder

DATE: 05/08/2017

SUBJECT: Consideration of Approval of the Minutes for the Special Council Work Session of April 11, 2017 and the Regular Meeting of April 24, 2017

ISSUE BEFORE THE COUNCIL:

The issue before the Council is to approve the minutes for the Special Council Work Session of April 11, 2017 and the Regular Meeting of April 24, 2017.

RECOMMENDATION:

Staff respectfully recommends that the Council adopt the attached minutes.

Attachments: City Council Regular Meeting Minutes of April 24, 2017
Special Council Work Session of April 11, 2017



**OFFICIAL MINUTES OF THE SPECIAL WORK SESSION
OF THE TUALATIN CITY COUNCIL FOR APRIL 11, 2017**

Present: Mayor Lou Ogden; Council President Joelle Davis; Councilor Frank Bubenik;
Councilor Paul Morrison; Councilor Robert Kellogg

Absent: Councilor Jeff DeHaan; Councilor Nancy Grimes

Staff Present: Sherilyn Lombos, Sean Brady, Bill Steele, Paul Hennon, Don Hudson, Aquilla Hurd-Ravich, Nicole Morris, Tom Steiger, Tanya Williams, Matt Saviello, Alice Cannon, Jerianne Thompson, Kelsey Lewis, Rich Mueller, Zoe Monahan, Jeff Fuchs, Melinda Anderson, Bates Russell, Terrance Leahy, Greg Pickering, Mark Gardner, Bert Olheiser, Cortney Kammerer, Kathy Kaatz, Tom Steiger, Jerry Postema

A. CALL TO ORDER

Mayor Ogden called the meeting to order at 5:39 p.m.

B. AGENDA

1. Fiscal Year 2017-18 Budget Discussion

Director Hudson presented an update on the Fiscal Year 2017-18 budget. This year's budget theme was announced as Tualatin on the Move. Director Hudson stated the budget premise this year was to look at what is needed to provide and maintain services, while identifying savings wherever possible. Budget instructions for staff were reviewed and remained the same as previous years. He spoke to the use of the fiscal health model stating the model helps to align ongoing expenditures and revenues and is a tool to assist Council and management in maintaining fiscal health.

Director Hudson spoke to ongoing general fund expenditures. He noted expenditures keep the city operating, the public safe, and provides the important city services that citizens desire. 78.7% of the general fund is spent on staffing with an additional 12% going to PERS. Director Hudson noted contribution rates to PERS went up 3.58% of payroll and will continue to increase over the next two years. The budget maintains current service levels and continues to fund emergency preparedness, community engagement, and recreational programming for all ages. One time expenditures programmed for this year include improvements at the Juanita Pohl Center, furnishing replacements at the Library, replacement of police mobile data terminals, roof replacement at the Van Raden Center, and an electronic document management system.

Mayor Ogden asked where funding for one-time revenues comes from. Director Hudson provided examples such as interest earnings, grant funding, and donations.

Councilor Bubenik asked about projected revenues for the marijuana tax. Director Hudson stated disbursements will be on a per capita bases before July 1, 2017. After that date disbursements will be based off number of licenses. It is anticipated that the monies will not be distributed until August. Director Hudson stated he did not program any monies in this year's budget due to the uncertainty of HB 2203.

Councilor Morrison asked if Capital Reserves were being used for small one-time projects and how larger projects are funded. Director Hudson stated large projects typically would need to go to bond to be funded.

Director Hudson stated ongoing general fund revenues are funded by property taxes, franchise fees and intergovernmental agreements, cigarette and liquor taxes, charges for services to the City of Durham and Metro, and transfers to cover general fund services. He noted 85% of general fund revenues come from property taxes, franchise fees, intergovernmental agreements and transfers. Challenges this year include revenues, though stable, are growing at a slower rate than expenditures. Both revenues and expenditures grew at 4% this year. Staff will continue to look at ways to curb expenditure growth and explore other revenue sources.

Councilor Kellogg asked if additional franchise fees could be a revenue sources. Director Hudson stated adopting a Right of Way ordinance would be one way to collect those fees.

Councilor Bubenik asked if increasing business license fees would generate more revenue. Director Hudson stated all revenues can be looked at and evaluated.

Director Hudson reviewed the current fiscal health model noting investment earnings have grown 1.3% and revenue projection increased \$100,000 on interest earnings. There is a \$34,000 positive alignment this year.

Councilor Kellogg asked if the model doesn't anticipate the PERS reserve. Director Hudson stated that was correct.

Director Hudson stated due to the positive alignment of the model staff is proposing three strategic budgetary additions. Library Manager Jerianne Thompson spoke to the proposed additional staffing for the Mobile Makerspace. She noted the add package is for a request of \$28,000 for part-time dedicated staffing. Assistant to the City Manager Tanya Williams spoke to the proposed addition of a Community Engagement Coordinator. Part of her proposal included moving the newsletter to a digital format which would save the City approximately \$55,000 a year. Chief Bill Steele spoke to the proposed additional staffing of a Police Officer position. He stated the last time a position was added was in 2009. The addition of this position would allow the department to move from 12 hour shifts to 10 hour shifts and increase Officer Safety. Director Hudson presented an updated version of the fiscal health model with these positions incorporated.

Director Hudson presented proposed utility rate increases of 4.25% based of the master

plan. The total increase for an average residential home will be \$4.31.

Director Hudson stated there is a full budget committee in place for this year with three new members joining the committee. The first budget meeting is scheduled for May 8 and the second meeting is scheduled on May 30.

2. Financial Policies

Director Hudson passed out a draft of the proposed Financial Policies. He spoke to the general purpose and goals of the policy manual. Policies in the manual include revenue, operating budget, expenditure, capital improvement plan, investment, contingency and reserves, capital assets management, accounting, auditing and financial reporting, and debt. Goals for each policy were reviewed.


City Manager Lombos thanked staff for their hard work and dedication to providing the Council with a fiscally responsible budget again this year.

C. ADJOURNMENT

Mayor Ogden adjourned the meeting at 7:21 p.m.

Sherilyn Lombos, City Manager


_____/ Nicole Morris, Recording Secretary


_____/ Lou Ogden, Mayor