

MINUTES
Troutdale City Council – Regular Meeting
Troutdale City Conference Building
223 Buxton Avenue
Troutdale, OR 97060-2099

Tuesday, February 14, 2012

1. PRESENTATION OF COLORS / PLEDGE OF ALLEGIANCE

Mayor Kight called the meeting to order at 7:00pm.

Boy Scout Troop 174 Presented the Colors and led the Pledge of Allegiance.

Troop 174 Scout Master Kevin Leonard, Assistant Scout Master Jerilee Dale, and Troop 174 Scouts introduced themselves.

2. ROLL CALL, AGENDA UPDATE

PRESENT: Mayor Kight, Councilor Ripma, Councilor Anderson, Councilor Thomas, Councilor White, Councilor Allen, and Councilor Daoust.

ABSENT: None.

STAFF: Craig Ward, City Manager; Debbie Stickney, City Recorder; David Ross, City Attorney; Erich Mueller Finance Director; Scott Anderson, Chief of Police, and Dick Bohlmann, Building Official.

GUESTS: See Attached

(No agenda updates)

3. PROCLAMATION: Scout Month – February 2012

Mayor Kight read the Proclamation (copy included in the packet).

4. STATE OF THE CITY MESSAGE

Mayor Kight presented his State of the City Message, attached as Exhibit A.

5. CONSENT AGENDA:

5.1 RESOLUTION: A resolution approving an agreement with Oregon Business Development Department accepting a grant from its Brownfields Redevelopment Fund for further site assessment and planning of the City's Riverfront Renewal site.

5.2 MOTION: A motion recognizing the East County Preschool Fair as an Event of Citywide Interest.

MOTION: Councilor Anderson moved to approve the consent agenda. Seconded by Councilor Daoust. Motion Passed Unanimously.

6. PUBLIC COMMENT: Please restrict comments to non-agenda items at this time.

John Wilson, resident, stated a couple of weeks ago Councilor Thomas mentioned something about getting better estimates on our capital projects. I think that is a very worthy idea. I think the City should reflect on the practices used to construct the new police building. Moving forward, maybe the staff that prepares the estimates could take some classes to become better and more efficient at coming up with estimates. I think that would be a worthwhile investment for the City.

7. MOTION: A motion authorizing the City Manager to negotiate two contracts to lease space for City functions currently located in the original City Hall.

Craig Ward, City Manager, stated staff has been working diligently, and a lot of hours have been spent in assessing alternative sites. We are still developing the cost estimates. Based on Council direction, I have boiled down the available sites in our downtown to two locations, which are shown in the staff report. I have had conversations with both property owners. The term sheets for both locations are attached to the staff report (included in the packet).

We have a different set of responsibilities, in regards to how the city hall staff is organized, based on whether or not we are required to provide handicapped accessibility immediately. We have to provide handicap support to anyone who requests it, but not all city functions have to be immediately ADA accessible. That allows us the flexibility of occupying some upper floor space for most of the uses that are currently on the upper floor of City Hall. That space is the former Bremik office located above Celebrate Me Home.

Essentially the prices of all the spaces are very close. They are all \$1/square foot for the cost of the space to be leased. There are additional costs that have become apparent as we have negotiated the terms, and even those have been negotiated down to what I think are very reasonable costs. To me the Bremik space is the best choice for those uses that are primarily on the upper floor of City Hall.

Then we have the uses that are primarily on the lower floor of City Hall, such as the receptionist and cashier, and those have to be immediately ADA accessible and therefore have to be located on the street level. There are a couple of spaces in downtown that are at the street level. The one that I believe is the best suited, largely because it is the largest of the spaces available, is the Antiques Gallery storefront. That would accommodate our cashier, receptionist, and the staff that backs up those

functions which includes Debbie Stickney and her staff. That location will have a small conference room, which will double as the break room and a jury room.

My staff report also includes a recommendation to lease space in the basement of the Antiques Gallery. That is intended, if the Council desires to go down that path, to replace what we are doing here (at the CCB) today. That space would serve as the council chambers and court room. You may have noticed the green tape on the floor tonight. That tape shows the outline of the space we would be leasing in the basement of the Antiques Gallery for the council chambers and court room. The back wall, which is the northern side of the space, would be 4' further out than the back of the wall in this building (the CCB), so it is a little bit longer than this room and considerably narrower than the overall space here. The main entrance is at the ground floor level on the north side of our downtown shops, in the back. That is where the public would enter. There is a restroom along the west side of the room; we would need to construct a wall to provide some privacy. There are also other reasons for that wall, which Dick can further explain if you wish. Building that wall actually changes the occupancy of the larger space, and that allows us to meet a building requirement that would otherwise cost us considerably more money to retrofit the space. We would also need to put in new lighting because the track lighting that is there now is inadequate for council meeting and court functions.

We could continue to use this room. In many respects it is fairly suitable. What you really don't understand is that it is already remote from where our staff is located. Every time you have a meeting, the planning commission has a meeting, or any other meeting that is staff supported, staff has to come over and setup the room, and after the meeting is over we have to tear this room down and set it back up for the daytime users/recreation classes. There are inherent inefficiencies just in the multiplicity of uses that this space has. That is even more so for the use as a court room. For the court room function, this room is particularly poorly suited. We need at least three spaces and we only have two that are immediately available in this building. The conference room could serve as the jury room. We also need private space for the witnesses so they can be separated from this room where the trials are occurring. We might be able to accommodate that if we were to cancel the lease with the YMCA and have them move out, but they directly support the day-to-day operations in here with the recreation functions that are occurring. Also, as you can see the electronics in here (microphones, television cameras, etc.) are not permanently installed and they have to be setup for every meeting and torn back down after the meeting; that takes additional work. We can overcome some of that by permanently installing the cameras. Right now our meetings are not being televised live. We could televise them live, we would just have to put in the hard line to this building for Comcast and mount the cameras. We would need to find a place for the camera operators. Those are all operational problems. There is a more significant issue, which really has to do with the security of people using this space when we are operating as a court room. We had a situation last week where we had a shackled prisoner in here for a trial and a mother and her young child were coming through to visit the YMCA, and they were nervous as was our staff. That was a mixture of uses that is really not ideal. I know

that it is the strong opinion of the City Attorney, Judge, and the Court Clerk that we provide a better space that is well designed for the court function. We do believe that we can do that in the footprint of the space that is shown here on the floor, but there is a cost. That cost is roughly \$10,000/year for that additional space. What I really need from you today, unless you have real misgivings about the Bremik space and the storefront space, is direction on whether or not you are prepared to have us lease that downstairs space for a council chamber and court room. We have a lot of planning and work that has to been done such as tenant improvements, and before we can do those we have to sign the lease. We have to know if we are going to be occupying that space in the near future so that we can proceed with the contracts that are necessary to make that happen.

Councilor Daoust stated at the end of your staff report you list one-time expenses for information technology, phones, leasehold improvements and moving of \$32,150. Is that in addition to the \$29,300 amount that is shown for the 2012 lease, utility and IT expenses?

Craig Ward replied yes.

Councilor Daoust stated so we would have an upfront cost, if we do everything that you are proposing including the council chambers and court room, of more than \$60,000?

Craig Ward replied yes.

Councilor Daoust stated you predict that the lease will be about \$7,318/month for all of the office space needed. When I add up the lease amounts for the two office spaces downtown it comes to \$4,363/month just for the lease. How do we get from \$4,363 to \$7,318?

Craig Ward replied regardless of whether or not we lease the downstairs, if we have two spaces we have to have two site licenses for our I-Net connection (our internet), which is \$639/month per site. The rest of the expense is primarily utilities I believe.

Councilor Daoust asked so it is \$1,300/month just for the site licenses?

Erich Mueller, Finance Director, replied the IT configuration is going to be one of the challenges during this transition. In particular the integrated database that several of those functions use is currently located downstairs at City Hall and they are all connected locally within the building. We are now going to be splitting the approximately 20 users into two different sites, but the file servers will remain at City Hall. They are no longer going to have the connectivity that they currently have at their desktops. In order to get the connections back to the server room, until such time that we are able to complete the Police facility where we had planned from the start to build a more hearty and resilient server room for critical city IT infrastructure, timing wise it is just not lining up well because we are going to need to move before the

police facility is completed. Even once that happens, I am still going to have users separated from where the file servers are, because we are not looking at spending the money on tenant improvement costs that would be necessary to try and build server rooms at each of those sites. Even if I did so the users are still spread between those sites. It is one of the unfortunate cost implications of having to move folks out of City Hall.

Councilor Daoust asked would this entail undergrounding wires to the old City Hall?

Erich Mueller replied the folks at Mt. Hood Regulatory Commission have been a big help because they have been facilitating getting things expedited with Comcast. It is a somewhat complicated arrangement where as a local government we are able to participate in the I-Net network, which we currently only use for East Metro Media. It will provide us with better connectivity once that is in place. That is provided to us because of the franchise agreements. It is operated on behalf of the Regulatory Commission by the Bureau of Technology Services at the City of Portland. One of the things I am working on is an IGA that I will be bringing to the Council that will need to be approved in order for the services to go online. It is all currently underground. The good news is that Comcast already has the fiber in place. It is just a matter of bringing it from the street into our particular space.

Councilor Daoust stated you are looking for direction regarding the council chambers tonight. Can we isolate the upfront costs for the council chambers? Craig Ward said that it would cost about \$10,000 per year in monthly costs. What are the upfront costs just for the council chamber/court room space?

Erich Mueller replied the cost is about \$700/month for the lease which is about \$8,000/year. The upfront costs include costs associated with the bathroom downstairs. The original plans that are on file show an ADA compliant bathroom. At some point subsequent to all of those inspections it was remodeled and is not currently ADA compliant. It will cost approximately \$10,000 to bring it into compliance. There are also costs associated with building a wall to separate the bathroom area from the meeting area. The wall will provide both screening as well as bring us below the occupancy requirements mentioned earlier. Not building the wall would require a change to the wiring in order to allow for an assembly type of use versus the retail type of use that it was permitted under. That change would cost even more. There are a lot of costs associated with that space that are simply because it was built as retail; it was never envisioned to be an office. The lighting will cost approximately \$2,400. It is currently track lighting which is not suitable for this kind of function or for court.

Councilor Daoust asked how much will the wall cost?

Erich Mueller replied \$5,000. Daily there are new issues that come up. So trying to provide accurate estimates, and be completely upfront, and move quickly, are essentially mutually exclusive.

Craig Ward stated when I gave you the monthly rate I was essentially factoring in additional costs for utilities. Erich has been talking about the capital one-time expenses, and my \$10,000 was a monthly estimate based on utilities and rent.

Councilor Daoust stated so we would have about \$18,000 upfront costs and about \$10,000/year for the lease and utilities.

Councilor Anderson asked did you factor in signage?

Craig Ward replied no.

Councilor Anderson asked are we going to have the opportunity to take a look at that? If we approve this tonight, will you need us to approve this plus 5% for signage, or are we just not going to do anything for signage?

Craig Ward replied we will need to do something for signage. The total cost for this move, as Erich said, is a moving target at the moment. I understand that there will be a cost for signage, but I don't want to guess what that is. I don't think it will be significant in the scale of the things that we are talking about. The signage for the Bremik space will be a simple sign on the glass door, which is the entrance to the space. We will need to install some signs which will likely say City Hall where it now says Antiques Gallery. We really haven't got to that stage yet.

Councilor Anderson stated just so I am clear, we are going to write a check for \$61,000 on March 1st. The way I read this, when I see 2012 lease, utility and IT expenses for \$29,300, I am looking at that as a pro-rated amount for fiscal year 2012.

Craig Ward replied that is correct.

Councilor Anderson stated we are not writing a \$29,000 check right out of the gate. We are going to write a \$32,000 check right out of the gate?

Craig Ward replied that is correct. We will need to pay the money for the tenant improvements to occupy it, and then we will need to pay monthly lease costs to the landowners.

Councilor Anderson stated this is an unbudgeted expense. Is it coming out of our reserves?

Craig Ward replied yes.

Councilor Anderson asked and we are okay?

Erich Mueller replied we have reserves, and all of this is outside of what was budgeted. Yes, it is one of those reasons why you have reserves.

Councilor Anderson asked and City County Insurance is absolutely no way, no how, no never?

Erich Mueller replied I have had multiple conversations with them and there really isn't any basis for us to make any claim at this point. We had them look at this more than a year ago and they denied the claim. Unless there is some other unique approach that we could claim...

Councilor Anderson asked Mayor, you do this for a living, are we getting a good deal?

Mayor Kight replied we are getting a screaming deal. \$1/square foot is wonderful.

Craig Ward stated the initial discussions, at least with one landlord, was for a triple-net lease, and that really was triple. They were very accommodating, when we pointed out the financial impact on the City, of lowering that to a much more reasonable overall cost for us. We still haven't truly completed the arrangements for paying for tenant improvements. With one of them I think we have a pretty clear understanding. With the other one, we have had a conversation that was very friendly, but it hasn't been put down in ink. Based on your direction here today, I will then proceed tomorrow with putting those terms into a lease, which our attorney has prepared for us, and begin negotiating that with the landlords.

Mayor Kight asked the tape on the floor here tonight, is that for the lower level in the Antiques Gallery?

Craig Ward replied yes. The tape represents the actual space that would be used for the council chambers and court room. There is a bathroom and a storage room that is located outside of this taped area.

Mayor Kight stated it certainly would be cozy. So there would be a single bathroom, is that right?

Craig Ward replied there would be one bathroom on each floor and they would be unisex, handicapped accessible.

Mayor Kight asked is there anything else on the lower level besides the bathroom?

Craig Ward replied just the storage room that I mentioned.

Mayor Kight asked is there a room for the witnesses that you mentioned earlier?

Craig Ward stated we would use the space on the upper floor (ground floor level) that would serve as a small conference room, break room and the jury room. Likely the witnesses would be seated next to the receptionist's desk where we will have a couple of seats for folks to sit, and therefore they will be removed from the court room and can be called down when it is time for them to testify.

Mayor Kight stated if we were to choose to go forward with that lower level, on the plus side what you have is a place to hold our council meetings as well as the court process. We would have a much different configuration than this building, but we also wouldn't have a situation where young people would be coming in and seeing shackled prisoners; that is a very bad mix. Do you think there will be enough space for the council meetings?

Craig Ward replied I can easily imagine moving these tables over slightly to accommodate the space. It is not ideal. It is also not permanent. It is still a tight space. There is actually more seating because the wall is a little bit deeper. We can accommodate everything we have here (CCB) we would just be a little cozier, but we could accommodate additional seats in the back. The seating is probably equal to, or even larger slightly than the number of seats we have in the old council chambers now.

Mayor Kight stated on the plus side you would have all of the wiring for the sound, and the video for the cable access could be permanently installed. How much time does it take to set up and tear down all of this?

Craig Ward replied it took an hour after the last council meeting. The East Metro Media crew was here at 4:30 today setting up.

Craig Ward interrupted and stated another issue we discussed is a permanent dais for the Council and the court room, which I think is an important symbol. But we don't have that now, and our budget does not yet accommodate that. We obviously have several budget items to be added. One of the advantages, and it is a very significant advantage of that space is that we could allow for a permanent dais. In this room it is very difficult to have that because of the multiplicity of uses that we have in this room. The same is true in the community room in the new police facility that is under construction.

Councilor Ripma asked is the downstairs space below Celebrate Me Home?

Craig Ward replied no, it is under the Antiques Gallery.

Councilor Ripma asked the Maydew building?

Craig Ward replied yes.

Councilor Ripma stated so this is the budget for the space that this agenda item was dealing with, not including this lower space. \$29,300 is paying the rent, IT expenses, utilities through the rest of the fiscal year.

Craig Ward replied it is for both spaces in the Antiques Gallery and the Bremik space – all three of the recommended spaces.

Councilor Ripma stated so the \$32,150 is for the one-time costs. The rent of \$7,318 is rent for the upstairs (at Bremik), and the two floors (at the Antiques Gallery) that this agenda item deals with, including the utilities.

Councilor Daoust stated it is everything.

Councilor Ripma stated starting July 1st.

Craig Ward replied yes, it is the monthly expense starting July 1st (the next fiscal year).

Councilor Ripma asked are we not paying some utilities at the old City Hall now, that will represent some kind of fiscal savings, however small?

Craig Ward replied yes. Clearly when we have ceased using the City Hall some expenses will drop. We haven't really fine tuned the degree to which we will continue to use City Hall. The realities of this proposal is that we are not renting enough space for storage for all of the files and material that is located in City Hall, so there will be things left in that building and it will continue to be used as a storage building to the extent that Dick allows us to access the building. But that is anticipated and that was essentially built in as a savings, from my prospective. We do need additional storage and we have that building; it is still usable even though it is not prudent to keep staff there day in and day out. That doesn't, in my mind, prohibit our using it as storage. Because it will be storage there will still be some heating responsibility in order to keep the building intact, and probably an alarm responsibility. I am sure that our utility costs will diminish, but they will not evaporate.

Councilor Ripma asked is the estimate of the diminished expenses factored into these numbers?

Craig Ward replied no.

Councilor Daoust asked how many employees are we moving into the Parks & Facilities Building?

Erich Mueller replied eight, some are full-time and some are part-time.

Councilor Daoust asked are there any issues with the Parks & Facility Building relating to traffic going in and out from adding eight additional employees to that building?

Craig Ward replied we did look at the traffic, and we appear to be fine on that. There are no zoning issues with using it either, so we are okay there. There were parks staff that were using the building and so we had to construct some additional space for them in the shop building that is to the south of the office building, so there are some small costs. We are also putting in a work space for Mike Korst from facilities in that

building. There were already furnishings in the building and we are taking advantage of them. I don't know if we will need any additional furnishings.

Dick Bohlmann, Building Official, stated we will be relocating some of the cubicles from City Hall to the Parks Building.

Craig Ward stated at this point our cost estimates assume that we will not rent any furniture, or buy any furniture, at least of any significant amount. There may be some things that need to be acquired; it is possible that we may need some additional partitions. Erich is working with a space planner now to get those estimates. Those are less for the Parks Building then they are for particularly the storefront location (Antiques Gallery). We are paying \$5,000 to the space planner for their services, but those are going to be critical to enable the move in a timely manner.

Councilor Daoust asked will there be any public visits to the employees in the Parks Building?

Craig Ward replied yes. We assume that all of the traffic that currently comes to both building and community development will occur there. It is ADA accessible.

Councilor Thomas stated I am okay with the initial two sites, but the downstairs site I had a real challenge with. This building could be outfitted with cameras from Metro East. I have a problem with just going out and renting the space today because we don't know if there will be some options available when the police facility is completed and we may not have to rent space. I would really like to see us move forward and get the staff out of the building and use this building (CCB) for now and see what works before we bite off another \$30,000 of potential expenditures to upgrade that building. As far as having a fixed dais, that does not make a difference to me; tables and chairs work fine. I prefer to be at eye level versus sitting on high. When I look at that, I think our responsibility to the taxpayer is that we utilize the funds the best we can, utilize what we have for services, and then if it truly doesn't work then look at options. We really haven't evaluated the "truly don't work" part. I understand that there are some inconveniences right now. Those tend to erode over time and you get use to it and figure out how to do it. It is more of an inconvenience to the taxpayer to have to bite off more money all of the time than it is for us; we really don't know what we are going to do in the next six months. Once we get everybody out of the existing City Hall building and get it completely shut down, and after the police facility is built, then I think by that time we will kind of have an idea of which direction we need to go. But for right now to just rent space that when you look at the width and length of it, it is not that big. I think this (CCB) is very doable for the time being, and then evaluate it later on in the year and if it doesn't work then lets move forward.

Dick Bohlmann stated there is one important element that the City Attorney has brought up and that is the fact that in order to have a court room here, or to use the CCB as an assembly area, you need to have an accessible restroom. We do not have

an accessible restroom in this building. It would be a fairly dramatic expense to create.

Mayor Kight stated there are bathrooms available here.

Dick Bohlmann replied they are illegal by all standards as an accessible restroom. You need to have a 5' turning radius inside, which neither one has now. That is a fairly crucial element that was brought to my attention by the City Attorney.

Councilor Anderson stated I like to say that we work very well together and we all have areas of expertise and things that we study and pay a lot more attention to. In Councilor Thomas' case it is the budget. I applaud you for bringing that up and questioning that. That is our job and you do that very well. I have to look at it as a parent and if I brought my young child into a building to sign up for youth soccer and saw some criminal in an orange jumpsuit and shackles, I don't know. With this decision that we are faced with right now, I don't know if I could live with myself. I get what you are saying, and yes it is a sizeable amount of money. But when it comes to the protection of our children, I would have to side there. That is separate from what I just heard from Dick, which I believe negates the argument in its entirety. But I want to commend you for bringing that up.

Councilor Ripma stated what persuades me to think in terms of renting the permanent temporary space for the council and court is the set-up and take-down time. In talking to city staff and hearing what Craig said about it, I don't think we could permanently set aside part of this room to work for the functions of court and council, and if we don't then it involves an hour of set-up and an hour to take it down for maybe one or two people for every meeting. I didn't expect staff to be asking for permanent space because I, like you, was thinking that while this isn't great it will do. I was persuaded; that alone justifies the fairly modest expense.

Councilor Thomas stated I think we should really see what the new police facility can offer in the community room, because that is supposedly going to be wired with cameras and all that. If it is it may work well for a chamber. You are talking 40 meetings a year at best.

Councilor White stated this is a tough issue and extremely bad timing. I appreciate the work staff has done. My big concern is that I just don't think it is physically big enough. Just the number of scouts we had here tonight, they would have been standing outside waiting to come into the building. I am in favor of stalling as long as we can in this building, possibly looking at something larger if that is at all possible. Physically I don't think it is adequate in size; that is my biggest concern.

Councilor Daoust stated weighing all of the factors, I was convinced that the police community room would not serve well as a court room; that is what I heard said by staff anyway. So I am not really in the mood for waiting for the police community room to serve as a court room and council chambers. Even though it could possibly serve as

the council chambers and court room, I don't think that we want the police facility appearing to be also a court room; I don't think we want that to be the case. I could be in the mood to wait for a council chamber. I am okay with the proposal that Craig Ward came up with cost wise. I am not that concerned about spending \$10,000 per year on a council chambers; I don't think that is exorbitant, I think it is fairly reasonable. The cost doesn't concern me. The only thing that I would vow to Councilor Thomas' request is that maybe we haven't vetted all of the possibilities yet for a council chamber. We have one option here, but maybe we haven't looked at other options for a council chamber. Although, coming full circle, we probably couldn't get as good of a deal as we are getting with this one money wise. So even if we did take more time to look for a bigger space, we would probably pay quite a bit more, which brings me back to being okay with the proposal here.

Councilor Anderson stated I am too. I think that the security and safety of the court needs to be the concern, and not so much the council chambers.

Councilor Daoust stated I would agree with that. The court room function is my main concern.

Councilor Allen stated I am quiet here because I have done enough of this that I like the process. I like the thought process that you went through where you have been able to coordinate; it is a good deal.

Councilor Ripma stated in Councilor White's statement about accommodating the Boy Scouts tonight, I got the impression from what both Dick and Craig were saying that actually they would have been easily accommodated in that space exactly the same as here. Is that right or wrong?

Dick Bohlmann stated there would be another 12' of seating behind the last row of seating that is in this room.

Councilor Thomas stated I thought I heard 4' feet.

Dick Bohlmann stated behind the last row of seats; 4' feet behind the wall. It would accommodate about 50 seats comfortably.

Craig Ward stated it was snug in here today and I am guessing it would be snug there too. You always have a problem whenever you are doing space design of trying to accommodate peak flows. This was the largest crowd I have seen at a council meeting in the time I have been in Troutdale.

Mayor Kight stated the bottom line is there is no perfect solution to a temporary situation. It is not that we have a lot of buildings in our community that can support being a replacement for a city hall, that is why we are going to be in three different buildings. It is my understanding that Mr. Ward has looked at many different buildings throughout the entire city, and if we want to remain in our downtown this is probably

the best solution that we can come up with. Clearly, as Councilor Ripma pointed out, the time to set-up – Keith (Metro East) was here at 4:30 to set-up for tonight and then when we leave they still have an hour or hour and a half to pick up all of their equipment. That will be for every council meeting and planning commission meeting. And then there is the court. It just isn't right to ask city employees to take on that additional burden, besides the fact that we are split up into two or three different buildings. The example of the shackled prisoner, that is a very poor mix. I am in support of having the council chambers in that lower level. It is not perfect, there is no perfect scenario.

MOTION: Councilor Anderson moved to authorize the City Manager to negotiate two contracts to lease space for city functions currently located in the original City Hall.

Mayor Kight asked Mr. Ross, can we take public comment on this topic?

David Ross stated it is not a public hearing, but our tradition here is if the Chair wants to take public comment you can.

MOTION WITHDRAWN: Councilor Anderson withdrew his motion to allow for public comment.

John Wilson stated if we are going to invest in a temporary building I would rather have that money be invested in one of our own buildings. If it is going to take \$5,000 to make the bathroom ADA compliant, we could certainly build a wall back here so that no one sees a prisoner in shackles. We can certainly fix these bathrooms to become ADA compliant, or whatever they need to be. I just think that prudence of spending our money, another \$10,000 a year, when we are eventually going to have to either repair or replace the current city hall building. As insignificant as \$10,000 may be in the whole scope of the budget, I just think that money could be better used with our current buildings instead of investing it somewhere else. I really think Councilor Anderson that a wall could be built here so that you don't have to see that. If the rooms need to be reallocated to move some people around, maybe have the YMCA move up front and the City Attorney move in the back, I think those accommodations can be made because they are just temporary. I would rather our money go into something that we will keep instead of something that we will walk away from.

Councilor Anderson stated John raised a decent point. Dick, how much would it cost us, and how safe would it be and how feasible would it be to do a complete remodel of this building to be suitable for everything that we are looking at using the other building for?

Dick Bohlmann replied it would be necessary to bring the restrooms into compliance with ADA and that is a far more complex issue because of their existing size. The partitions and things of that nature, you would probably be looking at about \$100,000

to renovate this building just to make it compliant. You have the hallway and other ADA issues including accessibility at the front and things of that nature.

Mayor Kight stated if we created a partition it would also shrink the size of the room. So whatever we are looking at right now, it would probably be about 1/3 less.

Dick Bohlmann replied probably about 20% less.

Mayor Kight stated the wall would have to be essentially where the first row of chairs are sitting now.

Dick Bohlmann replied correct.

Mayor Kight stated that would shrink the footprint considerably.

Dick Bohlmann stated you might want to reconfigure it the other direction.

Councilor Thomas stated if you did reconfigure this room and orient the room the other direction, it would be about the same size as the space we would be renting.

Dick Bohlmann replied correct.

Councilor Thomas stated so essentially there is no difference in dimension; the difference is that we will be spending \$10,000 on a building we don't own.

Mayor Kight stated that and the problem of multiplicity of uses of this building, and the need to set-up and tear down.

MOTION: Councilor Anderson moved to authorize the City Manager to negotiate two contracts to lease space for city functions currently located in the original City Hall.

Councilor Ripma asked for a clarification, you mean the upstairs above Celebrate Me Home, and the entire Maydew building.

Councilor Anderson replied yes.

Seconded by Councilor Ripma.

VOTE: Councilor Allen – Yes; Councilor Daoust – Yes; Councilor Ripma – Yes; Councilor Anderson – Yes; Councilor Thomas – No; Mayor Kight – Yes; Councilor White – Yes.

Motion Passed 6 – 1.

Mayor Kight called for a break at 8:33pm and reconvened the meeting at 8:46pm.

- 8. RESOLUTIONS:** Resolutions approving City Financial Statements and receiving the Annual Audit Report:
- A.** A resolution approving the City's financial statements and Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2011.
 - B.** A resolution accepting the Report of Independent Certified Public Accountants on the audited financial statements of the City for the Fiscal Year ended June 30, 2011, the Management Letters (SAS No. 115 and SAS No. 114), and the OAR 162.10.000 required communication.

Item 8-A

Erich Mueller, Finance Director, stated this is the time of the year when we bring you the financial statements and the audit report as part of your responsibilities as the governing board to oversee the financial integrity. Part of the process, as required by various sections of the Oregon Revised Statutes (ORS), is that the City's financial statements are audited and reported to the State. This is the City's presentation of the financial statements, which are enclosed in the bound volume that was included in your packet labeled as Exhibit A – Comprehensive Annual Financial Report (CAFR). City management is primarily and ultimately responsible for the fairness in the presentation of these basic financial statements, and it is your responsibility, as the oversight role, to oversee that process and to formally approve them. The two resolutions A and B work together. Item 8-A is for the Council to formally approve the City's financial statements for the prior fiscal year ending June 30, 2011, which is contained within the bound volume. The two pages that are flagged in that volume (pages 1 & 101) will be addressed under the next agenda item. Those are really the only two pages that you are not approving with this particular resolution (Item 8-A) that is before you.

The CAFR is comprised of three basic sections: 1) the introductory section provides a general overview of the city government structure; 2) the financial section provides information on each fund; and 3) the statistical section provides a broad range of financial and demographic information. The minimum Generally Accepted Accounting Principles (GAAP) requires state and local governments to put a complete set of basic financial statements together, along with accompanying note disclosures (which are also included), and certain required supplementary information (also enclosed).

The City has chosen to conduct financial reporting at a higher level of accountability and requirement, and has gone forward to do the Comprehensive Financial Report, which provides additional information. We have been successful for the past twenty-one consecutive years. This report has been submitted for review by the CAFR Review Committee and will presumably be successful. That process is ongoing as we speak and we will hear the results later this year.

I am asking for Council to adopt this first resolution – Item 8-A, which is essentially approving these financial statements as the City's official financial statements for the past fiscal year.

MOTION: Councilor Thomas moved to adopt the resolution approving the City's financial statements and Comprehensive Annual Financial Report (CAFR) for Fiscal Year ended June 30, 2011. Seconded by Councilor Anderson.

VOTE: Councilor Thomas – Yes; Mayor Kight – Yes; Councilor White – Yes; Councilor Allen – Yes; Councilor Daoust – Yes; Councilor Ripma – Yes; Councilor Anderson – Yes.

Motion Passed 7 – 0.

Item 8-B

Erich Mueller stated the financial statements that you just formally approved were the financial statements that I provided to the auditors in the series of field work and follow-up work that was done under which they conducted the audit. This also provides for additional compliance in the municipal audit law that municipal governments in Oregon are required to comply with. The presentation of the basic financial statements, the CAFR that was Exhibit A in the previous motion is Exhibit C to this agenda item. The letters mentioned previously are flagged as Exhibits A and B. SAS No. 115 is referred to generally as the management letter, and SAS No. 114 is communications with governing body.

When you approved the financial statements in the prior item the items flagged (pages 1 & 101) in the document were not approved. The first page flagged is page 1, which is the report of the independent auditors. It is their professional opinion, and therefore, the motion will be to receive it, not to approve it, because it is their professional opinion, and is not subject to the client's approval or disapproval. The important point to note is that the auditors have issued an unqualified opinion, or what is referred to as a "clean" opinion.

In the third paragraph is where they get through all of the standard disclosures. Erich Mueller read the third paragraph of page 1 of the CAFR: *In our opinion, the basic financial statements referred to above fairly present, in all material respects, the financial position of the governmental activities, business type activities for each major fund and the aggregate remaining fund information of the City of Troutdale, Oregon, at June 30, 2011, and the results of its operations and the cash flows where applicable and the respective budgetary comparisons for the General Fund, Street Fund, and Project Fund for the year then ended, in conformity with the accounting principles generally accepted in the United States of America.* That is essentially the paragraph that you want to receive.

The Management Letter SAS No. 115, which was included as Exhibit A addresses communicating internal control related matters. There are three categories: 1) lowest – not significant deficiencies; 2) intermediate – significant deficiencies; and 3) most

serious – material weaknesses. We had no material weaknesses, or the most serious type of control concern. Two years ago we had five significant deficiencies (the intermediate level), and last year we had only one, which is described at the bottom of page 1 of SAS No. 115. It is important to note that they observed transactions where there were not the initials of a second individual. That is an audit trail issue. Audit trails are important and they are always something to keep after, but they are also one of those things that with the volume of activity it is inevitable. In this case it was for voids and credits that were processed. It is important to note that there was absolutely no indication that there was anything inappropriate with the transactions, just that there was a failure to have the necessary second set of initials. We have attempted to address it and hope that the performance in the coming period will demonstrate that the procedures put in place will correct the issue.

On the top of the 2nd page of the letter it lists three items that are in the lowest category, referred to as not significant deficiencies. The first one has reoccurred from year to year and is something that I believe will disappear in this presentation a year from now as we have increased the fidelity bond coverage available to us under our CIS policy. It is a standard disclosure that the auditors will make any time an entity has, in this case, greater than \$50,000 of cash that is covered by the basic CIS policy. We have increased that in the past year.

Item number two is a repeat as well. We have a fund in place that has not been dissolved. It is related to the rehabilitation of the former sewer treatment plant, and technically it is unused and it hasn't been dissolved. It is a technical recommendation that they have that we have a fund that is unnecessary and therefore it should be eliminated. We don't disagree with the observation, but we are not prepared to make the change at this point and time.

The third item is talking about the limited number of personnel and it is a challenge to have adequately segregated duties. It is a difficult challenge in a small department and it will potentially be a greater significance finding in next year's audit, as well as I anticipate that there may be some other observations that they make just as a practical result of staff being in multiple locations; that will introduce some more control challenges and create more inefficiencies.

Erich Mueller asked, are there any questions on the SAS No. 115?

Councilor Allen stated on page 3-A of the CAFR, under Financial Highlights, the middle paragraph says, "...City's governmental funds reported combined ending fund balances of \$15.3 million, an increase of \$7.5...", I think we are missing the word "million" after \$7.5.

No further questions on the SAS No. 115.

Erich Mueller stated the SAS No. 114 is the auditors communications with those charged with governance. It is another communication that is required with the ever

revolving standards that the GASB puts on the auditors. The important point here is that they restate certain things that we have already talked about. The results of the audit, that it was “clean”. At the bottom of page 1, number 2 reads, “*State minimum standards – We noted no exceptions or issues requiring comment.*” That is their way of saying we are in compliance.

They make mention of the management letter. In the significant audit findings section they state, “*We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus.*” Further on it reads, “*The disclosures in the financial statements are neutral, consistent, and clear.*” That is of course what you want; you want a clear and straight forward presentation. They didn’t encounter any issues during the performance of the audit. They noted no corrections that were material, either individually or in aggregate, to make the financial statements taken as a whole distorted, and they reported that there were no disagreements with management during the review and closing process. Part of the disclosure was that there were no other independent accountants used by the City to provide accounting classification, guidance, nor were there any other key audit findings. They make note of the following future audit issues:

- The Government Accountability Office (GOA) issues are not as much of an issue for us as it is for a county or for a state.
- The SAS 118-120 is likely to increase the requirements for schedules and disclosures in the CAFR.
- GASB 61 is related to what is referred to as component units, and in Troutdale that would be our Urban Renewal Agency.

The last two items are likely to increase our costs of the audit in the coming year or two as those are phased in.

The final item is page 101 of the CAFR, which is their report for requirements for the state regulations. I noted the compliances in the staff report. They look at deposits, indebtedness, budgets, insurance, highway revenue funds, investments, public contracts and schedule of accountability of Elected Officials. They noted no exceptions in these areas as a result of their testing.

Council had no questions.

MOTION: Councilor Anderson moved to adopt a resolution accepting the Report of the Independent Certified Public Accountants on the audited financial statements of the City for the Fiscal Year ended June 30, 2011, the Management Letters (SAS No. 115 and SAS No. 114), and the OAR 162-10-000 required communication. Seconded by Councilor Daoust.

VOTE: Councilor Thomas – Yes; Mayor Kight – Yes; Councilor White – Yes; Councilor Allen – Yes; Councilor Daoust – Yes; Councilor Ripma – Yes; Councilor Anderson – Yes.

Motion Passed 7 – 0.

9. STAFF COMMUNICATIONS

Craig Ward stated we had previously discussed that there would be an opportunity for the Council to establish an Adhoc committee to represent us in some discussions with a delegation from Metro of their Elected Officials regarding Title 13. There were several of you who volunteered, but I think it is important that we limit our delegation to no more than three Elected Officials. These are preliminary, non-binding conversations that we will have with Metro. The goal is to bring back a proposal to both elected bodies to see if we have common ground for concluding our issues over Title 13.

Mayor Kight stated I would like to set up a separate stand-alone committee, not to be blended with any other. Councilor Daoust, Councilor Thomas and Councilor White have all indicated they were interested in being on this committee, is that correct?

Councilor Daoust, Councilor Thomas and Councilor White confirmed they were interested.

Mayor Kight stated lets establish that committee with these three Councilors. Mr. Ross, do we need a motion?

David Ross, City Attorney replied a motion might be helpful.

MOTION: Councilor Anderson moved that we appoint Councilors Daoust, White and Thomas to a committee to further investigate the issues relating to Metro. Seconded by Councilor Allen.

Mayor Kight asked do we want to call it out for Title 13?

Councilor Ripma stated it is actually to meet with Metro and negotiate.

David Ross stated it is a negotiating team.

MOTION WITHDRAWN: Councilor Anderson withdrew his motion.

MOTION: Councilor Anderson moved that we establish a negotiating team with Metro that includes Councilors Daoust, Thomas, and White. Seconded by Councilor Allen.

Councilor Thomas asked should we specify that this is for Title 13?

Mayor Kight stated that is probably not a bad idea.

Councilor Allen asked do we want to limit it?

Councilor Ripma replied yes.

Mayor Kight replied yes, I think we do.

FRIENDLY AMENDMENT: Councilor Thomas made a friendly amendment to add that this is limited to Title 13. Seconded by Councilor White.

Motion Passed Unanimously.

Craig Ward stated there is no schedule for these meetings yet. I will reach out to Metro and offer our services to conduct those negotiations.

Mayor Kight asked can these negotiations take place in an executive session?

David Ross replied no.

Craig Ward reminded the Council of the following:

- February 20th is President's Day and all non-emergency services for the City will be closed.
- March 27th is a scheduled regular council meeting, it also happens to be the Reynolds School District spring break. Does the Council have a preference on whether we should hold a meeting on the 27th, reschedule it or cancel it?
 - **Council agreed to cancel the meeting as long as there is nothing on the agenda that is pressing.**
- At the last meeting we discussed the Volunteer Recognition Ceremony. The week of April 16th is National Volunteer Recognition Week and you indicated that seemed like an appropriate time to hold this event. Staff is proposing that we hold the event before the April 16th Budget meeting. The Ceremony can start at 6:30 and then the budget meeting at 7:30.
 - **Council agreed.**

10. COUNCIL COMMUNICATIONS

Councilor Thomas stated at a previous meeting I brought up putting the MC3 discussion on an agenda; I would still like to do that.

I attended the Mt. Hood Cable Regulatory Commission's Annual Retreat on Saturday and we talked about a number of things that have occurred over the last ten years of the franchise with Comcast, and all of the positive things that have happened as a result of that franchise. The staff, in conjunction with Metro East and Portland Community Media, put together a fantastic presentation. I would like to have them come and give that presentation to the City Council on April 10th. It would be a 15 minute presentation. The presentation is very informative as to what the benefits of the Cable Commission have been to Troutdale and the rest of the surrounding communities.

Mayor Kight stated the Boot Barn, located in the former Culpepper building, is expecting to open in three weeks. I also visited the dog grooming parlor and they are adding employees, so business is looking up on the main street. Tonight being Valentine's Day, the restaurants in our downtown are doing quite well.

Councilor Allen read two statements, attached as Exhibit B.

Councilor Daoust stated that is a good statement. I do wonder whether Metro really wants to negotiate. From what I can tell they are open to negotiating, but I guess time will tell. To address Councilor Allen's thoughts on having a consultant do the work for us, maybe instead of the three councilors named here tonight. After the first meeting with Metro we will see if they are really open to negotiating on Title 13. It is an open question in my mind at this point given the amount of publicity that Metro has thrown at us on this issue. Maybe we should consider Councilor Allen's recommendation after we meet with them and see how things go.

Councilor Daoust asked when is our goal setting work session going to be scheduled?

Craig Ward replied it is our goal to bring it forward. It is a matter of freeing up staff time with all the issues that we have right now. This really does require a team effort of our staff. We have so many people doing so much right now that it is tough to drop other items off of the list to focus adequately to present a set of coherent assembled recommendations from all of the goals that were suggested. I will give it my best shot to schedule that as soon as we can.

Councilor Daoust stated we did brainstorm a lot of council goals, or ideas. It is just a timing thing. Do we need to hold this meeting before the budget meetings?

Craig Ward replied I am confident that we can have that to you before the budget meetings.

Councilor Anderson stated I want to express how proud I am of the seven of us for standing firm on Title 13. It is a testament to us and our beliefs for our community as well as our residents. I think it would be wise for Metro to go back and read the summations of all of us that night, because there were some wonderful pros dictated by Mayor Kight and especially Council President Daoust. I would caution that Metro dial down the rhetoric. I am offended by it. It is if the attitude is one of The Godfather and Don Corleone, where we are supposed to just kiss the ring and all will be okay. I think I am fair in saying that. I am looking forward to finding out the work that Councilor Daoust, Councilor Thomas and Councilor White can get done.

I want to commend you Mr. Mayor for your State of the City Message; I thought it was well done. One thing stood out to me. When we have talked about urban renewal publically we tend to neglect mentioning our partners at Eastwind. It is not the City of

Troutdale's urban renewal, it is the City of Troutdale and Eastwind's urban renewal. I want to commend you for including that in your State of the City Message.

11. ADJOURNMENT:

MOTION: Councilor Ripma moved to adjourn. Seconded by Councilor Anderson. Motion passed unanimously.

Meeting adjourned at 9:25pm.

Mayor Jim Kight

Approved April 10, 2012

ATTEST:

Debbie Stickney, City Recorder

Exhibits A and B can be viewed in the February 14, 2012 Council Meeting Packet (attached to the minutes), or in the Microfilm.