MINUTES
Troutdale City Council – Work Session
Troutdale City Hall – Council Chambers
104 SE Kibling Avenue
Troutdale, OR 97060-2099

Tuesday, February 18, 2010

Roll Call

PRESENT: Mayor Kight, Councilor Hartmann, Councilor Wand, Councilor Thomas, Councilor White, Councilor Kyle and Councilor Daoust.

ABSENT: None.

STAFF: Dave Nelson, City Administrator, Charlie Warren, Public Works Director; Scott Anderson, Chief of Police; Rich Faith, Community Development Director; Erich Mueller, Finance Director; and Debbie Stickney, City Recorder.

FACILITATOR: Sam Imperati

GUESTS: Mike Goss and Todd Pilcher

Introductions, Ground Rules, Meeting Goals and Agenda Review.

Sam Imperati stated tonight the Council will have a philosophical discussion about the current fiscal state, and look at some options and spending priorities for the next fiscal year. This is not a budget session. The focus for tonight is to figure out where the rubber meets the road so that staff can prepare a budget. This is not a discussion about your 10-year vision or about your 5-year goals. Staff needs some general, but clear, direction on your priorities for the upcoming year.

Overview of Column G Items from 2-11-10 Work Session

Charlie Warren, Public Works Director, briefly reviewed the items on Pages 1 and 2.

1. Sewer user fees. One of the primary things discussed last week was the necessity to empty at least one-third of the sludge pond. We also discussed the Vac-con truck, which is a $250,000 purchase, and the addition of a full-time person.
2. Sewer Improvement Fund - Sanitary Sewer System Development Charges (SDC). This fund was approximately $200,000 short in the prior fiscal year, and this year it may be higher than that. In 2011-12 the fund may actually be broke. SDC's for sanitary sewer are in bad shape and funds are not coming in.
3. Water User Fees and SDC Funds. There are no real problems with this fund. Well #5 is up and running. We listed $1.4 million for the addition of Well #9.

4. Street User Fees / **5.** Street Improvement Fund SDC. This is another dismal account where SDC's and user fees are in bad shape. Our street rating is now at 74 out of 100 and going down. If SDC's are reduced in the next year the Street Improvement Fund will probably be broke in another year.

6. Storm sewer user fees and SDC fees are doing great.

7. Environmental Services. These are things that are done on an on-going basis that don't have a specific charge to them because it is mostly personnel.

8. Energy. This is where we talked about have an energy audit done for the city that would prioritize projects that could be done. We are already working with Energy Trust of Oregon on some public works projects for energy conservation methods. I have listed $50,000 for the study and an additional $100,000 for the first project.

Charlie Warren stated what I am looking for from you tonight is: 1) direction about our fees and SDC's and whether or not we should be advocating for an increase in the next fiscal year, and 2) ideas about what we are going to do about the street funds. We could go with a user fee for our streets to increase that fund. If we charged $2 per property owner per month, that would get us $100,000.

Scott Anderson, Chief of Police, briefly reviewed the items on pages 3 and 4.

1 & 2. Communications. Communications in the world of police business is absolutely critical. I don't know how you could send an officer out without a radio device or an MDT.

3. Car Video System. These are a valuable tool, and they are a safety tool as well. They help us capture evidence. Although these are not mandated by necessity, it was something that the council agreed that we needed to have.

Chief Anderson stated I want to touch on the area of community policing. My job as Chief is to take us into the future and that means that we want to be as proactive and preventative as we can be and to make good investments where we can see some long-term returns on our dollars. We have a long way to go. One of the things that we have done is crime analysis; we want to continue to work towards keeping our neighborhoods safe with neighborhood watch. We don't have that position in the city and we don't have a volunteer yet, but those are the types of programs that we absolutely need. Although they are not necessarily mandates, it would be a big drawback for us if we weren't able to progress in that area.

Rich Faith, Community Development Director briefly recapped the items on pages 7 and 8. Of the seven presented to you last week I just want to focus on four items I need some decision and guidance from the Council on.

2. Periodic Review. How serious are we going to be about planning for the future of our community? How much effort do we want to put into that? Are we serious about trying to gage or capture the goals and aspirations of our community and fold that into a long-range plan for the future growth and development of the city. In terms of the work program that we have submitted to the State, based on the direction I received from Council, I think it is minimal. We are addressing only goals that are required to be addressed under periodic review. But we do have a plan that is twenty years old and was completed when our community was only half the size we are now. It is just a question of how much effort we are willing to put into trying to get feedback from the residents and folding that into our periodic review work. Even though we have a grant, the question is how much in-house staff time do you want to devote to administering that grant, hiring and assisting consultants in areas of housing, economic development, historic preservation, and other things that our Citizens Advisory Committee (CAC), and through the Council's approval of our work plan, have already said that we think are important areas.

4. Parks. We talked about the reductions in our staffing level this current fiscal year and I think we are now beginning to see what that means in terms of the condition of our parks and open spaces. Are we satisfied with that level of maintenance? Is that the new standard or do we wish to get back to the level that we previously had? One suggestion is to add back 1 FTE at $51,000/year. Charging a parks maintenance fee is an option. We have discussed increasing the building rental fees which could go directly towards the upkeep of our buildings. Equipment replacement is an ongoing issue.
5. Park Improvements adopted in the Parks Master Plan. These are outlined in our Capital Improvement Plan (CIP) and they are the basis for the Park SDC's that we collect. We have approximately $1 million available in that fund. The question is do we want to start spending some of that money to start working on some of the park improvement projects that are identified in the Master Plan and CIP.
6. Facilities – Building and Park Rentals. We will be bringing forward a resolution to Council to increase the rental fees. The question is should those funds be dedicated strictly towards upgrading a building, several buildings or all of our buildings.

Rich Faith stated those are the four key decision points that I would like some direction on from the Council.

Dave Nelson recapped the items listed on page 9.

1. Web Page Redesign. We are estimating that it will cost $25,000 to redesign the web page.
2. Champion Newsletter. We budget about $10,000 for the Champion right now and we are estimating an additional $15,000 to make some changes to the newsletter by increasing the size, improving the quality of paper it is printed on and adding color printing.

Council Comments

Sam Imperati stated there a few options with how we can proceed. 1) We could go through each of the Column G items by department that you want to talk about; 2) We could have the philosophical spending priority discussion first; 3) We can talk about your work plan objectives at a broader level for the upcoming fiscal year. At a minimum staff needs to come away with some feedback and clear direction on the Column G items.

Council discussed and decided to have the philosophical discussion first.

Council had a philosophical discussion, and Sam Imperati created the following list:

- Police – traditionally important
- Public Works – sludge = health and safety issue
- Establish absolutely critical items
- Fire Department – renegotiate
    - Public safety and health
    - Contract out - feasibility
    - Basic functions/responsibility
- Prioritize
- Scope of periodic review
- Stability in our Code
- Maintain assets
    - Look at user fees
    - Maintenance issues of city facilities
    - Evaluate SDC's
- Conservative
- Parks – use some of the money in the Parks Improvement Fund to do some capital improvement projects
- Will staff be recommending any positions to not be funded in 2010-11
- Full-time employees versus seasonal employees for parks
- Contracting out city services
- Balance between infrastructure, public safety, and community impact.
- Comparable percentages - department impact on total budget (visual charts for budget process).
- Revisit Parks Capital Improvement Plan – prioritize projects
    - Local purchases
    - Have Parks Advisory Committee provide a recommendation
- Fees - consider short and long term ramifications.
- Maslow's hierarchy. Base of triangle (largest piece) = police and fire; second level = infrastructure (sewer, water, streets); third level = parks; etc.
- Police facility
- Level of risk Council is comfortable with for investments (recent example is Drovers Trail Road – $1.5 million line of credit; if development doesn't happen the General Fund is liable to pay back that $1.5 million)
    - Project vs. invest vs. keep
    - Opportunities
    - Leveraging dollars – projects

Sam Imperati called for a break at 7:24pm and reconvened the meeting at 7:36pm.

Sam Imperati stated now we are going to go through Column G and have you give some specific guidance to staff.

Council discussed how they wanted to proceed and decided to have staff inform them of the items that are the bare minimum for critical functions, then staff can create a prioritized wish list to present to the Budget Committee.

Mike Goss asked are there any key deadlines? For example, is there any equipment or vehicles that we cannot use past a certain date?

Chief Anderson replied there are certain deadlines for the communications stuff that is coming online that we have to absolutely meet. There are three steps to the MDT's and to all of the communication equipment. The first thing is called CadNext (CAD stands for Computer Aided Dispatch which is the emergency dispatch system at the Bureau of Emergency Communications. CadNext refers to the next rendition or upgrade of the CAD system), which is mandatory to have online by April of 2011. The next project is regional communications, which has an implementation date of 2013 to have all five counties on the same communication system and sharing information. Item 3, the car video system, is a Council mandate. Police officers can conduct their work without that system but it is something we were told we would do, so if you want to undo that I would need direction from the Council. It is cost effective to have them and there are so many benefits that it is as close to a mandate as you can get without being a mandate.

Council discussed the car video systems, and agreed there is value in continuing to have these systems in the police vehicles.

Chief Anderson discussed the police facility (item 4 on page 4). The reason we have listed purchasing the Saturn facility as number one under this item is because I am trying to be prudent and realistic. We absolutely need a facility and we know that it is going to be tough to do with the economy in the state it is in right now. However, the Saturn facility would probably be a more cost effective venture than constructing a new facility. I want to conduct a survey. I believe that if we have a smart marketing plan we can pass a bond levy for the facility, but it needs to be something that is going to palatable to the voters. I think if we look at the Saturn facility we will have something that is more palatable than perhaps a new facility. It is certainly not what I would say is critical today, but at what point does a facility become critical? It is after there is a huge disaster and we are not able to handle it or communicate properly and as a result lives are lost and/or property is damaged? I think you would all agree that at some point we need a police facility. We are trying to look at options that may be more feasible than what we had before.

Councilor Thomas stated if we are going to look at that type of a facility I would ask that we look at the other costs. For one, we would be taking a prime piece of retail real estate off of the tax rolls, so we might want to look at that when we look at the total cost of the project. I do think it is an excellent option.

Mayor Kight stated historically the police station has always been located in downtown. I am wondering if we will get pushback from the business community, and the community at large, for moving it out of the downtown.

Chief Anderson replied that is a question that we would need to ask. Police officers are already out in the community when they are dispatched, we are not a fire station where we meet in the station and get called out. I think that what we need to look at is something that is palatable from a financial standpoint and we have something here that is an option that if we pass up we may regret later.

Sam Imperati stated does the council have some guidance to give to the Chief on whether or not you want to go forward with a survey?

Councilor Wand asked the survey is about finding out what the public, in general terms, is interested in, correct?

Chief Anderson replied yes.

Councilor Wand stated I am wondering if you would be supportive of considering engaging in a process similar to what we did with the library siting. With the polling you get a snap shot, but if you engage in this broader discussion with the entire community not only do we get a better understanding as to whether the Saturn facility is a good place, but you also have a discussion about what the community will support.

Chief Anderson stated that would be an interesting question because you are going to try and find out what is most on their mind. Is it the finances, is it the location or is it a combination of both.

Councilor Kyle stated last week I think we talked about part of that poll being an online form, and perhaps alerting folks through the Champion newsletter that the poll is online. We should conduct as many polls as possible.

Dave Nelson stated we may want to talk about trying to do the survey in this budget year. If you are trying to put the bond on the November 2010 ballot the deadline to get it to the County is September 2nd.

Dave Nelson stated while we are discussing the police facility I want to take a moment to give you a brief update. At the direction of the Urban Renewal Agency, Mr. Mueller and I met with Mr. Yoshida and his president Matt Guthrie this afternoon. Mr. Yoshida is very interested in doing a public/private partnership with the City. One of the options is that everything remains the same with the Urban Renewal District and our property located at 2nd and Buxton (the City Conference Building or CCB). Mr. Yoshida would be interested in building a Police and/or City Hall facility that he would finance and build on our existing property where we would enter into a lease agreement with him. Mr. Yoshida would also be interested in doing a land swap where he would let us own his land that is located in the Urban Renewal District and we would give him our property on 2nd and Buxton (CCB property). He would still build a

Police and/or City Hall facility and still lease it to us, but then we would own all of the property in the Urban Renewal District. Mr. Yoshida is still interested in building the indoor soccer facility in the Urban Renewal District whether he owns the property or we own the property.

Sam Imperati asked the Chief to review the items that don't fall under the first tier of "must have".

Chief Anderson reviewed items 7-9. **Item 7**, forensic services. For major crimes that are investigated by the interagency teams of Gresham, Fairview, Troutdale and Multnomah County, Gresham PD was providing that service to us. They still do for the major crimes like a homicide or very serious crime, but for a rape, robbery or similar situations where we need forensics or crime scene technician help, they have stopped providing that service to us. I have been discussing the possibility of contracting for those services with Gresham. **Item 8** – Crime analysis. We have a $21,000 grant (3 year grant for $7,000 each year) that is supporting our crime mapping and crime analysis. That won't go very far; we will probably use that up in the first year. Right now we can get along. It will keep us idling as far as being proactive and actually building a crime trend analysis, which is something that I think is very important. We have been doing without but this is the future of policing. I can't push you to say it is critical, all I can say is when we want to establish a crime pattern to put an end to a string of crimes, this is how you do it. I would like to put the minimum amount in the budget and get an intern for this position. We can probably get a student from PSU or Mt. Hood Community College to do this work at a reasonable amount, probably less than $10,000 a year. **Item 9** – Vehicles. We did not replace any vehicles in this current budget year. I am concerned about our fleet, but it is not critical. We can run these cars for many more miles but at some point and time it does become a safety and maintenance issue. The direction I need from you is what you want our fleet to look like as far as maintenance and rollover. Do you want it to stay fresh so they are safe or do we want to limp along again this year?

Mayor Kight stated I would ask that you look at the possibility of leasing the vehicles instead of having a major capital outlay of $60,000.

Dave Nelson stated I looked into that 3 or 4 years ago and at that time in the long run it was more expensive.

Councilor Thomas stated leasing in general is not cost beneficial. Because we didn't replace any vehicles last year we should look at trying to replace 2 or 3 vehicles this year, otherwise the following year we will have to look at replacing 4 or 5 vehicles.

Mayor Kight stated what you saying is exactly what Charlie Warren was talking about by expressing a principle of not waiting for the wheels to fall off of the car, but instead do things incrementally.

Councilor Wand stated but you have to weigh police cars against some of our other critical needs. That is why the philosophy is so important. If the Chief says other items I have are critical, I can make the vehicles last another year, and if Charlie Warren comes to us and says if we don't take 1/3 out of the sludge pond we are up a creek, then that is where we have to have that balance.

Councilor White asked the Chief for his opinion about replacing the code enforcement officer position. Is that something that the police department can handle?

Chief Anderson replied we cannot pick up those duties. We are not going to ask for any additional FTE's but I am telling you we are running on fumes with our personnel. There are times we are incurring overtime because the minimum staffing is not being met. Philosophically, I am absolutely for code enforcement. It has a huge impact on the livability of your community. Having said that, if you told me that we are going to eliminate that but we expect the police personnel to pick up the duties, I would tell you we have a problem. I am not going to prioritize lawn mowing over someone being able to respond to a 9-1-1 call for service.

Mayor Kight stated maybe we could find out what it would cost to contract out that service.

Chief Anderson replied administratively when you start doing that there are some hidden costs for staff to coordinate that. We have to have the courage to tell the folks what services we can provide and why we can't provide service.

Councilor White asked how has it been working to have the code enforcement position at half-time?

Chief Anderson replied we have seen an increase in public dissatisfaction from the standpoint that there is more of a time-lag in getting to things and getting back to folks. There are times when it is fine, like the winter months. I would say we are okay with the half-time position, but obviously it would be better if it were full-time.

Charlie Warren stated I want to start with the user rates for sewer – Item 1. I would like some clarification from Council as to whether or not I have convinced you, specifically in the sanitary sewer fund, that we need to raise those rates in order to maintain the basic mandated level of service. If the answer to that is yes we want to raise the rates enough to get the $100,000, then do you want to take the next step past that which is to raise the rates enough to where in the foreseeable future we can actually maintain our system and not just limp along in an emergency basis.

Councilor Kyle stated I don't want to limp along.

Councilor Thomas stated I don't either.

Mayor Kight stated it always makes sense to do things in increments as opposed to waiting until there is failure and having to replace it. I know you are talking about the sanitary sewer, but another example is the roads.

Councilor Thomas asked would the rate increase also cover the bond?

Charlie Warren replied it is not possible to do that with user fees. Where we are deficient is in our system development charge (SDC) funds.

Councilor Thomas stated I realize that, but it supposed to be 1/3 user fees, 1/3 SDC's and 1/3 taxes. In the past it has been a combination; not only did the property tax rate go up to help cover that shortfall but there has been some increase in the rate itself to pick up some of that. Are you talking about just raising the rate for the operational piece, which I would prefer? For covering the debt for the treatment plant I would prefer to see that come from the property tax because at least then the property tax payer gets some tax advantage.

Charlie Warren stated I agree. The bond is scheduled to be paid off in 2017 so you don't want to build into your fees something permanent that is going to extend beyond there.

Councilor Wand stated at the budget meetings I asked whether or not the increased property tax portion of the payment towards the sewer bond could be considered a loan from the General Fund to the SDC Fund. I have never received an answer to that question. If we sold this bond to the voters as 1/3, 1/3, 1/3 and now we don't have 1/3, 1/3, 1/3 then somebody loaned money to somebody else to cover the 1/3 that is supposed to be coming from the SDC's. Have you considered in your future analysis for the cost of maintaining the sanitary sewer whether or not we can repay the money that we have been spending out of the General Fund to replace the 1/3 share from the SDC's that they have defaulted on?

Charlie Warren stated the General Fund isn't loaning any money for the bond payment.

Erich Mueller stated what was represented to the voters as the best intentions, the plan, the desire of the council at that time was the 1/3, 1/3, 1/3. What was on the ballot and what the voters approved was a general obligation bond with a levy. What is approved is 100% of the debt service can be serviced by a property tax levy; that is what was legally approved. What we represented to them as our plan was that we wanted to have the ratepayers who are using the system share in the cost of the new treatment plant, we wanted the SDC's to share in the cost because it was system enhancing and the property taxes would share in the investment of the infrastructure or assets of the city. That was the general desire. What was sold in the marketplace, and a critical point being what the bond purchasers (investors) got was assurance that the voters approved a full property tax levy availability. If we all of a sudden started charging zero to our ratepayers and we never collected another nickel in SDC's, there was a property tax levy authorization by the voters to service the debt. It is an additional levy beyond what we get for our normal property tax. The General Fund isn't loaning any money, it is how much more we levy on the property tax owners in any given year to service the debt.

Councilor Daoust stated we didn't approve a minor increase (less than $2.00/month) in user fees about six months ago. What you are asking again is if you bring it up again would we consider it?

Charlie Warren replied not just can I bring it up, but at what level can I bring it up. Is it just enough to cover the $100,000 just to get by, or am I going to come back to you at a level where I feel we can build up enough in our user fund so we won't have to come back to you with a major new thing next year.

Councilor Wand stated when we had that discussion last year one of the questions that came up was what are you going to do next year; what is your position going to be if the economy doesn't improve? The discussion that I recall was that our intention was to delay, but not deny forever. In other words if the increase that we kicked down the road last year was $1 and you were intending $1 every year, the discussion I remember was to come back in a year and ask for $2 and make up for that prior year.

Councilor Thomas stated we don't have to wait until budget to increase the rates.

Charlie Warren replied that is correct; we could do that now.

Councilor Thomas stated we could increase the fees now and have an incremental adjustment later if we wanted to do that.

Charlie Warren stated if you are open to that I can do that.

Mayor Kight stated I would look at implementing automatic incremental increases every year until it reaches that ceiling.

Charlie Warren stated that gives me good direction. Item #2 - The $200,000 deficit in the sanitary sewer system development charges; I don't think there is a thing we can do about that tonight so I am not asking for anything. I am just letting you know that unless things change this fund is broke. Item #3 – I am assuming that you want no change in the water user fees and water system development fees. We aren't doing great but we are hanging in there.

Councilor Thomas stated last year you asked for an increase. Why isn't it important this year?

Charlie Warren replied I have established that I can justify doubling sanitary sewer and water user fees. But with the state of the economy I am not bring that forward for water. Sanitary sewer is in dismal condition so we need action on that. If you want to do something in water it would help us towards replacement, but don't think that even $1 or $2 per month will get you anywhere close to the actual replacement.

Councilor Thomas stated but it will help with the operations.

Charlie Warren replied absolutely, so if you are open to that let me know.

Councilor Thomas replied I think we need to because I sure don't want to hit folks with $2 next year.

Councilor Kyle that is my opinion also.

Mayor Kight asked if we increase the rates where will that money be directed to, projects or labor?

Charlie Warren replied in the water and sanitary sewer user fees there are three components: personnel, material and services, and capital outlay. Primarily these will be for personnel and material and services.

Councilor Daoust asked and Well #9?

Charlie Warren stated Well #9 would be something if you increased rates by $10 then we could start putting some money away for that. I am getting a mixed message on the water, so what I will do is include it and you can say yes or no.

Councilor Thomas stated I think we talked about having the rate increases decided before we get to the budget process.

Council was in agreement to have staff bring back a proposal for rate increases prior to the budget meetings.

Charlie Warren asked the council if they were interested in a street user fees that would be included on the utility bill?

Council consensus was no.

Charlie Warren stated the last issue I want direction on is whether or not we propose to have a citywide study done on energy. We could hire a professional, which would cost about $50,000, and have them prioritize all of the energy concepts out there, then you could consider a project.

Councilor Thomas replied I would like to do that.

Councilor Wand stated I would consider that to be the only way to move forward in energy, but I also feel that this is not the time for us to spend a penny of taxpayer dollars looking at those types of issues. Energy is not on the list of priorities for our municipality. We are charged with doing things that are far more important.

Councilor Kyle stated I don't agree. I think if there is a way that we can save energy than I would be open to that. However, I would be open to that after we hear the proposal that Dave Nelson brought up earlier from his meeting with Mr. Yoshida. After we have that discussion, if that doesn't look like an option, I would be totally open to an energy study because I think it is important to do whatever we can to see how we can save energy. Whether our landscaping is efficient, are windows are efficient, or we need insulation someplace, I am absolutely open to that.

Councilor Wand stated that wasn't what I was thinking, so maybe I misunderstood. I agree with Councilor Kyle, if we can change our buildings to save energy I would go for that.

Charlie Warren stated when I discussed this at the last meeting I said we are going to list all of these things but what we may find as the best bang for our buck for saving energy for the city is windows and insulation. Oregon Energy Trust does a lot of that; we are doing that at the Public Works Department as we speak. But they may prioritize wind turbines, solar, etc. as being the best project for our money to be spent on.

Councilor Thomas stated anything we can do to save energy is good. I like the idea of having an energy audit, however I would like to see it done using grant funds not city funds.

Councilor Daoust stated I agree with Councilor Wand. When we are talking about possibly having to lay off employees, this definitely falls in the category of absolutely not critical.

Councilor Hartmann stated I tend to agree with Councilor Kyle and Councilor Thomas.

Councilor Wand stated if we can find a grant to do a study to find out how we can make our buildings more energy efficient; that is a different ballgame.

Charlie Warren stated I can set it up in the budget that we are going to have a $50,000 study that will be funded with a grant.

Sam Imperati stated what I am hearing is an openness from some members of the council to look at an audit of existing facilities and saving money, and less of an openness to look at wind mills and other things.

Charlie Warren stated that is what I am hearing as well.

Councilor Wand stated I would almost prefer that we spend a small amount of General Fund money to refer the issue to the voters to ask the citizens if they want us to modify our charter and start making our own energy.

Sam Imperati stated we need to move to the next department.

Erich Mueller stated before we move on, I want it to be clear that the Council is making the judgment that they would like to have the roads in Troutdale decrease in quality versus looking at any kind of revenue source of a street fee in order to fund maintaining or improving the streets. What I heard is we are not going to try to find a way to address that $425,000 to $450,000 gap for street funding.

Councilor Wand stated that is not what I decided. You are saying that the only thing that we can do is a street fee or we lose our roads; I disagree with the preface of that.

Erich Mueller stated I did not say lose the roads, I said have the quality of the roads decrease.

Councilor Wand stated I fundamentally disagree with the preface of that argument. I believe that when we go through the process that we are going to talk about later, and we look at the other savings that we might be able to achieve within this city, that we will have funds available to direct to our roads. It isn't only a choice between raising taxes or having the quality of our roads decrease; there are other ways to accomplish what we want to accomplish.

Erich Mueller replied I fundamentally disagree with that.

Councilor Wand stated we haven't talked about a work plan for the type savings that we can achieve by looking at contracting out for some of the employees and some of the city services that we have. I don't know the answer to that, but until we have gone through the process and studied that and determined whether or not we can save money, I don't think we can go to the voters and draw the conclusion that Mr. Mueller just drew. We haven't done those fundamental things that the voters who resist tax increases ask us to do, which is look at our own house and look at ways that we can save money that we haven't thought of yet. I am not just talking about cutting everything by 5%. I am talking about how we can restructure this city and do things in a slightly different way that might be unique to Troutdale that could save us money. We haven't done that analysis and that is why I am disagreeing with Mr. Mueller.

Erich Mueller stated if that is an exercise that you need to do that is fine. I am already there.

Councilor Hartmann stated we need to put our money where our mouth is; I don't want to go through another budget cycle next year without having those answers. We need to make sure that we give direction to staff to say how are we going to answer this question for next year and do you need budget funds for that, and that it is priority one.

Mike Goss stated I agree with Mr. Mueller. From a planning standpoint you cover each of the topics at the time they are on the floor, you don't pass on them and hope you are going to make them up with spare change later, and that is what you are saying.

Councilor Wand stated no, what I am saying is we haven't got to the part of the presentation where we talk about a work plan for next year.

Mike Goss stated you have a specific item that Mr. Warren had on the floor about roads. It is not a wise business practice to say I am not going to give you an answer about the roads, we are going to come back to it later. We should address it when it comes up and not hope that we are going to find spare change later.

Councilor Wand replied in the next twelve months when we go through a process of reorganizing and looking at the city for efficiencies, the roads are not going to so appreciably deteriorate that they are falling down. What Charlie said last week is that we will lose about five points over the next year in the quality of our roads if we don't spend $400,000. That is $400,000 that we don't have, and that $10 a month per resident won't raise. If we spend the next twelve months productively to find ways to gain efficiencies in the City and keep faith with the voters, then next year we can make a decision whether or not we have found enough and done the things to keep faith with the voters and if we have then we talk about something else.

Mike Goss stated aren't you ignoring the compounding of the problem this year by saying that.

Councilor Wand replied Charlie Warren hasn't indicated to us that the compounding of the problem will occur in the next twelve months.

Sam Imperati stated we are not going to resolve this tonight, and that is not the intent of tonight's meeting. Clearly there will be further discussion during the budget process on this topic. Let's move on to Community Development.

Rich Faith asked the Council how serious they are about the periodic review that we have to undertake.

Sam Imperati interrupted and stated what I have heard several times is the "bare absolute minimum" approach is to look at those aspects of the periodic review that you have to do; that would be the first level. Then there is this more robust approach that involves the community and getting a true sense of direction and that will cost money in the form of staff time and/or another poll, task force, etc. Do we need to add an additional FTE just to help with the core work even if we go forward with only doing the minimum? Let's take this one at a time. If you were to do the public outreach piece, what are we talking about in terms of staff time, or the cost of a survey or consultant?

Councilor Thomas stated I thought we already did that piece about a year ago.

Rich Faith replied we put one survey in the Champion and we got 72 responses, if you feel that tells us all we know about what the community aspirations or desires are for the future growth of the community, then we are done. I think that falls short of what is normally considered to be a full public outreach effort to find out how people feel on various issues like housing density, economic development, commercial uses in the community, etc.

Councilor Thomas stated conversely you could say that everybody else is happy with the way the city is now. People tend to respond to surveys like that if they are unhappy. Those that are generally happy with the way things are going probably wouldn't take the time to respond.

Rich Faith stated surveys are just one approach. Customarily you would have some open houses and community work shops where you invite the public to come in and ask them what issues are on their mind and you start looking at the current zoning.

Councilor Thomas stated I have attended many open houses and the only folks there are staff and councilors.

Councilor Kyle stated sometimes there are others.

Councilor Wand stated interest groups come.

Rich Faith stated this is a healthy conversation. Is this really worth a major public outreach?

Councilor Thomas stated what we have said from the beginning was to do the minimum. The question I have is if we didn't provide you with that extra person, what wouldn't get done?

Rich Faith replied I am not going to say it isn't going to get done, it just means that we will retain the consultants that we have the grant money for to work on specialized tasks and we will tell them that we are not looking for any major public outreach and we don't plan on doing a lot of public meetings, they just need to look at the issues that are required under state law in terms of addressing the housing goals, economic opportunity analysis, etc. Basically ask them to do the minimum and don't invest too much into public participation.

Council agreed that was the direction to take for periodic review.

Sam Imperati stated item 4 on page 7.

Rich Faith stated it is not necessarily that we have to have a park worker, all I am trying to say is if we value the park system and we want to get back to a higher level of maintenance than what we currently have based on the staff reductions, then we can accomplish that by adding more staff, adding more seasonal employees or you could consider outsourcing all or a portion of parks. One idea was that the increase in personnel could be paid for with a parks maintenance fee, but I think I heard a resounding no on the idea of a maintenance fee being added to the utility bill. There is also the issue of replacing vehicles and equipment and whether or not we are going to try and accomplish that this year or put it off for another year.

Councilor Thomas stated regarding vehicles I would like to know what the cost of maintenance is versus the value of the vehicle. If you are spending $2,000 to $3,000 a year to maintain a vehicle valued at $5,000, then it doesn't make sense to continue doing that. It would make more sense to spend $15,000 to purchase a new vehicle and replace it then to continue to maintain it. That is the information that I would like to see when I am trying to prioritize the parks budget. I would love to see more money spent on parks. I would rather do preventative maintenance than catch-up maintenance.

Mayor Kight stated instead of each person having their own vehicle, maybe that vehicle could be shared with 4-5 employees and they could be dropped off at their work site and then they would be picked up and taken to the next site. I would like to know how many vehicles are currently in the system and could there be a reduction in vehicles and still be able to get the same work done.

Councilor Daoust stated you know how much I support parks, but I am also a budget guy and I have to put this into perspective with all of the other requests in the budget. Honestly, I just can't see any of this going forward.

Rich Faith replied I appreciate that. I think it is healthy to have this dialog.

Councilor Wand stated I agree with Councilor Daoust. I really believe that we should be looking at other options for parks, including a cost benefit analysis. In connection with that, if that is a process that takes us 6 months or a year, then we shouldn't invest in additional vehicles if it might end up that we could save 50% of our costs by contracting out this service.

Mayor Kight asked when you say contracted out, there is contract as in hiring seasonal workers, then there is contracted out as in we hire a landscaping firm and they maintain the parks. Which one are you referring to?

Councilor Wand replied I want to look at all available options. I also want us to consider in that analysis the ongoing costs for PERS and other costs. This is an opportunity for us to make sure that we are doing things as efficiently as we can possibly be doing them. If we don't take this opportunity now while we have declining revenue, I think we will miss it because when revenues are increasing there is no pressure to take a look at efficiencies like there is now.

Councilor Thomas asked if you are going to do these studies where are we going to get the funds to do them?

Councilor Wand stated I am not suggesting that we go out and hire a third party company to do this study, although I would be open to that. I was thinking management staff, and the elected officials should be involved in gathering this information.

Councilor Thomas replied I know what my schedule is and I have a pretty good idea of what our staff's schedule is and they don't have the time to do that. The only other choice to get an accurate analysis is going to take someone with more expertise than we have and it will cost a lot of money to do that. Our staff doesn't have the time to take on that kind of workload.

Councilor Wand stated I am not suggesting that it be done in the next 2 months, but we need to get serious about the priorities that we have at the elected level. We need to focus on a written task list and my proposal is that the subject matter of making the city as efficient as possible should be on it.

Rich Faith stated what I am hearing is that you are not necessarily saying that we need to have this study done by the time we adopt this budget. However, I have to agree with Councilor Thomas that this is something outside the scope of our staff. In my mind we shouldn't just be looking at one function or one department, but we should be looking at all of our operations and we should have someone with expertise do that.

Councilor Wand stated I am open to that discussion.

Mayor Kight stated maybe I can offer a compromise. We have a very large parks system for a city of our size. Why can't we take one fairly good size park and find out what the cost is for our city employees (labor, material, and equipment) to maintain that park, then obtain a few bids from landscaping companies to maintain that same park and compare the two costs. It is not citywide, but just one park that we could use as an example.

Councilor Thomas stated if we were going to do that I wouldn't use Glenn Otto Park, but maybe a medium size park. Most of the time our parks only require trash pick-up, mowing and some landscaping. What I feel uncomfortable with is asking staff to do more based on something that the council wants to do. We can gather some of the information ourselves. I would rather not put anymore burden on the staff because they are loaded now.

Councilor Hartmann stated I feel like we are talking about two separate things. One is what our vision is for parks and how we are going to fund it. The question here is what is our service level expected to be and are we meeting that service level and should we fund additional avenues to meet the service level or let it go as it is today. I am hearing that we have a service level need of a new truck and a potential need for an additional employee. If that service level need is not there for those two things then we should not include them in this year's budget, but if the need is there and we can't get through this next budget cycle without it then we should seriously consider adding it to the budget this year. We also need to take a look at this over the next year as we look at our business work plan, how we can accomplish setting the proper vision for next year's budget so we can see if our service level is where we want it to be.

Councilor Daoust stated that is where I was going when I said that I don't see any of these happening. But if you are at such a service level where you are dropping way down I would be willing to entertain something to meet that minimum service level. I was just talking about this year's budget.

Councilor White stated if you don't keep that high standard in parks then folks won't treat them as well and then I think you really start getting into a maintenance downhill in a hurry.

Sam Imperati stated on page 8, item 5 is the Parks Master Plan with various improvements and you have $1 million in available funds. When we discussed this last week what I heard was to have Rich work with the committee to prioritize the projects and present some options to Council. Is there any further direction on this item?

Councilor Wand stated yes, with each project I would like to know if it adds an increased future maintenance burden.

Mayor Kight stated if you are talking about a work project, approximately how many people it might employ.

Rich Faith replied our Capital Improvement Plan looks at our existing parks and what things would be done or are needed to meet growth demands. We look at things like adding picnic tables and shelters. Some of these projects are not construction projects where we would be hiring someone or a firm to complete. We would be going out and buying additional picnic tables which our staff can handle.

Sam Imperati stated page 9 is next.

Dave Nelson stated we need direction from the Council as to whether or not you want us to go forward with redesigning the web page and making changes/improvements to the Champion Newsletter.

Councilor Kyle stated regarding the Champion, if it isn't broke don't fix it.

Councilor White stated I think the Champion is great the way it is.

Councilor Kyle stated if we could do anything to save money by using a different paper or something like that, fine.

Debbie Stickney replied I believe that we are producing the newsletter as inexpensively as possible now.

Councilor Kyle stated we don't need colored pictures printed in the Champion; if you do want to see them in color you can view it on our web page.

Dave Nelson stated so I am hearing no improvements on the Champion. What about the web page?

Consensus of the Council was to not go forward with redesigning the web page at this time.

Next Steps

Item B – Agree philosophically to a Month (August 2010?) to start a process to plan for developing your 10 Year Vision, 5 Year Goal Setting, an Annual Work Plan, and Integration of those with the Budget Process.

Sam Imperati stated I have come up with a small number of themes that I think form your general guidance to staff in their preparation of this initial round that goes to the Budget Committee (BC). They are:

- Bare absolute minimum; start with that as your initial budget approach. Look at Maslow's theory and start with that foundational level of police, fire and public safety.
- Provide separate, distinct add packages in an order of staff recommended priority.
- Look for savings now, understanding that staff doesn't have the ability to drop everything and do a 360° efficiency review of every operation in the City. These will be presented at the Budget Committee meeting recognizing that there may be a need

to look for savings from something that currently exists in order to fund something else that you might think is more worthy than the item/service you might do without.

- Look at one thing from each department that you can consider contracting out on a trial proposal or on a savings basis.
- When preparing the “add” packages and/or “savings” present to the BC the cost benefit analysis associated with FTE’s *versus* seasonal/part-time *versus* contracting out services.
- When preparing the “add” packages and/or “cuts” provide, to the extent you can, service level commentary.
- Similarly, compare lease options *verses* purchases.
- When you are presenting the absolute minimums, add-on packages or the savings, think about and make note of short-term *verses* long-term consequences (maintain as you go *versus* letting it go and having to rebuild the dam because you didn’t caulk it along the way).

Sam Imperati asked the Council to give staff their philosophy. If we are going to have to look at cuts do you want across the board cuts or do we look at it from a hierarchy perspective? If you want across the board cuts every department takes a 5% cut. Or given these priorities consider that when you are preparing your work.

Councilor Thomas stated the disadvantage to using the Maslow’s theory is that you can create dissention among workers because they feel as though one department has preference over another. I am not in favor of doing a 5% across the board cut because some things just simply have a higher priority and have to be done. I prefer something in the middle.

Sam Imperati asked how do they do that?

Councilor Thomas stated to be fair the 5% across the board is fair.

Mayor Kight stated that is part of your problem in your comments. You are coming back exactly to that model right there. We have to prioritize what is important to this city and the operation of this city and you are going to make some people unhappy.

Councilor Daoust stated I don’t think we need the philosophy of a 5% cut across the board or by priority. All of the items you mentioned up to that point will get you there.

Council agreed.

Sam Imperati stated think about for this coming budget proposal the process that could maybe start in the next year surrounding an efficiency audit or review. You can’t do this in two months but maybe staff can think a little bit about it. If there is a desire to look at that what would it take (money, FTE, staff time, council time, etc.) to do that so we can start taking about it so when you get to this August meeting to start a process plan for developing your 10 Year Vision, 5 Year Goal Setting, an Annual Work Plan, and integration with the budget process you will have some of the work done.

Councilor Wand stated I want staff involved in this process because our staff knows better than any of us how this city runs and I believe they have something to say about where we can find efficiencies.

Councilor Hartmann stated I agree but I would have to say that over this past year we have empowered them with that and then completely undercut that with our decisions in many cases.

Councilor Wand stated we have distracted them also in other areas.

Councilor Hartmann stated Council needs to make a commitment that if we say we are going to entrust our staff to come up with these proposals that when they do we have enough faith to say that we are going to follow through with making the right decision based on what is proposed.

Councilor Wand stated what I said was to empower them to work with us and give us the input for the things that they know. I didn't say that they make the decision and we rubber stamp it. I said this has to be a collaborative process because they know things we don't know.

Councilor Daoust stated being a part of the government we went through a major outsourcing activity where an outside company looked at all of the work we do and which components could be outsourced and which components are substantially governmental. You have to keep those in-house; you can't contract out certain positions. The reason we did that is because people get real territorial about their own jobs.

Councilor Wand stated maybe it involves both. Maybe we should revisit this in a month or two when we do the goal setting for the next year and come up with a process that will be successful.

Sam Imperati asked did I mischaracterize anyone's sense of these core assumptions?

Council did not voice any disagreement with the core assumptions made by Mr. Imperati.

Sam Imperati asked are there any core assumptions missing that you want to get on the table for staff to hear?

Council did not add any.

Sam Imperati asked staff, are there any further questions, clarification or direction that you would like to ask Council?

Erich Mueller asked are there any council goals or objectives that you want accomplished in the coming year apart from the analysis/review that were not included in our proposals (Column G items)?

Councilor Thomas stated at the last meeting we mentioned changing our domain name.

Dave Nelson stated that was added to the spreadsheet.

Councilor Hartmann stated one of the themes that I really supported tonight is looking inward this year and trying to find ways to be more efficient, come up with work plans. If there is a theme this year in ways that we can better service our community it would be to do that. From what I am hearing tonight it is having staff look internally at our processes, electricity efficiencies, budget issues, departmental purpose and service levels and having a good understanding so next year we can address the budget cycle a little more preplanned, a little more with open eyes. This year's budget is about maintaining and keeping a service level as close as we can to the needs that are being demanded by our community.

Councilor Thomas stated one of the challenges we have this year is with the transition of the city administrator position. There are some outside pressures that are going to be on staff and us over the next six months to get through that transition. We are talking about having this meeting in August, but if we don't have a city administrator on board at that time it is going to be more difficult to lay that out because the next city administrator may not see it the same way you do. It would be better to work with the next city administrator when we design this process.

Rich Faith stated I hope that we don't lose sight of something that has been communicated to staff as a very high priority when you start looking at the efficiencies and cost savings. That is the notion of customer service. I am sure that we could find cost savings but you have to look at that and balance that with customer service. I think we do put an importance on being accountable to the citizens of this community and providing them with the best possible service in a timely manner. You will not always get that when you contract out at a reduced price.

Chief Anderson stated that is a good point. That actually equates into efficiency as far as I am concerned.

Adjourn:

Meeting adjourned at 9:37pm.

Jim Kight, Mayor

Approved April 13, 2010

ATTEST:

Debbie Stickney, City Recorder