

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

Tuesday, February 12, 2008

1. ROLL CALL

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

PRESENT: Mayor Thalhofer, Councilor Kight, Councilor Ripma, Councilor Thomas, Councilor Canfield, and Councilor Kyle.

ABSENT: Councilor Daoust (excused).

STAFF: John Anderson, City Administrator; Debbie Stickney, City Recorder; Paul Hughes, Finance Director; and David Ross, City Attorney; David Nelson, Chief of Police; and Rodney Wilkerson, Officer.

GUESTS: See Attached.

2. PRESENTATION OF COLORS: Boy Scout Troop 174.

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

3. PROCLAMATION: Scout Month – February 2008

Mayor Thalhofer read the Proclamation (a copy of the proclamation is included in the packet).

4. OATHS OF OFFICE:

Reserve Officers Jonathan Beyers and Sean McFarland

Mayor Thalhofer administered the Oath of Office for Reserve Officers Jonathan Beyers and Sean McFarland.

5. STATE OF THE CITY REPORT - 2007

Mayor Thalhofer gave his 2007 State of the City Report (a copy is included in the packet).

6. AGENDA UPDATE

None.

7. CONSENT AGENDA:

7.1 ACCEPT MINUTES: November 13, 2007 Regular Meeting, November 27, 2007 Regular Meeting, December 11, 2007 Regular Meeting and January 8, 2008 Regular Meeting.

7.2 RESOLUTION: A resolution authorizing the Mayor to sign an Intergovernmental Agreement with the City of Gresham for grant funding for the East Metro Gang Enforcement Team.

Councilor Kight read the consent agenda.

MOTION: Councilor Kight moved to accept the consent agenda. Seconded by Councilor Kyle. Motion Passed Unanimously.

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

None.

9. MOTION: A motion to approve a \$750,000 line of credit from the General Fund to the Urban Renewal Agency.

Paul Hughes, Finance Director, stated we are on step three of our five step process to get some funding for our Urban Renewal Agency. Step one and two were to get the intergovernmental agreement approved by both the City and the Agency. Steps four and five following tonight will be to get the budget adjustments approved by the City and the Agency. Tonight we are trying to decide where the funding is actually going to come from. We discussed this topic a couple of months ago and we described a couple of different options including loans from a financial institution or a direct loan from the City's General Fund. We did solicit several financial institutions for proposals for the \$750,000 line of credit, but we only received two, one from Bank of America and one from MBank. Copies of the proposals are included in my staff report. I put together an analysis comparing the two along with an option for the loan from the City's General Fund. Based strictly on dollars and cents, I would have to recommend the direct loan from the City's General Fund because it is the most cost effective for the Agency. The lines of credits from the financial institutions both include an interest rate of 5.85% compared to the interest rate from the General Fund, which is currently 4.6%. Also, both of the financial institutions include loan origination fees that were similar, with MBank just slightly lower. I have included a couple of different examples in my analysis so you could see how the fees would calculate based on usage of the line of credit, and the General Fund loan always comes in cheapest. The next cheapest is the MBank proposal. We did discuss at one time the possibility of doing a direct loan from the General Fund with a line of credit as a back-up in case we needed it. That is an option as well. We could also just do the line of credit from a financial institution.

Councilor Kight stated there is only a 1.25% difference in what MBank would charge versus a loan from the City's General Fund. In addition we would not have any loan origination fees if we went with the General Fund. The other piece of information that I am missing in order to make an informed decision is the state of the city relative to revenue coming into the City. We all know that there is a downturn in construction permits that the City will not see. Can you help me in that regard?

Paul Hughes replied I do have some preliminary projected year-end fund balance figures. Right now it looks like we are going to come in around \$3.85 to \$3.9 million for the ending fund balance. That compares to last years ending fund balance of \$4.1, so it is down slightly from the previous year, but it is up from two years ago.

Councilor Kight stated but that is likely to change dramatically with the downturn of housing and other construction in the next fiscal year, wouldn't you agree?

Paul Hughes replied it could. I can't say for sure because we have not presented preliminary budget figures for next year yet. But the downturn in the building and the loss of Fairview and Wood Village will definitely have an impact on the budget revenues.

Councilor Kight asked how would FedEx impact that?

Paul Hughes replied we are scheduled to receive quit a bit of building permit revenues from FedEx next year.

Councilor Kight asked do you anticipate any other construction projects that would have a positive economic impact on the City?

Paul Hughes replied I am not aware of any.

Councilor Thomas stated it sounds like what you are saying is that our best option would be a line of credit and if we needed to we could go out and get a loan at a later date.

Paul Hughes replied when we say the best option it is strictly based on cost, the General Fund loan is the best option.

MOTION: Councilor Kight moved to borrow the funds from the General Fund, but also have a back-up line of credit with MBank. Seconded by Councilor Canfield.

Councilor Kight stated I like to have more than one option available. We really don't know what is going to happen economically next year. I realize we are only going to borrow \$100,000 this year and are yet undetermined what we are going to do next year, but I don't like to be painted into a corner financially.

Councilor Canfield stated I am comfortable with a direct loan for \$100,000 for now from the General Fund, however the budget for 2008-09 is an unknown thing. It just makes sense to have a Plan B.

Councilor Ripma asked is that what you are recommending? I thought your recommendation was to approve a loan from the City's General Fund.

Paul Hughes replied my recommendation is just a direct loan from the General Fund due to the cost savings. The option that Councilor Kight and Councilor Canfield are speaking to is one of the options I provided in my staff report.

Councilor Ripma stated I expected the motion to be staff's recommendation. If we end up needing to borrow the money commercially we can do it. All the ramifications of the financing we might need to do, or if we were not able to sustain a direct loan from the City, could come up a year from now or a couple years from now. I can't see taking out a line of credit as a back-up. I favor making a direct loan as needed, more or less a line of credit from the City to the Agency. I can not see a need for a commercial back-up; it would cost \$1,000. If it comes to pass that we are unable to come up with the money to lend the Agency, we might need other kinds of instruments other than a line of credit. I am not going to be able to favor the motion. I favor our Finance Director's recommendation.

Councilor Thomas stated I was thinking we were just going to go with the \$750,000 line of credit from the City initially to get this off the ground and get it started. Then when we look at what we really need, then we can go after additional funds if necessary. I don't know that having a back-up line of credit and paying the fees is worth it.

Councilor Kyle stated I would prefer to do a back-up at a later time also. I would prefer to go with the Finance Director's recommendation.

Mayor Thalhoffer stated I would favor that as well.

MOTION WITHDRAWN: Councilor Kight moved to withdraw his motion.

MOTION: Councilor Kight moved to approve a \$750,000 line of credit from the General Fund to the Urban Renewal Agency. Seconded by Councilor Ripma.

Councilor Canfield stated I thought we were only asking for \$100,000 right now.

Paul Hughes replied not right this moment; that will be next week when we approve the supplemental budget. This is authorizing up to \$750,000. Anything beyond this year can only be approved through the budget process. When we present a budget to you in April that will show what our recommended amount is for next year.

Councilor Kight asked so we would have \$650,000 left in this fiscal year and starting next fiscal year we would have \$750,000, right?

Paul Hughes replied no, we are keeping it at \$750,000 max. So if we use \$100,000 this year there will be \$650,000 available next year.

Councilor Kight stated if our Finance Director has the confidence that we are not going to affect the operations of the City in a negative way by taking out this loan, then I am going to go with his recommendation.

Councilor Ripma stated for the same reason I also go with the recommendation of the Finance Director.

Councilor Thomas stated I think it is a well thought out plan. If it doesn't work out we have other options available at a later date.

Mayor Thalhofer stated I support the motion.

Councilor Canfield stated I am going to have to go along with Staff's recommendation.

Councilor Kyle stated I support the motion.

VOTE: Councilor Kight – Yes; Councilor Ripma – Yes; Councilor Thomas – Yes; Mayor Thalhofer – Yes; Councilor Canfield – Yes; Councilor Kyle – Yes.

Motion Passed 6 – 0.

10. STAFF COMMUNICATIONS

None.

11. COUNCIL COMMUNICATIONS

Councilor Ripma stated the Boy Scouts is a wonderful organization which is about 100 years old. It is great to see them so active and effective in Troutdale and to see them here this evening.

Councilor Thomas agreed that it is nice to see the Scouts here tonight.

Mayor Thalhofer stated with today being Lincoln's birthday I have been thinking about the ordeals that he must have went through during the Civil War. I want to remind folks to keep our men and women that are in harms way in our thoughts and prayers.

12. ADJOURNMENT:

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

Meeting adjourned at 7:52pm.

Paul Thalhofer, Mayor

Approved March 11, 2008

ATTEST:

Debbie Stickney, City Recorder