



CITY OF TROUTDALE

"Gateway to the Columbia River Gorge"

AGENDA

City of Troutdale and Troutdale Urban Renewal Agency Budget Committee Work Session

Police Facility Community Room
234 SW Kendall Court
Troutdale, OR 97060

Tuesday, December 5, 2017 – 7:00 p.m.

Mayor

Casey Ryan

City Council

David Ripma

Randy Lauer

Larry Morgan

Glenn White

Rich Allen

Zach Hudson

City Manager

Ray Young

1. Call to Order, Welcome, Roll Call
2. Opening Comments from City Manager, and the Committee Chair
3. Local Budget Law, ORS 294.305
4. *Prior Year Results: June 30, 2017*
5. Current Year Budget *Snapshot*, and Economic Conditions
6. Potential Budget-Impact Items, Current & Future
 - a. External Factors
 - i. Property Taxes, PERS costs, & other...
 - b. Internal Items
 - i. URA Projects, Collective Bargaining Agreement, Debt Service, Enterprise Zone, Imagination Station 2, Depot remodel, & other...
7. Review of General Fund & Ending Fund Balance *Forecast*
8. Committee questions and discussion...
9. Meeting Wrap Up & Adjourn

.....

Save the dates: 2018 Budget Committee Meetings

- *Monday, April 16 - Police Facility Community Room – 7 p.m.*
- *Wednesday, April 18 - Police Facility Community Room – 7 p.m.*

MINUTES
City of Troutdale and Troutdale Urban Renewal Agency
Budget Committee Work Session
Police Facility Community Room
234 SW Kendall Court
Troutdale, OR 97060-2099

Tuesday, December 5, 2017

1. Call to Order, Welcome, Roll Call

Tanney Staffenson, Chair, called the meeting to order at 7:02pm.

PRESENT: Tanney Staffenson, Gene Bendt, Robert Canfield, Bruce Wasson, Rob Kodiriy, Victoria Rizzo, Corey Brooks, Mayor Ryan, Councilor Ripma, Councilor Lauer (7:10pm), Councilor White, Councilor Allen and Councilor Hudson.

ABSENT: Councilor Morgan (excused).

STAFF: Ray Young, City Manager; Erich Mueller, Finance Director; and Sarah Skroch, City Recorder.

GUESTS: David Wheaton, Troutdale Resident, and Paul Wilcox, Troutdale Resident.

2. Opening Comments from City Manager, and the Committee Chair

Ray Young, City Manager, stated it's been a few days over a year since I started working for the citizens of Troutdale. During that time I've had a chance to work with Erich Mueller and watch what he does for the citizens. I will tell you that he is the 7th Finance Director that I've worked with over the last 20 years and unquestionably he is the hardest working and one of the smartest ones that I've ever worked with. We are blessed as Troutdale to have Erich working in Finance. From my perspective, this meeting isn't so much about the numbers year to date because the oddities of municipal finance, because income and expenses can be so jumbled and inconsistent during the year, it's really hard to track how well this year is doing just on the snapshot that we're going to get right now. I think this meeting is most importantly about what happened last year since the books have all been closed on that and what we're looking forward to in the next year as you're going to be able to deal with that in the springtime. You will learn that last year we had a significant increase in our fund balance however I will expect that by the end of this year we will not have a similar size of an increase in our fund balance because we have yet to spend money on Imagination Station or on the Depot remodel which are in the budget. Together those could easily equal \$1,000,000. Second of all, in next year's budget we have several things going on that we don't know the impact of yet including our contract with the union employees which expires this next summer and we'll be negotiating a new contract. In

this economy there's no knowing what that will mean for salary increases based upon the negotiations. Also, health insurance rates are always an unknown. Lastly, the PERS increasing crisis is going to impact budgets, increasing our share year after year for at least the next 5-10 years. That is something that Erich pays very close attention to and you will see that in the budget. The only other issue that I think you will see when the budget comes out and I'll let you know now is I am considering suggesting 1 FTE increase in staffing for next year. My suggestion will be 2 half time positions, 1 would be an Administrative Assistant for the Executive Department for the City Manager, and the other would be what I'd call a Development and Digital Media Specialist. In our ongoing efforts to communicate with people, developers, and businesses outside the City and communications with those inside the City, we need to have someone with great expertise in this digital age to be able to communicate upon all means of communication whether it be Facebook, Twitter, email, etc. We need to up our game in that area. I will suggest a half time position to help us with that digital communication. To close, I want to thank you all for being here. To be here and be involved is very important to the citizens and the staff which you are here to support us by looking over our shoulder as we try to do what is wise with the people's money.

Taney Staffenson, Budget Committee Chair, stated I'd like to echo that. I want to thank everyone for taking the time to be here, not only this evening but all the work that you do outside of this meeting. Thank you for doing that. Tonight is our midyear meeting. What we're getting is a recap of what's happening, what we anticipate is going to happen, and we won't be making any policy decisions tonight. What we would like to do is get some direction from the Committee as far as what they want to see for a budget that will be presented to you in April.

- 3. Local Budget Law, ORS 294.305**
- 4. Prior Year Results**
- 5. Current Year Budget Snapshot and Economic Conditions**
- 6. Potential Budget-Impact Items, Current and Future**
 - a. External Factors**
 - i. Property Taxes, PERS costs and other**
 - b. Internal Items**
 - i. URA Projects, Collective Bargaining Agreement, Debt Service, Enterprise Zone, Imagination Station 2, Depot Remodel and other**
- 7. Review of General Fund and Ending Fund Balance Forecast**

Erich Mueller, Finance Director, stated tonight we'll do an update, answer questions, discuss, glance back at last year, look at next year, talk about next year and get you thinking for April 2018.

Erich Mueller began his PowerPoint Presentation (attached as Exhibit A) to the Budget Committee, showing slides 1-57.

Jamie Kranz, Budget Committee Alternate, asked what is the difference between collared versus uncollared?

Erich Mueller replied the PERS Board adopted a number of years ago a collaring formula to try and lower some of the volatility because with that 2007 to 2008 \$17 billion dollar drop, without any collaring there could have been a 12 point jump in your employer rate. Then as things recovered, they could lower and try to minimize the volatility. For all of the ratepayers they've developed a collar so that it can only go based on the percent funded, the greater level of overall funding, the smaller the collar is. If its funded status is above 80% the collar is limited to a 3% increase or decrease. If it's below 80% then the collar stages down and at 60% it's gone. We're in that blended area now because I think 76% or 72% was the funded status on one of those previous slides. It's supposed to try and phase in the effects of the investment changes so it isn't too volatile. Part of the problem is that the last valuation we had about a \$25.3 billion dollar unfunded liability for PERS. The good news is what they had calculated through November for the PERS Board meeting, it was going to shave a little more than \$2.5 billion dollars off of that number. That's encouraging but it's still a deep hole which is why that slope will continue for several biennium.

Councilor White stated there's been a lot of talk recently about PERS stacking. I don't know if that's a union question or something that could be brought up in union negotiations. An example would be an employee that's getting ready to retire saving all of their vacation and sick pay because their retirement would be based on their last 3 years of income the way I understand it.

Erich Mueller replied PERS is a real complicated system. There are essentially 3 different categories of employees and there's 3 different sets of rules of which 80% are the same for all 3 but there are differences. One of the key differences is when they did the reforms in 2003 they said going forward, new hires wouldn't be able to do some of those things you've talked about. People hired before that date are still entitled to do that. As the population ages there are fewer and fewer people that are in that Tier 1 category and Tier 2 is a much smaller group because there was an ultimate change out of the first retirement fund into what is now referred to as OPSRP. Myself and Ray are both OPSRP. The ability to cash in our vacation and sick leave aren't available to us under the OPSRP program but it is available to the earlier programs. There's a blending for Tier 2 folks as they are able to do some of those things but not all of them. There are few choices in it and those choices are up to the employee to make so there really isn't anything that either PERS or the employer has a determination on. It can happen but there's not really anything we can do but watch.

Erich Mueller continued the presentation, showing slides 58-83.

Councilor White asked do you know what the average income is for one of our City employees?

Erich Mueller replied if you are talking about the entire City, you're talking about a laborer who's hired to work at the Wastewater Treatment Plant on one end and the City Manager on the other end. I'm not sure how meaningful that measurement might be.

Councilor White stated I was just trying to see how closely we mirrored the median income shown in slide 82.

Erich Mueller replied off the top of my head, I don't know but it's something I can gather for our next meeting because I know it's an item of interest.

Mayor Ryan stated it would be interesting to see if the City employees mirrored the median income of the City.

Erich Mueller stated my gut reaction is that it won't be anywhere close to that. From the salary surveys that we've done as part of our existing union contract, I think in all but one case Troutdale came in at the bottom quarter, the very bottom, or second to the bottom in terms of the hourly rate for the comparable cities. Sometimes St. Helens came in under us if you consider them a viable comparator. Consistently Troutdale has been on the low end of the wage scale for comparable jobs and we've ended up making lots of midyear adjustments based on those comparators. We're doing a more comprehensive wage comparison in anticipation of the union negotiations. I won't have that for another month or so. Again, everything that I've seen anecdotally is that we're easily in the lower half of the range of comparable cities.

Councilor Lauer asked when you say more comprehensive does that mean more than 3 job descriptions in the salary survey?

Erich Mueller replied I think I've got 34 jobs and we broadened the range of cities to 14 in the hopes of getting more comparables. Part of the challenge can be that some jobs will have one in every city but in a lot of cities there isn't one. For us from here to Fairview, we can't really compare Wastewater Treatment Operator jobs because Fairview contracts with Gresham and they don't have one. That's why we've expanded the number of cities to try and get a larger number that we will hopefully have 4, 5 or 6 comparable jobs. It's still a challenge because it's never exactly apples to apples because every city's job description is a little bit different than the other cities. We are using the Local Government Personnel Institute (LGPI) to do that comprehensive work for us. Part of the challenge is on the statutory side it's driven by population which is a meaningful way to look at it but it's certainly not the whole picture because we're very much in a competitive job market with Gresham for some of our Public Works employees. They're not in our comparators because they're 5 times our size. But it certainly is relevant from a labor market comparator. We're trying to gather information from a couple of different angles to look at. It's not an exact science.

Erich Mueller continued the presentation, showing slides 84-110.

8. Committee questions and discussion

Jamie Kranz asked does the City have any dedicated grant writers for projects like the Depot?

Erich Mueller replied we do not have a dedicated grant writer.

Ray Young stated we just had a grant that we requested from Travel Oregon but it was turned down in favor of the 2020 World Track Championships in Eugene. We'll continue to look for grants for such things as Depot Park.

Jamie Kranz stated if you had an assistant...

Ray Young replied they may be able to cover those kinds of issues.

9. Meeting Wrap Up and Adjourn

Erich Mueller stated tonight was to inform, update, glance back at last year, look into the future, and get you thinking for April. The meetings are scheduled for April 16th and 18th. Thank you for your service on the Budget Committee and your time and attention this evening.

Tanney Staffenson asked does anyone have any final thoughts, comments, or questions before we adjourn?

There were none.

Tanney Staffenson stated I think right now things are looking really good, a lot better than they have in a number of years, but we still have a lot of work to do. I know this has already come up and we are working to get the books out as quickly as possible so we have more time to look them over.

Erich Mueller stated I'm always happy to have questions in advance because many times I have to look things up or do some analysis. I'll be the budget law curmudgeon about getting you the budget books earlier, I will attempt to do so, but I will remind you that the budget law says you are not supposed to discuss the budget outside of a public meeting which means 2 or 3 of you can't be getting together for coffee to go over the budget before the meeting, between meetings, or after the meeting. Part of the nature of the budget laws is that it's expected to be done in a public meeting. That as well as email about the budget outside of the meeting is not something that you're supposed to be doing.

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

Meeting adjourned at 8:17pm.



Tanney Staffenson, Chair


Approved: April 9, 2018

ATTEST:


Sarah Skroch, City Recorder

Exhibit A

December 5, 2017 Budget Committee WS Minutes



City of Troutdale

Mid-Year Budget
Committee
Meeting

December 5, 2017

*Call to
Order*

1

Opening Comments from:

- ▶ City Manager
- ▶ Committee Chair

2

Purpose Tonight

- ▶ To inform & update
 - Answer questions, discuss, inquire,...
- ▶ To glance back at last year
- ▶ To look to the future
- ▶ Discuss budget preparation assumptions
- ▶ To get you thinking for April 2018

3

Local Budget Law

The ground rules...

4

Chapter 294 — County and Municipal Financial Administration 2015 EDITION

- ▶ ORS 294.305 to 294.565 shall be known as the

“Local Budget Law”.

- ▶ ORS 294.426 (5)(a) If the notice required under subsection (3) of this section is published only by publication in a newspaper, the notice must be published at least two separate times, not more than 30 days before the meeting date and not less than five days before the meeting date.
- ▶ (b) The notice may be published once in a newspaper, not more than 30 days before the meeting date and not less than five days before the meeting date, and once on the municipal corporation’s Internet website, in a prominent manner and maintained on the website for at least 10 days before the meeting date. The newspaper notice must contain the Internet website address at which the notice is posted.

- ▶ *and on, and on, and on...for 36 pages!*

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Budget Committee Duties

- ▶ Receive the proposed budget and budget message
- ▶ Hear and consider any testimony from the public regarding the budget
- ▶ By statute vote to approve the budget, and the property tax levy

6

Budget Committee Duties

- ▶ Receive the proposed budget and budget message
- ▶ Hear and consider the budget from the public
- ▶ By statute vote to approve the budget, and the property tax levy

In April at the
Official Budget
Meeting
(in season)

7

Pre-Season Budget Committee Discussions

Prior to the first formally "noticed" meeting in the Spring, there are limitations on the Budget Committee conduct...

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Pre-Season Budget Committee Limitations

- ▶ **MAY** have general discussions on:
 - The City's organization and its various departments, programs, staffing, etc., and on the activities or services provided by each
 - The budget document, the fund structure and the types of activities or programs and expenditures made from each fund in the budget
 - Vision and goals, spending priorities, or philosophy on how to allocate scarce resources or make trade-off decisions
 - General economic projections by the finance officer of possible changes in resources or requirements expected next year.
 - Any and all discussion of the current year budget or prior year budgets, including what, in general, might be done differently next year.

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Pre-Season Budget Committee Limitations

May NOT:

- ▶ **Make** "decisions" for upcoming year budget (FY 2018-2019),
- ▶ Make **specific** estimates or appropriation amounts of any fund or line item, resource or requirement,
- ▶ Discuss whether to fund **specific** programs or expenditures, or
- ▶ Discuss whether to impose any tax levy, or the amount of any levy.

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Pre-Season Budget Committee
Discussions –

Tonight you may discuss:

- ▶ Issues in general
- ▶ Relative priorities
- ▶ Potential future issues

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Questions ?

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Financial Overview

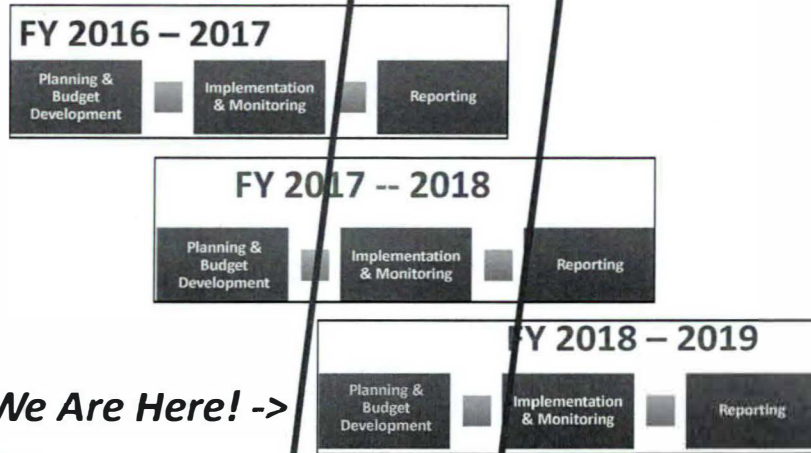
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The Budget Cycle



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The Budget Cycle



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So, how did *last* year turn out?

Recap of Fiscal Year 2016-17 6/30/2017

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City of Troutdale Financial Activity Recap
Fiscal Year Ending June 30, 2017

	Fund	Expense Budget	Expense Actual	%	Revenue Budget	Revenue Actual	%	Revenue minus Expense	%
General Fund	1	11,897,146	10,063,687	84.6%	11,020,531	11,130,504	101.0%	1,066,817	9.6%
Code Specialties Fund	2	521,156	361,069	69.3%	422,062	998,224	236.5%	637,156	63.8%
Water Utility Fund	3	2,502,854	1,727,204	69.0%	1,780,900	1,816,074	102.0%	88,870	4.9%
Sewer Utility Fund	4	3,872,914	2,593,211	67.0%	2,903,098	2,923,022	100.7%	329,811	11.3%
Street Fund	5	6,547,382	769,610	11.8%	6,045,215	1,505,854	24.9%	736,244	48.9%
PW Internal Services Fund	6	1,673,162	1,333,159	79.7%	1,598,632	1,644,554	102.9%	311,395	18.9%
Debt Service Fund GOB	9	1,798,000	1,797,735	100.0%	1,803,100	1,846,836	102.4%	49,101	2.7%
Water Improvement Fund	11	49,575	6,695	0.0%	9,100	26,231	288.3%	19,537	74.5%
Sewer Improvement Fund	12	224,528	6,695	0.0%	40,100	80,341	200.4%	73,646	91.7%
Street Tree Fund	13	48,268	1,590	3.3%	350	3,192	912.1%	1,603	50.2%
Street Improvement Fund	14	604,893	8,340	1.4%	42,500	15,263	35.9%	6,924	45.4%
Storm Sewer Improvement Fund	15	1,940,705	6,695	0.3%	17,000	20,910	123.0%	14,216	68.0%
Parks Improvement Fund	16	1,381,127	101,282	7.3%	164,000	101,491	61.9%	210	0.2%
Storm Sewer Utility Fund	17	816,613	592,999	72.6%	730,013	723,987	99.2%	130,988	18.1%
Utilities Undergrounding	19	1,851,675	-	0.0%	191,725	205,041	106.9%	205,041	100.0%
Bike Paths & Trails	23	17,835	10,468	58.7%	9,337	9,594	102.7%	(874)	-9.1%
Sam Cox Bldg Maint Fund	24	97,051	57,933	0.0%	91,000	94,873	104.3%	36,939	38.9%
COP Debt Service Fund	26	142,100	142,090	100.0%	142,200	142,773	100.4%	684	0.5%
URA- Debt Service Fund	32	151,300	153,264	101.3%	144,110	136,425	94.7%	(16,839)	-12.3%
URA- Riverfront Development Fund	33	4,031,188	79,421	2.0%	3,550,000	23,309	0.7%	(56,112)	-240.7%
Police Facility Capital Project Fund	36	51,603	-	0.0%	250	536	214.4%	536	100.0%

Last Year

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General Fund, FY 2016-17

	2016-17 BUDGET	Projection	2016-17 Actual 6/30/17	Actual Over / (Under) Budget
Revenues:	11,020,531	11,020,531	11,130,504	109,973 (1%)
Expenses:	11,897,146	11,897,146	10,063,687	(1,833,459) (-15.4%)
Net:	(876,615)	(876,615)	1,066,817	1,943,432
As of:	April 2016	April 2017	After Audit*	

Operating Results

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General Fund, FY 2016-17				
	April 2016 Budgeted	April 2017 Estimated	6/30/2017 Actual	Actual Over (Under) Budget
BEGINNING FUND BALANCE	3,140,931	4,303,088	4,303,088	1,162,157
REVENUES	11,020,531	11,020,531	11,130,504	109,973
EXPENDITURES	11,897,146	11,897,146	10,063,687	(1,833,459)
ENDING FUND BALANCE	2,264,316	3,426,473	5,369,905	3,105,589
Operating Net:	(876,615)	(876,615)	1,066,817	
Fund Balance				19


Questions ?

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So, where are we *this* year?

Status Recap of Fiscal Year 2017-18

City of Troutdale Financial Activity Recap- Preliminary
 Current Fiscal Year to Date : October 31, 2017 -- only 4 months
 (33% of the fiscal year)



Fund	Expense			Revenue			Revenue minus Expense		
	Budget	Actual	%	Budget	Actual	%	Expense	%	
General Fund	1	17,809,806	3,138,677	17.6%	16,284,785	1,537,311	9.4%	(1,601,366)	-104.2%
Code Specialities Fund	2	432,424	204,923	47.4%	294,400	1,126,764	382.7%	921,841	81.8%
Water Utility Fund	3	2,889,637	705,284	24.4%	2,017,121	1,004,072	49.8%	298,788	29.8%
Sewer Utility Fund	4	4,373,039	1,172,913	26.8%	3,030,164	1,030,153	34.0%	(142,761)	-13.9%
Street Fund	5	7,307,169	678,423	9.3%	6,306,075	377,868	6.0%	(300,556)	-79.5%
PW Internal Services Fund	6	1,910,407	571,784	29.9%	1,705,988	709,983	41.6%	138,198	19.5%
Debt Service Fund GOB	9	1,812,985	-	0.0%	1,642,305	228,081	13.9%	228,081	100.0%
Water Improvement Fund	11	63,016	251	0.0%	9,100	42,234	464.1%	41,983	99.4%
Sewer Improvement Fund	12	184,034	251	0.0%	40,100	438,532	1093.6%	438,281	99.9%
Street Tree Fund	13	39,277	853	2.2%	350	-	0.0%	(853)	0.0%
Street Improvement Fund	14	499,798	251	0.1%	42,500	822,058	1934.3%	821,807	100.0%
Storm Sewer Improvement Fund	15	1,607,530	260,251	16.2%	17,000	1,011,762	5951.5%	751,511	74.3%
Parks Improvement Fund	16	1,239,292	-	0.0%	171,500	2,500	1.5%	2,500	100.0%
Storm Sewer Utility Fund	17	968,229	485,542	50.1%	787,472	274,145	34.8%	(211,397)	-77.1%
Utilities Undergrounding	19	2,023,773	-	0.0%	194,819	-	0.0%	-	0.0%
Bike Paths & Trails	23	9,367	822	8.8%	9,337	2,540	27.2%	1,718	67.6%
Sam Cox Bldg Maint Fund	24	56,580	24,635	43.5%	36,000	7,035	19.5%	(17,600)	-250.2%
COP Debt Service Fund	26	140,400	-	0.0%	132,100	132,000	99.9%	132,000	100.0%
Full Faith & Credit Debt Service Fund	27	125,000	-	0.0%	125,000	-	0.0%	-	#DIV/0!
URA- Debt Service Fund	32	101,300	-	0.0%	132,000	530	0.4%	530	100.0%
URA- Riverfront Development Fund	33	9,004,882	30,381	0.3%	8,550,000	3,061	0.0%	(27,320)	-892.4%
URA- Capital Project Fund	36	52,019	-	0.0%	350	-	0.0%	-	#DIV/0!

This current Year

General Fund BALANCE 2017-18

7/1/2017 BEGINNING FUND BALANCE	\$ 5,369,905
Budgeted EXPENDITURES:	17,809,806
Budgeted REVENUES	16,284,785
Preliminary Net:	-1,525,021
Adjustments	
CONTINGENCY	625,000
UNAPPROPRIATED	3,161,262
Budgeted YEAR NET:	-900,021
ESTIMATED ENDING FUND BALANCE	\$4,469,884

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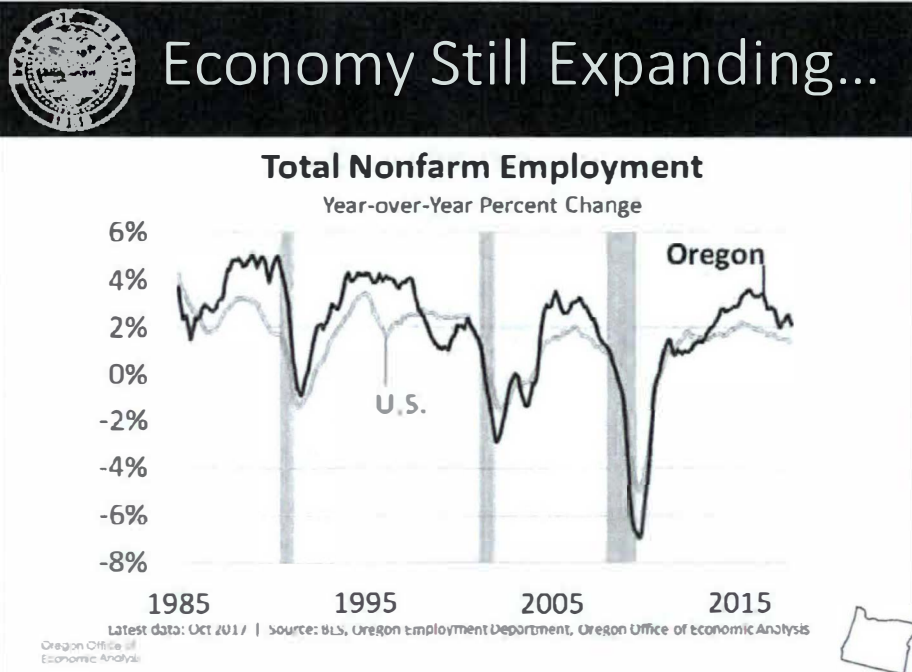
Economic Overview

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December 2017 Economic & Revenue Outlook

November 29th, 2017

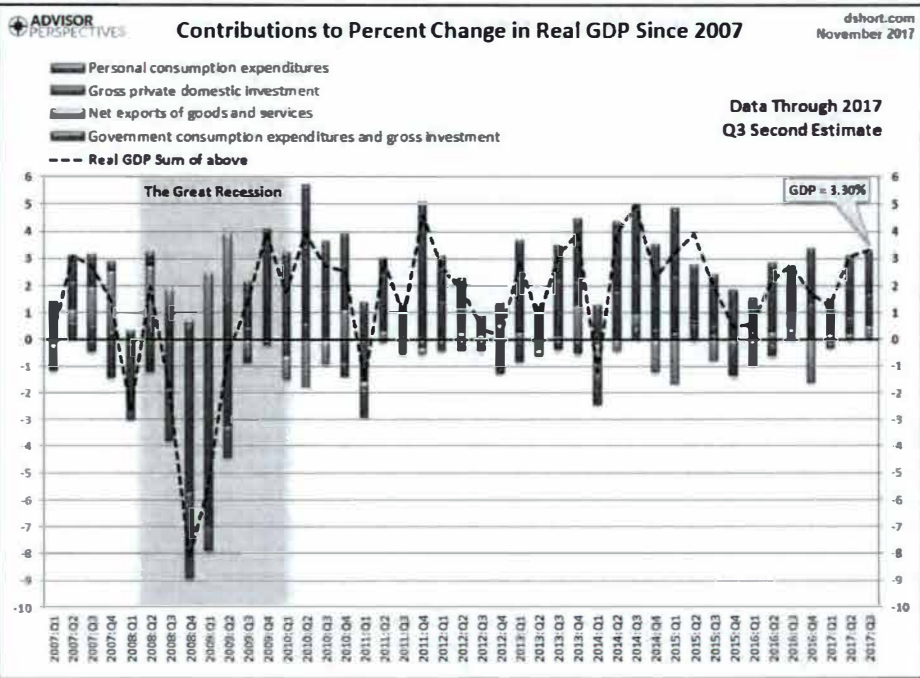
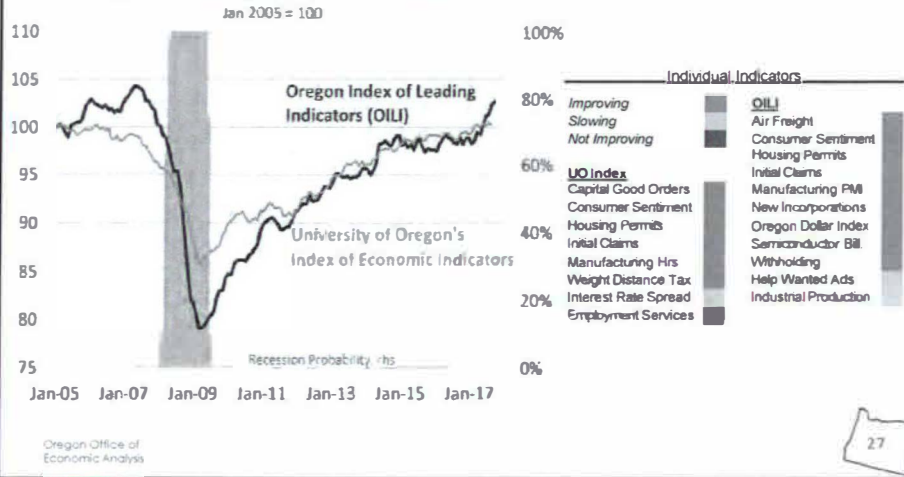
Oregon Office of Economic Analysis
Mark McMullen
Josh Lehner



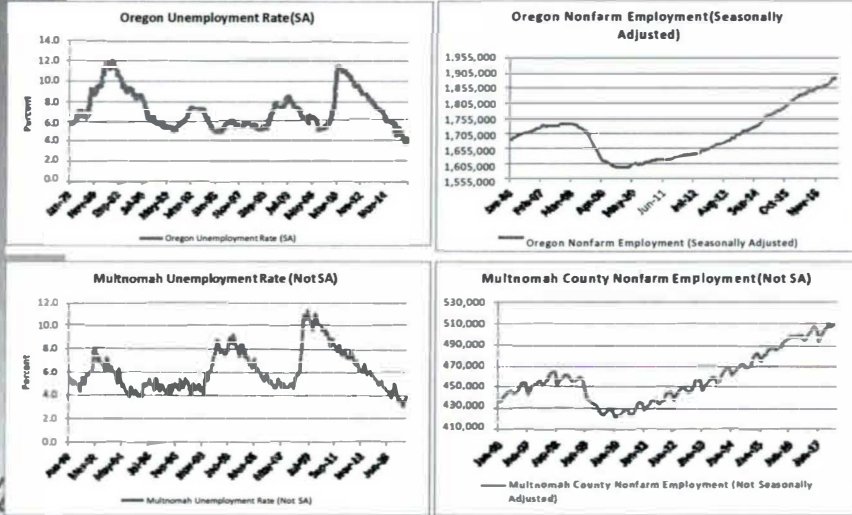


Few Warning Signs

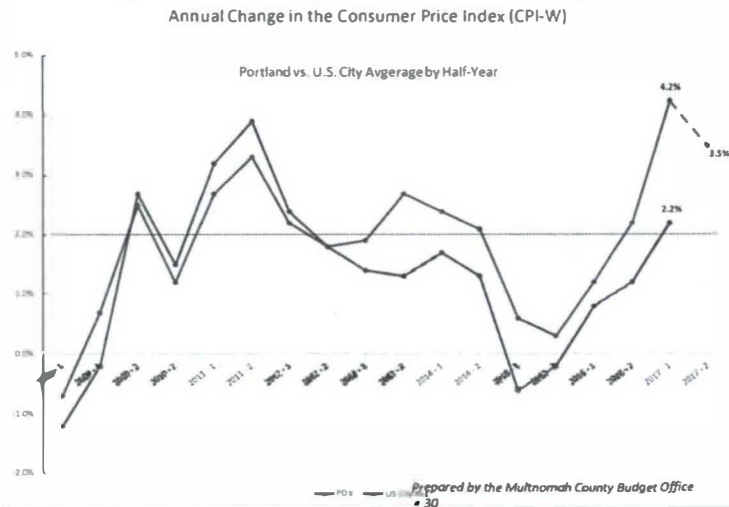
Oregon Leading Economic Indexes



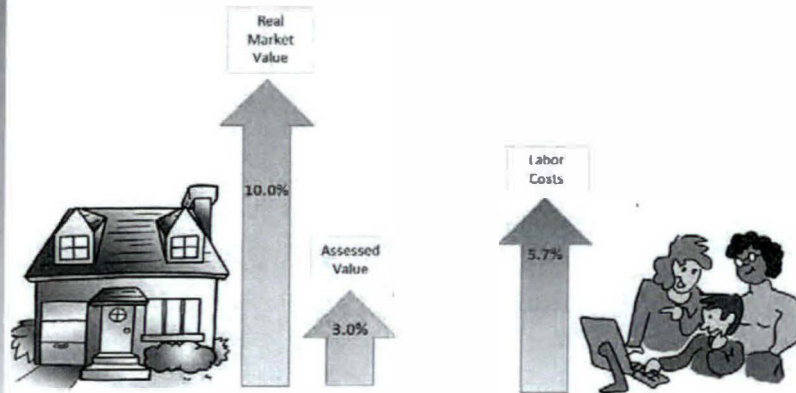
Economic Overview



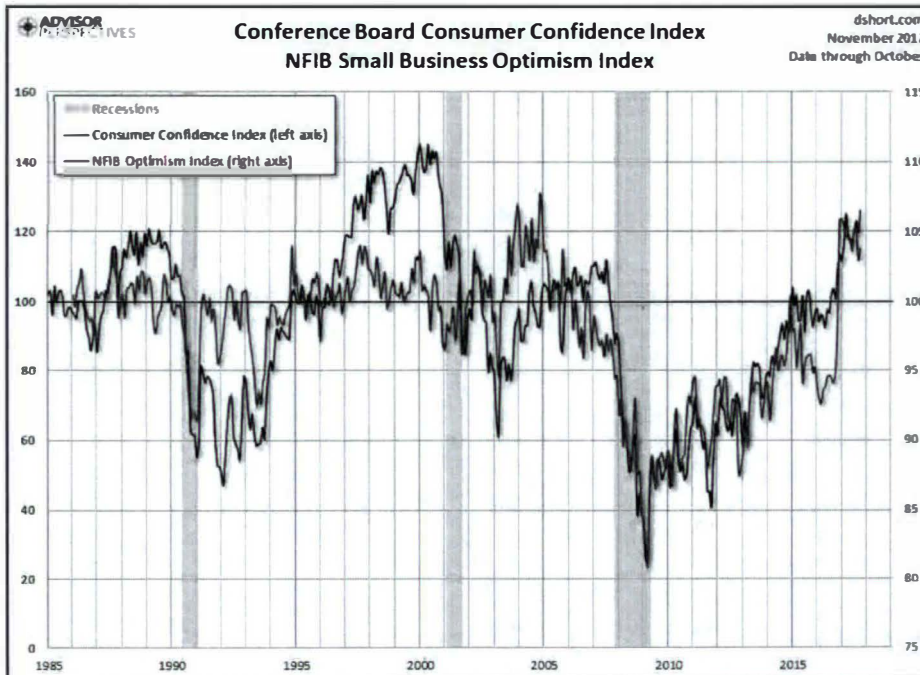
Contradictions & Context

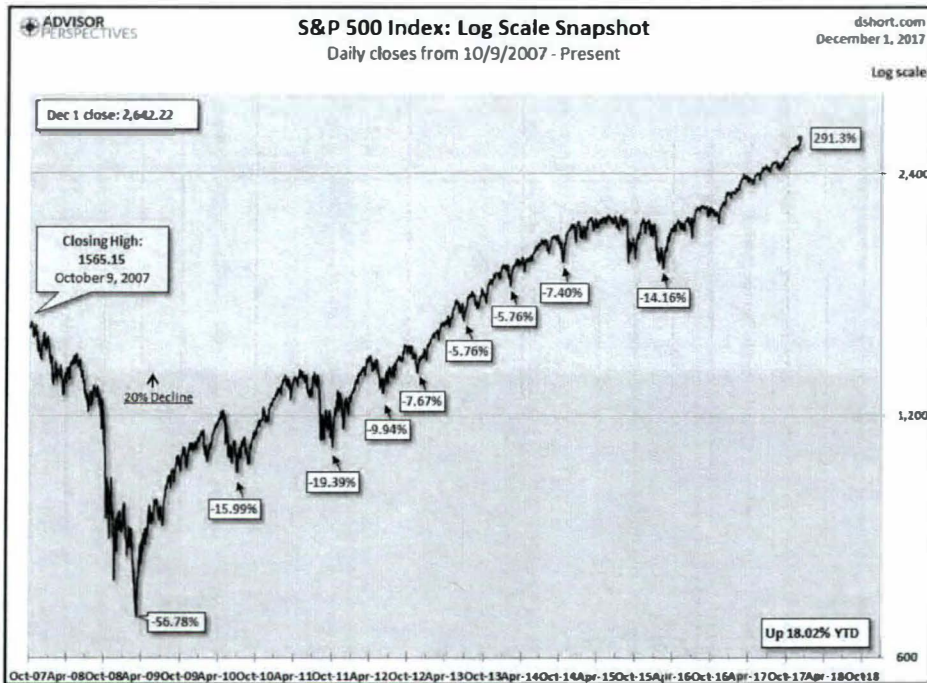


Contradictions & Context



Prepared by the Multnomah County Budget Office
 Real Market Value increase based on S&P, CoreLogic, Case-Shiller, Portland HomePrice Index for 2016.





The Consumer...

Jobs, Housing, the wealth effect,
 consumption & sentiment,

Consumer Sentiment

- ▶ *Consumer sentiment Index has remained largely unchanged since the start of the year at the highest levels since 2004. What has changed recently is the degree of certainty with which consumers hold their economic expectations. In contrast to the media buzz about approaching cyclical peaks and an aging expansion, with the implication of greater uncertainty about future economic trends, consumers have voiced greater certainty about their expectations for income, employment, and inflation.*
- ▶ *Overall, the data signal an expected gain of 2.7% in real consumption expenditures in 2018, and more importantly for retailers, the best run up to the holiday shopping season in a decade.*

Richard Curtin, Chief Economist, Surveys of Consumers, University of Michigan

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Economic Summary

- ▶ Consumer spending will continue to improve US economic growth
- ▶ Monetary Policy will shift and Fiscal Policy should begin to support growth
- ▶ 2018 should improved over 2017
- ▶ Fed's Beige Book: "Modest" to "Moderate"

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Questions ?

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Coming Fiscal Year 2018-19

Budget Preview

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Budget Impact Items...

Some are our *“choice”*
(*“internal”*)

Many are NOT in our
control (*“external”*)

39

Budget Impact Items...

Items that are
our *“choice”*

- ▶ Service levels
- ▶ Spending initiatives
- ▶ New programs

40

Budget Impact Items...

Items NOT in our control...

- ▶ Property Taxes
- ▶ Economy
- ▶ Legislative changes *-(both State and Federal)*
- ▶ PERS cost increases

41

Budget Impact Items...

Who makes the decisions depends on *timing*:

1. Before June 30th – Council
2. After July 1st – Committee
(“*in April*”)

42

Outside Factors...

Property Taxes

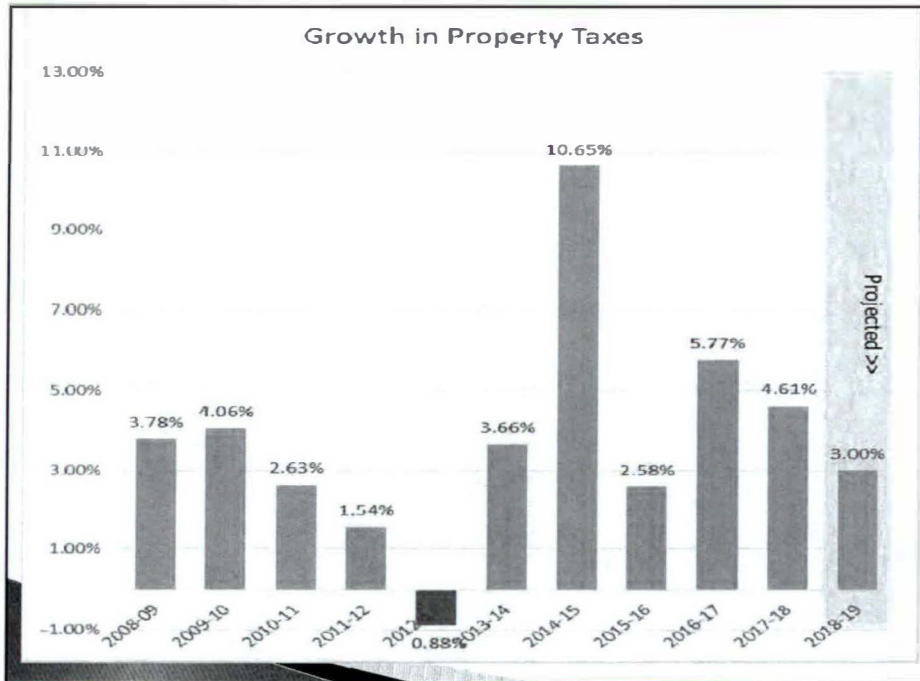
▶ Housing Values

43

Assessed Value AV

- ▶ This is your taxable value and is based on last year's Maximum Assessed value (MAV), plus 3%, or Real Market Value (RMV) – whichever is *lower*.

44



Estimated Assessed Values and Property Taxes

- ▶ FY 2017–2018 Assessed Values – increased by 4.6% \$226,562
- ▶ Budgeted General Fund Property Tax revenues of \$5,075,825 compared to now estimated \$5,137,321
- ▶ \$61,496 estimated excess revenue over budget for the current fiscal year.

Estimated Assessed Values and Property Taxes
FY 2017–2018 Assessed Values –
increase:

“ordinary” property increase of
\$47M 3.38% (residential, multi-family, manufactured, commercial)

\$24M increase in “Utilities”

(Comcast central assessment Dept. of Revenue in Salem)

\$6M decrease in business “Personal
Property” (computers, equipment, etc...)

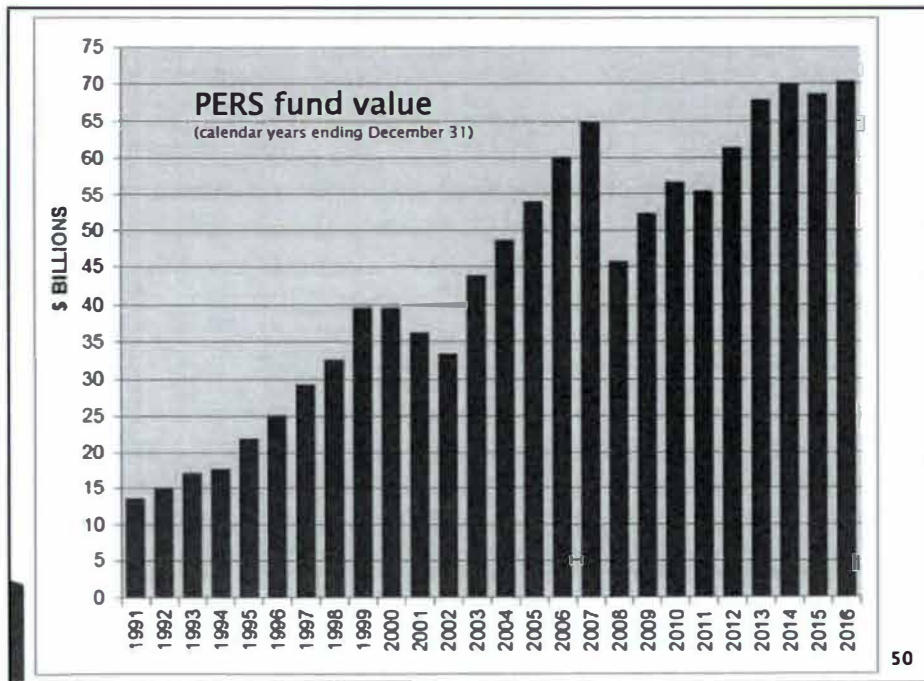
47

Questions ?

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Outside Factors...


“PERS: Big investment returns won't stop steep pension cost increases”
posted December 2, 2017



Valuation Process and Timeline

- Actuarial valuations are conducted annually
 - Alternate between “rate-setting” and “advisory” valuations
 - The 12/31/2016 valuation is advisory
- The Board adopts employer contribution rates developed in rate-setting valuations, and those rates go into effect 18 months subsequent to the valuation date

Valuation Date	Employer Contribution Rates
12/31/2015	July 2017 – June 2019
12/31/2017	July 2019 – June 2021
12/31/2019	July 2021 – June 2023

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Factors Driving the Projected Contribution Increase

- The projected 2019 - 2021 contribution increase of \$1.4 billion consists of:
 - System-wide average collared net rate increase of 5.52% -- \$1.2 billion
 - November 2016's financial modeling projected a 50th percentile 4.7% of payroll net rate increase for the 2019-2021 biennium. This was based on a single-collar width increase and continued use of a 7.50% return assumption. The increase in this advisory valuation further reflects:
 - Collar widening due to the funded status of two large Tier 1/Tier 2 rate pools falling below 70%, related to lowered investment return assumption
 - Decrease in level of side account rate offsets due to both the lowered return assumption and actual 2016 investment returns of 7.1%
 - Projected payroll growth between biennia -- \$0.2 billion
 - Assumed system payroll growth of 3.5% per year / 7.1% per biennium means the rate increase is applied to a larger payroll base

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SLGRP Rate Summary

Weighted Average Rates (Tier 1/Tier 2 and OPSRP)

	2017 - 2019	Advisory 2019 - 2021	Change
Uncollared Base Rate	27.75%	30.00%	2.25%
Collared Base Rate	19.40%	24.42%	5.02%
Collared Net Rate	13.88%	19.04%	5.16%

- The SLGRP's advisory collared base rate is 5.58% of payroll below the uncollared base rate
- The uncollared base rate increase was primarily due to the decrease in the assumed return
- The collared rate increases are continuing systematic rate modifications to amortize the UAL over time if future experience follows assumptions

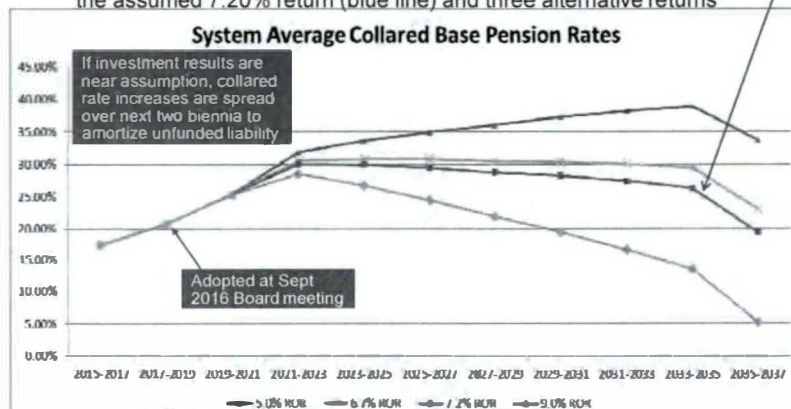
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Collared Base Pension Rates Current Rate Setting Structure

- At assumed return:
- Rate declines after 2021-2023 as new OPSRP members replace retiring Tier 1/Tier 2 members
 - Significant rate drops at 7/1/2035 after large portion of current UAL completes amortization

The steady return model illustrates impact of consistently achieving the assumed 7.20% return (blue line) and three alternative returns



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2019-2021 PERS Pension Contribution

FB 2017-19 11.11%

% of employer Payroll \$

Forecast FB 2019-21 15.09%

4% increase of Payroll \$

55

2019-2021 PERS Pension Contribution

▶ General Fund cost
increase of \$68,000+

▶ Public Works Funds cost
increase of \$69,000+

*Costs will increase each
biennium for 4 to 6 years

56

Questions ?

57

Outstanding Debt Service Principal June 30, 2017

WPCF GO Bonds	1,235,000
Police Facility GO Bonds	6,440,000
Parks & Facilities Building Loan	138,000
Interfund Loan for the ARCH	81,000
Interfund Loan to the Sam Cox Bldg	135,000
Interfund Loan to the URA	200,000

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Fiscal Year 2017-18 Budgeted Debt Service

Parks and Facilities Building Loan:

- ▶ Amount \$1,173,000
- ▶ Term, 10 years @ 3.5% (*Final Year!*)
- ▶ Paid from General Fund revenues
- ▶ 2017-18 debt service payment \$140,381

Fiscal Year 2017-18 Budgeted Debt Service-
continued-

Water Pollution Control Facility G.O.
Bonds:

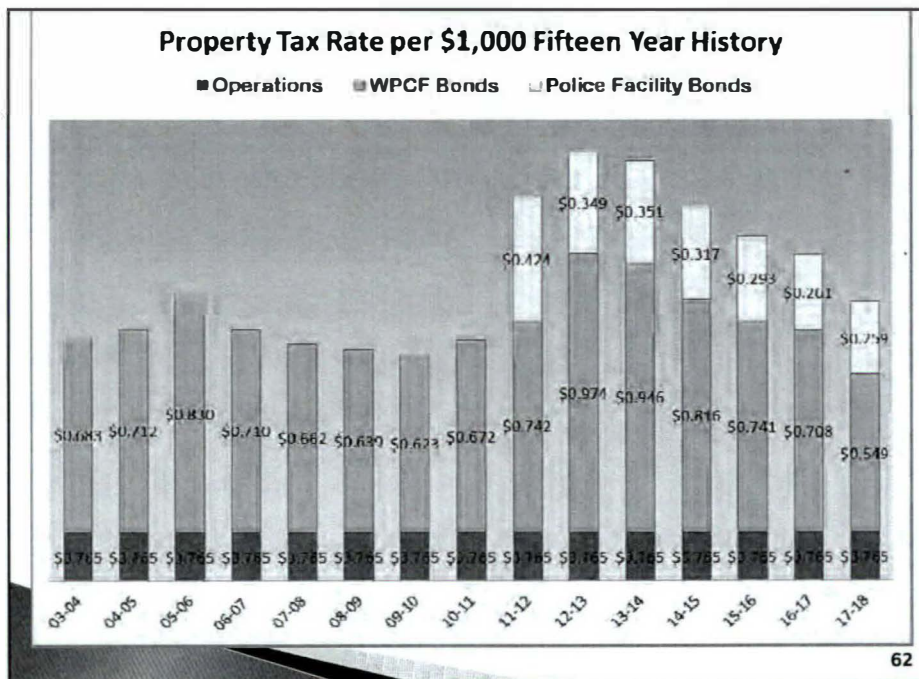
- ▶ Debt Service paid from 3 sources: sewer user fees, sewer systems development charges, and property tax levy
- ▶ 2017-18 debt service payment \$1,284,400 (*Final Year!*)
- ▶ Lack of SDC revenue has and continues to result in a higher property tax levy than planned

Fiscal Year 2017-18 Budgeted Debt Service-
continued-

Police Facility G.O. Bonds:

- ▶ Debt Service paid from property tax levy
- ▶ 2017-18 debt service payment \$528,585 (14 yrs remaining)

Levy to be reduced by \$175k of PD Facility Lease revenue.



Potential new Debt

- ▶ FFC – “Full Faith & Credit”
- ▶ \$5 Million in new debt
- ▶ Proceed to fund URA projects

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City of Troutdale, Oregon
 Full Faith and Credit Obligations, Series 2017 (Private Placement)
 Current Bank Placement Rate (10/02/17) plus 0.5%
 Assumes Taxable Issue with Anytime Call

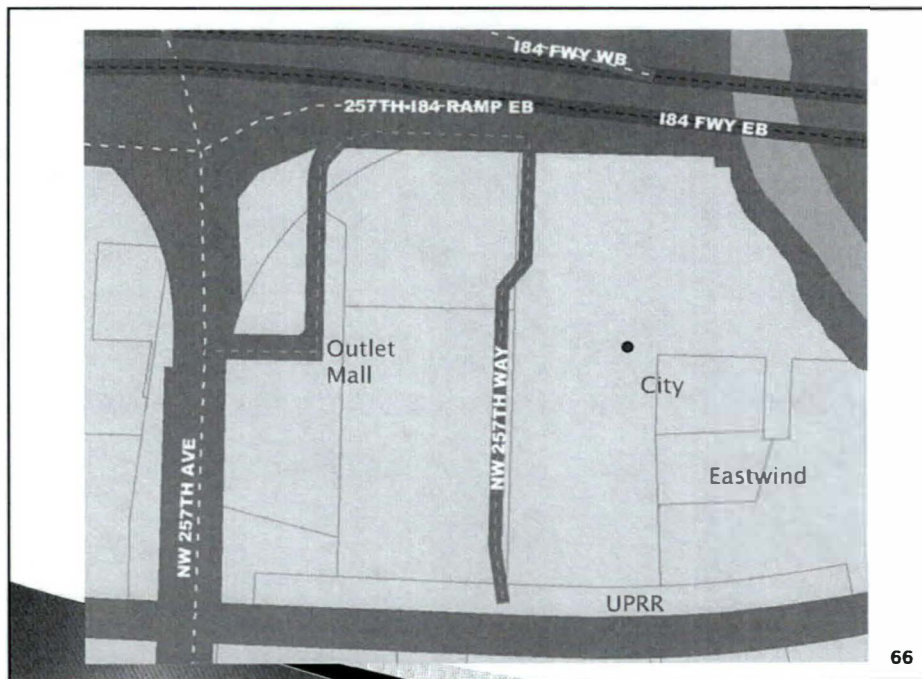
Example Only

Principal		Interest		Principal		Principal Balance	
\$ 5,000,000		5.00%					
	Period Ending	Payment		Payment			
FY 2017-18	6/1/2018	\$ 125,000				\$ 5,000,000	
FY 2018-19	12/1/2018	125,000				5,000,000	
FY 2018-19	6/1/2019	125,000				5,000,000	
FY 2019-20	12/1/2019	125,000				5,000,000	
FY 2019-20	6/1/2020	125,000				5,000,000	
FY 2020-21	12/1/2020	125,000				5,000,000	
FY 2020-21	6/1/2021	125,000				5,000,000	
FY 2021-22	12/1/2021	125,000				5,000,000	
FY 2021-22	6/1/2022	125,000				5,000,000	
FY 2022-23	12/1/2022	125,000				5,000,000	
FY 2022-23	6/1/2023	125,000		1,000,000		4,000,000	
FY 2023-24	12/1/2023	100,000				4,000,000	
FY 2023-24	6/1/2024	100,000		1,000,000		3,000,000	
FY 2024-25	12/1/2024	75,000				3,000,000	
FY 2024-25	6/1/2025	75,000		1,000,000		2,000,000	
FY 2025-26	12/1/2025	50,000				2,000,000	
FY 2025-26	6/1/2026	50,000		1,000,000		1,000,000	
FY 2026-27	12/1/2026	25,000				1,000,000	
FY 2026-27	6/1/2027	25,000		1,000,000			
		\$ 1,875,000		\$ 5,000,000			

64

Urban Renewal Agency

65



66

URA- 2 Parts

- ▶ Riverfront Renewal Fund
 - \$380k in cash
 - \$200k outstanding debt to the City

- ▶ URA Debt Service Fund
 - \$100k loan payment due to the City

67

URA Project Financing

Requires loans from the City

\$250,000 in 2016 loan from City to URA

Additional loan(s) in 2018...

68

URA Project Costs

Purchase Eastwinds parcel	\$2.1M+
Demolish WWTP	\$1.8M
Environmental Clean-up	\$.7M+
UP underpass for trail	\$.5M
Sandy River Access Plan	\$4.5M

69

Purpose of the Debt Service Fund: to collect the tax increment from property value increases

- ▶ FY 2017–18 assessed value is *only* \$8.8M
- ▶ \$900k increase from 2016–17
- ▶ Tax increment revenue of only \$144k

70

URA Repayment to City

- ▶ City \$5 million in full faith and credit bonds – paid by City until URA sells the cleaned up real estate.
- ▶ Sale proceeds then paid from URA to City...

71

More URA borrowing ?!

- ▶ City will have to borrow again to loan to the URA
- ▶ The second round would be long term debt, repaid *slooooooowly* from the TIF collected from new development...

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Other GF Budget Drivers

- ▶ Collective Bargaining Agreement (CBA)- *Union Contract*
- ▶ Imagination Station “2”
- ▶ Depot Park
- ▶ Enterprise Zone
- ▶ Potential Other items

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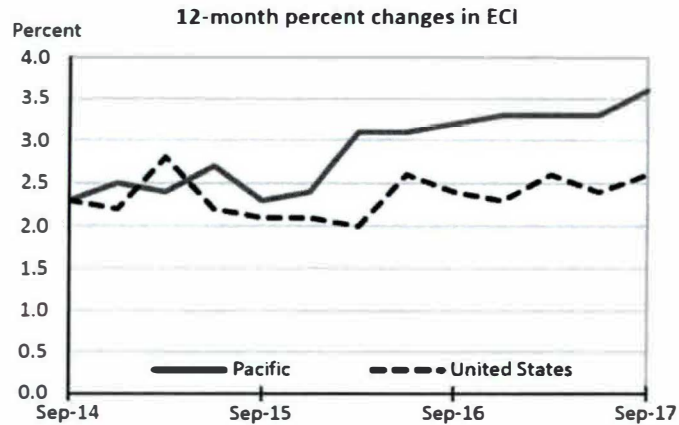
New Union Contract – CBA

- ▶ Current AFSCME contract expires June 30, 2018
- ▶ New bargaining starts in January
- ▶ Last contract negotiation had employee’s with signs at Council Meetings...
- ▶ Anticipate a significant wage demand from the Union
- ▶ Health Insurance cost share expected to be an issue

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Over-the-year changes in wages and salaries

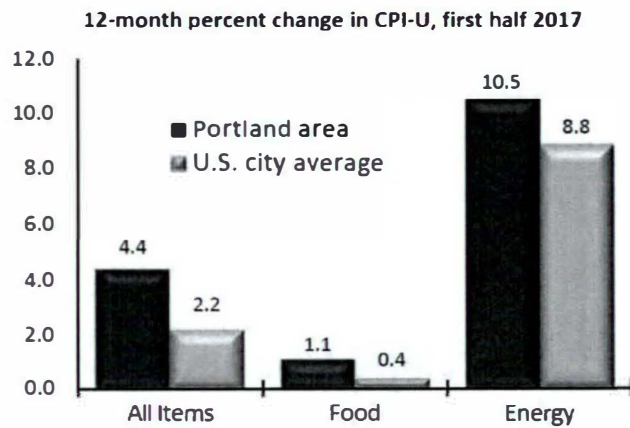


Source: U.S. BLS, Employment Cost Index.

75

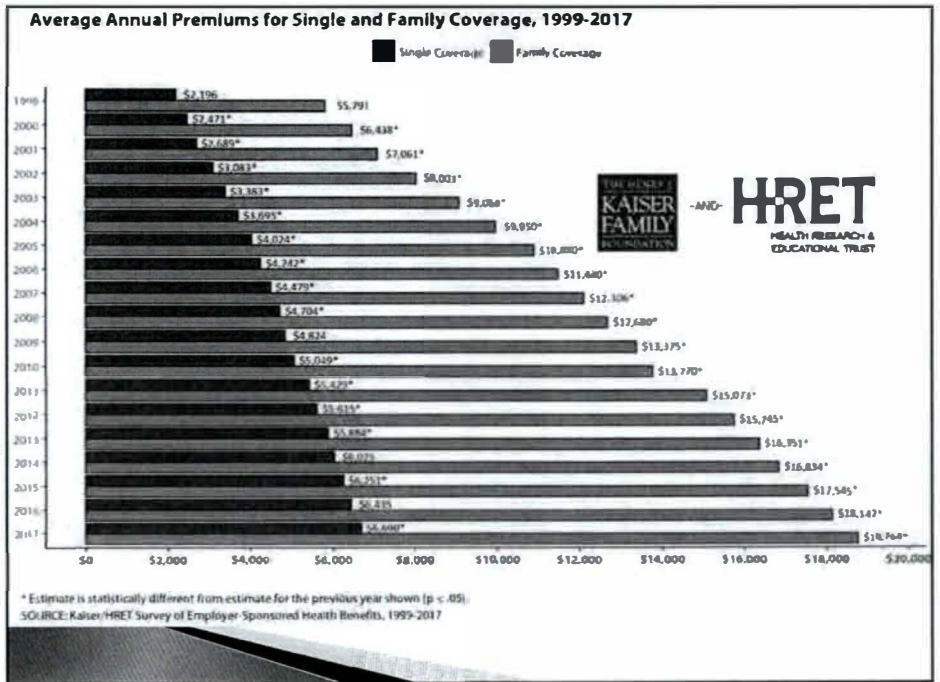
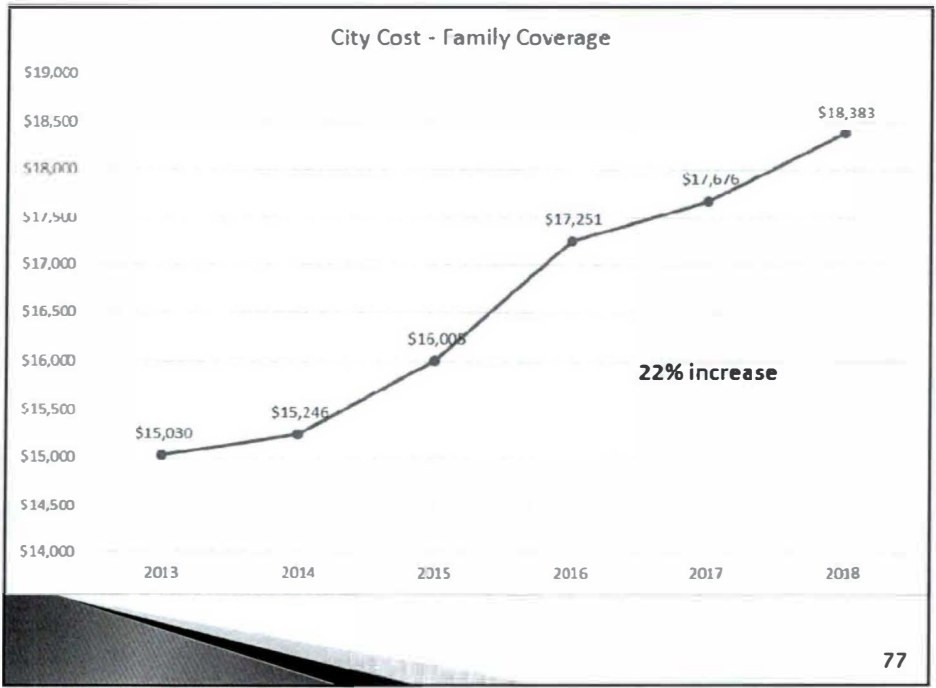
Portland, OR-WA, Area Economic Summary

Over-the-year change in the prices paid by urban consumers for selected categories



Source: U.S. BLS, Consumer Price Index.

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20 Wealthiest Communities in Oregon

- ▶ GoLocalPDX looked at the most recent data from the census bureau's American Community Survey to compare the median household income of cities in Oregon to rank the richest and poorest cities.
- ▶ Guess who was # 7...

Guess who was # 7...



20 Wealthiest Communities in Oregon

#7. – Troutdale

Median Household Income: \$62,326

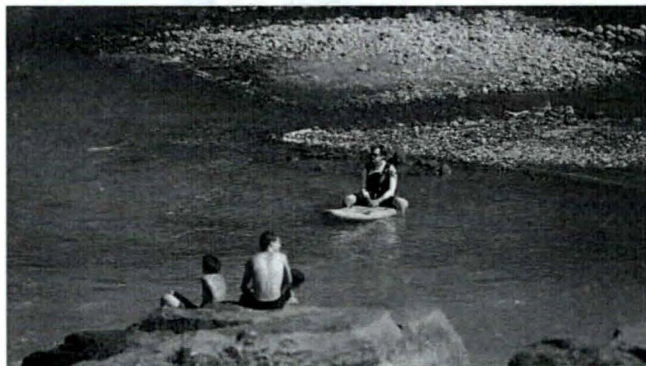
Population: 16,188

"Mount Hood was given its name by a member of Captain George Vancouver's expedition in what is now Troutdale, in 1792. The town is roughly 20 minutes from Portland, towards the Columbia River Gorge. Troutdale had one of the state's first female Mayors."

"Save for Troutdale in Multnomah County, the 10 cities with the highest household incomes were all in Clackamas or Washington Counties."

The wealthiest place in each of Oregon's 36 counties, according to Census data (photos)

Posted January 29, 2017 at 08:05 AM | Updated January 29, 2017 at 10:35 AM



Oregonian file photo

Multnomah County

Wealthiest place: Troutdale

Population: 16,479

Number of households: 5,830

Median income: \$60,340

82

Questions ?

83

Imagination Station



Imagination Station “2”

- ▶ Budget of \$800,000 this year
- ▶ Based on 1st round of RFP high score cost of \$625,000
- ▶ Add project contingency of 20% \$125,000
- ▶ Add site prep/demolition

Unclear if project will exceed budget?!

Depot Park

- ▶ Building Upgrades \$273k
- ▶ Bike Hub \$? grant-eligible
- ▶ Restrooms \$? grant-eligible
- ▶ Archives \$? grant-eligible

Columbia Cascade *Enterprise Zone*

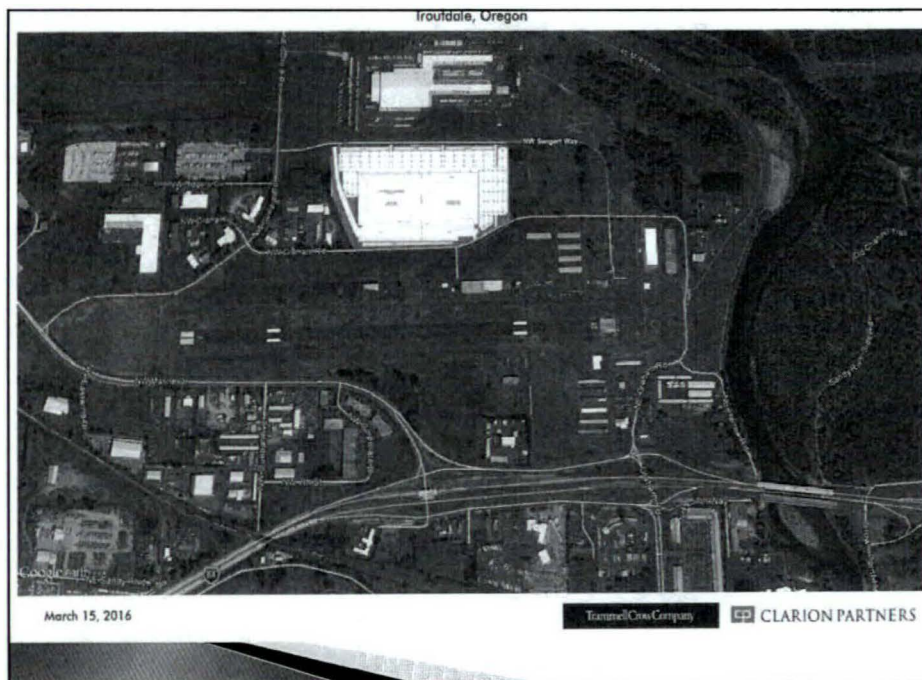
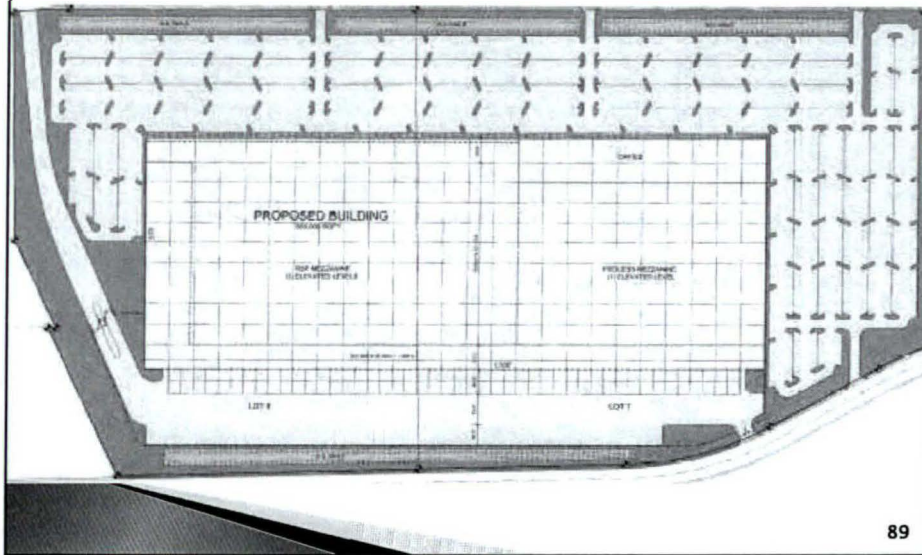


87

amazon

88

“Project Piper”







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Columbia Cascade *Enterprise Zone*

- ▶ Enterprise zone tax abatement can be provided to qualifying firms on new improvements and job creation.
- ▶ State authorized basic program of 3 years
- ▶ Local zone sponsor program guidelines, fees and agreements for extended abatement agreements, up to a total of 5 years.

95

Columbia Cascade *Enterprise Zone*

- ▶ Community Service Fee (CSF) for Local Zone Sponsor for an extended abatement agreement could significantly impact funding
- ▶ A “Hypothetical project” with a \$150 million investment *could* provide Troutdale with more than \$2.5million of CFS over 5 years to the General Fund.

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Columbia Cascade *Enterprise Zone*

Special Issues:

- Check here for building/structure acquired/leased for which construction, reconstruction, additions, or modifications began prior to this application (attach executed lease or closing documents).
- Check here for Work-In-Progress tax exemption for qualified property that is not yet placed in service and is located on site as of January 1 (Attach description and list of such probable property. See "Special Issues Worksheet," on the last page.)

Qualifying Property: Estimates of cost (please attach a preliminary list of machinery and equipment)

Type of Property		Number of Each/Item	Expected Estimated Value	Check if any items will be Leased
Real Property	Building or structure to be newly constructed		\$ 64,125,000	<input checked="" type="checkbox"/>
	New addition to or modification of an existing building/structure		\$	<input type="checkbox"/>
	Heavy or affixed machinery and equipment		\$ 27,390,000	<input type="checkbox"/>
Personal Property Item(s) Costing	\$50,000 or more		\$ 86,945,000	<input checked="" type="checkbox"/>
	\$1,000 or more (E-commerce zone or used exclusively for tangible production)		\$	<input type="checkbox"/>
Total Estimated Value of Investment			\$ 178,460,000	

Additional Description: In addition to what is explained elsewhere, briefly comment below (or in an attachment) on the scope of your investment, the particular operations and output that are planned, and the intended uses of the qualifying property.

Amazon.com.dedc, LLC ("Amazon") is considering establishing an approximately 855,000 square foot robotics fulfillment center for online customer order fulfillment in Troutdale, OR. Establishing this facility will help Amazon continue to deliver customer orders within its promised delivery timeframes. The building will be constructed, owned, and leased to Amazon by a third-party developer.

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Estimates !!!!!

- ▶ The amounts throughout are *estimates*
- ▶ Only guarantee is that the actual amounts will be different than these estimates

98

Columbia Cascade *Enterprise Zone*

Before you go spending the amazon CSF revenue...!

Revenue we may receive in:

FY 2017-2018 = \$ 0

FY 2018-2019 = \$ 0

FY 2019-2020 = \$ 400k

FY 2020-2021 = \$ 375k

FY 2021-2022 = \$ 350k

FY 2022-2023 = \$ 325k

FY 2023-2024 = \$ 300k

Columbia Cascade *Enterprise Zone*

Revenue from **amazon**

**FY 2017-2018 = \$ 25,760 new
property taxes**

**FY 2016-2017 = \$ 178,460
Enterprise Zone Fee**

Questions ?

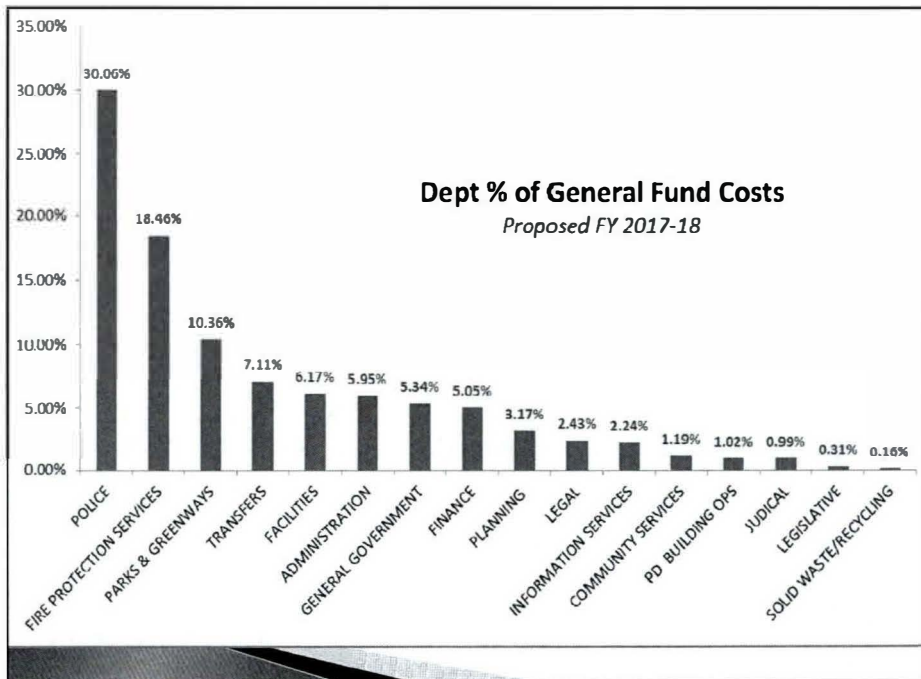
101

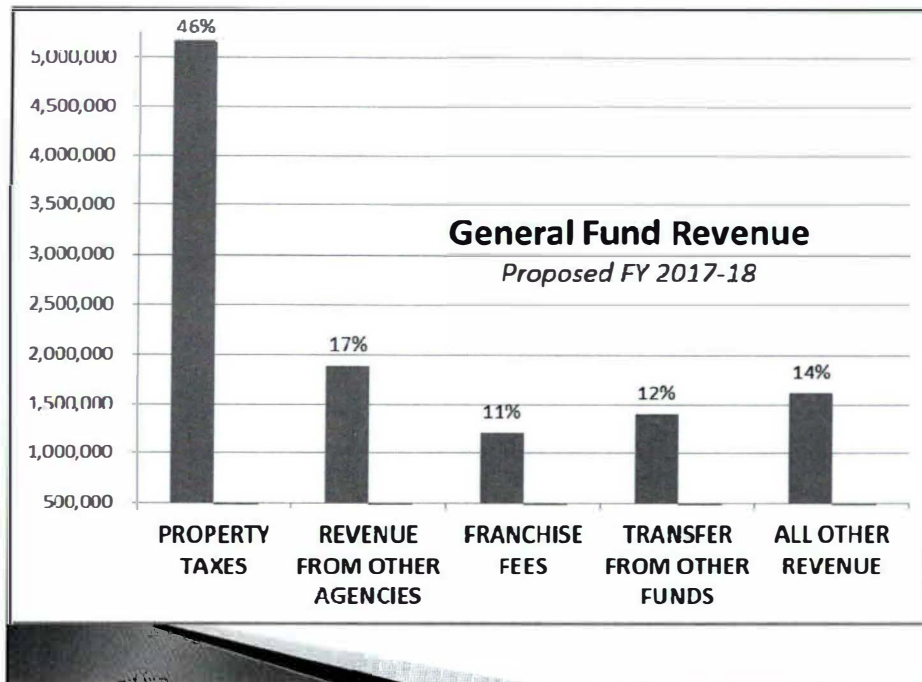
GENERAL
Fund

102

General Fund Ending Fund Balance 5 Year Forecast

103





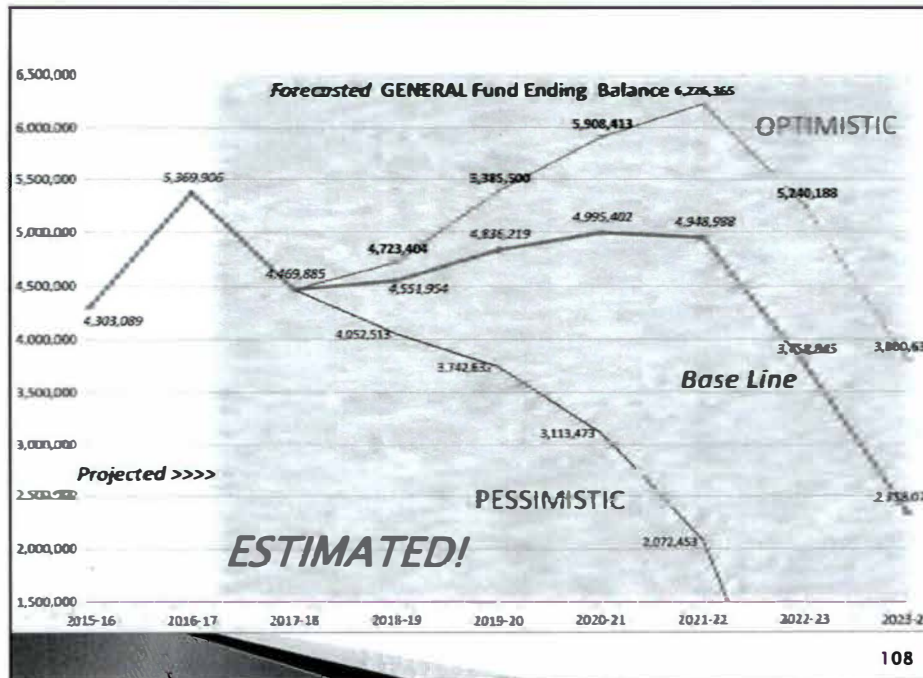
Estimates !!!!!

- ▶ The amounts throughout are *estimates*
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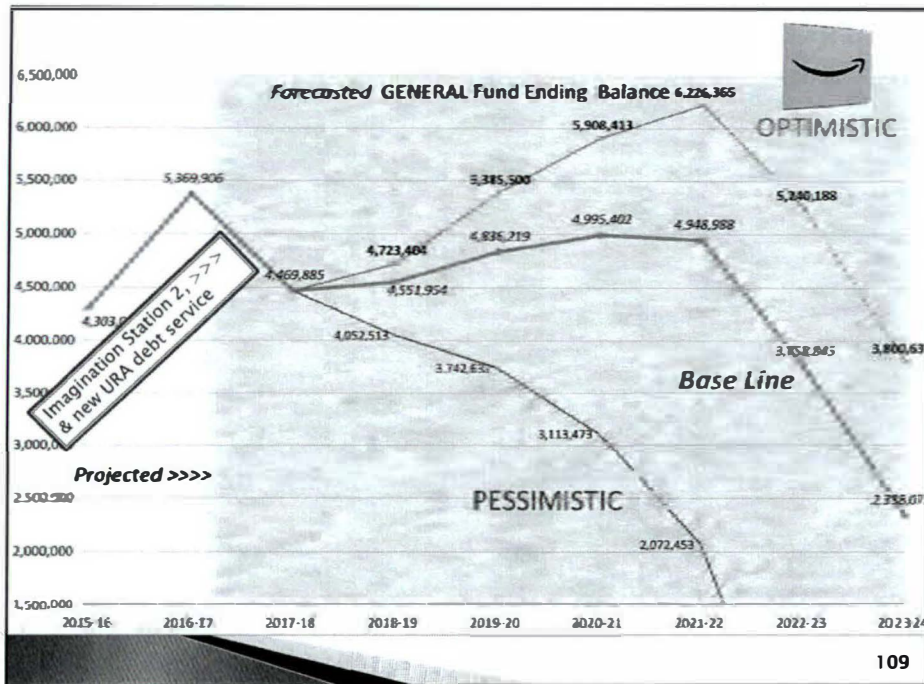
General Fund BALANCE 2017-18

7/1/2017 BEGINNING FUND BALANCE	\$ 5,369,905
Budgeted EXPENDITURES:	17,809,806
Budgeted REVENUES	16,284,785
Preliminary Net:	-1,525,021
Adjustments	
CONTINGENCY	625,000
UNAPPROPRIATED	3,161,262
Budgeted YEAR NET:	-900,021
ESTIMATED ENDING FUND BALANCE	\$4,469,884

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108



Policy “Assumptions”

Much of the forecasting *assumes* the City Council wants to:

- ▶ maintain current services
- ▶ avoid staff layoffs

Questions and discussion?

111

**Meeting
Wrap up**

112

Purpose tonight was to...

- ▶ inform & update
- ▶ glance back at last year
- ▶ look to the future
- ▶ get you thinking for April

113

Budget Calendar

114

Save the Dates...

Budget Committee

2018

- ▶ Monday, April 16 – Police Facility Community Room
- ▶ Wednesday, April 18 – Police Facility Community Room

115

- ▶ Thank for your service on the Budget Committee and your time and attention this evening.

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Prepare to Adjourn...

Closing Comments: *(if any)*

- ▶ Budget Chair
- ▶ Others...?

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•
*“...I move that we
Adjourn!?!...”*

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