



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 6, 2016 – 7:05 p.m.

Mayor

Doug Daoust

City Council

- David Ripma
- Corey Brooks
- Larry Morgan
- Glenn White
- Rich Allen
- John Wilson

City Manager

Craig Ward

1. Call to Order, Welcome, Roll Call
2. Opening Comments from Committee Chair
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 & Future
 - a. External Factors
 - i. Property Taxes, PERS costs, & other...
 - b. Internal Items
 - i. Debt Service, URA, Public Safety IGA's, Enterprise Zone, & other...
7. Review of General Fund & Ending Fund Balance Forecast
8. Questions, discussion, and more questions...
9. Meeting Wrap Up & Adjourn

.....

Save the dates: 2017 Budget Committee Meetings

- Monday, April 17 - Police Facility Community Room – 7 p.m.
- Wednesday, April 19 - Police Facility Community Room – 7 p.m.



Visit us on the Web:

www.troutdaleoregon.gov

City Hall: 219 E. Hist. Columbia River Hwy., Troutdale, Oregon 97060-2078

(503) 665-5175 • Fax (503) 667-6403 • TTD/TEX Telephone Only (503) 666-7470



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6. Potential Budget-Impact Items, Current & Future
7. External Factors
 - a. Property Taxes, PERS costs, Economy, & other
8. Internal Items
 - a. Debt Service, Urban Renewal Agency Support, Public Safety IGA's, Potential Staffing increases, & other
9. Review of General Fund & Ending Fund Balance Forecast
10. Questions, discussion, and more questions...
11. Capital Improvement Plan handout
12. Meeting Wrap Up & Adjourn

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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 6, 2016

1. Call to Order, Welcome, Roll Call

Tanney Staffenson, Chair, called the meeting to order at 7:06pm.

PRESENT: Tanney Staffenson, Gene Bendt, Robert Canfield, Bruce Wasson, Zach Hudson, Victoria Rizzo, Brian Sheets, Mayor Doug Daoust, Councilor David Ripma, Councilor Larry Morgan, Councilor Glenn White, Councilor Rich Allen and Councilor John Wilson.

ABSENT: Councilor Corey Brooks (excused).

STAFF: Ray Young, Interim City Manager; Erich Mueller, Finance Director; Sarah Skroch, City Recorder; Steve Gaschler, Public Works Director; Chris Damgen, Planning Director and Mollie King, Recreation Manager.

GUESTS: See attached list.

2. Opening Comments from Committee Chair

Tanney Staffenson, Budget Committee Chair, states this is our mid-year work session. Basically this is an update tonight. We will not be making policy decisions and we will not be taking any motions. What we're looking for tonight is a report from staff. We would like to see some type of consensus as far as the budget direction that we can give staff as we go into April. We have a lot to cover tonight and I would like to ask that we conduct ourselves as professional as possible.

- 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. Debt Service, URA, Public Safety IGA's, Enterprise Zone and other**
- 7. Review of General Fund and Ending Fund Balance Forecast**

Erich Mueller, Finance Director, states tonight we'll do an update, answer some questions and take a glance at last year. Looking at the future we'll discuss the assumptions for next year and get you thinking about April.

Erich Mueller shows a PowerPoint Presentation to the Budget Committee. (A copy of the PowerPoint Presentation is attached as Exhibit A to these minutes)

Councilor Wilson states there was an estimate of \$150,000.00 on fixing The Depot. I thought we were at \$273,000.00 at one time?

Erich Mueller responds you're right. I didn't update my slide. We have \$273,000.00 budgeted in the Facilities Department funded by a loan from the Parks Improvement Fund potentially to do remodeling.

Councilor Wilson states my understanding is that the West Columbia Gorge Chamber is not in a position to lease that building anymore. I heard that there might be somebody else looking at it.

Erich Mueller states Craig Ward has had conversations with the new Director about the Chamber's circumstances. The new Director is feeling that she is not prepared to make any kind of long term or significant commitments so they're wanting to step back from that earlier idea. He had been approached about another organization that talked to the Troutdale Historical Society with an interest in it and they referred them to Craig. That is still in some preliminary discussion stages.

Councilor Wilson asks, moving forward in the next fiscal year, the 2017-2018 budget, would that have to be renewed in order to keep the \$273,000.00?

Erich Mueller responds the \$273,000.00 would expire June 30th. If there was a desire to continue the project going forward then it would be something that would be put into the proposed budget and the Budget Committee would approve it and Council would approve it or not depending on what the plan is. There isn't enough information at this point.

Councilor Wilson states I have one other question regarding the stormwater runoff. The last 2 years out of the General Fund we've spent like \$500,000.00. If we went backwards 5 years, would it be fair to say that we would have spent in the last 5 years around \$1 million in subsidizing the stormwater runoff? In the next 4 years if we don't get rid of the subsidy of the stormwater runoff we're going to spend around \$1 million or more.

Erich Mueller responds if we do 4 more fiscal years at the same amount that we're funding this year that would be another \$1,372,000.00 but I don't know what the costs are going to be in the stormwater fund and I don't know whether the Council is going to continue to be resistant to removing the cap. I don't know what that subsidy will be that's required. My assumption is that the costs are going to go up in the stormwater fund just like they go up in every other fund due to operating costs and payroll, etc.

Councilor Wilson states my point here is that if we don't get rid of the subsidy we're going to continue to borrow the money out of the General Fund, giving us less money to take care of the services and things we're currently taking care of. I would ask that the Budget Committee seriously look at this and make a recommendation to the City Council to get rid of it.

Councilor Morgan states I think that's why Councilor White tabled the Council's action on this decision for the Budget Committee. I could be wrong.

Councilor Wilson states it was Councilor Ripma's motion to table it.

Councilor White states we did agree to table it because we gave our word to the Port of Portland. I'm sure it's something that Council will again have to take up. I know it's scheduled to be looked at again in February.

Councilor Ripma states what we've been doing the last few years is increasing the amount that the big users have to pay by doubling it. We wanted to do it that way. In a few years we'll probably have everybody paying the same rate for impervious service. Maybe not but we wanted to take it slowly.

Brian Sheets, Budget Committee Vice-Chair, states I think we're getting into the weeds about this. I appreciate the conversation but I think that we're not looking to do a policy point on this tonight. I think it's a good idea to move on.

8. Questions, discussion, and more questions...

Councilor Wilson asks, how have we been doing on the collection on the gas tax? Is it up, down or flat?

Erich Mueller responds the gas tax went into effect January 1st. I believe \$172,000.00 was collected in the first 6 months for last fiscal year.

Mayor Daoust asks, just in the first 6 months of the first year?

Erich Mueller responds it started January 1 halfway through our fiscal year.

Mayor Daoust states that's pretty good. We were talking \$300,000.00 over 3 years.

Councilor White asks, Erich, can you go back to the Depot Park slide (slide 90)? My question is about the Bike Hub. I thought it was a time sensitive grant opportunity?

Erich Mueller responds the Bike Hub that I'm referring to here I believe is the one that is administered by the Chamber. The City doesn't have a lot of direct control over the processing of it and what exactly they're going to do and how they're going to accomplish

it. I think that changed with Claude Cruz leaving. I don't want to speak for the Chamber but I don't know if it may have been the new staff's highest priority.

Councilor Wilson states the Chamber was given an extension. How long that extension is I have no clue. I'm sure if you talk with the executive director she may have some other information on how long the extension is.

Councilor White states on the hypothetical Piper Project, you mentioned \$2.5 million could come into the General Fund over 5 years. I'm wondering if you thought about the enterprise zone because we wouldn't actually see that money.

Erich Mueller responds that is the money that would come in based on the community service fee under an extended agreement.

Councilor White asks, do you have any calculation on what it would be after the enterprise zone is expired and they're paying the full rate?

Erich Mueller responds one of the big challenges in calculating it is how much of the investment is real property and how much of it is business personal property.

Mayor Daoust states next Tuesday at our City Council meeting we'll be discussing the 3 year period for the enterprise zone and also the 4th and 5th year. Some clarification on the Bike Hub grant that the Chamber has, it's a \$50,000.00 grant. They're having to deal with a cash flow issue because it's the type of grant where they have to spend the money first and then get reimbursed for expenses.

9. Meeting Wrap Up and Adjourn

Erich Mueller states the purpose tonight was to perform an update, glance at last year and look into the future. The budget calendar for April is Monday, April 17th and then we're scheduled for Wednesday, April 19th. Both meetings will be in the Police Facility Community room. Thank you for your service on the Budget Committee and your time and attention this evening.

Councilor White states my goal for this coming budget would be to strive for a balanced budget. We're so close. I would also like to see status quo on staff levels.

Councilor Morgan asks, if this hypothetical project does occur is there going to be a demand on staff in certain areas, either seasonal or temporary?

Erich Mueller responds if the project comes forward it's certainly going to have a big impact on the Planning Department and then following that the Building Department in terms of getting it through its land use and through the construction and implementation related to the inspection side.

Councilor Morgan asks if there's a need is there a way to increase that to be conditional based on this project and phase out after that period of time.

Erich Mueller responds it's all hypothetical and under the budget law the professional municipal management are responsible under the budget law to propose a feasible budget based on what they know. Whether that meets with what the Committee ultimately wants or not is a different issue. That's why the Budget Committee can make changes to the proposed budget. If we get downstream and the manager determines they need to add staff then they can propose that in the Budget but that doesn't mean the Committee or the Council will approve it.

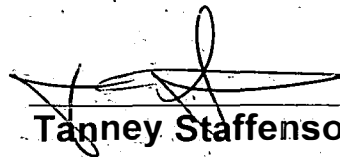
Councilor Allen states it also seems to affect Public Works. The basic idea is to try to work towards a balanced budget but not hurt your future opportunities.

Tanney Staffenson states I'm hearing we would like to see a balanced budget and status quo.

Mayor Daoust states the Budget Committee and City Council are going to have to seriously consider staff for the Project Piper.

MOTION: Councilor Ripma moved to adjourn. Seconded by Councilor Morgan. Motion Passed Unanimously.

Meeting adjourned at 8:08pm.



Tanney Staffenson, Chair

Approved: Apr 5th 2017

ATTEST:


Kenda Schlaht, Deputy City Recorder

City of Troutdale

Mid-Year Budget Committee Meeting

December 6, 2016

Call to Order

1

Opening Comments from:

▶ 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 2017

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Local Budget Law

The ground rules...

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 from the public budget
- ▶ 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...

8

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 2017-2018),
- ▶ 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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Discussions –

Tonight you may discuss:

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

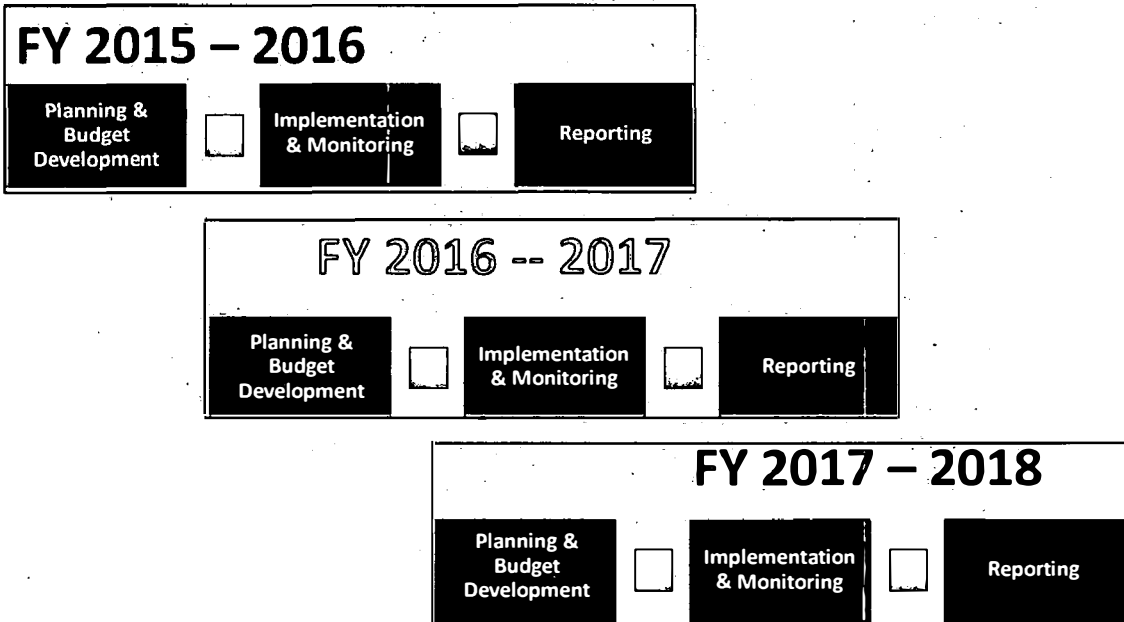
11

Questions ?

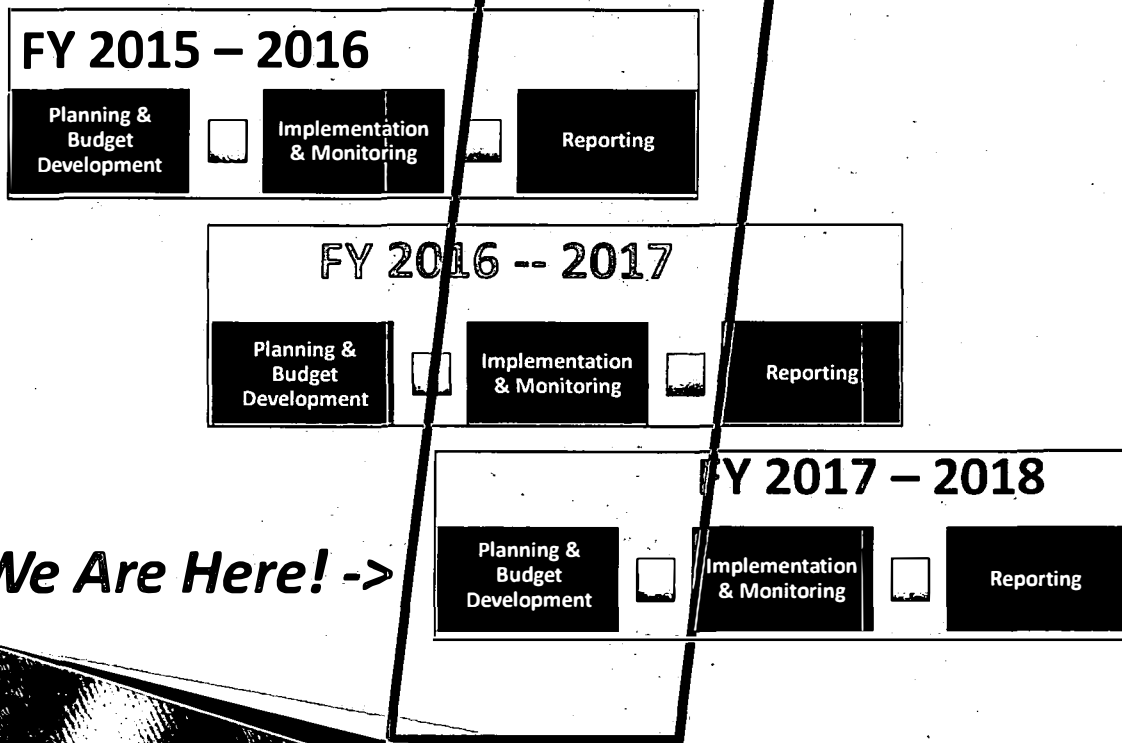
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Financial Overview

The Budget Cycle



The Budget Cycle



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So, how did *last* year turn out?

Recap of Fiscal Year 2015-16 6/30/2016

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City of Troutdale Financial Activity Recap									
Fiscal Year Ending June 30, 2016									
	Fund	Expense			Revenue			Revenue	
		Budget	Actual	%	Budget	Actual	%	minus	%
General Fund	1	10,697,264	9,723,740	90.9%	10,008,035	10,065,371	100.6%	341,630	3.4%
Code Specialities Fund	2	350,940	327,189	93.2%	262,000	213,383	81.4%	(113,806)	-53.3%
Water Utility Fund	3	2,146,495	1,591,660	74.2%	1,711,900	1,789,533	104.5%	197,873	11.1%
Sewer Utility Fund	4	3,629,685	2,956,678	81.5%	2,793,440	2,834,595	101.5%	(122,083)	-4.3%
Street Fund	5	1,306,112	1,028,502	78.7%	945,215	1,137,685	120.4%	109,183	9.6%
PW Internal Services Fund	6	1,456,534	1,336,508	91.8%	1,335,090	1,326,408	99.3%	(10,100)	-0.8%
Debt Service Fund GOB	9	1,782,000	1,781,516	100.0%	1,787,100	1,829,872	102.4%	48,356	2.6%
Water Improvement Fund	11	30,464	1,029	0.0%	9,100	17,710	194.6%	16,680	94.2%
Sewer Improvement Fund	12	210,222	-	0.0%	40,100	14,506	36.2%	14,506	100.0%
Street Tree Fund	13	47,960	2,877	6.0%	350	885	253.0%	(1,991)	-224.9%
Street Improvement Fund	14	787,146	409,564	52.0%	42,500	32,468	76.4%	(377,096)	-1161.4%
Storm Sewer Improvement Fund	15	2,109,863	413,459	19.6%	17,000	34,365	202.1%	(379,094)	-1103.1%
Parks Improvement Fund	16	1,299,530	21,879	1.7%	164,000	59,044	36.0%	37,165	62.9%
Storm Sewer Utility Fund	17	645,812	590,458	91.4%	507,634	524,829	103.4%	(65,629)	-12.5%
Utilities Undergrounding	19	1,698,420	27,641	1.6%	188,884	203,154	107.6%	175,513	86.4%
Bike Paths & Trails	23	81,456	30,972	38.0%	9,337	9,532	102.1%	(21,440)	-224.9%
Sam Cox Bldg Maint Fund	24	55,252	33,898	0.0%	15,000	21,785	145.2%	(12,113)	-55.6%
COP Debt Service Fund	26	142,000	141,661	99.8%	142,100	142,396	100.2%	735	0.5%
URA- Debt Service Fund	32	251,300	152,182	60.6%	210,031	138,840	66.1%	(13,341)	-9.6%
URA- Riverfront Development Fund	33	2,441,164	110,582	4.5%	2,245,000	295,131	13.1%	184,549	62.5%
Police Facility Capital Project Fund	36	52,559	-	0.0%	-	316	#DIV/0!	316	100.0%

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General Fund, FY 2015-16

	2015-16 BUDGET	Projection	2015-16 Actual 6/30/16	Actual Over / (Under) Budget
Revenues:	10,008,035	10,008,035	10,065,371	57,336
Expenses:	10,697,266	10,697,266	9,723,740	(973,526)
Net:	(689,231)	(689,231)	341,631	1,030,862
As of:	April 2015	April 2016	After Audit*	

Operating Results

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General Fund, FY 2015-16

	April 2015 Budgeted	April 2016 Estimated	6/30/2016 Actual	Actual Over (Under) Budget
BEGINNING FUND BALANCE	3,157,755	3,961,457	3,961,457	803,702
REVENUES	10,008,035	10,008,035	10,065,371	57,336
EXPENDITURES	10,697,266	10,697,266	9,723,740	(973,526)
ENDING FUND BALANCE	2,468,524	3,272,226	4,303,088	1,834,564
Operating Net:	(689,231)	(689,231)	341,631	

Fund Balance

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Questions ?

So, where are we *this* year?

Status Recap of Fiscal Year 2016-17

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City of Troutdale Financial Activity Recap- Preliminary										
Current Fiscal Year to Date: October 31, 2016 -- only 4 months										
<i>(33% of the fiscal year)</i>										
Fund	Expense			Revenue			Revenue		minus	
	Budget	Actual	%	Budget	Actual	%	Expense	%		
General Fund	1	11,897,146	2,849,030	23.9%	11,020,531	1,357,446	12.3%	(1,491,583)	-109.9%	
Code Specialities Fund	2	521,156	86,256	16.6%	422,062	93,266	22.1%	7,010	7.5%	
Water Utility Fund	3	2,502,854	568,486	22.7%	1,780,900	742,820	41.7%	174,334	23.5%	
Sewer Utility Fund	4	3,872,914	855,193	22.1%	2,903,098	983,726	33.9%	128,533	13.1%	
Street Fund	5	6,547,382	219,670	3.4%	6,045,215	310,215	5.1%	90,544	29.2%	
PW Internal Services Fund	6	1,673,162	424,782	25.4%	1,598,632	552,932	34.6%	128,150	23.2%	
Debt Service Fund GOB	9	1,798,000	-	0.0%	1,803,100	184,775	10.2%	184,775	100.0%	
Water Improvement Fund	11	49,575	-	0.0%	9,100	6,966	76.6%	6,966	100.0%	
Sewer Improvement Fund	12	224,528	-	0.0%	40,100	22,381	55.8%	22,381	100.0%	
Street Tree Fund	13	48,268	-	0.0%	350	2,731	780.3%	2,731	0.0%	
Street Improvement Fund	14	604,893	1,645	0.3%	42,500	2,510	5.9%	865	34.5%	
Storm Sewer Improvement Fund	15	1,940,705	-	0.0%	17,000	1,083	6.4%	1,083	100.0%	
Parks Improvement Fund	16	1,381,127	482	0.0%	164,000	21,028	12.8%	20,546	97.7%	
Storm Sewer Utility Fund	17	816,613	178,497	21.9%	730,013	240,899	33.0%	62,402	25.9%	
Utilities Undergrounding	19	1,851,675	-	0.0%	191,725	1,123	0.6%	1,123	0.0%	
Bike Paths & Trails	23	17,835	12,968	72.7%	9,337	2,481	26.6%	(10,487)	-422.7%	
Sam Cox Bldg Maint Fund	24	97,051	20,157	20.8%	91,000	5,645	6.2%	(14,512)	-257.1%	
COP Debt Service Fund	26	142,000	-	0.0%	142,100	113,639	80.0%	113,639	100.0%	
URA- Debt Service Fund	32	151,300	-	0.0%	144,110	1,290	0.9%	1,290	100.0%	
URA- Riverfront Development Fund	33	4,031,188	15,578	0.4%	3,550,000	-	0.0%	(15,578)	#DIV/0!	
Police Facility Capital Project Fund	36	51,603	-	0.0%	250	35	14.1%	35	100.0%	

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General Fund BALANCE 2016-17

7/1/2016 BEGINNING FUND BALANCE	\$4,303,088
Budgeted EXPENDITURES:	11,897,146
Budgeted REVENUES	11,020,531
Preliminary Net:	-876,615
Adjustments	
CONTINGENCY	750,000
UNAPPROPRIATED	2,264,316
Budgeted YEAR NET:	-126,615
ESTIMATED ENDING FUND BALANCE	\$4,176,473

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Economic Overview

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Economic Overview

- ▶ General Economy
- ▶ Housing
- ▶ Consumers

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STATE OF OREGON

Economic and Revenue Outlook: December 2016

November 16th, 2016

Oregon Office of Economic Analysis

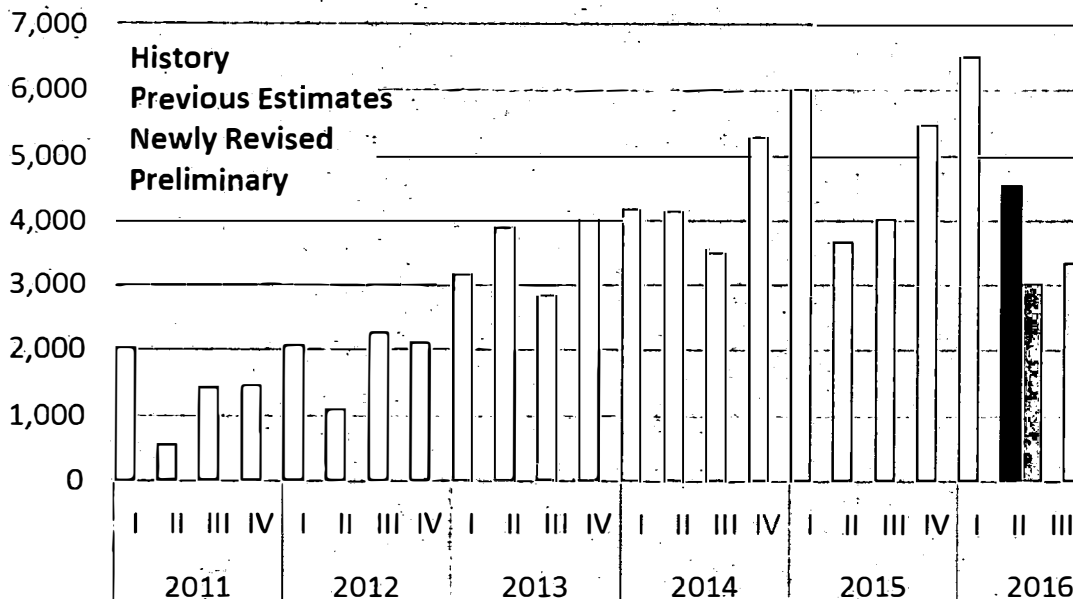
Mark McMullen

Josh Lehner



Oregon Job Growth Slows

Oregon Monthly Job Gains



DAS Seasonally-adjusted data. | Source: Oregon Employment Department, Oregon Office of Economic Analysis

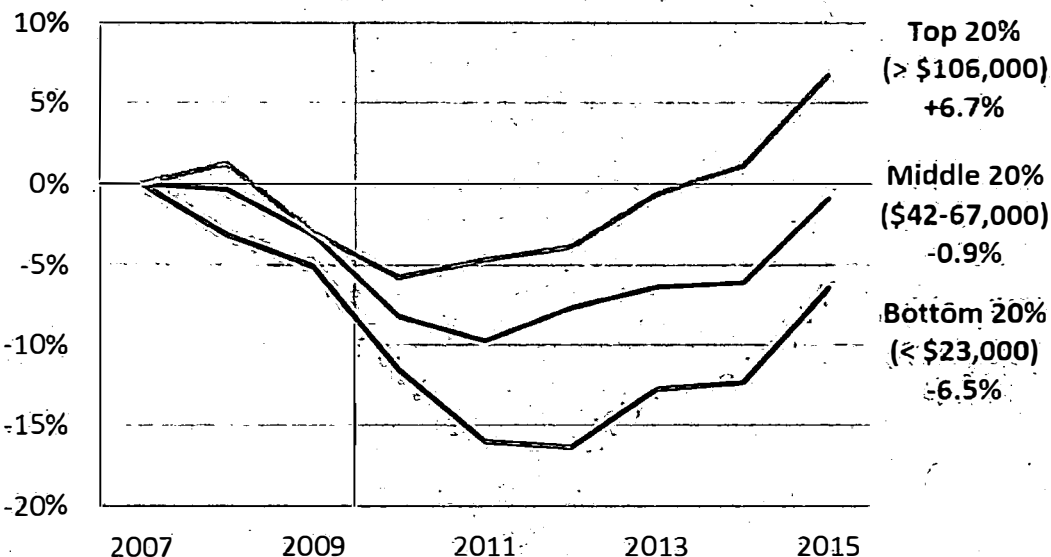
OFFICE OF ECONOMIC ANALYSIS



Household Incomes Rising (But Around a Stagnant Trend)

Oregon Household Incomes Rising

Inflation-Adjusted Change in Average Household Income by Select Quintiles Since 2007



DAS Inflation adjusted using PCE deflator. | Source: BEA, Census, Oregon Office of Economic Analysis

OFFICE OF ECONOMIC ANALYSIS





For More Information

Standard Contact:

155 Cottage Street NE

Salem, OR 97301

(503) 378-3405

oea.info@state.or.us

www.oregon.gov/das/oea

Social Media:



www.OregonEconomicAnalysis.com



@OR_EconAnalysis

DAS DEPARTMENT OF
ADMINISTRATIVE
SERVICES
OFFICE OF ECONOMIC ANALYSIS



Portland Metro Area Home Prices



Housing Values



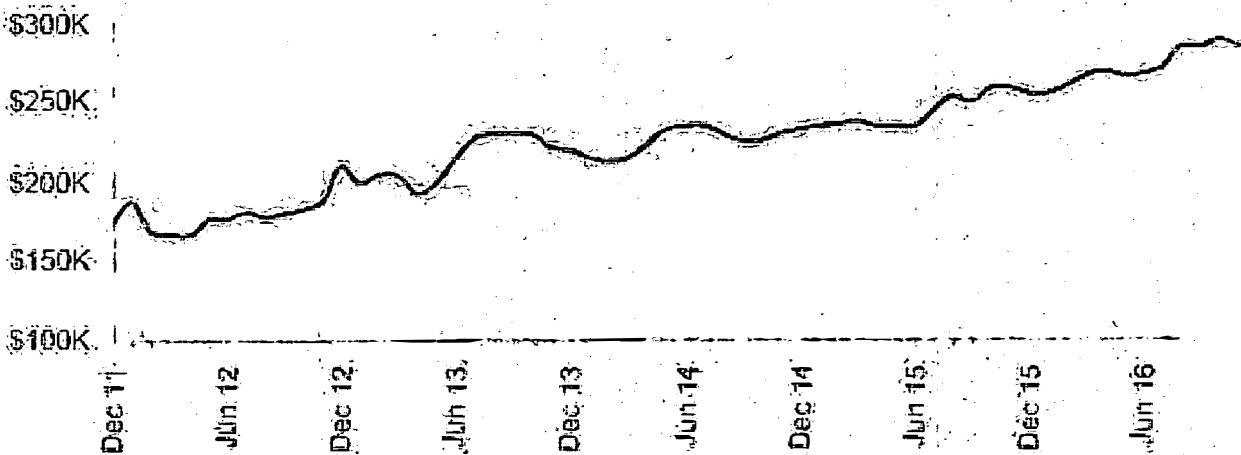
Troutdale Summary: The median sales price for homes in Troutdale for Aug 16 to Nov 16 was \$287,500. Sales prices have appreciated 29.5% over the last 5 years in Troutdale. Average price per square foot for Troutdale OR was \$180, an increase of 11.6% compared to the same period last year.

No. Bedrooms	Aug - Nov '16	y-o-y	3 months prior	1 year prior	5 years prior
3 bedrooms	\$287,500	+13.1%	\$280,000	\$254,250	\$189,000
4 bedrooms	\$335,000	+22.4%	\$355,250	\$273,750	\$214,000
All properties	\$287,500	+11.6%	\$285,000	\$257,700	\$175,000

Median Sales Price in Troutdale

1 Br
 2 Br
 3 Br
 4 Br
 All properties

Median Sales Price



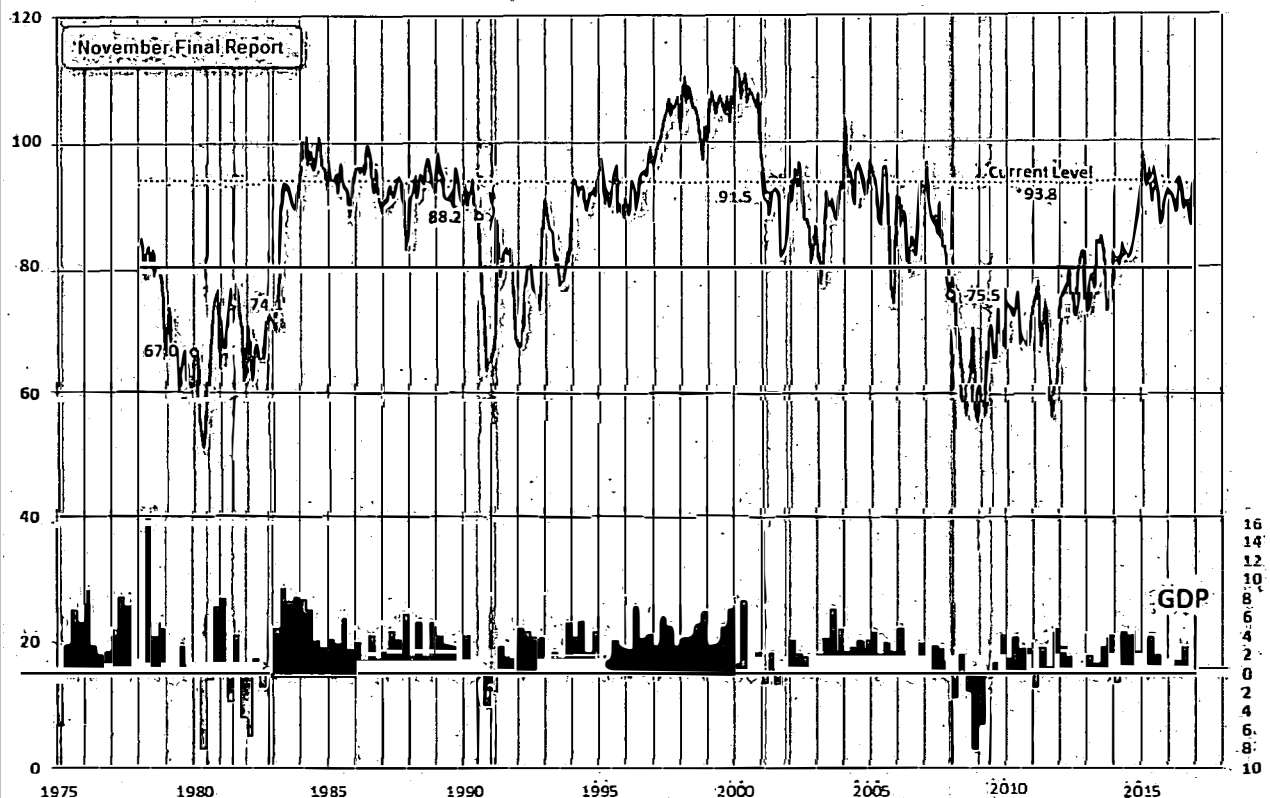
All properties

The Consumer...

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

University of Michigan Consumer Sentiment Index
GDP and Recessions

dshort.com
November 2016

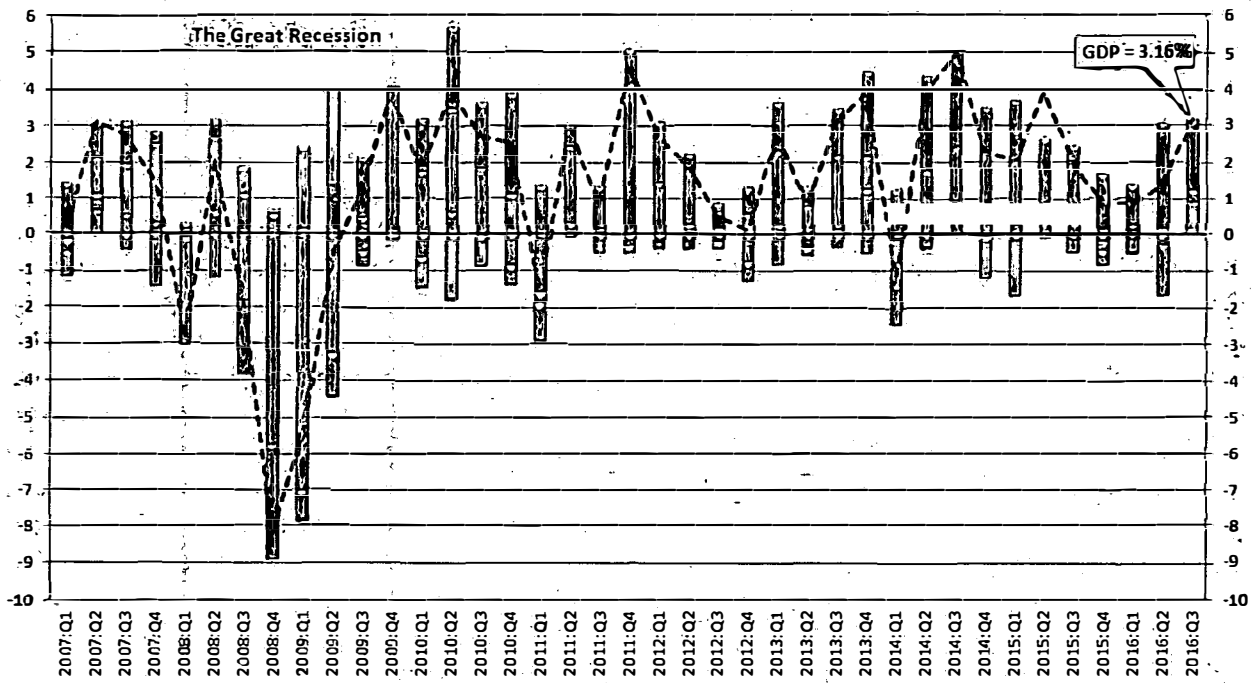


Contributions to Percent Change in Real GDP Since 2007

dshort.com
November 2016

- Personal consumption expenditures
- Gross private domestic investment
- Net exports of goods and services
- Government consumption expenditures and gross investment
- Real GDP Sum of above

Data Through 2016
Q3 Second Estimate



Consumer Sentiment

Index of Consumer Sentiment: 93.8 Nov-2016

“... [consumer] was to express greater optimism about their personal finances as well as improved prospects for the national economy. The post-election gain in the Sentiment Index was +8.2 points above the November pre-election reading, pushing the Index +6.6 points higher for the entire month above the October reading. The post-election boost in optimism was widespread, with gains recorded among all income and age subgroups and across all regions of the country.”

Richard Curtin, Chief Economist, Surveys of Consumers

Economic Summary

37

Simply Economics – December 2, 2016

By Mark Pender, Senior Editor

The economy is on the move higher, at least most readings.

Employment growth is sizable and continues to support the economy's central pillar which, you guessed it, is consumer spending.

But there's one piece missing and that's inflation.

38

The Consensus among economists is that Trump's policy proposals—higher tariffs on trade, curbing illegal immigration, increased federal stimulus and tax cuts for corporations and wealthy U.S. citizens—are likely to provide a short-term boost to U.S. economic growth, yet they could be detrimental for the global economy in the medium to long term...

Economic Summary

- ▶ Consumer spending will continue to improve US economic growth
- ▶ Monetary Policy will shift and Fiscal Policy should begin to support growth
- ▶ 2017 should improved over 2016

Questions ?

41

Coming Fiscal Year 2017-16

Budget Preview

42

Budget Impact Items...

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

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

43

Budget Impact Items...

Items that are
our *“choice”*

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

44

Budget Impact Items...

Items NOT in our control...

- ▶ Property Taxes
- ▶ Economy
- ▶ Legislative changes
- ▶ PERS cost increases

45

Budget Impact Items...

Who makes the decisions depends on *timing*:

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

46

Outside Factors...

Property Taxes

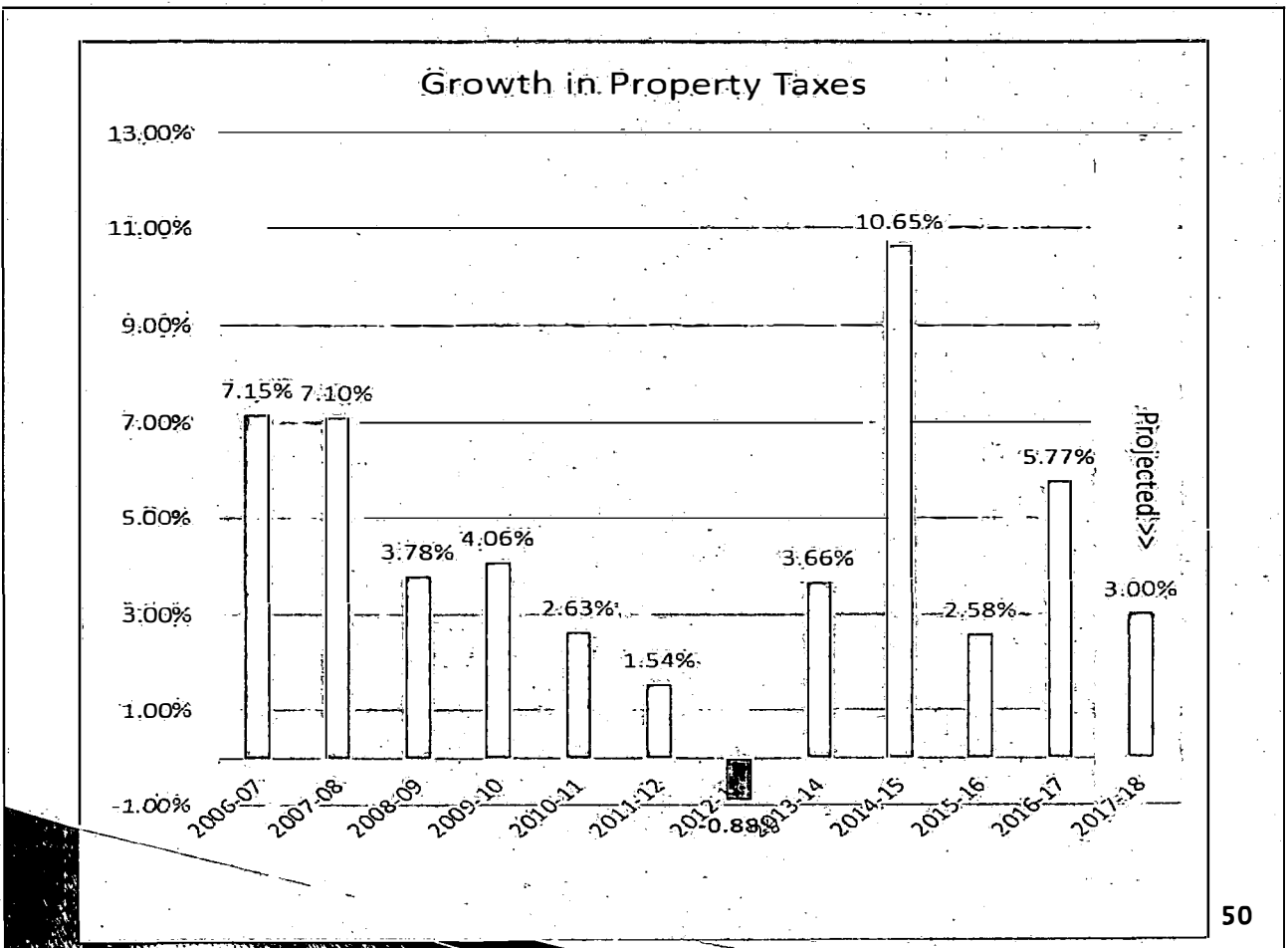
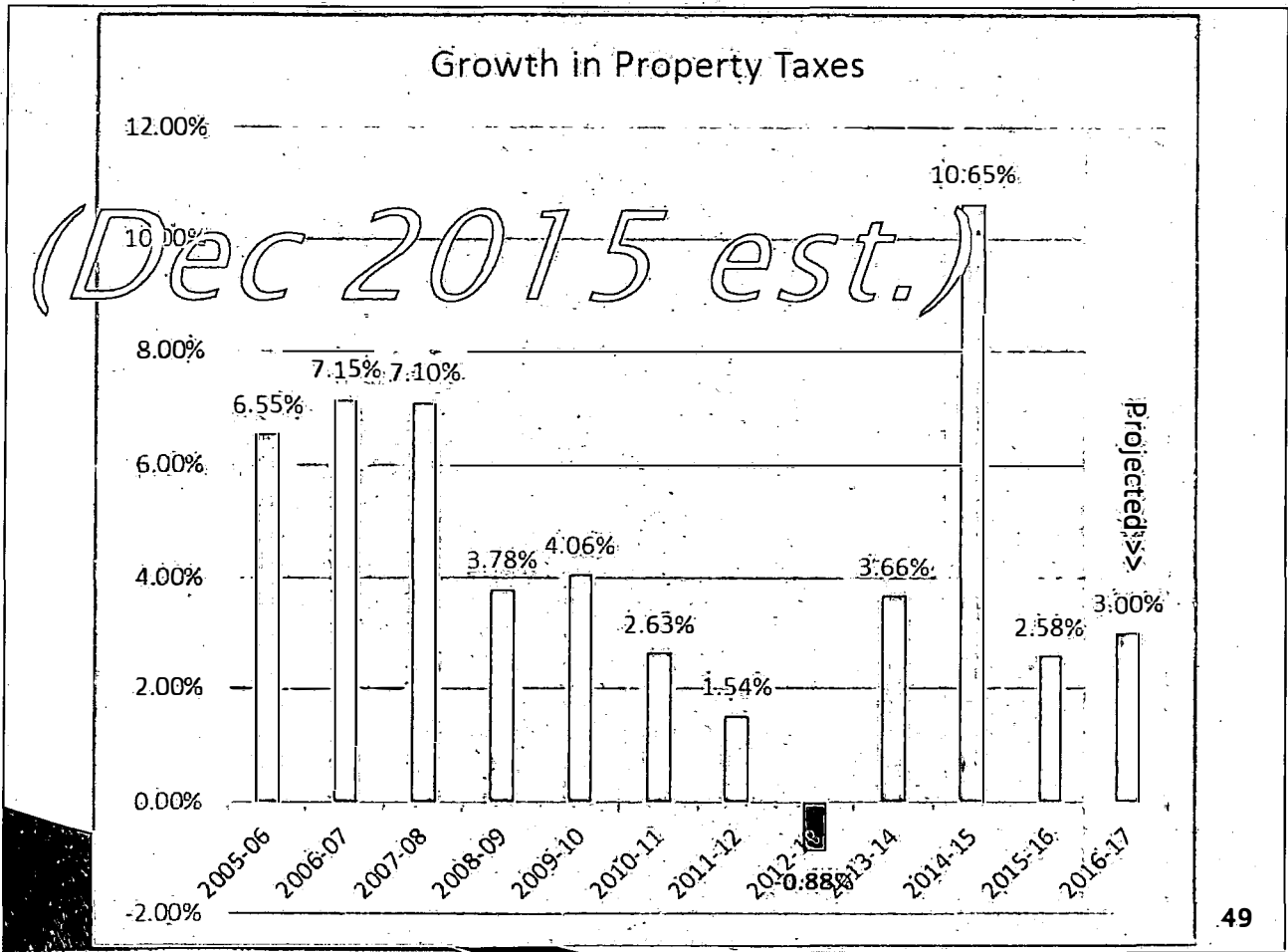
▶ Housing Values

47

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*.

48



Estimated Assessed Values and Property Taxes

- ▶ FY 2016–2017 Assessed Values – increased by 5.77% \$267,830
- ▶ Budgeted General Fund Property Tax revenues of \$4,821,581 compared to now estimated \$4,910,758
- ▶ \$89,177 estimated excess revenue over budget for the current fiscal year.

51

Estimated Assessed Values and Property Taxes

FY 2016–2017 Assessed Values – increase:

“ordinary” property increase of \$37M 2.83% (residential, multi-family, manufactured, commercial)

\$31M increase in “Utilities”

(Comcast central assessment Dept. of Revenue in Salem)

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

52

Summary: Property Tax Impacts

- ▶ City Property Taxes revenues may grow at a slower rate for the next several years
- ▶ Measure 50 compression loss:
 - 2017 \$ 263
 - 2016 \$1,014
 - 2015 \$2,191
 - 2014 \$3,388
 - 2013 \$ 270

53

Questions ?

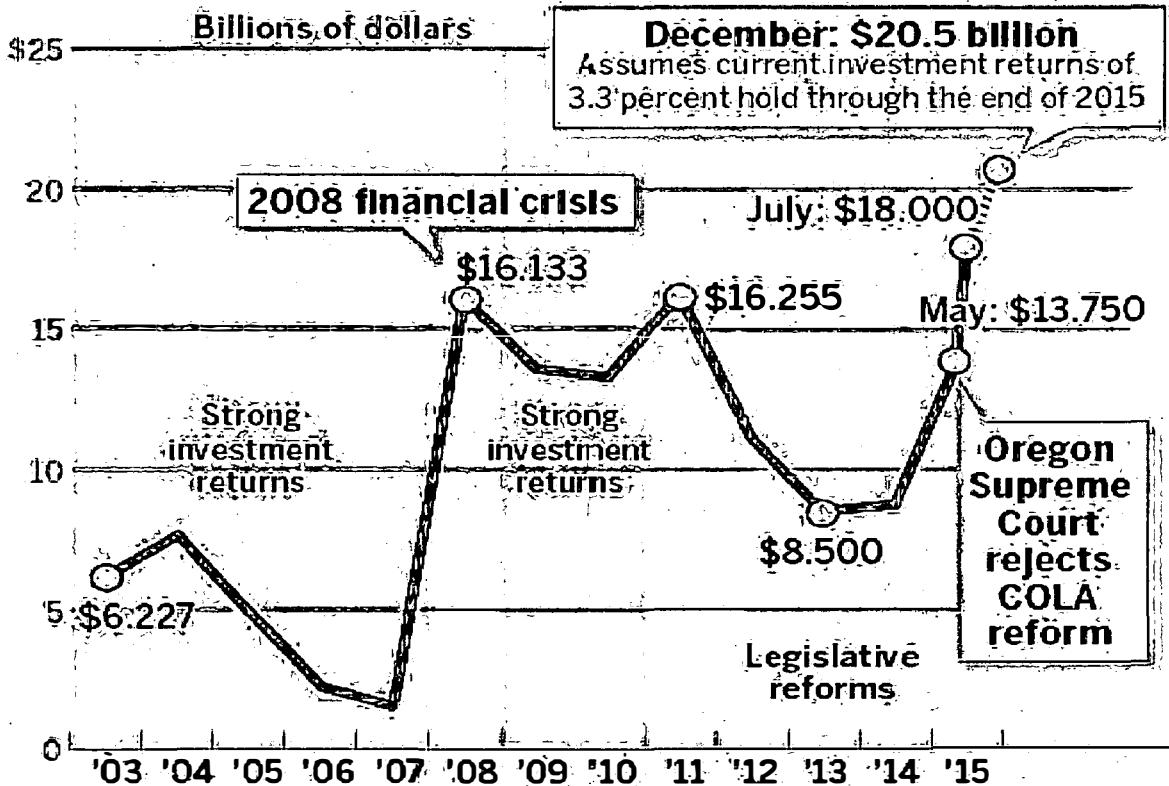
54

Outside Factors...

▶ PERS

- ▶ More bad news
- ▶ (some surprise good news for Troutdale)

PERS unfunded liability



Source: PERS/Oregonian/OregonLive Research

DAN AGUAYO/STAFF

Funded Status & Unfunded Actuarial Liability (UAL)

System total Pension Funded Status (\$ billions)			
Reflects:	12/31/2013	12/31/2014	12/31/2015
Moro decision?	No	Yes	Yes
2014 Experience Study assumptions?	No	Yes	Yes
Actuarial liability	\$62.6	\$73.5	\$76.2
Assets (excluding side accounts)	\$54.1	\$55.5	\$54.4
UAL (excluding side accounts)	\$8.5	\$18.0	\$21.8
Funded status (excluding side accounts)	86%	76%	71%
Side account assets	\$5.9	\$5.9	\$5.6
UAL (including side accounts)	\$2.6	\$12.1	\$16.2
Funded status (including side accounts)	96%	84%	79%

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SLGRP Rate Summary

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

	2015 - 2017	2017 - 2019	Change
Uncollared Base Rate	17.45%	27.75%	10.30%
Collared Base Rate	16.31%	19.40%	3.09%
Collared Net Rate	10.52%	13.88%	3.36%

- The SLGRP's collared base rate is 8.35% of payroll below the uncollared base rate.
- Net rates increased more than base rates due mostly to employer side accounts, which leverage the rate effects of actual biennial investment performance different than assumed.

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Collared Pension Net Rates – System-Wide

Excludes Retiree Health Care & IAP Contributions

	12/31/2013 2015 - 2017 Final			12/31/2015 2017 - 2019 Final		
	Payroll			Payroll		
	Tier 1 Tier 2	OPSRP	Weighted Average	Tier 1 Tier 2	OPSRP	Weighted Average
Collared Base Rate	19.70%	14.31%	17.46%	24.13%	17.62%	20.85%
Side Account (Offset)	(6.38%)	(6.38%)	(6.38%)	(6.14%)	(6.14%)	(6.14%)
SLGRP Charge (Offset)	(0.47%)	(0.47%)	(0.47%)	(0.48%)	(0.48%)	(0.46%)
Collared Net Rate	12.85%	7.46%	10.61%	17.51%	11.00%	14.23%
Increase				4.66%	3.54%	3.62%

Rates vary by employer, as only some employers have side accounts
Changes in side account offsets are not collared

1. For this review, adjustments are assumed not to be limited due to an individual employer reaching a 0.00% contribution rate.
2. Weighting based on the total payroll levels (Tier 1/Tier 2, OPSRP) as of the valuation date.

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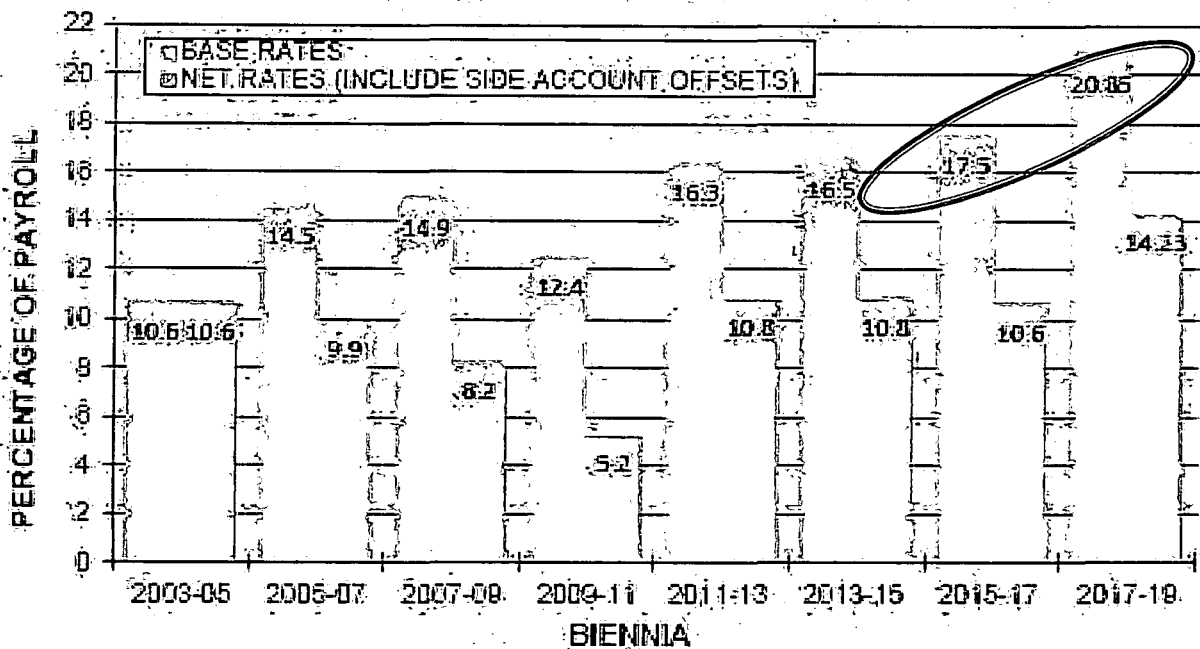


Employer Contribution Rate Setting Cycle

Actuarial valuations are conducted annually, but alternate between “advisory” and “rate setting” valuations: e.g., the December 31, 2014, valuation results project what employer rates might become, and the December 31, 2015, valuation will be used to set actual rates.

Once employer rates are adopted by the PERS Board (in the fall of the even-numbered year), they become effective the following July 1 of the odd-numbered year (18 months after the valuation date).

Valuation Date	Employer Contribution Rates
December 31, 2013	→ July 2015 - June 2017
December 31, 2015	→ July 2017 - June 2019
December 31, 2017	→ July 2019 - June 2021



- EXCLUDES 6% MEMBER CONTRIBUTIONS AND PENSION OBLIGATION BOND DEBT SERVICE PAYMENTS
- INCLUDES TIER ONE, TIER TWO, AND OFSRP
- RATES FOR 2005-07 AND BEFORE ARE AS OF VALUATION DATE
- 2017-19 RATES REFLECT INVESTMENT RETURNS FOR 2014 AND 2015, THE LORO DECISION, ASSUMED RATE DECREASE FROM 7.75% TO 7.5%, UPDATED MORTALITY ASSUMPTIONS, EXPECTED INCREASE IN UAL IN 2014 AND 2015, AND ALL OTHER ASSUMPTION CHANGES AND ACTUARIAL EXPERIENCE
- DOES NOT INCLUDE RHI/RHIFA



Latest PERS Forecast Disconcerting

At its November 18 meeting, the Public Employees Retirement System Board received a disconcerting long-term forecast from their actuary on the health of the pension system.

Large employer rate increases that were adopted for the 2017-2019 biennium are projected to be duplicated in the 2019-21 and 2021-23 rate cycles.

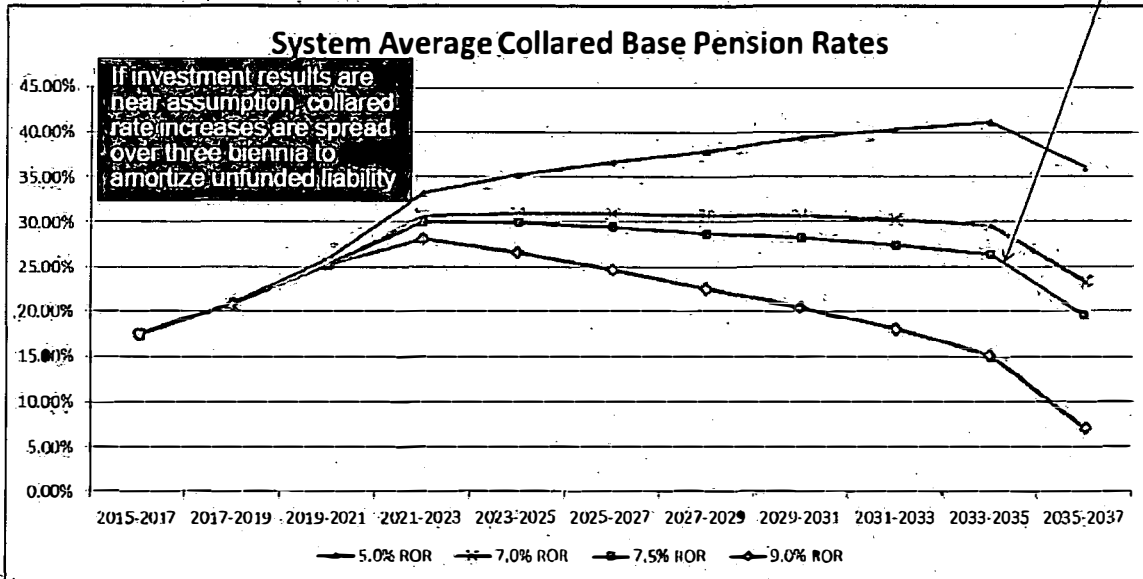
System-wide average rates are expected to plateau at 30 percent of payroll in 2023 and begin to slowly decline starting in 2025, with rates falling below 20 percent in 2035.

However, recent earnings have been well below the 7.5 percent assumed rate, and modeling indicates that earnings will continue to fail to meet expectations. In that event, employer rates will most likely rise above the anticipated 30 percent of payroll.

Collared Base Pension Rates Current Rate Setting Structure

At assumed return:
Rate eventually declines as new hire OPSRP members replace retiring Tier 1/Tier 2 members
Rate drops significantly at 7/1/2035 after amortization of a large portion of current UAL

The steady return model illustrates impact of consistently achieving the assumed 7.50% return and three alternative returns



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Employer Rates Effective July 1, 2015 for City of Troutdale

	Payroll				
	Default	Tier 1/Tier 2		OPSRP	
		All T1/T2 Payroll	General Service	Police & Fire	General Service
Pension					
Normal cost rate	14.26%	13.08%	16.33%	7.33%	11.44%
Tier 1/Tier 2 UAL rate ¹	4.65%	4.65%	4.65%	4.65%	4.65%
OPSRP UAL rate	0.61%	0.61%	0.61%	0.61%	0.61%
Pre-SLGRP pooled liability rate	0.00%	0.00%	0.00%	0.00%	0.00%
Transition liability/(surplus) rate ²	(5.95%)	(5.95%)	(5.95%)	(5.95%)	(5.95%)
Side account rate relief ²	0.00%	0.00%	0.00%	0.00%	0.00%
Net pension contribution rate	13.57%	12.39%	15.64%	6.64%	10.75%
Retiree Healthcare					
Normal cost rate	0.08%	0.08%	0.08%	0.00%	0.00%
UAL rate	0.45%	0.45%	0.45%	0.45%	0.45%
Net retiree healthcare rate	0.53%	0.53%	0.53%	0.45%	0.45%
Total net employer contribution rate	14.10%	2.92%	16.17%	7.09%	11.20%

Advisory 2017 - 2019 Employer Rates Calculated as of December 31, 2014 for City of Troutdale

	Payroll				
	Tier 1/Tier 2			OPSRP	
	Default	Optional Separate Rates		General Service	Police & Fire
All T1/T2 Payroll	General Service	Police & Fire			
Pension					
Normal cost rate	16.88%	15.03%	19.97%	8.10%	12.90%
Tier 1/Tier 2 UAL rate ¹	5.91%	5.91%	5.91%	5.91%	5.91%
OPSRP UAL rate	1.01%	1.01%	1.01%	1.01%	1.01%
Pre-SLGRP pooled liability rate	0.00%	0.00%	0.00%	0.00%	0.00%
Transition liability/(surplus) rate ²	(6.17%)	(6.17%)	(6.17%)	(6.17%)	(6.17%)
Side account rate relief ²	0.00%	0.00%	0.00%	0.00%	0.00%
Net pension contribution rate	17.63%	15.78%	20.72%	8.85%	13.65%
Retiree Healthcare					
Normal cost rate	0.07%	0.07%	0.07%	0.00%	0.00%
UAL rate	0.43%	0.43%	0.43%	0.43%	0.43%
Net retiree healthcare rate	0.50%	0.50%	0.50%	0.43%	0.43%
Total net employer contribution rate	18.13%	16.28%	21.22%	9.28%	14.08%

2017-2018 PERS Pension Contribution

- ▶ General Fund cost increase of \$50,000+ (April 2016 est.)
- ▶ Public Works Funds cost increase of \$57,000+

*Costs will increase each biennium for 6 to 8 years

Employer Rates Effective July 1, 2017 for City of Troutdale

	Payroll				
	Tier 1/Tier 2			OPSRP	
	Default	Optional Separate Rates		General Service	Police & Fire
All T1/T2 Payroll	General Service	Police & Fire			
Pension					
Normal cost rate	14.67%	14.67%	19.94%	6.02%	12.79%
Tier 1/Tier 2 UAL rate ¹	6.18%	6.18%	6.18%	6.18%	6.18%
OPSRP UAL rate	1.27%	1.27%	1.27%	1.27%	1.27%
Pre-SLGRP pooled liability rate ²	0.00%	0.00%	0.00%	0.00%	0.00%
Transition liability (surplus) rate ³	(11.51%)	(11.51%)	(11.51%)	(11.51%)	(11.51%)
Side account rate relief ⁴	0.00%	0.00%	0.00%	0.00%	0.00%
Net pension contribution rate	10.61%	10.61%	15.88%	3.96%	8.73%
Retiree Healthcare					
Normal cost rate	0.07%	0.07%	0.07%	0.00%	0.00%
UAL rate	0.43%	0.43%	0.43%	0.43%	0.43%
Net retiree healthcare rate	0.50%	0.50%	0.50%	0.43%	0.43%
Total net employer contribution rate	11.11%	11.11%	16.38%	4.39%	9.16%

2017-2018 PERS *REVISED*** Pension Contribution**

Police staff transfer to MCSO significantly *lowered* our overall employer pension cost demographic!

2017-2018 PERS ***REVISED*** Pension Contribution

General Fund cost
decrease of \$37,000 !!

Public Works Funds cost
decrease of \$40,000 !!

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2019-2021 PERS Pension Contribution

▶ General Fund cost
increase of \$56,000+

▶ Public Works Funds cost
increase of \$66,000+

*Costs will increase each
biennium for 6 to 8 years

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Questions ?

Outstanding Debt Service Principal June 30, 2016

WPCF GO Bonds	2,420,000
Police Facility GO Bonds	6,685,000
Parks & Facilities Building Loan	273,000
Interfund Loan for the ARCH	107,000
Interfund Loan to the Sam Cox Bldg	75,000
Interfund Loan to the URA	350,000

Fiscal Year 2016-17 Budgeted Debt Service

Parks and Facilities Building Loan:

- ▶ Amount \$1,173,000
- ▶ Term, 10 years @ 3.5% (2 yrs remaining)
- ▶ Paid from General Fund revenues
- ▶ 2016-17 debt service payment \$142,090

Fiscal Year 2016-17 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
- ▶ 2016-17 debt service payment \$1,281,800 (2 yrs remaining)
- ▶ Lack of SDC revenue has and continues to result in a higher property tax levy than planned

Fiscal Year 2016-17 Budgeted Debt Service-continued-

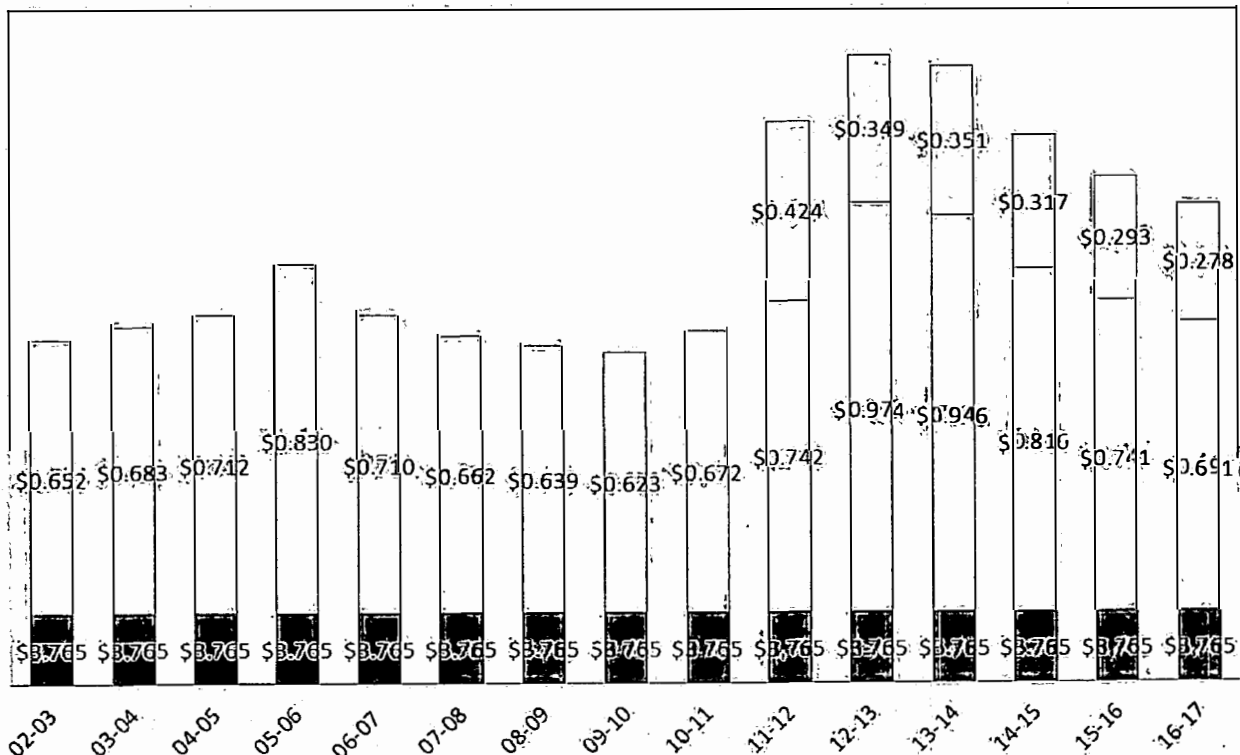
Police Facility G.O. Bonds:

- ▶ Debt Service paid from property tax levy
- ▶ 2016-17 debt service payment \$515,935 (15 yrs remaining)

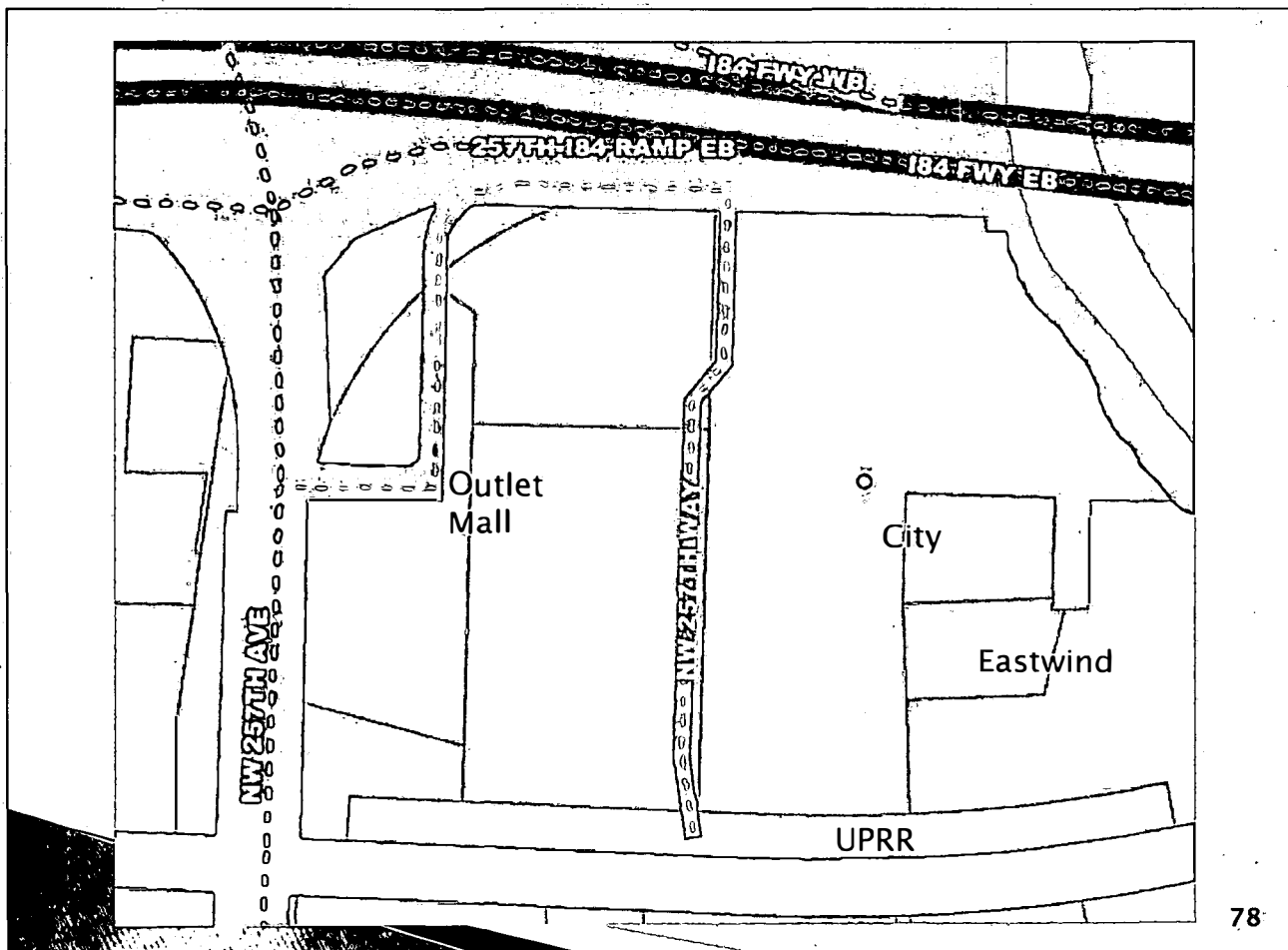
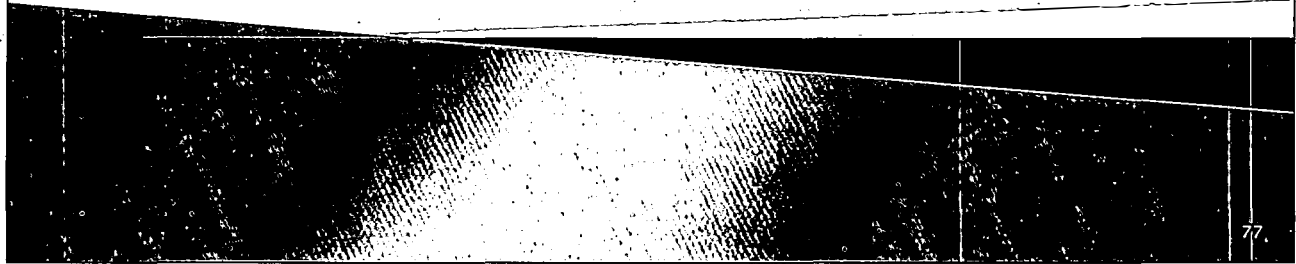
Levy to be reduced by \$175k of PD Facility Lease revenue.

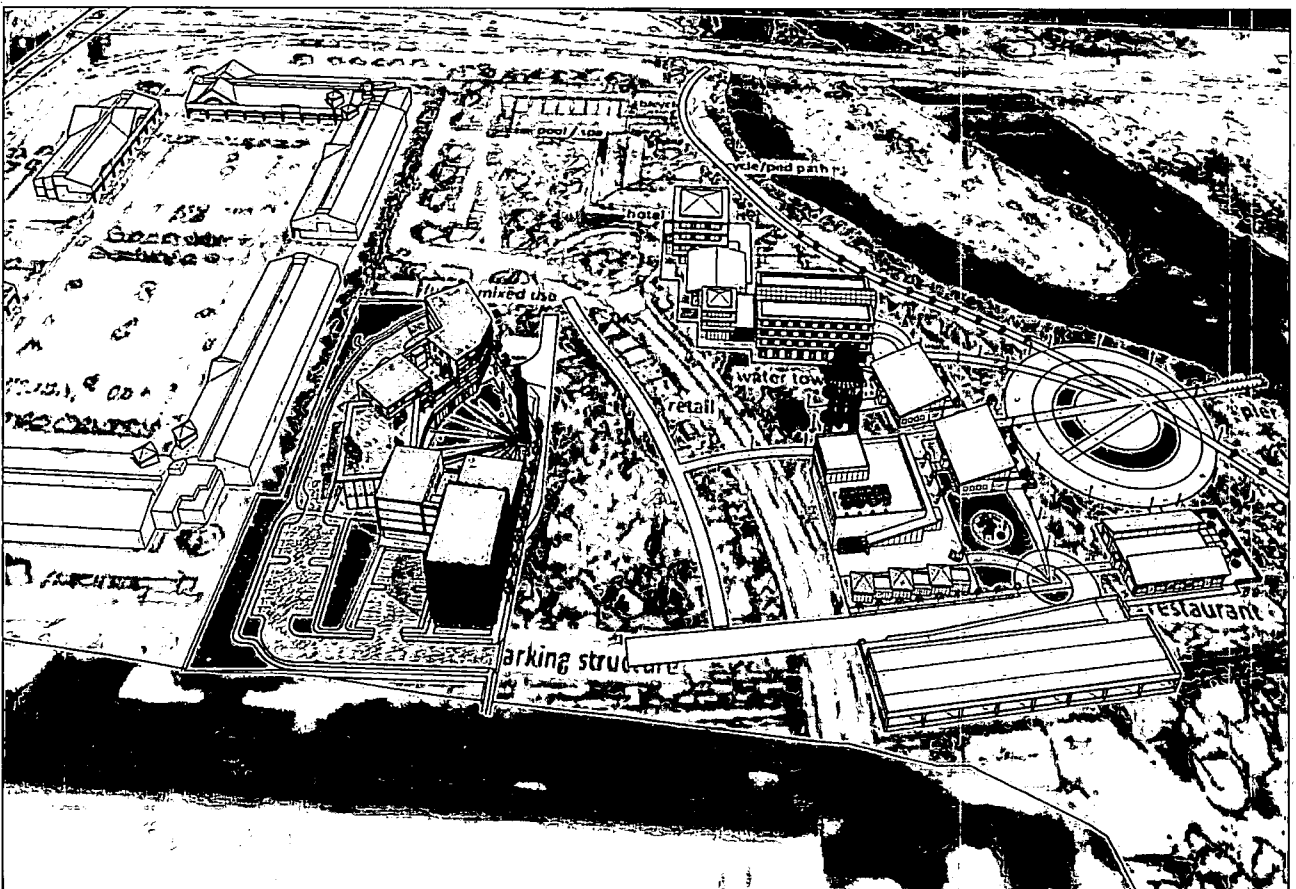
Property Tax Rate per \$1,000 Fifteen Year History

■ Operations ■ WPCF Bonds ■ Police Facility Bonds



Urban Renewal Agency





Urban Renewal Agency Overview

- ▶ Current Status
- ▶ Upcoming projects
- ▶ Capacity for \$5.9 million debt payments

81

URA– 2 Parts

- ▶ Riverfront Renewal Fund
 - \$464k in cash
 - \$350k outstanding debt to the City
- ▶ URA Debt Service Fund
 - \$150k loan payment due to the City

82

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

- ▶ FY 2016–17 assessed value is *only* \$7.9M
- ▶ \$400k *drop* from 2015–16
- ▶ Tax revenue \$14k *below* budget

83

URA Project Financing

- ▶ Provides funds for URA projects:
- ▶ Requires loans from the City
- ▶ \$250,000 in 2016 loan from City to URA
- ▶ Additional loan(s) in 2017...

84

URA Project Costs

UP underpass for trail	\$.5M
Sandy River Access Plan	\$4.5M
Demolish WWTP	\$1.8M

Outlet Mall Road	\$? M+

85

Summary: URA

- ▶ City could issue up to \$5.9 million in full faith and credit bonds – not G.O. Bonds
- ▶ IF we did all of the projects, the URA would have to borrow the \$5.9 million from the City, or State, or receive grants

86

Other GF Budget Drivers

- ▶ Fire Contract
- ▶ Storm Water Utility Fees
- ▶ Depot Park
- ▶ Police Contract
- ▶ Potential Other items

87

Fire Contract

- ▶ 3rd year of renewed 10 year contract (2.5% to 4.5%)
- ▶ Cost increase *range* \$51,485 to \$92,673
- ▶ Total range of \$2,110,894 to 2,152,082 from \$2,059,409

88

Stormwater Fees

- ▶ Funding requirements last year required the Stormwater Utility Fund General Fund to be independent of the sewer fund
- ▶ Continued support from the General Fund will be required unless stormwater fees for large impervious surface lots are adopted: \$202k FY 2014–15, \$343k FY 2015–16

89

Depot Park

- ▶ Building Upgrades \$150k
- ▶ Bike Hub \$? grant-eligible
- ▶ Restrooms \$? grant-eligible
- ▶ Archives \$? grant-eligible

90

Police Contract

3rd year of 10 year Contract

- ▶ Cost increase *range* \$28,832 to \$115,328 (1% to 4%)
- ▶ Total range of \$2,912,021 to \$2,998,517 from \$2,883,189
- ▶ Estimated cost increase of 2.5%:
\$72,080

(only the "contract" cost, not total PD operations costs)

91

Police Operations Costs

MCSO contract \$2,883,189

Retained City costs \$537,945

(Code Enforcement, BOEC, etc.)

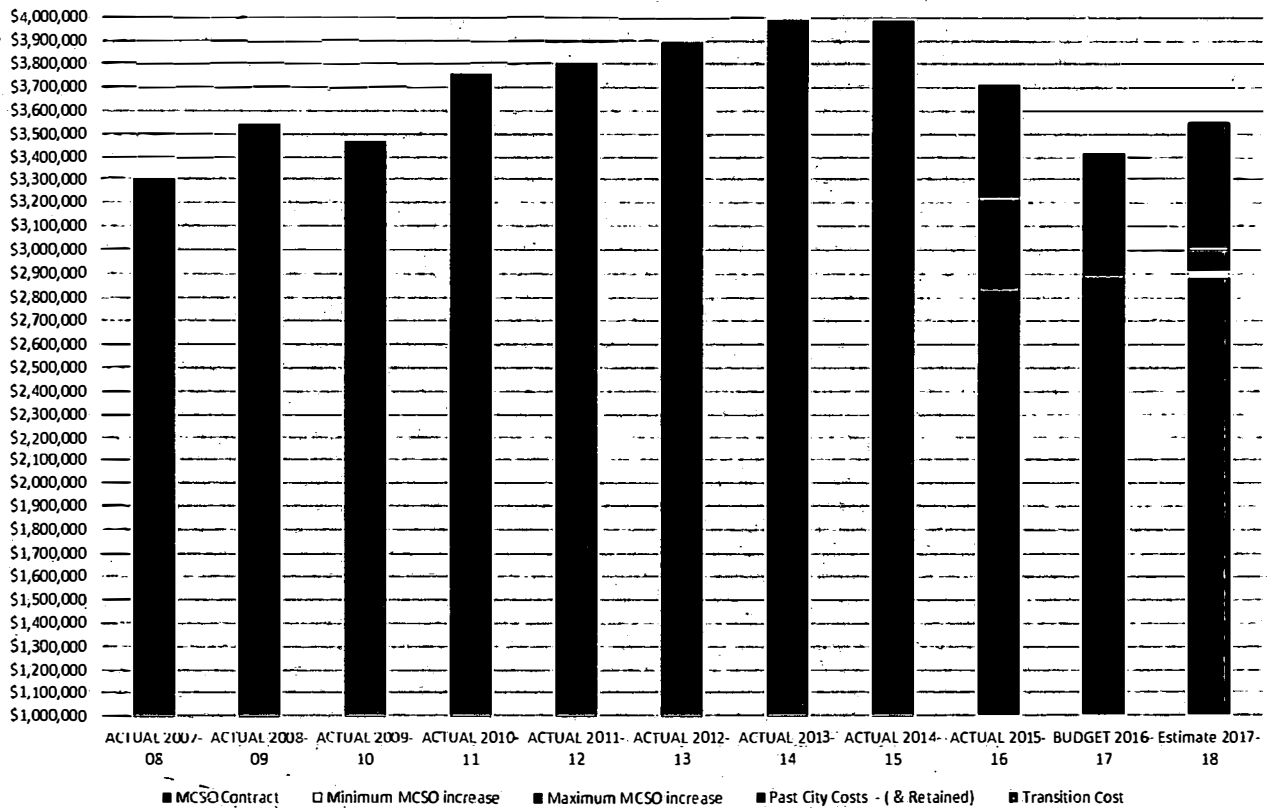
Police Budget = \$3,421,134
FY 2016-17

92

Police Operations Costs

2007-08	\$ 3,302,000
2008-09	\$ 3,545,000
2009-10	\$ 3,472,000
2010-11	\$ 3,758,000
2011-12	\$ 3,806,000
2012-13	\$ 3,895,000
2013-14	\$ 3,993,000
2014-15	\$ 3,988,000
2015-16	\$ 3,716,000
BUDGET 2016-17	\$ 3,421,000

Police Expenditures



Questions ?

95

Columbia Cascade *Enterprise Zone*

▶ “Potential” new
development

▶ *“Project Piper”*

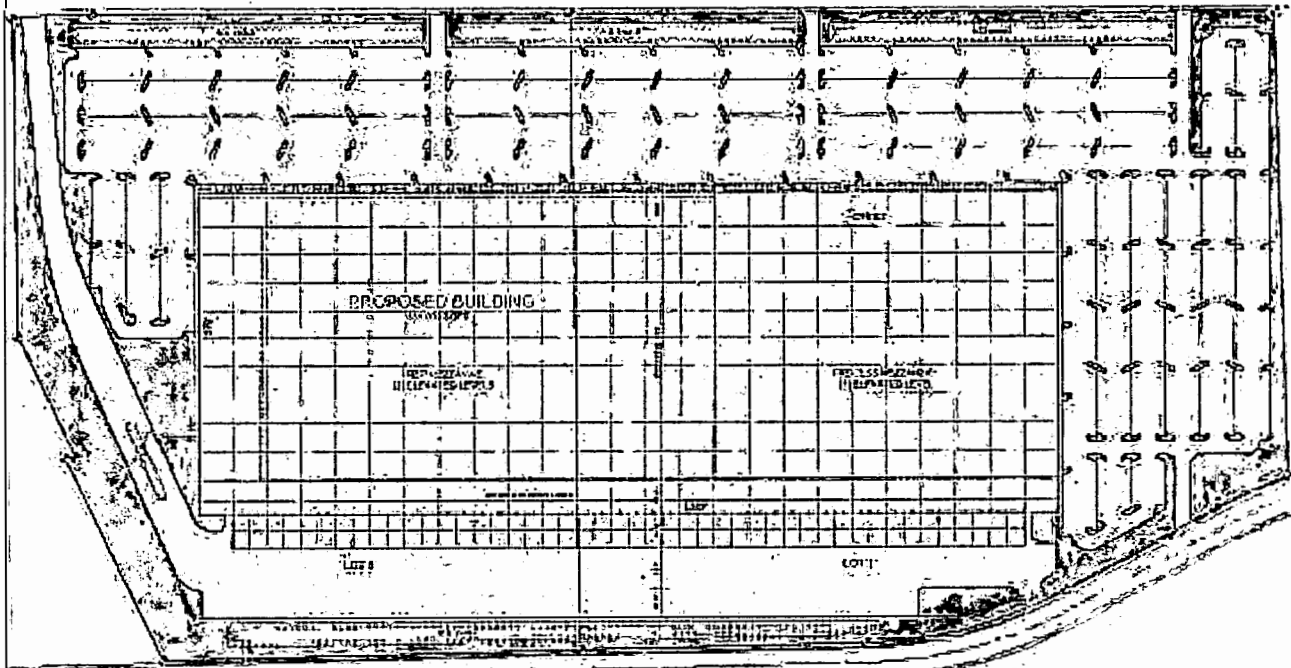
96

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.

97

***“Hypothetical”* Warehouse Project**



98



Some companies with robotic systems warehouse operations:

Staples, Inc.

Quite Logistics

Walgreens, Inc.

Acumen Brands

Gap Inc.

Boston Scientific

Saks 5th Avenue

Toys R Us

DJO Inc.

Dillard's Inc.

Crate & Barrel

Drugstore.com

Office Depot

Follett Higher Education Group

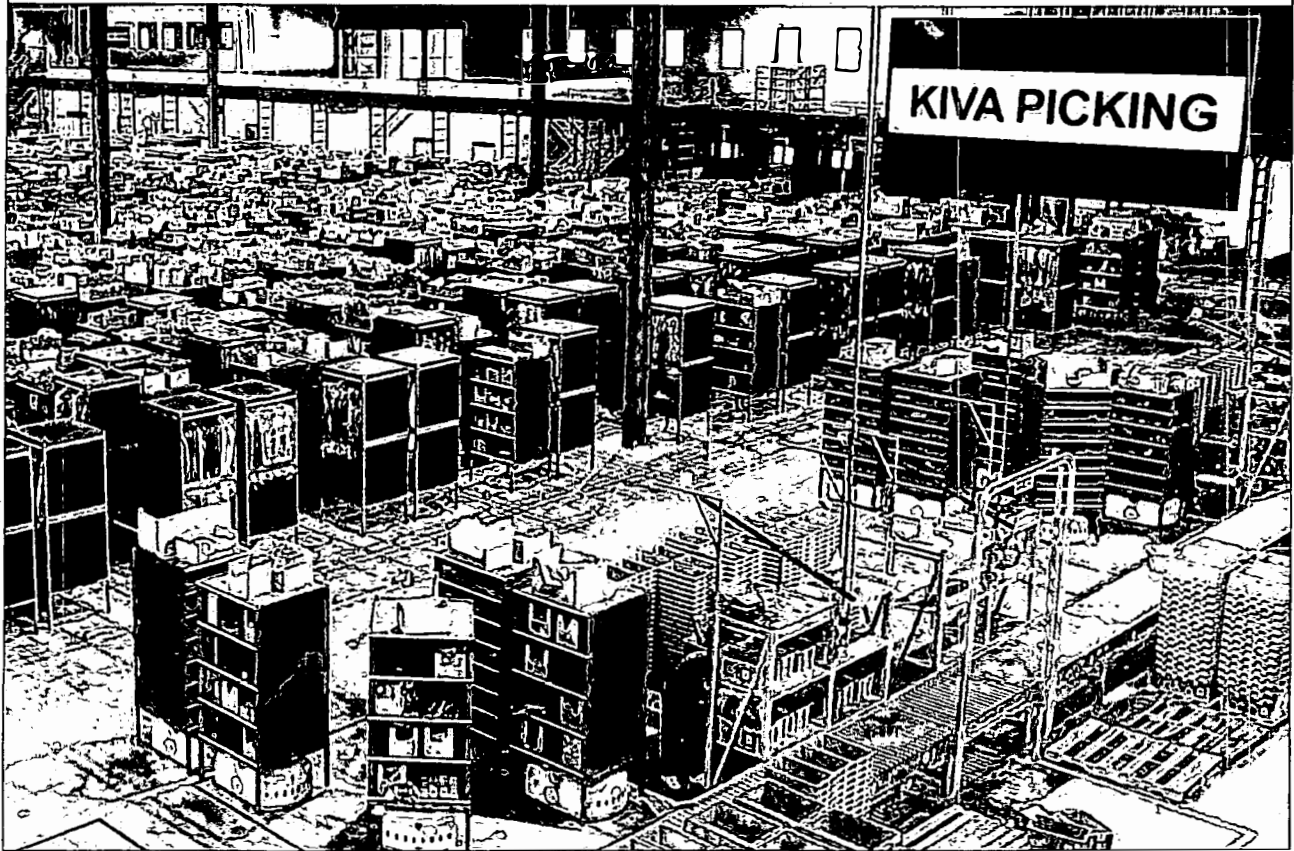
Von Maur

Timberland Company

Gilt Groupe

Dansko

Gap Inc. robotic fulfillment center



Gap Inc. robotic fulfillment center



Gap Inc. robotic fulfillment center



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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 \$150million investment *could* provide Troutdale with more than \$2.5million of CFS over 5 years to the General Fund.

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GENERAL Fund

10
5

General Fund Ending Fund Balance 5 Year Forecast

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Estimates !!!!!

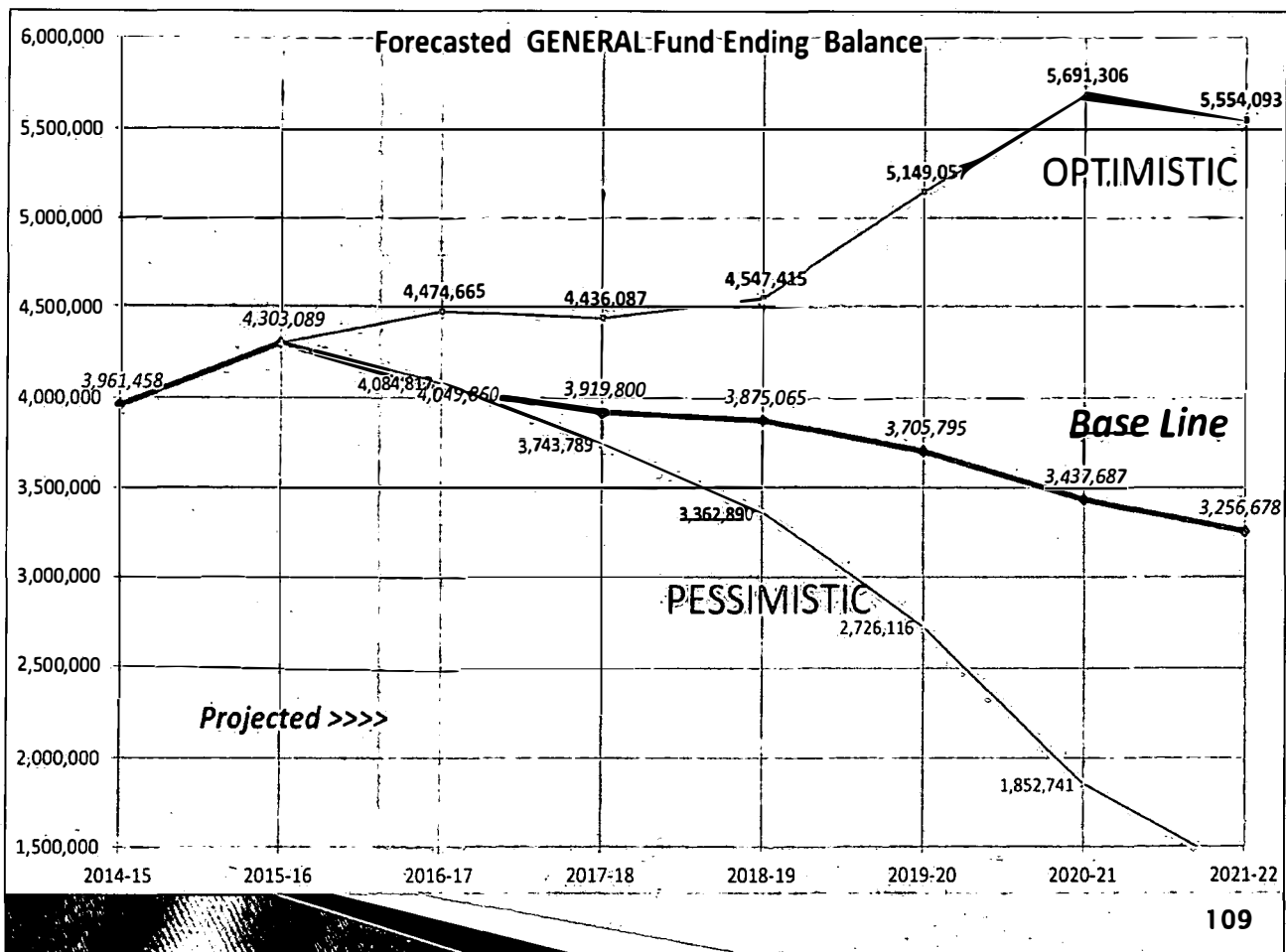
- ▶ The amounts throughout are *estimates*
- ▶ Only guarantee is that the actual amounts will be different than these estimates

10
7

General Fund BALANCE 2016-17

7/1/2016 BEGINNING FUND BALANCE	\$4,303,088
Budgeted EXPENDITURES:	11,897,146
Budgeted REVENUES	11,020,531
Preliminary Net:	-876,615
Adjustments	
CONTINGENCY	750,000
UNAPPROPRIATED	2,264,316
Budgeted YEAR NET:	-126,615
ESTIMATED ENDING FUND BALANCE	\$4,176,473

108



Policy “Assumptions”

Much of the forecasting
assumes the City Council
wants to:

- ▶ maintain current services
- ▶ avoid staff layoffs

Questions and discussion?

**Meeting
Wrap up**

Purpose tonight was to...

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

113

Budget Calendar

Save the Dates...

Budget Committee

2017

- ▶ Monday, April 17 – Police Facility Community Room
- ▶ Wednesday, April 19 – 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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