



SPECIAL CITY COUNCIL/DEVELOPMENT COMMISSION MEETING MINUTES OF MARCH 2, 2009

PRESENT: Mayor Lou Ogden; Councilors Chris Barhyte, Monique Beikman, Joelle Davis, Jay Harris, Donna Maddux, and Ed Truax

STAFF

PRESENT: Sherilyn Lombos, City Manager; Doug Rux, Community Development Director, Mike McKillip, City Engineer; Paul Hennon, Community Services Director, Eric Underwood, Development Coordinator; Carina Christensen, Assistant to the City Manager; Don Hudson, Finance Director; Nancy McDonald, Human Resources Director; Kent Barker, Police Chief; Dan Boss, Operations Director; Brenda Braden, City Attorney; and Maureen Smith, Recording Secretary

The special work session was called to order at 6:08 p.m. at the Tualatin Heritage Center.

1. ANNOUNCEMENTS – None.
2. ITEMS DISCUSSED

A. Urban Renewal Discussion

City Manager Sherilyn Lombos opened the discussion on urban renewal which has three discussion points.

[Note: Councilors also act as "Commissioners" for the Tualatin Development Commission.]

Overview of Urban Renewal

Community Development Director Doug Rux began with a PowerPoint presentation giving an overview of urban renewal – what it is, how it works, projects that have been done over the years, and how the financing portion works. Examples of how a tax bill works with and without urban renewal.

Leveton Tax Increment District

Community Development Director Rux proceeded with a PowerPoint on the Leveton Tax Increment District (LTID). Mr. Rux said the district is scheduled to close down. The question for the Council/Commission is should the LTID close down as scheduled and should the maximum indebtedness of the LTID be increased to address blight and *not* close down, and if yes, what are the blight issues and possible projects.

The district was created in 1985 and ten amendments have been done since its creation, with maximum indebtedness established. The tax increment fund collections/debt was explained by Mr. Rux and possible projects that remain that could be done. The emerging statewide urban renewal issues include some form of revenue sharing with overlapping taxing districts, would apply to new plans or increasing maximum indebtedness of existing plans, could have impacts on bonding capabilities, and could extend the timelines to complete future projects.

Council discussion followed on how to address the over collection/reserves and how the funding would be dispersed as the district reaches maximum indebtedness. It was asked and answered that the waterline infrastructure in the district is fully serviceable. Council discussed whether to continue the district. Also discussed was if the current district could be closed and a new one created.

After discussion, Council agreement by all present was to not to move forward with continuing the Leveton Tax Increment District after maximum indebtedness ends in 2010.

Brief discussion followed, with Council asking about what would happen to any remaining funds. Mention was made of using any remainder of funds towards a gateway project

Central Urban Renewal District Maximum Indebtedness

Community Development Director Rux continued with discussion on the Central Urban Renewal District (CURD) maximum indebtedness. Policy considerations are whether the Commission should close down the CURD as scheduled, should the maximum indebtedness of the CURD be increased to address blight and not close down, and if yes what are the blight issues and possible projects.

The district was created in 1975 and 22 amendments have been done since its creation. Maximum indebtedness of how the funding was distributed and reviewed. Possible projects to complete were also reviewed. Mr. Rux said the emerging statewide urban renewal issues are the same as with the LTID.

The challenge is whether to extend the CURD. Options to consider would be to keep the district the same with the same maximum indebtedness, close down the district, or start a new district with similar or different boundaries and a new maximum indebtedness. Discussion followed on the process of creation of a new district with new boundaries. A new plan would be at least a year out, and it would be three to four years before projects could be constructed. Discussion continued on what does the Council wants accomplished that couldn't be done by normal zoning and development.

Discussion followed. While recognizing the current economic situation, Council also believes what is envisioned for Tualatin in the future is important. A cap of \$10 million was suggested for the CURD, and a ten year plan.

Councilor Maddux said she, along with Councilor Harris, were not in favor of closing down the CURD, to continue with increasing the maximum indebtedness, and keep going with what has taken place in the district to date. Councilor Barhyte said he is in favor of extending the district but also wanted to recognize the need to scale back. Mayor Ogden agreed with scaling back but wanted to be sure there will be adequate funds to be able to complete redevelopment. Councilor Truax said he was in favor of continuing the CURD, finish projects that have been identified, have enough funds to be a partner in the redevelopment of the downtown, and to have adequate funding to be able to accomplish what is envisioned for the Tualatin community.

City Manager Lombos summarized Council discussion to extend the life of the CURD, and for staff to bring back a set of projects that match the vision heard from Council in November 2008. Also to bring back a ten year plan and continue with the CURD but to be prudent.

[Councilor Truax left at 7:45 p.m.]

B. Five-Year Forecast Follow-up

City Manager Lombos said at a previous work session a brief review of the five year forecast was done that left some questions to be answered. Along with Finance Director Don Hudson a PowerPoint presentation was given on an overview of the long term health of the General Fund, and review of other funds, such as utility, special revenue, etc.

The Water and Sewer Funds were reviewed showing revenues, expenditures and reserves. The buildup of reserves over the five year period was explained for the sewer and water funds. The storm drain fund was reviewed and explained that the rates that have been collected have not been keeping up with expenses over time, which is why revenues will increase in the out years. Councilor Harris asked to have a water discussion at a future meeting. The amount and having adequate reserves, particularly for emergency situations was discussed. Finance Director Hudson said contingencies are set aside that are not part of the reserves funds to handle emergencies that may arise. A more in depth discussion will be done during the annual fiscal year budget review.

City Manager Lombos continued with review of the Engineering and Building Fund, and said staff has been closely monitoring the fund, and at this point in time the fund matches revenues and expenditures. During the annual budgeting process no new positions will be proposed but are not in the position of a lay-off or restructuring.

The Operations Fund was reviewed. Staff monitors this fund yearly and what is contracted. The Road Utility Fund was reviewed. Although not certain which year, there is a potentially large road project accounting for the considerable reserves.

The Gas Tax Fund was reviewed noting there are not any reserves available. If there is an increase by the Legislature there could be a change in revenues. This fund covers traffic signal maintenance, street lights, some reverse frontage, transfers to the Operations Fund, and pedestrian friendly projects, etc. City Manager Lombos said a more specific plan will be brought back during the annual fiscal year budget discussion.

City Manager Lombos continued with review of the General Fund, and review of the budget versus actual expenditures. City Manager Lombos explained staff projects revenues conservatively and have typically ended up with additional funds. In terms of expenditures, historically the City has spent about 96% of what is budgeted, but there is cost and salary savings from employee turnover, etc. In looking at the five year revenue and expenditure history and the stable funding sources in place, Tualatin is in much better shape than many other cities. And has been prudent living within our means. Current revenues in 2008/09 are trending exactly where they should be, with expenditures trending below budget as well. Tualatin also has a 15% contingency policy which is very prudent. Also briefly discussed was keeping up with future PERS increases and suggested to budget for those increases.

Other Revenue Options for the General Fund were reviewed and the differences that happen with adding revenues in first years and the out years. Council discussed ways to look at cutting the expenditure side of things.

City Manager Lombos concluded that during the annual budget process a specific discussion of how to balance the budget in fiscal year 2009/10 will be done and goals and strategic areas will also be discussed. Council briefly reviewed upcoming budget meeting dates.

4. ADJOURNMENT

The special work session adjourned at 9:03 p.m.

Sherilyn Lombos, City Manager

Recording Secretary *Maureen Smith*