



Present: Councilor Frank Bubenik; Council President Joelle Davis; Councilor Nancy Grimes; Councilor Paul Morrison; Councilor Robert Kellogg

Absent: Mayor Lou Ogden; Councilor Jeff DeHaan

Staff Present: City Manager Sherilyn Lombos; City Attorney Sean Brady; Police Chief Bill Steele; Finance Director Don Hudson; Planning Manager Aquilla Hurd-Ravich; Deputy City Recorder Nicole Morris; Maintenance Services Division Manager Clayton Reynolds; Assistant to the City Manager Tanya Williams; Economic Development Manager Jonathan Taylor; City Engineer Jeff Fuchs; IS Director Bates Russell; Planning Manager Steve Koper

CALL TO ORDER

Council President Davis called the meeting to order at 5:00 p.m.

1. ***Economic Development Update.***

Economic Development Manager Jonathan Taylor and Community Development Director Aquilla Hurd-Ravich presented an economic update. Manager Taylor spoke to unemployment rates, median house hold incomes, job growth, total jobs, and where workers live. He noted our unemployment rates is the lowest it has been since June 2017 and despite our slow population growth rate the job growth rate is one of the fastest in the state.

Councilor Kellogg asked about the 3.2% employment rate. Manager Taylor stated that number includes active lookers and people in the workforce.

Manager Taylor stated the City this year implemented using the CoStar program that aggregates active property listings for industrial and office spaces. He spoke to Tualatin's office market stating there currently is a 13% vacancy rate. It was noted Tualatin's net absorption is positive for the year. Manager Taylor spoke to the industrial market noting Tualatin is the most competitive market in the south Metro with a 1% vacancy rate. As a result the city may encounter recruitment and expansion obstacles with no new space allotted.

Manager Taylor spoke to Opportunity Zones in the City. He stated these zones, or "emerging domestic markets," are where new investments may be eligible for preferential tax treatment. If Tualatin is to benefit from the anticipated investment the city should begin to discuss how the funds should be utilized in order to be competitive with other zones. He stated the federal rules for these zones was released Friday and staff will begin to review those. Tualatin has two identified zones Tract 1: I-5 and Tract 2: Tualatin Sherwood Road.

Councilor Kellogg have other municipalities created these opportunity funds. Manager Taylor stated they have partnered with them to create these funds.

Councilor Bubenik asked if the state is involved with this or if cities work directly with the federal government. Manager Taylor stated the states roles was to identify the designated opportunity zones.

Council President Davis asked how many zones there are. Manager Taylor stated there are 86 in Oregon and 8,760 across the US.

Manager Taylor spoke to the industry cluster analysis. The city has five target industry clusters: advanced manufacturing, distribution and ecommerce, information technology, food processing and manufacturing, and corporate and business services. The five clusters represent 31% of the cities total employment and half of the cities gross product at \$1.8 billion. He spoke to each individual clusters statistics in the city.

Councilor Kellogg asked if the last economic update had different statics then the one presented today. Manager Taylor stated the clusters are self-reporting and there are no definitive definitions for the cluster definitions. It doesn't mean the jobs were lost it just means they were reclassified into different categories due to the self-reporting mechanism.

Council President Davis asked why there isn't a cluster for health care. Manager Taylor stated this industry provides 3,279 jobs in Tualatin and is considered a local service cluster. This presentation represents the traded sectors and not local service clusters. Council President Davis would like to see them included in future reports as those business contribute to our local economy.

Manager Taylor stated the 2019 goals for economic development include s more comprehensive annual report of economic development efforts, an economic vitality strategic plan, a buildable lands inventory, a tourism plan, expanded partnerships, and a Tualatin Development Commission education series.

Councilor Kellogg stated the previous strategic plan identified wood paper and printing as 6% of our economy. He asked what it currently is. Manager Taylor stated it is currently at 6%.

Councilor Kellogg asked about the average wages being higher in the last report. Manager Taylor stated the different categorizations and self-reporting changed the median wages.

2. *Tualatin Moving Forward 1st Annual Report.*

City Manager Sherilyn Lombos and Public Works Director Jeff Fuchs presented the first annual Tualatin Moving Forward report. City Manager Lombos recapped the history of the program since the bond passed in May. She stated Tualatin's Aa1 rating was reaffirmed and the bond sales where held and yielded savings. The program was up and running 90 days post-election. Director Fuchs shared the priority projects map and report card for the program. He spoke to the fast-track projects schedule for the five identified projects.

Councilor Kellogg asked what was being done at Boones Ferry and Siletz Drive that drove the cost to \$426,000. Director Fuchs stated sidewalks and curb ramps needed to be installed to complete the intersections. He stated beacons at the crosswalks are being installed as well.

Director Fuchs continued with the fast-track projects stating work will begin on each of the projects this year and will be completed in 2019.

Councilor Bubenik asked if there were concerns about getting bids back on small projects in that time frame. Director Fuchs stated they have reached out early in the process to the construction community so they know they are coming.

Director Fuchs shared images of the first completed project on 115th Ave from Tualatin to Hazelbrook Road. The ribbon cutting and celebration was held on September 15. Director Fuchs spoke to public outreach noting they will be branding and relaunching the program where regular progress reports and project specifics will be made available. Additional items such as branded site signage, scorecards, and project celebrations will be held. Director Fuchs stated Program Manager interviews are happening this week and the goal is to have a firm on board by December.

Council President Davis asked if the Program Manager position is permanent. Director Fuchs stated it will be a consultant contract. They will assess the portfolio of projects, manage schedules and budget, coordinate with other agencies, and report on progress.

3. *Tualatin Service Center Project.*

Maintenance Services Division Manager Clay Reynolds and Finance Director Don Hudson presented an update on the Tualatin Services Center. Manager Reynolds presented the service center concept. He stated the center would be an expansion of the Public Works complex at Herman Road. It would co-locate like departments such as Public Works, Engineering, Planning, Permit Counters, and possibly Municipal Court. The benefits for creating the service center include a one-stop facility for the public, more parking, increased staff efficiency, and limits the need to rent additional office space. Manager Reynolds spoke to the conceptual design process. He stated an evaluation of space needs was conducted, as well as the future effects the Operations Master Plan. Manager Reynolds stated SRG was hired to determine traffic impacts and a preliminary cost estimate.

Director Hudson spoke to potential funding for the center. He stated the city could utilize existing funds and full faith and credit financing. Existing funds total \$4 million: \$1.6 million from the General Fund and \$2.4 million from Building, Water, Sewer, and Storm Drain funds that could be made available without impacting the services provided by those funds. \$4 million dollars could be utilized from full faith and credit financing and paid back by repurposing the annual Seneca lease payment and remaining annual debt service allocated between Building, Water, Sewer, Storm Drain, Road Operating funds over a 10 year period. Together these options total \$8 million that the City could comfortably afford.

Manager Reynolds spoke to design considerations for the concept. He shared SRGs recommendation: a 15,000 square foot, two story, new building. The building

initially includes Municipal Court, Operations, Engineering, Community Development, permitting, conference rooms, and storage. It also would have public spaces on both floors and would require 70-120 total parking spaces.

Councilor Bubenik asked if the foot print of the building fits in the current open space at the operations facility. Manager Reynolds stated it does. Councilor Bubenik asked about the impacts of losing that space at the operations yard. Manager Reynolds stated it would have minimal impacts.

Councilor Bubenik asked about repayment if there is an impending recession in the future. Director Hudson stated he would feel comfortable paying back \$8 million during a recession.

Councilor Kellogg asked if some functions from the general fund are included in repayment. Director Hudson stated there is some general funds, \$60,000/year, which would be used for repayment.

Councilor Grimes stated she is concerned with public transportation to the location. Manager Reynolds stated the Tualatin Shuttle services the area.

Council President Davis asked what percentage of staff would be relocated. Manager Reynolds stated 27 people would be relocated and 21 people would move into the City Offices from other locations.

Councilor Kellogg asked about the location of public parking. Manager Reynolds stated they are still figuring out the best use of parking. Councilor Kellogg stated he has concerns with yard vehicles coming in and out of the facility using a public access. Manager Reynolds stated there are currently two access points to the property and staff would start using the access off 108th.

Council President Davis would like to see the Parks Division located in the center as well. Councilor Grimes concurred. Manager Reynolds stated they would have to talk to the department about the functionality of them relocating.

Councilor Bubenik asked what would happen to the existing operations building. Manager Reynolds stated they would keep the lunch room and meeting rooms and the older part would be demolished.

Council President Davis asked how many people the large meeting space would accommodate. Manager Reynolds stated it could hold 125 people and is similar in size to the Police Training Room. City Manager Lombos stated the goal is to make it as big as possible.

Councilor Morrison stated he is supportive of the center and proposed financing, his only concern is with public transportation. Councilor Morrison asked if there are plans to widen Hermann Road. Public Works Director Fuchs stated there are no plans at this point to widen the road beyond its current state.

Council President Davis would like to see if more space could be added to the building. She noted that transportation to the site will be very important.

Councilor Bubenik asked when the building would be full based on anticipated

employment growth. Manager Reynolds stated 20-30 years.

Manager Reynolds stated next steps are to create an employee task force, refine the space needs, and create a site plan from the conceptual design. Once the completion of the site design is done staff will come back to council with an update.


4. Council Meeting Agenda Review, Communications & Roundtable.

None.

ADJOURNMENT

The work session adjourned at 6:33 p.m.

Sherilyn Lombos, City Manager

 / Nicole Morris, Recording Secretary

 / Lou Ogden, Mayor