

FY 2015-2016 BUDGET MESSAGE

Message to the Budget Committee and the Residents of Tigard

I am pleased to present a proposed FY 2016 budget that continues to move Tigard toward a stronger financial future.

The Current Path: Where We've Been and Where We are Heading

The City of Tigard made reductions to its budget in 2010 and 2012 that reduced the level of core services that were available to the public we serve. Since FY 2009, Tigard's population has grown from 46,715 to 50,444, representing a growth of 8 percent. Over the same period of time, Tigard's work force has decreased from 296.05 FTE to 264.65 FTE in this Proposed Budget, representing a decrease of 11 percent. For the past three years, the budget message to the community has also been that the city has worked diligently to become more efficient and contain cost growth to align with our (lesser) revenue growth. Since making these cuts, the city has given the best quality of city services possible to residents using the resources that we have. Some of our most visible services to the public, including time for police response to priority calls, open hours at the library, and public meeting space, are less available to Tigard residents today than they were seven years ago.

Tigard faces the multiple financial challenges of most Oregon cities. The city has the second lowest permanent property tax levy rate (\$2.51/1,000 AV) of any city in Washington County with a population over 5,000. That rate was set when Measure 50 was approved in 1997. Even with the work we have done to curb cost growth, our city expenditures still grow at a rate about one-half of one percent faster than our resources grow (4.0% vs 3.5%). Our residents say in community surveys that they wish for more of, and improved, city services than what is currently provided. And we are not keeping up with the maintenance of some of our infrastructure systems and public facilities.

Still, the city has accomplished much with what we have, and I am proud of what we have been able to do with the resources with which we have been entrusted. The city has embarked on a new economic development effort, improving our finance, police, and library services using equipment and technology, and created a position to assist with public communication. This has been achieved with 31.4 fewer FTE in the city workforce than there were in 2008-2009, and the effects of inflation that lessen buying power to hire additional employees. Still, considering the city's workload measures since 2008, the city has maintained services of solid quality to the public.

Challenges remain. Tigard has much to do to maintain and operate our systems well, and to fund the development, maintenance and operation of city park properties; and to repair and replace police, public works and city hall facilities that are still unfunded.

In recent years the city has maximized possible revenues from franchise fees, updated many fees and charges to ensure that they track with inflation, kept utility rates current with future system needs, and updated system development charges. Even with the changes made to resources, there is little available to invest in new or expanded services.

On our current course, the service that is provided today, we will be able to provide tomorrow. There is no room in the budget to add key staff to meet the needs of a growing city. Due to the discrepancy in growth rates of expenditures and revenues, the city's General Fund expenditures will exceed revenues by FY 2019. The result of this course will be a slow and steady erosion of core city services such as library, police, parks, and community building.

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Forming the Budget: What We Have Heard

Council Goals: Tigard citizens and businesses are represented by our five member Mayor and Council. The Mayor and Council take the responsibility of listening to the community seriously and have set goals around the interests and input of Tigard residents and businesses. The goals are near term and achievable within the 2015-17 timeframe. By setting these goals for the city, your elected officials are responding to the city's needs and directing staff to further these key goals. I am happy to report that this proposed budget advances all five goals.

Goal		FY 2016 Budget
1	Provide Recreation Opportunities for the People of Tigard	The Proposed Budget includes a new Recreation Coordinator position as well as funding for the Recreation Program Guide and Grants and Scholarships.
2	Make Downtown Tigard a Place Where People Want to Be	While much of this goal is achieved as work of Tigard's urban renewal district the City Center Development Agency (CCDA), the City continues to fund all the staff that support the district and has included one-time funds to support the downtown Tigard Business Alliance.
3	Adopt Tigard Triangle Strategic Plan and Enable Future Development Capacity	This goal is in the beginning stages and is advanced through the work of existing staff in the Community Development Department as well as interdisciplinary staff in Public Works, Finance, and Administration.
4	Enable Groundbreaking in River Terrace by Summer 2015	River Terrace development is well underway. Tigard expects to process land use permits for over 1,000 new homes. A new Planner position was added last fiscal year and the Building Division is proposing to add a new Plans Examiner and a half-time, limited duration Admin Specialist to keep scanning and archiving of records up to date. Staff in Finance, Public Works, and Community Development will continue to implement the adopted River Terrace Community Plan and Financial Strategies.
5	Expand Opportunities to Engage People in the Community	Last year, Tigard hired a Communication Strategist. This new position will continue to shepherd Tigard's improvement in telling our story. Tigard has improved its on-line presence with an improved website. Also, Council will continue to pursue regular 1x10 meetings to reach out to Tigard residents and businesses.

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Strategic Plan: The Tigard City Council adopted the 2014-2034 vision for Tigard to become the *most walkable city in the Pacific Northwest where people of all ages and abilities enjoy healthy and connected lives*. Tigard has made progress on this vision in a short time. Some of the accomplishments include:

- Securing a \$150,000 two-year Safe Routes to School grant
- Lighter, Quicker, Cheaper projects that have filled sidewalk gaps on 135th Avenue, North Dakota Avenue and Spruce Street; as well as a pedestrian trail on Oak Way connecting to Metzger Elementary
- Organized Tigard Walks
- Application for a Walk Friendly Assessment from the non-profit Walk Friendly Communities.

The Strategic Plan includes four goals. The key goal that impacts the budget is the goal to *fund the vision while maintaining core services*. On our current path, our core services will steadily decline and there is little room to fund the vision.

A Bold Path: Funding the Vision While Maintaining Core Services

The city and community acknowledge that unless new and additional resources are made available, the current situation will prevail. Status-quo, “level” budgets could be presented each year, never investing in any new or expanded services and steadily allowing core city services to continue to decline. Or, the city could take steps to make more resources available in order to provide those desired services.

Every other year, Tigard conducts a citizen survey. In 2012, Tigard asked about the importance of potential changes. The proposed FY 2016 Budget sets Tigard up to accomplish all the areas where more than 50 percent of Tigard residents said the change was somewhat important or very important. The table below summarizes the potential changes, their importance rating and how they can be achieved.

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Potential Change	Importance Rating %	Path to Achievement
Increase efforts to retain existing and attract new jobs to the city	87	Included in the current base budget. Both of these service changes are staffed and budgeted in FY 2015.
Improve the city's communication with citizens	72	
Develop city-sponsored recreation programs	59	Included in the Proposed budget using existing resources. Includes new position, Recreation Program Guide and Grants and Scholarships.
Increase the level of street maintenance	83	Council is currently reviewing the Street Maintenance Fee (SMF) to consider expanding funding of the Pavement Management Program. The purpose is paving the growing backlog of streets that are in poor condition. This will increase Tigard's pavement rating from 70 to 80+ in 10 years.
Development and maintenance of newly purchased parks	74	See following proposal to form a Parks Utility and free up current tax dollars in the General Fund.
Expand police youth service programs	71	
Expand open hours for the city public library	58	
Increase funding for city neighborhood code enforcement	57	

Forming Tigard's Parks Utility and Funding Core Services: Tigard's General Fund supports four services: library, police, parks, and community building (e.g. planning, engineering, code enforcement, economic development). As discussed earlier, our current path will lead to a slow erosion of these services over time. In order to break this cycle, it is time to consider bold action that treats the funding of these services differently.

Tigard's parks already have aspects of a utility that make it similar to water, sewer, and storm water. Tigard has a Parks Master Plan and a Greenways Trail System Master Plan. Developers in Tigard pay a system development charge to mitigate the impact of growth on the parks system. The parks system requires level maintenance the same as other utilities, or the system starts to break down. In 2010, Tigard voters approved a \$17 million parks bond that has allowed the city to increase park land by approximately 50 percent. That park land needs to be developed and maintained. Under the current path of the city, there are few funds to develop the parks and there are no additional resources to maintain half again as many parks.

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The one aspect of Tigard’s park system that is not like a utility is that there is no Parks Utility Fee to fund the system. In December 2014, Council adopted the River Terrace Funding Strategy. That strategy includes the implementation of a citywide Parks Utility Fee to help fund community parks in River Terrace. The City of Medford currently employs such a fee with a scope that is limited to a specific community park.

The Proposed Budget for FY 2016 follows the model used in the City of West Linn where Tigard establishes a Parks Utility Fee that encompasses the entire parks system and will fund the needs of current maintenance and the development and maintenance of Tigard’s new park land that was purchased with the 2010 Parks Bond. I have seeded a new Parks Utility Fund with the same \$2 million of General Fund that would have been used to maintain Tigard’s parks. During FY 2016, Tigard will undertake a cost of service rate study to determine the needs of the parks system and how to equitably allocate those costs that the new Parks Utility is self-funding, including a new fee, by FY 2017.

Once the burden of parks maintenance service is removed from the General Fund in FY 2017, Tigard will be able to reinvest those general tax dollars in the three remaining core services. Specifically, I propose added open hours in the Tigard Library, expanding Police patrol staffing, and community building is enriched. Because these services will have the same existing problem that their costs will grow faster than revenues, I will propose budgeting less than \$2 million in expanded core services to allow for future cost growth. Eventually, cost growth will catch up to the savings and additional funding sources will be needed.

A summary of core service changes funding is provided below.

Potential funding source	Potential use	Timeframe
Create Parks Utility Fund “seeded” with \$2M of General Fund used for park maintenance (2015-16)	Park maintenance, operation and development	In FY 2016 Proposed Budget
General Fund available by creation of Parks Utility Fund (2016-17)	Core Service Possibilities: library, police, community building (e.g. planning, economic development, code enforcement), and needed support services or facility needs. Aid expenditure and resource growth “gap”; general fund reserves	Starting FY 2017
Business License Fee	Police/Commercial Crimes Unit	Proposed in FY 2016 Budget
Local Option Levy	Services provided by General Fund	Vote in Future FY
Gross Receipts Tax	Services and Facilities provided by General Fund	Vote or Council Action in Future FY

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Funding the Vision: In addition to securing funding to maintain core services, the Proposed FY 2016 Budget advances several alternatives for consideration by the budget committee and the City Council that either require Council approval, community input, or voter approval to make more resources available. This budget asks the Budget Committee to consider some combination of the following new resources that could match with new or expanded services that would meet community service demands.

Potential funding source	Potential use	Timeframe
City Gas Tax	Transportation or sidewalks	Potential vote in FY 2016 with funding in FY 2017
Street Maintenance Fee	Streets or sidewalks (current allowed use is street maintenance only)	Council action in Summer 2015 with funding in Summer 2016 construction season.
Local Option Levy	Services provided by General Fund	Vote in Future FY
Gross Receipts Tax	Services and Facilities provided by General Fund	Vote or Council Action in Future FY

Several of these proposals would make revenue available to Tigard that is, as yet, not authorized or prioritized for new services. But the creation of a Parks Utility Fund would “free up” currently programmed General Fund dollars in future years to make funding available for other general fund services. A discussion by the Budget Committee and later, the City Council and Tigard community about priorities for this funding would need to occur soon after the adoption of the 2015-16 budget.

Conclusion

Last year, the budget message underscored the point that a budget is really about setting a plan for what an organization or a community wants to achieve. Tigard wants to move toward its vision of becoming more walkable, healthy and interconnected, expanding core services, building a vital downtown area, and addressing transportation challenges. We have also had three years of level budgets with no new or expanded services. If something in the city’s budget is to change, new resources will be needed. This budget funds core services at their current level while beginning to invest in the vision, and it sets up choices to make new resources available, depending on the desires of the community. Therefore, I believe that this budget responsibly sets us on a path to meet the long term goals of the city.

Respectfully submitted,



Marty Wine, City Manager

COUNCIL GOALS

1. Provide Recreation Opportunities for the People of Tigard

Objectives	Estimated Timeline
Establish city recreation program in 2015-16 adopted budget <ul style="list-style-type: none"> • Recreation clearinghouse and program guide • Grants & scholarships • Recreation coordinator – staff position • Programs and classes (beginning Year 2) • Outdoor events (Year 2) • Indoor events (Year 3) 	Begin July 2015 (Year 1)
Explore feasibility of partnership opportunities, including THPRD, YMCA, other city, or non-profit opportunities; establish facility partnership if feasible	December 2015
Consider a voter-approved measure to fund recreation	November 2016

2. Make Downtown Tigard a Place Where People Want to Be

Objectives	Estimated Timeline
<ul style="list-style-type: none"> • Support residential and mixed use development in walkable and transit-supported areas by completing the Ash Ave/Burnham Redevelopment project • Increase walkable access to open space by advancing plans for new downtown open space, including the Tigard Street Trail plaza, the Fanno Creek Overlook, and a Main Street plaza, including programming • Strengthen downtown’s identity by completing gateway improvements and install art at both Main Street entrances • Support walkability by completing two Strolling Street projects • Secure brownfields cleanup grant (if eligible) to facilitate infill or open space development enabling a more walkable and interconnected downtown • Promote downtown has a place to shop, dine and recreate Through communications and support of TDA activities. 	Throughout 2015-2017

COUNCIL GOALS

3. Adopt Tigard Triangle Strategic Plan and Enable Future Development Capacity

Objectives	Estimated Timeline
Committee recommendation; Council consideration and adoption of Tigard Triangle Strategic Plan	Spring 2015
Begin project implementation of 1-5 year actions <ul style="list-style-type: none"> • Regulatory changes <ul style="list-style-type: none"> ○ Amend comprehensive plan, development code, Town Center designation, Transportation, Parks and Trail Plans, and parking requirements 	Summer 2015
<ul style="list-style-type: none"> • Consider Infrastructure Investment <ul style="list-style-type: none"> ○ Red Rock Creek ○ Stormwater management plan ○ Parks, Plazas and Open Space 	During 2016
<ul style="list-style-type: none"> • Develop Incentives and Public Private Partnerships <ul style="list-style-type: none"> ○ LID ○ Urban Renewal District ○ Vertical Housing ○ Business or Economic Improvement District ○ Grant Programs ○ Business/District Association 	During 2016

4. Enable Groundbreaking in River Terrace by Summer 2015

Objectives	Estimated Timeline
Infrastructure Financing Project (RT and Citywide) <ul style="list-style-type: none"> • Council Briefing • SDC Notice and Methodology • Council Hearing - SDCs 	February 2015 February 2015 April 2015
River Terrace Community Plan Implementation <ul style="list-style-type: none"> • Zoning Districts • Code Amendments 	February 2015 February 2015
Permitting <ul style="list-style-type: none"> • Early assistance for land use applications (ongoing) • Land use applications • Building and site permits 	Winter 2015 Winter 2016
Public Facilities <ul style="list-style-type: none"> • City of Tigard downstream stormwater conveyance analysis • Clean Water Services pump station • City of Tigard 550-Zone Water Improvements 	Summer 2015 Winter 2016 Summer 2016

COUNCIL GOALS

5. Expand Opportunities to Engage People in the Community

Objectives	Estimated Timeline
Citywide Communications Plan (will include suggested engagement improvements)	Spring 2015
Continue Council 1x10 meetings	Quarterly throughout each year
Community education; identify timing and content of measures for voter approval	By end of 2015; ballot in 2016
Organize community engagement through increased work with Neighborhood Networks, in-person and online forums	



CITY INFORMATION

Form of Government:

The City of Tigard was incorporated in 1961.

An elected Mayor and four Council members who comprise the City Council govern the City of Tigard. The city's charter establishes a Mayor/Council form of government.

Members of the City Council are elected at large to serve four-year terms. The Mayor presides at council meetings and is elected at-large for a four-year term. Together, the Mayor and council provide community leadership, develop policies to guide the city in delivering services and achieving community goals, and encourage citizen awareness and involvement.

The City Council appoints the City Manager, who acts as the administrative head of the city government. The City Manager is responsible for ensuring council policies are implemented using resources appropriated by the Council to achieve desired service results in the community. The Mayor and Council are responsible for establishing city policies.

Services Provided:

Department	Services
Administrative Services	City Recorder/Records, Design & Communications, , Facilities, Fleet, Municipal Court
City Management	City Manager's Office, Human Resources, Risk Management
Community Services	Police, Library, Social Services & Community Events
Community Development	CD Planning, Building, Economic Development
Finance and Information Services	Finance Administration, Financial Operations, Utility Billing, Information Technology, Contracts/Purchasing
Mayor and Council	
Public Works	PW Administration, PW Engineering, Parks Utility, Sanitary Sewer, Streets, Storm Water, Water

CITY INFORMATION

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Tigard is located in Washington County and is the thirteenth largest city in Oregon. It is centrally located, surrounded by Portland, Lake Oswego, Beaverton and Tualatin. It is conveniently located, directly off of the I-5 and Highway 217. One of areas largest shopping malls, Washington Square, is located in Tigard.

Population Facts:

Population Estimate (2015):	50,444
Median Age (2014):	38.2
Average Household Size (2013):	2.54
High School Education or higher (2013):	93.0%

Population by year:

2014	49,774
2013	48,695
2012	48,415
2011	48,035
2010	47,700
2009	47,470
2008	46,715
2007	46,400
2006	46,300

Cost of Living Facts:

Median Household Income (2013):	\$62,,240
Unemployment Rate (2014):	5.5%
Estimated Median House Value (2013):	\$298,100
Home Ownership Rate (2013):	60.2%
Total Housing Units (2010):	20,068

Climate:

Elevation:	300 ft.
Average Daily High Temperature-Jul:	79 F
Average Annual Low Temperature:	34 F
Average Annual Rainfall:	39.0"

Economy:

Land Use ~

Commercial (Acres, %):	7.5%
Industrial (Acres, %):	9.9%
Mixed-Use (Acres, %):	10.9%
Residential (Acres, %):	64.6%*
Wa. County Zoning	0.3%

*Total does not equal 100% because zoning has not been assigned to the River Terrace area.

CITY INFORMATION

Number of businesses (March, 2015): 3,250

Top Employers in 2015:

<u>Employer</u>	<u># of Employees</u>
Capital One Services	861
Tigard-Tualatin School District	779
Nordstrom	422
Macy's Department Stores, Inc.	399
Oregon Public Employees Retirement	396
Costco Wholesale Corporation	273
City of Tigard	265
Winco	176
Albertson's	174

Source: US census Bureau, City of Tigard-Community Development & Finance

Tigard Values

In 2014, City Council adopted a Strategic Plan for Tigard with the emphasis on *connecting people and places-with a goal of making Tigard the most walkable community in the Pacific Northwest where people of all ages and abilities enjoy healthy and interconnected lives.*

In addition to this vision, the city maintains its three values for staff to reflect and embody. These values are:

Respect and Care

We will treat people well

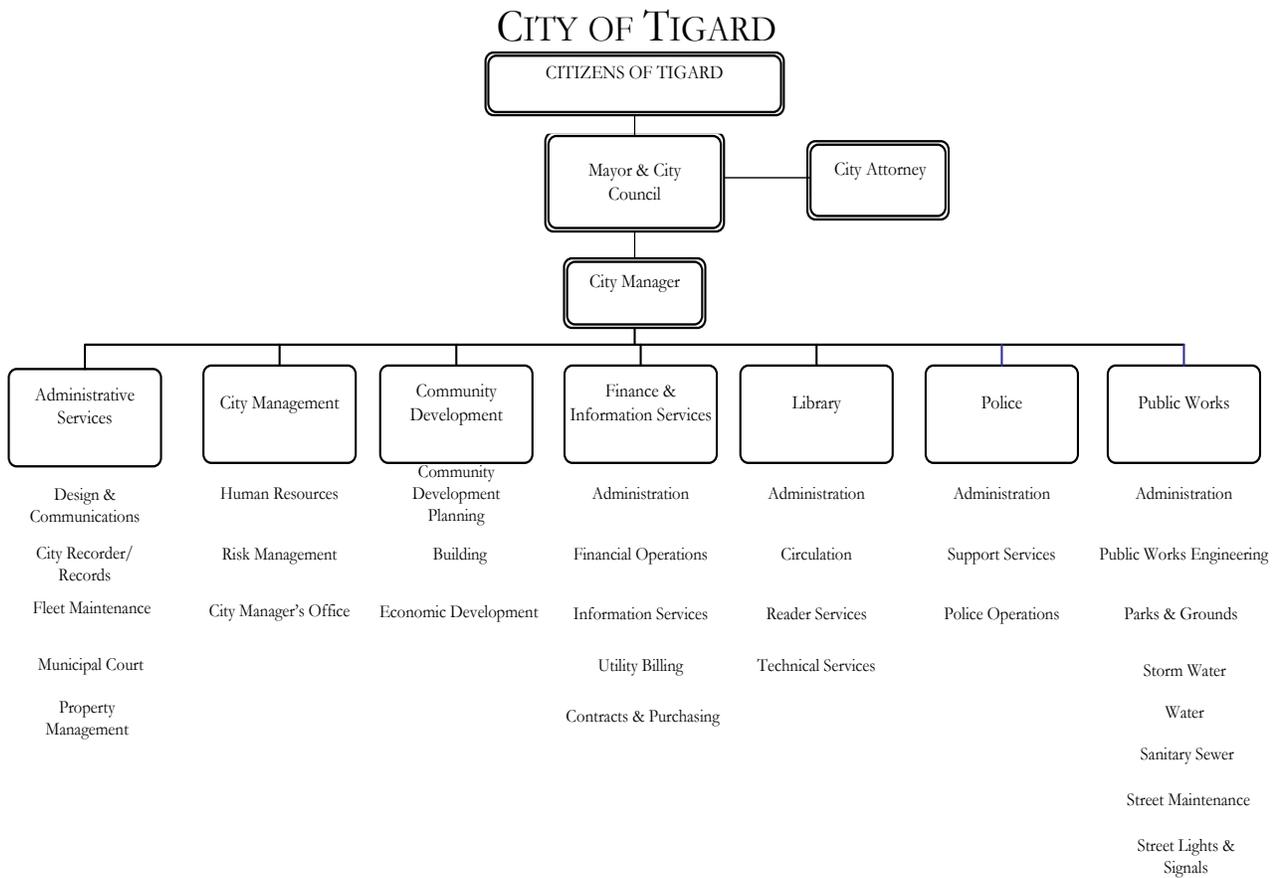
Do the Right Thing

We will go the extra mile to exceed expectations

Get it Done

We will focus on solutions-not excuses

CITYWIDE ORGANIZATION CHART - BY PROGRAM



2014-2034 **Strategic Plan**
Draft Working Document - for Discussion Purposes Only | Issues 2/2014



CITY OF TIGARD MAP

