



Final Report

DECEMBER 18, 2012

INTRODUCTION

In Mayor Dirksen's 2011 State of the City address, he summarized the city's financial situation and the factors that challenge the city's commitment to maintaining financial stability into the future. Mayor Dirksen referred to the fiscal challenge that faces Oregon municipalities as a "cliff" over which all of us will eventually fall unless something fundamentally changes. Due to service level reductions and prudent fiscal decisions Tigard isn't facing the "cliff" at this time. However, the city has no financial flexibility to address service enhancements without corresponding cuts and will face further service cuts, in the next three to five years unless something changes fundamentally.

The mayor proposed to council that the city convene a citizen task force composed of the citizen members of the budget committee together with representatives from Tigard citizen advisory committees to look at the problem and recommend a course of action to address the problem proactively and find a solution before we reach a crisis.

- **CHARGE:**

The Mayor's Blue Ribbon Task Force was convened August 16, 2012, with the charge described below.

- **Purpose:** Convene a citizen task force to examine Tigard's service and financial challenges and recommend a course of action to the City Council.
- **Background:** The City of Tigard continually strives to align services to the community's needs and available resources. The city conducts surveys every other year to measure citizen satisfaction with services, and to measure the most important areas of demand. These surveys show that there is a high level of citizen satisfaction and that Tigard has done a good job of aligning services with demand. Additionally, Tigard's Citizen Budget Committee annually reviews the allocation of city resources to services. The committee has supported targeted service and budget reductions in two of the last three budgets. These reductions are due to revenue growth that is slower than growth in costs for existing services. This puts citizen satisfaction with these reduced service levels in jeopardy and leaves no room to address deferred or emerging service needs without further reductions in

existing services or additional revenue sources. To begin to address this, the city is working to identify areas of emerging service level needs and ways to fund them. One of the fundamental issues this task force will need to confirm is the current alignment of services, given the reduced revenues available.

- **Fundamental Questions:** If Tigard were to acquire a new public dollar, what would it fund? Where would it come from?
 - Based on citizen surveys, the city has done a good job aligning services with demand given the resources available.
 - Citizen satisfaction may decrease unless service reductions are restored.
 - There are no resources identified to fund deferred or emerging service needs.
- **Membership:** In an effort to focus the work of the task force in addressing these fundamental questions, it was important that members have some working knowledge of government financing. Members were selected based on their current and past involvement in the community and for their experience in a variety of backgrounds and perspectives.

Barry Albertson	State Representative Margaret Doherty
Bob Smith	Mark Haldeman
David Burke	Melody Graeber
Fire Chief Michael Duyck	Mike Stevenson
Dan Goodrich	Sue Yesilada
Jason Rogers	Tom Woodruff
Jessica Cousineau	Troy Mears

- **Resources:** Task force members were provided with a number of background reports as informational tools. They requested further information from staff to assist in their discussions. A complete list of resource material is attached.

Assistant City Manager Liz Newton facilitated the meetings; Finance and Information Services Director Toby LaFrance provided budget and financial information and his Executive Assistant Liz Lutz took meeting notes and distributed meeting materials.

FINANCIAL STABILITY/SERVICES

The first topic discussed by the task force members was citizens' perceptions of the city's financial condition and level of services provided. Tigard has one of the lowest tax rates in comparison with other cities in the region and in Oregon, and should be proud of doing well with less. However, the city may want to consider what services other cities are providing with their additional revenue that Tigard doesn't provide. Task force members agree that Tigard citizens have confidence in the city to address financial issues because the city has met these challenges in the past. The city maintains a sound financial forecast and sound fiscal practices and it's important to continue what works. The task force recognizes the financial problems created by the state's tax structure. There was discussion about other options that may increase revenue, including the impact to the city's tax base caused by expanding the city limits and charging more fees for service. One of the key documents that the task force used is found in the appendix. The task force discussed the "Hundred Thousand Dollar Revenue Matrix Fact Sheet" as a potential resource for Tigard to increase revenue.

The city has a good batting average on passing bonds and levies because it keeps its commitments. Before going out to voters or raising fees to maintain or expand services or unfunded capital needs, the city needs to make a case for those expenditures. Task force members noted that the city received over 50 calls from citizens on the recent PGE franchise fee increase.

The most recent community attitudes survey reveals that 99 percent of respondents are satisfied or very satisfied with Tigard as a place to live. That means citizens have confidence in the city as an organization. Citizens perceive the recent service cuts and staff reductions as necessary to ensure financial stability over the long term. Task force members have a broader community view of the city and believe that citizens don't expect the city to be the provider of all community services. There was a lot of discussion about providing services through partnerships and changing the mindset that it's "all or nothing" in terms of the city providing services. It's critical to ask citizens which services they want, what services they would be willing to spend more for, and how they would spend existing resources.

- **RECOMMENDATIONS:**

1. Develop and launch an ongoing robust communication strategy that celebrates what Tigard does well, educates citizens about how services are provided, and addresses future funding challenges. Communicate more; offer feedback postcards in Cityscape, use focus groups. The city needs to make the case for increasing taxes or fees tied to specific expenditures.
2. Change the focus of the 2013 community survey to ask citizens specifically about services; which services they want, how they would spend existing resources and how much more they would be willing to pay to retain existing services or add new services or programs. Use a shopping cart concept; put a dollar value on each service, show how the funds are spent now, and ask respondents to allocate \$100 going forward. Include the business community and residents in focus groups during the development of the survey.
3. Lobby for legislation at the state level that provides local communities with options to fund local services.

ECONOMIC DEVELOPMENT

Economic development and a healthy business sector are critical for a financially stable and vibrant community. A more robust local economy brings more revenue to the city which supports the city's goal of financial stability. The city has a lot to offer businesses but needs to be more creative and proactive in attracting quality businesses that citizens want, especially downtown. Engage citizens to identify the types of businesses that will keep them here and encourage them to shop local. Use marketing tools to increase private rather than public investment. The city's low tax rate should be attractive to investors.

Which investments in the business community would get them involved and connected in determining what's important for businesses to be successful—tax incentives, infrastructure improvements, business-friendly policies? Positive interactions between the business community and city personnel are critical. The city should work to identify business types and/or clusters to attract new businesses and develop the business community. It's important to get input from the business community about Tigard's unique potential that makes it attractive for investment. It's also important to connect with successful business owners in areas with more potential such as Washington Square II.

The appearance of the community is important. The beautification of Pacific Highway could improve the overall image of the city. The view of downtown from the Pacific Highway viaduct could also be improved, making downtown more inviting.

Although viewed as an important commitment by the city to advancing improvements in the downtown, the Burnham Street project has not had a positive impact on downtown development by itself; it is the first phase. More public or public/private investments are needed in the downtown to spur private investment.

- **RECOMMENDATIONS:**

1. Develop and implement a competitive economic development strategy that creatively engages members of the business community and the citizens. Focus on strategies for the downtown, Washington Square II, the Pacific Highway corridor and the Tigard Triangle. Include ideas for leveraging private investment through interviews with successful developers with proven equity investors such as Barry Cain of Gramor, who developed both Progress Ridge and downtown Lake Oswego. Emphasize doing business locally. Enhance this strategy through a dedicated full time staff position and an economic development commission.
2. Renew a focus on community aesthetics and beautification. Review, update and enforce code requirements as necessary in keeping with community standards as determined through the community survey.

IDENTITY/VISION

The city needs a strategic plan that clearly articulates the city's vision for what it hopes to accomplish and that supports a stronger identity and brand. This effort is crucial to implementing the task force recommendations in the areas of economic development, partnerships and marketing, education and communication. The strategic plan is the umbrella encompassing all of the city's future efforts and critical to engaging the business community and residents in developing the image the city wants to project.

Branding the city's identity is important. A strong community identity would create a connection for people to be more than just satisfied with Tigard as a place to live, and motivate people to move to Tigard and stay. A vibrant downtown with a community gathering place is important for connecting citizens to their community.

Some tangible things that could contribute to branding the city include signage that says "*City of Tigard*" even on fire stations; family friendly activities that facilitate gathering as a community; and a Tigard zip code—distinct from Portland and required for all Tigard addresses—that would foster a stronger business connection to the community. It should be noted that State Representative Doherty is exploring a resolution to the zip code issue.

- **RECOMMENDATIONS:**

1. Develop a strategic plan that articulates a clear vision for the city. Involve the business community along with residents. Include strategies for ongoing communication with the public.
2. Reinforce and strengthen the city's brand through signage, print materials and electronic communication. Complete the installation of "*Welcome to Tigard*" signs at entry points with the first priority location around Washington Square.

MARKETING/EDUCATION/COMMUNICATION

The city needs a communication strategy that does a better job celebrating what it does well and conveys the financial realities without using scare tactics. The strategy should determine the goal, audience and timing. This effort is separate from the development of a vision because it's ongoing. Ongoing communication with citizens is critical in addressing the city's financial future. The message is more than the city's vision. Citizens and business owners need to be educated and engaged to convey their priorities for services and express a willingness to fund those priorities. Communication needs to be proactive and market the services the city offers, current economic conditions and our vision for the future.

The city is running "lean and mean" which should be a point of pride, but significant financial consequences (e.g., the one-day-a-week library closure) should be highlighted. A balanced picture should be presented; parks and businesses are open, residents are safe. More effort is needed to keep citizens informed about what's planned for downtown. Building excitement about the possibilities for downtown will also build interest. Work with the Tigard Area Chamber of Commerce to celebrate the success of businesses in the community. Emphasize the city's commitment to businesses and citizens. Consider a *Cityscape* feature on new businesses including those new to Washington Square.

The tools used should be appropriate for the intended audience. The *Cityscape* and the city's website are good communication tools, but to be effective, it's essential to communicate with people where they are (i.e., school, community and business events.) Create a dialogue with citizens. Social media tools are key to effective communication. When conducting the 2013 community survey, the use of focus groups could ensure that respondents represent the city's demographic.

- **RECOMMENDATIONS:**

1. Develop and implement a comprehensive ongoing marketing/communication strategy that celebrates what the city does well and conveys the financial realities without using scare tactics.
2. Incorporate community and business outreach and dialogue using a wide variety of communication tools including the Community Section of the Oregonian, the Tigard Times, *Cityscape* and potential activities at Washington Square or other high foot traffic areas. Feature local businesses in a regular monthly business section of *Cityscape*.

PARTNERSHIPS

Providing services through partnerships should be an integral part of the city's financial strategy. Partnerships may reduce expenses through economies of scale, using single service providers or eliminating duplication of equipment or administrative costs. The city regularly partners with adjacent cities, the private sector, special districts and non-profit or private entities for maintenance of existing, expanded or new programs. Partnerships should be pursued before revenue increases are considered to maximize quality service delivery at the lowest cost.

The city is in a partnership with the City of Lake Oswego to develop a long-term water supply because the partnership is the most cost-effective option. There is some potential for partnering with the Tigard-Tualatin School District on facility use. Citizen volunteers serve as partners on boards and commissions that support city staff in the delivery of ongoing services. Colleges and universities may offer partnership opportunities.

The private sector is a logical choice to help spur development in the downtown. Many city services are currently provided in partnership with the private sector. In a typical year, half of the city's expenditures go directly to the public sector in the form of equipment, supplies, capital and contracted services. In fiscal year 2011-12, over \$27 million went directly to the private sector from the city, creating jobs in the local economy. This includes services such as legal advice, street sweeping, fleet maintenance, janitorial, fuel providers and software companies.

- **RECOMMENDATIONS:**

1. Conduct periodic reviews of programs and services to determine if partnerships are a more cost-effective way to deliver quality services.
2. Identify and pursue partnership opportunities with the Tigard-Tualatin School District for joint improvement and use of facilities and fields.
3. Develop and implement a robust public/private partnership strategy for development in the downtown.
4. Survey citizens about their interest in providing recreation opportunities and/or facilities through partnerships.

NEXT PUBLIC DOLLAR

The fundamental questions asked of the Mayor's Blue Ribbon Task Force were, *"If Tigard were to acquire a new public dollar, what would it fund? Where would it come from?"* The task force members concluded that the city should engage the community in answering those questions. Implementing the task force recommendations in the areas of economic development, partnerships, and marketing, education and communication will involve the community in a comprehensive approach to address the city's vision for the future and in how to fund services over the long term.

The city has reduced the number of staff, kept the tax base low in comparison to surrounding cities and improved roads without additional revenue, but that can't continue. The structure of local government revenues does not allow revenue growth at the same rate as the costs of services. The city should apprise the community of the need to increase revenue or raise taxes, but it needs to be specific about what the funding source is and how the money will be used. Survey citizens first on what they value and their service priorities are. Include a specific list of revenue options and measure their support for each. Enlist staff in developing a detailed list of restored and new services, including the impact of staff reductions on service delivery and continued maintenance of streets and utilities. A second voter survey should focus on specifically gauging citizen support for additional revenue to retain or expand services.

Communicate to citizens what the city does well and convey the financial realities the city faces on an ongoing basis. The Cityscape is the most popular communication tool and should promote city services, local businesses and encourage participation in community surveys. It's also critical to engage the business and development community in a dialogue about what they need to be successful.

The task force is bullish on Tigard—both the community and city government. We unanimously concur that Tigard citizens have confidence in their city's leadership to adequately address financial issues based on the City of Tigard's past and current fiscal challenges. We believe the future is bright. Moreover, task force members are secure in the city's determination and ability to both ask and then follow the recommendations of this task force with the belief that following them will better assure financial stability and success. Specifically, they are confident in Tigard's ability to engage citizens to determine priorities and to identify the best and most appropriate arenas for the expenditure of future public dollars.

- **NOTE:** *The task force advises that it is important for the city to spend the \$1.7 million set aside in the park bond to acquire land for a downtown plaza. Citizens are looking forward to that investment as a gathering place to bring people into the downtown. Also, it's assumed that the city will make it a priority to continue investment in the urban renewal district to update and vitalize downtown. Further, a focus on community development and economic development with incentives to attract and retain business is essential.*

Resources Provided

TO THE MAYOR'S BLUE RIBBON TASK FORCE

AUGUST 16, 2012

Requests from the task force for additional resources:

- Laws of funding and how we fund services—what is funded by which fund. Mail funding information one week before 9/6 meeting—detail and overview.
- Move funding discussion to next meeting (9/6).
- Per statute—what does city HAVE to provide.
- Access to budget.
- Bring money issues and how citizens have responded (election history and other increases).
- Comps of other cities would be helpful.
- Available land (Taylor Report)—Metzger, Bull Mountain, etc.?
- Financial forecasting.
- What can't we touch?
- State revenue restrictions.
- Compression explanation.
- Mail Taylor Report to task force.
- 2012 Budget transmittal to task force.

Provided by staff:

- Community Attitudes Survey from 2007, 2009, 2011.
- League of Oregon Cities—Measure 5 and 50 Primer.
- Draft of new Strategic Financial Plan (Taylor Report).
- 2012 City Council Goals.

SEPTEMBER 6, 2012

Requests from the task force for additional resources:

- The available lands report.
- Annexation policy.
- Grants:
 - A list of past grants that the city has applied for.
 - A list of grants that the city applied for but was not awarded.
 - A list of recent grants.
- The recruitment packet for the CD Director and Assistant Director positions.
- A report of what would make a developer come to Tigard.

Provided by staff:

- City of Tigard Charter.

SEPTEMBER 27, 2012

Requests from the task force for additional resources:

- What partnerships do we have?
- Has the commuter rail helped or hurt Tigard?
- What would it take of different revenue sources to raise \$100,000?

Provided by staff:

- Gresham proposal (citywide fee).
- Service level impacts.

OCTOBER 18, 2012

Requests from the task force for additional resources:

- What percent of total funds spent by the city goes to the private sector and how much goes to local Tigard? (Toby)
- Outline will be created for the 11/8/12 meeting. (Liz N.)

City of Tigard

Mayor's
Blue Ribbon
Task Force

Fact Sheet

HUNDRED THOUSAND DOLLAR REVENUE MATRIX

OR WAYS THE CITY COULD GENERATE \$100K OF REVENUE

REVENUE	REVENUE CHANGE	USE	NOTE
Property Tax*	\$0.019 / \$1,000 Assessed Value	Limited to Voter Approved Purpose	5-year Special Option for Operations or 20-year for Bonded Infrastructure
Franchise Fee – Solid Waste	Increase from 4% to 5%	General Use	All Other Franchise Fees Already at 5%
Business License	15% Increase	Commercial Crimes and General Use	
Planning Fees	50% Increase	Planning and General Use	Assumes Current Level of Activity
Stormwater Maintenance Charge	Increase from \$2.00 to \$2.32/mo	Stormwater Infrastructure	
Water Utility Sales	0.8% Rate Increase	Water Infrastructure and Operations	
Building Fees	10% Increase	Building Operations	Assumes Current Level of Activity
Street Maintenance Fee	5% Increase	Maintenance of Streets and Right-of-Way	
Parks Maintenance Fee	Establish \$0.70/mo Fee	Maintenance and Development of Parks	Fee is per Account
Water SDC	28% Increase	Water Infrastructure	
Parks SDC	33% Increase	Parks Infrastructure	

*NOTE: Changes to the property tax rate require a vote of Tigard citizens. All other options on this page could be implemented with a vote of the Tigard City Council.



Recommendations

TASK FORCE ASSESSMENTS — A BRIEF STATEMENT CATEGORIZED BY TOPIC

FINANCIAL STABILITY/SERVICE

- Members recognize the financial problems created by the tax structure.
- Expand city limits in order to expand tax base.
- Citizens have confidence in the city to address financial issues.
- Look at demographics when offering services.
- Recent staff reductions perceived by citizens as needed.
- Library closure noticed.
- No comments from the public on park maintenance, police shifts or Friday closures.
- Over 50 calls on PGE franchise increase.
- Ask citizens what services they want. How they would spend existing resources, would they spend more? If they had to choose, which services would citizens put in their shopping cart?
- Tigard has a good batting average on passing bonds because the city does what they say they will do; however, there's only so much people are willing to pay.
- People don't think about the city until there is a problem.
- More fee for service.
- Don't do all or nothing—do a mix of things in the partnership area.
- Can services be provided with a partnership of some kind?

NEED TO ATTRACT GOOD QUALITY BUSINESSES

- Is Tigard pro-business?
- Positive interactions with city personal are key.
- Community development and economic development are important.
- Invest in the business community.

TIGARD NEEDS A STRONGER IDENTITY

- Need to have a clear vision of what the city wants to accomplish and communicate that to the public.
- Its own post office.
- Family friendly activities.
- There needs to be a reason for people to move here.
- City needs to do better at celebrating what we do well.
- Constant communication that markets the City of Tigard.
- All signs should say “City of Tigard.”
- Vision, communication, involve the business community.
- What’s the image we want to project?
- Need a strategic plan.
- Vibrant downtown—heart of the city.
- Improve appearance along Pacific Highway and downtown—absentee owners don’t want to update their property.
- Burnham hasn’t had a positive impact yet.
- Beautification is a priority (fee on businesses to pay for beautification efforts?)

MARKETING AND EDUCATION

- Need a communication strategy—determine the goal, audience and timing.
- City website and Cityscape are good communication tools.
- 2013 survey, focus groups.
- Where the city is and where it’s going.
- City is running “mean and lean. Highlight large financial consequences (e.g., library closure)
- Don’t use scare tactics. Celebrate success: parks are open, businesses are open.
- Communicate with people where they are.
- Make sure citizens know what the city has planned for downtown.
- City needs to be more visionary, people need an identity or connection to support something (e.g., library).
- Tigard needs to use the marketing opportunities available to support and encourage more private than public investment.

PARTNERSHIPS

- Consider providing a recreation center through a partnership.
- Consider using schools as recreation centers.
- Partner with Tualatin or another adjacent city.
- Tualatin Hills Park and Recreation.
- YMCA for recreation.
- Photo red light.
- Partner with colleges for communication efforts.
- Park maintenance?
- Partner with schools—joint improvement of facilities and fields, playgrounds, community gardens.
- Partner with Broadway Rose on entertainment venue.
- Partner with downtown business association, Tigard Area Chamber of Commerce, Broadway Rose on downtown redevelopment.

NEW PUBLIC DOLLAR

- Town Square—master plan is clear. Could serve as a foundation for bringing the community together.