

FY 2014-2015 BUDGET TRANSMITTAL

Message to the Budget Committee and the Residents of Tigard

I am pleased to present an adopted FY 2015 budget that is balanced and moves Tigard sustainably forward to the future.

Meeting Challenges

As we emerge from a period of economic recession, a theme remains that Tigard has to continue to work toward achieving financial sustainability, which requires more than balancing existing resources and requirements for a single year, or aligning demands for city services with resources available. The city has set a goal of financial stability, defined as a three- to five-year path to sustain financial reserves adequate to cover the city's cash flow and costs until we receive property taxes each year. These financial practices have been rewarded and recognized by Standard and Poor's increasing the city's bond rating to AA+, the second highest rating possible. The city's bond rating is like an individual's credit rating where it takes years of consistent diligence to achieve a high rating; but only one or two mistakes can create a negative result. In their rating report, Standard and Poor's states that "Tigard's management conditions are strong" and that "the city's economy is very strong." The agency praised Tigard's "budgetary flexibility," citing Tigard's willingness to make service reductions when financially necessary and that "we view Tigard's budgetary performance to be strong overall."

In last year's budget, I outlined how much Tigard has to do to maintain and operate our current and future public spaces and facilities. This budget begins to find resources for the operation and maintenance of these properties. In addition, I noted the need to reflect the infrastructure needs that our growth demands.

An additional challenge this budget begins to meet is to invest in the long term goals of the city. This year, Tigard launched a strategic planning vision *to be the most walkable community in the Pacific Northwest where people of all ages and abilities live healthy and interconnected lives*. While there are many steps to be taken to move toward the vision and goals, including a two-way dialogue with the Tigard community to confirm this path, having a strategic plan for Tigard is the first step to being more focused with resources to move the community forward.

The Five-Year Forecast

Tigard maintains its policy commitment to recognize the balance between revenue and expenses in the FY 2015 budget by maintaining adequate reserves, realistically estimating revenues, controlling expenses, and auditing financial records. Tigard has almost \$30M in General Fund resources to spend annually to provide the services our residents desire. In addition, Tigard has \$10 million in General Fund reserves. Seven (7) million dollars of this amount is a minimum financial reserve to be able to manage the timing of property tax revenue collections (representing 25% of FY 2016's forecasted expenditures). We maintain that share of required ending fund balances through 2019, though the amount above the required minimum is forecasted to shrink. Departments were requested to prepare level budgets, meaning the current service level with no major changes is the starting point for the budget. Also, through the collective bargaining agreement reached recently with SEIU/OPEU Local 503, the forecast period 2015-2019 begins to reflect slower growth in health insurance costs, a primary contributor to historic budget growth.

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Generally, Tigard's other funds are forecasted to perform well. Funds that depend on development are starting to recover with the modest uptick in development activity. The city is facing challenges in our funds that are dedicated to transportation and parks. These service areas have a high level of demand for community projects and very limited funding. The Capital Improvement Plan in this adopted budget makes full use of those resources.

An exception is Tigard's Sanitary Sewer Fund. Tigard is responsible for maintaining local sewer lines; however, sewer revenues have not kept up with increasing costs of maintaining this vital infrastructure. Without a change, the fund balance will be negative in three years. Sewer rates and the city's share of the revenues are set by the region's sewer provider, Clean Water Services. The City of Tigard is the only city inside of CWS's service area that hasn't implemented, or is currently pursuing, a sewer surcharge. The Budget Committee reviewed the services and found that an expenditure reduction would put Tigard in danger of violating environmental rules and has instructed staff to explore local sewer revenue to ensure safe revenue services.

FY 2015 Highlights: How Tigard will Invest Resources

The adopted budget contains three types of investments for the coming fiscal year. First, there are some changes that by virtue of our partnerships, legal or contractual requirements, that we have to invest in. Next, there are resources added to some programs that will increase the long-term efficiency of city operations. Finally, we will begin to make investments that advance the community priorities reflected in the community survey, and the goals and vision of the city's first Strategic Plan.

The first set of investments include required or otherwise necessary changes. These include increases in the cost of legal advisory and consultation services that are budgeted in the city recorder's office, which have increased with the frequency of ballot measures Tigard has experienced in recent years. Tigard will also convert the funds for temporary help with managing our fleet, property management, and parks to permanent staff positions to meet the requirements of our collective bargaining agreement with SEIU. Washington County Consolidated Communications Agency (public safety communications) cost increases are also anticipated that we must pay the city's share for this regional service. Finally, funding is reserved in contingency for Tigard's share of the Draft Environmental Impact Statement for the Southwest Corridor Project. With Tigard voters' approval of Measure 34-210 on March 11, 2014, the city's charter requires voter approval to advance future high-capacity transit options. In order to bring any future proposal to voters, city will need to continue to be part of planning regionally.

Next, Tigard will make a series of one-time investments, some planned over two years that improve our services to the public by improving how city employees do our work. These include the replacement of the city's phone system, and public safety equipment including radios, motorcycles, and technology for police computers. Another one-time investment that allows library materials to be checked in immediately upon return is automated materials handling. This equipment decreases the staff time required for manual materials check-in, and reduces the lag time that patrons experience when they return materials, turning them around for quicker use.

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Finally, in 2014 Tigard launched a vision to be the most walkable community in the Pacific Northwest where people of all ages and abilities live healthy and interconnected lives. In creating this vision and our first strategic plan, the city will aim for four goals that will continue to develop with the community's input.

- Facilitate walking connections to develop an identity
- Ensure development advances the vision
- Engage the community through dynamic communication
- Fund the vision while maintaining core services

In order to get started to achieve these goals, the budget suggests a park maintenance study to help us identify how to responsibly care for the lands we have acquired for future parks. The creation of a mainly electronic format of the monthly Cityscape newsletter will allow the conversion of professional services into a staff position to support centralized city communication functions. The budget supplements our GIS (geographic information systems) support; and a small financial reserve is established to help with advancing an early inventory of improvements to walkability. And finally, this budget will start a General Fund reserve (starting at \$1,000,000). When fully funded, this reserve is intended to fund services to allow for bridging any future economic downturn without service interruption. This achieves a lot to begin to achieve longer-term financial stability and sets the right balance for funding our strategic plan vision while maintaining core services.

Capital Improvement Program

This Capital Improvement Program (CIP) is aggressive in accomplishing high priority projects over the next five years. The city continues to refine the project prioritization process. As we have in prior years, city staff used volunteer committees to help with project prioritization. This year, the results of the prioritization process was also presented and vetted by the Budget Committee. The adopted CIP maximizes our available resources, especially in transportation and parks where funds supporting the city's capital investment are being entirely used or stretched thin. The result is a CIP with the maximum number of projects that also presents some amount of risk that staff must carefully manage. If revenues do not match our projected expectations, or if project costs are higher than expected, it may result in CIP projects being downsized or deferred to the future.

Another key aspect of this CIP is that we are starting to prepare for the infrastructure needs in the newly annexed area of River Terrace located on the western end of the city. This CIP includes the initial known projects that Tigard will need to prepare for development, including: design of the Cach Reservoir Pump Station; two projects to extend the water and sewer lines along Barrows Rd/Scholls Ferry, and undesignated park funds to help acquire and develop park land in River Terrace.

The community planning process is underway, and the adopted community plan will include a list of all the needed infrastructure projects and their costs. In addition, the plan includes a financing strategies plan that will delineate financial responsibilities for Tigard, and for regional partners and developers. When that is complete, we will know what projects will need to be added to our CIP. If those projects do not come with additional funding sources, we will need to balance current priorities with the needs of the newest part of Tigard. This means the next five year CIP may look different than what we know today.

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Conclusion

This budget advances the ambitious long-term goals of the city in a fiscally conservative way. The city will continue to provide vital core services such as public safety, library services, thoughtful planning, and maintenance of our infrastructure investments. In addition, we will begin the incremental changes to advance the vision of the strategic plan.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Marty Wine".

Marty Wine
City Manager

COUNCIL GOALS

Goal/Milestone
Water
<p>Lake Oswego-Tigard Water Partnership</p> <ul style="list-style-type: none"> Negotiate/proceed with water purchase from Lake Oswego Renegotiate LOTWP Intergovernmental Agreement (IGA) to reflect structure and management post-construction (evaluate future of partnership roles) LOTWP bond sale (#2) Monitor progress of construction and budget; LOTWP projects operational
<p>Develop Willamette River Water Sources</p> <ul style="list-style-type: none"> Rewrite WRWC member contract Continue to consider other sources: Sherwood, TVWD (studies) Develop “roadmap” for Tigard’s future water decisions through 2026
<p>Intergovernmental Water Board</p> <ul style="list-style-type: none"> Work plan for, and next governance agreements with, Tigard Water District, Durham, King City (expires 2017)
<p>Communicate with Tigard residents about rate impacts/outreach regarding potential increases</p>
River Terrace
<p>Park land acquisition (strategy, funding, land dedication)</p>
<p>Complete Community Plan, zoning, adopted master plans</p>
<p>Building permits issued; development begins</p>
<p>Service delivery planning</p>
Tigard Triangle
<p>Complete Triangle Strategic Plan</p>
<p>Adopt zoning, street and design standards</p>
<p>Begin implementing plan strategies</p>
Southwest Corridor
<p>Determine modes and alignment for study in federal EIS process</p>
<p>Determine regional route segments</p>
<p>Participate in federal EIS process (regional partner, financial)</p>
Recreation (Evaluate options and resources to create a pilot recreation program)
<p>Complete demand analysis for recreation opportunities</p>
<p>Compare recreation inventory with demand analysis to identify needs/gaps</p>
<p>Council decision on city role (direct delivery provider, contract/partnerships with others, funding source)</p>
<p>Implement a new recreation effort based on role</p>
Economic Development
<p>Develop and adopt strategic priorities, resources, design program</p>
<p>Data collection and understanding the economic base</p>
Community Engagement
<p>Redesign community survey effort to include regular two-way communication efforts (based on Fall, 2013 survey results)</p>
<p>Continue 3-4 quarterly open forums to engage residents/neighborhood groups</p>

COUNCIL GOALS

Community education efforts; develop fiscal report card (Blue Ribbon Task Force recommendation)
Develop Tigard's community identity
Downtown
Urban renewal ballot measure: Tigard voters clarify authority/projects
Strategy for redevelopment of city-owned property
Resolve composition of CCDA (pros and cons: CCDA, CCAC, Econ Dev Commission to make it a development agency)
Main St./Green St. Construction
Continue Downtown Plaza Site acquisition and design approval (contingent on site acquisition)
Continue Tigard St. Trail negotiation, design and development
Finalize downtown redevelopment opportunities (if issues can be addressed)
Advance options for rail crossing "trade" for Ash Avenue at-grade crossing
Explore Pacific Highway Urban Renewal District options
Growth/Annexation
Successfully complete River Terrace Community Plan
Reconsider and agree to annexation policy: reauthorize financial incentives as needed; consider islands and remainder of Bull Mountain; incentives for voluntary annexation; timeline for Washington County
Develop planning and timeline together with Washington County for future annexations (Bull Mountain, Metzger)
Update annexation fiscal analysis (from 2004)
Consider annexation of urban reserves for employment land
Finance
Represent Tigard at the regional, state and federal level to advocate for tax reform and other funding opportunities
Review city facilities strategy and develop options for repair and replacement ("good, better, best")
Seek voter-approved measure for major investment (capital, parks, etc.)

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, 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, Healthy Streams, Parks and Grounds, Sanitary Sewer, Streets, Storm Water, Water

CITY INFORMATION

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Tigard is located in Washington County and is the twelfth 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 (2014):	49,774
Median Age (2010):	37.4
Average Household Size (2012):	2.50
High School Education or higher (2012):	92.3%
Bachelor's Degree or higher (2012):	39.7%

Cost of Living Facts:

Median Household Income (2012):	\$62,576
Unemployment Rate (2013):	6.4%
Estimated Median House Value (2012):	\$311,100
Home Ownership Rate (2012):	60.9%
Total Housing Units (2010):	20,068

Climate:

Elevation:	300 ft.
Average Daily High Temperature-Jul:	81 F
Average Annual Low Temperature:	34 F
Average Annual Rainfall:	42.9"

Economy:

Land Use ~

Commercial (Acres, %):	7.2%
Industrial (Acres, %):	10.3%
Mixed-Use (Acres, %):	11.3%
Residential (Acres, %):	64.4%*

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

CITY INFORMATION

Sixty-five percent of land within the city is planned to accommodate residential use, ranging from low density single family homes to high density multi-family dwellings. The city tracks buildable lands through a yearly inventory process. The buildable lands inventory is less than 10%, but the newly annexed River Terrace area will add another 243 acres that will be available for development upon the completion of a community plan in 2014. Single family home construction, which includes free standing and attached, hit a high of 335 units in 1995 and had a total of 163 permits issued in 2013. The incorporated area of the city is 12.7 square miles or 8,119 acres. The city maintains 20 parks totaling over 498 acres of parks and open spaces.

Number of businesses (March, 2014): 2,915

Top Employers in 2014:

<u>Employer</u>	<u># of Employees</u>
Capital One Services	861
Tigard-Tualatin School District	779
Nordstrom	422
Macy's Department Stores, Inc.	404
Oregon Public Employees Retirement	396
Costco Wholesale Corporation	273
City of Tigard	257
Winco	176
Albertson's	174

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

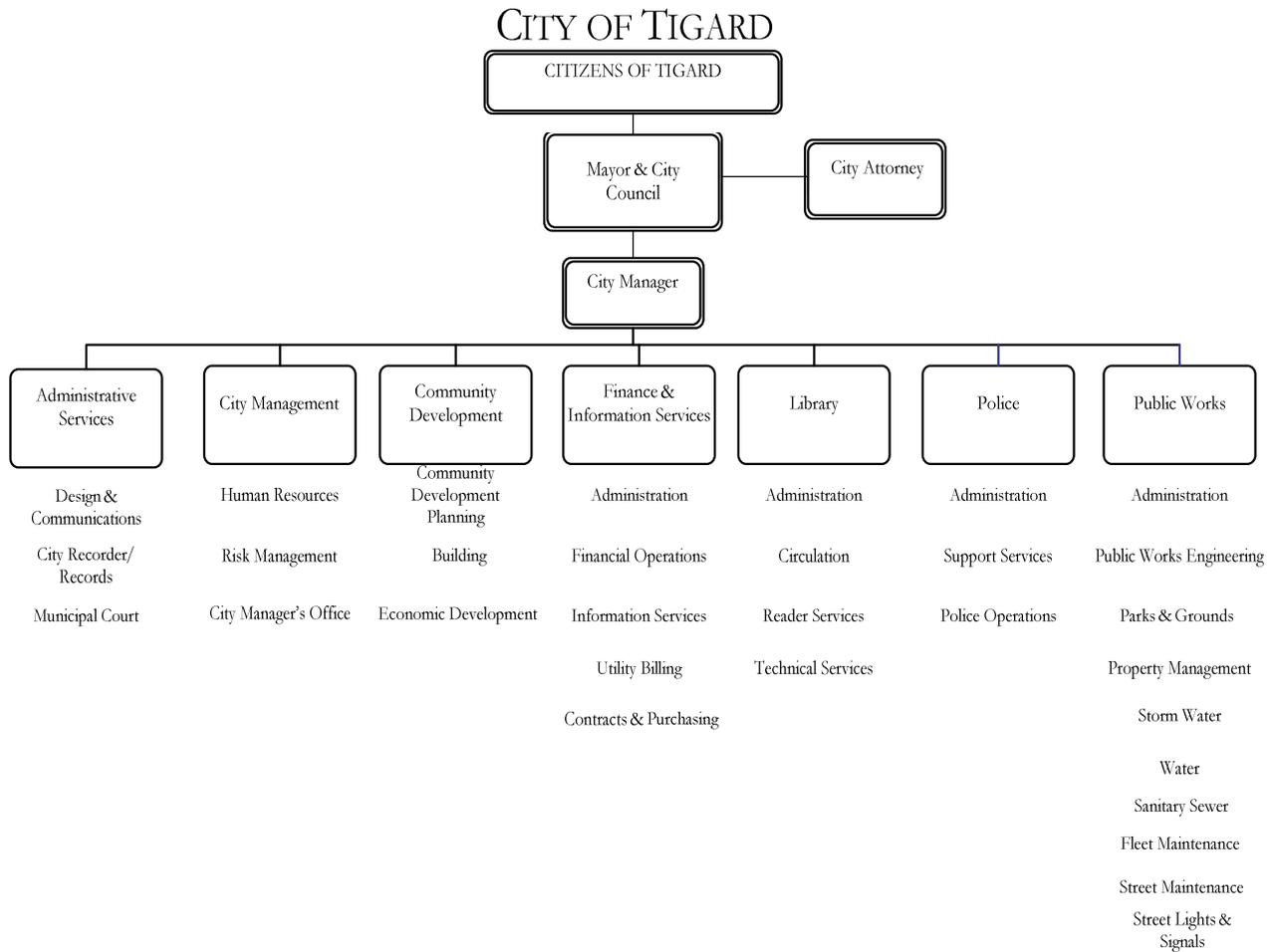
Tigard Values

In 2006, City Council made the decision to adopt "A Place to Call Home" as the tagline for the city—representing a commitment to having Tigard be a city that everyone could be truly proud of—a place with a true commitment to the community, its employees and to excellence. In an effort to further this vision, the city implemented 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

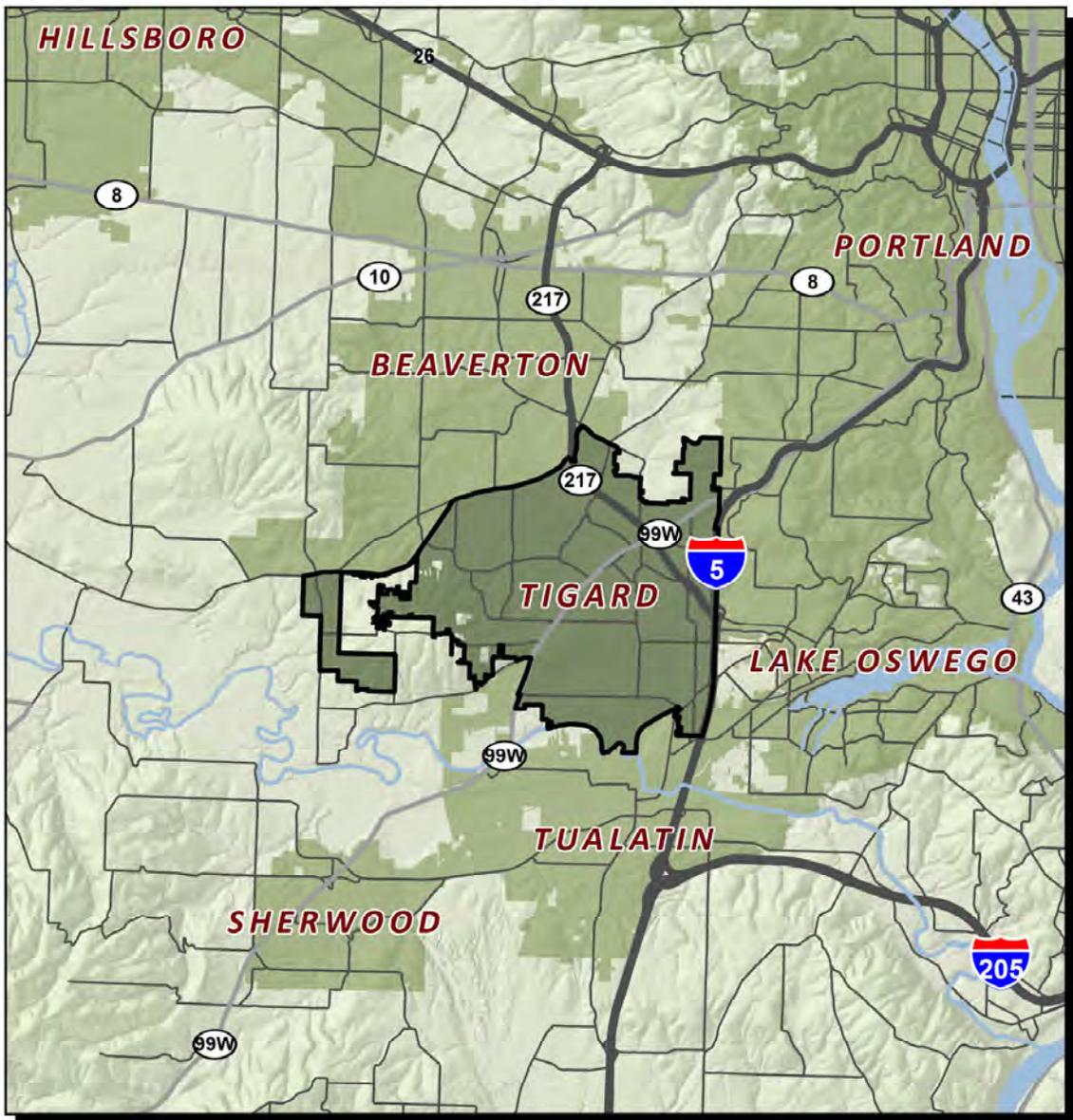


2014-2034 Strategic Plan

Draft Working Document - for Discussion Purposes Only | www.cityof Tigard.org



CITY OF TIGARD MAP





*CWS Durham Wastewater Treatment Facility turns
green for St. Patrick's Day*

Photo by John Floyd, City of Tigard