



CITY OF TROUTDALE

"Gateway to the Columbia River Gorge"

AGENDA

CITY COUNCIL – REGULAR MEETING

Troutdale City Hall - Council Chambers
219 E. Historic Columbia River Hwy. (Lower Level, Rear Entrance)
Troutdale, OR 97060-2078

Tuesday, February 24, 2015 – 7:00PM

Mayor

Doug Daoust

City Council

David Ripma

Eric Anderson

Larry Morgan

Glenn White

Rich Allen

John Wilson

City Manager

Craig Ward

1. **PLEDGE OF ALLEGIANCE, ROLL CALL, AGENDA UPDATE.**
2. **OATH OF OFFICE:** Reserve Officer Jeremy Porth. Mayor Daoust
3. **CONSENT AGENDA:**
 - 3.1 **ACCEPT MINUTES:** January 13, 2015 Work Session, January 20, 2015 Work Session, January 27, 2015 Regular Meeting, and February 9, 2015 Work Session.
4. **PUBLIC COMMENT:** Public comment is limited to comments on non-agenda items. *Remarks shall be limited to 5 minutes for each speaker unless a different time is allowed by the Mayor. The Mayor and Council should avoid immediate and protracted response to citizen comments.*
5. **APPOINTMENTS:** A motion to approve the Selection Committee's recommendation for appointments to the Parks Advisory Committee. Mayor Daoust
6. **PUBLIC HEARING / ORDINANCE (Introduction):** An ordinance amending Chapters 1.020 and 4.700 of the Troutdale Development Code by amending the permitted use section of the Town Center Overlay Zone to allow Urban Agriculture Uses, along with a related amendment to the definitions, and amendment to the Town Center Overlay Zone Purpose Statement. John Morgan, Planning Director
7. **RESOLUTIONS:** Resolutions approving City financial statements and receiving Annual Audit Report:
 - 7.1 A resolution approving the City's financial statements and Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2014.
 - 7.2 A resolution accepting the Report of Independent Certified Public Accountants on the audited financial statements of the City for the Fiscal Year ended June 30, 2014, and the Auditor's Communication to the Governing Body (SAS No. 114), and OAR 162.10.000 required communication. Erich Mueller, Finance Director

8. STAFF COMMUNICATIONS

9. COUNCIL COMMUNICATIONS

10. ADJOURNMENT



Doug Daoust, Mayor

Dated: 2/17/15

City Council Regular Meetings will be replayed on Comcast Cable Channel 30 and Frontier Communications Channel 38 on the weekend following the meeting - Saturday at 2:30pm and Sunday at 9:00pm.

Further information and copies of agenda packets are available at: Troutdale City Hall, 219 E. Historic Columbia River Hwy. Monday through Friday, 8:00 a.m. - 5:00 p.m.; On our Web Page www.troutdaleoregon.gov or call Debbie Stickney, City Recorder at 503-674-7237.

The meeting location is wheelchair accessible. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made at least 48 hours before the meeting to: Debbie Stickney, City Recorder 503-674-7237.

DRAFT

MINUTES
Troutdale City Council – Work Session
Troutdale City Hall – Council Chambers
219 E. Historic Columbia River Hwy.
Troutdale, OR 97060-2078

Tuesday, January 13, 2015

1. Roll Call

Mayor Daoust called the meeting to order at 9:00pm.

PRESENT: Mayor Daoust, Councilor Ripma, Councilor Anderson, Councilor Morgan, Councilor White, Councilor Allen and Councilor Wilson.

ABSENT: None.

STAFF: Craig Ward, City Manager; Shelby Rihala, City Attorney; Steve Gaschler, Public Works Director; and Debbie Stickney, City Recorder;.

GUESTS: See Attached.

2. Discussion: Public Involvement Plan – Street Funding

Councilor White stated it appears that the State is going to implement their own gas tax. I think that has some bearing on this meeting. I feel we should discuss that first. It definitely changes the direction, at least for me.

Mayor Daoust stated we can let the consultants work that into the discussion.

Councilor Ripma stated I didn't know that the legislature was going to look at a gas tax increase. What has been holding it back for all of these years was a divided legislature. This session will be controlled by the Governor and the democrats. Frankly we have needed a gas tax increase for many years in Oregon; the state roads are falling apart. Knowing nothing else about it, I don't think we should go forward with a fee until we find out what the legislature is going to do. I fully agree that we should do an education program if we do go forward with a fee, but I am not sold on proceeding with a fee until we find out what is going on.

Steve Gaschler, Public Works Director, stated Clark Worth and Libby Barg with Barney & Worth are here tonight. The discussion earlier tonight regarding the airport (at the regular meeting) was important and I was glad to see your interest and concern for a valuable piece of infrastructure that the City is involved with. I think our streets are an equally, or more important asset to the City and they are often taken for granted. The public works department has been before the Council on numerous occasions over the years stressing the importance of our streets and preserving and maintaining them properly. We have

been showing you what our financial projections are based on our estimated costs to maintain the streets verses the revenue we receive. There is a big shortfall which limits our ability to maintain the streets. If we don't maintain the streets they deteriorate and then we end up spending a lot more down the road later. The public outreach is a very important component for that. I think for us to be successful we need to get out and educate the public about the problem. The Council has been education and informed of the problem and I think for the most part you are on-board with it. We need to get out there and do the same with our citizens if we are going to put this issue before them. We don't currently have the staff, expertise, or the time in-house to do something like this. I would hope that isn't the direction from the Council because I don't see us putting a successful campaign together based on what I know we have. Experience is a great teacher. You have your own experiences and you learn off of the experiences of others. Last November two jurisdictions went out with gas tax proposals, Estacada and Florence. They both failed. I contacted both jurisdictions and asked them what kind of public outreach information they conducted and both said they didn't do any. Looking back they wish they had. They just depended on the council to get out and sell it, and they put a letter in support of it in the voters' pamphlet; that is all they did. From what I have heard from the jurisdictions that have passed these, is that they did robust public engagement and involvement and they felt that was key to them succeeding.

Clark Worth and Libby Barg, of Barney & Worth, showed a PowerPoint Presentation (attached as Exhibit A) which included: information about their company; success stories; Troutdale's street fund situation; funding solutions such as a transportation utility fee, local option vehicle registration fee (counties only), and a local option gas tax (requires voter approval); current gas tax rates; cost at the pump with added gas tax; Oregon Business Summit's top priority to increase vehicle taxes to provide funds for transportation projects; November 2014 election results for local option gas tax measures; strategic issues; and engaging the community.

Clark Worth stated regarding the question about the state gas tax, our firm was involved the last time the State successfully passed a gas tax, which was a long time ago. The outreach and education of the legislators and community leaders is what passed the gas tax back then. It wasn't just going to the Capitol and asking the legislators to do it. They sort of lost the heart for that kind of a grassroots approach and went many years, almost two decades, without a gas tax increase. There is no chance that the upcoming legislature is going to pass a gas tax. There is no plan for it. What they are working on right now is an alternative to the gas tax. There is a two-year study underway that is aimed at the next legislature. They have recruited some volunteers to pay their gas tax a different way, essentially on a per mile basis and they will use the results to look at something for the future. Based on the polling numbers that I have seen it has zero chance right now. That doesn't mean it won't have a chance in 2017. It is hard to pass a gas tax; it is harder to pass a tax that nobody has heard of or tried before. I would hold out hope that the legislature at some point would raise the gas tax, and I would hold out hope that congress, which hasn't raised a gas tax since 1993, would do something. But if I were a local official wanting to maintain my roads, I would be looking at a local tax that I had control over and knew with some certainty we could enact.

Councilor Anderson asked did you say that there is no chance that the legislature is going to pass a gas tax this year?

Clark Worth replied I believe there is no chance that this next legislature is going to enact something. They are definitely looking at something longer term; the studies underway are looking at that.

Councilor Anderson stated I am not doubting your expertise, but the price of gas has dropped by 40% to 45%; it is approaching \$1.99 a gallon in some places. That coupled with what Councilor White and Councilor Ripma said about a one-party legislature, doesn't common sense dictate that if there was ever going to be a time now is it.

Clark Worth replied I would hope.

Councilor Anderson stated but you don't see it happening even in the current...

Clark Worth interrupted and stated personally I don't. Enacting any new tax, or raising any tax is difficult for those folks. Even though the circumstances look very good, I think they have too much invested in this longer term idea of changing off of the gas tax. What you hear from policy makers in Salem and Washington is that revenue is flat because cars use less gas. The reality of it is our revenues are flat because no one has increased the gas tax in 20 years.

Councilor Anderson stated if we were to do something like this, we would not want to do it unilaterally. I would certainly advocate for your firm, or something like you because as you said when you open the door to public opinion it is like walking into a room and turning the light on. I like seeing the light on and seeing everybody's face when making a decision like this. The more information I can get the better off I am going to be and the better decision I am going to make. That said, I get the sense that the Council, and we will hear from them, thinks that this is a good idea but maybe not right at this minute. I will let everybody else speak to that.

Councilor Morgan asked what about cars that don't use gas? We are in the market where people are still driving but they aren't necessarily going to the pump because they have hybrids or electric cars. Is there going to be a way to make sure those folks pay for the infrastructure as well?

Clark Worth replied the people who are using those vehicles would pay less gas tax. If you were concerned about that and you were in a community where that was a significant portion of ridership, then you would probably be looking at a street utility fee or something else as a better mechanism to collect rather than a gas tax. Look at Portland and bicycles right now; that is a big issue in Portland.

Councilor Anderson stated a lot of jurisdictions are talking about weight-mile checks for just that. Is that coming?

Clark Worth replied I haven't heard any talk about a weight-mile tax at the local level. There is a weight-mile tax at the state level.

Councilor Wilson stated in our last presentation I think most of our roads were rated on average at a 71.

Steve Gaschler replied the average is 70.

Councilor Wilson asked in order to maintain the roads at 70, of the money that you are receiving in right now from the gas tax, how long are you going to be able to maintain roads equal to this?

Steve Gaschler replied if I remember correctly, we have about another two or three years and then we will be out of money to do our preservation program and that 70 will start slowly declining. Some roads will get to the point that the preventative maintenance is no longer an option and they will have to be reconstructed or rebuilt, which is costly.

Councilor Wilson asked with the gas stations we have on Frontage Road do you know what amount would come in from the people just passing through?

Steve Gaschler replied I have no way of determining that number.

Clark Worth stated I haven't seen the data from Troutdale but if you look at the data statewide, the communities that are located close to, or approximate to major freeways (I-84 and I-5), if they are smaller communities they usually get about half of their revenues from people driving through.

Steve Gaschler stated it is my understanding that we would be able to tax diesel being sold to the trucks.

Mayor Daoust stated we have talked about this for many years and we keep getting the same story that we are going to have to do something. I am a firm believer in public outreach and education and polling people rather than the seven of us trying to come up with a solution without going out and asking the public. I think we need to do that. A couple of Councilors brought up timing and whether it is right or wrong right now. Well we got the answer to that. It is not a bad time to do it right now because the price of gas is low.

Councilor Anderson stated the turn-out numbers for May were horrible. The turn-out numbers for November were significantly better.

Mayor Daoust stated I am not suggesting May or November. I am just saying, start the public outreach process and if we choose November fine.

Clark Worth stated the reason we provided the voter turnout numbers that we did was because we were told you are considering 2015 as the year. What we were trying to do was get turnout that was closer to what you would be seeing in 2015 rather than what you saw in this past November. We had success in the May 2014 election in Milwaukie because we designed our campaign around likely voters. We provided that information because that would be closer to the kind of turnout that you would expect at either of the elections in 2015; it would probably be the high end of what you would expect in 2015.

Libby Barg stated but in May this wouldn't be the only thing on the ballot.

Clark Worth stated May is slightly better if you are really looking strategically. May is a better day because right now there is nothing else on the ballot for November and you would have to be carrying the entire load of getting people to return those ballots.

Mayor Daoust asked you mean May?

Clark Worth replied no, November. May has some offices up and there are other measures that will be on the ballot. Right now there is nothing for November at all.

Mayor Daoust stated so if we wanted to wait until November, what would be your timeline for doing this process?

Clark Worth replied we would suggest that you do the public opinion research now and then make a decision on May or November. Again, May is more promising because voter turnout is higher. The lower voter turnout gives you less chance because the higher proportion of the people who vote are automatically no votes on money measures.

Councilor White stated I wasn't the only Councilor at the open house for Food Save in Fairview where Laurie Monnes Anderson and Chris Gorsek presented their legislative plan which included a gas tax and license fee increases, and for the first time ever a requirement to license small light duty trailers. For me I want to see if that does occur how much of that revenue we end up with. We may end up with more money than we would with a local gas tax plan and it could vacate the need for it. That is why I am shifting gears on this. At our regular meeting tonight we just heard the possibility of selling our effluent water, so maybe we could re-direct that money to roads.

Steve Gaschler stated you can't take sewer fund money and use it for roads; it has to stay in the sewer fund.

Mayor Daoust asked do you have an answer to what Councilor White heard from our State Representative and Senator?

Clark Worth replied I haven't spoken to your representatives about it. I know that all of the work at Oregon Department of Transportation right now has to do with this alternative funding source; that is the hope for the future.

Councilor Morgan asked if we gave you the green light tonight to move forward with research, would the goal or target then be to have this ready for May in theory?

Clark Worth replied to be able to judge whether you could be. Because the public opinion research is upfront we find out right away if this is going to be a possibility. If the voters can think their way through this, if they see benefits to it, if they see advantages to that investment that they have to make, and if they are willing to pay a price. These days you can see with the election results that voters are kind of weighing things. They are not voting yes to everything. They are being very selective. We see them now thinking like investors. We have to appeal to the likely voters and those are the ones who are most likely to vote no and we have to convince them yes.

Libby Garb stated for the City of Salem's \$100 million transportation bond we did public opinion research and found that folks had no idea that there were any problems at all with Salem's streets and bridges. We postponed going to the ballot until we could do an education campaign to make everyone aware that there were serious street and bridge problems.

Clark Worth stated they delayed a year and then succeeded.

Councilor Wilson asked what is the pushback from the stakeholders, the fuel retailers?

Clark Worth replied we haven't talked to any of your stakeholders yet. The interesting thing about funding, whatever public funding you are talking about, is that most people don't have a clue about how things are funded so there is an education process that will need to be done along with this so we are talking on the same terms with people.

Councilor Wilson asked when you talked to Estacada, did they say there was a big anti-gas tax campaign put on by the fuel providers there?

Steve Gaschler replied they didn't bring that up and that isn't really what I was searching for so I didn't ask that question. He didn't say that they had a lot of people out there campaigning against it, he just said they didn't actively campaign for it. He said only two of the councilors spoke out in favor of it, the rest of them stayed neutral and didn't want to take a position on it.

Councilor Allen stated my experience is that when you talk to people they understand that it is cheaper to maintain a road than it is to replace or repair it. They would like to be assured that the money that is currently going to roads continues going to the roads and that any new money gained also goes to what it is supposed to go towards and that it isn't used for raises, etc. Also, it seems like if you don't have full council support then you are going to have an undercurrent right from the get go, so we need to have buy-in from the Council as well and they need to support it in the public.

Councilor Ripma stated the campaigns that you have brought up that you successfully helped cities implement, none of them were for a gas tax, correct?

Clark Worth replied the statewide campaigns were for gas tax. None of those that we are showing you tonight were for a local gas tax.

Councilor Ripma stated you mean the last one in 1993.

Clark Worth replied yes.

Councilor Ripma stated you mentioned a street fee, but you didn't bring up anything like Salem's bond program for street transportation funding as an option for us. Any reason that wouldn't work? Are we too small?

Clark Worth replied you have to think about what the source is.

Councilor Ripma asked what was the source in Salem?

Clark Worth replied property tax revenues. It was a good time for them because they had been paying off all of their debt and they thought they had a window where their debt was low enough that the property tax payers wouldn't experience an increase.

Councilor Ripma stated that is not our situation. I've always felt that the truck stops, which I think pump the most fuel in Troutdale, would be opposed to it and would organize opposition. Is there some way to assess that?

Clark Worth replied that hasn't been the experience in the past. The reason being is that it is very complicated. None of the stations down there pay the gas tax. It is paid at the wholesale level. Unless they look carefully at some piece of paper, they wouldn't know what the gas tax is.

Councilor Ripma stated but the customers that stop there are going to be paying it.

Clark Worth stated that is even difficult to say. The way that it is paid is complicated. It is paid by the wholesalers statewide. The state sends the wholesaler a big bill and says here is what your tax bill is. They wouldn't know whether that money is Troutdale or another city. Troutdale has the option to collect the local tax yourself, but most cities have the state collect it.

Councilor Ripma stated in other words if somebody orders 20,000 gallons of diesel fuel from the wholesaler that is shipped to one of our truck stops, as part of their monthly bill we get that tax.

Clark Worth replied the state allocates it based on numbers that they have about how much of that diesel was consumed in Troutdale.

Libby Garb stated they set the gas prices that are charged around the state and I don't think they have to tell anybody how they do it. If they know they are going to owe the state

\$1 million in gas tax then they make sure that they have it, but it is not being charged as \$.03 extra in Troutdale.

Clark Worth stated the idea that the retailers are all opposed, which is based on the history that they were all opposed, came from a time when if the gas tax went up in one community and not in a neighboring community then the retailers were concerned that people would drive across the street and be able to pay \$.03 less for gas. These days the world is not like that because the price of gas in the Portland Metropolitan Area probably varies by \$.40 a gallon from one station to another. You really don't have that kind of situation. If people are savvy they can drive to Clackamas Town Center and pay \$.25 less than they are paying here, but it won't be related to a \$.03 or \$.05 gas tax.

Councilor Ripma stated I am in favor of Councilor White's position. You seem pretty certain that the legislature is not going to take this up, but if our legislators are saying it is on their agenda and they have a Governor who is in the same party and other factors that makes gas less expensive right now, I don't know who to believe. I don't think we ought to rush into our own gas tax, or even an education campaign, until we find out. It won't be that long; another six months we will know what the legislature did or isn't going to do. I truly think that it is needed; it has been needed for many years. I don't know how hard of a sell it is going to be, but it is a lot easier than having the state monitor the mileage for every car. That is going nowhere.

Councilor Anderson stated knowledge is power. I love the idea of having information like this. It is our choice whether we activate it or not. I would hate to be in a position to where we were in activation mode and didn't have the knowledge. If I had the choice I would get the knowledge part first. I am a big proponent of this because you can take this and you can extrapolate the knowledge that we get from this to other areas that we are working on or that may need funding. You can glean knowledge from this towards that. Do you only do transportation?

Clark Worth replied no. I concur with your view. One of the first things we like to do, which we have already done to some extent for Troutdale, is try to grab any survey that has been done recently on any topic with the same population group and see what the mindset is.

Councilor Anderson stated I think there is one issue that we are absolutely spinning our wheels on that we could use the flood light to come on in the course of public opinion to give us a roadmap of where to go.

Councilor Wilson stated I was at the same meeting that Councilor White was at and I guess I took away something completely different in that those were things that they would like to talk about and they could get to the transportation department and never see the light of day in the next two years. I don't think it is going to be that easy for them to wave a magic wand and get this done in one session. I didn't hear them saying that it was on their agenda.

Councilor Ripma stated the gas tax use to fund our street repairs. I have heard the, rightly put forward, alarm bell that we are not getting enough money from the sources that we used to get enough money from to keep the streets up. We used to get enough. Something is wrong with the way the system is running right now and it needs to be corrected. It used to be that we received enough money from the state to do a good job of keeping up the streets. There is no reason why that can't happen again.

Councilor Anderson stated I just want to remind the Council that we are not debating the merits of a gas tax, we are talking about whether we want to gather information.

Councilor Allen stated no doubt we will have to come to a point where we agree on whether or not we support a gas tax and at what rate we support it, and maybe some education fits in line with that. But also a question on funding such a study. Is that coming out of the general fund, or?

Craig Ward replied we would use the street fund for that.

Councilor Ripma stated the staff report says street fund contingency. That leaves \$70,000 less for street repairs is the way I read it.

Councilor Allen asked I take it that we will have deliverables for the amount of money spent?

Clark Worth stated yes, we have a detailed scope of work and a schedule.

Councilor White stated in Troutdale we are such a small city that we have been able to do virtually all of our bond drives at a grassroots level. I am worried that once the word gets out that we spent \$70,000 to educate the voters that we are going to start off with a big negative. Is there a way to overcome that?

Clark Worth replied the way to describe it is that we are trying to listen to them and find out where they are coming from and how to address this problem that you have and no longer have the funds to address. We have driven Troutdale streets and your streets are great. I live in Portland and the streets are not great in Portland. The fact that you have reached this point where you can make another incremental investment and take care of your streets for the foreseeable future is impressive. A lot of communities would love to be in that situation.

Mayor Daoust stated I love being in a position like that. I believe in looking ahead to the future, not at what is in front of your face, but looking ahead 3 to 4 years from now and where we want to be. I will also preach an informed decision. Sometimes we make uninformed decisions and I am very uncomfortable with that. If we can have an informed decision later on whether or not we want to do a gas tax, I think it is worth the investment. Obviously Steve Gaschler agrees because he is willing to spend \$70,000 of the street fund money.

Steve Gaschler stated I don't know that we have a choice. If we do nothing I know where that leads us. I saw what has happened to Estacada, Florence and other cities and they were unsuccessful. I don't want to be in that place. As I have told you I don't have the staff, time or the expertise to take on a task like this and do the job of being the public works director trying to deliver the water, sewer, maintaining the parks and everything else we are doing with the development we have going on.

Craig Ward asked pertaining to your scope of work, is it \$70,000 for Step 1?

Clark Worth replied no, that is for all three steps.

Craig Ward stated so at the end of Step 1 we could make an informed decision as to whether or not to proceed with Step 2.

Libby Garb replied that is how it is set up.

Craig Ward stated so if the information comes in very negative, if the Council isn't prepared to go ahead, or if the timing doesn't appear to be right then we don't pull the trigger on Step 2 and we don't spend the full \$70,000.

Councilor Morgan stated I couldn't agree more with what Councilor Anderson said. We owe it to the citizens to know what the citizens want. If it is going to be successful and they are supportive of it, then we know what the next steps are. We heard the Port talk earlier about infrastructure being the game changer for things like TRIP. This is a proactive measure and if the public doesn't want this then we will know what our answer is. They wouldn't suggest to go forward in the general election or special election if this is as popular as cockroaches. To me this is a common sense thing to do.

Councilor Allen stated we need to define it, is it \$0.01, \$0.03 or \$0.05.

Clark Worth stated that is on Libby's strategic questions.

Mayor Daoust stated the phased approach makes it even better. We are not writing a check for \$70,000 up front.

Councilor White stated what if the voters vote no. We have spent \$70,000. Why do you think so few cities have a gas tax?

Clark Worth replied 20 cities; with any of these local option measures 20 is not a bad number. 28 have a street utility fee. Looking at the transportation funding situation in Oregon over such a sustained period, I don't understand why local governments have not pursued these funding sources, street utility fee and gas tax, because there is such a shortage of funding sources and there is no prospect. I understand your comment. I read a quote from Peter Courtney that says he sees little chance for a gas tax increase. I have found him to be a pretty good predictor of what the legislature does. I was in the Governor's office for two governors. I worked at the legislature for a number of sessions

and I have many times been optimistic of what the legislature is going to do at a session and been very disappointed by what the outcome from the session is.

Libby Garb stated two years ago we worked for the League of Oregon Cities on the property tax reform measure and did polling and stakeholder interviews. What we heard from Salem was that they do not understand why cities are not taking care of themselves when they have the means to do it. The state does not have a lot of options for raising money, but cities have some broad powers for transportation fees and passing a gas tax. They are looking at cities to help themselves.

Councilor Allen asked can we have a go, no go, at each step? I suspect that even after this meeting we are going to have opinions that we are going to hear.

Craig Ward replied I can assure you that you can have a go, no go, at each step. We will construct the contract with the entire process in mind. We are fully prepared to hear the results of Step 1 and look for your approval to proceed with the second step or not.

Councilor Allen stated I hear more after a council meeting then I do before a meeting.

Councilor Ripma asked is the public opinion research directed just at the gas tax, or to the gas tax or the street fee?

Clark Worth replied we actually considered that. What we were told was a street fee wasn't on the table. But it is actually helpful if you have more than one option to talk about with voters. If you wanted to test the street fee we would probably even prefer to do it that way; give options to members of the public who are participating in the process. I am a little concerned with the street fee right now. When we started this it was before Portland may have semi-permanently poisoned the well of the street fee.

Councilor White stated I think the Council reached the conclusion, since we have been dealing with this for quite some time, if we were going to do anything that the gas tax is the fairest way to administered it and we would get other people helping us out.

Councilor Allen stated I would think that success would largely depend on the quality of the question presented to the public when you are getting a public opinion. This is the problem that we are facing, what solution should we use to address it.

Councilor Wilson asked are we at the point to see if we have consensus?

Mayor Daoust stated I think we are.

Councilor Ripma stated I can count; I can tell that the majority of the Council wants to go forward. I agree with Councilor Allen's point that it won't do any good to have us be divided. I have listened to all of you and the reasons given for wanting to gather the information. I am okay with it.

Mayor Daoust stated I am hearing that we are willing to authorize the City Manager to enter into a standard service agreement with Barney & Worth, Inc. to assist staff with a public outreach and education plan and authorize the expenditure of \$70,000 from the street fund contingency.

Craig Ward stated we will bring forward a contract on the consent agenda at the next meeting.

Councilor White stated I would like to see the breakdown of the different steps.

3. Adjourn:

Meeting adjourned at 10:02pm.

DRAFT

Doug Daoust, Mayor

Dated: _____

ATTEST:

Debbie Stickney, City Recorder

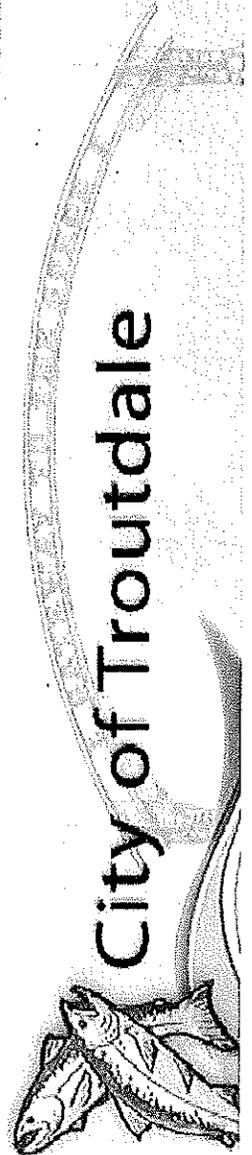
CITY OF TROUTDALE
CITY COUNCIL – REGULAR MTG. & WORK SESSION
Tuesday, January 13, 2015

PLEASE SIGN IN

Name – Please Print	Address	Phone #
Kath BRICE	3917 SE Douglas	_____
Steve MEANS	1243 SE Beaver Creek Ln	503-665-7969
David Becker	Troutdale	
Clementa Terzis	26099 SE Stark	503-491-1600
Eileen Winters	7000 SE Stark	
Diane Castro		503-881-1400
Carol Gill		503-701-8979
Judy Chase		503-919-1208
JEANIE MORGAN	3820 SE EURNS AVE	503-665-7006
PAUL WILCOX	TROUTDALE	
Pam Waterman	1977 SW 25TH	503-539-2449
Bam Wan	150 SW CHERRY PKWY	461-1042
Julie Phillips	1415 SE Beaver Creek Ln.	503-669-2257
JAN LOWELL	TROUTDALE	503-465-6591
SARA MONTAGNY	TROUTDALE	
CLARK WORTH	1211 SW 3TH #2330 TROUTDALE 97204	503-222-0146
LIBBY BAYZG	"	"

City of Troutdale Street Funding Public Outreach

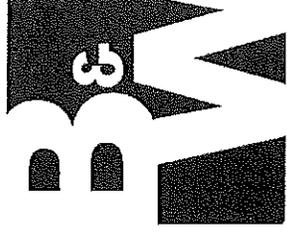
January 13, 2015
City Council Workshop



City of Troutdale

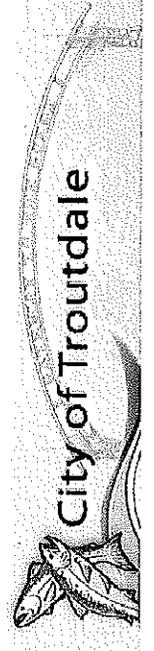
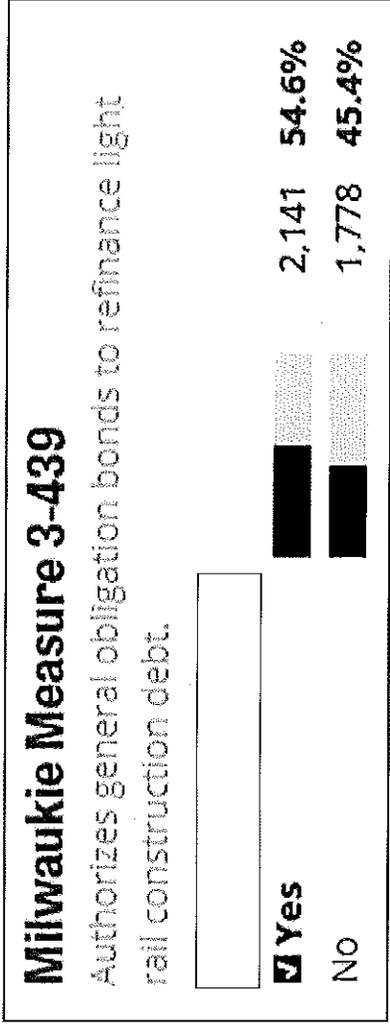
Introducing Barney & Worth

- Serving local government clients since 1978
- Offices in Portland and Salem
- Designed community education and outreach for many successful funding measures
- Clark Worth, Libby Barg



Success Stories

- ✓ Oregon State gas tax increases (1989 and 1991)
- ✓ Milwaukie G.O. bond (May 2014)
- ✓ Oregon City water rates (May 2013)
- ✓ Oak Lodge Sanitary District – 85 percent “yes”!
- ✓ *Keep Salem Moving* – \$100 million G.O. bond for streets and bridges
- ✓ Washington County districts for enhanced police protection
- ✓ LOC property tax reform: statewide public education strategy



How They Succeeded

Milwaukie G.O. Bond—Informed of the benefits, voters approved debt refinancing.

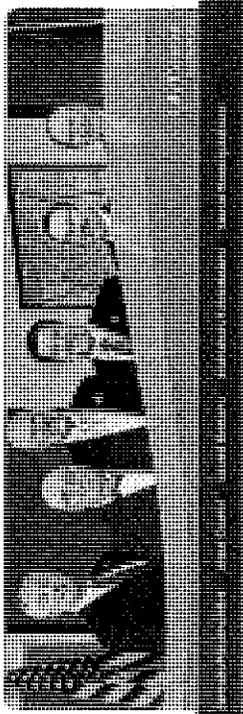


Image: City Council unanimously votes to place bond measure on May ballot.

City Council unanimously votes to place bond measure on May ballot

City Council unanimously voted to refer a bond measure to the May 2014 ballot. If passed by voters, would pay off the City's light rail debt, at its Feb. 18th meeting.

Here are a few things the City Council wants you to know about the bond.

Things to know about preserving the City's debt

Why do we want to issue general obligation bonds to refinance light rail construction costs?



MAKE OUR GREAT CITY EVEN GREATER

FACT SHEET: Proposed General Obligation Bond



MILWAUKIE CITY COUNCIL IS LOOKING FOR WAYS TO RETAIN CORE CITY SERVICES AND SAVE MONEY.

One option is to ask voters to approve a \$4 million general obligation bond to refinance the City's debt obligation for light rail construction. By refinancing the City's debt, the City has an opportunity to begin a lower interest rate, saving tax-payer money.

VOTER APPROVAL REQUIRED

These savings are possible only if Milwaukie voters approve the sale of general obligation bonds. The sale of general bonds would eliminate the city's debt public protection and library services.

The bonds would be repaid from property taxes. If the bonds are approved, the additional tax rate estimated to cost \$28 per year for a Milwaukie home with a taxable value of \$200,000.

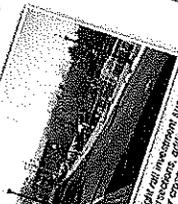
MILWAUKIE'S LIGHT RAIL INVESTMENT

The City's \$5 million contribution to light rail is paying a \$100 million contribution to light rail improvements, including:

- Rebuilding intersections to add lighting, cross and safer pedestrian crossings
- Moving utility lines underground in the downtown
- Restoring wildlife habitat along Crystal Creek and Johnson Creek



More than 100 of the general obligation bond voters approved the measure at the Feb. 18th meeting.



Milwaukie light rail investment supports recovery from recession, creating jobs and other economic benefits.

I WANT TO LEARN MORE AND SHARE MY VIEWS:
www.milwaukieoregon.gov/citycouncil/make-our-great-city-even-greater
 or contact Grady Wheeler, wheeler@milwaukieoregon.gov / 503.785.7303

MAKE OUR GREAT CITY EVEN GREATER

Share Your Views!

MILWAUKIE CITY COUNCIL IS LOOKING FOR WAYS TO RETAIN CORE CITY SERVICES AND SAVE MONEY.

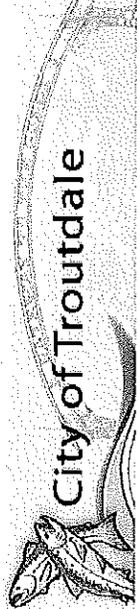
One option is to ask voters to approve a \$4 million general obligation bond to refinance the City's light rail construction debt. By refinancing the City's debt, the City has an opportunity to begin a lower interest rate, saving tax-payer money.

1. Please share your opinion on this cost saving idea:

Good for our community Won't help

2. Can you suggest more ways for Milwaukie to save money?

LEARN MORE: www.milwaukieoregon.gov/citycouncil/make-our-great-city-even-greater



How They Succeeded

Oregon City Water Rates—A robust education campaign helped voters understand the serious funding crisis and vote “yes” to fix the problem.

City of Oregon City
172 1st Street
Oregon City, OR 97133

856.6770
US 101/262/40
OREGON CITY WA
1000 ft

What You Should Know

About Oregon City's Drinking Water

JANUARY 2013

WE ALL COUNT ON DRINKING WATER

Every day Oregon City residents turn on their taps and get safe, clean water. Water is available 24 hours a day—year round—for homes, in production, schools, doctors' and hospitals' offices, and in the food processing and other industries. Most of us take clean water for granted. We don't often think about what we can't see—the infrastructure that delivers water to us: water lines, pumps, reservoirs. For how they provide a public, the system transports water right to our homes and businesses.

Oregon City gets its high quality water from the Clatskanie River.

100 YEARS OF CLATSKANAS RIVER WATER

South Fork Water Board operates plant which is pump-around and shared with Oregon City and West Linn. The plant is owned by a successor Board of the Mayon, City Commission and City Council members from the Northwest.

Oregon City plans to spend about \$100 million over the next 10 years.

Oregon City Water

A Reliable Water Future

January 2013 Community Presentation

Oregon City Water

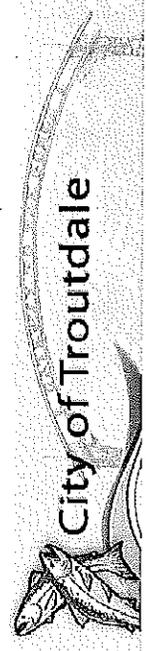
A Reliable Water Future

WHAT'S THE PROBLEM WITH OREGON CITY'S WATER SYSTEM?

1. Aging Old-Aged Plastic Pipes

2. Loss of Revenue to Fix the Problem

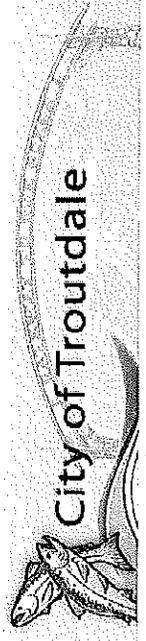
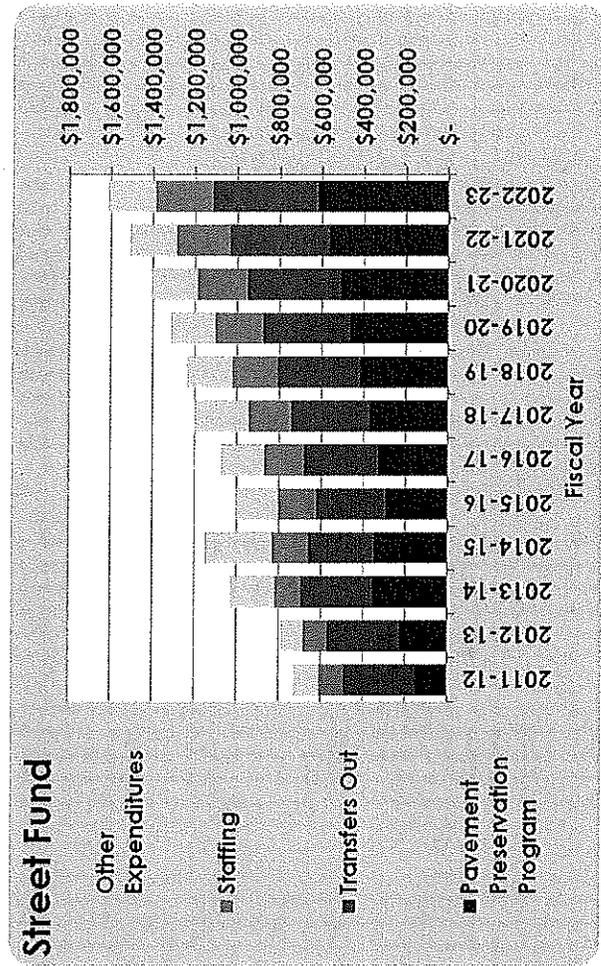
A 1998 City Council resolution directed the City to study the water system and report back to the voters on the status of the system.



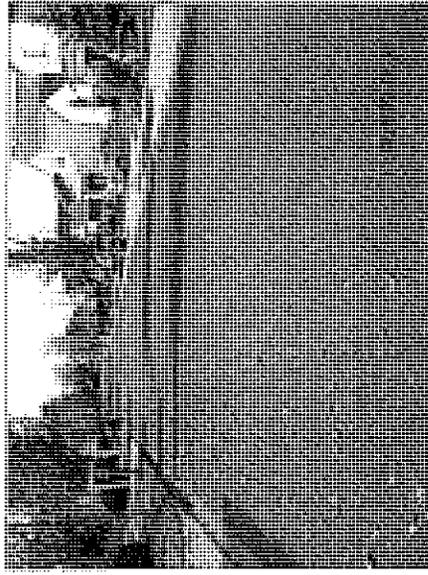
Troutdale Street Fund – Situation

Across Oregon, transportation funding sources and amounts aren't sustainable.

- Troutdale Street Fund revenues come primarily from State Highway Fund – flat/declining revenues around \$800,000/year
- Current funding needs are \$1 million per year, expected to exceed \$1.6 million by 2022-23
- Street Fund balance declining since 2012-13 (down \$270,000 this year)
- Troutdale is studying alternative revenue sources to close the gap: street utility fee, local gas tax

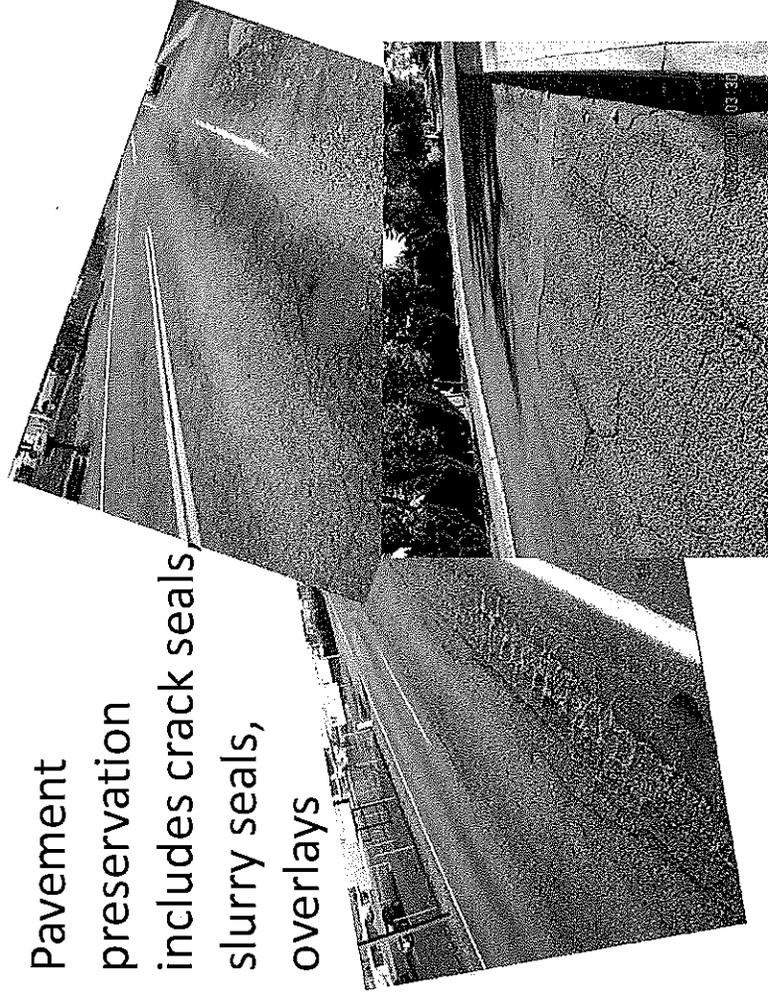


New Revenues Would Support Pavement Preservation Program

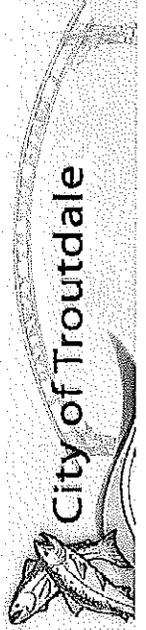


Preservation avoids
need for more costly
rehabilitation and
reconstruction

Pavement
preservation
includes crack seals,
slurry seals,
overlays



** Every \$1 spent on preservation saves \$3 - \$5 for rehabilitation
or \$8 - \$12 for reconstruction*

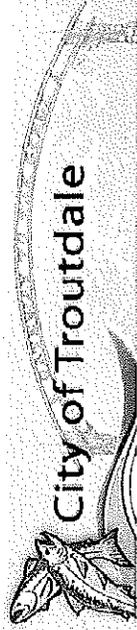


Funding Solutions

- ✓ Transportation Utility Fee: enacted by City Council
- ✓ Local Option Vehicle Registration Fee (counties only)
- ✓ Local Option Gas Tax: requires voter approval

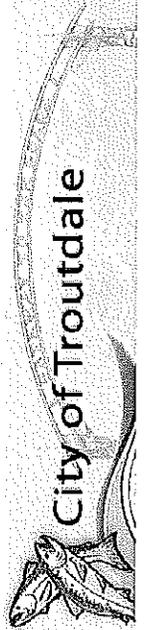
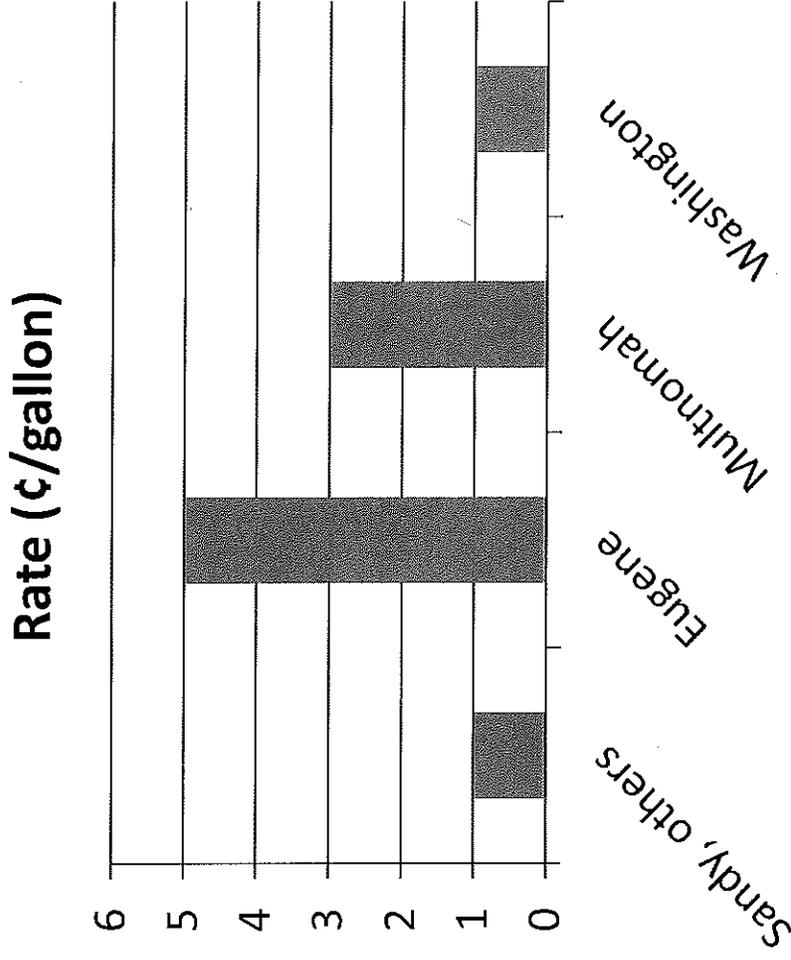
Transportation Utility Fee

- Enacted by 28 Oregon cities (La Grande was first in 1985); only 4 other U.S. cities in Colorado and Texas
- Monthly fee based on use of transportation system (number of trips) within city limits
- Different fees set for residential and non-residential customers
- Stable source of revenue; best bicycle tax?
- Fee criticized recently as “tax” not authorized by voters
- Discontinued in Florida, Washington, Wisconsin due to legal challenges



Gas Tax – Other Cities & Counties

- 20 Oregon cities have enacted a local gas tax; first was The Dalles (1980)
- Most recent: Cornelius, Hood River, Pendleton, Sisters (2009)
- HB 2001 (2009 Legislature) imposed a moratorium on local option taxes, and required a vote



Current Gasoline Tax Rates*

Oregon pioneered the gas tax in 1919

No increase since 1993

Federal Gas Tax: 18.4¢/gal

State Gas Tax:

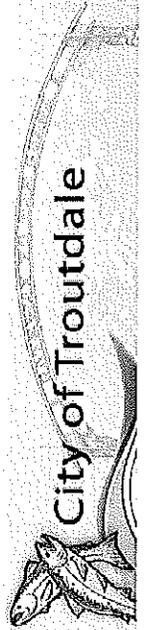
No increase (1993-2011)

Oregon	30.0¢/gal
California	39.5¢/gal
Washington	37.5¢/gal

All Revenues – fuel, registration, license (equivalent per gallon):

Oregon	41.9¢/gal
California	\$1.19/gal
Washington	\$1.07/gal
Idaho	71.5¢/gal

*Source: Oregon Department of Revenue

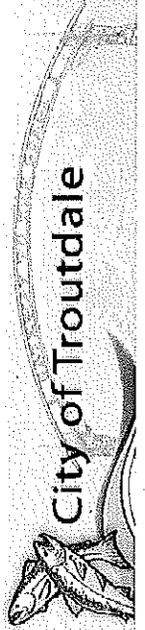
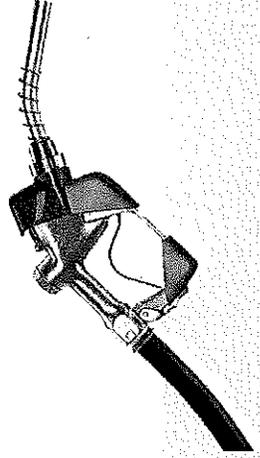


City of Troutdale

No Pain at the Pump

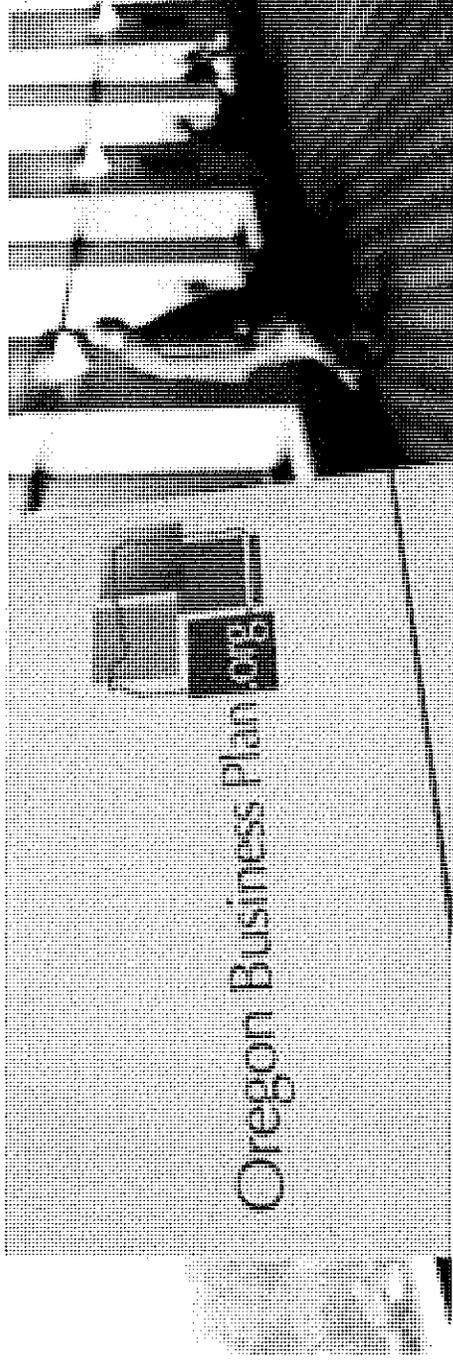
Revenue Generated	Number of Fillups	Cost to consumer
\$100K/yr.	1¢ x 20 gallons x 3 fillups	= 60¢/month
\$300K/yr.	3¢ x 20 gallons x 3 fillups	= \$1.80/month (45¢ per week)
\$500K/yr.	5¢ x 20 gallons x 3 fillups	= \$3.00/month (10¢ per day)

Average monthly fuel cost: \$180/month = \$6.00/day

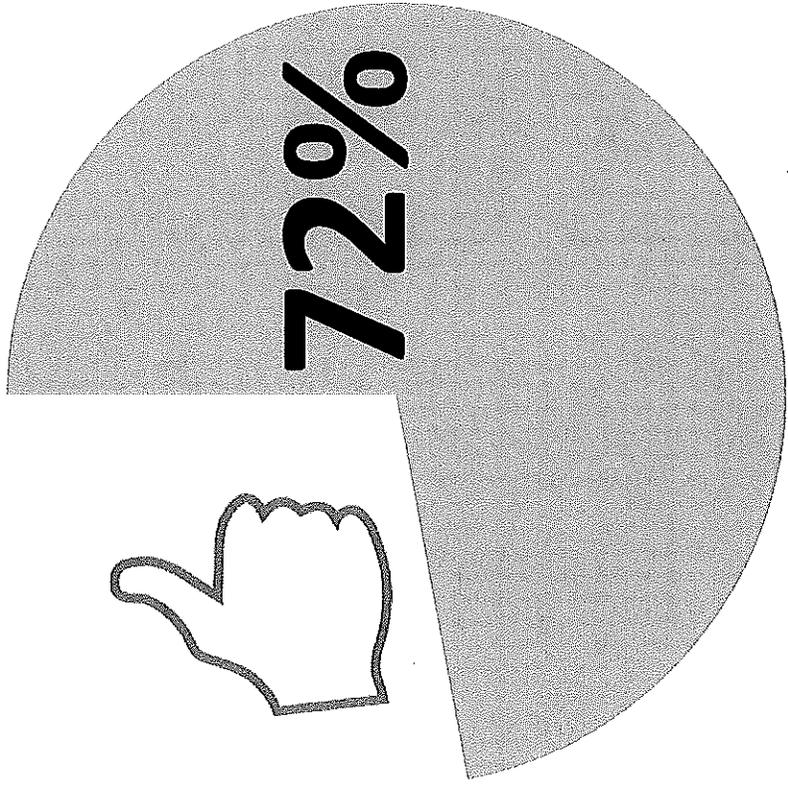


Oregon Business Summit—January 6, 2015

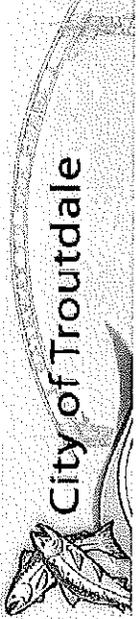
- **Top Priority:** increase vehicle taxes to provide more money for transportation projects.
- The condition of Oregon's infrastructure is a **job killer.**



72% of Oregonians say road maintenance is important and would support some increase in tax dollars.



2013 Oregon Values & Beliefs Study-DHM Research



Local Option Gas Tax

November 2014 Election Results

State moratorium expired in 2014

Florence

5¢/gal (March – October)

3¢/gal (November – February)

Would offset a street utility fee: \$5/month per household

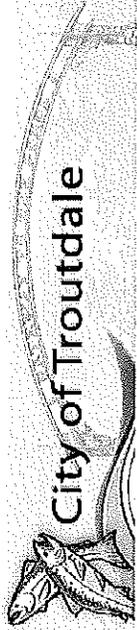
55% No
45% Yes

Estacada

3¢/gal (May – September)

Also rejected in 2010: 28% Yes, 72% No

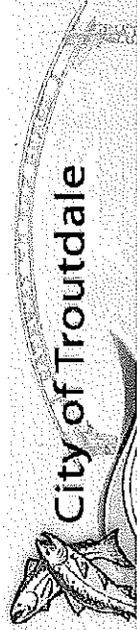
63% No
37% Yes



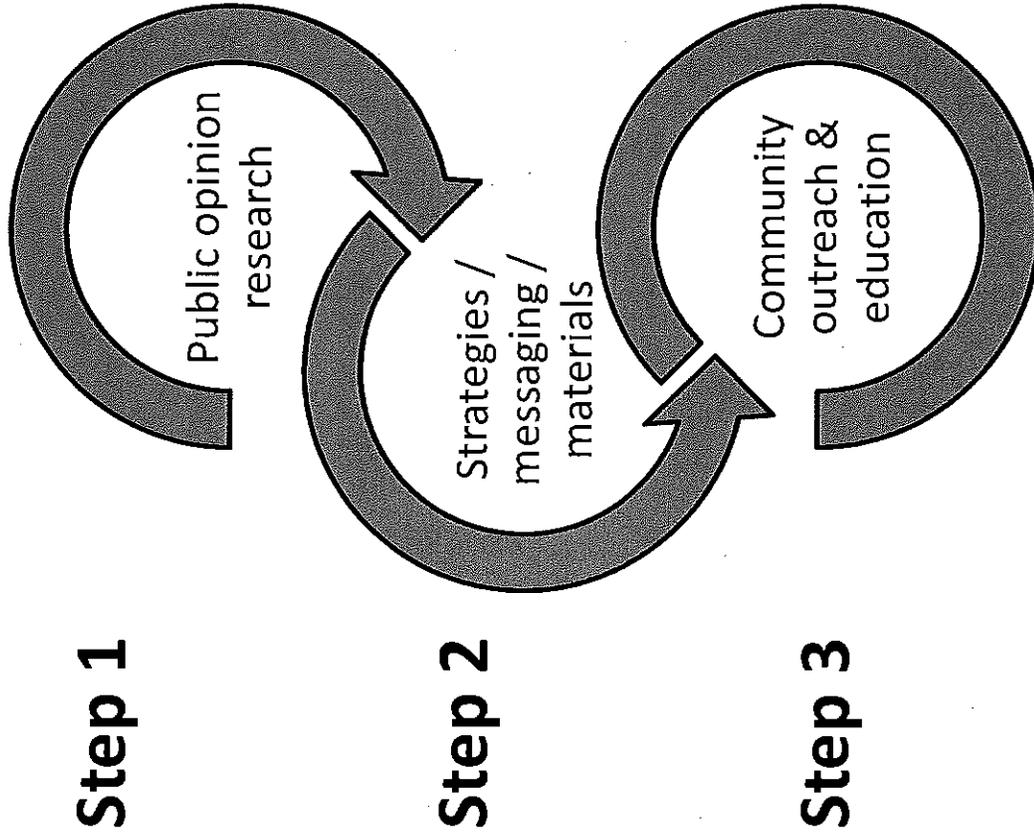
Strategic Issues

- Defining the need
- Identifying the best solution
- Setting a rate
- Drafting a ballot title
- Selecting an election date:
May vs. Nov 2015
- Developing a communications plan to reach likely voters (and other interested stakeholders)

Voter turnout: May 2014
Oregon 35.9%
Mult. Co. 32.7%
Troutdale 16.5%/20.5%
* 1,537 ballots cast

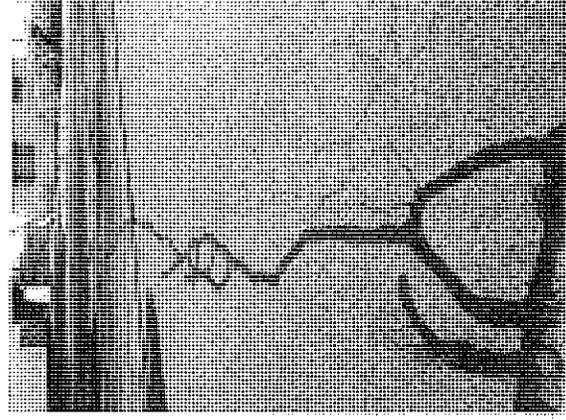


Engaging the Community



What do voters think?

- ✓ Stakeholder interviews (includes fuel retailers)
- ✓ Focus groups
- ✓ Community survey



Discussion:
What questions from
community members will
need to be answered?

DRAFT

MINUTES

**Troutdale City Council – Work Session
Troutdale City Hall – Council Chambers
219 E. Historic Columbia River Hwy.
Troutdale, OR 97060-2078**

Tuesday, January 20, 2015

1. Roll Call

Mayor Daoust called the meeting to order at 6:31pm.

PRESENT: Mayor Daoust, Councilor Ripma, Councilor Anderson, Councilor Morgan, Councilor White, Councilor Allen and Councilor Wilson.

ABSENT: None.

STAFF: Craig Ward, City Manager; Debbie Stickney, City Recorder; and Erich Mueller, Finance Director.

GUESTS: See Attached.

Councilor Wilson stated I have received a note from one citizen and an email from another citizen that I would like to submit into the record (copies included in the meeting packet)

Craig Ward stated this is the second in a series of discussions regarding what we are going to do about a permanent city hall. No final decision is expected tonight. There are two topics on the agenda for tonight: a “process plan” for evaluating the old city hall remodeling, and a discussion about the Space Needs Plan for a 20 year forecast for a city hall. The goal being to clarify Council’s desires for assessing city hall options regardless of the location. We want an apples-to-apples comparison so that we are trying to site the same basic facility regardless of the location that is chosen. Our intent tonight is to convey the Council’s direction to the building official to develop a scope of work to solicit repair estimates for the old city hall building, and to solicit Council direction on our space needs for an apples-to-apples comparison. We understand that the Council and the public will need additional meetings to refine the space needs decision as well as a location decision. We can continue to evaluate this until the Council is satisfied that we have a clear direction.

2. Discussion: Proposed “process plan” for evaluation of old City Hall remodeling option.

Erich Mueller, Finance Director, stated the purpose tonight is to gather input and direction from the Council that we can take back to our various professionals to further refine. We said in the very beginning of this process that this would be an exercise that would go through a number of iterative steps. There was going to be information presented, it was

going to need to be refined, we were going to have to take it back and re-work it and bring it back to you again. This is just one meeting, one step along the way.

At the work session in November where the Space Needs Plan was presented there was a lot of discussion about the consideration of the old city hall building and how that would compare to a new building regardless of where that building might be located. We have gone back and re-visited the current condition of old city hall in order to move towards being able to provide the information necessary for the Council to consider alternatives, whether it be repair of old city hall or a potential new building. It is necessary to gather more information about what we want accomplished in the old city hall location in order to get closer to an apples-to-apples comparison.

In my staff report there is a proposed definition describing what the repair option is, what that repair might entail and what the result might end up being. It is my view, from having heard the discussions in previous meetings, that there may not be a common vision as to what that might be. For us to be able to obtain cost estimates we have to provide better clarity as to what it is that we want to have accomplished.

Our current Building Official (who started with the City after we moved out of the old city hall building) recently toured and inspected old city hall with the structural engineer who had prepared several reports that led up to the final report.

On page 4 of the staff report I have identified what I view as three major categories of costs that we have to get better estimates on to be able to get you closer to being able to compare apples-to-apples. There are structural repairs that would be necessary to the old city hall building from a structural integrity, safety, foundation, roof kind of standpoint. There is also the issue of the functional obsolescence of the building. The outdated building systems such as electrical, HVAC, plumbing, etc. as well as the ADA access. The second category you can think of as the remodeling, refurbishing, and modernizing costs that would be necessary. The third component is the added floor space component that was discussed briefly at the last meeting.

Before we go out and start spending money to get cost estimates, we want to clarify with the Council what is it that you mean when you say that you are going to consider the repair option. Page 3 of the staff report is designed to be a description based on the review of the architect's previous reports, and discussion with the current Building Official, as to the nature of the repairs that would be necessary and what some of those results might be like.

Councilor Wilson stated I think the building itself, once it is finished, has to be a 50 year building the same as any new building we might build. I think structurally, the outside needs to be capable of lasting another 50 years also.

Mayor Daoust stated so we say 60 to 100 years for a new building. I don't know how you compare that to an existing 90-year old building to say it has to last an additional 60 to 100 years.

Councilor Allen stated I thought the Police Facility was a 50-year forecast. It will likely last longer just like the city hall building did.

Erich Mueller stated the new Police Facility was designed to have a 50 year useful life and what is referred to as a 20-year program under the assumption that based on today's needs, requirements, current design, layout and infrastructure within the building, it would be serviceable for 20 years and then there might need to be some remodeling done.

Councilor Allen stated for me it is how much money do you need to put into it verses how many years are you likely to get out of it as a cost per year as to whether or not that looks appealing. It also depends on what we don't know now. We have a number of demands coming at us all at once. How much can we afford? We definitely have to live within our means. So how much money we have available for this would also make a difference. I realize you are trying to compare apples-to-apples, but it is not an apples-to-apples thing. Sometimes you go for a solution because you can afford it, not because you want it.

Erich Mueller replied how we would pay for any potential repair or any potential new building is an additional discussion that is absolutely necessary for the Council to have if we were to move forward. In terms of what it would cost to repair, or the cost per year as you put it, is largely going to be defined by what you want to put into the building. The changes and repairs you want to make will largely drive what that cost is going to be. That is part of what I want to get from you to be able to better scope that.

Councilor Ripma stated the look of the old city hall is not going to be apples-to-apples. It is a different thing in my mind. I think we ought to look at repairing the building. I agree with what is set out on page 3 of the staff report except for the additional floor space. I am thinking of taking the building back to the useable condition that it was in. If we hadn't had to move out of it we would still be there with whatever is there. If we repair it we are going to have to bring it up to structural soundness. The foundation and the roof have to be good. It has to be ADA compliant. I agree that all has to be factored in. As far as the functional design inside, it worked the way it was, but if there are simple improvements that are obvious that is okay, but that wasn't what I was thinking for an analysis of the old city hall. It was to see whether it was feasible and how much it would cost to bring it back into use, sort of like the way it was, with the necessary upgrades to make it ADA compliant. I am talking about doing a good job and the building would last 50 to 100 years if we take care of it. I am not talking about doing something only for 20 years, I am talking about long-term. I think we could ask a contractor to look at the building without having it meet all of the space needs that we have not yet decided on, and see how much it would cost to bring it back into usability. If we are looking at building a new city hall we won't do it that way. We wouldn't say lets look at just building part of our total space needs equal to the old city hall and then go from there; we wouldn't do it that way. This is different; this building is different. It was our city hall for many years, it is owned by the City. That is the kind of look that I was looking for. Lets see if it can be fixed like they did to Wood Village's City Hall, for a reasonable cost. If it doesn't meet all of the space needs that we are identifying in a separate analysis; that is a separate question.

Mayor Daoust stated I think what we are trying to do is we are trying to interject into our agreed upon process how to deal with old city hall. You are just saying lets not consider the space needs we need for city hall when we address old city hall.

Councilor Ripma stated I am saying lets not consider the extra space needs that were identified in the space needs analysis.

Mayor Daoust stated that is what I mean.

Councilor Ripma stated I am saying lets consider the space we had; we got along with the space that we had before. I don't know how many more employees we have since then but I don't think we have any more. We have the same functions. As a starting point lets analyze it as working like the old city hall. It does need to have wiring upgrades and we can't let water come in. It has to be secure. The old city hall was.

Mayor Daoust stated I know where you are coming from. It just creates an unequal comparison. There is no way to compare the two. If we just go with your alternative of fixing it up and moving back in, how can you compare that to a new building that is two or three times bigger?

Councilor Ripma stated my argument would be that we were in that city hall building and if we hadn't had to leave it we would still be there. If we needed more space we did buy the land behind it and we would add that space. I can't tell without a real look at it whether that is a good option, but that is the way I envisioned we would have gone had we not had to move out of the city hall building. That would be logical. I don't think we would even be looking at a new city hall if we were still in the old one.

Councilor Anderson asked, Erich, did I hear you say that we should probably figure out a way to pay for it before we move down the line?

Erich Mueller replied how it is financed or how it is paid for is an important but additional topic. Until we know what it is that we would prefer to do we are not going to get a dollar parameter, and until we know what the dollar parameter is we don't know how to approach financing. It may be that we determine it is \$9 million and as a result the Council decides that they are going to continue the current configuration of city space for an additional 5 years before you decide to pursue that. If once we go through the process and do the analysis and it comes in at \$1.5 million, then that may change the timing for the Council. My view is we need to know how much it is before we go too far down the line of how to pay for it.

Councilor Anderson stated I would certainly be curious if there was the appetite amongst the general public for bonding a city hall regardless of the amount. I am really curious before we put all of this time and effort into going line-by-line through the space needs. Back to the old building. It is my understanding that whenever you make wholesale

changes to an old building you have to bring the entire building up to current ADA compliance. Is that correct?

Craig Ward stated we have a duty to spend an amount of money on ADA but because of the age of the structure I don't think we have to make the entire building ADA compliant.

Erich Mueller stated the challenge is to some degree it depends on how extensive of an approach we choose to take. There is an obligation absolutely to spend money toward that but how much we would have to do and how accessible we have to be depends on the degree of change as well as the potential additional space we would build. Certainly there will be costs associated with ADA and we will certainly make it more ADA accessible than it is. Would it be 100% ADA accessible to the current code? That could be a policy choice the Council could make. Whether we are obligated to take it that far will depend on the degree of changes that are made.

Councilor Anderson stated under proposed description (page 3 of staff report), the last item states "but excludes full seismic compliance to "current" codes.

Craig Ward stated that it because of the age of the building.

Councilor Anderson asked how does the staff feel about that?

Craig Ward replied ideally we would like to be in a building that doesn't fall down in an earthquake. A frame building is intrinsically flexible and that is a good thing in an earthquake. The real trick to the building from a seismic standpoint, I think, is really the roof and the roof would probably need to be rebuilt in any scenario. Then the question is how do you connect the roof to the ground. There would probably have to be some substantial interior structural supports that would reinforce the building for all purposes including seismic. It doesn't have to meet the same standard that the police facility met because it is not an emergency operations center. There are work-arounds is what I am saying and I think we can probably both maintain the architectural integrity of the building, the historic exterior of the building is what I mean by that, and improve the seismic performance of the building.

Erich Mueller stated part of that also goes to the fact that given the age of the building some of the materials used for the construction aren't what would be specified in the current code. It's not as though it is completely seismically non-compliant, it is just that if you built it from scratch today in that manner it wouldn't meet brand new construction code. It doesn't mean that it is going to fall down with a 1.0 earthquake. Part of it goes to the age of the timbers that were used for the major beams over it and the fact that given their size and their age the ability to precisely engineer their breaking point becomes more of an estimation.

Craig Ward stated that may be a policy decision of the Council. If you decide that it should meet the emergency operations center criteria that is certainly something that we could design in. We have been encouraged by the fact that we can do interior renovations and

the building could look essentially the same as it does now. The only two sides that have any historical integrity are the west and north sides. The additions put on in the 70's were on the south and east sides of the building.

Councilor Anderson asked if we were going to do the old building, how would staff propose to pay for it? Have you given any thought to that?

Craig Ward replied we have given a lot of thought to it but we don't have a recommendation for you. It really depends on how much money we spend. Up to a certain level we can borrow money. We can borrow from internal funds, we can go to the bank and borrow money. There is a level in which the cost will exceed that capacity.

Councilor Morgan stated for me having a building that meets the bare minimum for inhabitability, versus having a building that has longevity of 50 years is a completely different conversation. Factoring in the HVAC and the efficiencies pointed out in the report, you get to a point in which sure it might be cheaper but can you say that the building will last for 50 years.

Craig Ward stated we can ask that of the architect. We can put that in the design standard. If you have structural supports holding up the roof and you have a better foundation, the building might end up looking the same but essentially have an historical façade on what is structurally a brand new building.

Councilor Morgan stated it is a cost thing. At some point you get to an area in which it is on paper cheaper, but we put the bare minimum amount of money into it to make it habitable and have nothing to show for it in 10 to 20 years.

Councilor Ripma stated I certainly don't favor doing some sort of bare minimum. I live in a 90-year old house. 100 years from now my house will still be there when the houses around me that are much newer probably won't be there; they will have fallen down. It is my mindset. I can't prove that, but just because the building is 90-years old doesn't mean that it won't last as long as the Police Facility if we fix it up right. If we invest the public's money into the old city hall, I want it fixed up right.

Mayor Daoust stated I think that is exactly what Erich Mueller is trying to get to. If we are going to spend money on old city hall we need to know exactly what we are going to spend the money on and what is needed. Once you start talking about fixing up old city hall you talk about a lot of things, not just the bare minimum. You talk about new wiring, new plumbing, and putting advanced technology capability into an old building.

Councilor White stated this isn't a new conversation. Some Councilors even questioned moving out of the building. The idea was lets brace it up and start working on the building because we knew our budget at the time and I haven't seen any dramatic improvement in it yet. We know some bonds are about to be paid off. It is kind of the Wood Village example, a common sense approach. They spent \$250,000 on their wood framed structure. The same contractors that Edgefield hires did the work I believe. It is a nice city

hall. At the price I think we are crazy not to look at it. We are a historic town. We have to look at that building first. We are not doing that building any favors by just letting it sit there empty. That is the worst thing we could do. To be responsible we have to look at that old building. I thought we were all on the same page of understanding that city hall is a ways off. On the field trip one thing that all of the city halls had in common was that they all bought their land prior and saved about half of the money towards the cost of the city hall before they went to the voters with a bond. I think that should be our approach as well. I am all for looking at old city hall. Do a Wood Village common sense approach and get back in there and stop leasing downtown space. Start getting our more important priorities like police and fire nailed down solid, then save some money and pick a site. We bought that old house behind city hall and tore it down and that could answer a lot of our problems for space and handicap accessibility at a fairly low cost. I think we should put this on hold until we decide what to do with that building. I hope we aren't spending any more money on the space needs analysis. It has already shown us one thing; we can't afford a city hall right now. Where are we at with that contract; have we spent more than the \$17,000?

Mayor Daoust stated I would like to remind the Council of the process that we agreed to. We have a timeline and a process that the entire Council agreed to. We are in the phase right now of determining what size of a city hall we need. I keep hearing comments that we want to jump ahead to phase 3 and determine how we are going to pay for it right now. According to the timeline and the process we would not be floating a bond until 4 years from now. There is a lot that can happen in the next 4 years to determine how we would pay for a city hall. To make a recommendation tonight that we drop everything and talk about how we are going to finance it is ignoring the process that we all agreed to follow. The financing comes later.

Councilor Allen stated I agree that the timeline is long basically because it is probably going to be years before we can afford to do anything. I personally wouldn't want to float any kind of bond until we get the treatment plant paid off. The planning stage, it is fine to do that now even though we may not have the money immediately. I see two options ahead of us. We've got what may be a cheaper and historic option and we have a new building that may encompass all of the things that we want. It is hard for me choose which direction to go at this time just because we've also got other priorities that we are dealing with – the police merger, the fire contract, urban renewal. Where does city hall fit in all of that? Regarding the seismic issue, wood structures are generally better as far as earthquakes go. You wouldn't necessarily want to be in a brick building. Some seismic is taken care of by strapping which is not necessarily that expensive. We can make some improvements to its existing abilities to survive an earthquake with relatively low cost means. A complete analysis would probably need to be done.

Councilor Wilson stated as far as the old building being adequate, as I remember at one time the Mayor shared an office with a staff person, then we built out a closet corner for the Mayor to move into. Walking around that building it just seemed like everyone was on top of each other. I think the needs of the city requires more space even if we expanded the building to the east side with an add-on.

Mayor Daoust stated one of the definitions is improve function design. That has a lot to do with what is inside. Inside was a terrible design; architecturally it did not flow very well. It was split up into compartments. It was not a good design for a city hall. There would have to be some functional changes.

Councilor Ripma stated the reason I favor the process that we adopted was because I thought, and I still feel, in the end if there is a fair analysis of all the options going back to the old city hall and fixing it up, adding to it if its needed, was going to emerge as the cheapest and best option. I still think that. That is why I favored the process. The reason I asked, along with other Councilors, that we take a look at the old city hall early in the process is because it was getting left out. I think the space needs that were the result of this study are excessive. I also think by having the process determine where it should be, old city hall was getting left out. I still believe, and I think the citizens of Troutdale believe, that old city hall should be our city hall as long as what we do to fix it up is sensible. If we determine that there is more space needed than lets add that extra space to the project, but at least consider the old city hall. That would eliminate the rest of the process if it turns out that it is workable and way cheaper. I always thought it would end up that way. That is why I favor going out of sequence and taking a look at city hall.

Erich Mueller stated getting some definition on what fixed up means is really what I am trying to get at tonight. I am not convinced that there are seven minds that have the same definition of what that is.

Councilor Ripma stated I think your outline is logical. I wasn't in favor of adding additional floor space, but if the Council feels that it needs to be factored in for an apples-to-apples comparison then we have to finish the space needs analysis first.

Mayor Daoust stated that is one of the key questions. If you say well it is okay to add some space on, well how much space.

Councilor Ripma stated we would have to decide that.

Mayor Daoust stated if we are going to compare apples-to-apples then we need to compare the old city hall with additional space added on to it.

Councilor Ripma stated as long it is needed. When we get through with this it is possible we will be back at the same space we had in the old city hall.

Councilor Morgan stated I don't disagree with Councilor Ripma that it is going to be the cheapest. I just don't know if the longevity is going to be there. I would love to hear what you have to say as to what fixed up means because there is a broad and vast definition between modernizing verses a retrofit verses having it be up to code.

Councilor Ripma stated go to Wood Village City Hall. It is the perfect example of what I mean. I am sure they have photos of how it used to be compared to what it is now. That

is fixed up. It is modern, it has all of the necessary wiring, security, internet and everything that is needed. It is going to last.

Councilor Morgan asked structurally was it the same?

Councilor Ripma replied from the outside it looks the same.

Councilor Morgan stated I mean the problems with our building; the beams and roof. Is it nostalgia or is it based on structure?

Councilor Ripma replied you were asking what I meant by fixed up. That is what I meant by fixed up. Wood Village is the perfect example.

Councilor Morgan asked you want it to feel and look, have the same ambiance as Wood Village?

Councilor Ripma replied no, I meant structurally fix the building the way they did. Ours will be more expensive because it has more problems. But if you need an example of fixed up, that is fixed up.

Councilor Morgan stated but that could cost us \$5 million.

Councilor Ripma stated obviously if it is going to cost \$5 million I don't call that feasible. I think it will be cheaper.

Councilor Wilson stated the reason I wanted to look at the old building again is because I felt that the citizens that were in the audience weren't convinced that the two numbers that we had were accurate. I am not convinced. We need to satisfy our citizens and look at everything with that building to make it structurally sound, up to code, up to our space needs, and make sure it is going to last more than another ten years. We owe it to them to look at that. I think the next part that we get to on our space needs is what we need to do for them to come back to the old city hall to see what they need to do there, if they need to expand it.

Councilor Ripma stated I am okay leaving this topic where we are right now and go on to the space needs.

Mayor Daoust stated related to the definition, you have maintenance needs and how to factor that in. Is there a way to factor maintenance costs when you compare the old city hall to a new city hall?

Erich Mueller replied it will depend on estimates and it will also depend on what degree of repair is made to the old building. If we say we are going to structurally fix the building so it is physically sound, are we then going to refurbish the building by removing the old carpeting, floor tiles, asbestos, and put in new sheetrock and modernize the building to make it look like the Wood Village City Hall from an appearance standpoint. Then there

is the issue of are we going to modernize the systems. Are we going to be able to put in a completely energy efficient heating and cooling system. Are we going to end up with some of the state's requirements related to new public facilities with some green energy requirements? Some of those systems potentially could be the same as what would be in a new building so we could say that it is just as energy efficient as a new building would be, or we could make it that way but it may cost more. The one that is going to become more difficult is how much of the building is "new" verses how much of the old building is remaining and then attempting to make some judgment as to what the on-going maintenance requirements are going to be of those two sets of components. Until we get some better definition on what it is we are going to be doing, it would be hard to even start estimating that on-going maintenance cost piece.

Mayor Daoust stated following this definition maybe maintenance is not an issue because we are basically going to fix the whole building. If there were old components left in the building then there would be a maintenance cost you would need to factor in.

Erich Mueller replied part of it will depend on the type of foundation repair option that is chosen. The other part, based on the definition, that will be a higher maintenance cost is going to be the exterior siding. The existing siding is the historical siding and wanting to maintain that will require additional effort and presumably additional costs verses something that is new concrete. That is not to say that it may not be worth that choice. I don't know if that will make a meaningful difference in the overall maintenance cost. To me the foundation issue is what will be the biggest single variable based on the two fundamentally different approaches that could be taken on the foundation repairs.

Councilor White stated I am starting to get concerned that our space needs analysis is going to be the catalyst for not even looking at the old city hall. I want to make sure that doesn't happen. It may not be ideal but we know it did work. I think that is the common sense approach that...

Craig Ward interrupted and stated it won't happen. The old city hall has value. I am confident that we can have an apples-to-apples comparison with it with most of that building at least appearing to remain intact. There may be a lot of changes to it like a new roof, new foundation, windows, etc., but we do own the property and we own a parking lot across the street. We fully intend to proceed with evaluating that as one of the apples.

Councilor White stated it's not like it is a manufacturing plant; it is primarily office space. That is probably the simplest type of construction that you can hope for. I think we are making way to high of a hurdle for old city hall.

Erich Mueller stated I think you are jumping to conclusions that aren't there. We are attempting to gather information tonight to be able to try and bring you further information as part of the iterative process. It isn't designed to preclude any options. We are attempting to try and flush out what information we need to go back and get to bring to you to more fully evaluate this as an option.

Craig Ward stated I think we will be able to bring to you a plan to restore the old building and continue to use it with the cost of an addition to that. It should be fairly straight forward for you and the public to understand. If we just want to restore the building it would probably be at least in this ballpark for the cost, and if we do an addition to it that will add an additional amount to it. I don't think it will be that hard to differentiate between those options.

Councilor Anderson stated I don't get the sense that the space needs analysis is going to get us out of the old building, I get the sense that the space needs analysis once we go through it might put us in there.

Councilor Morgan asked are we going to be required to do these types of things, the list of functional costs in your report, the 1.5? Are those options for the City?

Erich Mueller replied the 1.5 that I reference (page 4 of the staff report) is a new state statute and will be required whether it is on the old building or a brand new building.

Councilor Morgan stated and there might be several of those functionalities that we will have to abide by whether it be asbestos removal or whatever.

Craig Ward replied there may be several. It appears to me that we have consensus. I hesitate to highlight something, but I will. The old building had definite problems with mold, drainage, and flooding issues. There are quite a few components. Functionally it was very awkward and probably not the best use of space. I am sure we can improve upon that and keep the walls looking pretty much as they do now. I think the council chambers is probably in a good location long-term, if you decide that it is a big enough space. There is a lot that we can do with that building and maintain its look. There are some things that will be difficult to do on an apples-to-apples comparison. One of those is parking. Parking was a challenge when we were there. Parking has become tighter and will likely become even tighter yet.

Erich Mueller stated I wanted to come back to the comment that had been made about the definition, and what I have heard from one Councilor is that you are fine with the definition. Part of my goal tonight was to get clarity. I want to be clear with the Council that this is the description; you don't see something on that page that you don't want to do, or that is only half as much as you want to do, or you are absolutely not willing to replace the windows, etc. If all of what you see on that page you are comfortable with, then we will use that as the definition of the repair option at this stage. It will get refined multiple times between now and whatever point you make any kind of final decisions.

Mayor Daoust asked is the Council okay with the definition.

Several members of the Council replied they were okay.

Councilor Allen stated I wouldn't necessarily replace all of the systems unless they are near their end of life, or we have a reasonable return on savings. I know the building isn't

very energy efficient in which case the windows make sense and stuff like that. I wouldn't do just a wholesale lets make it as green as we would a new building.

Councilor Ripma stated systems that don't need to be replaced shouldn't be replaced. Probably most of them will.

Erich Mueller stated the HVAC system is a perfect example. It is marginally functional because it was fundamentally structured for the original building which has had three add-ons so it doesn't work very well because it wasn't designed for the building it is currently attempting to service even given its age. That is one of the systems where we wouldn't necessarily replace it because it is not the worst energy efficient one, but it doesn't function well. That is one of the system things that I am getting at here. One of the others is the electrical system. It has been modified over the decades. It is inadequate in certain areas of the building and certainly if we are going to look at having that building have any kind of ability to function in any kind of extended power outage, we are looking at what we saw in other city halls which was a transfer switch. That is another aspect that if we are going to move back into the building and make it usable, the electrical system is largely going to need to be redone. Could we spend the minimal amount of dollars and turn the lights back on and attempt to move in and use the existing 25-year old carpeting and broken tile, and whatever else; yes we could if that is what the Council chooses. That is not what I am defining as the repair option.

Mayor Daoust stated we get that. There will be some interior walls that will need to be torn down and re-routed so that the flow is better. If we do that there would be some wiring and plumbing that will be redone.

Erich Mueller stated I just wanted to clarify.

Mayor Daoust stated I think we are at a point where we can move on.

Erich Mueller stated for the record, the Council's consensus is for us to use Page 3 of my staff report for the repair definition to gather more information to bring back to you.

No objection was voiced.

3. Discussion: Line by line review and revision of 20 Year City Hall Space Needs Plan.

Erich Mueller stated we went through the process of having a professional space planner look at this. We had them come in and look at our existing spaces, how they were currently being used and what worked and what didn't work. We had them do measurements, count file cabinets, look at record storage and talk to department heads about what needed to be accomplished. We did not in any case specify the amount of square footage needed for our own office spaces. To the best of my knowledge none of the folks that provided input into the space planning process spoke in terms of square footage. We very deliberately pushed that onto the professionals because that is their expertise. That is what we were paying them for. The professionals took their experience and expertise and developed those sizes; they made those determinations.

This study was not designed to replace today, it was designed for what we need today and out twenty years from today. We don't want a situation where the Council goes forward with this to find out five years later that we have outgrown the new building. It is not being designed to replace what we moved out of (old city hall) or the fragmented spaces we are in today. What this report says is to accomplish these services and these functions this is the space that is needed.

Tonight I want to focus on services, positions, activities, and functions, but not on the square footage. I don't want the focus to be can we take 10 square feet out of the Mayor's office. Instead, I want it to be based on do we want to provide a space for an economic development assistant in the new building or not. You make the policy choices. All of your input will be given to HSR. They will take it and recalculate it because it will all factor into the hallway areas, circulation and required sizes for restrooms and lobbies. It also will factor into what we need for parking which drives the building and parking site, the overall parcel site. I don't expect to end tonight with a square footage number. I expect to end tonight with edits from you which I will provide to HSR so they can recalculate the space needs and we will bring back to you a revised 20-year space needs plan based on your choices of what services and activities you want to provide for.

Councilor Wilson stated in the information that you give us every year for our budget, the optimistic and pessimistic look at the budget, it shows that our funds are continuing to go down and it doesn't look like there is a way to bring them back up at this point. In this space needs analysis it shows twelve more employees being added. I am concerned that we are adding employees yet our reserves continue to go down. I am trying to make sense of how that works into all of this.

Erich Mueller stated there are two factors that fundamentally feed what the reserve level is. It is the level of expenditures and the level of revenues. There is only so much that you can change on the expenditure side before the Council has to face whether they are going to raise revenues. Raising revenues is never politically popular therefore that is not something the Council chooses to do as their first choice. The building department is a classic example. There is a constant push from developers, and it gets expressed to us by Councilors on a repeated basis, about why we don't have inspectors available for more hours during the week. The challenge is that we are not bringing in enough revenue to support more hours. In order to change that dynamic we have to raise the building permit fees.

Craig Ward stated you could apply the same argument to the police building. How many more police officers were anticipated to move into that building in the next twenty years? We don't have the revenue to pay for that either. What we certainly don't want is to build a building that is too small for our anticipated needs. A few of the additional positions shown, for instance 3.3-1 public works engineer tech, this is not two additional FTE's. It is space for two engineering people to come in and serve the permit center. They would presumably come over from public works a couple of days a week and occupy a space. That is an exception. There are several others that are brand new positions that are not

currently filled. I think it is important to recognize that is what we are anticipating here. We want to create a space, cubical or office for a staff person. These are logical examples of the kind of additional spaces we need. If we take the alternate approach we will almost certainly build a building that, unless we provide space for four or five additional cubicles and additional meeting rooms, we will find that we have a building that is too small. The same thing is true for storage needs. Storage is a little bit more conveniently dealt with elsewhere because we can rent storage space. It is a little tougher to house employees elsewhere, but we have done it for the last two years. Those options are still there if we just want to say we can't afford this space in the new building. The question is, are we going to build a building that we think has enough capacity to deal with the growth in some areas that seem reasonable to us, or are we going to risk building a building that is too small.

Mayor Daoust stated I think a good starting point would be to go through page 11 where it lists the thirty-five work spaces that are projected for the next 20 years.

Councilor Allen stated the one thing I am missing when I look at these numbers is how much current space do we use for storage of records. I take it that we would probably bring that in-house if we could.

Erich Mueller replied storage of records is a difficult one to give you a clear cut answer on. Unfortunately we have records stored in a number of locations, several of which are not ideal. We have records in a dedicated records room up in the parks and facilities building that was built for that purpose. The need for record storage exceeds that size. We have records stacked in part of the City Conference Building. We have records in the attic at the Public Works Shop, we have records on shelves at the Wastewater Treatment Plant and we still have records at the old City Hall Building. There are a small amount of records in the City Recorder's office.

Councilor Allen stated we are looking at over three times the space we currently utilize. At some point we may need to look at the allocation of square footage for function as well.

Mayor Daoust stated our file storage right now is totally inadequate. The professionals have said we need about 800 square feet.

Councilor Ripma stated it would be useful to show what we are currently using for space for these functions. Somehow we got to this large number and needing three times as much space as we have. I have gone through this and I just can't tell where it is.

Craig Ward replied we will go through each of these.

Mayor Daoust stated as we go through this we will get a good feel for which positions are the new positions that we don't currently have now. So mayor/council office and conference room.

Craig Ward replied for all intents and purposes this is an addition. The Mayor has a space dedicated now, it is not a private office. It is a cubicle work station. It is occasionally used by staff. We also have auditors who come in and need work space so having a few additional cubicles or small offices comes in handy in a variety of circumstances. This is a case where I think it is really not fair to say that the Mayor or Council has an office. We have an executive conference room at the 321 Building.

Mayor Daoust stated I don't use that office; it is really not a mayor's office.

Councilor Ripma stated we didn't have an office for the Mayor until Paul asked for one. We are all volunteers and we are not supposed to sit at City Hall all the time. I don't favor having a space for the mayor or council at city hall.

Councilor Morgan stated, Erich you said this is not based on what is now or what was in the past, this is a 20-year space needs projection. Correct?

Erich Mueller replied correct. We engaged the professional space planners to gather information from the staff and department heads. We held a Mayor's Town Hall where we received input from the public. This is based on all the services, functions or activities that you would want to deliver out of a facility, and the space needed to accomplish that.

Councilor Morgan stated projecting towards the future.

Councilor Ripma stated this is a perfect example. The Mayor and Council didn't need an office 20 years ago, they are not going to need one 20 years from now, and we don't need one now. If we are going through this line-by-line here is the perfect one to eliminate.

Councilor Morgan asked was that the grounds for the argument for needing a police station that was three times the actual size?

Councilor Ripma replied that isn't what I am talking about here; I don't know what you mean. If we are looking at space needs in 20 years, we are not going to need offices for the Mayor and Council in 20 years any more than we do now.

Councilor Morgan asked so why did we build a police station that was three times the size if we didn't need that in 15 or 20 years?

Councilor Ripma replied I am giving you a reason why we don't need an office for the Mayor and Council. I am not answering that question because I don't quite know exactly where you are coming from.

Councilor Morgan stated you are objecting to it based on we didn't need it 20 years ago.

Councilor Ripma stated and we won't need it 20 years from now because I am a logical person. I think the City can recognize that we are not going to need it anymore 20 years from now than we do now.

Councilor Wilson stated I cover a lot of different cities and I go into a lot of different city halls. Happy Valley has a place for their Mayor and Council to meet. Oregon City has a place for their Mayor and Council to meet. Gladstone, a much smaller city than us has a place for them to meet. Milwaukie has a place for them to meet. They have an office to meet in. I do believe that the Mayor, at least, needs an office to go to when he needs to meet somebody and a private conference room. He shouldn't be forced to sit in a cubicle, or be forced to go to the General Store, or anywhere else to have a meeting with somebody. He should be able to have a private meeting in a professional atmosphere.

Councilor Ripma stated there is two sides of the issue. I totally disagree. I wouldn't spend a penny of taxpayer money to have a Mayor's office and conference room so that the Mayor can meet with people. I think it is better that he goes to the General Store or elsewhere to meet. We are volunteers. We are not supposed to be sitting at city hall. That was part of the problem with Jim Kight; he was there all of the time. Paul was a different guy.

Councilor Wilson stated I wouldn't expect Doug to have to meet with Simon at the General Store or at Starbucks. I would expect the Mayor to have a nice modest office to meet with them with a conference room.

Councilor Morgan stated the premise of this whole discussion is to forecast for 20 years out.

Councilor Ripma stated exactly. Councilor Wilson and I see it completely differently. My premise is it is better for a volunteer council and mayor not to have dedicated space paid for by the taxpayer to hang around city hall. That isn't our job. I think we get the best government in Troutdale because we are volunteers and we don't do that.

Councilor Wilson stated we are talking about 364 square feet.

Councilor Ripma stated you have to start somewhere.

Mayor Daoust stated I am not going to argue one way or another about this as long as in the end we aren't cutting most of the conference rooms. That is what I am more concerned about. As long as staff has a choice of conference rooms that they can meet people in. The flavor that I am getting from the Council is that you are going to chop this down to the bare bones. I do object to that. I don't mind if the Mayor does not have an office, although most other cities do. I can continue to meet at Starbucks, the General Store, etc.

Councilor Wilson stated you shouldn't have to do that.

Mayor Daoust stated I know I should not have to, other mayors don't have to do that.

Councilor Wilson stated I understand that and I think we should keep it.

Councilor Morgan stated I do to.

Craig Ward stated the notion we discussed with the architect is really based on my experience at my previous place of employment where we did something similar. We moved into an office building and we configured a mayor/council office which means that there is a desk in a large room with a conference table that the mayor or a councilor can reserve for meetings. The rest of the time it served as a conference room that staff could use for meetings.

Councilor Allen stated I am fine with a space that can be used by the mayor or council, and that can also be used by staff for a meeting space.

Mayor Daoust asked by a show of hands who wants to eliminate this work space and not have it? Councilor Ripma was the only Councilor who raised his hand.

Mayor Daoust called for a break at 8:00pm and reconvened at 8:17pm.

Mayor Daoust stated we said we were going to go through this line-by-line, which we probably should do. There is an easier process; we could just come up with a square footage of what size we feel the city hall should be and leave it up to staff to fit all the work spaces within that size.

Councilor Wilson stated I have painfully went through this whole report a couple of times and I came out with 18,044 square feet.

Mayor Daoust stated there is a sense that there is kind of a fallback number that we will most likely end up pretty close to and it does fall close to Councilor Wilson's number. 16,000 square feet is my sense of where we may end up.

Councilor Anderson stated I don't feel qualified to sit here and tell the staff how many feet they need in their office. Lets give them a number and they can come back with whatever configuration. We got the old city hall option out of the way; I think we are all comfortable with that.

Councilor Allen asked isn't this their number and now we are doing the checks and balances?

Councilor Anderson stated but we are doing it globally, not going through each line.

Councilor White stated I think we have to look at it from an efficiency standpoint as well. Councilor Wilson's estimate on square footage tells me that old city hall just went up three notches.

Councilor Anderson stated I don't see the population growth. I see TRIP, and perhaps the rural reserves; that is the only place we can go.

Councilor Allen stated we were tasked with building a factory. We weren't sure about growth so what we did is we built the factory to meet our needs within a smaller subset of years, and we designed into it a building that would connect to the side that would contain the growth if it was realized. That is not a bad idea.

Councilor Anderson stated it's not. This might be real, I don't know. We know that our current situation isn't any good. We have to do better than this, but we can't get all the way here. I say lets just go with a number for the sake of the process and lets see what staff comes back with.

Councilor Morgan asked was there this much scrutiny put into the police projection? What is the precedent for these types of expansion processes?

Mayor Daoust stated I don't recall the Council going through this.

Councilor Wilson stated it went through the Public Safety Advisory Committee.

Jon Lowell (resident) stated the political action committee designed that building, it was not done by the city at all.

Councilor Morgan stated so the same process, a third party was doing it.

Jon Lowell replied no. We organized it and we had an architect prepare basic renderings then it went to the voters before anything else happened.

Erich Mueller stated the first architect was Group McKenzie who did a high level, conceptual artist picture. HSR was brought in to look at the options of refurbishing the Saturn building or building a new building on the Kendal site. We did that cost analysis because the Council needed a number to go to the voters with.

Councilor White stated we looked at other buildings as well.

Councilor Morgan stated so the same process, but there wasn't the Council's scrutiny for the details.

Councilor White stated it was the Friends of Troutdale Police Political Action Committee (PAC). It was a real grassroots effort. We did surveys. It was a good process and it's worth looking at as a guideline comparison.

Councilor Allen stated it looked fairly good by the time it got to Council.

Councilor Morgan asked but there wasn't line-by-line scrutiny?

Mayor Daoust replied no. The process we are following now with city hall is a duplicate of the process we followed with the police station.

Councilor White stated except it is being done at the executive level rather than a grassroots PAC.

Mayor Daoust stated we had a professional firm come up with this.

Councilor Ripma stated we had grassroots public support for a new police station and we don't have that for a city hall. That doesn't exist so we are trying to do it ourselves.

Councilor Wilson stated what if it developed off of this.

Councilor Anderson stated it could. What Councilor Ripma and Councilor White have said, they did the poll on doing a police station and city hall together and police yes, city hall no. I think the message then was we are not going to spend taxpayer money on a city hall. Maybe seven years later that has changed. I don't know, and I would like to know.

Councilor Morgan asked the consulting firm, Barney and Worth, that we are going to use for the gas tax question, could we ask them to ask that as part of their analysis?

Mayor Daoust replied yes. I was going to bring that up at the end of the meeting about what questions we want them to ask about city hall. Do we want to keep going through this line-by-line?

Several Councilors responded no.

Erich Mueller stated that is fine if that is the direction Council wants to take. The reason we had it laid out this way was exactly not to have you making square footage choices. It was designed to have you make policy choices. If you are going to say staff you have 16,000 square feet to work with, that means that staff will make the choices as to what functions, services and activities will be provided for in city hall and what isn't. If the Council wants to defer those policy choices to staff, we can make those choices.

Councilor Anderson stated I know what you are trying to do. I am not going to be able to tell you if 2.1-5 utility clerk at front counter in the lobby close to cashier is needed now or in the next 20 years. I can't make that decision, you can.

Councilor White asked how would we decide how much space is needed for a city attorney? David Ross had an office but Ed Trompke has his own office in Lake Oswego.

Councilor Wilson stated there is still an office space at the Police Facility.

Mayor Daoust stated if we come up with a square footage we would allow staff to decide that.

Erich Mueller stated that is the point I am trying to make. If you decide you are going to give us a square footage to work with one of the first obvious choices is do we continue

to include the recreation program as part of the square footage. If you are telling me you don't want to make that choice you want staff to make that choice, then that is the direction we can go in. I suspect that there will be choices that we make, in order to get it to the square footage you give us, that some of you will be unhappy with.

Craig Ward stated if you take that approach we will come back to you and show you the trade-offs that staff recommends to hit that target, and I think you will have a policy discussion on those.

Mayor Daoust stated we had an initial floorplan for city hall put together when we were considering going into the Discovery Block.

Craig Ward stated somebody made the statement that we already had a program. That program was based very loosely on an earlier study that was done for the city hall next to the police station. Dick Bohlmann and I worked through that study assuming that we would replicate what we had at the old city hall. That plan really had very little consideration of the 20-year forecast. It is a bad analogy for what we are trying to do here.

Mayor Daoust stated I understand that; it was in the 10,000 to 20,000 square foot range. I tend to trust what the professionals came up with. They took input from everyone and came up with this.

Councilor Wilson stated I agree, I just don't think the city is ready to support this big of an expense. It's not the square footage, it is what it will cost to get it done.

Councilor Morgan stated couldn't we just talk about the 12 additional staff positions in the study.

Craig Ward identified the positions in the space needs report (page 11) that are new:

- 1.2-2 Administrative Support – new position. To provide assistance to the City Manager.
- 1.2-7 Citizen Involvement/Volunteer Coordinator – new position. This work is currently being done by our Recreation Manager. Staffing the committees has become quite a challenge for the various departments. This position would provide additional support for volunteer projects and committee work.
- 1.3-1 and 1.3-2 Economic Development Director and Assistant – new positions. This is responsive to comments from the Council about economic development being our highest priority.
- 2.2 Human Resources Director – new position. We have a generalists now, we use to have a human resource director. This is one of three primary functions that Erich Mueller performs for us now.
- 2.1-2 Finance Supervisor or Budget Analyst – new position.
- 2.3-2 – IT Assistant – new position. The IT Technician (2.3-1) is currently in the CCB Building which doesn't have a long life span ahead of it. Our file servers are in the Police Facility, so locating this position and the current IT Tech. position in the Police Facility is not unreasonable.

- 3.0 and 3.2 Permit Center/Planning Department, we have all of these positions currently. The second Planner (3.2-3) is a new position. They are not all full-time positions. The planning technician could potentially be a new position because what we have right now is a shared position and one of these days we may need to expand that.
- 3.3-1 – Public Work Engineering Tech – these are positions that we currently have. The notion is to have a permit center and that location would be staffed periodically by public works staff.
- 4.0 – Recreation Department – this is not a new position, however this plan anticipates that we would replace the space in the CCB with a recreation facility in the new city hall building.
- 5.1-2 – Court Clerk – one new position anticipated for future. It is a discretionary service that we have chosen to do and there are alternatives that we need to have a discussion about. It is premature to make a long-term decision on municipal court so we are making the assumption in here for additional staff support.
- 7.1-13 – Janitor – this is not a staff position, but it is a space allocation.

Councilor Anderson asked have we ever needed 120 seats for a council meeting or court (shown on page 22)?

Erich Mueller replied if you take the 5.1-3, 5.1-4 and 5.1-5, those three lines together and compare those to the same space in the old city hall, there is 1,256 more square feet on this plan than those equivalent spaces in old city hall. The seating is 120. We can't fit 120 chairs in this room or in the new Community Room in the Police Facility.

Craig Ward stated we have filled that room up if that is what you are asking.

Erich Mueller stated this is an area where I told the architects that in the last 15 years the city has doubled in size. The council chambers is the same size that it was. Does it need to be bigger? Part of the argument is that less people are going to show up because they are going to watch on television and 15 years ago it may not have been as easily available to watch it on television. It is a policy choice. The council chambers in old city hall had 73 fixed theater seats.

Mayor Daoust stated if you add those up it is 10 new spaces. The justification for which ones we lose or keep will come at the next work session. If the Council wants to just give staff a square footage number and have staff go work on that, we will get the justifications at the next meeting.

Councilor Morgan stated the big square footage here is a larger council chambers and having the recreation program in the new city hall.

Erich Mueller stated there is also a larger public lobby and the permit center.

Council discussed what the appropriate square footage was for the new city hall that they would direct staff to work on adjusting the space needs study to meet that direction. In

the discussion Council discussed whether or not the recreation center would or would not be included in the new city hall, or should it be smaller than it is currently being proposed, or should there just be an office for the Recreation Manager in the new city hall; no clear direction was given on that issue.

The Council reached a consensus of an 18,000 square feet planning level for the next work session.

Erich Mueller stated staff will go back to HSR and communicate the square footage parameters and we will start the iterative process with them. The City Manager will make some judgments on staffing and we will have HSR recalculate the space needs and then we will schedule another work session.

Craig Ward asked Erich, where are we on the budget for HSR?

Erich Mueller replied we have completed phase one of the contract which was all that the Council authorized. In the contract with HSR we explicitly provided for additional iterations, work sessions and town halls based on a time and materials basis. Depending on how many iterations the Council wants to go through that is how much more we will end up spending. I don't have their contract with me to give you their hourly rate.

Craig Ward stated I would be surprised if we spend 8 hours with HSR to be able to incorporate the comments from tonight and recalculate this.

Councilor White stated in reading Tanney Staffenson's letter (emailed to Council) one thing he would like to see is a comparison to other cities our size. That seems like a simple request.

Craig Ward stated it would not be too difficult to get you a handful of examples of comparable sized cities.

Councilor Morgan asked are we looking for population or median income?

Councilor White replied both.

Mayor Daoust stated one thing that was brought up as something to compare is the number of staff in each city.

Erich Mueller stated it is also an issue of what staff are located at city hall, and what functions are provided out of city hall versus what is provided out of a separate police facility, public works operation, etc. There is no simple in any of this.

Councilor Allen stated I would think that a city that is growing would have more planners, inspectors, etc. than what we have.

Craig Ward stated planning workload for a city with infill is higher than that with new subdivisions. It is not as simple as just saying a built out community has less planning needs.

Mayor Daoust stated we agreed to hire Barney and Worth for the road maintenance public scoping and outreach. There was some discussion afterwards about having them also do some scoping for city hall. In other words to go out to the public as an add-on to the contract that we already have and scope the public on some key city hall questions that the Council has regarding city hall.

Councilor Anderson stated let the experts come up with the questions. Polling is scientific.

Councilor Allen stated we are years away from being able to do a city hall. You can ask the questions now and years from now the mood is going to be different.

Councilor Ripma asked can we pay for it out of public works funds? This is a street and road maintenance survey. To tack on questions about city hall paid for out of a special fund like that, I would be concerned.

Craig Ward stated since the Mayor asked the question of us, we have looked into it. We spoke to the team you are referring to and their feedback to us is that linking the two projects, street funding and city hall, is probably not a good idea. You are asking a set of questions and you are putting it in context and suddenly you shift over to the same people and ask a different set of questions on a very different subject, it may actually confuse the results. It is a standalone project. It would not be eligible under the street fund, it would be a general fund expense. We are prepared, if you want us to, to request a scope of work, a budget and a schedule from the same firm for this parallel kind of survey and we can bring it back to you for Council action. The question of timing is one you will have to decide.

Councilor Wilson stated I think you turn them off by asking them two questions.

Councilor Allen stated I think we are years away and I think your answers will change years from now and we would have to do it again.

Mayor Daoust stated so we are dropping the idea.

There was consensus by the Council to drop this idea.

Councilor White stated you said we agreed to hire that consulting firm. I thought what we agreed to was the cost of phase one. I haven't seen that and until I see it I haven't agreed to anything.

Erich Mueller stated there is a consent item on the January 27th agenda which lays out their contract and talks about the multi-phased public engagement, communications plan. There will be a copy of their scope of work included.

4. Adjourn:

Meeting adjourned at 9:08pm.

DRAFT

Doug Daoust, Mayor

Dated: _____

ATTEST:

Debbie Stickney, City Recorder

DRAFT

MINUTES
Troutdale City Council – Regular Meeting
Troutdale City Hall – Council Chambers
219 E. Historic Columbia River Hwy.
Troutdale, OR 97060-2078

Tuesday, January 27, 2015

1. ROLL CALL, AGENDA UPDATE

Mayor Daoust called the meeting to order at 7:00pm.

PRESENT: Mayor Daoust, Councilor Ripma, Councilor Morgan, Councilor White, Councilor Allen, and Councilor Wilson.

ABSENT: Councilor Anderson (excused).

STAFF: Craig Ward, City Manager; Sarah Skroch, Deputy City Recorder; Steve Gaschler, Public Works Director.

GUESTS: See Attached.

2. CONSENT AGENDA:

2.1 ACCEPT MINUTES: January 13, 2015 Regular Meeting.

2.2 RESOLUTION: A resolution accepting a permanent non-exclusive Water Line Easement and Maintenance Agreement across 2770 NW Rogers Circle from Swift Transportation Co.

~~**2.3 RESOLUTION:** A resolution approving a Multi-Phase Street Maintenance Public Engagement and Education Communications Plan. *Pulled from the Consent Agenda and moved to the Regular Agenda after Item #4.*~~

Councilor Wilson read the Consent Agenda.

Councilor White stated I would like to pull Item #2.3 and have it put on the Regular Agenda for discussion.

No objections were voiced.

MOTION: Councilor White moved to approve Consent Agenda Items #2.1 and #2.2. Seconded by Councilor Ripma. Motion Passed Unanimously.

3. PUBLIC COMMENT: Please restrict comments to non-agenda items at this time.

Diane McKeel, Multnomah County Commissioner, stated it is the beginning of a new year and I am looking forward to working with you this year on the issues that are important to Troutdale and the County.

Paul Wilcox, resident, stated my comment is actually regarding the instructions on public comments. I would like some clarification on exactly what subjects can be addressed during public comment and what can't be. The instructions state that public comment is limited to comments on non-agenda items. I was looking at the Municipal Code I ran across a reference to this and what is printed is not the full text. The full text reads, 2.08.100 – the citizen comment portion of the meeting is limited to comments on non-agenda and consent agenda items. The chapter directly preceding that on the order of business shows that the approval of minutes and consent agenda is item #2 followed by proclamations and then #4 is citizen comments on non-agenda and consent agenda items. My reading is citizen comment is allowed on consent agenda items and if that is the case it doesn't make a lot of sense that in the order of business that the citizen comments would follow the approval of the consent agenda. I would like some clarification on that.

Craig Ward stated I agree it doesn't make a lot of sense and we probably ought to fix that.

Mayor Daoust stated we may need to fix that. The way we have held our meetings for the last 22 years that I have been on the Council is that the public comment has always just been on non-agenda items. There may be a reason for that; maybe we had a discussion on that already. We can look into that and clarify the language that we have that conflicts with what our normal practice is.

Paul Wilcox asked since Councilor Wilson pulled Item #2.3 from the Consent Agenda would this allow comment on that item or not.

Mayor Daoust replied no, it would not.

4. PRESENTATION: A presentation on preventing under-age smoking.

Deborah Kafoury, Multnomah County Chair, stated we are here to talk about youth access and exposure to tobacco and e-cigarettes. Over the last several months the Multnomah County Board of Commissioners, acting as your Board of Public Health, has heard testimony from the Health Department and the Oregon Health Equity Alliance about the impacts of tobacco and the emergence of e-cigarettes on our community's health. We have also heard from high school students, the police who work in our schools and scientists who study this. The County is considering taking action on this issue and we want to make sure that you receive the information that we have received. Last week we spoke to Fairview City Council and next week we are headed to Wood Village. In a couple of weeks we will be at the City of Portland, and we have made contact with Gresham. We are holding some public hearings at the Multnomah Building; we had one today, and we have another one scheduled for February 5th.

I was really shocked when I recently learned that my 9 year old daughter can legally buy and use e-cigarette products. Many of these vaping liquids contain nicotine and other ingredients that may be harmful, are probably harmful, but we don't know what is in these ingredients because there are no labeling requirements. We do know that recently a child died from ingesting the e-cigarette liquid. E-cigarettes are extremely popular with our youth. Use has tripled among US middle and high school students in a one year period. New vaping shops are opening up across our county. Many state and local jurisdictions across the country have taken steps to address this growing health concern. Multnomah County Health Department is recommending several steps that the Board of Health and the Board of County Commissioners can take on e-cigarette and tobacco use among minors. We are asking the public to weigh in and we would like your support. We are asking people to make recommendations on expanding the Clean Indoor Air Act to include e-cigarettes, and to restrict sales to and consumption by youth of these vaping products. We are also looking into the potential of licensing tobacco retailers. We know that the state is also considering taking action and we support their efforts. As someone who has served in the Oregon Legislature, sometimes good intentions don't quite get there so we believe that it is imperative for us to do something locally.

Dr. Jennifer Vines stated I am actually a family doctor but I worked in public health for almost ten years. Part of the reason I moved into a policy and public health role is to work with people like you who are the policy makers because you have such a far reach in terms of the good that you can do for a lot of people. Dr. Jae Douglas and I are here to give you a sense of what is going on in the world of tobacco and in particular nicotine especially as it pertains to youth.

Dr. Jennifer Vines and Dr. Jae Douglas showed a PowerPoint Presentation (attached as Exhibit A)

Dr. Jennifer Vines stated when people think of tobacco they think the nicotine gets you addicted and it is all of the bad things in the cigarettes that causes stroke and heart disease; all of that is true. What we are seeing now is a distilled form of nicotine. Nicotine itself is dangerous. The reason that it is dangerous for young people is because of the effect on their brain. The image on slide #3 (see Exhibit A) shows how quickly nicotine can saturate the receptors in the brain. During adolescence the brain is not yet mature so nicotine can actually effect the parts of the brain that play into intellectual function and the brains pathways. We have models from the Surgeon General's report suggesting long-term structural changes in the brains of young people who use nicotine. We also have seen several studies that associate youth nicotine use and behavioral problems later in life like depression, anxiety and substance abuse. Nicotine itself is a hazardous substance in addition to being highly addictive.

The vast majority of current smokers began before the age of 18, and almost all of them began before age 26. We have seen e-cigarette use triple nationally and we are seeing a similar trend in Oregon. People are surprised to find that there is absolutely nothing restricting the sales of these products to minors.

Dr. Jennifer Vines showed the Council a sample of what the e-cigarette product flavoring looks like. These are not in child-proof containers and young children are getting their hands on these. They are brightly colored and have names like blackberry cobbler and they smell like candy and fruit. The number of calls to poison control centers related to ingestion of these products has skyrocketed in the last several years, and sadly the death of a 1-year old in New York confirmed our worst fears, that this nicotine is clearly making its way into the wrong hands.

These products came onto the market in 2007. We know that in 2012 about 1 in 25 young people in Multnomah County reported using an e-cigarette, compared to about 1 in 15 who were daily users of cigarettes. I bring up old fashioned cigarettes for another reason and that is because in theory people under the age of 18 should not be allowed to purchase tobacco. We know that Multnomah County leads the nation in illegal sales of cigarettes and tobacco products to minors. If we are having a conversation about restricting access to these products, we have to talk about enforcement of those laws because clearly the laws that we have on the books, at least for our county, are not being obeyed. Hopefully I have created a sense of urgency.

Dr. Jae Douglas, Environmental Health Director for Multnomah County, stated as Dr. Vines said Multnomah County leads the nation in illegal sales to minors. The laws that we have on the books are not being obeyed. We have about a 31% rate of illegal sales to minors in Multnomah County, which is driving the statewide average up over 25% and nearing the danger zone for us in terms of some important federal funding that we receive for addictions and mental health treatment. Those dollars that we receive from the federal government to our State Department of Addictions and Mental Health are very much tied to those rates. We know that we have some work to do in the retail environment. There are a number of strategies that other jurisdictions have considered and some have used. You have heard the term retail licensing; eight communities in Oregon have already implemented retail licensing. Also location is an important strategy that some have used, specifically around locations near schools. Santa Clara County is a leader on the west coast. They have taken some pretty progressive steps toward prohibiting or restraining the retail environment. We also know that the companies that are producing both tobacco and e-cigarettes products are pouring many millions of dollars into advertising that is designed to entice younger purchasers of these products. Many jurisdictions have taken a step to increase the minimum legal sales age both for e-cigarettes and tobacco. Having these products on the front side of the counter has been something that many jurisdictions have taken action on and are considering. Price discounting - we know that youth are sensitive to price impacts and the tobacco companies know that as well so they use strategies to create smaller packages or single serving options. We also know that flavored tobacco with e-cigarettes or with menthol in traditional combustible tobacco are disproportionately used by youth.

There are a number of strategies that we know have been used and we will be considering for Multnomah County. We want to make it simple. We believe that given all of what we know, and much of what we don't know about the risks from these products, that we really must take some action. We have recommended to our Board of Health that we take three

actions. The first is to establish a minimum legal sales age for e-cigarettes to keep from producing another generation of people who are addicted to nicotine and will struggle with life-long addiction to nicotine. We want to keep these out of the hands of our youth, especially our very small children. We are recommending that age to be 18. The second item is we want to recommend support for modification of the Oregon Indoor Clean Air Act. We don't have jurisdiction over that but we want to include our support for State action on that. We do have authority to modify the Smoke Free Work Place regulations in Multnomah County, so we are recommending that e-cigarettes be included in Multnomah County in the Smoke Free Work Place Law. Finally, we know that we have a great deal of work to do with retailers and we are recommending that we embark on a series of conversations, discussions and actions to bring the retail environment into compliance with existing laws.

Mayor Daoust asked and that would be done by licensing?

Dr. Jae Douglas replied licensing is one mechanism that we can use. One of the things that we struggle with is that we don't even know where tobacco products are sold currently. Licensing would give us a way to know where the products are being sold, and to communicate with retailers to ensure that they understand what the laws require of them on a number of levels and to enforce these rules if they are being violated.

Councilor White stated I am just as surprised as you are on how they are able to buy these at such a young age and how that was overlooked. I would like to know more about the product itself and what the dangers are.

Dr. Jennifer Vines replied that is the question that everyone wants a simple answer to and unfortunately there are no simple answers for a few reasons. Part of it is there is just a lot we don't know yet. The science will emerge as it did with regular tobacco over years and potentially decades.

Chair Kafoury stated we do know that the Oregon Legislature was considering taking action on this in a prior session but it got tied up with the issue of taxation. Instead of making it illegal for a minor to purchase it they just kind of punted to this session, which unfortunately has given hundreds if not thousands of minors all across our state the opportunity to try out this new product. Our School Resource Officers think it is a huge problem at our schools and that kids are smoking marijuana in these devices in the classrooms at school.

Councilor Morgan asked is it true that PSU just concluded a study on e-cigarettes, or was it discussing the formaldehyde in the e-cigarettes?

Dr. Jennifer Vines replied that study has received a lot of attention in the last several days. They did find high levels of formaldehyde, but it was at very high temperatures so there is debate about what that actually means for your typical e-cigarette user. What it does speak to though is how much we don't know about these products. I would caution even adults who are using these products that they are completely unregulated so whatever it

says is in the bottle you have to take that on faith. We are going to slowly find out exactly what is going into these.

Councilor Morgan asked what are you suggesting that cities do, a resolution in support, or piggyback on what the County is suggesting to do?

Chair Kafoury replied there are several different things you can do. One of them is to support statewide changes. I do believe that this is an issue that should be handled statewide and having a uniform system would be the best. But until they actually do that you can pass your own ordinance or you can write a letter in support of what Multnomah County is doing. I know that the Fairview City Council is going to take action through an ordinance at their meeting next week. They are looking at three areas: prohibiting vaping in city owned facilities and parks; limiting the sales to minors; and mandating that these products are placed behind the counter.

Councilor Ripma stated the reason that smoking indoors is prohibited is because of second-hand smoke, I believe that was the driver. Is there evidence that second-hand breathing of the output of the e-cigarettes is harmful? Is that the reason you are thinking of prohibiting it indoors, or what?

Dr. Jae Douglas replied we want to make sure that people who choose not to use these products have their wishes honored. We don't know all of what is in the vapor that people are breathing into their lungs. We also don't know what is being expelled in the emission when they breathe it out. If someone is vaping next to me than I am vaping and that is taking my choice away.

Councilor Ripma stated you also mentioned they are used in schools by students and that is probably a reason in itself. I agree it should be encouraged that the State adopt it because it is very easy to go across county lines but a little harder to go across state lines. If the County adopts this would it automatically apply in the cities?

Chair Kafoury replied when Multnomah County passed the Smoke Free Workplace ordinance several years ago cities didn't have to pass it as well, but there are some city attorneys that disagreed and said that the cities have to affirm it. I am here to ask for your support in whatever way makes you most comfortable. We do believe that the only way that these rules are going to be enforced is if everyone agrees that this is the right direction to head.

Councilor Ripma stated certainly you have alarmed me. Please keep us informed about what you are planning to do. I for one would be supportive.

Councilor Allen stated I would like to see the ordinances you are considering. Is there any difference in the nicotine levels in the various products, and what are your thoughts on those different levels?

Dr. Jennifer Vines replied these products will claim to have different levels of nicotine so you will hear people who have stopped using cigarettes who say I have tapered down and I am using lower and lower concentrations of nicotine. Some also will claim no nicotine. Again, because this is unregulated we can only guess as to what is actually in the bottles.

Chair Kafoury stated Multnomah County is looking at banning use by minors and sales to minors. We are looking at making vaping the same as smoking tobacco products under the Smoke Free Work Place. We have draft language around those areas that I would be happy to share with you when it is finalized. We are also looking at licensing. I think the licensing piece could take longer.

Councilor Wilson asked is the fact that we don't have an age limit unique to Oregon, or is this a problem in other states?

Dr. Jae Douglas replied we are one of eleven states that does not have a tobacco retail licensing program that would then limit access to minors. We are certainly the minority.

Liz Smith Currie, Policy Advisor to Chair Kafoury, stated many states have enacted legislation regulating the sale to or possession by minors. I can email that list to you. California and Washington both regulate the sale of e-cigarettes to minors.

Councilor Wilson asked at the school level, would it be up to the school district to make a policy to restrict them from the schools? Right now are they legal in the schools?

Chair Kafoury replied I have not researched all of the school districts in Multnomah County. I do know that some have banned them.

Claudia Black, Government Relations Director for Multnomah County, stated one of the Gresham School Resource Officers that attended a meeting earlier mentioned that kids are using these devices to vapor hash oil at school. That is another ball game. This has moved so quickly and we are behind the curve on this.

Mayor Daoust stated I strongly support what Multnomah County is doing. When it comes to Troutdale, we will have to decide to accept the Multnomah County ordinance to be consistent with how we have dealt with other Multnomah County ordinances, or develop our own ordinance. I would suggest that we do one of the two.

Councilor Ripma asked why does Multnomah County lead the nation in tobacco sales to minors?

Dr. Jae Douglas replied I have not heard a good explanation for that. It has been a long-standing trend.

Chair Kafoury stated we do know that part of the reason is because we don't know who is selling it. It is not all about the regulation side, it is also about the education and training of employees.

2.3 RESOLUTION: A resolution approving a Multi-Phase Street Maintenance Public Engagement and Education Communications Plan.

Mayor Daoust stated this item was pulled off of the Consent Agenda by Councilor White so I will ask Councilor White to start the discussion.

Councilor White stated I think something got lost in translation from the work session we had. I was expecting to see a much lower cost for the initial first step to see if there was any support from our residents prior to going forward. I also thought it was noteworthy to mention Portland's recent change by pulling their street funding mechanism in lieu of waiting for the State Legislature to impose a gas tax. I think that has merit. I got the feeling I wasn't alone on that. Spending \$30,000 for Phase 1 seems high to me. I really think it is something that the City could do itself. I think we have really educated voters. I am not against a fuel tax or gas tax, but I am against spending the \$70,000 to educate the public.

Councilor Wilson stated Portland pulled their utility fee off the floor temporarily because they were put under pressure from the Governor's office and from the Speaker of the House to pull it off. In the article I was reading, even if they raise the gas tax \$0.08/gallon it is only going to take care of a quarter of what they need. I asked Steve what it would take to make us whole for the \$400,000 that we need, and it will take an increase of \$0.14/gallon to get it to that point. I know you are not against the tax. My point is whatever the State is going to do is not going to be sufficient and everything is going to be back on the table. Looking at the other two cities that tried to pass a fuel tax this last year and failed, we can't just take the assumption that we are going to be able to get it done. Steve said he doesn't have the manpower or the ability to do it out of his office which means that we are going to have to hire somebody to help us.

Councilor Morgan stated I was for it initially and I am still for it. This morning the Senate Committee on Transportation met and the Senate President said he is less than optimistic, in fact pessimistic, that they are going to take on any transportation bill. I know that this might be a little bit more than what everybody is wanting but I think we also want roads that are going to be solvent for the future. I think not only are they credible, but they have a track record of doing what we need.

Councilor Ripma stated at the work session I favored waiting to see if the legislature would do something and I still feel that way. I feel even more that way because of what Portland did. If any city in the state is going to have enough influence to urge the legislature to do something it will be Portland. I am in favor of us having a gas tax that benefits Troutdale's streets. The professionals (Barney and Worth) mentioned \$0.05/gallon which I didn't favor. I do think we should give the legislature a chance. It would be better to have it done by the legislature then to spend this money and try to do it locally. If Portland thinks they need \$0.14/gallon, we don't need that much. I think \$0.14/gallon is needed statewide. I am saying lets give the legislature a few months. We will know in three months whether

they are going to do anything or not, rather than spending this money, which I think looks a little excessive to me. I do want to do it; I am in favor of doing it but I think we are jumping the gun. I spoke up at the work session that I wanted to wait. Portland, the biggest city and the one who is having the most trouble over this issue decided to wait, I think Troutdale would be wise to wait also.

Mayor Daoust stated that is, in my mind, the only decision we have. As a Council we agreed at the work session to have this firm do what they said they would do.

Councilor Ripma stated but we were going to bring it back to...

Mayor Daoust interrupted and stated the only thing we wanted brought back on the consent agenda was a breakdown of the cost for the phases; break it into components so we can make a decision at the end of each phase. That is what we wanted and that is what we got. There may be a little sticker shock with phase one, but that wasn't part of the decision.

Councilor Ripma stated Mayor, we also have new information. New information that came since we met. Had Portland acted before that work session meeting, I am hoping that some of you would have joined me in wanting to wait. That is new information that we didn't have then. I think Portland made their decision a day or two afterwards.

Mayor Daoust stated I am agreeing with you. I think your point is the only decision of where we are at right now.

Councilor Morgan stated we have even newer information this morning that the Senate President said they are not going to take it up. He is from Portland, he is the Senate President, and he said he is pessimistic that they are going to take any transportation bill up. And Portland's wasn't on the sole merits of a gas tax, so it is apples and oranges. Having a user fee for roads is completely different than a gas tax for fuel. One is a lot more palatable and has historically been passed, the other one is a new concept.

Councilor Allen stated I feel quite confident that at some point a gas tax is going to be passed by the state, maybe not this session. Could we go for a fuel tax up to so many cents per gallon so that we can adjust it down if it turns out that we are receiving too much money in the fund? If that is possible than I would like to see sooner rather than later myself just because once streets deteriorate you are not getting that back. Prevention is so much cheaper than repair.

Mayor Daoust stated I think we are struggling with what we do compared to what the state does. Whether to proceed with polling the public right now, or waiting until we get a better indication from the state. I don't know that I would want to wait two or three months. Maybe we will get an indication in one month. Although I would agree if Peter Courtney says they are not going to deal with it, I tend to agree with Peter Courtney.

Councilor Ripma stated he said he wasn't optimistic.

Councilor Morgan stated he said he was pessimistic.

Mayor Daoust stated I tend to agree with the person who spoke with us at the work session who said the same thing as Peter Courtney did. I think our struggle is timing. We can wait a month and bring it up again, or we can move forward with the public polling. The advantage of moving forward before the state does is we would have a local gas tax that is only \$0.05/gallon before the state ever moves on a \$0.18/gallon gas tax; we would be first out of the gate.

Councilor Wilson stated I asked how far \$70,000 would go on our streets and the answer was we would be able to have slurry seal put on two streets. \$70,000 does not go very far on our streets. The other thing I would worry about with the state passing another gas tax is them imposing the same restriction that we would have to wait so many years before we were able enact our own gas tax, and then they would probably come back and say they were going to do it again at that point.

Councilor Ripma stated if they are going to do that we wouldn't be able to put one in place anyways. Our gas tax will be easier to sell frankly. As soon as we know that the legislature isn't going to act to help us, we know that there is a crisis here and we can probably sell that to the voters. Why don't we at least make sure that the legislature isn't going to act? I think it is premature. I favor waiting, even if it is a month. We should know fairly quickly whether they are going to act on this or not.

Councilor Allen stated I know that without some kind of education process people may not understand how much cheaper it is to maintain roads than it is to replace them. I know that I am not personally prepared to take that on myself, which means we need some vehicle to educate the public. It was my understanding that this would come up to us on the consent agenda for our approval, I didn't realize it was approved at the work session.

Councilor White stated when we first talked about the gas tax it was \$0.01 to \$0.02 and now I am hearing \$0.14. I worry about the \$70,000 because I actually think it will be counter-productive. I think the message should come from leadership, us, like we have always done. I don't like to see a new trend in Troutdale of hiring lobbyists to educate our highly educated voters. I have a lot of faith in our voters. I think it would be counter-productive to spend the money. We are facing this potential police merger, our fire contract and there is a lot going on with urban renewal. Again, I am not against this tax, I think it is probably a good mechanism and is the fairest way to fund it out of all of the options we have explored. If we could buy ourselves a little time to focus on these more pressing issues and get a few of those checked off, I think it would make a lot of sense.

Councilor Wilson stated the \$0.14 was not the City. The \$0.14 was what the state would have to raise it to in order for us to receive the \$400,000.

Councilor Morgan stated the state hasn't done anything since the 90's for an infrastructure tax, fuel tax, or gas tax and I never thought I would hear anybody say lets just wait to see what Salem does. They haven't done anything in over 20 years.

Councilor Ripma stated this is a different legislature than they have had. They have been very split for the last 20 years. The chance is as good as it is going to get.

Councilor Morgan stated the whole reason for moving forward with step one with the outreach was so that if we needed to move forward in a special election in May we could. If we wait a month and it takes two months to do that, then there is no time.

Councilor Ripma stated this is outlined for November.

Councilor Morgan stated in their presentation they said depending on what your targeting and what the information says you might be going for a special election or a different demographic in the November election. It all depends on what the data we receive says, which will indicate what election we would target.

Mayor Daoust stated there is a May election timeline and a November election timeline included. We are not voting on May or November right now. What Councilor Morgan is saying is if we put this off too long you can toss out the May election.

Councilor Morgan stated we don't know what we don't know. Maybe the citizens love it, or maybe they hate it. We are spending \$30,000 to find out what the citizens want using professionals who have a record of doing this. Knowledge in this case is very powerful. I don't feel comfortable operating in the dark in this situation without knowing what we don't know currently.

Mayor Daoust stated I think Councilor Anderson would agree with you. I tend to agree with you. I think what we have in front of us now is to vote on whether we want to move ahead right now and adopt the consent agenda item. I don't know if waiting a month would tell us how the legislature is going to roll. I don't want to wait too long before we address this again if we do put it off right now.

Councilor Ripma stated if the legislature is not going to act I would go along with doing this. I just think it looks like we are not taking advantage of the chance of having the legislature act.

Councilor Morgan stated it has been 20 years so what is another year.

Councilor Ripma stated I don't agree with that. This is the first time that it is realistically even an option. It has got some publicity and support from Portland and that counts for something. Peter Courtney said he is not optimistic, but that doesn't mean he is not going to fight for it.

Councilor Morgan stated he is just one vote in the transportation...

Councilor Allen interrupted and stated I was hoping there was going to be some discussion on whether this was the vehicle to use.

Councilor Ripma stated I favor the gas tax.

Councilor Wilson stated I think he means the company, right?

Councilor Allen stated the approach, yes.

Mayor Daoust stated we were just given this tonight. I wasn't prepared to put a stamp of approval on how this company operates. I think they worked into the process check-in times with the Council. They want to know what questions we want asked. They want to know certain things before they start putting things out to the public. I am not prepared to put a stamp of approval or not on their product they are creating. I think we agreed to hire this firm and let them do their thing; they are the professionals.

Councilor White stated I would like to do this vote with a full Council. Can we postpone this vote until the next meeting? That would give us time to look at this as well.

Councilor Morgan asked on the consent agenda?

Councilor White replied yes, just item 2.3.

Councilor Wilson stated what Councilor Morgan is asking is that it not get pulled off of the consent agenda again for further discussion.

Mayor Daoust stated no, we would put it on the regular agenda.

Craig Ward stated the ground rule is that non-controversial items can go on the consent agenda. I think we have proven that this doesn't qualify as a non-controversial item.

Councilor Morgan stated I was under the understanding that we all agreed to step one if you read the meeting minutes.

Councilor Allen stated it is a pretty tight time schedule if we are going to go for the May election. Does anybody have an idea if Councilor Anderson has any strong objections?

Councilor Morgan stated I talked to him yesterday. He was concerned about the legislature.

Mayor Daoust stated I talked to Councilor Anderson today. He is okay either way; proceeding tonight or waiting one month.

Steve Gaschler, Public Works Director, stated we tried to get this issue back in front of you in November but because of issues we didn't make it. We tried to come back again

in December and didn't make it. We are already pushing this. I know two weeks doesn't sound like a lot of time but to be honest with you to get the work done so that you can make a decision on whether or not to put this on the ballot in May, we are going to have a hard time turning that around in a short timeframe. If we lose another two weeks I don't know that we can get it done. If we delay this I think it takes May off of the table and puts us into November or even the following year.

Craig Ward stated we had a brief discussion about this today. On February 24th we have scheduled a vehicle fuel tax measure. It is my understanding that the Council in a month would have to approve the wording of the ballot measure in order to have it on the May election. I don't think we have a chance of getting it on the May ballot. The notion that the Council would weigh in on the questions for the survey, and then the survey would be conducted, then it would be presented to you, and have a ballot measure ready in what is less than a month is extremely ambitious.

Councilor Morgan asked Craig, so you are saying if we did something tonight there would be time for the May election, but if we do it next month there won't?

Craig Ward replied actually I don't think it is feasible to hire the firm, go through the process they have, come to a conclusion based on the polling results in less than a month to then approve a ballot measure title in order to get it on the May election. I don't think that is possible.

Mayor Daoust stated I am afraid we may kick ourselves for not taking advantage of the May ballot.

Councilor Morgan stated urban renewal passed in a special election. Most big things in Troutdale have passed in special elections in May, historically.

Councilor Wilson stated even if we passed this tonight, knowing how we operate sometimes, I don't think we can come to a consensus by February 24th on the questions and all of that. I would hope we would be able to, but I don't think we can get it done.

Councilor Allen stated I have talked to quite a few people about this and I actually haven't come across anybody that is in favor of a gas tax until you explain to them what the problem is. I am pretty cheap and I would much prefer maintaining these streets than replacing them. It bothers me that on some of the streets I am seeing them go to a level that isn't up to what I prefer them to be. I know that I am not prepared to take this on myself so I want to hire somebody to do it. I guess what I am asking is, we have part of this which is asking the interview questions, are they going to learn anything from that other than people don't want it. It is really an education problem.

Mayor Daoust stated you are right. I think that is part of phase one isn't it?

Steve Gaschler replied that is correct.

Mayor Daoust stated it is not just asking the questions, there is also some educational components to phase one.

Steve Gaschler replied there is some information that will go out in that survey to get those questions answered. It isn't just a one-way conversation. The bulk of the education would come later if the Council chooses to proceed.

Councilor Morgan stated it sounds like everybody is in support of the education so we have to educate the public, and everybody is in support of the fuel tax but for some reason we are waiting for Salem.

Councilor Ripma stated for a very good reason. I think it would look ridiculous for us to spend this money right now when we don't even know if Salem is going to do it. You are very confident that Salem won't. That would be the first question I would ask if someone came to me and asked me if I would support Troutdale imposing a gas tax. I would say that the legislature hasn't even met yet. By the way we are spending \$70,000 to find out if you are interested. I would say why don't you just wait; that is what I would say.

Councilor Morgan stated I thought we were spending \$30,000.

Mayor Daoust stated we are spending \$30,000 for phase one.

Councilor White stated Craig just said he doesn't think we have time to get it done. You have to look at our workload right now. Urban renewal, the fire contract, the police merger. I would hate to be distracted from any of those three.

Councilor Morgan stated that is why we are hiring them.

Councilor White stated that will start a whole batch of conversation, articles, and people calling. It will definitely be a lot of work.

Councilor Ripma stated we would look silly trying to impose this gas tax if the legislature actually did act.

Councilor Morgan stated we look really silly saying we are going to do something two meetings ago which we said we were going to do and now we are not going to do.

Councilor Ripma stated no, we said we would bring it back for a vote.

Councilor Morgan stated look at the meeting minutes.

Councilor Ripma stated we said we would bring it back for a vote; this is when we decide.

Mayor Daoust stated we approved it at the work session.

Steve Gaschler stated the amount of phase one is \$30,840.

Councilor Allen stated it looks like we had a gas tax raise in 2011, but it wasn't enough to meet our needs. I feel very strongly that the state will have a gas tax increase sometime if not this session soon, but it probably still won't be enough. I am still in favor of going forward with hearing research.

MOTION: Councilor Morgan moved to approve Agenda Item #2.3 (a resolution approving a Multi-Phase Street Maintenance Public Engagement and Education Communications Plan). Seconded by Councilor Wilson.

VOTE: Councilor Wilson - Yes; Councilor Ripma - No; Councilor Morgan - Yes; Mayor Daoust - Yes; Councilor White - No; Councilor Allen - Yes.

Motion Passed 4-2.

5. STAFF COMMUNICATIONS

Craig Ward reminded the Council that there is an executive session scheduled for next Tuesday night on labor negotiations.

Craig Ward stated we have received a draft IGA from Metro for the Community Enhancement Fee. We will need to schedule that for a future meeting. It is my understanding that there is support for the IGA, but there are still questions pertaining to how we will organize a committee to review projects that are eligible under Metro's grant guidelines.

6. COUNCIL COMMUNICATIONS

Councilor Wilson stated on February 12th Eastwinds is coming to the West Columbia Gorge Chamber of Commerce (WCGCC) to make a presentation on the urban renewal area. The Director of WCGCC has reservations on whether or not they ought to support Eastwinds and the urban renewal area which concerns me since they stand to benefit a lot from that. If possible I would like to have a couple of the Councilors or the Mayor and a Councilor come to that meeting to hear Eastwinds presentation so that we can show our support of the urban renewal area and Eastwinds.

Councilor Morgan stated yesterday the Mayor and I met with Creative Media Enterprises in Vancouver to discuss outreach. The Council had been discussing the 10-year extension, where we were going, what was going to be transpiring, and the Mayor has written some articles in the Champion. As the Council is trying to move forward on projects, especially urban renewal and getting things rapidly out to the public whether it be through social media or the web site, we thought it was important to at least take the first step and look at what we can do and what is out there for outreach. I think it was a successful meeting. The web site got brought up in our long-term plan and what we can do to make it more useful and less cumbersome. I think it is very important that this be a conversation piece as a Council - what we are going to do, what our outreach is going to

be on-going in our plan. I don't think we have had a lot of discussion about that. Not only are they great at what they do, but they could help us with social media and our website moving forward. The second part of that is council goals for this year, I wasn't sure what the plan was, but I think that media, outreach and our website should be a priority in that conversation.

Mayor Daoust stated that was a fact finding trip. They are going to submit a proposal about what they could offer us regarding public outreach for the urban renewal area.

Councilor Allen asked is this for improving communication to the Troutdale citizens?

Mayor Daoust replied yes.

Councilor Allen stated that sounds good.

Councilor White stated I think we are overdue for a goal setting meeting.

Mayor Daoust replied yes we are. Do we have any work session planned for that?

Craig Ward replied we are forming one as we speak. When would the Council like to meet?

Councilor Morgan asked can we do that next week before the executive session?

Craig Ward replied I would not recommend that. We have two labor negotiations that we will be discussing next week that could be fairly lengthy.

Mayor Daoust stated I would like to pull the State of The City Message from the February 10 meeting and host it as a special event somewhere else later in February similar to what Gresham and Tualatin does. If that frees up time on February 10th could we add a work session on council goals to that night?

Craig Ward stated we have two items currently planned for February 10th. One of them is the First Amendment to the Urban Renewal Plan to extend its duration, and we have a briefing on our Development Code regarding urban agriculture. I think it is a nominal and simple proposal that probably does not warrant a stand-alone briefing. So in that case right now we would only have one item on that agenda so doubling up with a work session at the end of that could work.

Mayor Daoust stated so February 10th we will have council goals.

Councilor White stated I would prefer to not have another meeting, so my preference would be to have the State of the City at the meeting. That is the way we have always done it.

Mayor Daoust stated I know. I am tired of the way we have always done it.

Councilor Wilson stated I would like to see it done like they do in Oregon City where the Chamber sponsors a lunch or dinner and listens to the Mayor give the State of the City Address.

Councilor Allen stated it makes sense to have the State of the City after we have our goal setting, otherwise it is going to be contentious.

Mayor Daoust stated that was part of my rationale in recommending February 10 for the council goals and pushing back the State of the City until after that.

Councilor White stated I was going to ask for a work session to be held prior to February 10 regarding urban renewal. I think it would be good to get the Council updated. We could keep the discussion broad. Basically the purpose is for an update. If there are questions about the extension prior to the February 10th meeting February 3rd is open.

Craig Ward replied we just scheduled an executive session for that evening.

Mayor Daoust stated we don't have to hold it on a Tuesday night.

Councilor Wilson asked can we have it on Monday the 9th?

Council agreed to hold a work session on urban renewal on Monday, February 9th at 7:00pm.

Councilor White asked is the public invited to the Volunteer Recognition Ceremony?

Craig Ward replied it is always a public meeting when a majority of the City Council is present, so of course they are invited. We do not normally reach out to the public. It is really about having the Council and Department Directors who work with the volunteers recognize those members who are leaving to thank them for their efforts.

Mayor Daoust stated Mollie King called me today asking me if we wanted to change the format, or keep the format the same.

Councilor Wilson stated the one change that I would like to see made is if there are citizens who serve on multiple committees and they step down off of one committee but continue serving on another committee, they ought to be recognized for the committee that they are stepping down from even if they are still serving on another committee.

Councilor White stated what we had talked about is in past years some of our volunteers were serving on up to three committees and I thought the idea was to recognize those few individuals that were actually functioning on three committees at once. But this recognition was initially your idea Councilor Wilson.

Mayor Daoust asked do you agree with Councilor Wilson's idea?

Councilor White replied sure.

Mayor Daoust stated I will call Mollie and talk to her about this.

Councilor White stated I have heard about some possible public outreach on the Sheriff's proposal.

Craig Ward stated I haven't heard about that. There is no plan to have any particular public outreach. At this point we are just trying to boil down the proposal and have something we can bring to the City Council. There is no current plan to have any outreach beyond scheduling it at city council meetings and obviously the public is always welcome to attend.

Councilor Allen stated I think it would be premature before we finish negotiations.

Councilor Morgan stated there is going to be a forum with Representative Gorsek and Senator Monnes-Anderson and the Sheriff. I think that has been talked about. I don't know if there is an official date.

Craig Ward stated that is true. The Sheriff shared with us the County's plan to have a meeting. My reaction was not particularly positive to that. It would seem to me that before the Sheriff starts reaching out, or the County starts reaching out, telling about a deal that they hope to have with the City, that the City should be a partner in that. I was not encouraging in my reaction to that notion. I don't dispute the notion that we should have public outreach, it is a question of timing that is really my problem and also it is a relationship and I don't think either party should go out and start talking about the proposed deal when the other party isn't sitting in that room at the table prepared to also comment on it.

Mayor Daoust stated it may behoove us to be at that meeting.

Craig Ward replied it would be nice to be invited.

Councilor Allen stated it is premature before we have agreed to the deal or finished negotiating.

Mayor Daoust stated it depends on what the public meeting is going to be on. It could just be a frequently asked questions type of thing. We will find out more about that. I do remember the Sheriff bringing that up at one point that there needs to be some level of public knowledge or input, and he did mention Mt. Hood Community College. This may have been going on behind the scenes even before we started serious negotiations just to get information out there; I am guessing.

Councilor White stated tomorrow morning at 7:30 I am going to be at the Sheraton Hotel at the Airport for the floodplain levies discussion.

Councilor White asked were you asking for our consensus on changing the Mayor's State of the City Address; were you looking for direction?

Mayor Daoust stated no not really. I will always take direction, but I think this is the Mayor's call. It is how I want to give the State of the City Address. That is the way I see it.

Councilor White stated I prefer to have it here because then it is televised and it gets out to more people.

Mayor Daoust stated let me consider that; the television aspect is a good point.

Craig Ward stated they do have portable cameras as I understand it.

Councilor Allen stated one of the things that I can't help but notice is that we are getting a bit bogged down and so I start taking a look at what is the most urgent and important. I am thinking out of urgency and importance that finishing up the Sheriff's negotiations, and the fire contract because there is a timeline with a drop dead date that we have to meet and there is still quite a bit of work to be done. We don't have infinite staff, we don't have infinite resources. We have the urban renewal that we need to make progress on. I would like to not pursue the city hall until we get these other issues resolved. Not because I don't want to do anything with it, but purely because there is not enough time and resources to do these other things that need to be done within a matter of months. I would like to postpone it and not have any staff time or our time working on it until after June and then we can reconvene and see where we are at and continue forward after that. Then we will have a clearer idea on these other things.

Mayor Daoust stated that is a perfect discussion for the council goals work session. That is where we will lay out our council priorities and goals and decide what we want to do with each one.

Councilor Allen stated well I am running into crunches now where I am asking for information and not necessarily getting it. I don't fault our staff for that, we have just asked too much of them. I'd prefer that we continue with negotiations, fire contract and urban renewal first.

Mayor Daoust stated I think the goal setting work session would be a good time to lay out a schedule.

Councilor Allen stated that is another week delay.

Mayor Daoust replied I don't know what you were expecting tonight.

Councilor Allen stated do we have a consensus on that or not.

Councilor White asked can you summarize what you would like to see happen?

Councilor Allen stated I just want to see us concentrate on the immediate problems first. I want to put city hall on hold. We have a longer timeframe on that; we have plenty of time to meet our goals and we don't need to do that right now.

Mayor Daoust asked Craig, were you doing anything in the next two weeks on the city hall issue?

Craig Ward replied no. I appreciate you recognizing that we have a lot of work to do on the things that are immediately challenging for us, and it would be helpful to prioritize. I think the goal setting is a perfect opportunity for that.

Mayor Daoust stated I met with Shane Bemis, Mayor of Gresham, and we went over a list of things that we needed to touch base on between Gresham and Troutdale. I met with the Mayors of Fairview and Wood Village last Friday and had pretty much the same discussion.

Related to the ***Metro Community Enhance Fee I would like to assign Councilor Wilson and Councilor Ripma to work with staff on the fee guidelines.*** I am not necessarily creating a committee, but I would like Councilor Wilson and Councilor Ripma to assist staff in determining what the best guidelines for that fee should be.

The alternate position on the Joint Policy Advisory Committee on Transportation (JPACT) is open. Typically Gresham takes the lead on the process but the train kind of got out of the station before we had a chance to talk about it. Shane Bemis is the Representative for JPACT. Gresham recommended that I be the Alternate. Fairview already passed a resolution naming me as the Alternate and Wood Village is going to do the same thing. Lisa Barton-Mullins was the Alternate but she is no longer on the Council. It is Troutdale's turn to have the Alternate for JPACT. It looks like Gresham, Wood Village, Fairview and Metro Councilor Shirley Craddick would like me to be the Alternate.

Councilor Allen stated I have seen your work on East Multnomah County Transportation Committee (EMCTC) first hand, so JPACT being very similar I would agree that you would do a good job.

Councilor Morgan stated it is hard to say no to four cities and our Metro Councilor.

Mayor Daoust stated I think we are okay with me being the JPACT Alternate.

There was no objection voiced by the Council.

Mayor Daoust stated Metro East Community Media is having their 30-year celebration this Thursday from 6-9pm and we are all invited. Next Thursday Troutdale Elementary School is holding public meetings at 4pm and 6pm to discuss replacing Troutdale Elementary School.

7. ADJOURNMENT:

MOTION: Councilor Ripma moved to adjourn. Seconded by Councilor Morgan.
Motion passed unanimously.

Meeting adjourned at 8:42pm.

Doug Daoust, Mayor

Dated: _____

DRAFT

ATTEST:

Debbie Stickney, City Recorder

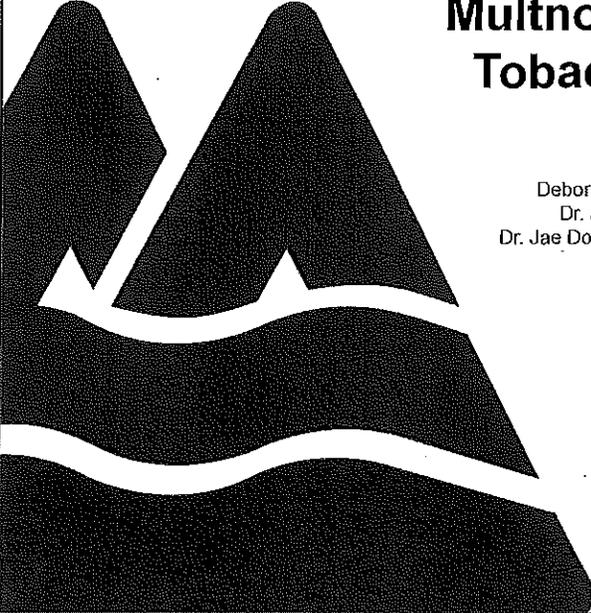
CITY OF TROUTDALE
CITY COUNCIL – Regular Meeting
Tuesday, January 27, 2015

PLEASE SIGN IN

Name – Please Print	Address	Phone #
Carol Allen	Troutdale	503-701-8979
David Becker	Troutdale	
PAUL WILCOX	Troutdale	
Jae Douglas	Corbett	
Diane Castillo White	Troutdale	503-888-1405
MARY-MARGARET WILKESHA-WERSON	Portland (OR)	503-240-3344
Claudia Bladic	Troutdale	
Liz Smith Currie	Portland	
Deborah Kofany	Portland	503 810 2006
Jennifer Vines	Portland	
Jae Douglas	Portland	

Exhibit A

January 27, 2015 Council Minutes



Multnomah County's Tobacco & Nicotine Landscape

Deborah Kafoury – Multnomah County Chair
Dr. Jennifer Vines – Deputy Health Officer
Dr. Jae Douglas – Environmental Health Director

January 27, 2015



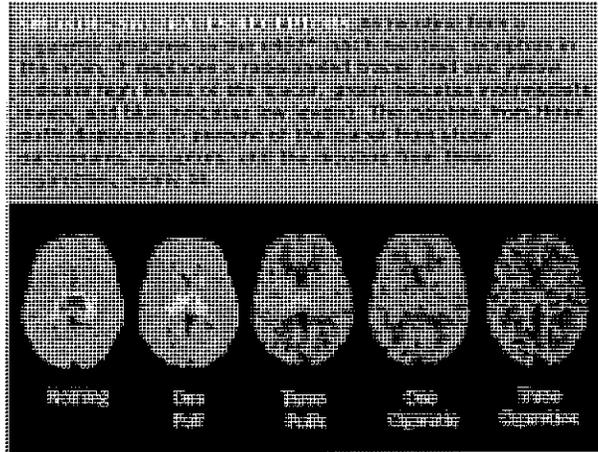
It starts here
Campaign for a Healthy, Active Multnomah County

Purpose of Today's Briefing

- Provide an overview of the landscape of tobacco and nicotine in Multnomah County:
 - Health effects of nicotine
 - Youth access to tobacco and nicotine products
- Provide an overview of best practices in youth tobacco prevention and control



Your Brain & Nicotine Addiction



E-Cigarettes and the Growing Concern of Health Impacts

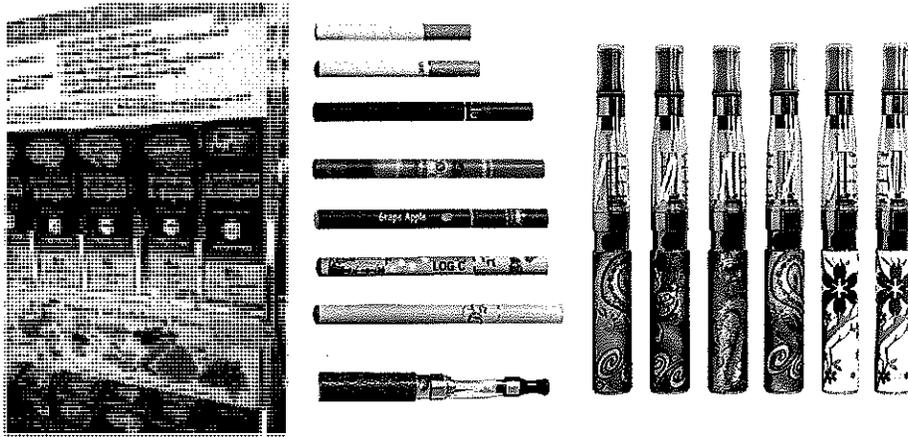


<http://www.ecigarette.com/news/ecigs-attracting-younger-students-get-high-class/>

Current use of e-cigarettes among Oregon 11th graders has more than tripled recently, from 1.8% in 2011 to 5.2% in 2013



E-Cig Product Packaging & Design



Tobacco & E-Cig Product Flavoring & Placement



Multnomah County has one of the Highest Illegal Sales Rates of Cigarettes to Minors in the Nation



Regulating the Tobacco Retail Environment

- Retail Licensing
 - ✓ 38 States and 8 communities in Oregon
- Restrict Retailers Near K-12 Schools
 - ✓ Santa Clara County
- Prohibit Tobacco Sales at Pharmacies
 - ✓ Boston, San Francisco, Santa Clara County
- Limiting Advertising
 - ✓ Santa Clara County



- Increase Minimum Legal Sales Age
 - ✓ Needham, MA, NYC, Hawaii County, Suffolk County NY



Regulating the Tobacco Retail Environment

- Prohibit Self-Service
 - ✓ Minnesota
- Disallow Price Discounting
 - ✓ Providence RI
- Require Minimum Package Size
 - ✓ New York City, Boston, Washington DC
- Ban on Flavor Tobacco
 - ✓ Providence RI, New York City, Santa Clara County



Healthy Multnomah

Establish a Minimum Legal Sales Age for E- Cigarettes	Include E- cigarettes in Oregon Indoor Clean Air Act	Work with Retailers to ensure that all laws are followed
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DRAFT

MINUTES

**Troutdale City Council – Work Session
Troutdale City Hall – Council Chambers
219 E. Historic Columbia River Hwy.
Troutdale, OR 97060-2078**

Monday, February 9, 2015

1. Roll Call

Mayor Daoust called the meeting to order at 7:05pm.

PRESENT: Mayor Daoust, Councilor Ripma, Councilor Anderson, Councilor Morgan, Councilor White, Councilor Allen and Councilor Wilson.

ABSENT: None.

STAFF: Craig Ward, City Manager; Ed Trompke, City Attorney; Debbie Stickney, City Recorder; and Erich Mueller, Finance Director.

CONSULTANT: Doug MacCourt, Ater Wynne, LLP

GUESTS: See Attached.

2. Discussion: Update on Urban Renewal, and a discussion regarding the proposed 10-Year Extension.

Erich Mueller, Finance Director, reviewed his staff report (copy enclosed in the packet).

Councilor Anderson stated the question of why should we extend the debt deadline 10 years rather than 1, 2 or 5. The answer to that question reads to me that there was no one interested as far as potential developers. Would I be correct?

Erich Mueller replied what I was trying to get at there was by having a shorter timeframe it creates some uncertainty or doubt on the part of people that would need to spend money to acquire the property, prepare the property for development, the demolition, the re-zoning, and the re-platting, as well as completing the environmental remediation. Given the amount of work that is required to get those things done, I think we are looking at three or more years before we see ground breaking for construction. Then there is the construction time. If there is uncertainty as to whether or not the financial incentives that they were expecting to receive to make the project work might expire, it makes them hesitant to take the step (to make additional expenditures).

Councilor Anderson stated I don't think this Council would let that happen. We have a partner; we aren't out shopping for somebody to go into the urban renewal business with.

I think a shorter deadline tends to inject some urgency with the one partner. If that one partner falls through then we have another problem to deal with.

Councilor Allen asked how many times can we extend?

Erich Mueller replied there is no prohibition in terms of doing so, it is a matter of following the process that is outlined and what the statute provides for. This particular type of amendment to the plan is what is referred to as a council amendment. It is generally taken from the Urban Renewal Agency (URA) Board, which has already approved this, and then it is referred to the City Council for amendment by ordinance. There really isn't a limit in the number of times. If the timeframe is shorter people wonder whether they can get the work completed and to the stage that is necessary in time for them to receive the benefit, and that may make them hesitant to spend more money. A shorter timeframe may engender urgency on the part of some. I tend to think from the external financing or external development partner standpoint, they are going to say it is an additional risk for this project and there are other projects elsewhere that they might chose to invest in that don't have that risk. So it provides a relative disadvantage on that particular score. That doesn't diminish the other attractiveness of the project.

Councilor Allen stated your question (page 7 of staff report), "Does the URA increase my property taxes". You give a good example of what it would cost a homeowner of a \$200,000 home. We don't really know what is expected of us, and we don't know what effect that would have on us. If we were to do the maximum indebtedness, is it possible to get an example of what the cost would be to the various people that will have to pay?

Erich Mueller stated I guess I don't understand...

Councilor Wilson interrupted and stated what he is saying is that on your tax bill it looks like homeowners are being subjected to an increased tax, but in fact we are not. If our taxes were \$1,000 a year without urban renewal and we decided to implement urban renewal and if it affected our tax base \$50, our taxes would still be \$1,000 but it would be \$950 and \$50 to urban renewal. Is that correct?

Erich Mueller replied that is the theory.

Councilor Wilson stated so your taxes aren't going up, they are just being moved.

Councilor Allen stated I am actually referring not only to the homeowner but to the City itself. What is expected, what is going to be the cost? What would be the cost to the City initially for the \$7 million maximum indebtedness? Examples like that to give us an idea of what we are looking at.

Erich Mueller replied I think what you are trying to get at is in the division of tax. In theory the tax that goes into the URA is tax that you would have paid anyways to the County, City, Port, Reynolds School District, and all of the other jurisdictions. I think what you are

asking is how much of the tax that would have gone to the City is going to be diverted to the URA.

Councilor Allen stated I would just like to understand all of the financial aspects to this. If you could come up with an example that would be nice.

Ed Trompke, City Attorney, stated if you have a property tax that you are paying it is limited by Ballot Measures 5 and 50. It is complex how the two work together to limit property taxes. Ballot Measure 50 limits the growth in your taxes to 3% per year, except for extra bonds, but that would not include the URA bonds because they are considered part of your general tax. The maximum tax increase can be 3% per year including the bond for the URA. Ballot Measure 5 limits taxes to \$5 for schools and \$10 for general government per \$1,000 of assessed value. The 3% increase every year for Ballot Measure 50 can't exceed that number, the cap of \$5 plus \$10 and this would primarily be \$10 but a small amount of it will come out of the \$5 piece as tax revenues increase. So it does hurt schools a little bit, but most of that is made up by the state from state income tax dollars. It hurts people a little bit, and it hurts some of the other districts a little bit but not a great deal because of other things that happen. When you are asking if this hurts the taxpayer, except for very small amounts that Erich pointed out in his example, no because of the property tax caps that are in place from Ballot Measures 5 and 50. With respect to the City's finances, sure it can affect the City's revenue but it is money that the City doesn't have. If the properties in the urban renewal district were currently taxed on a \$1 million value at the beginning of the URA, any tax on the increase in value goes to pay the URA debt, but not the first \$1 million, that is always there. The City doesn't lose money, it simply doesn't get the increased value tax until the UR debt is paid off.

Councilor Allen asked would that be enough to pay the maximum indebtedness?

Ed Trompke replied it will for market reasons, not for structural reasons in the State Constitution. That reason is that no bond purchaser will buy those bonds and sell them to their investor pool unless they are sure there is enough coverage from the increased value of the property to pay the bonds off. There is a market reason that it will be enough, but there is nothing structural in the Constitution or the laws that requires that.

Councilor Allen asked and the payments and the bonds are completely covered by UR, or do they have to be subsidized?

Ed Trompke replied they have to be paid completely by the UR, the tax increment financing (TIF), or the tax on the increased value in the property.

Councilor Allen asked and if there is a delay from when we borrow the money to when we have to make those payments? Or I should say a delay from when we borrow the money to when the property is actually developed and there is actually some tax increment.

Erich Mueller stated we are talking about bonds in several different aspects. The bonds that presumably would be issued for the \$7 million indebtedness that the URA is able to take out, because of how our URA is structured it is not going to be able to borrow; it doesn't have the increment value and it doesn't have the ability to demonstrate that it can service the debt. The only way that this is going to occur is the same way the URA has gone into debt up until now, which is it has borrowed from the City; the City is the bank for the URA. The City is going to have to go out and float those bonds and they are going to have to be backed by the City's full faith and credit. The URA isn't going to be backed by a separate levy like the treatment plant or the police station. The bond holder is going to buy it based on the City saying the City is going to make the payments. The City is going to need to have a repayment plan. The issue that we have looked at before in budget meetings where there is a gap between when we have to make the expenditures and before there is the increased value, that is the increment that drives that additional collection, we are going to have to subsidize that difference. Once the development occurs in the URA and there is a larger assessed value there, that assessed value we get the entire amount of the tax levy on that. Whereas the City's portion on your home is simply our permanent rate, the \$3.76/\$1,000. In the URA, the URA gets 100% of all of the levies for what is referred to as the increment. This year it is \$17.95/\$1,000. All of sudden you put \$25 million of assessed value onto the tax rolls in the URA you are going to get \$17.95/\$1,000 off of that. That will quickly start to generate the revenue necessary for the debt service. From that increment collected the URA will be paying back the City, who is its lender, the City is then going to use that to repay itself for whatever it has fronted and then continue to make the debt service payments on the bonds issued. Based on the maturities of the bonds issued and on how fast the increment grows, there is likely to be a mismatch. We may very well have collected everything that we need to collect through the URA before the last bonds are paid off and we have received that money from the URA and placed it in what is generally referred to as a sinking fund used to pay the debt service when it comes due that year, the following year, etc.

In an attempt to try and answer your earlier question about the detail, there are thirteen levies that I had to go through and do the recalculation of twice to get to the number that I was trying to summarize in my staff report for the example of that house. I didn't put all of the detail into the staff report because I felt it would create confusion and more questions. In terms of answering the question of, what is it going to take over time for that \$7 million, there are variables that change every year that make it difficult to give you a precise answer. If the entire \$7 million was collected this year based on how the proportionate shares of Multnomah Educational District, Mt. Hood Community College, Reynolds School District, Port of Portland, City of Troutdale, Metro, Multnomah County, Multnomah County Library, Soil and Water Conservation District, and all of the bonds that each of them issue, if the numbers that we have this year, which change every year, if they were used this year there would be \$1.5 million of tax that would have gone to the City of Troutdale that would go to the URA. Of course it is not going to happen all in one year, but that is the best answer that I can give you over time. That is just the principal indebtedness because I don't have any way of knowing what ultimately the financing costs are going to be because it is going to depend on when we issue the bonds, what the interest rates are for those various maturities.

Councilor Allen stated I wonder if we can do an example based on today's rates and if we did the maximum indebtedness what the impact to the City would be. I am realizing that we don't actually know what is going to be developed and what timeframe it will be developed in, so we don't actually know the answer.

Erich Mueller replied right. By the amendment that is being considered we are not agreeing or committing to issue any debt. All we are talking about is extending a time period during which we would have the ability to issue debt. It is not a commitment. It is not that you have now signed up and put the City \$7 million in debt by voting yes. This is just preserving the opportunity to do the increment financing in the future. It doesn't mean that you ultimately will. But if you don't extend the timeframe that option is not available.

Mayor Daoust stated the timeframe is just the banking hours; which hours and days the bank can remain open. That is how I see it.

Councilor Anderson asked can we get back to the question at hand of whether or not we extend it for 10 more years?

Mayor Daoust replied yes. I am okay with the 10-year extension; it is just when the bank is open. I think the more we move towards a shorter window that the bank is open the risk gets higher. It is perceived by the development and financing community as the City Council putting up a barrier to development; those are my words. If we are only talking 1 to 4 years for an extension, that in itself says that we are constricting things. I don't care who the developer is, if Yoshida and Eastwinds is interested they are going to pull the trigger on development whenever they get things lined up, it is not going to have anything to do with the 10-year window. If we squeeze it down to 1 to 4 years and Eastwinds pulls out then we have this 4-year window sitting there. If a new developer comes in, just picture that. How is the new developer going to view what the City Council has done by squeezing their window in order to get financing and development and all of the land use things taken care of? It just seems like we would be implementing a barrier to development that we are asking our planning commission to remove, but yet we are doing it ourselves.

Councilor Wilson stated if we come to the conclusion with the property with Eastwinds and they come back and say the 4-year extension is not going to work we need 10. What is going to stop us from reconvening and making it 10?

Mayor Daoust replied I don't know that there is anything stopping us from doing that.

Councilor Wilson stated I feel that Eastwinds is a firm partner right now. If for some reason 4 years didn't work and they said we will sign this if we can get 10 years. I guess that would be another option. I think we would be helping ourselves move along at a quicker pace. The barriers that are created right now and the barriers that could be in the future would have to be dealt with quicker than if we just said 10 years.

Doug MacCourt stated I think it is important to understand that project financing has three basic components. It has a debt component, which could be bond and bank debt. It has an investment component, and it has an entitlement component and those are incentives of a variety in nature. Every project is different in terms of what those percentages are. If part of the motivation for making a decision about what the length of the extension should be is that a shorter time period will motivate the development partner we have now to move quicker, I think it will actually work just the opposite. It has to do with the way that project financing works. Eastwinds, even though they are the primary sponsor of this concept at this point, will most likely not remain in any scenario. They will most likely not remain the primary sponsor of this project and that is because of the way project financing works. Investors are not going to bankroll this off of their balance sheet. What that means is they are going to look to short-term and long-term debt; they are going to look to investors and then they are going to look to entitlements, both short-term and long-term. Even if Eastwinds as an LLC is the entity that manages the development over time, which is unlikely, but if they are they are going to bring in these various parties who are going to own portions of the project company. That is the way they make their money. But they don't stay in it for the entire length of time. What you do when you have a long-term planning horizon like you do for a 10-year URA is you are able to plan as to when the bond debt comes in and when bond debt buys out bank debt, and those are different people and different institutions who gage where they are going to come in based on long-term market projections. Then you have the investors who come in at different stages; they are not the same people throughout the entire length of the deal. Then you try to gage at what time tax credits are going to come in, where you are in tax advantages over time. What you do by picking a shorter time period is you immediately start excluding certain categories of investors, certain categories of both bank and bond debt issuers and holders, and certain entitlements. It is most likely going to be the case that Eastwinds will set up a separate development company; it won't be Eastwinds that will do this project. That is because these different investment entities will insist on taking positions; some will be minority and some may be majority. One of the big realities of that is there are things called capital calls when projects have cost overruns, or you have to maintain certain reserves and if the reserves get low they have to kick in their own capital. People choose to take positions over a certain time horizon, so wherever they want to be based on what they are going to be required to kick in to the project. It is not correct to think that you have a party that is static with Eastwinds; it is not a static entity. Over the next several years as they start to develop the financial profile new people will come into this deal because they have to. That is the way project financing works. The only way to plan long-term is to have everybody be able to look at that 10-year horizon and say this is where I am going to come in, at what interest rate I am going to project because I am the bond market, or I am the debt market, or I am in the investment market and I don't want my money parked here for a short amount of time without knowing that I am actually going to get in and get out with the return on investment they all calculate.

That may not have been the easiest way to describe it, but I have spent 25 years doing project development and this model is very consistent. A 10-year horizon is actually a very short horizon, but it is what has been used before and it is what we have on the table for the URA extension. Most bank debt isn't retired for 20 plus years, but it keeps getting

refinanced. I strongly urge you to think about this, not in terms of you have a static entity at this point because they will change no matter what happens. It may not be Eastwinds that runs this deal in 2 to 5 years. You don't want to set up artificial barriers that automatically provide reasons for people not to invest in the project.

Councilor Morgan stated essentially what you are saying is that by extending it for 10 years it will have little to no effect on Eastwinds, but the other people. Is that what you are saying? Have we asked Eastwinds if they would prefer a shorter window verses a 10-year window?

Doug MacCourt replied the shorter you extend it the more difficult it gets to finance this project because you are starting to exclude categories and easy access to capital. You want the most flexible time period possible so they can plan longer.

Councilor Morgan asked do they have a preference to short-term verses a long-term window?

Doug MacCourt replied developers traditionally don't want to stay, some do and some don't, they want a project to succeed but they are going to be talking to people that are on the construction side that are not going to stay in this more than the time it takes to take out the debt, do the construction, and then leave. They are only in it for a couple of years. Those investors, especially if you have tax issues involved, they are going to get in on a discount and get out within a certain timeframe set by the internal revenue code. You have so many moving parts. What the financial industry looks for, and those various components, is they look for the longest profile they can to plan and then at this point and time they can say okay, we can actually model this so that we know in five years when we are done with construction we can bring in a cheaper type of debt and retire this more expensive one.

Councilor Morgan asked but we haven't asked Eastwinds if they have a preference for a shorter or longer?

Doug MacCourt replied no.

Councilor Morgan stated if we extend it for 4 years, is that a true 4-year extension or is that 6 years because it doesn't expire for 2 more years?

Erich Mueller replied it expires on March 16, 2016.

Councilor Morgan asked so if we extend it for 4 years?

Erich Mueller replied it is 5 years and 1 month.

Councilor Ripma stated what we have before us tomorrow is a package of amendments to the Troutdale Riverfront Renewal Plan, one of them being the 10-year extension. Were these amendments requested by Eastwinds?

Erich Mueller replied none of these were requested by Eastwinds. They were all based on going through our 2006 Plan with our urban renewal consultant and updating the Plan based on things that didn't occur and so forth.

Councilor Ripma stated so they don't really have anything to do with the Eastwinds negotiations.

Erich Mueller replied they are not exclusively written for them. It is generic for any developer that ultimately may be involved.

Councilor Ripma stated my conclusion is that we don't need to do them now. We are still working with Eastwinds trying to put together a deal. We have work to do there. This package of changes, I agree we have to do them, but we don't need to do them right now. Let's see if we can end up with a deal. It has to be done before March of 2016 so we will have to do it, but let's focus on the deal and see if we can put one together.

Doug MacCourt replied respectfully I would say that we actually have very little time left to provide this kind of incentive in order for the deal to go forward. We have calculated some ball park estimates of what Eastwinds has spent to date on various items to get this thing going. The next and largest expenditure that they have to incur is roughly a \$750,000 loan from the State of Oregon for the removal of the sheep pit. A developer would not make that decision until they see the landscape clear in front of them. We don't have any more time for them to wait to make that decision. We have a grant from EPA that expires in October. Based on calculations that we have done in terms of just pure physical timing to get the material removed from the sheep pit, do the testing to verify it has been removed, and then incorporate that information into the documents that go to DEQ so they can get closure on their property. If we wait any longer than April 1st for that excavation to begin, we are probably going to lose our window for EPA funding. From a development point of view, before they would ever take out a \$750,000 loan they need to see as much firmness in the financial planning horizon as they can; the commitment that that certainty is going to be there in the future. We can't afford for them to wait any longer. We have about 45 days in order for them to get all of their activity ready and get started on that project. Their drawdown decision for the State of Oregon probably has to occur in the next several weeks. The signal that this decision sends, in addition to the ability for them to plan, is an absolute real one and we are up against the wall in terms of time.

Councilor Ripma stated this doesn't have anything to do with the sheep pit.

Doug MacCourt replied no, but our grant does. Their decision to take out a \$750,000 loan...

Councilor Ripma interrupted and stated you do remember that they signed a term sheet with us that they were supposed to do that back in October and now it is being used as a reason why we are getting squeezed on time and that they have a short window. By them not doing it we end up squeezed.

Doug MacCourt stated what I just said is not based on a conversation that I have had with Eastwinds, it is just the reality of our own schedule.

Councilor Ripma stated I am just talking about the facts.

Councilor Wilson stated as long as we are talking about facts, if you look at page 2 (of the February 10, 2015 Staff Report) the second item says, "The necessary Plan amendments were discussed and adopted unanimously by the Agency Directors..." We have already approved this.

Councilor Ripma stated the Agency did, yes.

Councilor Wilson stated now we are backing out of that.

Councilor Ripma replied certainly not.

Councilor Wilson stated it sounds like that is what you are wanting to do.

Councilor Ripma stated I am just saying we don't need to do it now.

Councilor Wilson stated we already agreed to it. We need to stick with that decision unless there is something glaring and there isn't anything glaring.

Councilor Ripma stated yes the Agency did pass it in October when the term sheet still had some vitality. There was some expectation that Eastwinds was going to clean up the pit. There was some expectation that we were going to end up with two closely related prices from our appraisals. All of that has gone out the window. Those are new facts on the ground. We are entitled to step back, and you are not willing to do that. I have a duty to the citizens.

Councilor Wilson stated and so do I. The two numbers are still being negotiated on; it's not done. The sheep pit is not done. We said that we would do something and now you are saying we are going to renege on it.

Councilor Allen stated as a representative of the City I would like to know how much is going to be expected of us. I would think that a buyer would want to know how much they could expect. As a buyer I certainly wouldn't want to purchase a piece of property for development if I didn't think that it was going to be extended. It seems to me that it is a benefit for both the City and the buyer to extend it for 10 years. I wish we were at that point.

Erich Mueller stated regardless of whether the deal goes forward with Eastwinds or not, the 10-year extension provides the City the ability to then pursue other avenues for attempting to accomplish the 40-Mile Loop and the Sandy Riverfront Access Plan. The extension by no means is tied to Eastwinds. All it does is extend the Agency's ability to

be able to provide those development incentives. If it isn't extended the \$6 million in available financing expires. There is nothing in the amendment that requires that it be spent on any particular developer.

Councilor Allen stated I wish we had an understanding of what was expected purely for the reason that if that is not settled then monetary issues have a tendency to make situations ugly. And do we want to go ugly for another 10 years. That is the question at hand. I wish it was more solid than it is. I would like to see positive progress going forward.

Erich Mueller stated the Plan that was adopted limited the maximum indebtedness to \$7 million. Regardless of what vision any particular developer might have for the site, the City and the Agency have a limited amount of resources. There is only going to be so much that is going to be available under the Plan. Exactly what that gets spent on is going to be driven to some degree by what development plan is ultimately approved. The two primary sources that were in the original Report on the Plan were the tax increment revenue and the sale of City real estate.

Councilor Allen stated if the maximum indebtedness is spent, or if \$15 million is spent, I don't know what that looks like to the City and the City's budget because I don't know if I even know what is going to be developed.

Erich Mueller stated it is independent of the City's budget other than the City is the one that is going to have to go out and borrow the money to lend to the URA.

Councilor Allen stated until enough tax increment occurs to be able to cover that loan we have to cover that gap.

Erich Mueller replied correct.

Councilor Morgan asked Doug MacCourt, in your 25 years of experience, would it be safe to say that regardless if Eastwinds is the partner in this situation, it would be the right move to extend it knowing that it expires in thirteen months, or should the City wait until we have different partner or the current partner?

Doug MacCourt stated my strong recommendation is the decision is really independent of Eastwinds. The longer the time period is the more likely the City has the ability to develop another relationship if it needs to. Eastwinds isn't driving the bus here. The City is basically trying to set as long of a planning horizon as it can because other people are going to come in and affect this deal. It really is independent of Eastwinds. It gives you more flexibility the longer you set it.

Mayor Daoust stated your answers are what I am looking for to make a decent decision for the City. It just makes sense to me that we don't want to kick out investors. It makes so much sense to not create a barrier to development by shortening the window, based on expert advice. It is our plan that we are dealing with. We are not dealing with Eastwinds

and trying to incentivize them by pushing them; that is not what we are dealing with. We are dealing with how long we want to keep the window open.

Doug MacCourt stated in September there was a staff report and a proposed deed for the transfer of the City's property to the URA so it then could be sold to Eastwinds or whoever buys it. Both in the resolution and in the terms of the deed itself it provides that once this property is sold from the URA to a buyer they have to comply with a reasonable timeframe to complete the development. So they can't sit on it and drag their feet. That timeframe could be something like 2 or 3 years. But whatever it is it is a decision that this body makes. We were helped by state law because it has that provision in the urban renewal statute, but we incorporated it specifically into that document that went to Council and the URA to deal with the concern that the City wanted to move this along and if Eastwinds wasn't ready and somebody else was then it is going to be somebody else. There is a built-in protection against this idea that this could flounder for four or six more years or longer. That date of potential transfer to the URA is getting sooner. We just received the Department of Environmental Quality's (DEQ) approval on the Closure Report for the City's property. They anticipate issuing the No Further Action determination by mid-March. Also in the deed and resolution we put a condition that we obtain that DEQ determination before it is transferred to the URA. Those steps have fallen into place.

We have state, federal and regional partners. I know this body has to make its own decision. My loyalty and my job is to represent the City of Troutdale, but we have packaged this project to obtain state grant funds, regional grant funds and federal grant funds that are not insignificant. Each time we did that we described the planning process that this City has gone through and a key part of that was tax increment financing in the urban renewal structure. They are all very aware that that is a key part of the strategy of the City to develop this. The message that we send by the length of the extension is a very real one. The action that we take sends a very strong message to our partners so they will continue to support us.

Mayor Daoust stated I am very sensitive to those kinds of things. We have to put things into perspective that we are in a partnership with other people. I am not just talking about Eastwinds. We are in a partnership with a lot of partners. I am very sensitive to the signal that this Council sends to all of those partners. If we artificially restrict things too much it is going to send a signal.

Councilor White asked Erich, do you know how much we have spent to-date on urban renewal?

Erich Mueller replied we have spent \$733,000 up through last month from the beginning in 2006. That is what the URA has spent. To that you need to add the \$300,000 that the City spent for the option for the right-of-way through the Outlet Mall. \$1,033,000 and counting. On the revenue side \$710,000 has come in from loans from the City to the URA. \$104,000 came from the Business Oregon grant. So far I have received reimbursements of \$82,000 from EPA and there is more that I need to submit. Eastwinds has provided two different matches; one for the Metro grant and one for the Business Oregon grant. Those

two combined was \$28,000 of matching funds from Eastwinds. There was another \$15,000 in grant money from Metro. \$940,000 in revenue to-date.

Councilor Allen asked do we have an idea of how much investment the City is expected to put into this? And if so, whether the City can actually afford it without cutting current service levels?

Erich Mueller replied back on October 21st we went through the financial obligations and forecasts that had been done back in 2006. It hasn't been revised because we don't have something more definitive from a developer in terms of what they would proposed to put into the Plan. There are a number of items that were previously mentioned. One of the new items that has been talked about was a Kibling Street bridge, which wasn't in the original 2006 Plan. That has been estimated to be more than \$20 million. There isn't a resource for that that is obvious to me. I don't know if there is some external source that might provide that type of funding. We really haven't had anything definitive enough to even begin looking for that kind of money. The Sandy River Access Plan that was done using the Metro grant money, I believe came in at about \$4.2 million for their grand vision. What exactly we would spend, and on what aspects of the Plan we spend it on, are yet to be determined. I am assuming the funds will come out of those two primary sources of revenue – proceeds of the land sale and the \$7 million of maximum indebtedness. If there is a desire to spend something more than that, then that becomes a budgetary decision for the Budget Committee and the Council.

Councilor Allen asked do we have an idea of how much resources we can put into this project and still not have to cut city services or have an effect on our service levels?

Erich Mueller replied that would depend on the year in which you ask the question. Any particular year where we have already run at a deficit, I would assume it would be zero because we are already using reserves. Again that comes down to a policy decision of the Budget Committee to spend more than that.

Councilor Wilson stated if we just use the urban renewal indebtedness plus whatever the property sells for the City will have no money coming out the general fund so it won't have an effect on our services unless our income goes down, or we create more debt with the urban renewal part of it.

Erich Mueller stated other than in any particular year we may be in a situation where we are subsidizing the debt service that is required for the debt that we took out because the increment hasn't grown enough yet. That would come back to us over time, but in any particular budget year we might need to spend an extra \$150,000 above what we are collecting from the URA that we have to use to pay the bond holders. That would have to come from the City's general fund. In subsequent years we would presumably collect an additional \$150,000 in some year or combination of years to pay that deficit back.

Councilor Wilson stated so the net should be zero at the end of this.

Erich Mueller replied yes but over time.

Councilor Allen stated that timeframe could be 15 years. The variables in this seem to be what the dollar value of development is, what kind of timeframe the development happens in, how much we borrow, and what rate we borrow from.

Erich Mueller stated and what does the development activity create in terms of assessed value. The new assessed value that comes onto the tax rolls is what drives that increment revenue.

Councilor Allen stated I am just trying to figure out if what is expected from us is going to drive our city into the ground.

Councilor Morgan asked if we do this extension and for whatever reason the purchase and sales agreement falls through, the partnerships we currently have, are they still in place for the long-term of this project? I know it is on the Governor's Regional Solutions Team but does that change if we can't come to an agreement with them?

Doug MacCourt replied no. Sure they will be disappointed; we will be disappointed. None of our partnerships or arrangements are dependent upon Eastwinds sticking around.

Councilor Morgan asked if we don't extend this tomorrow does that affect our partnerships?

Doug MacCourt replied I think it does. Partly because of the message it sends. We built their expectations off of using tax increment financing and having a URA to do this project. Part of what it says is maybe we are second-guessing that. There are a lot of people trying to get their attention and we have had their attention. We have been told by the Regional Solutions Team that our project is up towards the top. It only stays there if we keep doing the right thing.

3. Adjourn:

Meeting adjourned at 8:11pm.

DRAFT

Doug Daoust, Mayor

Dated: _____

ATTEST:

Debbie Stickney, City Recorder

BACKGROUND:

The City Council, at their January 13, 2015 meeting, directed staff to conduct a recruitment to fill vacant positions on the Parks Advisory Committee. Ads were placed in the Gresham Outlook, on the City's Web Page and Facebook.

The City's Selection Committee (comprised of the Mayor, City Councilors and the Chair of the Committee) met on February 17, 2015 to interview the applicants for the Parks Advisory Committee.

The Selection Committee is recommending the following applicants for appointment:

Parks Advisory Committee

Position #3 – Audrey Maroon

Position #8 – Corey Brooks

Alternate – Graham Phillips

Term Expires 12/31/15

Term Expires 12/31/17



CITY OF TROUTDALE



STAFF REPORT

SUBJECT / ISSUE: Public Hearing on an Ordinance Amending Chapters 1.020 And 4.700 Of The Troutdale Development Code By Amending The Permitted Use Section Of The Town Center Overlay Zone To Allow Urban Agriculture Uses, Along With A Related Amendment To The Definitions, And Amendment To The Town Center Overlay Zone Purpose Statement.

MEETING TYPE:
City Council Regular Mtg.

MEETING DATE: February 24, 2015

STAFF MEMBER: John Morgan
DEPARTMENT: Community Development

ACTION REQUIRED
Ordinance - Introduction

ADVISORY COMMITTEE/COMMISSION RECOMMENDATION:
Approval

PUBLIC HEARING
Yes

Comments: Troutdale Planning Commission recommends adoption

STAFF RECOMMENDATION: Adoption

EXHIBITS:

- A. Planning Commission Findings of Fact and Recommendation of January 28, 2015 including the proposed Development Code language.
- B. Planning Commission's Recommended Troutdale Development Code Amendments

Subject / Issue Relates To:

- Council Goals Legislative Other (describe)

Issue / Council Decision & Discussion Points:

- ◆ At the request of McMenamins, Inc., the Council initiated a text amendment to incorporate agricultural uses into the Town Center Overlay Zone. The Council will conduct a public hearing and then adopt the ordinance creating the text amendments, adopt the ordinance with revised amendments, or not adopt the ordinance.
- ◆ Planning Commission recommends approval but expressed concern about potential impacts of raising of livestock. No recommendations were made on the point.

Reviewed and Approved by ^{Acting} City Manager:

- ◆ Staff is recommending limits on the size of the area devoted to raising of livestock in order to help minimize any negative impacts

BACKGROUND:

McMenamins is interested in purchasing the property north of its Edgefield complex across Halsey Street to develop as a small-scale farm to provide agricultural products for its restaurants. However, the zoning on the property is General Commercial with the Town Center Overlay and agricultural uses are not permitted.

Therefore, McMenamins requested the Council initiate a text amendment to the Development Code that would make agricultural uses allowed in the Town Center Overlay Zone. The Council took this action in 2014 and the matter was referred to the Planning Commission for development of a draft and developing a recommendation to the City Council following a public hearing. The Commission finished its work on January 28th with recommended language being forwarded to the Council via this staff report.

It must be noted the change, if approved will apply in the entire Town Center Overlay zone area, not just the McMenamins property.

The City Staff developed draft language for the Commission's consideration. The Commission, after a January 28th public hearing, accepted that language with three amendments as described below:

1. The draft definition of "Local food production use" was amended by adding a sentence specifically excluding any substance regulated by the Federal Controlled Substance Act.
2. The list of permitted uses was edited by breaking the long paragraph covering multiple uses as "Additional Permitted Uses" into three subsections for better reading clarity.
3. The Commission, upon Chair Staffenson's motion, approved deleting reference to the Metro 2040 Growth Concept in the Purpose Statement for the Town Center Overlay Zone.

The Planning Commission expressed in its findings a concern about potential impacts from the raising of livestock. Staff concerns in the finding and recommends a limit on the size of any area devoted to livestock with the intent of allowing limited livestock raising, secondary to the raising of crops, minimizing the possibility of impacts on surrounding properties primarily due to odor.

Staff recommends the following language be added to the Planning Commission proposed language for 4.720.E.1. *(The Planning Commission recommended changes are underlined. New proposed staff language is underlined and bold)*

Additional permitted uses: Single-family detached dwellings (except manufactured homes), duplex, triplex, attached, and multiple-family dwellings, provided the residential use is located above or behind a permitted commercial use, whether within the same building as the commercial use or in a separate building; local food production uses on lots or parcels one acre in size or

larger, provided no poultry or livestock, other than household pets, shall be housed within 100 feet of any residence other than a residence on the same lot and shall not occupy an area greater than 10,000 square feet or 10% of the total property whichever is larger; and public parking lots.

The attached ordinance include both the Planning Commission's and Staff's recommended language.

RELEVANT CRITERIA:

Section 15.050 of the Troutdale Development Code establishes the following approval criteria for evaluating comprehensive plan amendments.

1. *For Comprehensive Plan text amendments, compliance with the Statewide Land Use goals and related Administrative Rules.*

This section is not applicable as this is a Development Code text amendment not a Comprehensive Plan text amendment.

2. *Public need is best satisfied by this particular change.*

Public need is best satisfied by the recommended changes. The Urban Agriculture Code Amendment reflects a growing market for locally produced food as well as the use and enjoyment of that food in local eating establishments. It provides an avenue for supporting existing restaurant businesses and encouraging new investment.

There was one public comment at the Planning Commission's January 28th public hearing expressing concern about livestock use.

The Commission concurred in the citizen's concern and makes a finding it is also concerned about livestock threshold issues.

3. *The change will not adversely affect the health, safety and welfare of the community.*

Adoption of this text amendment includes provisions limiting livestock therefore helping to mitigate any impacts from livestock operations. The proposed use produces negligible traffic and little or no sewer and water infrastructure impact.

4. *In the case of Development Code amendments, the particular change does not conflict with applicable comprehensive plan goals or policies.*

The proposed Development Code change is not contrary to any policy within the Comprehensive Plan.

PROS & CONS:

Pros:

- Adoption furthers economic opportunity consistent with changing market potential

Cons:

- None other than potential impacts from livestock operations which the Council may wish to discuss.

Current Year Budget Impacts Yes *(describe)* N/A

Future Fiscal Impacts: Yes *(describe)* N/A

City Attorney Approved N/A Yes

Community Involvement Process: Yes *(describe)* N/A



**BEFORE THE PLANNING COMMISSION
of the
CITY OF TROUTDALE
FINDINGS of FACT, FINAL ORDER and
RECOMMENDATION to the CITY COUNCIL**

**Pertaining to
TEXT AMENDMENTS to TROUTDALE DEVELOPMENT CODE
CHAPTER 1.020 DEFINITIONS; CHAPTER 4.710 PURPOSE AND
INTENT - TOWN CENTER OVERLAY ZONE; AND CHAPTER
4.720 PERMITTED AND CONDITIONAL USES-TOWN CENTER
OVERLAY ZONE**

PROCEDURE: IV Legislative Procedure

HEARING DATE: January 28, 2015

STAFF: John Morgan, City Planner

PROJECT NAME: Troutdale Development Code Text Amendment concerning Urban Agriculture

ATTACHMENT: Proposed Text Amendment – Urban Agriculture

FINDINGS OF FACT:

Section 15.050 of the Troutdale Development Code establishes the following approval criteria for evaluating comprehensive plan amendments. The Troutdale Planning Commission hereby finds the following relative to those criteria in this matter:

1. For Comprehensive Plan text amendments, compliance with the Statewide Land Use goals and related Administrative Rules.

This section is not applicable as this is a Development Code text amendment not a Comprehensive Plan text amendment.

2. Public need is best satisfied by this particular change.

Public need is best satisfied by the recommended changes. The Urban Agriculture Code Amendment reflects a growing market for locally produced food as well as the use and enjoyment of that food in local eating establishments. It provides an avenue for supporting existing restaurant businesses and encouraging new investment.

There was one public comment at the Planning Commission's January 28th public hearing expressing concern about livestock use.

The Commission concurred in the citizen's concern and makes a finding it is also concerned about livestock threshold issues.

3. The change will not adversely affect the health, safety and welfare of the community.

Adoption of this text amendment includes provisions limiting livestock therefore helping to mitigate any impacts from livestock operations. The proposed use produces negligible traffic and little or no sewer and water infrastructure impact.

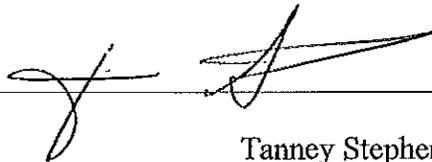
4. In the case of Development Code amendments, the particular change does not conflict with applicable comprehensive plan goals or policies.

The proposed Development Code change is not contrary to any policy within the Comprehensive Plan.

RECOMMENDATION to CITY COUNCIL:

Based upon the foregoing, the Troutdale Planning Commission recommends to the Troutdale City Council adoption of the proposed amendments to the text of the Troutdale Development Code Chapter 1.020 Definitions; Chapter 4.710 Purpose; and 4.720 Permitted and Conditional Uses.

ADOPTED this 28th Day of January 2015



Tanney Stephenson, Chair
Troutdale Planning Commission

City of Troutdale - EXHIBIT B
Urban Agriculture Amendments to the Troutdale Development
Code
February 2015 DRAFT - Planning Commission Recommended
Language

Amend Chapter 1.020 - Definitions - by adding the following definition and renumbering accordingly:

1.020.60 "Local food production use" includes utilization of land to raise, harvest, or sell crops; feed, breed, manage, and sell livestock, poultry, honeybees, or their produce; raise dairy animals and sell dairy products; or engage in any other similar agricultural or horticultural use, animal husbandry, or combination thereof; for producing food to be consumed by people. Local food production uses include preparation or processing and storage of products raised on such land, but do not include construction or use of dwellings. Food does not include any substances regulated by the Controlled Substances Act enacted by the United States Congress.

Amend Chapter 4.700 - Town Center Overlay - by amending the Purpose Statement as follows:

4.710 Purpose and Intent. The purpose of this district is to encourage the downtown Troutdale area to grow as a diverse and viable town center consistent with the Metro 2040 Growth Concept for town centers. The Troutdale Town Center is envisioned as the district that provides shopping, employment, cultural, and recreational opportunities that serve the Troutdale area. In addition, the district allows for continued housing opportunities close to commercial activities. The intent of the specific design standards for buildings,

City of Troutdale - EXHIBIT B

Urban Agriculture Amendments to the Troutdale Development Code

February 2015 DRAFT - Planning Commission Recommended Language

streetscapes, and parking with the TC district is to achieve development that is consistent with the design concepts include, but are not limited to, attractive pedestrian-oriented streets, providing a complementary mix of commercial and residential development, a connected network of streets and accessways to reduce automobile dependency, and avoiding walled streets.

Amend Chapter 4.700 - Town Center Overlay - by amending the permitted use list for properties in the General Commercial zone and the Town Center Overlay:

4.720 Permitted and Conditional Uses. Permitted and conditional uses are the same as those listed in the underlying zoning districts with the following exceptions:

E. General Commercial (GC).

1. Additional permitted uses:

a. Single-family detached dwellings (except manufactured homes), duplex, triplex, attached, and multiple-family dwellings, provided the residential use is located above or behind a permitted commercial use, whether within the same building as the commercial use or in a separate building;

b. local food production uses on lots or parcels one acre in size or larger, provided no poultry or livestock, other than household pets.

City of Troutdale - EXHIBIT B

Urban Agriculture Amendments to the Troutdale Development Code

February 2015 DRAFT - Planning Commission Recommended Language

shall be housed within 100 feet of any residence other than a residence on the same lot;

c. and-public parking lots.

ORDINANCE NO.

AN ORDINANCE AMENDING CHAPTERS 1.020 AND 4.700 OF THE TROUTDALE DEVELOPMENT CODE BY AMENDING THE PERMITTED USE SECTION OF THE TOWN CENTER OVERLAY ZONE TO ALLOW URBAN AGRICULTURE USES, ALONG WITH A RELATED AMENDMENT TO THE DEFINITIONS, AND AMENDMENT TO THE TOWN CENTER OVERLAY ZONE PURPOSE STATEMENT.

THE TROUTDALE CITY COUNCIL FINDS AS FOLLOWS:

1. At the request of McMenamins, Inc., the Council initiated an amendment to the Development Code to allow agricultural use in the Town Center Overlay zone; and
2. The Planning Commission, at the Council's direction; developed proposed amendment language and after a public hearing recommended adoption of amendment language and findings of fact to the City Council;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF TROUTDALE:

Section 1. Chapter 1.020 - General Definitions, Section 4.710 – Town Center Overlay Purpose and Intent, and Section 4.720 – Town Center Overlay Permitted Uses of the Troutdale Development Code shall be amended as follows:

Amend Chapter 1.020 – Definitions – by adding the following definition and renumbering accordingly:

1.020.60 “Local food production use” includes utilization of land to raise, harvest, or sell crops; feed, breed, manage, and sell livestock, poultry, honeybees, or their produce; raise dairy animals and sell dairy products; or engage in any other similar agricultural or horticultural use, animal husbandry, or combination thereof; for producing food to be consumed by people. Local food production uses include preparation or processing and storage of products raised on such land, but do not include construction or use of dwellings. Food does not include any substances regulated by the Controlled Substances Act enacted by the United States Congress.

Amend Chapter 4.700 – Town Center Overlay – by amending the Purpose Statement as follows:

4.710 Purpose and Intent. The purpose of this district is to encourage the downtown Trousdale area to grow as a diverse and viable town center ~~consistent with the Metro 2040 Growth Concept for town centers~~. The Trousdale Town Center is envisioned as the district that provides shopping, employment, cultural, and recreational opportunities that serve the Troutdale area. In addition, the district allows for continued housing opportunities close to commercial activities. The intent of the specific design standards for buildings, streetscapes, and parking with the TC district is to achieve development that is consistent with the design concepts include, but are not limited to, attractive pedestrian-oriented streets, providing a complementary mix of commercial and residential development, a connected network of streets and accessways to reduce automobile dependency, and avoiding walled streets.

Amend Chapter 4.700 – Town Center Overlay – by amending the permitted use list for properties in the General Commercial zone and the Town Center Overlay:

4.720 Permitted and Conditional Uses. Permitted and conditional uses are the same as those listed in the underlying zoning districts with the following exceptions:

E. General Commercial (GC).

1. Additional permitted uses:

a. Single-family detached dwellings (except manufactured homes), duplex, triplex, attached, and multiple-family dwellings, provided the residential use is located above or behind a permitted commercial use, whether within the same building as the commercial use or in a separate building;

b. local food production uses on lots or parcels one acre in size or larger, provided no poultry or livestock, other than household pets, shall be housed within 100 feet of any residence other than a residence on the same lot and shall not occupy an area greater than 10,000 square feet or 10% of the total property whichever is larger; and

c. public parking lots.

Section 2. The findings of fact included in the January 28, 2015 Planning Commission order are adopted by the Council in support of this action.

Section 3. This ordinance is effective upon and from 30 days after its enactment by the Council.

**YEAS:
NAYS:
ABSTAINED:**

Doug Daoust, Mayor

Date _____

Debbie Stickney, City Recorder

Adopted:



CITY OF TROUTDALE



STAFF REPORT

SUBJECT / ISSUE: A Resolution approving the Financial Statements and the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014.

MEETING TYPE:
City Council Regular Mtg.

MEETING DATE: February 24, 2015

STAFF MEMBER: Erich Mueller
DEPARTMENT: Finance

ACTION REQUIRED
Resolution

ADVISORY BOARD/COMMISSION RECOMMENDATION:
Not Applicable

PUBLIC HEARING
No

Comments:

STAFF RECOMMENDATION: *Adopt the Resolution approving the Financial Statements and CAFR for fiscal year 2013- 2014 as prepared by staff.*

EXHIBITS: A: Comprehensive Annual Financial Report (CAFR)

Subject / Issue Relates To:

- Council Goals Legislative Other (describe)

Issue / Council Decision & Discussion Points:

- ◆ The CAFR is the City's presentation of its financial statements for external reporting purposes, and facilitates the monitoring and accountability responsibilities of the City Council for oversight of the City's fiscal affairs.
- ◆ City Management is primarily and ultimately responsible for the fairness of the presentation of the basic financial statements.
- ◆ Therefore the Council should officially approve the City's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014.

BACKGROUND:

The Comprehensive Annual Financial Report (CAFR) of the City of Troutdale for the fiscal year ended June 30, 2014 is provided for your review and approval. The CAFR contains the City's official financial statements which were subject to audit by an independent certified public accounting firm.

Reviewed and Approved by ^{Acting} City Manager:

The CAFR comprises three basic sections: the introductory section which provides general information on the government's structure, the financial section that provides information on each individual fund, and the statistical section which provides a broad range of financial and demographic information useful in assessing a government's economic condition.

The *minimum* level of GAAP (Generally Accepted Accounting Principles) compliant financial reporting for state and local governments requires a complete set of basic financial statements, including accompanying note disclosures, and certain required supplementary information (RSI).

The City has chosen to exceed the minimum GAAP requirement by completing the broader framework of a CAFR. The City participates in the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program. The most recent GFOA certificate is on page (v) of the attached CAFR.

The City has successfully obtained the GFOA Certificate of Achievement for Excellence in Financial Reporting for the past 23 consecutive years, and with this report now in review by GFOA, anticipates a 24th successful year. Of the 38,000 municipal governments across the country, Troutdale is among the only 3,500 which obtain the Certificate of Achievement for Excellence in Financial Reporting Program.

The Statistical Section (beginning on page 81 of the report) includes useful information for the Council, management, citizens and financial partners of the City. Historical data is presented for assets, fund balances, assessed values, property taxes, debt, demographics and city internal functions. This information helps the reader understand where the city has been and where it is going.

PROS & CONS:

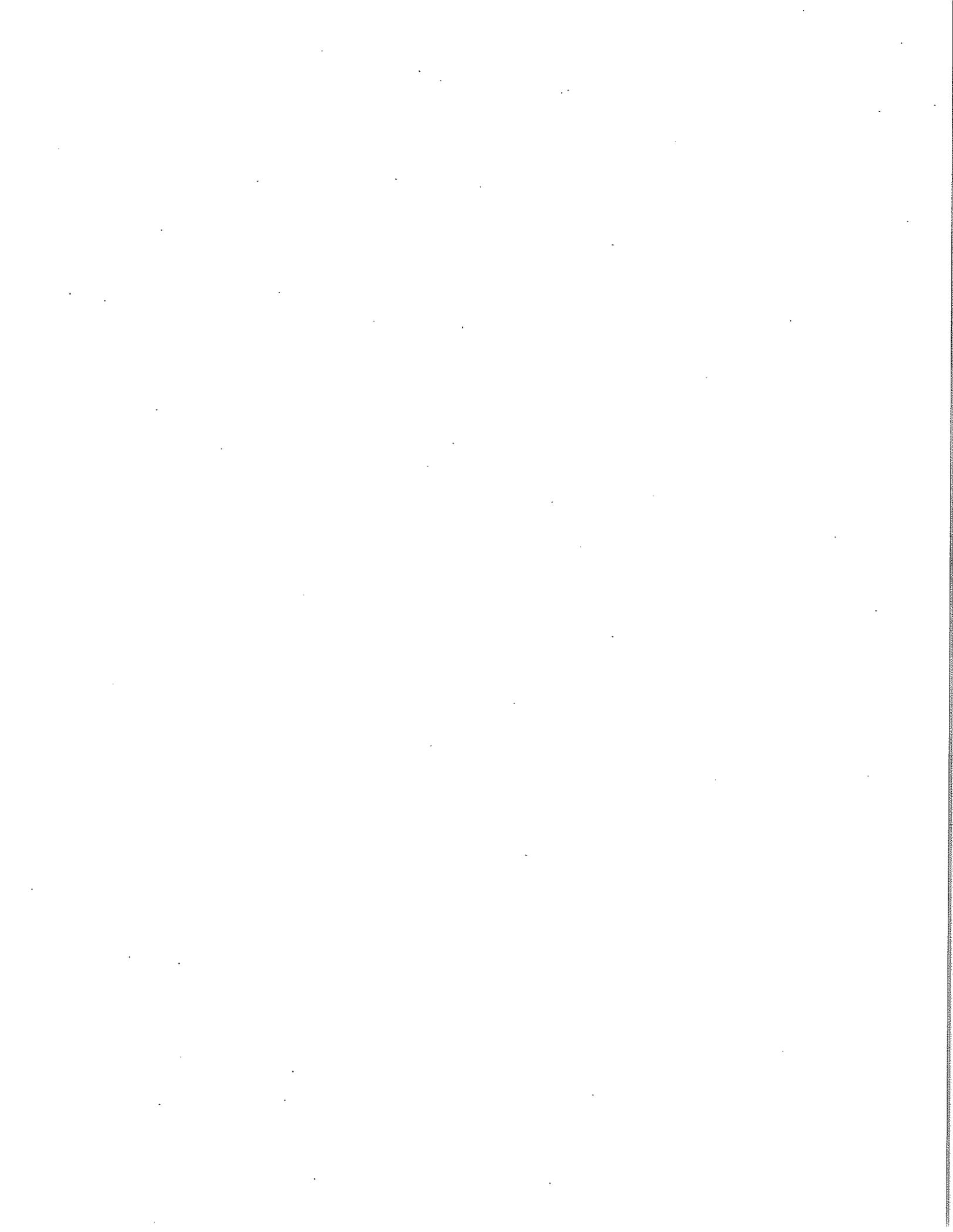
- A. Approve the financial statements and the CAFR as prepared by staff enabling compliance with the Municipal Audit Law, ORS 297.425.
- B. Not approve the financial statements and the CAFR as prepared by staff and fail to comply with the Municipal Audit Law, ORS 297.425 creating negative consequences for City's banking relationships and credit rating, and increased liability.

Current Year Budget Impacts <input type="checkbox"/> Yes (<i>describe</i>) <input checked="" type="checkbox"/> N/A
Future Fiscal Impacts: <input type="checkbox"/> Yes (<i>describe</i>) <input checked="" type="checkbox"/> N/A
Community Involvement Process: <input type="checkbox"/> Yes (<i>describe</i>) <input checked="" type="checkbox"/> N/A

**CITY OF TROUTDALE
TROUTDALE, OREGON**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2014



CITY OF TROUTDALE OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended June 30, 2014

SUBMITTED BY
FINANCE DEPARTMENT

Erich Mueller

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CITY OF TROUTDALE, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDING JUNE 30, 2014

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**INTRODUCTORY
SECTION**

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CITY OF TROUTDALE

"Gateway to the Columbia River Gorge"

December 29, 2014

TO THE HONORABLE MAYOR DOUG DAOUST, MEMBERS OF THE CITY COUNCIL, AND
CITIZENS OF THE CITY OF TROUTDALE, OREGON

The Finance Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Troutdale, Oregon for the fiscal year ended June 30, 2014. State law requires that every local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. We believe the City's internal control structure adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions. To the best of our knowledge and belief, the enclosed data is accurate in all material aspects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City selected the accounting firm of Pauly, Rogers and Co., P.C. to conduct the independent financial audit. The auditor rendered an unqualified ("clean") opinion on the City of Troutdale financial statements for the year ended June 30, 2014. The independent auditor's report is located at the front of the Financial Section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

CITY PROFILE

The City of Troutdale is located in northwestern Oregon, in the eastern part of the Portland metropolitan area, in Multnomah County. It is comprised of approximately six square miles and has a population of 16,015.

Troutdale was incorporated in 1907 and operates under the provisions of its own charter adopted in 1994 and applicable State law. The City operates under the Council-Manager form of government. Policy making and legislative authority are vested in the City Council which consists of a Mayor and six Council members. The Mayor is elected to a four-year term; the Council members are elected at large by the citizens of Troutdale with each Councilor serving a four-year term. The City Council provides community leadership and develops policies to guide the City by setting goals, passing ordinances and adopting resolutions, appointing advisory committees, authorizing contracts, adopting budgets, and hiring the City Manager, City Attorney and City Judge.

The City Manager is the administrative head of the City responsible for carrying out the policies and ordinances of the Council, managing the day-to-day operations of the City and appointing department heads.

The City provides a full range of services as authorized in its charter and ordinances. This includes police protection, contract fire service, street construction and maintenance, water, sanitary and storm sewers, parks, land use planning and zoning, public improvements, building inspections, code enforcement, municipal court, recreation programs and general administrative services.

The City's annual budget is prepared in accordance with the provisions of Oregon Local Budget Law. The budgeting process includes citizen input through various stages of preparation, public hearings, and adoption of the final budget by the City Council. Additional resources not anticipated in the adopted budget may be added through the use of a supplemental budget. A supplemental budget requires hearings before the public, publication in newspapers, and formal adoption by the City Council. Original and supplemental budgets may be modified by the use of appropriation transfers with required approval by the City Council.

This annual budget serves as the foundation for the City of Troutdale's financial planning and control. Budgetary control is maintained and appropriated at the department or program level in the general operating fund and public services fund while all other funds are maintained and appropriated by major category of expense, such as personnel services, materials and services, capital outlay, debt service, and transfers. The operating contingency account is appropriated separately in each fund.

For additional statistics and information about the City of Troutdale please refer to the Statistical Section of this report.

ECONOMIC CONDITION AND OUTLOOK

The general economy is better than a year ago, and is approaching an average 3% GDP growth rate later in 2014 and into 2015. The improvement in consumer sentiment provides some encouragement to the outlook. Higher corporate profits created a banner year in the stock market for 2013 and continued strong performance in 2014. Both home prices and unemployment have continued to improve, with auto sales and export manufacturing showing strong sales.

The ongoing economic recovery has impacted the Portland metropolitan area with positive but modest job growth during the past year. Both construction activity and business tax collections continue to improve from the 2008 financial crisis levels.

The certified population of Troutdale was recently updated to reflect census results bring total residents to 16,015. Improvement in the new commercial construction from no activity in the prior year and a slight uptick in residential property activity both point to an improving real estate market. There is renewed interest in Troutdale Reynolds Industrial Park (TRIP) site, in addition to an expansion project to the successful FedEx facility. Building permit revenues for construction in Troutdale recovered from \$182,000 in the prior year to \$292,000, and the value of new residential property starts increased to \$1.2million from \$937,000 in the prior year.

The City of Troutdale receives a portion of the business income tax collected by Multnomah County. The tax paid to the County equals 1.45% of net business revenues. The County shares 10% of the collections with the City of Troutdale, City of Gresham, City of Wood Village and City of Fairview. The tax is distributed based on population and assessed values. Troutdale received \$790,000 in the current year, an increase of \$81,000 or 11%, representing continuing recovery of businesses.

The City's location in the Portland metropolitan area provides citizens with many diverse employment opportunities. The unemployment rate for the Portland metropolitan area was 6.1% in

June 2014, and has move down from 7.3% a year prior. The Portland metropolitan area's June 2014 unemployment rate was equal to that of the national average of 6.1%, and is slightly less than the Oregon State unemployment rate of 6.8%.

Troutdale has a diversified economic base. The City is home to one of the Port of Portland's three general aviation airports. The vibrancy of Troutdale is apparent with its easy access to the Port of Portland's international airport and Interstate 84 with two major travel center trucking stops, three motels, one hotel/resort and recreational vehicle park. Troutdale is home to light manufacturing, regional transportation trucking facilities, residential care facilities, factory outlet stores and state of the art shopping centers. A community college and major hospital facility border the south corporate boundary of Troutdale.

Troutdale's strategic location at the eastern edge of the Portland metropolitan area, the western gateway to the Columbia River Gorge National Scenic Area and the Sandy River Recreation Area, allows Troutdale to offer a combination of urban and rural lifestyles to its residents as well as attracting tourists and providing extensive services to commercial travelers.

The City faces longer term financial impact items which include City Hall replacement, capped property tax increases, increasing health care and retirement costs, limited acreage for residential development, and expiring Fire Services contract. Each will require study and policy discussions with both the City Council and Budget Committee.

See the Management's Discussion and Analysis (MD&A) section for additional discussion of economic factors affecting the City.

MAJOR FINANCIAL INITIATIVES

Replace Police Department Building – On November 2, 2010 Troutdale voters decided it was a civic priority to construct the proposed Community Police Facility by approving \$7.5 million of dedicated property tax resources. Work is almost completed on replacing the Police Department building setting the stage for achieving a long standing City goal. The successful bond offering in February 2011 provided the project funding. Construction was completed both on time and on budget.

City Hall Building – Addressing the structural and environmental safety issues of the City Hall building is the City's most pressing facility need. Beyond the several current structural issues, the facility lacks the necessary space for current and future needs. The current facility lacks adequate parking for citizens, contractors and staff, and adequate secure records storage space. The building was vacated with operations being distributed to several locations around the City. The City is reviewing options for a longer term solution.

Urban Renewal Agency for the City of Troutdale – In January 2006 the City Council established the Urban Renewal Agency for the City of Troutdale (Agency). In May 2006 the Troutdale voters approved the Troutdale Riverfront Renewal Plan. The goal of the Agency is to fund public improvements and spur private development in the Troutdale Riverfront area. The goal of the district is to promote the optimum development of the site. The City owned land that housed the former sewage treatment plant is one specific property the City would like to see redeveloped. Anticipated development in the district includes a mix of retail, business, and residential housing. The City also plans to provide public improvements to the area including transportation access improvements, a riverfront park, public plaza, public parking and a pedestrian bridge to the Town Center area. The Agency budget appropriation was provided by the City during the 2014 fiscal year and was included as a component unit in the City's financial statements.

Contracted Law Enforcement Services – During the past year the City and the Multnomah County Sheriff's Office (MCSO) have discussed the potential for the MCSO to provide police

services in the City at lesser cost while maintaining the city identity and service levels, and while expanding career opportunities for existing police officers through transfer to the MCSO. Additional discussion with both Multnomah County administrative departments and the labor unions are necessary in coming year to determine the viability of policy options.

Fire & Emergency Services – Fire protection is provided in Troutdale through an intergovernmental agreement with the City of Gresham. In past years, the Troutdale residents have paid significantly less than Gresham residents for fire services. A Three-City Fire Service Advisory Committee was established to analyze the options available to continue providing affordable quality fire services to the citizens. Based on the recommendations by the Committee, Troutdale agreed to a ten-year contract with the City of Gresham that phases in the increased fire services costs over a two-year period. The first increase occurred in FY 2005-06 totaling \$240,000 or 28%, followed by a second increase of \$143,000 or 13% in FY 2006-07. The agreement calls for a 3.5% increase in fire service costs for the next three years and 4% for the following five years of the contract. Property tax revenues are the main funding source for fire service costs. Statutory limits on property tax growth have restricted increases in Troutdale's property tax collections. This fiscal year property assessed values actually decline 0.88% from the prior year further widening the gap of the fire contract 4% cost increases of the past five years. The significant increase in fire service costs will continue to impact General Fund operations and financial stability. Troutdale will continue to work with the other cities to monitor service quality and associated increased costs. Early discussion on a successor contract portend a significant cost increase for future years.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Troutdale for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the 24th consecutive year that the City has achieved this prestigious award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

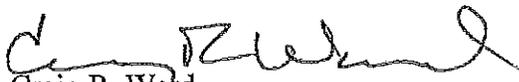
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report was a combined effort of the dedicated staff in the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. We also acknowledge the efforts of other departments who provided information that helped to make the report far more than a presentation of financial statements.

In closing, we acknowledge the City Council of Troutdale for their continued support and leadership.

Respectfully Submitted,



Craig R. Ward
City Manager



Erich R. Mueller
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Troutdale
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

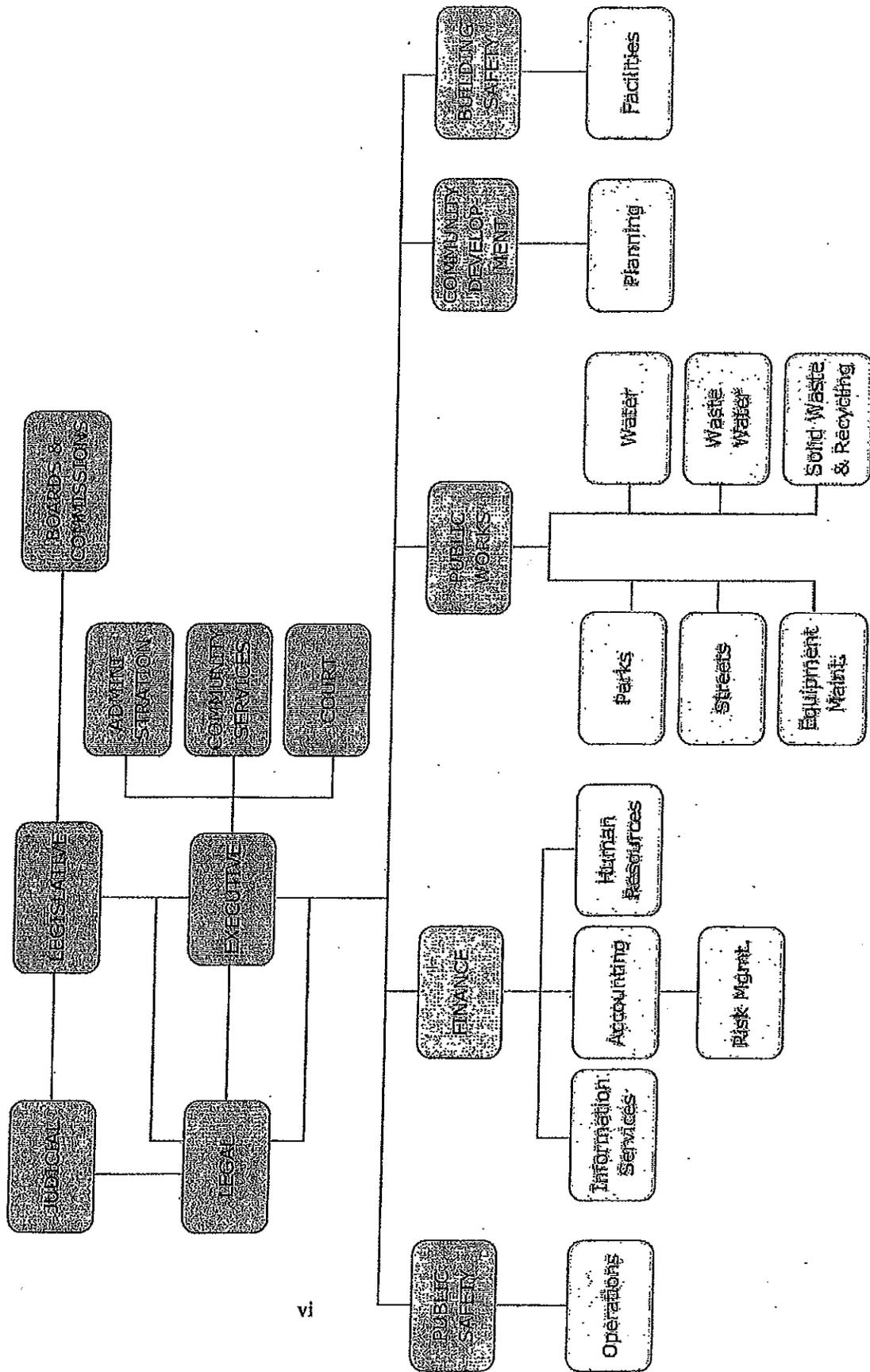
June 30, 2013

Executive Director/CEO

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City of Troutdale

Organization Chart by Function



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City of Troutdale, Oregon

PRINCIPAL OFFICIALS AS OF JUNE 30, 2014

ELECTED OFFICIALS:

	<u>Term Expires</u>
MAYOR	
Doug Daoust	December 31, 2016
COUNCIL MEMBERS	
David Ripma	December 31, 2014
Eric Anderson	December 31, 2016
Norm Thomas	December 31, 2014
Glenn White	December 31, 2016
Rich Allen	December 31, 2014
John Wilson	December 31, 2016

APPOINTED OFFICIALS:

CITY MANAGER

Craig Ward

FINANCE DIRECTOR

Erich Mueller

LEGAL COUNSEL

Ed Trompke

All may be reached at:

219 E. Historic Columbia River Hwy
Troutdale, OR 97060-2078
(503) 665-5175

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**FINANCIAL
SECTION**

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PAULY, ROGERS, AND Co., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcocpas.com

December 29, 2014

To the Honorable Mayor and
Members of the City Council
City of Troutdale, Oregon

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Troutdale, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Troutdale, as of June 30, 2014, and the respective changes in financial position and budgetary comparisons for the general fund and street fund, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The City adopted the provisions of GASB 65 – Items Previously Reported as Assets and Liabilities for the year ended June 30, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary and other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, the statistical section, and the other information, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 29, 2014, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This narrative provides an overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014. It focuses on the year's financial activities, significant changes in the City's financial position, budget changes and variances from the approved budget, as well as economic factors affecting the City. We encourage readers to consider the information presented here in conjunction with the additional information provided in the Letter of Transmittal and the Basic Financial Statements included in this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceed its liabilities at the close of the fiscal year by \$56.1 million (*net position*). Of this amount, \$6.6 million (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$4.5 million during the year. Due primarily to developer contributed capital of public improvement additions to utility systems infrastructure.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$8.7 million, an increase of \$0.1 million due to reductions in budgeted expenditures. \$3.2 million of the ending fund balance is available to meet the City's ongoing obligations to citizens and creditors. (*unassigned fund balance*).
- At year-end, the unassigned fund balance for the General Fund was \$3.7 million or 42% of total general fund expenditures during the year. The limited change in the ending fund balance for the General Fund is attributable to decreased capital outlay and reductions in budgeted expenditures.
- The City's capital assets net of depreciation increased by \$3 million due to developer donated infrastructure along with routine vehicle and equipment purchases. Long-term debt decreased by \$1.5 million through scheduled debt payments.

OVERVIEW OF FINANCIAL STATEMENTS

The City's annual financial report consists of several sections. Taken together they provide a comprehensive financial look at the City. The components of the report include the following:

- **Management's Discussion and Analysis (MD&A).** This section of the report provides financial highlights, overview and economic factors affecting the City. The MD&A is intended to explain the significant changes in financial position and differences in operations between the current and prior years.
- **Basic Financial Statements.** This section consists of government-wide financial statements, fund financial statements and notes to the financial statements. The first several statements are highly condensed and present a government-wide view of the City's finances. Within this view, all City operations are categorized and reported as either governmental or business-type activities. Governmental activities are principally supported

by taxes and intergovernmental revenues while business-type activities recover all or a significant portion of their costs through user fees and charges. Governmental activities include basic services such as public safety, transportation, community development and general government. Business-type activities are water, sewer, storm sewer, and public services. The government-wide statements include the Statement of Net Position and the Statement of Activities.

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the community owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts.
 - The Statement of Activities focuses on gross and net costs of city programs and the extent to which such programs rely upon general tax and other revenues. This Statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
 - Fund financial statements focus separately on major government funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's major governmental funds are presented in their own column and the remaining funds are combined into a column titled "Other Governmental Funds". Budgetary comparison statements are presented for the General Fund and the Street Fund (the sole major special revenue fund). Statements for the City's proprietary funds follow the governmental funds and include net position, revenues, expenses and changes in fund net position, and cash flow.
 - The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.
- **Supplementary and Other Information.** This section includes combining statements for non-major governmental funds and budgetary comparison schedules.
- **Combining Statements.** Major funds are included within the Basic Financial Statements, whereas non-major funds are presented here. These statements include balance sheets and statements of revenues, expenditures and changes in fund balances.
 - **Budgetary Comparisons.** Budgetary information for all funds, except the General Fund and Street Fund, which are presented within the Basic Financial Statements, are presented here.
 - **Capital Assets and Other Financial Schedules** complete the Financial Section of the report.
- **Statistical Section.** Trend information and demographics.
- **Reports by Independent Certified Public Accountants.** Supplemental communication on city compliance and internal controls as required by Oregon statutes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Table 1 provides a summary of net position at fiscal year-end and is a condensed version of the statement of net position.

Table 1
City of Troutdale, Oregon
Summary of Net Position
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Cash and investments	\$ 8.6	\$ 8.9	\$ 5.4	\$ 5.1	\$ 14.0	\$ 14.0
Other assets	0.9	1.0	0.5	0.7	1.4	1.7
Capital assets	19.7	19.7	34.7	31.6	54.4	51.3
Total assets	<u>29.2</u>	<u>29.6</u>	<u>40.6</u>	<u>37.4</u>	<u>69.8</u>	<u>67.0</u>
Other liabilities	1.3	1.2	1.3	1.2	2.6	2.4
Long-term debt outstanding	7.7	8.3	3.5	4.6	11.2	12.9
Total liabilities	<u>9.0</u>	<u>9.5</u>	<u>4.8</u>	<u>5.8</u>	<u>13.8</u>	<u>15.3</u>
Net Position						
Net investment in capital assets	11.7	11.7	30	26	41.7	37.7
Restricted	5.5	5.3	2.3	1.2	7.8	6.5
Unrestricted	3.1	3	3.5	4.4	6.6	7.4
Total net position	<u>\$ 20.3</u>	<u>\$ 20.0</u>	<u>\$ 35.8</u>	<u>\$ 31.6</u>	<u>\$ 56.1</u>	<u>\$ 51.6</u>

The City's assets exceeded liabilities by \$56.1 million at the close of the fiscal year, a \$4.5 million increase from the prior year, primarily due to the significant developer constructed and donated public improvements for the TRIP phase I subdivision development, and secondarily to the delay in many capital projects and cautious budget expenditures. The majority of the City's net position reflect investment in capital assets (e.g., land, buildings, equipment and infrastructure) less any related outstanding debt used to acquire those assets. Net position invested in capital assets are non-liquid assets that cannot be used to meet current operating cash flow needs of the City. Investments include buildings and equipment used to provide city services and infrastructure benefiting the community, including roads, curbs and sidewalks, and water, sewer and waste water systems.

Restricted net position are subject to external restrictions on how they may be used. These restricted net position include system development charges (SDC) collected from developers to pay the cost of infrastructure expansion as needed to meet the demands of population growth, and taxes and other collections limited to repayment of debt. The modest increase in construction activity has generated SDC fees increasing restricted net position.

The remainder of the net position, referred to as unrestricted, may be used to meet the ongoing obligations of the government to citizens and creditors.

Statement of Activities

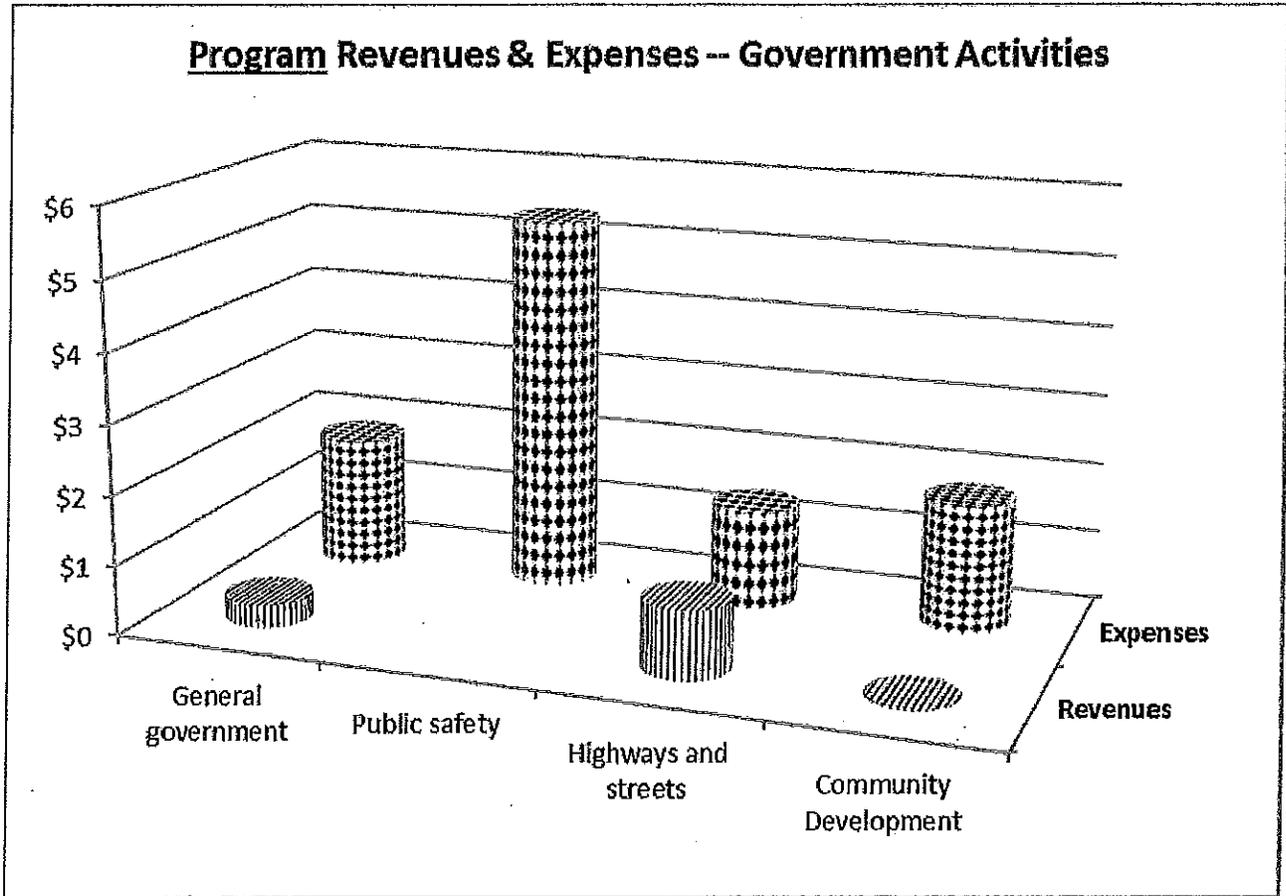
Table 2 provides a summary of the primary sources and uses and the resulting change in net position for the City. The information is condensed from the statement of activities.

Table 1
City of Troutdale, Oregon
Summary of Changes in Net Position
(in millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program revenues:						
Charges for services	\$ 0.3	\$ 0.4	\$ 5.2	\$ 5.2	\$ 5.6	\$ 5.6
Operating grants and contributions	0.9	0.9	-	-	0.9	0.9
Capital grants and contributions	0.1	-	4.2	0.1	4.2	0.1
General revenues:						
Property taxes	4.4	4.2	1.5	1.4	5.8	5.6
Franchise and other taxes	2.2	2.1	-	-	2.2	2.1
Other receipts	2.8	3.3	0.1	0.1	2.9	3.4
Total revenues	<u>10.7</u>	<u>10.9</u>	<u>11.0</u>	<u>6.8</u>	<u>21.6</u>	<u>17.7</u>
Expenses:						
General government	1.9	2.0	-	-	1.9	2.0
Public safety	5.4	4.8	-	-	5.4	4.8
Highways and streets	1.4	1.2	-	-	1.4	1.2
Solid waste/recycling	0.0	-	-	-	0.0	-
Community development	1.8	1.6	-	-	1.8	1.6
Interest on long-term debt	0.0	-	-	-	0.0	-
Water	-	-	1.9	1.9	1.9	1.9
Sewer	-	-	3.3	3.1	3.3	3.1
Storm sewer	-	-	0.5	0.5	0.5	0.5
Public services	-	-	1.1	0.9	1.1	0.9
Total expenses	<u>10.5</u>	<u>9.6</u>	<u>6.8</u>	<u>6.4</u>	<u>17.2</u>	<u>16.0</u>
Increase (decrease in net position)	0.2	1.3	4.2	0.4	4.4	1.7
Net position, beginning	20.1	18.8	31.6	31.2	51.7	50.0
Net position, ending	<u>\$ 20.3</u>	<u>\$ 20.1</u>	<u>\$ 35.8</u>	<u>\$ 31.6</u>	<u>\$ 56.1</u>	<u>\$ 51.7</u>

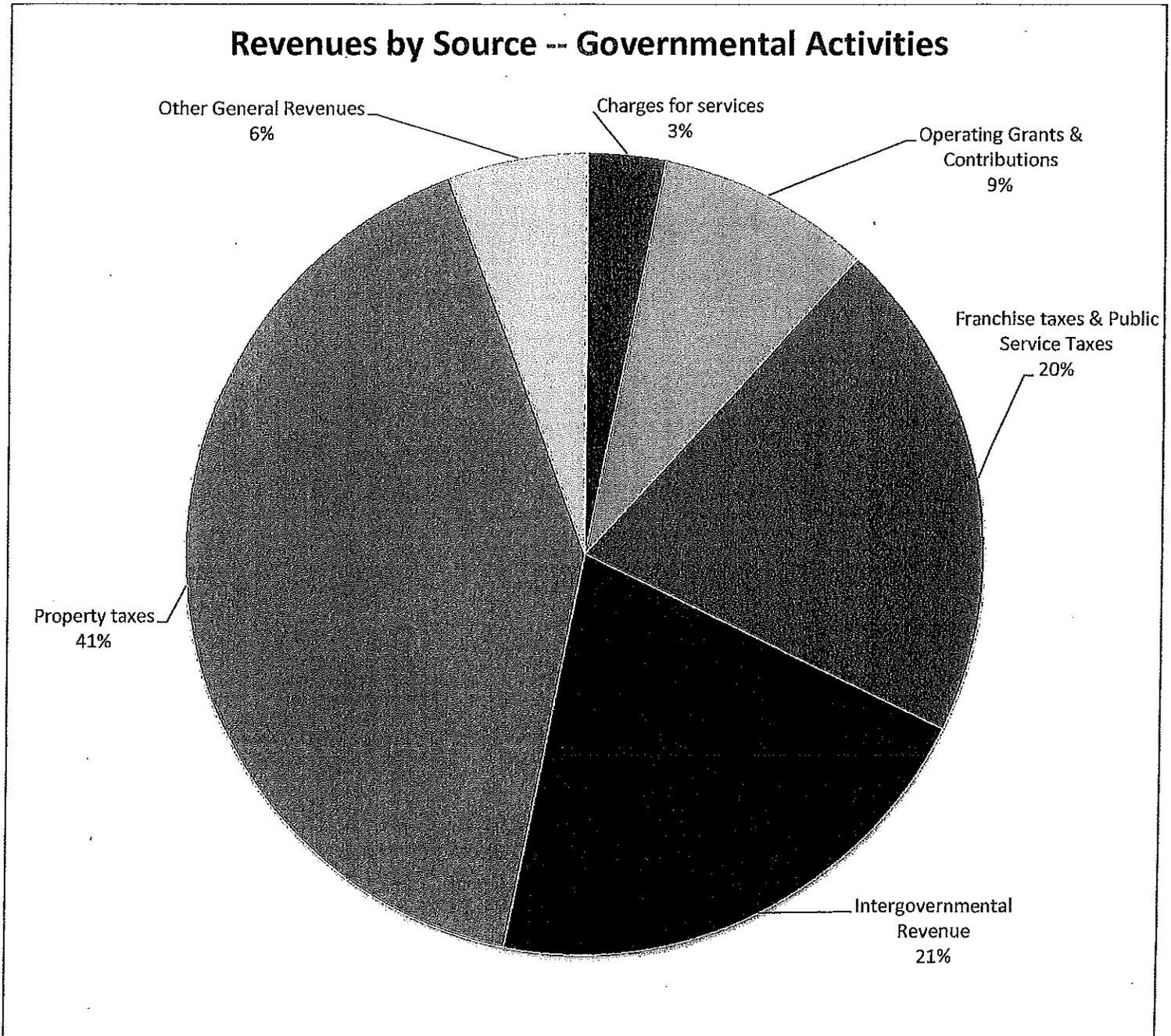
During the fiscal year, the City's total net position increased by \$4.5 million. Business Type activities increased \$4.2 million and the Governmental activities \$0.2 million increase.

The following graph shows the expenses of each governmental function compared to the program revenues generated specifically from its operations.



General government support services (administration, legal, human resources, financial, and computer information services) generate some revenues but are primarily funded from charges to the direct operating functions they support. The public safety function (police, fire and emergency services) generates program revenues as well, but property taxes and other General Fund revenues fund the majority of its costs. The highways and streets program is responsible for maintenance and construction of transportation systems, with funding provided by gas tax revenues. Community development services include building permit, planning and zoning, parks maintenance, and facilities maintenance functions. The building permit program covers total service costs with user permit fees. The planning and zoning and parks and facilities maintenance functions cover some program costs with user fees, but property taxes and other General Fund revenues fund the majority of their costs.

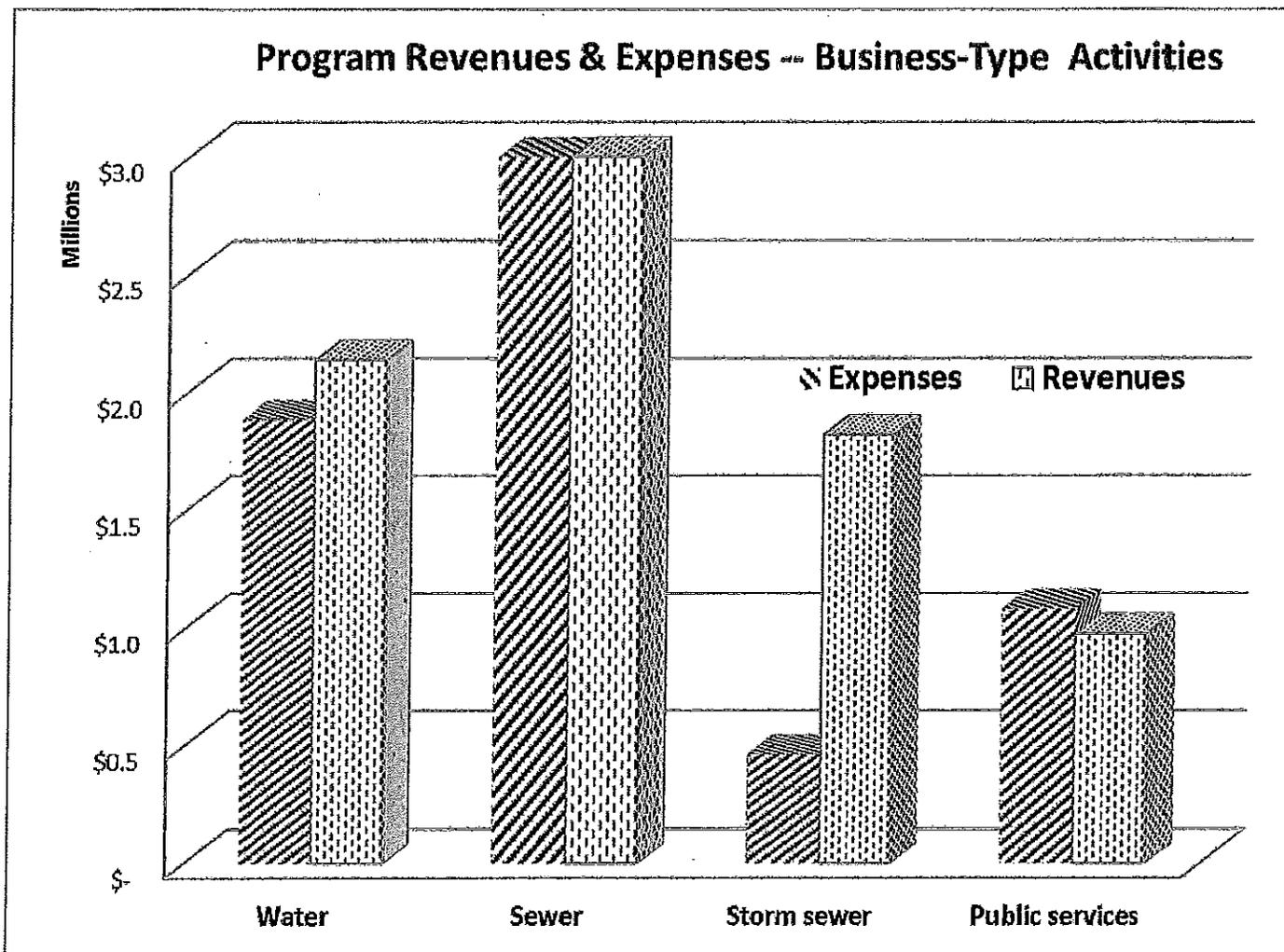
The graph below is a visual representation of the various sources of revenues used to support governmental activities.



Governmental revenues declined modestly from the prior year. The majority of governmental revenues (82%) include property taxes, franchise fees and intergovernmental revenues. 3% of revenues are from user fees and charges for services, while the remaining 9% are made up of operating and capital grants and 6% other revenues. The increase in governmental revenues from the economic recovery reflected in County Business Income Tax receipts and State Shared Revenues.

Governmental program expenses increased by \$0.9 million compared to the prior year. The increase in governmental expenses is attributable to Streets construction and public safety cost increases for police compensation and the fire protection contract.

Business-type activities provided a \$4.2 million increase to the City's total net position. The following graph shows the program revenues and expenses generated by each business-type function.



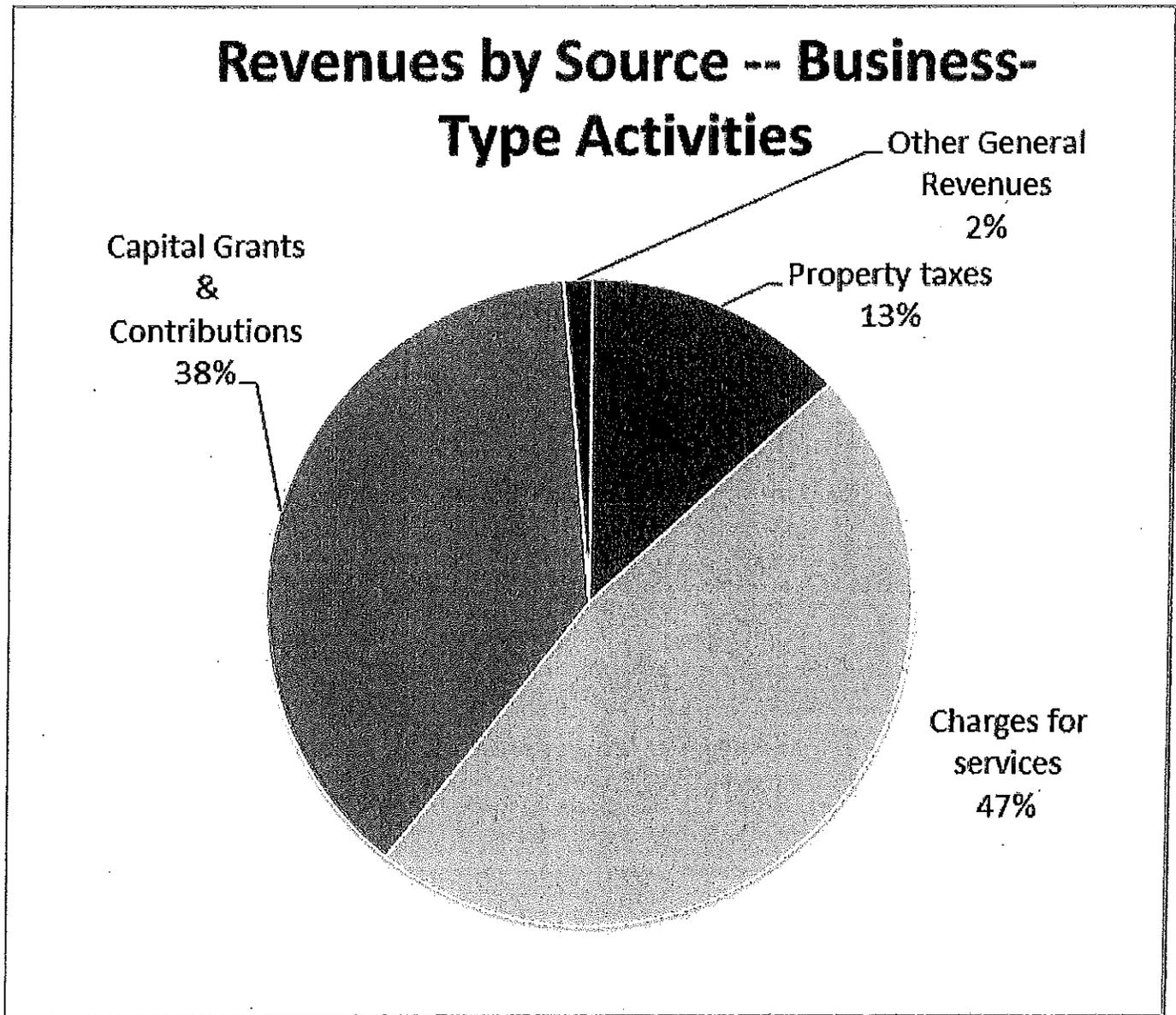
The primary source of revenue for the City operated water, sewer, and storm sewer utilities are customer user fees. Public services (Public Works management and equipment maintenance services) generate some revenues but are primarily funded from charges to the direct utility operating functions they support. Expenses in excess of program revenues represents the decrease in net position discussed above.

Total revenues increased \$4.1 million over the prior year due to the significant developer constructed and donated public improvements for the TRIP phase I subdivision development. An additional modest increase is attributable to the user rate increase for water, sewer and storm water systems, and property taxes. The City collected \$0.2 million in utility systems

development charges, up from the prior year due to the FedEx sorting center parking area expansion. Charges collected for system development impact are used to pay the costs of infrastructure expansion as needed to meet the demands of population growth, including debt service on financed infrastructure construction. In prior years there had been a significant increase in these collections, which was reflected in the increase in residential development in the City. Residential development slowed down dramatically in FY 2007 and has remained at a subdued level which resulted in a low level of systems development charge collections.

City utility user fees for water, sewer and storm services increased by \$0.1 million or 2.4% compared to the prior year. This reflects the user rate increase somewhat offset by a decrease in consumption from both economic and weather conditions.

The graph below is a visual representation of the various sources of revenues used to support business-type activities.



The majority of business-type activities revenues are generated from user fees and SDC fees from private developers.

Business-type program expenses increased by \$0.3 million or 5% compared to the prior year, primarily due to repair and maintenance and capital outlay projects in both the Water and Storm Sewer activities.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Fund balances totaled \$40,410,809 at June 30, 22014. A summary of fund balances follows:

Table 3
City of Troutdale, Oregon
Fund Balances

	June 30, 2014	June 30, 2013	Change
General Fund	\$ 3,704,929	\$ 3,732,241	\$ (27,312)
Street Fund	1,123,819	1,193,234	(69,415)
PD Facility Project	52,559	295,306	(242,747)
Other Governmental	3,832,443	3,616,039	216,404
Water	9,800,759	9,443,821	356,938
Sewer	17,996,300	15,372,942	2,623,358
Storm Sewer	7,724,279	6,355,421	1,368,858
Public Services	303,182	401,805	(98,623)
Total	<u>\$ 44,538,270</u>	<u>\$ 40,410,809</u>	<u>\$ 4,127,461</u>

The general fund balance decreased an immaterial amount over the reporting period. The \$4.1 million increase in the above table year of year is due to the significant developer constructed and donated public improvements for the TRIP phase I subdivision development to business type funds. The Troutdale Reynolds Industrial Park (TRIP) is approximately 350 acres representing the successfully environmental remediation of the former EAP Superfund site of the Reynold Metals aluminum plant. The current owner and developer, the Port of Portland, has completed just phase I of a multiyear redevelopment plan. The City received dedication of public improvement infrastructure primarily in the form of Stormwater quality treatment facilities, water quality swales, public storm drainage improvements, Sanitary Sewer system sewer mains and pump stations, Water system mains, and public street improvements of streets, commercial/industrial driveway approaches and curbs and gutters.

The Street Fund continued the slow and continual challenge of increased maintenance costs in excess of revenue growth. The Police Facility Project Fund continued the planned draw down as substantial completion of the new police station was achieved, with minimal project close out

expenses remaining. The Public Services fund experienced the planned spend down of accumulated fund balance.

GENERAL FUND BUDGETARY HIGHLIGHTS

The budgetary statement for the General Fund shows the original budget, final budget and actual revenues, expenditures and transfers in and out for the fiscal year. Differences between the original and amended budget were not significant. The City Council approved a resolution for the transfer of General Fund contingency appropriation authority totaling \$568,000 to various departments within the General Fund. The changes are summarized as follows:

- \$250,000 loan to the Urban Renewal Agency to cover expenditures for expenses associated with the ongoing brown field testing and analysis and professional consulting services
- \$222,000 budget contingency transfer to the Police budget to cover the overtime expenses associated with the Reynolds High School active shooter incident and investigation, unplanned undercover detective vehicle replacement, replacement of manufacturer non-supported non-compliant Taser equipment, court mandated digital fingerprinting equipment replacement, and the 257th Avenue traffic safety improvements for radar and speed signboard placements.
- \$96,000 budget contingency transfers to provide for unanticipated and necessary additional expenses associated with the final additional expenses of personnel due process costs, separation settlement and release agreement, and resolution of employment agreement obligations associated with release of the City Attorney, Building Official, and Community Development Director.

Actual revenues for the year were greater than budgeted amounts by \$93,000 due primarily to greater than budgeted property tax revenue. The beginning fund balance in the General Fund was \$590,000 greater than budgeted.

On the expenditure side, operations for all departments were under budget by \$970,000. Again the recession impacted development activity with budgeted spending being deferred. The other major expenditure reductions related to building improvements and other deferred capital outlays, which when combined with controlled spending across all departments, accounted for the overall reduction. Factoring out contingency budget expenditures came in 2% under budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of year-end, the City had \$54.1 million (net of accumulated depreciation) invested in capital assets, as reflected in Table 4. More detailed information can be found in the notes to the financial statements.

Table 4
City of Troutdale, Oregon
Capital Assets
(Net of Depreciation)
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 3.5	\$ 3.5	\$ 1.8	\$ 1.8	\$ 5.3	\$ 5.3
Intangible assets	-	-	-	-	-	-
Buildings & improvements	8.5	1.4	1.6	1.6	10.1	3.0
Land improvements	2.0	2.0	0.1	0.1	2.1	2.1
Equipment	0.8	0.7	0.4	0.5	1.2	1.2
Infrastructure	4.6	4.4	30.8	27.6	35.4	32.0
Work in Progress	0.3	7.8	-	-	0.3	7.8
Total	<u>\$ 19.7</u>	<u>\$ 19.8</u>	<u>\$ 34.7</u>	<u>\$ 31.6</u>	<u>\$ 54.4</u>	<u>\$ 51.4</u>

Assets for governmental activities decreased by \$0.1 million resulting from the annual recorded depreciation and the moving the new police facility from work in progress upon substantial completion.

Assets for business-type activities decreased by \$4 million net of depreciation from significant developer constructed and donated public improvements for the TRIP phase I subdivision project.

Additional information on the City's capital assets can be found in the Capital Assets Section of the Notes to the Basic Financial Statements.

DEBT OUTSTANDING

Debt outstanding at year-end is summarized in Table 5. As of year-end, the City had \$12.2 million in bonds and notes outstanding. Of that amount, \$1.4 million is due within one year. Total long-term debt decreased from \$1.5 million scheduled principal debt service payments. More detailed information can be found in the notes to the financial statements, and pages 74-77.

Table 5
City of Troutdale, Oregon
Outstanding Debt
(in millions)

	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
C.O.P. Building Loan	\$ 0.5	\$ 0.7	\$ -	\$ -	\$ 0.5	\$ 0.7
General obligation bond WPCF	-	-	4.6	5.7	4.6	5.7
General obligation bond PD	7.1	7.3	-	-	7.1	7.3
Lease payable	-	-	-	-	-	-
Total	\$ 7.6	\$ 8.0	\$ 4.6	\$ 5.7	\$ 12.2	\$ 13.7

Moody's Investors Service has rated the City's general obligation bonds as Aa2. Other debt of the City has not been rated.

For more detailed information on the City's debt and amortization terms refer to the Long-Term Debt Section of the Notes to the Basic Financial Statements.

ECONOMIC FACTORS AND RATES

- The State's property tax regulations set permanent rates and limited growth in existing property values to a maximum of three percent per year. The assessed values for new residential and commercial construction are also adjusted to reflect the growth limitations so they receive the same tax benefit as existing properties. Troutdale's permanent tax rate is \$3.7652 per \$1,000 of tax-assessed value.
- For past few years the City had been experiencing a slowing rate of growth in property taxes, and in Fiscal Year 2012-2013 the assessed value actually decreased 0.88% from the prior year. This Fiscal Year 2013-2014 property values rebounded resulting in a 3.6% increase and approximately \$140,000 of property tax revenue over budgeted levels.
- The financial markets and credit crisis resulted in substantial declines in the PERS investment portfolio during 2008 of approximately 28% loss in asset value. Under current legislation, employer contribution rates are set every two years, changing July 1 of the odd numbered year. Employer rates for Fiscal Year 2013-2014 were based on the system's valuation as of December 31, 2011, and reflect the changes from the Legislature's Special Session. The Special Session actions changed the employer rates but are not yet settled until the State Supreme Court rules on the legal challenges from the various public employee unions.
- The City provides fire and emergency services to its citizens through an Intergovernmental Agreement with the City of Gresham. A 10-year agreement was signed in October 2005. Under the agreement, fire services costs increase each year and calls for a 4% increase for the contract's final year. Early discussion on a successor contract portend a significant cost increase in future years.

- The Street Fund financial forecast indicates a declining fund balance even at a minimal preservation and maintenance level. To fund the department recommended maintenance cycle, and meet the City's goal of 100% good or better street rating in ten years, an additional \$430,000 is required annually. The City will need to address this issue through new revenue sources and/or cost and service level reductions.

Additional information about the operating issues discussed above can be found in the Letter of Transmittal under the heading, "Economic Condition and Outlook".

REQUESTS FOR INFORMATION

The City's financial statements are designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about the report or need additional financial information, please contact the City's Finance Director at City Hall, 219 E. Historic Columbia River Hwy, Troutdale, Oregon 97060-2078.

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**BASIC
FINANCIAL
STATEMENTS**

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CITY OF TROUTDALE, OREGON
Statement of Net Position
June 30, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 4,593,463	\$ 3,093,101	\$ 7,686,564
Accounts receivable, net	642,989	447,276	1,090,265
Property taxes receivable	280,940	84,834	365,774
Prepaid expenses	4,050	-	4,050
Inventories	12,847	24,798	37,645
Restricted cash and investments	4,013,267	2,332,344	6,345,611
Capital assets:			
Nondepreciable	3,812,553	1,763,572	5,576,125
Depreciable, net	<u>15,868,509</u>	<u>32,867,958</u>	<u>48,736,467</u>
Total assets	<u>29,228,618</u>	<u>40,613,883</u>	<u>69,842,501</u>
LIABILITIES			
Accounts payable	391,659	129,435	521,094
Accrued payroll	171,700	-	171,700
Accrued compensated absences - current	75,250	11,135	86,385
Deposits	2,100	775	2,875
Interest payable	23,924	15,066	38,990
Unearned revenue	3,500	-	3,500
Noncurrent liabilities:			
<i>Due within one year</i>			
Current portion of long-term debt	386,017	1,090,000	1,476,017
<i>Due in more than one year</i>			
Accrued compensated absences - long term	238,290	44,540	282,830
Noncurrent portion of long-term debt	<u>7,667,697</u>	<u>3,498,412</u>	<u>11,166,109</u>
Total liabilities	<u>8,960,137</u>	<u>4,789,363</u>	<u>13,749,500</u>
NET POSITION			
Net investment in capital assets	11,679,907	30,043,118	41,723,025
Restricted			
Capital Projects	5,004,826	2,332,344	7,337,170
Debt Service	473,658	-	473,658
Unrestricted	<u>3,110,090</u>	<u>3,449,058</u>	<u>6,559,148</u>
Total net position	<u>\$ 20,268,481</u>	<u>\$ 35,824,520</u>	<u>\$ 56,093,001</u>

The notes to the financial statements are an integral part of this statement.

CITY OF TROUTDALE, OREGON
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	\$ 1,875,390	\$ -	\$ -	\$ (1,549,719)	\$ -	\$ (1,549,719)
Public safety	5,365,424	-	-	(5,365,424)	-	(5,365,424)
Highway and Streets	1,408,175	929,972	37,378	(432,950)	-	(432,950)
Solid waste/recycling	15,945	-	-	(15,945)	-	(15,945)
Community development	1,812,461	-	20,172	(1,792,289)	-	(1,792,289)
Interest on long-term debt	1,379	-	-	(1,379)	-	(1,379)
Total governmental activities	10,478,774	929,972	57,550	(9,157,706)	-	(9,157,706)
Business-type activities:						
Water	1,887,225	-	709,025	-	251,316	251,316
Sewer	3,343,454	-	1,898,961	-	1,130,520	1,130,520
Storm sewer	461,676	-	1,568,337	-	1,357,753	1,357,753
Public services	1,081,187	-	-	-	(107,603)	(107,603)
Total business type activities	6,773,542	-	4,176,323	-	2,631,986	2,631,986
Total government	\$ 17,252,316	\$ 929,972	\$ 4,233,873	\$ (9,157,706)	\$ 2,631,986	\$ (6,525,720)
General revenues:						
Taxes						
Property taxes				4,389,337	1,459,418	5,848,755
Franchise taxes				1,276,287	-	1,276,287
Public service taxes				893,970	-	893,970
Interest and investment earnings				45,229	30,761	75,990
Other revenues				2,744,471	128,366	2,872,837
Total general revenues and transfers				9,349,294	1,618,545	10,967,839
Change in net position				191,588	4,250,531	4,442,119
Net position - beginning				20,076,893	31,573,989	51,650,882
Net position - ending				\$ 20,268,481	\$ 35,824,520	\$ 56,093,001

The notes to the financial statements are an integral part of this statement.

CITY OF TROUTDALE, OREGON

Governmental Funds

Balance Sheet

June 30, 2014

	<u>General Fund</u>	<u>Street Fund</u>	<u>Project Fund</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
ASSETS					
Cash and investments	\$ 3,280,263	\$ 1,177,389	\$ 52,559	\$ 4,096,519	\$ 8,606,730
Accounts receivable	570,268	71,234	-	1,487	642,989
Property taxes receivable	273,882	-	-	7,058	280,940
Prepaid items	4,050	-	-	-	4,050
Interfund loan	375,000	-	-	264,000	639,000
Inventory	713	12,134	-	-	12,847
Due from	-	-	-	147,488	147,488
Total assets	\$ 4,504,176	\$ 1,260,757	\$ 52,559	\$ 4,516,552	\$ 10,334,044
LIABILITIES					
Accounts payable	\$ 206,864	\$ 136,938	\$ -	\$ 47,857	\$ 391,659
Payroll liabilities	171,700	-	-	-	171,700
Deposits	-	-	-	2,100	2,100
Unearned Revenue	3,500	-	-	-	3,500
Interfund loan	159,000	-	-	480,000	639,000
Due to	-	-	-	147,488	147,488
Total liabilities	541,064	136,938	-	677,445	1,355,447
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Taxes	258,183	-	-	6,664	264,847
FUND BALANCES					
Nonspendable	4,763	12,134	-	-	16,897
Restricted	-	1,111,685	52,559	4,314,240	5,478,484
Unassigned	3,700,166	-	-	(481,797)	3,218,369
Total fund balances	3,704,929	1,123,819	52,559	3,832,443	8,713,750
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,504,176	\$ 1,260,757	\$ 52,559	\$ 4,516,552	\$ 10,334,044

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds

19,681,062

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Property taxes earned but unavailable

264,847

Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.

(313,540)

All long term liabilities are reported in the Statement of Net Position whereas in governmental funds, long term liabilities are not due and payable in the current period and are not reported

Interest payable

(23,924)

Bond payable

(7,130,000)

Capital lease payable

(88,645)

Loan payable

(528,000)

Post-closure cost care

(251,256)

Bond premium

(55,813)

Net Position of Governmental Activities

\$ 20,268,481

The notes to the financial statements are an integral part of this statement.

CITY OF TROUTDALE, OREGON
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2014

	<u>General Fund</u>	<u>Street Fund</u>	<u>Project Fund</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
REVENUES					
Intergovernmental	\$ 1,278,100	\$ 920,824	\$ -	\$ 38,966	\$ 2,237,890
Charges for services	278,706	7,875	-	57,550	344,131
Property taxes	4,225,523	-	-	147,301	4,372,824
Franchise	1,098,659	-	-	177,628	1,276,287
Licenses and permits	46,965	-	-	309,413	356,378
Fines and forfeitures	339,269	-	-	-	339,269
Interest	20,465	6,508	1,045	17,211	45,229
Miscellaneous	1,087,932	9,162	-	47,154	1,144,248
Hotel/motel transient tax	480,624	-	-	-	480,624
Solid waste tax	56,968	-	-	-	56,968
Total revenues	<u>8,913,211</u>	<u>944,369</u>	<u>1,045</u>	<u>795,223</u>	<u>10,653,848</u>
EXPENDITURES					
Current:					
General government	2,067,329	-	-	-	2,067,329
Public safety	5,462,943	-	-	-	5,462,943
Highway and Streets	-	929,899	-	-	929,899
Solid waste/recycling	17,225	-	-	-	17,225
Community development	1,027,001	-	-	554,269	1,581,270
Capital outlay	264,747	86,136	243,792	25,264	619,939
Debt service:					
Principal	-	-	-	120,000	120,000
Interest	-	-	-	20,286	20,286
Total expenditures	<u>8,839,245</u>	<u>1,016,035</u>	<u>243,792</u>	<u>719,819</u>	<u>10,818,891</u>
Excess (deficiency) of revenues over (under) expenditures	73,966	(71,666)	(242,747)	75,404	(165,043)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	141,000	141,000
Transfers out	(141,000)	-	-	-	(141,000)
Capital lease proceeds	39,722	2,251	-	-	41,973
Total other financing sources (uses)	<u>(101,278)</u>	<u>2,251</u>	<u>-</u>	<u>141,000</u>	<u>41,973</u>
Net change in fund balance	(27,312)	(69,415)	(242,747)	216,404	(123,070)
FUND BALANCES, BEGINNING	<u>3,732,241</u>	<u>1,193,234</u>	<u>295,306</u>	<u>3,616,039</u>	<u>8,836,820</u>
FUND BALANCES, ENDING	<u>\$ 3,704,929</u>	<u>\$ 1,123,819</u>	<u>\$ 52,559</u>	<u>\$ 3,832,443</u>	<u>\$ 8,713,750</u>

The notes to the financial statements are an integral part of this statement.

CITY OF TROUTDALE, OREGON
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2014

Net change in fund balances - total governmental funds \$ (123,070)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital asset additions	\$ 1,330,314	
Loss on disposal	(122,379)	
Less current year depreciation	<u>(1,278,293)</u>	(70,358)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds

Property taxes	16,513
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Loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. The repayment of the principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which proceeds exceeded repayments.

Principal payments	305,000	
Bond premium	3,283	
Landfill post-closure cost care	10,530	
Capital lease proceeds	(45,191)	
Capital lease payments	<u>37,740</u>	<u>311,362</u>

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences	38,234	
Accrued interest expense	<u>18,907</u>	<u>57,141</u>

Change in net position of governmental activities	<u>\$ 191,588</u>
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The notes to the financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

Major Governmental Funds

General Fund

This fund accounts for the financial operations of the City which are not accounted for in any other fund. Principal sources of revenues are property taxes, state shared revenues, franchise fees and recovered expenditures. Primary expenditures in the general fund are made for police protection, community development, and general development.

Street Fund

This fund accounts for revenues from gasoline tax apportionments from the State of Oregon that are used for the repair and maintenance associated with streets.

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CITY OF TROUTDALE, OREGON
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes				
Current year	\$ 4,007,119	\$ 4,007,119	\$ 4,122,415	\$ 115,296
Prior year	70,544	70,544	84,332	13,788
Penalties and interest	7,500	7,500	18,776	11,276
Intergovernmental	1,200,112	1,200,112	1,278,100	77,988
Charges for services	281,527	281,527	278,706	(2,821)
Franchise	1,200,466	1,200,466	1,098,659	(101,807)
Licenses and permits	42,770	42,770	46,965	4,195
Fines and forfeitures	339,300	339,300	339,269	(31)
Interest	18,000	18,000	20,465	2,465
Miscellaneous	1,149,250	1,149,250	1,087,932	(61,318)
Hotel/motel transient tax	449,526	449,526	480,624	31,098
Solid waste tax	54,000	54,000	56,968	2,968
Total revenues	8,820,114	8,820,114	8,913,211	93,097
EXPENDITURES:				
Current:				
Legislative	27,070	27,070	16,129	10,941
Judicial	112,036	112,036	94,351	17,685
Legal	202,845	275,518	248,382	27,136
General Government	420,051	375,051	335,254	39,797
Administration	597,833	603,834	592,666	11,168
Community Services	155,223	155,223	119,812	35,411
Information Services	267,422	272,421	267,029	5,392
Finance	533,922	533,922	504,521	29,401
Police Command	1,036,565	1,057,066	1,035,804	21,262
Police Operations	3,049,026	3,250,525	2,957,172	293,353
Solid Waste/Recycling	25,127	25,127	17,225	7,902
Fire Protection Services	1,623,899	1,623,899	1,623,899	-
Planning	310,438	344,437	245,648	98,789
Parks and Greenways	457,968	457,968	387,355	70,613
Facilities	397,505	420,505	393,998	26,507
Contingency	750,000	182,328	-	182,328
Total expenditures	9,966,930	9,716,930	8,839,245	877,685
Revenues over (under) expenditures	(1,146,816)	(896,816)	73,966	970,782
OTHER FINANCING SOURCES (USES):				
Transfers in	265,000	265,000	265,000	-
Transfers out	(262,300)	(512,300)	(482,000)	30,300
Capital lease proceeds	-	-	39,722	39,722
Total other financing sources (uses)	2,700	(247,300)	(177,278)	70,022
Net changes in fund balances	(1,144,116)	(1,144,116)	(103,312)	1,040,804
FUND BALANCE, BEGINNING	3,002,614	3,002,614	3,592,241	589,627
FUND BALANCE, ENDING	\$ 1,858,498	\$ 1,858,498	\$ 3,488,929	\$ 1,630,431
Budget to GAAP Reconciliation				
Interfund loan transactions			216,000	
GAAP Fund Balance			\$ 3,704,929	

The notes to the financial statements are an integral part of this statement.

CITY OF TROUTDALE, OREGON
STREET FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 876,177	\$ 876,177	\$ 920,824	\$ 44,647
Charges for services	8,175	8,175	7,875	(300)
Interest	5,000	5,000	6,508	1,508
Miscellaneous	700	700	9,162	8,462
Total revenues	890,052	890,052	944,369	54,317
EXPENDITURES:				
Personal service	137,482	137,482	133,394	4,088
Materials and service	825,000	825,000	796,505	28,495
Capital outlay	108,900	108,900	86,136	22,764
Total expenditures	1,071,382	1,071,382	1,016,035	55,347
 Excess (deficiency) of revenues over (under) expenditures	 (181,330)	 (181,330)	 (71,666)	 109,664
OTHER FINANCING SOURCES (USES)				
Capital Lease	-	-	2,251	(2,251)
Total	-	-	2,251	2,251
 Net changes in fund balances	 (181,330)	 (181,330)	 (69,415)	 111,915
FUND BALANCES, BEGINNING	806,223	806,223	1,193,234	387,011
FUND BALANCES, ENDING	\$ 624,893	\$ 624,893	\$ 1,123,819	\$ 498,926

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

Proprietary Funds

The City of Troutdale utilizes four Proprietary Funds. These funds are used to account for acquisition, operation, and maintenance of the water, sewer, and storm sewer facilities and the cost of public works management and operating automotive and other equipment used by public works. These funds are entirely or predominantly self-supported through user charges to customer. Funds included are:

Water
Sewer
Storm Sewer
Public Services

For budgetary purposes (see budget schedules in the Supplemental Information section), the Water, Sewer, and Storm Sewer funds are accounted in the following separate funds:

Water
Water Fund
Water Improvement Fund

Sewer
Sewer Fund
Debt Service Fund (business-type activity portion)
Sewer Improvement Fund

Storm Sewer
Storm Sewer Improvement Fund
Storm Sewer Utility Fund

For generally accepted accounting principles purposes, these aforementioned funds and the Public Services Fund are consolidated and included as four Enterprise Funds.

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CITY OF TROUTDALE, OREGON
Proprietary Funds
Statement of Net Position
June 30, 2014

	Business-type Activities - Enterprise Funds				Totals
	Water	Sewer	Storm Sewer	Public Services	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 726,392	\$ 1,702,968	\$ 355,952	\$ 307,789	\$ 3,093,101
Accounts receivables, net	155,268	265,615	26,393	-	447,276
Inventories	24,798	-	-	-	24,798
Interfund loan	-	88,000	-	-	88,000
Property taxes receivable	-	84,834	-	-	84,834
Total current assets	906,458	2,141,417	382,345	307,789	3,738,009
Noncurrent assets:					
Restricted cash and cash equivalents	21,423	128,830	2,182,091	-	2,332,344
Capital assets not being depreciated	203,067	1,557,434	3,071	-	1,763,572
Capital assets being depreciated, net	8,775,880	18,839,009	5,253,069	-	32,867,958
Total noncurrent assets	9,000,370	20,525,273	7,438,231	-	36,963,874
Total assets	9,906,828	22,666,690	7,820,576	307,789	40,701,883
LIABILITIES					
Current liabilities:					
Accounts payable	84,656	40,172	-	4,607	129,435
Accrued compensated absences - current	4,128	5,348	1,659	-	11,135
Deposits	775	-	-	-	775
Interest payable	-	15,066	-	-	15,066
Interfund loan	-	-	88,000	-	88,000
Bond payable - current maturity	-	1,090,000	-	-	1,090,000
Total current liabilities	89,559	1,150,586	89,659	4,607	1,334,411
Noncurrent liabilities:					
Bond payable	-	3,498,412	-	-	3,498,412
Accrued compensated absences	16,510	21,392	6,638	-	44,540
Total liabilities	106,069	4,670,390	96,297	4,607	4,877,363
NET POSITION					
Net investment in capital assets	8,978,947	15,808,031	5,256,140	-	30,043,118
Restricted for infrastructure expansion	21,423	128,830	2,182,091	-	2,332,344
Unrestricted	800,389	2,059,439	286,048	303,182	3,449,058
Total net position	\$ 9,800,759	\$ 17,996,300	\$ 7,724,279	\$ 303,182	\$ 35,824,520

The notes to the financial statements are an integral part of this statement.

CITY OF TROUTDALE, OREGON
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds				
	<u>Water</u>	<u>Sewer</u>	<u>Storm Sewer</u>	<u>Public Services</u>	<u>Totals</u>
OPERATING REVENUES					
Charges for services	\$ 1,429,516	\$ 2,575,013	\$ 251,092	\$ 968,295	\$ 5,223,916
Licenses & permits	-	-	-	5,289	5,289
Miscellaneous	11,600	2,314	-	-	13,914
Total operating revenues	<u>1,441,116</u>	<u>2,577,327</u>	<u>251,092</u>	<u>973,584</u>	<u>5,243,119</u>
OPERATING EXPENSES					
Personal services	374,594	673,434	-	732,993	1,781,021
Depreciation	495,793	778,799	262,125	-	1,536,717
Contractual services	185,830	104,386	164,548	125,793	580,557
Utilities	376,763	396,604	638	24,232	798,237
Repairs and maintenance	189,035	265,934	19,067	22,097	496,133
Other operating expenses	264,649	421,562	15,298	176,072	877,581
Total operating expenses	<u>1,886,664</u>	<u>2,640,719</u>	<u>461,676</u>	<u>1,081,187</u>	<u>6,070,246</u>
Operating income (loss)	<u>(445,548)</u>	<u>(63,392)</u>	<u>(210,584)</u>	<u>(107,603)</u>	<u>(827,127)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment revenue	7,100	10,354	11,105	2,202	30,761
System development charges	5,380	50,415	177,944	-	233,739
Interest expense	-	(702,735)	-	-	(702,735)
Miscellaneous	86,922	20,752	-	6,778	114,452
Contributed capital	703,645	1,848,546	1,390,393	-	3,942,584
Gain (loss) on disposal of capital assets	(561)	-	-	-	(561)
Property taxes	-	1,459,418	-	-	1,459,418
Total nonoperating revenues (expenses)	<u>802,486</u>	<u>2,686,750</u>	<u>1,579,442</u>	<u>8,980</u>	<u>5,077,658</u>
Change in net position	356,938	2,623,358	1,368,858	(98,623)	4,250,531
Net position - beginning	<u>9,443,821</u>	<u>15,372,942</u>	<u>6,355,421</u>	<u>401,805</u>	<u>31,573,989</u>
Net position - ending	<u>\$ 9,800,759</u>	<u>\$ 17,996,300</u>	<u>\$ 7,724,279</u>	<u>\$ 303,182</u>	<u>\$ 35,824,520</u>

The notes to the financial statements are an integral part of this statement.

CITY OF TROUTDALE, OREGON
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds				Total
	Water	Sewer	Storm Sewer	Public Services	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 1,443,174	\$ 2,585,856	\$ 250,554	\$ 974,991	\$ 5,254,575
Payments to employees	(378,376)	(689,889)	5,557	(732,993)	(1,795,701)
Payments to suppliers	(953,038)	(1,218,855)	(199,624)	(347,326)	(2,718,843)
Net cash provided (used) by operating activities	<u>111,760</u>	<u>677,112</u>	<u>56,487</u>	<u>(105,328)</u>	<u>740,031</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contribution	709,025	1,898,961	1,568,337	-	4,176,323
Purchases of capital assets	(950,354)	(2,165,467)	(1,403,940)	-	(4,519,761)
Interfund loan	-	44,000	(44,000)	-	-
Property taxes	-	1,459,418	-	-	1,459,418
Principal paid on capital debt	-	(1,025,853)	-	-	(1,025,853)
Interest paid on capital debt	-	(706,026)	-	-	(706,026)
Miscellaneous	86,361	20,752	-	-	107,113
Net cash provided (used) by capital and related financing activities	<u>(154,968)</u>	<u>(474,215)</u>	<u>120,397</u>	<u>-</u>	<u>(508,786)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	7,100	10,354	11,105	8,980	37,539
Net increase in cash and cash equivalents	<u>(36,108)</u>	<u>213,251</u>	<u>187,989</u>	<u>(96,348)</u>	<u>268,784</u>
Balances - beginning of the year	<u>783,923</u>	<u>1,618,547</u>	<u>2,350,054</u>	<u>404,137</u>	<u>5,156,661</u>
Balances - end of the year	<u>\$ 747,815</u>	<u>\$ 1,831,798</u>	<u>\$ 2,538,043</u>	<u>\$ 307,789</u>	<u>\$ 5,425,445</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income	\$ (445,548)	\$ (63,392)	\$ (210,584)	\$ (107,603)	\$ (827,127)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Cash flows reported in other categories:					
Depreciation expense	495,793	778,799	262,125	-	1,536,717
Change in assets and liabilities:					
Accounts receivable	2,183	8,529	(538)	1,407	11,581
Inventories	1,086	-	-	-	1,086
Accounts payable	62,153	(30,369)	(73)	868	32,579
Accrued compensated absences	(3,782)	(16,455)	5,557	-	(14,680)
Deposits	(125)	-	-	-	(125)
Net cash provided by operating activities	<u>\$ 111,760</u>	<u>\$ 677,112</u>	<u>\$ 56,487</u>	<u>\$ (105,328)</u>	<u>\$ 740,031</u>

The notes to the financial statements are an integral part of this statement.

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FIDUCIARY FINANCIAL STATEMENTS

Agency funds are used to account for assets held as an agent for individuals, private organizations, and other governments. They are custodial in nature (assets equal liabilities) and do not involve measurement or results of operations.

Helping Hands Fund

This agency fund receives and disburses funds on behalf of local churches, businesses and the Troutdale Police Department to aid destitute transient persons within the city limits. The Troutdale Police Department administers the fund with the advice and concurrence of the operating organizations.

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CITY OF TROUTDALE, OREGON
Helping Hands Fund
Statement of Fiduciary Net Position
June 30, 2014

	<u>Helping Hands Fund</u>
ASSETS	
Cash and investments	\$ <u>8,514</u>
LIABILITIES	
Accounts payable	\$ 4,806
Due to others	3,708
Total liabilities	<u>\$ 8,514</u>

The notes to the financial statements are an integral part of this statement.

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**NOTES TO
BASIC FINANCIAL STATEMENTS**

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP statements require the application of all relevant Governmental Accounting Standards Board (GASB) pronouncements. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

REPORTING ENTITY

The City of Troutdale, Oregon is a municipal corporation, incorporated on October 2, 1907. The City operates under a Council-Manager form of government as amended by the voters in 2010. The governing body consists of six elected council members and a mayor. The mayor and council members are each elected to serve a four-year term. All are part-time elected officials who exercise the legislative powers of the City and determine matters of policy. The City Manager, a full-time appointed official, administers policies and coordinates the activities of the City. The heads of the various departments, formed to provide services, are under the direct supervision of the City Manager.

Accounting principles generally accepted in the United States of America require that these financial statements present the City of Troutdale (the primary government) and all component units, if any. Component units, as established by the Government Accounting Standards Board (GASB) Statement No. 14, 39, 61, are separate organizations that are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

The Urban Renewal Agency (Agency) of the City of Troutdale was created by City Council Ordinance pursuant to Oregon Revised Statute (ORS) 457.035 in January of 2006. The Troutdale Riverfront Renewal Plan (Plan) obtained voter approval in May 2006, and the Plan was assigned to the Agency to implement. The Agency is a legally separate entity which is governed by a board comprised of the members of the City Council as stipulated by the Agency's bylaws. The City Council has the ability to impose its will on the Agency as determined on the basis of budget adoption, taxation authority, and funding for the Agency. The Plan duration was approved for 10 years and up to \$7 million in principal indebtedness. The Agency is presented as a blended component unit within the governmental funds.

BASIC FINANCIAL STATEMENTS

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements display information about the reporting government as a whole. These statements focus on the sustainability as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The *Statement of Net Position* presents information on all of the assets and liabilities, with the difference between the two reported as *net position*.

CITY OF TROUTDALE, OREGON
Notes to Basic Financial Statements
June 30, 2014

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and detailed in the supplementary information.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include charges between the business-type activities/enterprise funds and the General Fund. Charges are allocated as reimbursement for services provided by the General Fund in support of those functions based on levels or service provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. These charges are included in direct program expenses.

Basis of Presentation

The financial transactions are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

There are stated minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and proprietary combined) for the determination of major funds. Non-major funds are combined in a column in the fund financial statements titled "Other Governmental" and detailed in the combining section.

There are the following major governmental funds:

- *General Fund*
This is the primary operating fund. It accounts for all financial operations, except those required to be accounted for in another fund. Principal sources of revenues are property taxes, licenses and permits, state and county shared revenues, franchise fees and charges for administrative services from other funds. Primary expenditures in the general fund are made for police protection, community development, and general government.
- *Street Fund*
This fund accounts for the State of Oregon gasoline taxes. The state gasoline taxes are restricted for expenditures under Article XI, Section 3 of the Oregon Constitution for construction, maintenance and repair of streets, roads and bike and foot paths.

CITY OF TROUTDALE, OREGON
Notes to Basic Financial Statements
June 30, 2014

- *Project Fund*
This fund accounts for the general obligation bond and construction of the fire station.

Additionally, there are the following non-major funds within the governmental fund type.

- *Special Revenue Funds*
These funds account for revenues from specific taxes or ear-marked revenues that are legally restricted to expenditures for specific purposes.
- *Debt Service Funds*
These funds account for the accumulation of resources and payment of bond principal and interest.
- *Capital Projects Funds*
These funds account for revenues derived from specific tax or other ear-marked revenue sources, which are legally restricted to finance the acquisition or construction of major capital assets.

Each of the four proprietary funds are presented as major funds. Three funds are used to account for the acquisition, operation, and maintenance of water, sewer, and storm sewer facilities and are entirely or predominantly self-supported through user charges to customers. Additionally, the Public Services Fund is used to account for the public works management function and the cost of operating automotive and other equipment used by the public works department. The fund's financing sources for the public works management and equipment maintenance activities are billings to the benefiting public works funds. The activities in this fund directly support the operations of the three other proprietary funds. The following proprietary funds are reported:

- *Water Fund*
Water Fund (budgetary basis financial statements only)
Water Improvement Fund (budgetary basis financial statements only)
- *Sewer Fund*
Sewer Fund (budgetary basis financial statements only)
Sewer Improvement Fund (budgetary basis financial statements only)
Debt Service Fund (budgetary basis financial statements only – portion related to Sewer Bonds)
- *Storm Sewer Fund*
Storm Sewer Utility Fund (budgetary basis financial statements only)
Storm Sewer Improvement Fund (budgetary basis financial statements only)
- *Public Services Fund*

Additionally, there is the following fiduciary fund:

- *Helping Hands fund*
This fund accounts for funds on behalf of local churches, businesses and the Troutdale Police Department to aid destitute transient persons within the city limits.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus.

The government-wide financial statements and the proprietary funds financial statements are presented on a *full accrual* basis of accounting with an *economic resource* measurement focus. An economic resource focus concentrates on an entity or fund's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. An economic resources measurement focus is inextricably connected with full accrual accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

Governmental fund financial statements are presented on a *modified accrual* basis of accounting with a *current financial resource* measurement focus. This measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Similar to the connection between an economic resource measurement focus and full accrual basis of accounting, a current financial resources measurement focus is inseparable from a modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. *Measurable* means the amount of the transaction can be determined and revenues are considered *available* when they are collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, revenues are considered available if they are collected within 60 days of the end of the current fiscal period. Revenues considered susceptible to accrual are property taxes, state, county and local shared revenues taxes and fees, franchise fees, intergovernmental grants, and investment income.

A unavailable revenue liability arises on the balance sheets of the governmental funds when potential revenue does not meet both the *measurable* and *available* criteria for recognition in the current period. This *unavailable* revenue consists primarily of uncollected property taxes and assessments not deemed available to finance operation of the current period. In the government-wide Statement of Activities, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the liability created on the balance sheets of the governmental funds for unavailable revenue is eliminated. Note that unavailable revenues also arise outside the scope of measurement focus and basis of accounting, such as when resources are received before there is legal claim to them. For instance, when grant monies are received prior to the incurrence of qualifying expenditures.

Similar to the way its revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on general long-term debt are recorded as fund liabilities only when due, or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Vested compensated absences are recorded as expenditures only to the extent that they are expected to be liquidated with expendable financial resources. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenditures affecting the economic resource status of the government must be recognized. Thus, the expense and related accrued liability for long term portions of debt and compensated absences must be included.

CITY OF TROUTDALE, OREGON
Notes to Basic Financial Statements
June 30, 2014

Since the governmental fund statements are presented on a different measurement focus and basis accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the City's Water, Sewer, Storm Sewer, and Public Services Funds are charges to customers for sales and services. The Water, Sewer, and Storm Sewer Funds also recognize System Development Charges (SDC) fees intended to recover the cost of connecting new customers to the utility systems as operating revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and overhead charges, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. All Financial Accounting Standards Board (FASB) pronouncements issued prior to November 30, 1989 have been applied, unless those pronouncements conflict or contradict Governmental Accounting Standards Board (GASB) pronouncements. Subsequent private-sector guidance will not be followed.

When both restricted and unrestricted resources are available for use, it is the policy to use restricted resources first, then unrestricted resources as they are needed.

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND EQUITY

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, cash with fiscal agent, and amounts in investment pools that have the general characteristics of demand deposit accounts. Investments are stated at fair value.

Receivables and Payables

Activity between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Recorded property taxes receivable that are collected within 60 days after year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining balance is recorded as an unavailable revenue because it is not deemed available to finance operations of the current period. An allowance for doubtful accounts is not deemed necessary by management, as uncollectible taxes become a lien on the property. Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date.

CITY OF TROUTDALE, OREGON
Notes to Basic Financial Statements
June 30, 2014

Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Assessments are recognized as receivables at the time the property owners are assessed for property improvement. These receivables are offset by unavailable revenue and, accordingly, have not been recognized as revenue.

In the government-wide financial statements, property taxes and assessment receivables are recognized as revenue when earned.

Receivables of the proprietary funds are recognized as revenue when earned, including services provided but not billed.

Supply Inventories

Inventories of materials and supplies in all funds are stated at cost on a first-in, first-out basis and charged to expenses as used.

Restricted Assets

Cash and investments which may only be used for construction of capital assets or debt service principal and interest payments in accordance with applicable laws and regulations have been reported as restricted cash and investments on the Government-wide Statement of Net Position and the Proprietary Fund Statement of Net Position.

Capital Assets

Capital assets — which include property, plant, equipment, and infrastructure (e.g., streets, sidewalks, and similar items) — are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are charged to expenditures as purchased in the governmental fund statements, and capitalized in the proprietary fund statements.

Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of greater than one year. Capital assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at estimated fair market value as of the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position and is provided on the straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and improvements	20 - 50
Improvements other than buildings	10 - 20
Utility systems and infrastructure	20 - 40
Machinery, equipment, and vehicles	5 - 15

Capital assets include contribution of capital assets from outside developers. Revenue from these capital contributions is reflected in general revenues on the statement of activities.

Accrued Compensated Absences and Sick Pay

Accumulated vested vacation and comp-time pay is accrued as it is earned. For governmental funds, only the portion in connection with terminated employees is reported. The non-current portion (the amount estimated to be used in subsequent fiscal years) is maintained separately and represents a reconciling item between the fund-level and government-wide presentations. In business-type/enterprise funds, both the current and long-term liabilities are recorded.

Sick pay, which does not vest, is recognized in all funds when leave is taken.

Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are treated as period costs in the year of issue and are shown as other financing uses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and prepaid items.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. Pursuant to the Fund Balance Policy adopted by the City Council Resolution 2110, the City Manager and the Finance Director have been given authority to assign fund balances.

CITY OF TROUTDALE, OREGON
Notes to Basic Financial Statements
June 30, 2014

- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

Use of Estimates

In preparing the financial statements, management is required to make estimates and assumptions that will affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY INFORMATION

An annual budget is adopted on a basis consistent with Oregon Revised Statutes (ORS 294 – Local Budgets Law). The process under which the budget is adopted is described in the following paragraphs.

Each April or May, the City Manager submits a proposed budget to the Budget Committee (consisting of the City Council and an equal number of citizens of the City). All funds are required to be budgeted for except the fiduciary fund. The budget is prepared on the modified accrual basis of accounting. Interfund loans are budgeted as sources and uses in accordance with state budget laws. Estimated receipts and expenditures are budgeted for by fund and object.

Information on the past two years' actual receipts and expenditures and current-year estimates are included in the budget document.

The Budget Committee conducts public hearings for the purpose of obtaining citizens' comments, and then approves a budget which is then submitted to the City Council for final adoption. The

CITY OF TROUTDALE, OREGON
Notes to Basic Financial Statements
June 30, 2014

approved expenditures for each fund may not be increased by more than 10% by Council without returning to the Budget Committee for a second approval. After the Council adopts the budget and certifies the total of ad valorem taxes to be levied, no additional tax levy may be made for that fiscal year.

The City Council legally adopted the budget by resolution before July 1. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. The level of control established by the resolution is by department for the General Fund and by object class for all other funds. Expenditure budgets are appropriated at the function level in the General Fund and the following levels for all other funds: Personal Services, Materials and Services, Capital Outlay, Interfund Transactions, Debt Service, and Operating Contingency. Appropriations lapse as of year-end.

The City Council may change the budget throughout the year by transferring appropriations between levels of control and by adopting supplemental budgets as authorized by Oregon Revised Statutes. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers and approval by the City Council. Expenditure appropriations may not be legally over-expended except in the case of grant receipts that could not be reasonably estimated at the time the budget was adopted, and for debt service on new debt issued during the budget year. Management may modify original and supplemental budgets by the use of appropriation transfers between the levels of control within a fund.

Excess of Expenditures over Appropriations

Expenditures of the various funds were within authorized appropriations.

3. DETAILED NOTES ON ALL FUNDS

POOLED DEPOSITS AND INVESTMENTS

Cash and investment balances are maintained in a common pooled account. Investment income is allocated monthly based on each fund's average cash balance.

Cash and investments are comprised of the following at June 30, 2014:

Cash and investments are reflected in the government-wide Statement of Net Position as follows:

Cash and investments	\$ 7,686,564
Restricted assets - cash and investments	6,345,611
Fiduciary cash and investments	8,514
	<u>\$ 14,040,689</u>
Deposits with financial institutions	\$ 329,653
Petty cash	1,000
Oregon State Treasurer's Local Government Investment Pool	13,710,036
	<u>\$ 14,040,689</u>

CITY OF TROUTDALE, OREGON
Notes to Basic Financial Statements
June 30, 2014

DEPOSITS

Deposits with financial institutions include bank demand deposits. At year-end, the total bank balance per the bank statements is \$345,360. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. At various times during the fiscal year, bank balances exceeded the FDIC limit but the excess funds were covered by collateral pledged by qualified depositories. These depositories are qualified by the Oregon State Treasurer's office.

INVESTMENTS

Policy is to follow the State statutes governing cash management. Oregon Revised Statutes authorize investment in obligations of the U.S. Treasury, U.S. government agencies and instrumentalities, bankers' acceptances guaranteed by an Oregon financial institution, repurchase agreements, State of Oregon Treasury Local Government Investment Pool, various interest bearing bonds of Oregon municipalities, certificates of deposit, and certain commercial paper among others.

The Oregon State Treasurer's Local Government Investment Pool (LGIP or Pool) is participated in and is an open-ended; no-load diversified portfolio created under ORS 294.805 to 294.895. The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company and is not rated. The State's investment policies are governed by the Oregon Revised Statutes and the Oregon Investment Council. The State Treasurer is the investment officer for the Pool and is responsible for all funds in the Pool. These funds must be invested and managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board (OSTFB), which establishes diversification percentages and specifies the types and maturities of investments. The Oregon Audits Division of the Secretary of State's Office audits the Pool annually. A copy of the State's Comprehensive Annual Financial Report may be obtained at the Oregon State Treasury, 350 Winter St. NE, Salem, Oregon 97310-0840.

Amounts in the Pool are not required to be collateralized. As of June 30, 2014, the fair value of the position in the LGIP approximates fair value of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements.

As of June 30, 2014, there were the following investments:

Investment type	Maturities	Fair value
Oregon State Treasury's Local Government Investment Pool	Avg 0 – 6 months	\$13,710,036

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. Declines in fair values are managed by limiting the weighted average maturity of the investment portfolio to levels required by State statute.

CITY OF TROUTDALE, OREGON
Notes to Basic Financial Statements
June 30, 2014

Credit Risk

State statutes authorize investment primarily in general obligations of the U.S. government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers and the Oregon State Treasury's Local Government Investment Pool. The Oregon State Treasury's Local Government Investment Pool is not rated.

Concentration of Credit Risk

At June 30, 2014, 100% of total investments were in the Oregon State Treasury's Local Government Investment Pool. State statutes do not limit the percentage of investment in the Pool.

RECEIVABLES

Receivables as of June 30, 2014 for the major and non-major governmental funds in the aggregate are as follows:

	<u>General</u>	<u>Street</u>	<u>Total Non- major</u>	<u>Total</u>
Property taxes	\$ 273,882	\$ -	\$ 7,058	\$ 280,940
Accounts	570,268	71,234	1,487	642,989
	<u>\$ 844,150</u>	<u>\$ 71,234</u>	<u>\$ 8,545</u>	<u>\$ 923,929</u>

There is no allowance for uncollectible accounts deemed necessary by management.

Governmental funds report unavailable revenue in the fund financial statements in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also delay recognition in connection with resources that have been received, but not yet earned. As of the end of the fiscal year, the various components of unavailable and unearned revenue reported in the governmental funds were as follows:

Property Taxes	\$ 264,847
Other items	3,500
Total	<u>\$ 268,347</u>

CITY OF TROUTDALE, OREGON
Notes to Basic Financial Statements
June 30, 2014

CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Non-depreciable				
Land	\$ 3,461,425	\$ -	\$ -	\$ 3,461,425
Intangibles	16,218	-	-	16,218
Construction in progress	7,781,426	-	(7,446,516)	334,910
Total non-depreciable	<u>11,259,069</u>	<u>-</u>	<u>(7,446,516)</u>	<u>3,812,553</u>
Depreciable				
Buildings and improvements	3,494,573	7,425,333	(207,701)	10,712,205
Land improvements	4,384,460	275,186	(4,232)	4,655,414
Equipment	2,352,544	335,028	(466,051)	2,221,521
Infrastructure	22,894,000	741,283	-	23,635,283
Total depreciable	<u>33,125,577</u>	<u>8,776,830</u>	<u>(677,984)</u>	<u>41,224,423</u>
Accumulated depreciation				
Buildings and improvements	(2,117,956)	(240,115)	126,891	(2,231,180)
Land improvements	(2,375,103)	(293,670)	4,226	(2,664,547)
Equipment	(1,657,242)	(234,727)	424,488	(1,467,481)
Infrastructure	(18,482,925)	(509,781)	-	(18,992,706)
Total accumulated depreciation	<u>(24,633,226)</u>	<u>(1,278,293)</u>	<u>555,605</u>	<u>(25,355,914)</u>
Depreciable, net	<u>8,492,351</u>	<u>7,498,537</u>	<u>(122,379)</u>	<u>15,868,509</u>
Governmental activities capital assets, net	<u>\$ 19,751,420</u>	<u>\$ 7,498,537</u>	<u>\$ (7,568,895)</u>	<u>\$ 19,681,062</u>

Changes in capital assets per the above table are net of transfers between functional programs. Depreciation expense for governmental activities is charged to functions as follows:

General government	\$ 72,878
Public safety	309,058
Highways and streets	547,485
Community development	348,872
Total depreciation for governmental activities	<u>\$ 1,278,293</u>

CITY OF TROUTDALE, OREGON
Notes to Basic Financial Statements
June 30, 2014

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Non-depreciable				
Land	\$ 1,751,742	\$ -	\$ -	\$ 1,751,742
Intangibles	-	9,466	-	9,466
Construction in progress	24,776	-	(22,412)	2,364
Total non-depreciable	<u>1,776,518</u>	<u>9,466</u>	<u>(22,412)</u>	<u>1,763,572</u>
Depreciable				
Buildings and improvements	2,313,407	-	-	2,313,407
Land improvements	369,982	-	-	369,982
Equipment	1,004,812	48,407	(5,584)	1,047,635
Infrastructure	50,715,592	4,484,861	-	55,200,453
Total depreciable	<u>54,403,793</u>	<u>4,533,268</u>	<u>(5,584)</u>	<u>58,931,477</u>
Accumulated depreciation				
Buildings and improvements	(709,024)	(48,683)	-	(757,707)
Land improvements	(239,023)	(21,242)	-	(260,265)
Equipment	(504,409)	(135,226)	5,023	(634,612)
Infrastructure	(23,079,369)	(1,331,566)	-	(24,410,935)
Total accumulated depreciation	<u>(24,531,825)</u>	<u>(1,536,717)</u>	<u>5,023</u>	<u>(26,063,519)</u>
Depreciable, net	<u>29,871,968</u>	<u>2,996,551</u>	<u>(561)</u>	<u>32,867,958</u>
Business-type activities capital assets, net	<u>\$ 31,648,486</u>	<u>\$ 3,006,017</u>	<u>\$ (22,973)</u>	<u>\$ 34,631,530</u>

Depreciation expense for business-type activities is charged to functions as follows:

Water	\$ 495,793
Sewer	778,799
Storm Sewer	262,125
Total depreciation business-type activities	<u>\$ 1,536,717</u>

CITY OF TROUTDALE, OREGON
Notes to Basic Financial Statements
June 30, 2014

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund transfers between governmental and business-type activities are reported as net transfers in the Statement of Activities. Net transfers in the Statement of Activities are reported as zero for the fiscal year ended June 30, 2014. Transfers between funds provide support for various programs in accordance with budgetary authorizations.

Interfund transfers are used to pay administrative services, provide funds for debt service, contribute toward the cost of capital projects, and provide operational resources.

The transfers for business type activities are presented in the budgetary funds and not in the proprietary funds as for generally accepted accounting principals purposes, these funds are consolidated.

Interfund receivables and payables are used to fund current operations and long term projects.

The interfund activity for fiscal year ended June 30, 2014 is as follows:

	TRANSFERS FROM	TRANSFERS TO
GOVERNMENT ACTIVITIES		
GENERAL FUND	\$ 141,000	\$ -
NON MAJOR FUNDS	-	141,000
TOTAL INTERFUND TRANSFERS	\$ 141,000	\$ 141,000
	INTEFUND LOAN RECEIVABLE	INTEFUND LOAN PAYABLE
GOVERNMENT ACTIVITIES		
GENERAL FUND	\$ 375,000	\$ 159,000
NON MAJOR FUNDS	352,000	568,000
TOTAL GOVERNMENT FUNDS	\$ 727,000	\$ 727,000

CITY OF TROUTDALE, OREGON
Notes to Basic Financial Statements
June 30, 2014

LONG-TERM DEBT

There are a variety of debt types for the purpose of carrying out capital financing activities. The various types of debt are discussed below. Outstanding debt amounts are as of June 30, 2014.

The following table presents current year changes in long-term debt outstanding, along with the current portions due for each issue.

	Beginning Balance	Increase	Decrease	Ending Balance	Due in One Year
Governmental Activities					
Parks and Facilities Loan	\$ 648,000	\$ -	\$ (120,000)	\$ 528,000	\$ 125,000
G.O. Bond	7,315,000	-	(185,000)	7,130,000	215,000
Capital Leases	81,194	45,191	(37,740)	88,645	35,252
Landfill post-closure care	261,786	-	(10,530)	251,256	10,765
Deferred Amounts:					
Bond Premium	59,096	-	(3,283)	55,813	-
Total Governmental Activities	\$ 8,365,076	\$ 45,191	\$ (356,553)	\$ 8,053,714	\$ 386,017
Business-type Activities					
Refunding, 2008	\$ 5,685,000	\$ -	\$ (1,040,000)	\$ 4,645,000	\$ 1,090,000
Deferred Amounts:					
Bond Premium	(133,677)	-	26,736	(106,941)	-
Bond Discount	62,942	-	(12,589)	50,353	-
Total Business-type Activities	\$ 5,614,265	\$ -	\$ (1,025,853)	\$ 4,588,412	\$ 1,090,000

GOVERNMENTAL ACTIVITIES

Loan Payable

A loan was entered into in the amount of \$1,173,000 in March of 2008. Principal and interest of 3.45%, on the loan will be paid from general purpose revenues and user fees, however, the full faith and credit of the government is pledged for payment.

Annual debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2015	\$ 125,000	\$ 16,060
2016	130,000	11,661
2017	135,000	7,090
2018	138,000	2,381
Totals	<u>\$ 528,000</u>	<u>\$ 37,192</u>

CITY OF TROUTDALE, OREGON
Notes to Basic Financial Statements
June 30, 2014

General Obligation Bonds

General obligation bonds were issued in February of 2011 in the amount of \$7,540,000 for the construction of a new police station. These twenty (20) year term bonds were issued with interest rates ranging from 2.0% to 4.0% and the final maturity due in 2031. The balance outstanding at June 30, 2014 is \$7,130,000. Principal and interest is payable from property tax revenues.

Annual debt service requirements to maturity for general obligation bonds for governmental type activities are as follows:

Year Ending June 30,	Principal	Interest
2015	\$ 215,000	\$ 279,835
2016	230,000	275,535
2017	245,000	270,935
2018	265,000	263,585
2019	290,000	253,698
2020-24	1,855,000	1,073,690
2025-29	2,675,000	638,165
2030-34	1,355,000	88,738
Totals	<u>\$ 7,130,000</u>	<u>\$ 3,144,181</u>

Capital leases

A capital lease was entered into during the year for a Ricoh Copier Lease. The cost of the equipment was capitalized for \$19,290. The lease is for a period of 36 months and monthly payments are required in the amount of \$598. \$7,176 was paid for the lease in the current year. The lease was paid off in the current year.

A capital lease was entered into for a Panasonic Arbitrator. The cost of the equipment was capitalized for \$118,800. The lease is for a period of 60 months and yearly payments are required. \$24,700 was paid for the lease in the current year. The following is a schedule of future lease payments at June 30:

Year Ending June 30,	Principal	Interest
2015	\$ 24,700	\$ -
2016	24,700	-
Total	<u>\$ 49,400</u>	<u>\$ -</u>

A capital lease was entered into for a copier. The cost of the equipment was capitalized for \$7,771. The lease is for a period of 36 months and yearly payments are required ranging from \$2,891. The current year lease expense was \$2,633. The following is a schedule of future lease payments at June 30:

Year Ending June 30,	Principal	Interest
2015	\$ 2,104	\$ 64
Totals	<u>\$ 2,104</u>	<u>\$ 64</u>

CITY OF TROUTDALE, OREGON
Notes to Basic Financial Statements
June 30, 2014

Capital leases were entered into during the year for additional copiers. The cost of the equipment was capitalized for \$50,976. The lease is for a period of 60 months and yearly payments are required ranging from \$10,060. The current year lease expense was \$2,633. The following is a schedule of future lease payments at June 30:

Year Ending June 30,	Principal	Interest
2015	\$ 8,448	\$ 1,604
2016	9,017	1,178
2017	9,463	700
2018	10,213	253
Totals	<u>\$ 37,141</u>	<u>\$ 3,735</u>

BUSINESS-TYPE ACTIVITIES

General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds were issued to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds were issued in February 1999 in the amount of \$16,000,000 for the acquisition of land and construction of a new Water Pollution Control Facility. These twenty (20) year term bonds were issued with interest rates ranging from 3.2% to 4.75% and the final maturity due in June 2018. The balance outstanding at June 30, 2014 is \$4,645,000. Principal and interest is payable from property tax revenues, sewer user fees, and sewer system development fees.

Annual debt service requirements to maturity for general obligation bonds for business type activities are as follows:

Year Ending June 30,	Principal	Interest
2015	\$ 1,090,000	\$ 183,306
2016	1,135,000	140,981
2017	1,185,000	96,800
2018	1,235,000	49,400
Totals	<u>\$ 4,645,000</u>	<u>\$ 470,487</u>

CITY OF TROUTDALE, OREGON
Notes to Basic Financial Statements
June 30, 2014

ACCRUED COMPENSATED ABSENCES

Changes in accrued compensated absences are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within one year
Governmental	\$ 351,774	\$ -	\$ (38,234)	\$ 313,540	\$ 75,250
Business Type	70,355	-	(14,680)	55,675	11,135
Total	<u>\$ 422,129</u>	<u>\$ -</u>	<u>\$ (52,914)</u>	<u>\$ 369,215</u>	<u>\$ 86,385</u>

The General Fund has been charged with the costs to liquidate the liability for the compensated absence for the governmental funds.

RESTRICTED ASSETS

The balances of the restricted cash and investment accounts are as follows:

	<u>Governmental</u>	<u>Business-Type</u>
Special revenue reserves:		
Street	\$ 1,177,389	\$ -
Project Fund	52,559	-
Street Tree	47,489	-
Code Specialties	161,399	-
Sam Cox Building	102,384	-
Bike Paths and Trails	62,092	-
Debt service reserves:		
General Fund COP	5,837	-
URA Debt Service	319,172	-
System Development Charges:		
Water SDC	-	21,423
Sewer SDC	-	128,830
Street SDC	967,003	-
Storm SDC	-	2,182,091
Parks SDC	1,117,943	-
Total restricted assets	<u>\$ 4,013,267</u>	<u>\$ 2,332,344</u>

4. OTHER INFORMATION

RISK MANAGEMENT

There is exposure to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of City-County Insurance Services (CCIS), a public entity risk pool currently operating a common risk management and insurance program. An annual premium is paid to CCIS for its insurance coverage. Based on the experience and the pool, there may be liability for an additional premium of up to approximately 20% of its initial premium or it may receive a refund. There has never been the

requirement to pay an additional premium. Predetermined limits and deductible amounts are stated in the policy. Commercial insurance is carried for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CONTINGENT LIABILITIES

The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. Management intends to vigorously contest these matters and does not believe their ultimate resolution will have a material effect upon the financial position, results of operations or cash flows.

During 1979 and 1980 sewer hookup reservations were sold as a means of financing the expansion of the wastewater treatment plant. Amounts received from property owners are nontransferable and nonrefundable. Deposits are applied to the sewer system development charge at the time of hookup.

Federal grants are subject to audit by the grantor agency and any adjustments may become a liability of the appropriate fund. Management believes that adjustments, if any, will not materially affect the financial position.

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

There are two pension plans contributed to which are administered by the Oregon Public Employees Retirement System (PERS) as a cost-sharing multiple-employer defined benefit pension plans. The Oregon Public Employees Retirement Fund (OPERF) the defined benefit portion of the plan, applies to the City's contribution for qualifying employees who were hired before August 29, 2003. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs. The Pension Program, the defined benefit portion of the plan, applies to qualifying employees hired after August 29, 2003. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. As of January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

Both PERS plans provide retirement and disability benefits, post employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statue Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to PERS, PO Box 23700, Tigard, OR 97281-3700 or by calling 503-598-7377.

Funding Policy

Members of PERS are required to contribute 6% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. In addition to the required employer's contribution, the employer is allowed to pay all or none of the employees' 6% contribution. For the fiscal year ended June 30, 2014, the City paid all of the 6% contribution for the City employees. The City is required by ORS 238.225 to contribute at an actuarially determined rate for the

CITY OF TROUTDALE, OREGON
Notes to Basic Financial Statements
June 30, 2014

qualifying employees under the OPERF plan, and a general service rate for the qualifying employees under the OPSRP plan. The OPERF and the OPSRP rates in effect for the fiscal year ended June 30, 2014 were 11.40% and 7.35% respectively. The OPSRP rate applicable to police and fire personnel and related payroll, in effect for the fiscal year ended June 30, 2014, was 10.08%. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

Annual Pension Cost

Contributions to PERS for the years ending June 30, 2014, 2013 and 2012 were \$708,090, \$564,689, and \$753,519 respectively, which equaled the annual required contribution (ARC) for each year.

An actuary has determined that no material implicit rate subsidy exists and therefore there is no OPEB obligation reported for implicit post-employment benefits.

Retirement Health Insurance Account (RHIA)

Plan Description.

As a member of Oregon Public Employees Retirement System (PERS) the contributions are made to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Funding Policy.

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating cities are contractually required to contribute to RHIA at a rate assessed each year by PERS, currently 0.59% for OPERF and .50% for OPSRP members of their annual covered payroll. The PERS Board of Trustees sets the employer contribution rate based on the annual required contribution (ARC) of the employers, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an

CITY OF TROUTDALE, OREGON
Notes to Basic Financial Statements
June 30, 2014

ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

Contributions to RHIA for the years ending June 30, 2013 and 2014 were \$19,773 and \$21,275 respectively, which equaled the ARC for each year.

An actuary has determined that no material implicit rate subsidy exists and therefore there is no OPEB obligation for implicit post-employment benefits.

DEFERRED COMPENSATION PLANS

Two deferred compensation trust plans were created in accordance with Internal Revenue Code Section 457. The trusts hold the assets for the exclusive benefit of plan participants and their beneficiaries. Plan assets are not the property of the City, or subject to the claims of the City's general creditors.

PROPERTY TAX LIMITATION

The State of Oregon has a constitutional limit on property taxes for governmental operations. Under the limitation, tax revenue is separated into those for public schools and those for local governments other than public schools. The limitation specifies a maximum rate for all local government operations of \$10.00 per \$1,000 of real market value, while schools are similarly limited to a \$5.00 maximum rate. Local government taxes in the City currently do not exceed the \$10.00 rate limit; however, this limitation may affect the availability of future tax revenues.

In May 1997, voters approved Measure 50 which rolled back assessed values to 90% of 1995-96 and limits future increases of taxable assessed values to 3% per year, exclusive of new construction and property that is improved, rezoned, subdivided, or ceases to qualify for exemption. Tax rates are now fixed and not subject to change. Voters may approve local initiatives above the fixed rate provided a majority approves at either (i) a general election in an even numbered year, or (ii) at any other election in which at least 50% of registered voters cast a ballot.

POST-CLOSURE LANDFILL CARE

The Sunrise Park (Obrist) Landfill previous Solid Waste Disposal Site Closure Permit Number 1193 expired in April 2009. The facility is permitted as a Closed Construction and Demolition Landfill. The landfill closure permit was renewed by the Oregon Department of Environmental Quality (DEQ) on December 21, 2012 based upon a Land Use Compatibility Statement May 14, 1998 and a Solid Waste Disposal Site Closure Permit renewal application of November 17, 2008, and an Environmental Monitoring Plan approved by DEQ on March 15, 2011.

The City has had a previously unrecorded a liability for the estimated costs of landfill postclosure care. As part of the above renewal application with DEQ the City is providing a financial assurance plan beginning with the 2012-2013 fiscal year and for each subsequent year to comply with State and federal laws and regulations which require the City to perform certain maintenance and monitoring functions at the site for thirty years after closure.

The City has evaluated the liability by examining the estimated costs needed to perform the postclosure care over the remaining life determined the year ended June 30, 2014 estimated liability of \$251,256. The estimated future costs to maintain and monitor the landfill may change

CITY OF TROUTDALE, OREGON
Notes to Basic Financial Statements
June 30, 2014

due to one or more of the following factors of inflation, deflation, changes in technology or changes to applicable laws or regulations. The City believes this long term liability has been, and will remain, immaterial in light of the City's overall financial condition.

5. DEFICIT FUND BALANCE

There is a deficit fund balance in the following fund:

URA Riverfront Development Fund - \$476,981
Sam Cox Building - \$4,816

The deficit fund balances are the result of budgetary to GAAP accounting differences for Interfund Loans.

6. FUND BALANCE CONSTRAINTS

The specific purposes for each of the categories of fund balance as of June 30, 2014 are as follows:

Fund Balances:	<u>General Fund</u>	<u>Street Fund</u>	<u>Project Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>
<u>Nonspendable:</u>					
Prepaid items	\$ 4,050	\$ -	\$ -	\$ -	\$ 4,050
Inventory	713	12,134	-	-	12,847
Total	4,763	12,134	-	-	16,897
<u>Restricted:</u>					
Capital projects	-	-	52,559	3,840,582	3,893,141
Debt service	-	-	-	473,658	473,658
Street maintenance	-	1,111,685	-	-	1,111,685
Total	-	1,111,685	52,559	4,314,240	5,478,484
Unassigned:	3,700,166	-	-	(481,797)	3,218,369
Total Fund Balances	\$ 3,704,929	\$ 1,123,819	\$ 52,559	\$ 3,832,443	\$ 8,713,750

CITY OF TROUTDALE
MULTNOMAH COUNTY, OREGON
SUPPLEMENTARY INFORMATION

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**CITY OF TROUTDALE, OREGON
PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest	\$ 100	\$ 100	\$ 1,045	\$ 945
Total revenues	100	100	1,045	945
EXPENDITURES:				
Capital outlay	500,100	500,100	243,792	256,308
Total expenditures	500,100	500,100	243,792	256,308
Net changes in fund balances	(500,000)	(500,000)	(242,747)	257,253
FUND BALANCES, BEGINNING	500,000	500,000	295,306	(204,694)
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,559</u>	<u>\$ 52,559</u>

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**SCHEDULE OF REVENUES,
EXPENDITURES/EXPENSES
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL**

Governmental Funds

Special Revenue Funds

Street Tree Fund
Bike Paths and Trails Fund
Code Specialties Fund
Sam Cox Building Fund

Debt Service Funds

COP Debt Service Fund
URA Debt Service Fund

Capital Projects Funds

Street Improvement Fund
Parks Improvement Fund
Utilities Undergrounding Fund
STP Site Redevelopment Fund
URA Riverfront Development Fund

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CITY OF TROUTDALE, OREGON
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2014

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total
ASSETS				
Cash and investments	\$ 373,364	\$ 325,009	\$ 3,398,146	\$ 4,096,519
Accounts receivable	720	767	-	1,487
Property taxes receivable	-	7,058	-	7,058
Interfund loan receivable	-	-	264,000	264,000
Due from	-	147,488	-	147,488
Total assets	<u>\$ 374,084</u>	<u>\$ 480,322</u>	<u>\$ 3,662,146</u>	<u>\$ 4,516,552</u>
LIABILITIES				
Accounts payable	\$ 27,819	\$ -	\$ 20,038	\$ 47,857
Deposits payable	2,100	-	-	2,100
Interfund loan	170,000	-	310,000	480,000
Due to	-	-	147,488	147,488
Total liabilities	<u>199,919</u>	<u>-</u>	<u>477,526</u>	<u>677,445</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Taxes	-	6,664	-	6,664
FUND BALANCES				
Restricted	178,981	473,658	3,661,601	4,314,240
Unassigned	(4,816)	-	(476,981)	(481,797)
Total fund balances	<u>174,165</u>	<u>473,658</u>	<u>3,184,620</u>	<u>3,832,443</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 374,084</u>	<u>\$ 480,322</u>	<u>\$ 3,662,146</u>	<u>\$ 4,516,552</u>

CITY OF TROUTDALE, OREGON
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2014

	Street Tree Fund	Bike Paths & Trails Fund	Code Specialties Fund	Sam Cox Building Fund	Total
ASSETS					
Cash and investments	\$ 47,489	\$ 62,092	\$ 161,399	\$ 102,384	\$ 373,364
Accounts receivable	-	720	-	-	720
Total assets	<u>\$ 47,489</u>	<u>\$ 62,812</u>	<u>\$ 161,399</u>	<u>\$ 102,384</u>	<u>\$ 374,084</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 27,719	\$ 100	\$ 27,819
Deposits payable	-	-	-	2,100	2,100
Interfund loan	-	-	65,000	105,000	170,000
Total liabilities	<u>-</u>	<u>-</u>	<u>92,719</u>	<u>107,200</u>	<u>199,919</u>
FUND BALANCES					
Restricted	47,489	62,812	68,680	-	178,981
Unassigned	-	-	-	(4,816)	(4,816)
Total fund balances	<u>47,489</u>	<u>62,812</u>	<u>68,680</u>	<u>(4,816)</u>	<u>174,165</u>
Total liabilities and fund balance	<u>\$ 47,489</u>	<u>\$ 62,812</u>	<u>\$ 161,399</u>	<u>\$ 102,384</u>	<u>\$ 374,084</u>

CITY OF TROUTDALE, OREGON
Nonmajor Debt Service Funds
Combining Balance Sheet
June 30, 2014

	<u>COP Debt Service Fund</u>	<u>URA Debt Service Fund</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 5,837	\$ 319,172	\$ 325,009
Property taxes receivable	-	7,058	7,058
Accounts receivable	-	767	767
Due from	-	147,488	147,488
Total assets	<u>\$ 5,837</u>	<u>\$ 474,485</u>	<u>\$ 480,322</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Taxes	\$ -	\$ 6,664	\$ 6,664
Total deferred inflows of resources	<u>-</u>	<u>6,664</u>	<u>6,664</u>
FUND BALANCES			
Restricted	<u>5,837</u>	<u>467,821</u>	<u>473,658</u>
Total fund balances	<u>5,837</u>	<u>467,821</u>	<u>473,658</u>
Total liabilities and fund balances	<u>\$ 5,837</u>	<u>\$ 474,485</u>	<u>\$ 480,322</u>

CITY OF TROUTDALE, OREGON
 Nonmajor Capital Projects Funds
 Combining Balance Sheet
 June 30, 2014

	Street Improvement Fund	Parks Improvement Fund	Utilities Underground ing Fund	STP Site Redevelopm ent Fund	URA Riverfront Development Fund	Total
ASSETS						
Cash and investments	\$ 967,003	\$ 1,117,943	\$ 1,313,167	\$ 33	\$ -	\$ 3,398,146
Interfund loan receivable	-	264,000	-	-	-	264,000
Total assets	<u>\$ 967,003</u>	<u>\$ 1,381,943</u>	<u>\$ 1,313,167</u>	<u>\$ 33</u>	<u>\$ -</u>	<u>\$ 3,662,146</u>
LIABILITIES						
Accounts payable	\$ 545	\$ -	\$ -	\$ -	\$ 19,493	\$ 20,038
Interfund loan payable	-	-	-	-	310,000	310,000
Due to	-	-	-	-	147,488	147,488
Total liabilities	<u>545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>476,981</u>	<u>477,526</u>
FUND BALANCES						
Restricted	966,458	1,381,943	1,313,167	33	-	3,661,601
Unassigned	-	-	-	-	(476,981)	(476,981)
Total fund balances	<u>966,458</u>	<u>1,381,943</u>	<u>1,313,167</u>	<u>33</u>	<u>(476,981)</u>	<u>3,184,620</u>
Total liabilities and fund balances	<u>\$ 967,003</u>	<u>\$ 1,381,943</u>	<u>\$ 1,313,167</u>	<u>\$ 33</u>	<u>\$ -</u>	<u>\$ 3,662,146</u>

CITY OF TROUTDALE, OREGON
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2014

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total
REVENUES				
Intergovernmental	\$ 9,148	\$ -	\$ 29,818	\$ 38,966
Charges for services	-	-	57,550	57,550
Property taxes	-	147,301	-	147,301
Franchise	-	-	177,628	177,628
Licenses and permits	309,413	-	-	309,413
Interest	537	345	16,329	17,211
Miscellaneous	18,954	-	28,200	47,154
Total revenues	<u>338,052</u>	<u>147,646</u>	<u>309,525</u>	<u>795,223</u>
EXPENDITURES				
Community development	244,140	788	309,341	554,269
Capital outlay	336	-	24,928	25,264
Debt service:				
Principal	-	120,000	-	120,000
Interest	-	20,286	-	20,286
Total expenditures	<u>244,476</u>	<u>141,074</u>	<u>334,269</u>	<u>719,819</u>
Excess (deficiency) of revenues over (under) expenditures	93,576	6,572	(24,744)	75,404
OTHER FINANCING SOURCES (USES)				
Transfers in	-	141,000	-	141,000
Total other financing sources (uses)	<u>-</u>	<u>141,000</u>	<u>-</u>	<u>141,000</u>
Net changes in fund balances	93,576	147,572	(24,744)	216,404
FUND BALANCES, BEGINNING	<u>80,589</u>	<u>326,086</u>	<u>3,209,364</u>	<u>3,616,039</u>
FUND BALANCES, ENDING	<u>\$ 174,165</u>	<u>\$ 473,658</u>	<u>\$ 3,184,620</u>	<u>\$ 3,832,443</u>

CITY OF TROUTDALE, OREGON
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2014

	Street Tree Fund	Bike Paths & Trails Fund	Code Specialties Fund	Sam Cox Building Fund	Total
REVENUES					
Intergovernmental	\$ -	\$ 9,148	\$ -	\$ -	\$ 9,148
Licenses, permits, and fees	-	-	292,578	16,835	309,413
Miscellaneous	-	-	18,954	-	18,954
Interest	243	294	-	-	537
Total revenues	<u>243</u>	<u>9,442</u>	<u>311,532</u>	<u>16,835</u>	<u>338,052</u>
EXPENDITURES					
Community development	617	-	243,393	130	244,140
Total expenditures	<u>617</u>	<u>336</u>	<u>243,393</u>	<u>130</u>	<u>244,476</u>
Net changes in fund balances	(374)	9,106	68,139	16,705	93,576
FUND BALANCES, BEGINNING	<u>47,863</u>	<u>53,706</u>	<u>541</u>	<u>(21,521)</u>	<u>80,589</u>
FUND BALANCES, ENDING	<u>\$ 47,489</u>	<u>\$ 62,812</u>	<u>\$ 68,680</u>	<u>\$ (4,816)</u>	<u>\$ 174,165</u>

CITY OF TROUTDALE, OREGON
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2014

	<u>COP Debt Service Fund</u>	<u>URA Debt Service Fund</u>	<u>Total</u>
REVENUES			
Property taxes	\$ -	\$ 147,301	\$ 147,301
Interest	345	-	345
Total revenues	<u>345</u>	<u>147,301</u>	<u>147,646</u>
EXPENDITURES			
Materials and Services	-	788	788
Debt Service			
Principal	120,000	-	120,000
Interest	20,286	-	20,286
Total expenditures	<u>140,286</u>	<u>788</u>	<u>141,074</u>
Excess (deficiency) of revenues over (under) expenditures	(139,941)	146,513	6,572
OTHER FINANCING SOURCES (USES)			
Transfers in	141,000	-	141,000
Total other financing sources (uses)	<u>141,000</u>	<u>-</u>	<u>141,000</u>
Net changes in fund balances	1,059	146,513	147,572
FUND BALANCES, BEGINNING	<u>4,778</u>	<u>321,308</u>	<u>326,086</u>
FUND BALANCES, ENDING	<u>\$ 5,837</u>	<u>\$ 467,821</u>	<u>\$ 473,658</u>

CITY OF TROUTDALE, OREGON
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2014

	Street Improvement Fund	Parks Improvement Fund	Utilities Undergrounding Fund	Site Redevelopment Fund	URA Riverfront Development Fund	Total
REVENUES						
Charges for services	\$ 37,378	\$ 20,172	\$ -	\$ -	\$ -	\$ 57,550
Intergovernmental	-	-	-	-	29,818	29,818
Franchise	-	-	177,628	-	-	177,628
Interest	2,876	7,634	5,819	-	-	16,329
Miscellaneous revenue	-	-	-	-	28,200	28,200
Total revenues	<u>40,254</u>	<u>27,806</u>	<u>183,447</u>	<u>-</u>	<u>58,018</u>	<u>309,525</u>
EXPENDITURES						
Materials and services	-	-	-	-	309,341	309,341
Capital outlay	22,103	2,825	-	-	-	24,928
Total expenditures	<u>22,103</u>	<u>2,825</u>	<u>-</u>	<u>-</u>	<u>309,341</u>	<u>334,269</u>
Net changes in fund balances	18,151	24,981	183,447	-	(251,323)	(24,744)
FUND BALANCES, BEGINNING	<u>948,307</u>	<u>1,356,962</u>	<u>1,129,720</u>	<u>33</u>	<u>(225,658)</u>	<u>3,209,364</u>
FUND BALANCES, ENDING	<u>\$ 966,458</u>	<u>\$ 1,381,943</u>	<u>\$ 1,313,167</u>	<u>\$ 33</u>	<u>\$ (476,981)</u>	<u>\$ 3,184,620</u>

**CITY OF TROUTDALE, OREGON
STREET TREE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Investment earnings	\$ 350	\$ 350	\$ 243	\$ (107)
Total revenues	350	350	243	(107)
EXPENDITURES:				
Materials and service	49,421	49,421	617	48,804
Net changes in fund balances	(49,071)	(49,071)	(374)	48,697
FUND BALANCES, BEGINNING	49,071	49,071	47,863	(1,208)
FUND BALANCES, ENDING	\$ -	\$ -	\$ 47,489	\$ 47,489

**CITY OF TROUTDALE, OREGON
BIKE PATHS & TRAILS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 8,620	\$ 8,620	\$ 9,148	\$ 528
Investment earnings	100	100	294	194
Total revenues	<u>8,720</u>	<u>8,720</u>	<u>9,442</u>	<u>722</u>
EXPENDITURES:				
Capital outlay	<u>63,058</u>	<u>63,058</u>	<u>336</u>	<u>62,722</u>
Total expenditures	<u>63,058</u>	<u>63,058</u>	<u>336</u>	<u>62,722</u>
Net changes in fund balances	(54,338)	(54,338)	9,106	63,444
FUND BALANCES, BEGINNING	<u>54,338</u>	<u>54,338</u>	<u>53,706</u>	<u>(632)</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,812</u>	<u>\$ 62,812</u>

**CITY OF TROUTDALE, OREGON
CODE SPECIALTIES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Permits and fees	\$ 200,900	\$ 200,900	\$ 292,578	\$ 91,678
Miscellaneous	12,100	12,100	18,954	6,854
Investment earnings	100	100	-	(100)
Total revenues	<u>213,100</u>	<u>213,100</u>	<u>311,532</u>	<u>98,432</u>
EXPENDITURES:				
Building	187,105	189,105	188,455	650
Electrical	62,262	64,136	62,131	2,005
Plumbing	47,379	63,379	57,807	5,572
Contingency	19,874	-	-	-
Total expenditures	<u>316,620</u>	<u>316,620</u>	<u>308,393</u>	<u>8,227</u>
Revenues over (under) expenditures	(103,520)	(103,520)	3,139	106,659
OTHER FINANCING SOURCES (USES):				
Transfers in	65,000	65,000	65,000	-
Total other financing sources (uses)	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>	<u>-</u>
Net changes in fund balances	(38,520)	(38,520)	68,139	106,659
FUND BALANCES, BEGINNING	<u>38,520</u>	<u>38,520</u>	<u>65,541</u>	<u>27,021</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,680</u>	<u>\$ 133,680</u>
Budget to GAAP Reconciliation				
Interfund loan transactions			<u>(65,000)</u>	
GAAP Fund Balance			<u>\$ 68,680</u>	

CITY OF TROUTDALE, OREGON
SAM COX BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Permits and fees	\$ 33,500	\$ 33,500	\$ 16,835	\$ (16,665)
Investment earnings	500	500	-	(500)
Total revenues	<u>34,000</u>	<u>34,000</u>	<u>16,835</u>	<u>(17,165)</u>
EXPENDITURES:				
Materials and Services	26,760	26,760	15,130	11,630
Capital Outlay	70,000	70,000	-	70,000
Contingency	11,279	11,279	-	11,279
Total expenditures	<u>108,039</u>	<u>108,039</u>	<u>15,130</u>	<u>92,909</u>
Net changes in fund balances	<u>(74,039)</u>	<u>(74,039)</u>	<u>1,705</u>	<u>75,744</u>
FUND BALANCES, BEGINNING	<u>74,039</u>	<u>74,039</u>	<u>98,479</u>	<u>24,440</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,184</u>	<u>\$ 100,184</u>
			Budget to GAAP Reconciliation	
			Interfund loan transactions	<u>(105,000)</u>
			GAAP Fund Balance	<u>\$ (4,816)</u>

**CITY OF TROUTDALE, OREGON
COP DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Investment earnings	\$ 100	\$ 100	\$ 345	\$ 245
Total revenues	100	100	345	245
EXPENDITURES:				
Debt Service:				
Principal	120,000	120,000	120,000	-
Interest	21,000	21,000	20,286	714
Total debt service	141,000	141,000	140,286	714
Revenues over (under) expenditures	(140,900)	(140,900)	(139,941)	959
OTHER FINANCING SOURCES (USES):				
Transfers in	141,000	141,000	141,000	-
Total other financing sources (uses)	141,000	141,000	141,000	-
Net changes in fund balances	100	100	1,059	959
FUND BALANCES, BEGINNING	2,857	2,857	4,778	1,921
FUND BALANCES, ENDING	<u>\$ 2,957</u>	<u>\$ 2,957</u>	<u>\$ 5,837</u>	<u>\$ 2,880</u>

CITY OF TROUTDALE, OREGON
URA DEBT SERVICE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes				
Current year	\$ 121,000	\$ 121,000	\$ 142,771	\$ 21,771
Prior year	-	-	1,747	1,747
Penalties and interest	100	100	2,783	2,683
Total revenues	<u>121,100</u>	<u>121,100</u>	<u>147,301</u>	<u>26,201</u>
EXPENDITURES:				
Materials and service	1,300	1,300	788	512
Debt Service:				
Principal	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total expenditures	<u>201,300</u>	<u>201,300</u>	<u>200,788</u>	<u>512</u>
Net changes in fund balances	(80,200)	(80,200)	(53,487)	26,713
FUND BALANCES, BEGINNING	<u>114,245</u>	<u>114,245</u>	<u>121,308</u>	<u>7,063</u>
FUND BALANCES, ENDING	<u>\$ 34,045</u>	<u>\$ 34,045</u>	<u>\$ 67,821</u>	<u>\$ 33,776</u>
			Budget to GAAP Reconciliation	
			Interfund loan transactions	<u>400,000</u>
			GAAP Fund Balance	<u>\$ 467,821</u>

**CITY OF TROUTDALE, OREGON
STREET IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
System development charges	\$ 40,000	\$ 40,000	\$ 37,378	\$ (2,622)
Investment earnings	2,500	2,500	2,876	376
 Total revenues	 42,500	 42,500	 40,254	 (2,246)
EXPENDITURES:				
Materials and service	10,000	10,000	-	10,000
Capital outlay	840,000	840,000	22,103	817,897
Contingency	122,751	122,751	-	122,751
 Total expenditures	 972,751	 972,751	 22,103	 950,648
 Net changes in fund balances	 (930,251)	 (930,251)	 18,151	 948,402
FUND BALANCES, BEGINNING	930,251	930,251	948,307	18,056
FUND BALANCES, ENDING	\$ -	\$ -	\$ 966,458	\$ 966,458

**CITY OF TROUTDALE, OREGON
PARKS IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 141,000	\$ 141,000	\$ 41,000	\$ (100,000)
System development charges	40,000	40,000	20,172	(19,828)
Investment earnings	8,000	8,000	7,634	(366)
	<u>189,000</u>	<u>189,000</u>	<u>68,806</u>	<u>(120,194)</u>
EXPENDITURES:				
Capital outlay	265,000	265,000	2,825	262,175
Contingency	300,000	300,000	-	300,000
	<u>565,000</u>	<u>565,000</u>	<u>2,825</u>	<u>562,175</u>
Net changes in fund balances	(376,000)	(376,000)	65,981	441,981
FUND BALANCE, BEGINNING	<u>1,000,739</u>	<u>1,000,739</u>	<u>1,051,962</u>	<u>51,223</u>
FUND BALANCE, ENDING	<u>\$ 624,739</u>	<u>\$ 624,739</u>	<u>\$ 1,117,943</u>	<u>\$ 493,204</u>
			Budget to GAAP Reconciliation	
			Interfund loan transactions	<u>264,000</u>
			GAAP Fund Balance	<u>\$ 1,381,943</u>

**CITY OF TROUTDALE, OREGON
 UTILITIES UNDERGROUNDING FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended June 30, 2014**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Franchise fees	\$ 181,000	\$ 181,000	\$ 177,628	\$ (3,372)
Investment earnings	3,916	3,916	5,819	1,903
Total revenues	<u>184,916</u>	<u>184,916</u>	<u>183,447</u>	<u>(1,469)</u>
EXPENDITURES:				
Capital outlay	<u>1,313,468</u>	<u>1,313,468</u>	<u>-</u>	<u>1,313,468</u>
Total expenditures	<u>1,313,468</u>	<u>1,313,468</u>	<u>-</u>	<u>1,313,468</u>
Net changes in fund balances	(1,128,552)	(1,128,552)	183,447	1,311,999
FUND BALANCE, BEGINNING	<u>1,128,552</u>	<u>1,128,552</u>	<u>1,129,720</u>	<u>1,168</u>
FUND BALANCE, ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,313,167</u></u>	<u><u>\$ 1,313,167</u></u>

CITY OF TROUTDALE, OREGON
STP SITE REDEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE, BEGINNING	\$ -	\$ -	\$ 33	\$ 33
FUND BALANCE, ENDING	\$ -	\$ -	\$ 33	\$ 33

CITY OF TROUTDALE, OREGON
URA RIVERFRONT DEVELOPMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental grant	\$ 245,000	\$ 245,000	\$ 29,818	\$ (215,182)
Miscellaneous	-	-	28,200	28,200
Total revenues	245,000	245,000	58,018	(186,982)
EXPENDITURES:				
Materials and service	650,100	650,100	309,341	340,759
Capital outlay	1,550,000	1,550,000	-	1,550,000
Contingency	270,411	270,411	-	270,411
Total expenditures	2,470,511	2,470,511	309,341	2,161,170
Revenues over (under) expenditures	(2,225,511)	(2,225,511)	(251,323)	1,974,188
OTHER FINANCING SOURCES (USES):				
Loan proceeds	2,000,000	2,000,000	250,000	(1,750,000)
Total other financing sources (uses)	2,000,000	2,000,000	250,000	(1,750,000)
Net changes in fund balances	(225,511)	(225,511)	(1,323)	224,188
FUND BALANCES, BEGINNING	225,511	225,511	234,342	8,831
FUND BALANCES, ENDING	\$ -	\$ -	\$ 233,019	\$ 233,019
			Budget to GAAP Reconciliation Interfund loan transactions	(710,000)
			GAAP Fund Balance	\$ (476,981)

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**SCHEDULE OF REVENUES,
EXPENDITURES/EXPENSES
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL**

Proprietary Funds

Water Fund

Water Improvement Fund

Water Fund Reconciliation of Budgetary Revenues and
Expenditures to Proprietary Revenues and Expenses

Sewer Fund

Debt Service Fund (business-type activity portion)

Sewer Improvement Fund

Sewer Fund Reconciliation of Budgetary Revenues and
Expenditures to Proprietary Revenues and Expenses

Storm Sewer Improvement Fund

Storm Sewer Utility Fund

Storm Sewer Fund Reconciliation of Budgetary Revenues and
Expenditures to Proprietary Revenues and Expenses

Public Services Fund

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CITY OF TROUTDALE, OREGON
WATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 79,200	\$ 79,200	\$ 84,671	\$ 5,471
Charges for services	1,502,300	1,502,300	1,429,516	(72,784)
Investment earnings	7,000	7,000	5,884	(1,116)
Miscellaneous	1,000	1,000	11,600	10,600
Total revenues	1,589,500	1,589,500	1,531,671	(57,829)
EXPENDITURES:				
Personal service	430,149	430,149	378,376	51,773
Materials and service	1,136,400	1,136,400	1,016,277	120,123
Capital outlay	430,900	430,900	247,270	183,630
Contingency	150,000	150,000	-	150,000
Total expenditures	2,147,449	2,147,449	1,641,923	505,526
Revenues over (under) expenditures	(557,949)	(557,949)	(110,252)	447,697
OTHER FINANCING SOURCES (USES):				
Capital Lease	-	-	2,251	2,251
Total other financing sources (uses)	-	-	2,251	2,251
Net changes in fund balances	(557,949)	(557,949)	(108,001)	449,948
FUND BALANCES, BEGINNING	709,063	709,063	929,028	219,965
FUND BALANCES, ENDING	\$ 151,114	\$ 151,114	\$ 821,027	\$ 669,913

**CITY OF TROUTDALE, OREGON
WATER IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
System development charges	\$ 9,000	\$ 9,000	\$ 5,380	\$ (3,620)
Investment earnings	100	100	1,216	1,116
Total revenues	<u>9,100</u>	<u>9,100</u>	<u>6,596</u>	<u>(2,504)</u>
EXPENDITURES:				
Contingency	<u>22,837</u>	<u>22,837</u>	<u>-</u>	<u>22,837</u>
Total expenditures	<u>22,837</u>	<u>22,837</u>	<u>-</u>	<u>22,837</u>
Net changes in fund balances	(13,737)	(13,737)	6,596	20,333
FUND BALANCES, BEGINNING	<u>13,737</u>	<u>13,737</u>	<u>14,827</u>	<u>1,090</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,423</u>	<u>\$ 21,423</u>

**CITY OF TROUTDALE, OREGON
WATER FUND
RECONCILIATION OF BUDGETARY REVENUES AND EXPENDITURES
TO PROPRIETARY REVENUES AND EXPENSES
For the Year Ended June 30, 2014**

	<u>Revenues</u>	<u>Expenditures/ Expenses</u>
Water Fund	\$ 1,533,922	\$ 1,641,923
Water Improvement Fund	6,596	-
Total (Budgetary)	<u>1,540,518</u>	<u>1,641,923</u>
Capital outlay expenditures capitalized	-	(247,270)
Capital contribution	703,645	-
Loss on capital asset	(561)	-
Depreciation expense	-	495,793
Net change in accrued compensated absences	<u>-</u>	<u>(3,782)</u>
 Revenues and expenses (GAAP)	 \$ 2,243,602	 \$ 1,886,664

CITY OF TROUTDALE, OREGON
SEWER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 2,567,500	\$ 2,567,500	\$ 2,575,013	\$ 7,513
Investment earnings	6,000	6,000	5,560	(440)
Miscellaneous	1,000	1,000	2,314	1,314
	<u>2,574,500</u>	<u>2,574,500</u>	<u>2,582,887</u>	<u>8,387</u>
EXPENDITURES:				
Personal service	714,264	714,264	689,889	24,375
Materials and service	1,250,950	1,250,950	1,188,486	62,464
Capital outlay	515,750	515,750	316,921	198,829
Contingency	232,500	232,500	-	232,500
	<u>2,713,464</u>	<u>2,713,464</u>	<u>2,195,296</u>	<u>518,168</u>
Revenues over (under) expenditures	(138,964)	(138,964)	387,591	526,555
OTHER FINANCING SOURCES (USES):				
Transfers in	44,000	44,000	44,000	-
#####	(353,736)	(353,736)	(353,736)	-
Insurance Reimbursement	-	-	20,752	20,752
	<u>(309,736)</u>	<u>(309,736)</u>	<u>(288,984)</u>	<u>20,752</u>
Net changes in fund balances	(448,700)	(448,700)	98,607	547,307
FUND BALANCES, BEGINNING	<u>1,419,007</u>	<u>1,419,007</u>	<u>1,434,214</u>	<u>15,207</u>
FUND BALANCES, ENDING	<u>\$ 970,307</u>	<u>\$ 970,307</u>	<u>\$ 1,532,821</u>	<u>\$ 562,514</u>

CITY OF TROUTDALE, OREGON
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes				
Current Year	\$ 1,408,464	\$ 1,408,464	\$ 1,419,892	\$ 11,428
Prior Year	5,000	5,000	29,684	24,684
Investment earnings	100	100	3,722	3,622
	<u>1,413,564</u>	<u>1,413,564</u>	<u>1,453,298</u>	<u>39,734</u>
Total revenues				
EXPENDITURES:				
Debt Service:				
Principal	1,225,000	1,225,000	1,225,000	-
Interest	509,000	509,000	506,879	2,121
	<u>1,734,000</u>	<u>1,734,000</u>	<u>1,731,879</u>	<u>2,121</u>
Total debt service				
Revenues over (under) expenditures	(320,436)	(320,436)	(278,581)	41,855
OTHER FINANCING SOURCES (USES):				
Transfers in	353,736	353,736	353,736	-
	<u>353,736</u>	<u>353,736</u>	<u>353,736</u>	<u>-</u>
Total other financing sources (uses)				
Net changes in fund balances	33,300	33,300	75,155	41,855
FUND BALANCES, BEGINNING	<u>274,845</u>	<u>274,845</u>	<u>324,927</u>	<u>50,082</u>
FUND BALANCES, ENDING	<u>\$ 308,145</u>	<u>\$ 308,145</u>	<u>\$ 400,082</u>	<u>\$ 91,937</u>

**CITY OF TROUTDALE, OREGON
SEWER IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
System development charges	\$ 40,000	\$ 40,000	\$ 50,415	\$ 10,415
Investment earnings	100	100	1,072	972
Total revenues	<u>40,100</u>	<u>40,100</u>	<u>51,487</u>	<u>11,387</u>
EXPENDITURES:				
Contingency	<u>114,660</u>	<u>114,660</u>	-	<u>114,660</u>
Total expenditures	<u>114,660</u>	<u>114,660</u>	-	<u>114,660</u>
Net changes in fund balances	(74,560)	(74,560)	51,487	126,047
FUND BALANCES, BEGINNING	<u>74,560</u>	<u>74,560</u>	<u>77,343</u>	<u>2,783</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,830</u>	<u>\$ 128,830</u>

CITY OF TROUTDALE, OREGON
SEWER FUND
RECONCILIATION OF BUDGETARY REVENUES AND EXPENDITURES
TO PROPRIETARY REVENUES AND EXPENSES
For the Year Ended June 30, 2014

	<u>Revenues</u>	<u>Expenditures/ Expenses</u>
Sewer Fund	\$ 2,647,639	\$ 2,195,296
Debt Service Fund	1,453,298	1,731,879
Sewer Improvement Fund	51,487	-
Total	<u>4,152,424</u>	<u>3,927,175</u>
Depreciation expense	-	778,799
Capital outlay	-	(316,921)
Capital contribution	1,848,546	-
Net change in accrued compensated absences	-	(16,455)
Change in unavailable property taxes	9,842	-
Interest	-	(3,291)
Interfund loan transaction	(44,000)	-
Bond Premium and Discount Amortization	-	14,147
Payment of bond principal	-	(1,040,000)
	<u>-</u>	<u>(1,040,000)</u>
Revenues and expenses	\$ 5,966,812	\$ 3,343,454

CITY OF TROUTDALE, OREGON
STORM SEWER IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
System development charges	\$ 10,000	\$ 10,000	\$ 177,944	\$ 167,944
Investment earnings	7,000	7,000	9,742	2,742
Total revenues	<u>17,000</u>	<u>17,000</u>	<u>187,686</u>	<u>170,686</u>
EXPENDITURES:				
Materials and service	10,000	10,000	11,317	(1,317)
Capital outlay	880,000	880,000	-	880,000
Contingency	150,000	150,000	-	150,000
Total expenditures	<u>1,040,000</u>	<u>1,040,000</u>	<u>11,317</u>	<u>1,028,683</u>
Net changes in fund balances	(1,023,000)	(1,023,000)	176,369	1,199,369
FUND BALANCES, BEGINNING	<u>2,004,263</u>	<u>2,004,263</u>	<u>2,005,722</u>	<u>1,459</u>
FUND BALANCES, ENDING	<u>\$ 981,263</u>	<u>\$ 981,263</u>	<u>\$ 2,182,091</u>	<u>\$ 1,200,828</u>

**CITY OF TROUTDALE, OREGON
STORM SEWER UTILITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 254,000	\$ 254,000	\$ 251,092	\$ (2,908)
Investment earnings	2,000	2,000	1,363	(637)
Miscellaneous	1,000	1,000	-	(1,000)
Total revenues	257,000	257,000	252,455	(4,545)
EXPENDITURES:				
Personal service	-	-	-	-
Materials and service	226,525	226,525	182,678	43,847
Capital outlay	93,950	93,950	13,547	80,403
Contingency	217,108	217,108	-	217,108
Total expenditures	537,583	537,583	196,225	341,358
Revenues over (under) expenditures	(280,583)	(280,583)	56,230	336,813
OTHER FINANCING SOURCES (USES):				
Transfers out	(44,000)	(44,000)	(44,000)	-
Total other financing sources (uses)	(44,000)	(44,000)	(44,000)	-
Net changes in fund balances	(324,583)	(324,583)	12,230	336,813
FUND BALANCES, BEGINNING	324,583	324,583	370,115	45,532
FUND BALANCES, ENDING	\$ -	\$ -	\$ 382,345	\$ 382,345

CITY OF TROUTDALE, OREGON
STORM SEWER FUND
RECONCILIATION OF BUDGETARY REVENUES AND EXPENDITURES
TO PROPRIETARY REVENUES AND EXPENSES
For the Year Ended June 30, 2014

	<u>Revenues</u>	<u>Expenditures/ Expenses</u>
Storm Sewer Improvement Fund	\$ 187,686	\$ 11,317
Storm Sewer Utility Fund	252,455	196,225
Total	<u>440,141</u>	<u>207,542</u>
Depreciation expense	-	262,125
Capital outlay	-	(13,547)
Capital contribution	1,390,393	-
Change in Accrued Vacation	-	5,556
	<u>-</u>	<u>5,556</u>
Revenues and expenses	\$ 1,830,534	\$ 461,676

CITY OF TROUTDALE, OREGON
PUBLIC SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	961,300	961,300	968,295	6,995
Licenses and permits	8,556	8,556	5,289	(3,267)
Investment earnings	1,000	1,000	2,202	1,202
Miscellaneous	-	-	26	26
Total revenues	970,856	970,856	975,812	4,956
EXPENDITURES:				
Equipment maintenance	262,656	262,656	217,455	45,201
Public works management	867,240	867,240	863,732	3,508
Contingency	166,275	166,275	-	166,275
Total expenditures	1,296,171	1,296,171	1,081,187	214,984
Revenues over (under) expenditures	(325,315)	(325,315)	(105,375)	219,940
OTHER FINANCING SOURCES (USES):				
Capital Lease	-	-	6,752	6,752
Total other financing sources (uses)	-	-	6,752	6,752
Net Changes in fund balances	(325,315)	(325,315)	(98,623)	226,692
FUND BALANCES, BEGINNING	325,315	325,315	401,805	76,490
FUND BALANCES, ENDING	\$ -	\$ -	\$ 303,182	\$ 303,182

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**CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

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CITY OF TROUTDALE, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule By Source
June 30, 2014

Governmental funds capital assets:

Land	\$ 3,461,425
Intangibles	16,218
Land improvements	4,655,414
Buildings and building improvements	10,712,205
Equipment	2,221,521
Infrastructure	23,635,283
Work in process	<u>334,910</u>
Total governmental funds capital assets	<u><u>\$ 45,036,976</u></u>

Investments in governmental capital assets by source:

Balance, July 1, 2013	44,384,646
Net changes provided by:	
General fund	(3,335)
Parks	228,761
Public Safety	(316,683)
Public Works	11,253
Streets	<u>732,334</u>
Total Additions	652,330
Total governmental funds capital assets	<u><u>\$ 45,036,976</u></u>

CITY OF TROUTDALE, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity
June 30, 2014

	Land and Land Improvements and Intangibles	Buildings and Improvements	Equipment	Infrastructure	Work in Progress	Total
General Government	\$ 1,277,909	\$ 1,138,972	\$ 289,097	\$ -	\$ -	\$ 2,705,978
Community Development	5,989,557	2,111,107	538,657	-	-	8,639,321
Public Safety	121,233	7,425,333	1,066,108	-	-	8,612,674
Highways and Streets	744,358	36,793	327,659	23,635,283	334,910	25,079,003
Total Investment	\$ 8,133,057	\$ 10,712,205	\$ 2,221,521	\$ 23,635,283	\$ 334,910	\$ 45,036,976

CITY OF TROUTDALE, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the Year Ended June 30, 2014

Function and Activity	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
General Government	\$ 2,701,322	\$ 45,831	\$ (41,175)	\$ 2,705,978
Community Development	8,399,309	281,417	(41,405)	8,639,321
Public Safety	8,937,347	7,708,299	(8,032,972)	8,612,674
Highways and Streets	<u>24,346,668</u>	<u>741,284</u>	<u>(8,949)</u>	<u>25,079,003</u>
Total Investment	<u>\$ 44,384,646</u>	<u>\$ 8,776,831</u>	<u>\$ (8,124,501)</u>	<u>\$ 45,036,976</u>

CITY OF TROUTDALE, OREGON
Helping Hands Fund
Statement of Changes in Fiduciary Assets and Liabilities
For the Year Ended June 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
ASSETS				
Cash and investments	\$ 4,806	\$ 3,880	\$ (172)	\$ 8,514
Total Assets	<u>\$ 4,806</u>	<u>\$ 3,880</u>	<u>\$ (172)</u>	<u>\$ 8,514</u>
LIABILITIES				
Due to Others	\$ 4,806	\$ 3,880	\$ (172)	\$ 8,514
Total Liabilities	<u>\$ 4,806</u>	<u>\$ 3,880</u>	<u>\$ (172)</u>	<u>\$ 8,514</u>

City of Troutdale, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES

June 30, 2014

<u>Tax Year</u>	<u>Taxes Uncollected July 1, 2013</u>	<u>Add Levy As Extended By Assessor</u>	<u>(Deduct) Discounts Allowed</u>	<u>Add Interest Adjustments</u>	<u>Add (Deduct) Cancellations and Adjustments</u>	<u>(Deduct) Interest and Tax Collected</u>	<u>Taxes Uncollected June 30, 2014</u>
2013-14	\$ -	\$ 5,998,948	\$ (152,743)	\$ 1,427	\$ (15,392)	\$ (5,676,214)	\$ 156,027
2012-13	158,335		125	3,548	(5,733)	(70,909)	85,365
2011-12	94,813	-	5	3,695	(1,587)	(28,623)	68,303
2010-11	51,555	-	3	4,752	(535)	(24,837)	30,938
2009-10	31,227	-	1	3,049	(410)	(13,780)	20,087
2008-09	2,609	-	-	347	(245)	(1,167)	1,544
2007-08	1,204	-	-	192	(114)	(544)	738
2006-07	614	-	-	30	(37)	(84)	523
2005-06	460	-	-	19	(26)	(46)	405
2004-05	366	-	-	26	(31)	(61)	299
2003-04 and prior	<u>1,806</u>	<u>-</u>	<u>-</u>	<u>195</u>	<u>(68)</u>	<u>(386)</u>	<u>1,546</u>
Total	\$ <u>342,988</u>	\$ <u>5,998,948</u>	\$ <u>(152,609)</u>	\$ <u>17,278</u>	\$ <u>(24,179)</u>	\$ <u>(5,816,652)</u>	\$ <u>365,774</u>

	<u>Revenue Total</u>	<u>Receivable June 30, 2014</u>
Governmental Funds	\$ 4,389,337	\$ 280,940
Proprietary Funds	<u>1,459,418</u>	<u>84,834</u>
Subtotal	5,848,755	\$ <u>365,774</u>
Miscellaneous adjustments		
Change in property taxes subject to accrual	<u>(32,103)</u>	
Total taxes, tax penalties and interest	\$ <u>5,816,652</u>	

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CITY OF TROUTDALE
MULTNOMAH COUNTY, OREGON

OTHER INFORMATION

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City of Troutdale, Oregon

SCHEDULE OF DEBT PRINCIPAL TRANSACTIONS

June 30, 2014

	Interest Rate	Date	Original Issue Amount	Outstanding July 1, 2013	Increases/ (Reductions)	2013-2014 Transactions		Outstanding at June 30, 2014	
						Matured/ Called	Paid	Matured	Unmatured
<u>General obligation bonds</u>									
WPCF Refunding Bonds, Series 2008	3.25-4 %	6-17-08	\$ 8,555,000	\$ 5,685,000	\$ -	\$ 1,040,000	\$ 1,040,000	\$ -	\$ 4,645,000
Police Facility Bonds, Series 2011	2.0-4.35 %	2-17-11	\$ 7,540,000	\$ 7,315,000	\$ -	\$ 185,000	\$ 185,000	\$ -	\$ 7,130,000
<u>COP Note Payable</u>									
P & F Building Loan	3.45 %	3-31-08	\$ 1,173,000	\$ 648,000	\$ -	\$ 120,000	\$ 120,000	\$ -	\$ 528,000

SCHEDULE OF DEBT INTEREST TRANSACTIONS

June 30, 2014

Issue Date	Future Liability at June 30, 2013		2013-2014 Transactions			Future Liability at June 30, 2014			
	Matured	Unmatured	Total	Increases/ (Reductions)	Matured	Paid	Matured	Unmatured	Total
<u>General obligation bonds</u>									
WPCF Refunding Bonds, Series 2008 3.25%-4% interest	6-17-08	\$ -	\$ 693,831	\$ -	\$ 223,345	\$ 223,345	\$ -	\$ 470,487	\$ 470,487
Police Facility Bonds, Series 2011 2.0%-4.35% interest	2-17-11	\$ -	\$ 3,427,710	\$ -	\$ 283,529	\$ 283,529	\$ -	\$ 3,144,181	\$ 3,144,181
<u>COP Note Payable</u>									
P & F Building Loan	3-31-08	\$ -	\$ 57,477	\$ -	\$ 20,285	\$ 20,285	\$ -	\$ 37,192	\$ 37,192

City of Troutdale, Oregon

SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS
OF GENERAL OBLIGATION BONDS

June 30, 2014

Year of Maturity	Police Facility Series 2011 Issued 2-17-2011		WPCF Refunding Bonds Series 2008 Issued 6-17-08	
	Principal	Interest	Principal	Interest
2014-15	\$ 215,000	\$ 279,835	\$ 1,090,000	\$ 183,306
2015-16	230,000	275,535	1,135,000	140,981
2016-17	245,000	270,935	1,185,000	96,800
2017-18	265,000	263,585	1,235,000	49,399
2018-19	290,000	253,698		
2019-20	315,000	242,098		
2020-21	340,000	229,498		
2021-22	370,000	215,898		
2022-23	400,000	201,098		
2023-24	430,000	185,098		
2024-25	465,000	167,898		
2025-26	495,000	149,298		
2026-27	535,000	129,498		
2027-28	570,000	107,563		
2028-29	610,000	83,908		
2029-30	655,000	58,288		
2030-31	<u>700,000</u>	<u>30,451</u>		
	\$ <u>7,130,000</u>	\$ <u>3,144,181</u>	\$ <u>4,645,000</u>	\$ <u>470,487</u>

City of Troutdale, Oregon

SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS OF
 LOAN PAYABLE FOR THE CONSTRUCTION OF THE
 PARKS & FACILITIES BUILDING

June 30, 2014

<u>Year of Maturity</u>	<u>Issued 3-31-2008</u>	
	<u>Principal</u>	<u>Interest</u>
2014-15	\$ 125,000	\$ 16,060
2015-16	130,000	11,661
2016-17	135,000	7,091
2017-18	<u>138,000</u>	<u>2,380</u>
	<u>\$ 528,000</u>	<u>\$ 37,192</u>

SCHEDULE OF GENERAL GOVERNMENTAL REVENUES BY SOURCE
ALL GOVERNMENTAL FUND TYPES

Last ten fiscal years

(1) Fiscal year ended June 30,	Taxes	Intergovern- mental Revenues	Licenses and Permits	Fines and Forfeitures	Charges for Current Services	Franchise Fees	Assessment Collections	Miscellaneous Revenues	Total
2005	\$ 3,901,334	\$ 1,594,803	\$ 779,707	\$ 238,224	\$ 5,675,889	\$ 1,038,017	\$ 119,259	\$ 624,132	\$ 13,971,365
2006	4,285,743	1,842,157	1,083,534	202,858	6,149,853	1,117,420	-	655,102	15,336,667
2007	3,883,181	1,999,245	812,426	249,012	473,001	1,161,085	-	674,984	9,252,934
2008	3,711,381	2,593,522	474,563	244,938	468,389	1,216,792	-	1,828,045	10,537,630
2009	3,807,929	2,279,607	516,513	209,957	796,010	1,269,282	-	1,211,874	10,091,172
2010	4,495,720	1,656,814	381,506	353,827	351,583	1,308,156	-	1,020,628	9,568,234
2011	4,578,650	1,982,701	229,827	402,602	261,490	1,242,675	-	1,006,855	9,704,800
2012	4,638,551	2,043,778	276,682	359,776	318,235	1,279,355	-	1,072,325	9,988,702
2013	4,705,830	2,794,696	246,595	362,591	409,348	1,272,918	-	1,141,834	10,933,812
2014	4,910,416	2,237,890	356,378	339,269	344,131	1,276,287	-	1,189,477	10,653,848

(1) This schedule is presented on the budgetary basis. Statements and Schedules of Revenue, Expenditures, and Changes in Fund Balance, Budget and Actual are used to determine these amounts and supplemented by detailed financial records of the City.

City of Troutdale, Oregon

SCHEDULE OF GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUND TYPES

Last ten fiscal years

(1) Fiscal year ended June 30,	General Government	Public Safety	Highways and Streets	Buildings and Grounds	Community Development	Solid Waste/ Recycling	Utilities Operations	Equipment Maintenance	Capital Outlay	Debt Service	Total
2005	\$ 1,521,311	\$ 3,301,811	\$ 290,225	\$ 745,275	\$ 671,707	\$ 24,659	\$ 2,115,635	\$ 204,795	\$ 1,027,988	\$ 1,814,431	\$ 11,717,837
2006	1,677,810	3,684,302	307,984	814,643	868,886	22,711	2,321,155	195,304	932,556	1,813,009	12,638,360
2007	1,878,820	4,111,126	311,201	-	1,717,739	22,311	-	-	896,634	98,818	9,036,649
2008	2,126,571	4,424,792	445,657	-	1,833,020	19,850	-	-	1,510,539	199,982	10,560,411
2009	2,040,359	4,780,944	705,840	-	1,708,006	22,958	-	-	1,062,479	133,830	10,454,416
2010	2,233,315	4,860,333	546,464	-	1,452,360	3,166	-	-	172,217	135,466	9,403,321
2011	2,120,597	5,201,680	782,891	-	1,360,661	8,139	-	-	564,552	136,930	9,975,450
2012	2,104,647	5,307,537	724,049	-	1,360,507	13,780	-	-	5,534,665	138,221	15,183,406
2013	2,088,156	5,240,764	786,038	-	1,295,030	13,517	-	-	2,788,459	139,340	12,351,304
2014	2,067,329	5,462,943	929,899	-	1,581,270	17,225	-	-	619,939	140,286	10,818,891

(1) This schedule is presented on the budgetary basis. Statements and Schedules of Revenue, Expenditures, and Changes in Fund Balance, Budget and Actual are used to determine these amounts and supplemented by detailed financial records of the City.

City of Troutdale, Oregon

SCHEDULE OF ACCOUNTABILITY FOR INDEPENDENTLY ELECTED OFFICIALS

Fiscal year ended June 30, 2014

Oregon Revised Statutes section 297 requires a statement of accountability for each independently elected official collecting or receiving money in the municipal corporation. The statement is a presentation of the beginning balances, receipts, disbursements, refunds, and turnovers to the appropriate governmental official, reconciled to cash on hand at the beginning and end of the audit period.

In compliance with ORS 297, there are no independently elected officials that collect or receive money on behalf of the City of Troutdale.

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STATISTICAL SECTION

This part of the City of Troutdale's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall health.

Pages

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being has changed over time.

81-85

Revenue Capacity

These schedules contain trend information to help the reader assess the City's local revenue source, the property tax.

86-89

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

90-93

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

94-98

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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CITY OF TROUTDALE, OREGON
NET POSITION BY COMPONENT
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 6,066,944	\$ 13,218,638	\$ 12,730,707	\$ 13,454,306	\$ 12,296,699	\$ 12,618,818	\$ 5,149,917	\$ 10,813,733	\$ 11,681,650	\$ 11,679,907
Restricted	301,187	523,987	352,991	209,567	419,279	97,144	10,864,094	6,788,007	5,338,679	5,478,484
Unrestricted	5,044,469	6,568,873	7,303,390	7,776,207	7,271,820	7,697,747	4,302,031	1,151,803	3,056,564	3,110,090
Total governmental activities net position	\$ 11,412,600	\$ 20,311,518	\$ 20,407,088	\$ 21,440,080	\$ 19,987,798	\$ 20,413,709	\$ 20,316,042	\$ 18,753,543	\$ 20,076,893	\$ 20,268,481
Business-type activities										
Net investment in capital assets	\$ 13,858,236	\$ 24,565,664	\$ 25,272,549	\$ 25,408,873	\$ 27,192,212	\$ 26,758,247	\$ 26,309,662	\$ 25,923,958	\$ 26,034,221	\$ 30,043,118
Restricted	2,539,442	3,141,708	2,464,044	2,270,173	2,496,813	2,256,533	2,278,696	2,056,152	1,147,530	2,332,344
Unrestricted	2,347,751	2,657,209	2,546,157	2,886,812	2,606,022	2,835,946	2,965,237	3,220,411	4,392,238	3,449,058
Total business-type activities net position	\$ 18,745,429	\$ 30,364,581	\$ 30,282,750	\$ 30,565,858	\$ 32,295,047	\$ 31,850,726	\$ 31,553,595	\$ 31,200,521	\$ 31,573,989	\$ 35,824,520
Primary government										
Net investment in capital assets	\$ 19,925,180	\$ 37,784,322	\$ 38,023,256	\$ 38,863,179	\$ 39,488,911	\$ 39,377,065	\$ 31,459,579	\$ 36,737,691	\$ 37,715,871	\$ 41,723,025
Restricted	2,840,629	3,665,695	2,817,035	2,479,740	2,916,092	2,353,877	13,142,790	8,844,159	6,486,209	7,810,828
Unrestricted	7,392,220	9,226,082	9,849,547	10,663,019	9,877,842	10,533,693	7,267,268	4,372,214	7,448,802	6,559,148
Total primary government net position	\$ 30,158,029	\$ 50,676,099	\$ 50,689,838	\$ 52,005,938	\$ 52,282,845	\$ 52,264,435	\$ 51,869,637	\$ 49,954,064	\$ 51,650,882	\$ 56,093,001

† Information is presented for years ended subsequent to the implementation of GASB Statement No. 34.

CITY OF TROUTDALE, OREGON
CHANGES IN NET POSITION
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 1,576,672	\$ 1,721,974	\$ 2,115,824	\$ 2,344,166	\$ 2,244,169	\$ 2,474,134	\$ 2,207,978	\$ 2,290,744	\$ 1,980,493	\$ 1,875,390
Public safety	3,378,182	3,769,206	4,565,517	4,870,942	5,479,783	5,145,857	5,081,873	6,030,937	4,760,654	5,365,424
Highways and streets	702,695	1,122,029	345,597	490,333	809,014	578,566	1,427,175	1,419,589	1,239,829	1,408,175
Solid waste/recycling	24,033	23,270	24,777	21,854	26,314	3,352	8,165	15,320	28,845	15,945
Community development	2,033,127	2,208,775	1,907,596	2,015,085	1,957,668	1,537,680	900,494	1,818,625	1,580,808	1,812,461
Interest on long-term debt	22,529	18,983	28,838	107,887	38,591	85,879	86,643	16,125	20,900	1,379
Transfers Out	-	-	292,014	-	-	-	-	-	-	-
Total governmental activities expenses	<u>7,737,238</u>	<u>8,864,237</u>	<u>9,280,163</u>	<u>9,850,267</u>	<u>10,555,539</u>	<u>9,825,488</u>	<u>9,712,326</u>	<u>11,591,340</u>	<u>9,611,529</u>	<u>10,478,774</u>
Business-type activities:										
Water	\$ 1,415,936	\$ 1,616,035	\$ 1,801,572	\$ 1,318,135	\$ 1,806,634	\$ 1,783,764	\$ 1,941,720	\$ 2,019,228	\$ 1,882,941	\$ 1,887,225
Sewer	3,400,892	2,567,913	3,354,959	1,945,525	2,480,974	2,577,321	2,714,223	3,306,348	3,180,079	3,343,454
Storm sewer	339,906	321,934	365,772	356,319	356,319	423,444	685,874	566,641	449,292	461,676
Public services	821,515	935,727	906,810	755,393	926,672	945,183	891,327	961,728	942,509	1,081,187
Total business-type activities expenses	<u>5,978,249</u>	<u>5,441,609</u>	<u>6,429,113</u>	<u>4,348,235</u>	<u>5,570,599</u>	<u>5,729,712</u>	<u>6,233,144</u>	<u>6,855,945</u>	<u>6,454,821</u>	<u>6,773,542</u>
Total primary government expenses	<u>\$ 13,715,487</u>	<u>\$ 14,305,846</u>	<u>\$ 15,709,276</u>	<u>\$ 14,198,502</u>	<u>\$ 16,126,138</u>	<u>\$ 15,555,180</u>	<u>\$ 15,945,470</u>	<u>\$ 18,445,285</u>	<u>\$ 16,066,350</u>	<u>\$ 17,252,316</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 700,413	\$ 722,131	\$ 792,136	\$ 795,134	\$ 913,289	\$ 463,477	\$ 323,000	\$ 275,880	\$ 397,213	\$ 325,671
Other activities	1,450,561	1,821,013	1,253,165	9,777	7,593	7,650	7,875	7,875	8,175	7,875
Operating grants and contributions	750,991	820,100	647,282	641,179	641,179	744,784	802,626	914,475	889,969	929,972
Capital grants and contributions	1,384,075	1,023,166	246,541	140,912	481,516	10,406	2,508	59,745	50,397	57,550
Total governmental activities program revenues	<u>4,286,040</u>	<u>4,386,410</u>	<u>2,959,124</u>	<u>1,622,559</u>	<u>2,043,577</u>	<u>1,226,317</u>	<u>1,136,009</u>	<u>1,251,975</u>	<u>1,345,754</u>	<u>1,321,068</u>
Business-type activities:										
Charges for services:										
Water	1,248,113	1,307,401	1,339,410	1,410,442	1,581,316	1,339,871	1,397,723	1,508,663	1,443,755	1,429,516
Sewer	1,947,967	2,055,602	2,820,196	2,091,078	2,179,348	2,180,436	2,290,594	2,380,969	2,471,898	2,575,013
Storm sewer	181,739	189,552	194,667	197,162	196,743	197,412	214,480	231,036	240,270	251,092
Public services	860,028	891,084	823,641	24,095	842,432	975,025	1,021,826	1,024,115	1,029,977	979,584
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	2,454,466	1,684,669	333,641	228,607	1,729,149	108,618	161,711	40,867	63,281	4,176,323
Total business-type activities program revenues	<u>6,592,313</u>	<u>6,128,108</u>	<u>5,531,555</u>	<u>3,951,384</u>	<u>6,529,008</u>	<u>4,801,362</u>	<u>5,086,334</u>	<u>5,185,650</u>	<u>5,249,181</u>	<u>9,405,528</u>
Total primary government program revenues	<u>\$ 10,978,353</u>	<u>\$ 10,514,518</u>	<u>\$ 8,470,679</u>	<u>\$ 5,573,923</u>	<u>\$ 8,572,585</u>	<u>\$ 6,027,679</u>	<u>\$ 6,222,343</u>	<u>\$ 6,437,625</u>	<u>\$ 6,594,935</u>	<u>\$ 10,726,596</u>

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	20104
Net(expense)/revenue										
Governmental activities	\$ (3,451,198)	\$ (4,477,827)	\$ (7,284,663)	\$ (8,798,728)	\$ (8,511,962)	\$ (8,599,151)	\$ (8,576,317)	\$ (10,339,365)	\$ (8,265,775)	\$ (9,157,705)
Business-type activities	714,064	686,499	(897,557)	(396,831)	938,409	(928,350)	(1,146,810)	(1,668,295)	(1,205,640)	2,631,986
Total primary government net expense	\$ (2,737,134)	\$ (3,791,328)	\$ (8,182,220)	\$ (9,195,559)	\$ (7,573,553)	\$ (9,527,501)	\$ (9,723,127)	\$ (12,007,660)	\$ (9,471,415)	\$ (6,525,720)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 2,974,557	\$ 3,215,460	\$ 3,412,698	\$ 3,712,009	\$ 3,807,929	\$ 3,956,364	\$ 4,100,036	\$ 4,196,608	\$ 4,198,071	\$ 4,389,337
Franchise taxes	1,038,017	1,117,420	1,161,085	1,216,792	1,269,282	1,308,156	1,242,675	1,272,918	1,272,918	1,276,287
Business income taxes	461,314	619,714	724,670	1,477,529	1,312,523	657,704	716,750	670,940	708,606	789,670
Hotel taxes	313,081	356,328	394,548	433,883	414,443	402,806	429,249	427,973	451,708	480,624
Liquor taxes	222,730	260,549	260,717	174,506	186,331	174,967	182,575	204,188	213,221	224,251
Cigarette taxes	24,761	27,328	27,315	25,122	24,312	22,674	20,911	23,354	22,795	21,545
Solid waste taxes	57,301	54,380	54,659	50,704	50,203	52,465	56,310	54,109	57,118	56,968
Investment earnings	103,706	244,578	368,356	332,818	148,990	54,186	56,150	74,488	54,752	45,229
Miscellaneous	133,886	23,885	463,547	1,495,529	1,004,940	1,835,854	1,809,260	1,845,851	2,609,996	2,065,383
Gain on sale of capital assets	1,781	5,592	(3,904)	(6,772)	-	-	(135,266)	-	-	-
Transfers	-	-	-	-	13,727	(15,000)	-	-	-	-
Total governmental activities	\$ 5,330,924	\$ 5,925,234	\$ 6,883,691	\$ 8,912,120	\$ 8,232,680	\$ 8,450,176	\$ 8,478,650	\$ 8,776,866	\$ 9,589,123	\$ 9,349,294
Business-type activities:										
Taxes										
Property taxes	548,979	659,337	656,160	668,318	641,663	651,165	721,442	1,274,401	1,431,836	1,459,418
Investment earnings	99,263	217,808	294,333	308,010	110,273	36,579	25,830	28,190	30,758	30,761
Miscellaneous	93,025	103,424	118,501	52,231	18,844	93,082	102,407	12,630	116,514	128,566
Gain on sale of capital assets	9,533	1,500	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	15,000	-	-	-	-
Total business-type activities	750,800	982,069	1,069,014	1,028,559	770,780	797,826	849,679	1,315,221	1,579,108	1,618,545
Total primary government	\$ 6,081,734	\$ 6,907,303	\$ 7,952,705	\$ 9,940,679	\$ 9,003,460	\$ 9,248,002	\$ 9,328,329	\$ 10,092,087	\$ 11,168,233	\$ 10,967,839
Change in Net Position										
Governmental activities	\$ 1,879,736	\$ 1,447,407	\$ 546,537	\$ 1,032,992	\$ (279,282)	\$ (148,975)	\$ (97,667)	\$ (1,562,499)	\$ 1,323,350	\$ 191,588
Business-type activities	1,464,864	1,668,568	171,457	283,108	1,729,189	(130,524)	(297,131)	(353,074)	373,468	4,250,531
Total primary government	\$ 3,344,600	\$ 3,115,975	\$ 717,994	\$ 1,316,100	\$ 1,449,907	\$ (279,499)	\$ (394,798)	\$ (1,915,573)	\$ 1,696,818	\$ 4,442,119

1. Information is presented for years ended subsequent to the implementation of GASB Statement No. 34.

CITY OF TROUTDALE, OREGON
FUND BALANCE OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund										
Reserved (pre GASB #54)	\$ 296,623	\$ 518,613	\$ 346,077	\$ 179,965	\$ 356,254	\$ 356,254	\$ -	\$ -	\$ -	\$ -
Unreserved (pre GASB #54)	2,298,242	3,248,008	3,840,090	4,120,709	3,405,819	3,525,521	-	-	-	-
<i>GASB No. 54 Categories:</i>										
Nonspendable	-	-	-	-	-	-	2,326	1,973	4,234	4,763
Restricted	-	-	-	-	-	-	54,000	-	-	-
Assigned	-	-	-	-	-	-	3,578,983	3,620,883	3,728,007	3,700,166
Unassigned	-	-	-	-	-	-	-	-	-	-
Total general fund	\$ 2,594,865	\$ 3,766,621	\$ 4,186,167	\$ 4,300,674	\$ 3,762,073	\$ 3,881,775	\$ 3,635,309	\$ 3,676,856	\$ 3,732,241	\$ 3,704,929
All other governmental funds										
Reserved (pre GASB #54)	\$ 4,564	\$ 5,374	\$ 6,914	\$ 29,602	\$ 63,025	\$ 97,144	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds (pre GASB #54)	818,593	1,009,502	1,171,736	1,115,154	973,682	946,312	-	-	-	-
Capital project funds (pre GASB #54)	1,897,361	2,325,262	2,349,980	2,595,186	2,892,319	2,915,781	-	-	-	-
Permanent funds (pre GASB #54)	-	-	-	-	-	-	-	-	-	-
<i>GASB No. 54 Categories:</i>										
Nonspendable	-	-	-	-	-	-	13,233	11,607	13,079	12,134
Restricted	-	-	-	-	-	-	11,776,026	6,825,730	5,338,679	5,478,484
Assigned	-	-	-	-	-	-	21,768	(37,723)	-	-
Unassigned	-	-	-	-	-	-	(156,207)	(222,158)	(247,179)	(481,797)
Total all other governmental funds	\$ 2,720,518	\$ 3,340,138	\$ 3,528,630	\$ 3,739,942	\$ 3,929,026	\$ 3,959,237	\$ 11,654,820	\$ 6,577,456	\$ 5,104,579	\$ 5,008,821

Information is presented for years ended subsequent to the implementation of GASB Statement No. 34.

CITY OF TROUTDALE, OREGON
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$ 4,394,811	\$ 4,745,810	\$ 5,044,266	\$ 4,926,173	\$ 5,077,211	\$ 5,749,690	\$ 5,821,325	\$ 5,917,906	\$ 5,978,748	\$ 6,186,703
Licenses and permits	765,197	1,073,884	812,426	474,563	516,513	381,506	229,827	276,692	246,595	356,378
Intergovernmental	1,584,804	1,842,156	1,999,245	2,593,522	2,593,522	1,656,814	1,982,701	2,043,778	2,794,686	2,237,890
Charges for services	1,124,220	1,395,454	473,001	468,389	796,010	351,553	261,490	318,255	409,348	344,131
Fines	238,224	202,858	249,012	244,938	209,957	353,827	402,602	359,776	362,591	339,269
Investment earnings	103,706	244,578	368,356	332,818	148,990	54,186	56,150	74,488	54,752	45,229
Special assessments	218,655	-	-	-	-	-	-	-	-	-
Miscellaneous	221,349	87,790	306,628	1,495,227	748,969	1,020,628	950,705	997,837	1,087,082	1,144,248
Total revenues	8,660,966	9,592,530	9,252,934	10,537,630	10,091,172	9,568,234	9,704,800	9,988,702	10,933,812	10,653,848
Expenditures										
General government	1,521,311	1,577,810	1,878,820	2,126,571	2,040,359	2,233,315	2,120,597	2,104,647	2,086,156	2,067,329
Public safety	3,301,811	3,684,302	4,111,126	4,424,792	4,780,944	4,860,333	5,201,680	5,307,537	5,240,764	5,462,943
Highways and streets	290,225	307,983	311,201	445,657	705,840	546,464	782,891	724,049	786,038	929,899
Solid waste/recycling	24,659	22,711	22,311	19,850	22,958	3,166	8,139	13,780	13,517	17,225
Community development	1,416,982	1,879,711	1,717,739	1,833,020	1,708,006	1,452,360	1,360,661	1,360,507	1,295,030	1,581,270
Capital outlay	780,062	536,833	886,634	1,510,539	1,062,479	172,217	364,552	5,534,665	2,788,459	619,939
Debt service										
Principal	204,108	207,707	86,533	184,838	95,000	100,000	105,000	110,000	115,000	120,000
Interest	27,099	22,116	12,285	15,144	38,830	35,466	31,930	28,221	24,340	20,286
Total expenditures	7,586,257	8,139,173	9,036,649	10,560,411	10,454,416	9,403,321	9,975,450	15,183,406	12,351,304	10,816,891
Excess of revenues over (under) expenditures	1,094,709	1,453,357	216,285	(22,781)	(363,244)	164,913	(270,650)	(5,194,704)	(1,417,492)	(165,043)
Other financing sources (uses)										
Transfers in	1,045,887	845,165	869,585	1,018,630	308,775	152,056	482,104	138,000	143,000	141,000
Transfers out	(728,625)	(507,146)	(477,832)	(670,030)	(295,048)	(167,056)	(482,104)	(138,000)	(143,000)	(141,000)
Capital leases proceeds							114,105	158,687		41,973
Bond proceeds							7,540,000			
Bonds premium							65,662			
Total other financing sources (uses)	317,262	338,019	391,753	348,600	13,727	(15,000)	7,119,767	158,687	-	41,973
Net change in fund balances	\$ 1,411,971	\$ 1,791,376	\$ 608,038	\$ 325,819	\$ (349,517)	\$ 149,913	\$ 7,449,117	\$ (5,035,817)	\$ (1,417,492)	\$ (123,070)
Debt service as a percentage of noncapital expenditures	3.5%	3.1%	1.2%	2.3%	1.4%	1.5%	1.4%	1.5%	1.5%	1.4%

1. Information is presented for years ended subsequent to the implementation of GASB Statement No. 34.

CITY OF TROUTDALE, OREGON
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY
 Last Ten Fiscal Years

Fiscal Year Ended	Assessed Value ¹										Ratio of Total Assessed Value to Total Real Market Value	Total City Tax Rate
	Real Property											
	Residential Property	Commercial Property	Industrial Property	Other Property	Total Real Property	Personal Property	Manufactured Property	Public Utilities Property	Total	Total Real Market Value		
2005	\$ 530,257,460	\$ 134,143,850	\$ 28,692,870	\$ 40,384,040	\$ 733,478,220	\$ 29,422,866	\$ 8,116,330	\$ 20,404,041	\$ 791,421,557	\$ 1,053,405,383	75.13%	4.35
2006	551,050,710	140,100,940	26,415,350	40,815,250	760,382,250	28,271,883	8,435,290	20,381,089	817,470,512	1,080,228,726	75.88%	4.48
2007	584,419,580	151,840,580	33,795,970	41,416,120	811,472,250	29,339,549	8,052,540	22,171,590	871,035,929	1,202,192,264	72.45%	4.55
2008	630,551,890	164,555,850	36,306,040	42,088,440	873,501,720	28,987,384	8,839,580	21,886,600	933,315,284	1,374,707,009	67.89%	4.43
2009	671,196,810	170,212,810	38,397,830	55,947,030	935,754,280	30,404,405	9,312,120	25,564,310	1,001,035,115	1,629,878,407	61.42%	4.40
2010	724,460,240	132,033,070	95,566,630	58,252,340	1,010,312,280	30,827,601	10,750,860	30,057,100	1,081,947,841	1,855,868,519	58.30%	4.39
2011	748,603,040	135,205,020	102,409,550	55,708,990	1,041,926,600	28,481,859	10,538,230	30,086,170	1,111,032,859	1,824,028,187	60.91%	4.44
2012	750,287,050	138,073,440	105,218,010	57,320,510	1,050,899,050	30,835,046	10,518,970	37,638,877	1,129,891,943	1,731,455,887	65.26%	4.93
2013	735,543,050	198,593,360	19,993,540	68,507,590	1,022,627,540	50,886,853	9,312,620	39,162,900	1,121,989,913	1,711,308,740	65.56%	5.09
2014	767,084,170	212,904,330	19,566,760	61,056,060	1,060,611,320	53,724,870	9,628,180	40,363,830	1,164,348,200	1,729,071,950	67.34%	5.02

Source: Multnomah County Division of Assessment and Taxation.

¹ Properties are assessed annually by the County (residential properties) and the State (major commercial properties). Real market values are based on those assessments. Oregon voters approved Ballot Measure 50 in May of 1997, which established a base for property values (the assessed values shown) and limited future increases to three percent per year, regardless of actual market values. New construction is valued equivalent to existing assessed properties by applying a changed property ratio to real market values of the construction as determined by the assessors. (Sal's)

CITY OF TROUTDALE, OREGON
PROPERTY TAX RATES¹
DIRECT AND OVERLAPPING² GOVERNMENTS
Last Ten Fiscal Years

Fiscal Year	CITY OF TROUTDALE, OREGON										Regional & County					Overlapping Rates					Total Direct & Overlapping Rates
	Operating					Renewal Agency					Urban					School District					
	Operating	Debt Service	Urban	Renewal Agency	Total City	Multnomah County	Port of Portland	Metro Service District	Tri-Met	Soil Conservation District	Total Regional & County	Multnomah County ESD	Reynolds School District	Mt. Hood Community College	Total Schools						
2005	3.77	0.69	-	-	4.46	5.28	0.07	0.28	0.11	5.74	0.46	6.04	0.50	7.00	17.20						
2006	3.77	0.78	-	-	4.55	5.31	0.07	0.28	0.12	5.82	0.46	6.02	0.49	6.96	17.33						
2007	3.77	0.69	-	-	4.46	5.29	0.07	0.28	0.10	5.77	0.46	5.95	0.49	6.90	17.13						
2008	3.76	0.66	0.02	-	4.44	5.41	0.07	0.43	0.09	6.07	0.46	5.83	0.49	6.77	17.28						
2009	3.76	0.64	0.03	-	4.43	5.38	0.07	0.40	0.08	6.02	0.46	5.80	0.49	6.75	17.20						
2010	3.76	0.62	0.04	-	4.41	5.39	0.07	0.44	0.09	6.08	0.46	5.59	0.49	6.54	17.04						
2011	3.75	0.67	0.04	-	4.47	5.37	0.07	0.41	0.09	6.04	0.46	5.58	0.49	6.53	17.03						
2012	3.75	1.16	0.07	-	4.98	5.42	0.07	0.31	0.06	5.96	0.46	5.75	0.49	6.70	17.64						
2013	3.74	1.31	0.10	-	5.16	5.40	0.07	0.40	-	5.97	0.45	5.95	0.49	6.89	18.02						
2014	3.74	1.29	0.13	-	5.16	5.65	0.07	0.47	-	6.29	0.45	5.97	0.49	6.92	18.36						

Source: Multnomah County Division of Assessment and Taxation.

¹ In May of 1997 Oregon voters approved Ballot Measure 50 which established permanent tax rates for local taxing districts. Changes to permanent rates would require a state-wide majority vote to remove the effects of the measure from the Oregon constitution. Special levies, with certain restrictions, can be added to permanent rates by vote within each district.

² Overlapping rates are the tax rates of various local and county governments that apply to property owners within the City of Troutdale, for Levy Code Area 242. Not all overlapping rates apply to all City of Troutdale property owners (e.g., the rates for special districts apply only to the proportion of the City of Troutdale's property owners whose property is located within the geographic boundaries of the special district).

**CITY OF TROUTDALE, OREGON
PRINCIPAL PROPERTY TAXPAYERS
June 30, 2014**

Taxpayer	2013-2014			2004-2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
CHELSEA FINANCING PARTNERSHIP LP	\$ 20,996,570	1	1.8%	\$ 16,092,420	1	2.0%
TOYO TANSO U S A INC	19,483,110	2	1.7%	13,095,220	2	1.6%
FEDEX GROUND PACKAGE	15,069,100	3	1.3%			
COMCAST CORPORATION	14,497,300	4	1.2%			
MOUNTAIN MEADOWS COMMUNITY INC	11,275,330	5	1.0%			
BURLINGAME DEVELOPMENT INC	10,930,170	6	0.9%	5,598,860	8	0.7%
PORTLAND GENERAL ELECTRIC CO	10,483,000	7	0.9%			0.0%
MGP X PROPERTIES LLC	9,812,510	8	0.8%			
TROUTDALE TERRACE LLC	9,155,600	9	0.8%	7,219,390	6	0.9%
TUBE SPECIALTIES CO INC	9,103,110	10	0.8%	11,945,800	3	1.5%
Troutdale/Sunrise Pointe Partners LTD				8,641,650	4	1.1%
Retail Property Partners Limited Partnership				7,880,650	5	1.0%
TA Operating Corp				6,219,990	7	0.8%
Troutdale Market Center LLC				5,221,000	9	0.6%
Meier 1 LLC				4,215,320	10	0.5%
Totals	\$ 130,805,800		11.2%	\$ 86,130,300		10.5%

Source: Multnomah County Division of Assessment and Taxation.

CITY OF TROUTDALE , OREGON
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year Ended June 30	Collected within the Fiscal Year of the Levy				Total Collections to Date	
	Total Tax Levy for Fiscal Year	Current Tax Collections	Percentage of Levy	Delinquent Tax Collections	Amount	Percentage of Levy
2005	\$ 3,660,063	\$ 3,444,764	94.1%	\$ 215,000	\$ 3,659,764	99.99%
2006	4,002,040	3,783,906	94.5%	217,729	4,001,635	99.99%
2007	4,161,638	4,064,812	97.7%	96,303	4,161,115	99.99%
2008	4,502,533	4,353,221	96.7%	148,574	4,501,795	99.98%
2009	4,643,517	4,345,859	93.6%	296,114	4,641,973	99.97%
2010	4,776,510	4,453,024	93.2%	303,399	4,756,423	99.58%
2011	4,916,098	4,641,549	94.4%	243,612	4,885,160	99.37%
2012	5,548,240	5,286,245	95.3%	193,692	5,479,937	98.77%
2013	5,673,471	5,466,703	96.4%	121,403	5,588,106	98.50%
2014	5,998,948	5,676,214	94.6%	-	5,676,214	94.62%

Source: Multnomah County Division of Assessment and Taxation
Annual Property Tax Distribution Summary
Annual Property Tax Receivable Summary

CITY OF TROUTDALE, OREGON
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Net G.O. Bond (Premium)/Discount	Landfill Post-Closure Care	Capital Lease Payable	Installment Contract Loan	Finance Agreement	General Obligation Bonds	Net G.O. Bond (Premium)/Discount	Oregon Economic Development Loan				
2005	\$ -	\$ -	\$ -	\$ 354,079	\$ -	\$ 125,000	\$ 12,490,000	\$ -	\$ 572,531	\$ 13,541,610	0.05%	910	
2006	-	-	-	271,372	-	-	11,770,000	-	295,387	12,336,769	0.05%	816	
2007	-	-	-	184,839	-	-	11,020,000	-	-	11,204,839	0.04%	726	
2008	-	-	-	-	-	1,173,000	10,310,000	-	-	11,483,000	0.04%	743	
2009	-	-	-	-	-	1,078,000	9,450,000	-	-	10,400,677	0.04%	669	
2010	-	-	-	-	-	978,000	8,570,000	-	-	9,434,824	0.03%	605	
2011	7,540,000	65,682	-	78,770	-	873,000	7,645,000	(113,176)	-	16,103,403	0.05%	1,008	
2012	7,480,000	62,379	-	146,684	-	763,000	6,685,000	(99,029)	-	15,052,181	0.05%	941	
2013	7,315,000	59,086	261,786	81,194	-	648,000	5,685,000	(70,735)	-	13,979,341	0.04%	873	
2014	7,130,000	55,813	251,256	88,645	-	528,000	4,645,000	(56,588)	-	12,642,126	N/A	789	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

1 See the Schedule of Demographic and Economic Statistics for population data used in this calculation.

N/A - data not available.

CITY OF TROUTDALE, OREGON
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Value of Taxable Property ¹	Per Capita ²
2005	\$ 12,490,000	\$ 25,762	\$ 12,464,238	1.18%	838
2006	11,770,000	62,073	11,707,927	1.08%	775
2007	11,020,000	109,294	10,910,706	0.91%	707
2008	10,310,000	154,960	10,155,040	0.74%	657
2009	9,322,677	214,654	9,108,023	0.56%	586
2010	8,456,824	260,037	8,196,787	0.44%	526
2011	15,151,633	222,672	14,928,961	0.82%	934
2012	14,142,497	259,279	13,883,218	0.80%	868
2013	12,988,361	326,086	12,662,275	0.74%	791
2014	11,774,225	473,658	11,300,567	0.65%	706

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data used in this calculation.

² See the Schedule of Demographic and Economic Statistics for population data used in this calculation.

CITY OF TROUTDALE, OREGON
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 June 30, 2014

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Multnomah County	\$ 312,312,276	1.39%	\$ 4,341,141
Metro	254,820,000	0.70%	1,783,740
Port of Portland	66,738,667	0.65%	433,801
Reynolds School District No. 7	125,478,567	20.86%	26,174,829
Gresham-Barlow School District No. 10	86,599,811	0.52%	450,319
Mt. Hood Community College	68,037,683	4.79%	3,259,005
Multnomah Education Service District	32,655,000	1.36%	444,108
Other:			
Multnomah County	171,532,000	1.39%	2,384,295
Port of Portland	769,040,000	0.65%	4,998,760
TriMet Transportation District	556,245,000	0.86%	4,783,707
Subtotal, overlapping debt			49,053,705
City of Troutdale, Oregon direct debt			8,053,714
Total direct and overlapping debt			<u>\$ 57,107,419</u>

Source: The State of Oregon Office of the Treasurer, acting on behalf of the Municipal Debt Advisory Commission (MDAC)
 & Multnomah County Division of Assessment and Taxation

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Troutdale. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt, of each overlapping government.

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values.

CITY OF TROUTDALE, OREGON
LEGAL DEBT MARGIN INFORMATION
 Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 32,406,862	\$ 36,065,768	\$ 41,241,210	\$ 48,896,352	\$ 50,725,479	\$ 55,676,056	\$ 54,720,846	\$ 51,943,677	\$ 51,339,262	\$ 57,128,678
Total net debt application to limit										
Legal debt margin	\$ 32,406,862	\$ 36,065,768	\$ 41,241,210	\$ 48,896,352	\$ 50,725,479	\$ 55,676,056	\$ 54,720,846	\$ 51,943,677	\$ 51,339,262	\$ 57,128,678
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2012-2013

Real market value (2013-14) ¹	\$ 1,904,289,273
Debt limit (3% of total real market value)	57,128,678
Debt subject to limit:	-
Legal debt margin	<u>\$ 57,128,678</u>

1 Note: Oregon Revised Statute 287.004 provides a debt limit of 3% of the taxable real market value within the City's boundaries for general obligation bonds. Utility revenue bonds and assessment bonds are excluded from the limitation. The general obligation bonds outstanding for the City are for the sewer plant expansion project and the new police station, both of which are excluded from debt subject to the limit. Therefore, the legal debt margin equals the State imposed debt limit.

CITY OF TROUTDALE , OREGON
PROPERTY VALUE AND NEW CONSTRUCTION VALUE
Last Ten Fiscal Years

Fiscal Year	New Commercial Construction ¹		New Residential Construction ¹		Property Value	
	Number of Units	Value	Number of Units	Value	Assessed Value ²	Tax Rate
2005	4	\$ 1,062,000	201	\$ 25,682,296	\$ 817,470,512	4.46
2006	4	3,724,838	196	33,824,614	871,035,929	4.55
2007	16	3,056,423	54	13,374,712	933,315,284	4.46
2008	7	1,322,870	39	8,529,159	1,001,035,115	4.43
2009	14	40,047,369	17	3,173,369	1,039,496,918	4.40
2010	43	58,680,115	20	3,642,609	1,079,497,361	4.39
2011	-	-	3	640,367	1,107,900,669	4.44
2012	46	7,876,916	16	940,582	1,124,964,739	4.93
2013	42	3,061,104	19	937,644	1,115,008,909	5.09
2014	53	18,894,063	19	120,558	1,278,870,040	5.06

¹ City of Troutdale Building Department.

² Multnomah County Division of Assessment and Taxation.

CITY OF TROUTDALE , OREGON
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Special Assessment Billings</u>	<u>Special Assessment Collections¹</u>
2005	\$ -	\$ 119,259
2006	-	-
2007	-	-
2008	-	-
2009	-	-
2010	-	-
2011	-	-
2012	-	-
2013	-	-
2014	-	-

¹ Includes prepayments.

CITY OF TROUTDALE , OREGON
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	Population ¹	Personal Income (Multnomah County) ²	Per Capita Personal Income (Portland Metro Area) ²	School Enrollment ³	Unemployment Rate (Portland Metro Area) ⁴
2005	14,880	\$ 25,011,925,000	\$ 35,868	4,233	6.5%
2006	15,110	27,043,127,000	38,040	4,487	5.4%
2007	15,430	28,234,192,000	39,428	4,293	4.9%
2008	15,465	29,654,879,000	40,376	4,388	6.0%
2009	15,535	28,440,292,000	38,565	3,689	10.7%
2010	15,595	29,458,183,000	39,384	4,674	10.5%
2011	15,980	31,161,157,000	41,302	4,089	9.1%
2012	16,000	32,644,222,000	43,189	4,252	8.2%
2013	16,005	33,376,029,000	43,728	4,128	7.3%
2014	16,015	N/A	N/A	4,221	N/A

Data Sources:

¹ Portland State University, Population Research and Census center.

² U.S. Department of Commerce, Bureau of Economic Analysis. Calendar year info

³ Reynolds School District; Four schools located within corporate limits.

⁴ U.S. Department of Labor, Bureau of Labor Statistics, Calendar year info since 2007

N/A - data not available.

**CITY OF TROUTDALE, OREGON
PRINCIPAL EMPLOYERS
Current Year and Prior Year**

Employer	2014			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
FedEx Ground Package System, Inc.	740	1	15.47%	740	1	15.47%
Walsh Trucking Co., LTD	220	2	4.60%	220	2	4.60%
Tube Specialties	191	3	3.99%	191	3	3.99%
Home Depot USA, Inc.	168	4	3.51%	162	5	3.39%
Toyo Tanso USA, Inc.	134	5	2.80%	165	4	3.45%
Travel Centers of America	125	6	2.61%	125	6	2.61%
Edgefield Gardens/ McMenamins Edgefield	120	7	2.51%	120	7	2.51%
Postal Express, Inc.	113	8	2.36%	113	8	2.36%
Fujii Farms, Inc.	102	9	2.13%	102	9	2.13%
Safeway, Inc.	90	10	1.88%			
Albertson's, Inc.				100	10	2.09%
Totals	2,003		41.88%	2,038		41.12%

Source: City of Troutdale business license applications.
Combined full time and part time positions reported

CITY OF TROUTDALE , OREGON
FULL-TIME EQUIVALENT CITY GOVERNMENT
EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

Function	Full-time Equivalent Employees for Fiscal Year Ended									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government	14.1	13.8	13.5	14.5	14.5	14.0	14.3	14.3	15.8	13.4
Police										
Officers	19	20	22	22	24	22	23	23	24	25
Civilians	4.0	3.8	3.8	4.7	5.0	5.0	4.5	4.5	3.5	3.5
Building Safety						4.0	2.1	2.1	1.7	1.5
Community Development	15.0	16.7	16.7	16.8	16.8	3.0	2.5	2.5	2.0	1.0
Parks						4.0	4.0	4.0	4.4	6.0
Streets	2.2	1.9	1.9	2.0	2.0	2.0	1.5	1.6	1.5	1.9
Water	5.2	4.9	4.9	5.9	5.9	6.0	5.5	5.4	5.0	4.8
Sewer	7.0	7.0	7.0	7.0	8.0	6.0	6.0	6.0	8.0	8.0
Public Works Services										
Equipment Maintenance	2.6	2.2	2.2	2.1	2.1	2.1	1.5	2.1	2.1	1.7
Management	5.7	6.0	6.0	6.0	6.0	6.0	5.8	5.9	6.0	5.9
Total	74.8	76.3	78.0	81.0	84.2	74.1	70.6	71.4	74.0	72.8

Source: City financial records.

CITY OF TROUTDALE, OREGON
OPERATING INDICATORS BY FUNCTION
 Last Ten Fiscal Years

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Calls for service ¹	8,683	8,266	8,582	9,462	8,662	8,179	8,236	11,897	11,798	N/A
Traffic Calls ¹	3,100	2,635	2,695	3,250	3,018	3,808	3,828	3,316	3,060	N/A
Part I crimes ²	643	591	714	685	560	532	549	599	550	N/A
Part II crimes ²	639	558	735	754	736	772	882	940	727	N/A
Water										
Number of users	4,307	4,464	4,557	4,599	4,605	4,616	4,645	4,641	4,644	4,648
Average daily production (in thousands of gallons)	1,603	1,748	1,742	1,754	1,733	1,562	1,547	1,643	1,617	1,547
Sewer System										
Number of users	4,063	4,248	4,350	4,345	4,497	4,511	4,514	4,476	4,373	4,491
Average daily use or consumption (in thousands of gallons)	1,284	1,454	1,548	1,471	1,348	1,200	1,200	1,397	1,390	1,337
Storm Water System										
Number of users	4,158	4,341	4,447	4,443	4,605	4,619	4,633	4,560	4,466	4,584

Sources: Various City departments.

N/A - data not available.

¹ Calls for Service compiled on a calendar year basis from Bureau of Emergency Communications (BOEC) dispatch reports. Traffic calls compiled on a calendar year basis from BOEC dispatch reports but are officer initiated.

² Police Part I and II crime statistics compiled on a calendar year basis. Part I crimes include homicide, forcible rape, robbery, aggravated assault, burglary, larceny, motor vehicle theft, and arson. Part II crimes include simple assault, forgery/counterfeit, fraud, embezzlement, stolen property, vandalism, weapons laws, prostitution, other sex offenses, drug abuse, gambling, offenses against family, DUI, liquor laws, disorderly conduct, negligent homicide, and curfew/runaway.

Note: Indicators are not available for highways and streets and general government.

CITY OF TROUTDALE, OREGON
CAPITAL ASSET STATISTICS BY FUNCTION
 Last Ten Fiscal Years

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	20	19	22	22	24	24	20	20	20	20
Highways and streets										
Streets (miles)	39.6	39.6	40.8	41.2	41.2	42.5	42.8	42.9	42.8	43.2
Culture and recreation										
Parks acreage	73	73	73	73	73	73	87.34	89.70	86.45	86.45
Greenways acreage	96	96	96	96	96	96	164.11	164.11	163.91	152.30
Parks, Greenways & Natural Areas	18	18	18	18	18	18	29	29	30	30
Water system										
Water main lines (miles)	63	64	64	64	64	64	61.25	61.25	65.50	66.89
Daily storage capacity (in millions of gallons)	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Daily production capacity (in millions of gallons)	6.3	6.3	6.3	4.3 ²	4.4	3.8	6.0	6.0	5.2	5.8
Sewer system										
Sanitary sewer lines (miles)	50.0	51.0	51.0	51.2	51.5	51.5	54.62	54.62	55.91	55.87
Daily plant capacity (in millions of gallons)	3	3	3	3	3	3	3	3	3	3
Storm water system										
Miles of service lines	30.0	32.0	32.0	32.4	32.4	32.4	37.0	37.0	34.3	47.2

Sources: Various City departments.

¹ New Water Pollution Control Facility opened for production in 2002.

² Previous years reported total water rights. In FY 2008, total physical well production capacity is reported

**CITY OF TROUTDALE
MULTNOMAH COUNTY, OREGON**

**INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS**

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PAULY, ROGERS, AND Co., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcocpas.com

December 29, 2014

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of Troutdale as of and for the year ended June 30, 2014, and have issued our report thereon dated December 29, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City of Troutdale's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

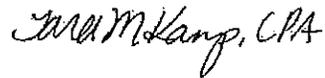
- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Schedule of Accountability of Elected Officials**

In connection with our testing nothing came to our attention that caused us to believe the City of Troutdale was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal controls over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

This report is intended solely for the information and use of the council members and management and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.

RESOLUTION NO.

A RESOLUTION APPROVING THE CITY'S FINANCIAL STATEMENTS AND COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2014.

THE TROUTDALE CITY COUNCIL FINDS AS FOLLOWS:

1. The Municipal Audit Law, ORS 297.425 requires an annual audit of the City's financial statements and report to the Secretary of State.
2. That the Governmental Accounting Standards Board (GASB) has identified accountability as the paramount objective of financial reporting, providing two essential components: fiscal accountability and operational accountability.
3. To fully support these accountability objectives that the City has prepared a Comprehensive Annual Financial Report (CAFR).
4. That City Management is primarily and ultimately responsible for the fairness of the presentation of the basic financial statements.
5. That the annual presentation of the CAFR facilitates the monitoring and accountability responsibilities of the City Council for oversight of the City's fiscal affairs.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TROUTDALE, OREGON THAT:

Section 1: The City's financial statements and Comprehensive Annual Financial Report (CAFR) prepared by City Management for the Fiscal Year ended June 30, 2014 are approved.

Section 2: This resolution is effective upon adoption.

YEAS:
NAYS:
ABSTAINED:

Doug Daoust, Mayor

Date

Debbie Stickney, City Recorder
Adopted:



CITY OF TROUTDALE



STAFF REPORT

SUBJECT / ISSUE: A Resolution Accepting the Independent Auditors' Report on the Financial Statements for the fiscal year ended June 30, 2014, and the Auditors' SAS 114 Letter, and OAR 162-10-000 Letter.

MEETING TYPE:
City Council Regular Mtg.

MEETING DATE: February 24, 2015

STAFF MEMBER: Erich Mueller
DEPARTMENT: Finance

ACTION REQUIRED
Resolution

ADVISORY BOARD/COMMISSION RECOMMENDATION:
Not Applicable

PUBLIC HEARING
No

Comments:

STAFF RECOMMENDATION: *Adopt the Resolution as prepared by staff, accepting the Independent Auditors' Report, SAS letter and OAR 162 Letters of auditor communication.*

EXHIBITS:

- A. Auditors' letter SAS No. 114 The Auditor's Communication to the Governing Body
- B. Comprehensive Annual Financial Report – CAFR (as provided with the previous agenda item)

Subject / Issue Relates To:

- Council Goals
 Legislative
 Other (describe)

Issue / Council Decision & Discussion Points:

- ◆ City Management is primarily and ultimately responsible for the fairness of the presentation of the basic financial statements.
- ◆ As the CAFR is the City's presentation of its official GAAP based financial statements, external users of the CAFR desire independent assurance that the basic financial statements are reliable.
- ◆ The role and purpose of the independent auditor is to express an opinion on the fairness of the presentation of the financial statements.
- ◆ The role of the City Council is ultimately the responsibility for the monitoring, accountability and oversight of the City's fiscal affairs.

Reviewed and Approved by City Manager: ^{Acting}

- ◆ SAS No. 114 requires auditors to communicate openly and candidly specifically with the Council
- ◆ OAR 162-10-000 specifies the Minimum Standards for Audits of Oregon Municipal Corporations and requires comments and disclosures from the auditors

BACKGROUND:

The Comprehensive Annual Financial Report (CAFR) of the City of Troutdale for the fiscal year ended June 30, 2014 was audited by Pauly, Rogers and Co., P.C. The auditor issued an unqualified (“clean”) opinion. The ***Independent Auditors’ Report***, is in the bound CAFR page 1, and is presented for your review and acceptance.

=====

The auditor’s required letter under the Auditing Standards Board Statement on Auditing Standards (SAS) No. 114, ***The Auditor’s Communication to the Governing Body***, is attached for your review and acceptance.

SAS No. 114 requires auditors to communicate openly, candidly, and specifically with those charged with corporate governance, regarding significant findings and issues related to the audit. Their observations are described beginning at the bottom of page 1 of their SAS114 letter, under Result of Audit:

- they report that a “clean” unqualified audit opinion was issued,
- no exceptions to State minimum standards (This item is covered in the following section of this staff report.)
- that a separate Management Letter SAS 115 was ***not*** issued this year.

Under Significant Audit Findings section, they report no issues with the areas of:

- *Qualitative Aspects of Accounting Practices*
- *Difficulties Encountered in Performing the Audit*
- *Corrected and Uncorrected Misstatements*
- *Disagreements with Management*
- *Management Representations*
- *Management Consultations with Other Independent Accountants*
- *Other Audit Findings or Issues*
- *Supplementary Information within Documents Containing Audited Financial Statements*
- *Other Information in Documents Containing Audited Financial Statements*

Under the Future Accounting and Auditing Issues section are the more significant new auditing and accounting standards, which will expand the required scope of work for future audits. Most

of these new standards will impact the City next year to varying degrees, and will likely increase demands on the Finance staff and increase future audit costs.

=====

The Auditing Standards Board Statement on Auditing Standards (SAS) No. 115, **Communicating Internal Control Related Matters Identified in an Audit**, is sometimes referred to as the "Management Letter". The Auditors had no need to issue one this year as noted at the top of page 2 of their SAS 114 letter.

SAS No. 115 requires auditors to evaluate and identify and report 2 meaningful levels of internal control deficiencies. There are 3 categories of internal control exceptions, in order of seriousness;

- most serious: *"material weaknesses"*
- intermediate: *"significant deficiencies"* and
- lowest: *"not significant deficiencies"*

This year we had no control issues reported in either the most serious or intermediate levels. In past years we have had 2-3 items in the "significant deficiencies" (intermediate level) in internal control. The items from prior years have been satisfactorily corrected and no new issues were observed this past year.

The auditors did note 3 other "Best Practices - Not Significant Deficiencies" (lowest level) in internal control. These observations are described on page 3 & 4 of their SAS114 letter.

- This first item is a new recommendation which clarifies that the City Council is responsible for monitoring, accountability and oversight of the City's fiscal affairs, and that the meeting minutes should reflect that activity.
- The second item is an annual repeat comment issued by the auditors. While Management does not disagree with the observation, we feel no change is appropriate at this time, the risk, however small, exists and the auditors need to go on record as to bringing the concern to the attention of the governing board.
- This third item has been a matter of concern to the auditors for several years. Given the City's lean staffing level in Finance, the separation of duties vulnerability exists, and the auditors need to go on record as to bringing the concern to the attention of the governing board.

=====

The auditor's required letter under Oregon Administrative Rules 162-10-000 **Minimum Standards for Audits of Oregon Municipal Corporations**, is in the bound CAFR page 101, and is presented for your review and acceptance.

This OAR requires comments and disclosures from the auditors related to their audit of the financial statements and certain schedules in the CAFR including but not limited to:

- Deposit of public funds with financial institutions (ORS Chapter 295)
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).
- Schedule of Accountability of Elected Officials

They noted no exceptions in these areas as a result of their testing.

CONCLUSION:

The resolution prepared by staff does *not* “approve” the audit opinion and communication letters, but rather “accepts” these reports. These Letters report the auditors’ professional judgment, and are not subject to client approval or disapproval.

PROS & CONS:

- A. Accept the Auditors’ report and the OAR and SAS letters of communication to complete the official record and demonstrate financial oversight by the Council.
- B. Not accept the Auditors’ report and the OAR and SAS letters of communication to causing gaps in the official record.

Current Year Budget Impacts <input type="checkbox"/> Yes (<i>describe</i>) <input checked="" type="checkbox"/> N/A
Future Fiscal Impacts: <input type="checkbox"/> Yes (<i>describe</i>) <input checked="" type="checkbox"/> N/A
Community Involvement Process: <input type="checkbox"/> Yes (<i>describe</i>) <input checked="" type="checkbox"/> N/A

CITY OF TROUTDALE
TROUTDALE, OREGON

COMMUNICATION TO THE GOVERNING BODY

FOR THE YEAR ENDED JUNE 30, 2014

SAS No. 114



12700 SW 72nd Ave.
Tigard, OR 97223



PAULY, ROGERS AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
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December 29, 2014

To the City Council
City of Troutdale
Troutdale, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Troutdale for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Purpose of the Audit

Our audit was conducted using sampling, inquiries and analytical work to opine on the fair presentation of the financial statements and compliance with:

- generally accepted accounting principles and auditing standards
- the Oregon Municipal Audit Law and the related administrative rules

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions examined and the areas to be tested.

Our audit included obtaining an understanding of the City and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the City or to acts by management or employees acting on behalf of the City. We also communicated any internal control related matters that are required to be communicated under professional standards.

Results of Audit

1. Audit opinion letter - an unmodified opinion on the financial statements has been issued. This means we have given a "clean" opinion with no reservations.
2. State minimum standards – We found no exceptions or issues requiring comment.
3. Management letter – No management letter was issued.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014, except for the implementation of GASB 65 – *Items Previously Reported as Assets and Liabilities*. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were Management's estimate of Accounts Receivable and Capital Asset Depreciation, which is based on estimated collectability of receivables and useful lives of assets. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements or determined that their effects are immaterial. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, taken as a whole. There were immaterial uncorrected misstatements noted during the audit which were discussed with management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Pauly, Rogers and Co., P.C.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to our retention as the auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Supplementary Information

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Other Information

With respect to the other information accompanying the financial statements, we read the information to identify if any material inconsistencies or misstatement of facts existed with the audited financial statements. Our results noted no material inconsistencies or misstatement of facts.

Other Matters – Future Accounting and Auditing Issues

In order to keep you aware of new auditing standards issued by the American Institute of Certified Public Accounts and accounting statements issued by the Governmental Accounting Standards Board (GASB), we have prepared the following summary of the more significant upcoming issues:

GASB 68

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27*, addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have certain characteristics. This statement will impact the government-wide financial statements for most entities with net position being reduced by an actuarially determined amount. The implementation date for this statement is fiscal periods beginning after June 15, 2014.

GASB 69

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. The implementation date for this statement is fiscal periods beginning after December 15, 2013 and earlier implementation is encouraged.

GASB 71

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, addresses the reporting requirements related to amounts associated with contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68, which is required to be implemented in fiscal periods beginning after June 15, 2014.

Best Practices – Not Significant Deficiencies

1. Governing Body Monitoring

An integral part of internal controls is the monitoring of financial activities by those charged with the governance (elected officials). This can be accomplished by asking specifically designed questions to senior staff, by reviewing financial statements and projections and by comparing financial results to pre-established benchmarks. While elected officials participate in the budget adoption process and receive staff prepared financial statements, these only partially fulfill the monitoring function.

We recommend that the City Council articulate their monitoring practices and record in the minutes when those activities occur.

Since monitoring activities, including benchmarking, are unique to each entity we are available to assist the City Council in establishing checklists, questions and benchmarks that are customized for your use.

2. Fidelity Insurance Coverage

In reviewing fidelity insurance coverage we noticed that the City often carries cash and investment balances in excess of the insurance coverage amount. We recommend that the City Council examine this exposure risk and make a determination as to the amount of insurance coverage they feel is prudent in regard to their oversight.

3. Segregation of Duties

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected. We recommend that the

Pauly, Rogers and Co., P.C.

City Council continually monitor the financial activities to mitigate this risk and consider obtaining additional fidelity insurance coverage to compensate for this risk.

This information is intended solely for the use of the City Council and management and is not intended to be and should not be used by anyone other than these specified parties.



Tara M Kamp, CPA
PAULY, ROGERS AND CO., P.C.

Exhibit B - Item #7.2

Please see Exhibit A of Item #7.1
for a copy of the CAFR

RESOLUTION NO.

A RESOLUTION ACCEPTING THE REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON THE AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2014, AND THE AUDITOR'S COMMUNICATION TO THE GOVERNING BODY, (SAS NO. 114), AND THE OAR 162-10-000 REQUIRED COMMUNICATION.

THE TROUTDALE CITY COUNCIL FINDS AS FOLLOWS:

1. To support accountability in financial reporting the City has prepared financial statements and a Comprehensive Annual Financial Report (CAFR).
2. That City Management is primarily and ultimately responsible for the fairness of the presentation of the basic financial statements.
3. That City Council is ultimately responsible for the monitoring, accountability and oversight of the City's fiscal affairs.
4. Further that Independent Certified Public Accountants, Pauly, Rogers and Company, P.C., was previously engaged by the City to audit the financial statements and express an independent opinion on the fairness of the presentation of the City's financial statements.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TROUTDALE:

Section 1: The Report of Independent Certified Public Accountants on the audited financial statements of the City for the Fiscal Year ended June 30, 2014 is accepted as presented.

Section 2: The auditors' letter required under Statement on Auditing Standards (SAS) No. 114; The Auditor's Communication to the Governing Body, is accepted as presented.

Section 3: The auditors' letter required under Oregon Administrative Rules 162.10.000 Minimum Standards for Audits of Oregon Municipal Corporations, is accepted as presented.

Section 4: This resolution is effective upon adoption.

YEAS:
NAYS:
ABSTAINED:

Doug Daoust, Mayor

Date _____

Debbie Stickney, City Recorder
Adopted: