

ANNUAL REPORT

JULY 1, 2015 TO JUNE 30, 2016



WORD FROM THE MAYOR

As I look back at the fiscal year from July 2015 to June of 2016, I can say Lake Oswego Council and staff have accomplished a lot in terms of maintaining and improving the City's excellence. Examples include the following:

- We have continued to improve our roads and allocate money necessary to do so.
- The Water Project is finished except for the final installation of the ozonization equipment.
- As a part of the water project, Laurel Street was rebuilt and a sidewalk was constructed to make a safe place for people to walk, particularly to school.
- Needed repairs to the library have been authorized and budgeted.
- Groundbreaking has taken place to replace the Operations and Maintenance facility.
- The Boones Ferry Road improvement project has moved forward beyond the design phase.
- Design of the new police facility and repair of City Hall has been contracted out.
- Other Council goals have been met, including the following:
 - The WEB was sold to Yakima, eliminating the City's obligation to pay for its purchase, and putting the property back on the tax rolls.
 - The Tree Code was revised, making it less stringent and more flexible.
 - Between Council and the Planning Commission, we continue to streamline code provisions to make it easier for citizens to operate in Lake Oswego.
 - We have put forward a proposal to provide broadband internet service and placed it on the November ballot to measure the degree of support for such a project.



Thank you for your support and for your input on these issues.

Kent Studebaker

BUDGET IN BRIEF

BUDGET SUMMARY

The Budget is the City's annual financial plan that details how public programs and services will be funded based on estimates of revenues and expenses. Budget decisions are largely driven by the policy and direction of the City Council and by input from the community. The City's Budget for the 2016-17 fiscal year maintains existing service levels and implements the City Council's goals in a number of ways:

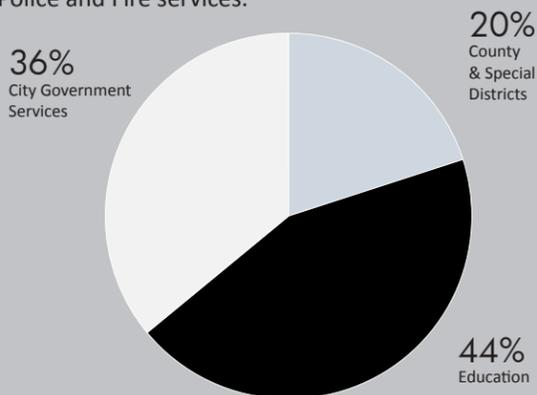
- Maintaining public infrastructure including additional funding for street maintenance projects;
- Completing funding for the new Public Works Operations Center;
- Beginning to set-aside funds for repairing the windows and walls of City Hall; and
- Allocating \$500,000 from Systems Development Charges for bicycle and pedestrian improvement projects that will increase the capacity of our transportation network.

ORGANIZATION

The City's budget is organized on the basis of funds, or groups of self-balancing accounts, that are set up to account for all fiscal activity related to a specific service area or regulated government activity. Fund types include the General Fund, special revenue funds, debt service funds, enterprise funds, and capital project funds. The City's total FY 16-17 budget including reserves and capital projects is \$214,422,734.

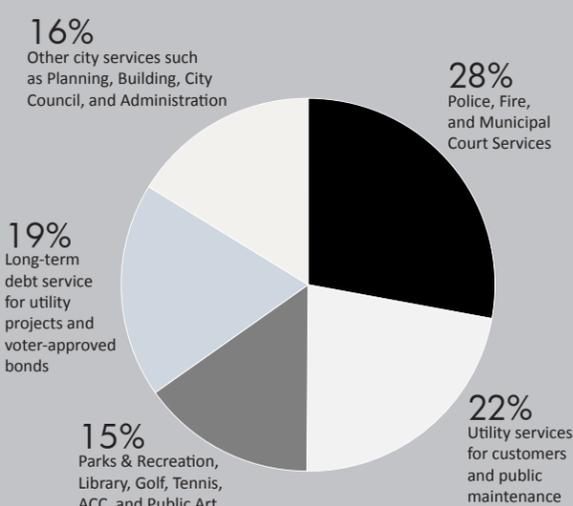
WHERE DO YOUR PROPERTY TAXES GO?

The City receives about 35% of a property owner's total tax bill, or \$2,050 for the average single family home in Lake Oswego. The City estimates to receive about \$34 million in property tax revenue this year and about 2/3 of that revenue provides funding for Police and Fire services.



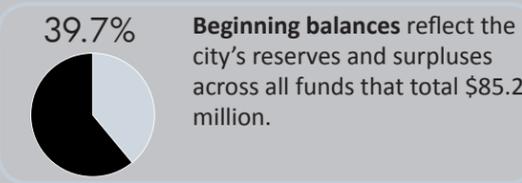
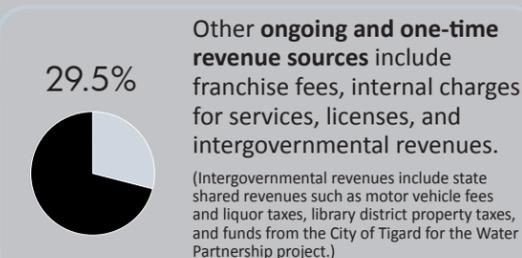
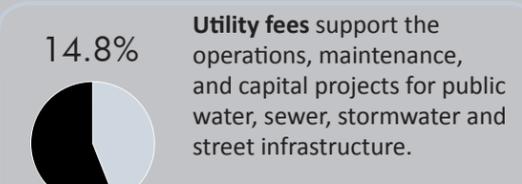
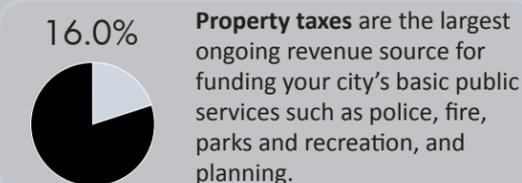
TOTAL OPERATING BUDGET

The operating budget is the ongoing year to year expenses that include salaries and benefits for city employees that provide city services, materials, contracted services, and long term debt service. The chart below shows the operating budget by service area:



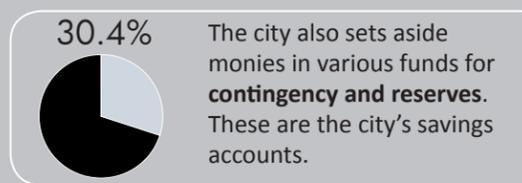
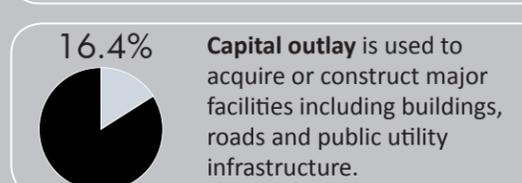
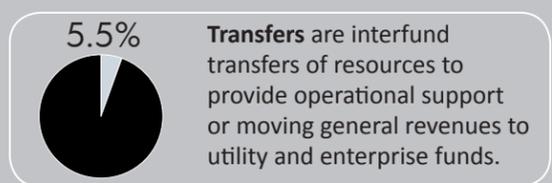
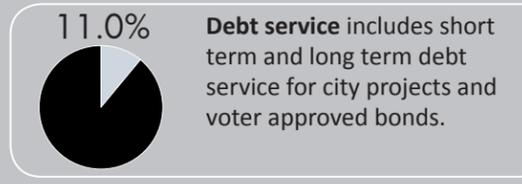
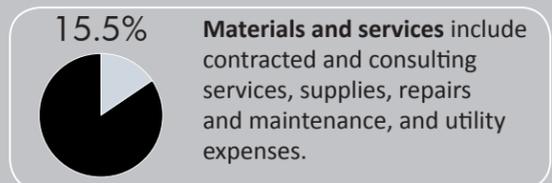
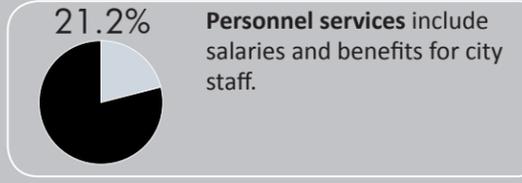
WHAT DOES IT COST TO RUN THE CITY & HOW ARE THOSE COSTS PAID FOR?

Resources: What financial resources and revenues are available for the City of Lake Oswego?



\$214,422,734 Total financial resources available

Operating requirements: What are the expenses for the City of Lake Oswego?



\$214,422,734 Total appropriations

WHAT DO WE DO?

CITY MANAGER'S OFFICE

In the Council-Manager form of government, the city manager is appointed by the City Council to serve as the City's chief administrative officer. The City Manager's Office houses the Public Affairs Office, City Recorder's Office, and programs for Sustainability and Emergency Planning & Management. The City Manager also serves as the Executive Director of the Lake Oswego Redevelopment Agency.

EMERGENCY MANAGEMENT

The Emergency Management Program is responsible for planning, preparing, and providing for the prevention, mitigation and management of emergencies or disasters that present a threat to the lives and property of citizens of Lake Oswego. Last year, the City:

- Participated - along with multiple other cities, over 50 counties and three states plus tribal, Federal government and private sector organizations - in the 2016 Cascadia Rising Catastrophic Earthquake and Tsunami Functional Exercise. Staff from every city department participated in this exercise and gained experience that will help the city better prepare for, respond to, and recover from emergencies.
- Held an Emergency Preparedness Fair. An estimated 600 people attended and learned about water filtration, emergency food options, pet preparedness, portable sanitation, seismic retrofitting, non-structural recommendations, alternate power, natural gas safety, amateur radio, and more.

SUSTAINABILITY

The Sustainability program is responsible for implementing the goals in the 2014 Sustainability Action Plan for City Operations while promoting fiscal responsibility, reduction of emissions, delivering quality services to employees and the community, promoting conservation and management of natural resources, and reducing waste. Highlights of the program in 2016 include:

- Implemented, with Republic Services, a residential food composting program. Customers are now able to add all food waste, coffee grinds, tea bags, and even greasy pizza boxes into their green yard debris bin for weekly pickup.
- Completed the LED lighting replacement at the Main Fire Station, City Hall, Tennis Center and Trolley Barn - with incentives from Energy Trust of Oregon. The project has already resulted in a significant drop in energy usage and costs. Additional Fire Stations and the ACC are scheduled for 2016.



Fire Lieutenant Paul Lauritson recycling organics at the Westlake Fire Station. This new program was initially tested at the LO Fire stations.

PUBLIC WORKS

Public Works is responsible for providing efficient sound infrastructure, facilities, and services regarding the City's water, wastewater, surface water, transportation, building and property management.

PUBLIC WORKS AND PARKS MAINTENANCE FACILITIES



The past year has been full of planning, design, and negotiation leading up to the construction of our new Public Works and Parks Maintenance Facilities. Along with choosing a project architect, another main decision was opting to use the Construction Manager General Contractor (CM/GC) Method. As opposed to a traditional hard bid process, CM/GC allows for more collaboration and flexibility on the complex design of this

project and allowed the City to negotiate a Guaranteed Maximum Price (GMP) before construction began. The "do not exceed" GMP has been set at \$10,631,287 for construction, with another \$3 million allocated for "soft costs", which include owners representative charges, architectural fees, and costs for new equipment, furniture, and moving. The total budget has been set at \$13,632,000. The start of construction was marked by a ground breaking ceremony on July 6. Construction will take place in several strategic phases, as staff will remain working on site while construction takes place. Full completion of the project is expected in September 2017.

ENTERPRISE FLEET MANAGEMENT PROGRAM

In September 2015, the department entered into a set of contracts with Enterprise Fleet Management to replace and take over the maintenance of 24 city vehicles. The overall cost of the Enterprise program for this fiscal year was \$479,437. The Enterprise program is unique, as it allows the City to buy cars on a five year life cycle, either paying for the cars up front or financing them over five years. Enterprise takes care of the registration and maintenance for the cars during that time. Once the 5 year period is over, Enterprise will sell the cars for the city if they choose; the city gets to keep the profits and can reinvest in a new car from Enterprise if they choose. Enterprise's five year life cycle is determined to be the optimal time for a maximum return on the city's investment, as the car can be sold for a larger amount than what it has depreciated to, creating equity. After a department analysis, switching over 24 of the 84 eligible vehicles made sense economically. All replaced cars were between 10 and 20 years of age.

LAKE OSWEGO REDEVELOPMENT AGENCY

The Lake Oswego Redevelopment Agency (LORA) manages two urban renewal districts. The East End Redevelopment District is focused on enhancement of the downtown as a vibrant and thriving mixed-use district, and the Lake Grove Village Center Urban Renewal District is focused on Boones Ferry Road and parking projects in the Lake Grove area. This past year's work and plan accomplishments include:

EAST END REDEVELOPMENT DISTRICT

- In October, the Block 137 (Wizer) Redevelopment received final approval and construction began. The \$103 million private project will include 200 high-end apartments and 42,500 square feet of quality retail and office space. Completion will be late 2017.
- In September, LORA partnered with Sturgeon Development Partners to develop the North Anchor Project at B Avenue and First Street. The plan is to construct a new hotel and a residential mixed-use development. Design will begin in 2016 with construction anticipated to begin in late 2017.
- New sidewalk, street trees, street lights and other amenities were installed along State Street between A and B Avenues. Design work was also initiated to upgrade and enhance the facades of the historic buildings on this same block of State Street. Construction is scheduled for fall 2016.
- LORA completed site acquisition for the new Police and 911 facility located next to City Hall at the corner of A Avenue and Third Street. Design work will begin fall 2016 with construction expected by late 2017.
- A new pathway, parking area and plaza space for the Willamette Shore Line Trolley Station on State Street was completed in June. This pathway connects downtown to the Willamette River via the Kincaid Curlicue and Foothills Park.



Block 137 Development

LAKE GROVE VILLAGE CENTER URBAN RENEWAL DISTRICT

- Preliminary design for the Boones Ferry Road Improvements Project from the Oakridge/Reese intersection to Madrona Street was completed. Final design and right-of-way acquisition will occur in 2016 and 2017 with construction expected to begin early 2018.
- The City completed the sale of the West End Building to Yakima Products. The sale price was \$20.1 million.

PLANNING & BUILDING

The Planning and Building Services Department oversees a variety of municipal functions that directly affect the day-to-day quality of life of Lake Oswego residents including planning, building, permitting, neighborhood planning, and land use.

FY 2015-16 was busy for planning and development. The city adopted a plan for the SW Employment Area, a parking strategy for Lake Grove, reforms to the Sensitive Lands program, and development code streamlining changes. The Tree Code Advisory Committee completed its work, with Council adopting a in July 2016. Mary's Woods Market Square and Springs Living, a 229-unit assisted living project at Boones Ferry and Kruse Way, received development approvals. Staff also initiated LEAN process improvements for building plan reviews - reducing the wait times for approval, and refilled positions vacated due to retirements and promotions.



Perspective - Mary's Woods Market Square

Construction value reached a new record, at \$166,120,000, and the city collected \$574,123 in School Construction Excise Tax, which goes to the school district for capital improvements. Even after subtracting the Block 137 (Wizer) project, construction value exceeded the prior year. A total of 82 permits were issued for new single family homes, 55% of which were replacement homes. The average value of single family residential construction was about \$500,000; the largest house had 10,710 sq. ft. of living area (excluding garage), and the average was 2,942 sq. ft. Total building permits held steady at 4,100 permits.

More development is in the pipeline, as the City processed 73 development applications and 20 annexations (mostly individual lots requiring sewer), and responded to 90 requests for pre-application conferences. The Permit Center assisted 11,838 walk-in customers and received 19,061 calls.

WHAT DO WE DO?

ENGINEERING & CAPITAL PROJECTS

The Engineering Department is responsible for providing the design and construction of public infrastructure, such as water, wastewater, surface water, and transportation systems. Geographic Information Systems (GIS) are also part of the department, providing the historical record of the systems we are responsible for, and translating them into maps and database systems that are used by all other city departments and available for citizens as well. Capital Projects include:

ROCKING HORSE LANE OUTFALL REPAIR

Most of this project is not visible from the roadway, but it has made significant improvements to the stormwater outfall at the end of the roadway. It improves water quality in the streams leading to Tryon Creek, and minimizes the potential for further erosion. Total Cost: \$1.02 Million.

LAUREL STREET PATHWAY PROJECT

This project started in 2015 and was completed in July 2016. It includes sidewalks from Hallinan to Cornell, widened roadway, retaining walls, full-width paving replacement, and new stormwater system upgrades. Estimated Cost: \$2.3 Million.

4TH ST AND CEDAR ST PAVING PROJECTS

The 4th Street project replaced failing pavement and a sunken trench patch from Evergreen to Lake Bay Court. Total Cost: \$137,000. Cedar Street was repaved in conjunction with recent private development in the area. The City's portion of new work was from Percy to Cornell. Total Cost: \$112,000.

WESTCOTT STORMWATER EMERGENCY REPAIR PROJECT

The record rainfall in December 2015 caused a 48" corrugate metal stormwater pipe to collapse just east of the intersection of Westlake Drive and Melrose Street. It created a significant sinkhole in the backyard of two properties, and immediate action was taken to prevent further damage. This project is eligible for FEMA fund reimbursement. Total Estimated Cost: \$750,000.



Westcott Stormwater Emergency Repair Project

LAKE OSWEGO TIGARD WATER PARTNERSHIP

The Partnership was formed in 2008 to share drinking water and costs, and to ensure Lake Oswego and Tigard have reliable, affordable, high-quality drinking water for generations to come.

This fiscal year has been a historic one for the Partnership:

- Summer 2015 – hosted dedication ceremony for a new cultural resources interpretive exhibit and tribal artwork at George Rogers Park
- Fall 2015 – held two ribbon cutting events with elected officials, city staff and neighbors for the new Waluga Reservoir 2 and Clackamas River Intake Pump Station
- Late 2015 – the new raw (untreated) water pipe was placed in service, pumping water from the Clackamas River to the treatment facility in West Linn
- Early spring 2016 – construction was completed on more than ten miles of large diameter water pipe. The new eight-mile-long finished (treated) water pipe was placed in service, delivering clean drinking water from the treatment facility to the Waluga Reservoir complex in Lake Oswego, and onto Tigard's new Bonita Pump Station.
- Late spring 2016 - the second of three major phases of construction was completed at the water treatment facility and six new filters were placed into service, with a capacity of 32 million gallons a day
- Early summer 2016 – the treatment plant began supplying water to both Lake Oswego and Tigard communities



City Managers Scott Lazenby and Marty Wine celebrate the clean, safe, reliable drinking water for both Tigard and Lake Oswego communities

FIRE

The Lake Oswego Fire Department (LOFD) is a full service fire department that provides comprehensive fire suppression, paramedic emergency medical, dive team and water rescue, emergency and disaster preparedness.

Four fire stations are strategically located to provide rapid emergency service to about 50,000 citizens in Lake Oswego, Lake Grove Rural Fire District, Riverdale/Dunthorpe Fire District, and Alto Park Water District. LOFD responded to 4003 calls in fiscal year 2015-2016, the majority being emergency medical calls providing first responder advanced life support.

NEW PIERCE 105' AERIAL LADDER TRUCK

In October, 2015, the Lake Oswego Fire Department received a new Pierce 105' aerial ladder truck that took over a year to manufacture. The new truck replaces the 1999 Pierce aerial ladder truck that had served the city for the past 16 years. It was sold to a neighboring Fire District for \$75,000.



New Pierce 105' Aerial Ladder Truck

LED LIGHTING RETROFIT

The LED lighting project at the Main Fire Station was completed in February 2016. The retrofit included new LED light bulbs, fixtures, automatic sensors, dimmers and daylight responsive lighting features. The project has already resulted in a significant drop in energy usage and costs for the building. Beginning July 1, 2016, the Westlake Fire Station will also undergo LED light retrofitting. The project was funded by energy rebates from Energy Trust of Oregon and the Fire Department facilities budget.

POLICE

The Police Department provides a variety of services ranging from criminal investigations and traffic law enforcement, to animal control, to K-12 education programs, to neighborhood enhancement services. The department operates a state-of-the-art emergency dispatch center that handles more than 110,000 calls each year for Lake Oswego, as well as the cities of Milwaukie and West Linn.

With highly trained dispatchers and police officers, the Police Department is ready to respond to any emergency with the confidence of keeping our community safe.

PROTECTING OUR CHILDREN

Our partnership with the Lake Oswego School District has never been stronger – over the last year, the police department and school district have made great gains in preparing our schools for emergencies. We've trained together to prepare for and react to natural disasters and active threats against schools by intruders. In addition, we supported the installation of a school emergency radio system that can be monitored within our dispatch center, saving critical minutes in any school emergency. We've also worked together to build a "threat assessment program" that allows schools to identify behaviors that may point to violence and to immediately bring those examples to a group of trained professionals for evaluation. The goal is to assess the potential for violent behavior and find the help necessary to diffuse volatile situations. And we are proud of our new Digital Safety Training for kids to ensure they understand the consequences of their online interactions. We've taken this program Statewide - presenting a Train-the-Trainer course to 75 law enforcement and school personnel.



Officers Euscher and Serdar - Graduation

TRAINING FOR SUCCESS

We've begun to use our Community Service Officer (CSO) position as a training ground for transition into the police officer ranks – we hire the CSO with the anticipation that we will move them into an officer position as soon as we are sure they meet our high standards and are the "right fit" for our community. We have moved several CSO's through the program and have found that knowing their skills and fit, helps them transition into their new role with greater success – better trained, better prepared = better police officer serving our community.

THE YEAR AHEAD

We recognize our need to continually improve our response to calls involving people with mental health issues. The department has taken the lead in developing an "on scene Behavioral Health Specialist Program" in Clackamas County. Soon, officers will be able to call for a mental health professional to any incident where their expertise may be helpful in de-escalating situations and finding resources that will ensure the best outcome for not only the person in crisis, but for the police and community as well.

WHAT DO WE DO?

LIBRARY

The Lake Oswego Public Library is dedicated to providing the exceptional materials, programs and services that our well-read community expects. An average of over 800 visitors pass through the Library doors every day. The Lake Oswego Public Library's users check out 28 items per capita annually, four times the national average.

LAKE OSWEGO READS SHORT NIGHTS OF THE SHADOW CATCHER

Ten years ago the Lake Oswego Public Library inaugurated its Lake Oswego Reads program. And what a ten years it has been! The book that was chosen for 2016, Timothy Egan's *Short Nights of the Shadow Catcher*, tells the story of photographer Edward Curtis and his quest to chronicle American Indians and their quickly vanishing way of life in the early 20th century.

The Library assembled an unprecedented array of scholars, period experts, artists, musicians, naturalists, tribal members and craftsmen for a wide variety of events to the public which were carefully designed to inform, inspire, examine and celebrate all facets of this year's book selection. Tim Egan said, "If there is an earthly heaven for authors, it has to be Lake Oswego Reads. The art, the inspiration, the warmth, the crowds, the appreciation of storytelling and the American literary experience are pinch-me terrific."



REFERENCE & ADULT SERVICES DEPARTMENTS

The Lake Oswego Public Library celebrated William Shakespeare in the 400th year since his death. Programs included an abridged performance of *A Midsummer Night's Dream*, Music of the Renaissance performed on period instruments and "400 Years in Shakespeare's Kitchen." The Friends of the Library sponsored this festival as well as many other outstanding programs throughout the year.

The Library's circulating Kindle readers now have more than 650 books loaded on them, including a new collection of Spanish language titles. <http://www.lakeozkindles.wordpress.com>

YOUTH SERVICES

The Youth Services Department of the Lake Oswego Public Library is a hub of literacy, creativity and community. In the last year, 301 programs served over 10,000 babies, school aged children, teens and the adults that care for them. Our enriched, age-appropriate story times highlight early literacy practices. The Teen Advisory Board meets monthly to develop and facilitate programming for both themselves and families with younger children. Over 2,000 children and teens are registered for our Summer Reading programs, ensuring that they will maintain or improve their reading skills.

ADMINISTRATIVE SERVICES

- The Human Resources Department is responsible for a full range of comprehensive human resource services and programs to enhance the efficiency and effectiveness of the organization. These responsibilities include recruitment and selection, benefits administration, classification and compensation, labor relations, training, safety and workers' compensation, risk management, performance management, and conflict resolution.
- The Finance Department provides professional financial services and information to the City Manager, City Council, and City departments in order to promote fiscal stability and integrity. In addition to providing financial services relating to accounting and payroll, this department prepares the annual budget, works with the City's auditors to prepare the annual audit and Comprehensive Annual Financial Report, performs utility billing and fee analysis, prepares fund projections to support future bond needs, manages the City's investments and debts, and explores alternative sources of funding. It serves the public through accepting passport applications and issuance or renewal of business and dog licenses.
- The Information Technology Department provides computer, network and communications support, and copy and mail center services to all City departments. Additionally, the Department supports mobile and fixed computers that are part of the 911 Center servicing the city of Lake Oswego and the Police Departments of West Linn and Milwaukie.
- The City Attorney's Office provides legal advice and representation to the City Council, the Lake Oswego Redevelopment Agency, the City Manager, the City staff and various City boards and commissions in all areas, including constitutional law, municipal law, land use, public contracting, public records, public meetings, urban renewal, code enforcement, tort liability, civil rights, taxation and municipal finance. The Office provides advice at public meetings, prepares legal opinions, contracts, intergovernmental agreements, ordinances and resolutions, and handles real property transactions. In addition, the Office prosecutes criminal misdemeanors, traffic cases, and City Code violations in the Lake Oswego Municipal Court.
- The Municipal Court adjudicates City code violations, Oregon motor vehicle law violations, and misdemeanor criminal code violations in Lake Oswego. The Municipal Judge is appointed by the City Council and oversees the Municipal Court.

PARKS & RECREATION

Lake Oswego Parks & Recreation provides excellence in building community, enriching lives, and caring for the urban and natural environment. Department highlights include:

- A successful launch of the community wide health and wellness initiative, Living Well in LO Powered by Parks & Recreation.



- Parks & Recreation offices and programming moved to Palisades Elementary School.
- The Adult Community Center received national recognition for the Aging Mastery Program®.
- The Very Important Partners (VIP) fundraising campaign produced over \$25,000 in donations to support ACC Services.
- The Lake Oswego Public Golf Course increased rounds played through new programs "SO Fun Golf" ladies league, new kids camps and tournaments.
- The Farmers' Market received grants totaling \$6,000, and was awarded the "Best of the Portland Area".
- New family events, Tinsel Town Trolley and the Von Trapp holiday concert were presented.
- The lights at the Tennis Center were converted from fluorescent to LED.
- At Luscher Farm, the barn roof was replaced, a tool shed was built, the driveway was paved, the 5-k obstacles were built and irrigation upgrades were installed.
- The Once in a Blue Moon Adventure Run, had 480 registered runners for a 3.1 mile obstacle course and after party at Luscher Farm.
- The sport of adult Pickleball was introduced both in and outdoors.
- Outdoor water paddle sport participation increased through access at Tryon Cove and George Rogers Parks.
- The Hikes & Rambles group celebrated its 30th year with growth of over 260 hikers.
- A partnership with The Springs at Carman Oaks offered opportunity for water aerobics classes.
- New park signs were added at Luscher Farm, Westlake Park and the Golf Course.
- Partnerships with Eagle Scouts and The Arts Council assisted with projects of refurbished picnic tables, trash enclosures and predator perches.
- Automated Musco ballfield lighting control systems were installed at George Rogers and East & West Waluga Parks and safety netting was installed at Westlake Park.
- The Friends of Hallinan Heights Woods and Friends of Lily Bay were formally recognized.
- There were forty one volunteer stewardship work parties held.
- Invasive Removal and Habitat Enhancement Programs and eradicated invasive species and replanted natural areas at eleven locations.
- Metro's Nature in the Neighborhood Grant was awarded to restore River Run I, Canal Acres and Bryant Woods wetlands.
- The Iron Mt. planning process continued with consultant, citizen & staff involvement.

