

MINUTES
BUDGET COMMITTEE MEETING
May 13, 2008

Chair Aschenbrenner called the meeting to order at 5:59 p.m. in the Milwaukie Public Safety Building Community Meeting Room, 3200 SE Harrison Street, Milwaukie, Oregon.

Budget Committee members present: Melissa Arne, Deborah Barnes, Jim Bernard, Greg Chaimov, Jeremy Ferguson, Joe Loomis, Leslie Schockner, and Susan Stone.

Staff present: City Manager Mike Swanson, Library Director Joe Sandfort, and Finance Director Ignacio Palacios.

Mr. Swanson provided a briefing on the status of the quiet zone. The amount at issue was the proposed general fund allocation. The City was able to take advantage of some community development block grant (CDBG) funding, but it was decided at the time of Council consideration that the remainder of the funding would have to come out of the general fund. The amount at the time was \$85,000, but it had increased now to \$110,000. The SE 37th Avenue and Railroad Avenue project would happen as it would be CDBG funded. The amount from the general fund was not proposed because the funds were not proposed. The 2008/2009 proposed general fund budget was \$14,015,459. The current fiscal year 2007/2008 adopted budget was \$13,894,421 which was less than a 1% increase. Staff did not come up with the revenues to do more than sustain where we were now. The only unique program proposed in the general fund this year was the Poetry Series in the amount of \$2,800. The rest of general fund was mostly as it was proposed this current fiscal year because the revenues had not grown enough to fund anything else. The contingency originally adopted in 2007/2008 was \$1 million and was reduced \$865,000 because part of it was used for the purchase of the Balfour property. Staff proposed that it be adopted at \$740,000 for 2008/2009. Staff had hoped to increase the unappropriated reserve at \$500,000 in 2007/2008 by the amount of the payment from facilities from the security system which was about \$45,000 but was not able to do so. The unappropriated reserve was not going to increase. The parking manager position was not recommended for funding as the money was not there.

This was still a project Council supported, but it awaited funding. There were no discretionary monies without cutting something that was funded this fiscal year and was proposed to continue. The general funds was the discretionary money but only included library, community services, code enforcement, public access studio, police, planning, and municipal court. The \$110,000 for the quiet zone would need to be identified in one of those departments.

Mr. Chaimov noted the quiet zone at \$310,000 was noted on a pink sheet in the capital improvement plan (CIP) below the line. There were a number of items not being funded and would have to be adjusted.

Mr. Swanson replied \$310,000 was the total cost of the quiet zone. \$110,000 would have come out of the general fund. When Public Works presents the final CIP that would have to be adjusted.

- **Cindy Cole, Washington Street**

Ms. Cole was a 20-year resident of Milwaukie. Budgets were never in stone and things could and did change. She would like a better understanding of how the public could make this happen. This was a livability, health, and safety issue, and everyone was being hurt. She wanted to be able to sleep at night instead of waking up and being mad. This had to happen, and she was ready to do anything. She was devastated it was out of the budget. Why was it approved when it looked like it could have been in the budget? She wanted to do something to make it happen. If any other business was making this kind of noise, it would be stopped.

Ms. Stone asked Ms. Cole if she had tried to contact the railroad.

Ms. Cole did not know where start. It was so large and set in its ways the railroad would do what it wanted. It felt intimidating to contact them. Maybe the railroad should pay somewhere along the line.

Mr. Swanson said the federal regulation provided that the railroads did not have to pay any of the costs of safety improvements.

Ms. Cole asked if Purdy's Carwash and Mike's Drive-In had protested the quiet zone because of business impacts.

Mr. Swanson replied that was not the cause.

- **Todd Schwartz**

Mr. Schwartz spoke with the railroad and understood there was a very large amount of liability when going through crossings, so he understood why they had to blow their horns. He understood the Council was behind this, but it was now a money issue. He looked at the budget on the City website and understood the City faced difficult decisions. The quiet zone could do more to change residents' quality of life. Some of the things like libraries were hard to argue against, and there were a lot of people in favor of the quiet zone. He wished that as the Budget Committee looked at the general funds maybe there was not something quite as important as making this change to quality of life and safety. This was a one-time expense and a permanent fix.

- **Richard Sears, Kehrl Drive**

Mr. Sears moved to Milwaukie 5 years ago. This was a quality of life issue. These were discretionary funds, and the Committee had to make the hard decisions like whether or not to vote for the quality of life in Milwaukie. This was

a one-time deal that would probably increase property values and make Milwaukie a much more livable city.

- **Steve Bergdorf, Harrison Street**

Mr. Bergdorf reiterated the quality of life issues. He lived not just in the horn zone but also the rumble zone. The train horns were basically pointing at his house, and people living on 28th and 29th Avenues were going through the same thing. He agreed some of the horns were vindictive. In evenings people at his house could not hear television or carry on a conversation. He hoped the Budget Committee could do whatever it could to improve the quality of life in Milwaukie for the least amount of cost. It did not seem like it was that expensive.

Ms. Barnes suggested looking for innovative ways to raise funds and suggested seeking donations or writing grants as the Public Safety Advisory Committee (PSAC) had done in resurrecting the K-9 unit. She offered to help write grants this summer.

Mr. Loomis suggested approaching the Neighborhood Associations.

Mr. Schwartz attended several neighborhood meetings to find out if there was support for the quiet zone. He was willing to explore raising funds, but it was difficult when people had to open their own checkbooks. One could hope Dark Horse Comics hated trains.

Ms. Stone had a logistics question about when the project could occur if, by some miracle, it was funded.

Mr. Swanson replied the bid had gone out for the 37th Avenue project, so it was moving along. Since there was not a lot of heavy construction it would not be a time-consuming project.

Ms. Stone asked if it could be built this summer if there was funding.

Mr. Swanson responded it could be done quickly although he did not know about this summer.

Ms. Stone understood with grant writing or fundraising it probably would not be done this year in terms of being built.

Mr. Swanson said it would be some time during the fiscal year if Council appropriated the funds this year. 37th Avenue was already underway.

Ms. Stone would like to look at tweaking the budget. She lived within earshot of the trains, which sometimes woke her up. She understood it was a quality of life thing and affected some people more than others.

Mr. Aschenbrenner discussed the bike/pedestrian crossing at 37th Avenue and Railroad Avenue that was one step closer to doing what needed to be done in the quiet zone project. That and the pedestrian crossing improvements at Oak Street were being funded in part by grant money already set aside.

Ms. Schockner asked if the quiet zone was a safety issue or noise and shaking.

Mr. Aschenbrenner said all the intersections had to be improved so no one could drive around the barricades once the gates dropped. That needed to be done at all 3 intersections before the federal government would even consider a quiet zone.

Mr. Swanson added that in 2000 Congress required that trains sound a warning signal ¼-mile before each intersection. That allowed the Federal Railroad Administration (FRA) to develop a program that would allow a local jurisdiction to create an exception to the sound warning requirements if there was sufficient safety. The railroads liked the signal because it was extra liability protection for them. Staff came up with a way to accomplish this at lesser cost than originally believed.

Mr. Aschenbrenner explained the quiet zone did nothing for vibration. It was that the horns would not sound at these 3 intersections.

Mr. Swanson added there was an additional benefit in having a safer situation.

Ms. Stone understood quality of life issue rather than a safety.

Mr. Ferguson understood Clackamas County had Harmony Road and Linwood Avenue improvements as Union Pacific wanted to make this a high-speed corridor. Would that impact the quiet zone?

Mr. Swanson preliminarily said he did not believe so, but he would look into it and respond. The City was looking at the 3 crossings within its boundaries.

Ms. Schockner asked if Clackamas County's improvements would be consistent with Milwaukie's.

Mr. Ferguson said the County was looking at eliminating the at-grade crossing. It could be done if there were grade protection. The railroad would pay for the high-speed corridor, but the region would pay for the intersection improvements.

Mr. Aschenbrenner said it was a proposal at this time, and there would be regional funding if it went forward.

Ms. Schockner asked if that option might not resolve people's problems.

Mr. Swanson said the Johnson Creek staff were sensitive to the issue and would be working on that project and would take advantage of any linkages. The matter was still under discussion.

Ms. Barnes discussed the Harmony Road Policy Group meeting where a final decision may or may not be made.

Mr. Bernard added there was no money for high-speed rail in the near future, so it could be years.

Mr. Aschenbrenner said this could be discussed more in the process of coming up with an approved budget for Council.

Responses to Committee Questions from the April 29, 2008 Meeting

Mr. Swanson responded to the questions asked at the last Committee meeting plus a number of questions Ms. Schockner had e-mailed.

Police field services (tab 2): the salaries adopted in the current fiscal year were \$2,220,000 and proposed at \$1,959,000. The department was not losing officers. Last year the officers hired for photo radar were budgeted at full time for a full year instead of 6 months. Only 2 rather than 4 were hired which had been the intent. The proposed overtime was higher based on his and Mr. Palacio's decision to make the figure more realistic.

He referred to Ms. Schockner's memo. Because the City had been without a finance director for about 6 months a number of things including the performance measures were not possible. Regarding the formatting, it was his decision to put the proposed budget and narratives in different books as he felt they were confusing. The information would be in the final budget document. He suggested the Budget Committee discuss the performance measures. Facilities and administrative costs had increased. The biggest jump in administrative costs was the City Attorney budget that went up \$100,000. Administrative services in 2007/2008 was adopted at \$3,219,940 and in 2008/2009 was proposed at \$3,533,796 or about a 10% increase. That was a real dollar increase of \$313,856 of which 1/3 was the City Attorney. Ramis merged with a larger firm and may be much better at billing so the City was seeing a large increase in its bills. A number of litigation situations including personnel matters and the Columbia Care matter resulted in increases. Facilities increased because of an increase in personnel that was allocated out based on FTE and square footage. The administrative services budget was divided by the number of FTEs, so police and the library which had the most FTEs paid the most.

Ms. Schockner noted the code enforcement budget went up by 76%.

Mr. Swanson replied parking was moved from fleet that used to carry all the costs to code enforcement. In planning the money not spent was being carried over, and it would be made more explicit in the narrative next year. There was a deferred compensation program negotiated with the Milwaukie Police Employees Association and AFSCME. The COBRA retiree insurance was created long before he became city manager and provided for any manager with the City since 1991 or before who retired from the City to receive full health insurance to age 65 or 5 years. There had been a total of 10 and was an inherited program. There had been a deferred compensation match since at least 2000.

Question #7 regarding the downtown area and improvements was something planning would focus on in the coming year. Question #8 regarding vehicle fuel usage was considered reasonable with only a modest increase. Staff would do a better job next year with the professional and contractual services descriptions. The final budget document would also include the narratives.

On specific comments #1 Ms. Schockner stated she would be interested in having the ability to do object code level analysis such that costs for an individual

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line item across all programmatic budgets could be compared. That level of information would be provided in next year's budget. Many of the questions related to the impact of not having a finance director including the budget forms. Question #2: Cable TV re-titling can be done to make things more understandable. Question #3: the actual ending balance for 2006/2007 was almost \$2 million less than the beginning fund balance for 2007/2008 because one was budgeted and one was actual. The ending fund balance was underestimated and would always match 2 years back. Question #4: the extra rate for the Fire District transfer would disappear in 2016, but that depended on the reserve. Bonds were retiring each year, so one will see a decline over the years. The collection rate was a projection from Clackamas County Tax Assessor information. Question #5: all Library part-timers should be getting benefits now. If the bond measure failed in November, the 2008/2009 budget would not be impacted. If it failed the amount coming from the County as a revenue to the general fund would decrease 20% for 5 years. The self-check out kiosk would be requested in 2009/2010. Question #6: the code enforcement rule had to do with parking in a 2-hour zone and where the car could be moved. Question #7 regarding office supplies for the public access studio had to do with the oversight function. Question #8: the 2 cars in police administration belonged to the chief and captain which they drove 24/7. Code enforcement used their cars only during work hours. Question #9 police operations included line items for Homeland Security grants and good or services that could be purchased using those funds. Most of the grants were for things like the Smart Board.

Ms. Schockner thought it should be broken out by what it paid for.

Mr. Swanson recalled there was an amount in capital. Question #10: the general fund contingency reflected the purchase of 2808 SE Balfour, and when it was sold the intent was to restore it back to the contingency. Question #11: the City Manager budget increased when insurance premiums and things of that nature was added. He understood the point was this should be explained in the budget document.

Mr. Palacios reviewed the Neighborhood Grants program. It was an oversight in his rush to get the document ready, and it would be updated for the next meeting.

Mr. Aschenbrenner understood the overhead in the amount of \$1,500 would go away when the Lake Road studio closed and go back into the general fund. He talked with staff directly and found some problems were due to how quickly the budget was put together this year including the neighborhood grants and the bike grant money being used for signage.

Ms. Arne asked why the insurance premiums were moved from general government to city manager.

Mr. Swanson replied it was an effort spearheaded by Mr. Palacios to simplify the budget by having fewer accounts.

Mr. Aschenbrenner suggested Ms. Schockner and Mr. Palacios work on performance measure tracking over the next year.

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Mr. Bernard added although there was some work to be done, this document was certainly an improvement from the past. He did express concern that the photo copier budget was \$57,000 and said he would take his Council packet electronically from now on.

Ms. Stone thanked Ms. Schockner for her thorough comments and found it frustrating to go between the budget and the narratives.

Deliberations

Mr. Aschenbrenner suggested the Committee continue looking at the quiet zone.

Ms. Schockner appreciated Ms. Barnes's offer to help a citizen group with grant writing for the quiet zone. The idea of people stepping up and partnering was very positive and could be a model in the future.

Mr. Loomis agreed it was a good idea. Some were very passionate about the quiet zone while others were not and some were indifferent.

Ms. Stone added the noise did not bother her but did impact others' livability, so she could empathize. Would like to examine if the Committee could tweak some money out of the general fund in concert with Ms. Barnes's idea of writing grant applications. Livability was an important part of the City's mission. Noise impacted health, so maybe this was a priority.

Mr. Bernard discussed the numerous City projects including downtown parking, the Pond House deck, and municipal court and the importance of prioritizing them. He supported the quiet zone based on safety concerns. He discussed increasing property values through better individual property maintenance.

Ms. Schockner felt part of the problem was that there was no formal priority list, so each person's could be different. There were many quality of life issues.

Mr. Ferguson agreed there should be a priority list and would be an advocate of meeting more frequently. He had been opposed to the quiet zone but was not yet 100% sold. A lot of that had to do with his background in the railroad industry. In 1999 as his first year as an operator as a courtesy the trains rang a bell rather than a horn and turned off the overhead light when another train was passing. That was when he struck and killed a pedestrian. Out of courtesy it would be great to reduce the noise, but he wanted to assure community safety. It was important to educate and protect the public before something happened. A problem with the quiet zone was that people assumed the Linwood Avenue crossing was in the City of Milwaukie, but it was not. It was a County crossing. When the improvements were made to the other 3 intersections he wanted to make sure everything was done to prevent any accidents at Linwood.

Mr. Aschenbrenner commented he did not mind the sound of the trains but understood how it could impact others. His concern was it was looking at the intersections but not the space between where pedestrians crossed regularly.

He did not believe signage was enough protection and wanted to see something more.

Ms. Schockner observed the quiet zone could result in a more negative safety issue. The risk could be greater.

Mr. Aschenbrenner explained the quiet zone did not prohibit the engineer from sounding the horn if he saw something. It was a matter of education.

Mr. Ferguson added people crossing at an undesignated crosswalk would not read the sign and think they were making a bad choice. It takes a mile to stop a train traveling at 55 mph.

Mr. Aschenbrenner would lean toward looking at the numbers again and discussing it at a future meeting.

Mr. Loomis had second thoughts after hearing Mr. Ferguson's comments.

Mr. Bernard thought the only resolution might be to fence the area which would probably be very expensive.

Mr. Ferguson noted trespassers would go into the area and not be able to get away from the train. He felt there needed to be a more thorough look at the corridor regarding pedestrian and crossing safety as well as the horns. He offered to do some research on this matter and was willing to participate.

Ms. Barnes said this was an important issue, but her priority was the Library and Pond House. She was trying to come up with something that made those citizens coming forward responsible in part to help fundraise as was done with the K-9 unit.

Mr. Bernard commented if the money were put into the quiet zone it would come from somewhere else, so there would be an impact.

Mr. Swanson said if citizen group was organized and began raising funds there would be a place in the general fund budget to hold it.

Mr. Palacios stated according to Oregon Budget Law a revenue had to have an estimated offsetting expenditure. Right now he did not see any revenue being collected in the next fiscal year.

Mr. Loomis wanted the safety issue answered before setting anything in motion.

Ms. Stone suggested it come back to Council in a work session. She agreed there was a big gap and if Linwood was not treated in the same manner there could be a problem.

Mr. Swanson understood there was a safety problem, and putting up a fence would just change the problem.

Mr. Ferguson was concerned people might enter at either end of the fenced area. This discussion should probably be in another setting.

Mr. Swanson understood if the quiet zone were approved then it was likely the cost of a fence would have to be considered. Safety would be considered in a different forum.

The group agreed more information on quiet zone liability was needed. **Mr. Swanson** would do additional research on the FRA website. Quiet zone issues occupied a lot of space now that the new ruling was in place.

Mr. Aschenbrenner requested more detailed information on the Street Surface Maintenance Program and which streets were scheduled.

It was moved by Mr. Bernard and seconded by Mr. Ferguson to adjourn the meeting. Motion passed unanimously among the members present [9:0]

Chair Aschenbrenner adjourned the meeting at 7:30 p.m.

Pat DuVal, Recorder