

A G E N D A

BUDGET COMMITTEE MEETING May 28, 2009

6:30 p.m.

**Milwaukie City Hall
Council Chambers
10722 SE Main Street**

A light dinner will be served

- 1) Call to Order – Chair David Aschenbrenner
- 2) Preliminary Comments—Chair David Aschenbrenner
- 3) Consider Budget Committee Minutes April 23 and May 14, 2009
- 4) Public comments
- 5) Responses to Committee Questions – Mike Swanson
- 6) Staff Comments and Questions
- 7) Budget Committee Deliberations
- 8) Motion to Approve Proposed Budget
- 9) Motion to Approve Capital Improvement Plan (CIP)
- 10) Adjourn

MINUTES
BUDGET COMMITTEE MEETING
April 23, 2009

Chair Aschenbrenner called the meeting to order at 6:30 p.m. in the Milwaukie City Hall Council Chambers.

Budget Committee members present: Melissa Arne, David Aschenbrenner, Deborah Barnes, Greg Chaimov, Mike Miller, Leslie Schockner, Susan Stone, and Gabe Storm.

Staff present: City Manager Mike Swanson, Finance Director Ignacio Palacios, Library Director Joe Sandfort, Engineering Director Gary Parkin, Accountant Judy Serio, Administrative Supervisor Jeanne Garst, Administrative Specialist II Alicia Stoutenberg, Program Coordinator Beth Ragel, Library Circulation Supervisor Nancy Wittig, Supervising Librarian Jana Hoffman.

Media: Matt Graham, *The Clackamas Review*

Election of Officers – Chair and Secretary

Mr. Aschenbrenner called for nominations for the positions of Budget Committee Chair and Secretary.

It was moved by Mr. Chaimov and seconded by Ms. Barnes to elect David Aschenbrenner as Budget Committee Chair.

Ms. Stone asked if there were other nominations, and there were none.

Motion passed with the following vote: Arne, Aschenbrenner, Barnes, Chaimov, Miller, Schockner, and Storm voting “aye” and Stone voting “no.” [7:1]

It was moved by Ms. Barnes and seconded by Mr. Miller to elect Leslie Schockner as Budget Committee Secretary. Motion passed with the following vote: Arne, Aschenbrenner, Barnes, Chaimov, Miller, Schockner, Stone, and Storm voting “aye.” [8:0]

Introduction of City Sustainability Plan

Ms. Ragel and **Ms. Stoutenberg** provided an overview of the City of Milwaukie Sustainability Plan adopted by Council resolution on March 17. They outlined the potential future budget implications. The four key areas were waste reduction, energy and fossil fuel consumption, procurement, and outreach and education. Ms. Stoutenberg discussed financial tracking of environmentally preferred products and assessing the impacts over the coming fiscal year.

Consider Minutes of June 17, 2008

It was moved by Mr. Chaimov and seconded by Ms. Barnes to approve the Budget Committee minutes of June 17, 2008. Motion passed with the

following vote: Arne, Aschenbrenner, Barnes, Chaimov, Miller, Schockner, Stone, and Storm voting “aye.” [8:0]

2009 – 2010 Budget Message and Budget Officer’s Balanced Budget Proposal

Mr. Swanson reviewed the Proposed 2009 – 2010 Budget recommended at \$53,786,571 and narrative documents.

He read the Annual Budget Message into the record. He noted that general fund revenues had declined approximately 4.6% which may be attributed to the fact that the previous year’s budget was lean resulting in fewer unexpended funds. The City was starting off the year with lower reserves making next year a greater challenge. His first goal was no layoffs. Milwaukie had good, experienced employees who worked diligently. Facilities, for example, had 2 people maintaining 5 buildings. These kinds of economies, however, sometimes led to challenges. He could look at the feasibility of a hiring freeze.

He reviewed the revenues. Property taxes were not going to grow, and people were being more conservative in their spending. He noted the sale of the Balfour House for \$241,000. Traffic fine revenues were healthy but were not as high as anticipated, and he noted safety, not revenue, was the goal of enforcement. Mr. Swanson discussed the Library budget and pointed out circulation statistics. He commented the Library Director was still working on expanded hours and increased FTE resulting from voter approval of the district. He added Milwaukie was considered one of the major libraries in the County along with Lake Oswego, West Linn, and Wilsonville. It was a place where the community came together. When the Clackamas Town Center branch closes Milwaukie’s share of the district will increase because it will be responsible for serving a larger portion of the unincorporated area. He discussed ongoing funding for the network. He reviewed the community services budget and riverfront development, the police department budgets where he hoped to fill the request for a half-time position in the property room, the code enforcement budget, and the public access studio and use of PEG funds. Mr. Swanson discussed how administrative services and facility occupancy charges were allocated. The municipal court judge expenditure was added to the city manager budget since that position was now considered an employee. He pointed out debt services for the Special Public Works Fund (SPWF), neighborhood grants, the Cash Spot purchase, contingency and unappropriated reserves, city attorney fees, the building department, and the reduction in the facilities department projects. Mr. Swanson had cut the planning trailer request from the proposed budget, and the Committee could expect a staff presentation on that matter.

Ms. Barnes asked the feasibility of e-payments for utility bills to reduce paper and postage expenses.

Mr. Swanson replied he would check the IST priority list. He briefly commented on the facilities projects in the CIP and stated building integrity was the City’s first concern.

Additional Budget Committee Comments

None.

Public Hearing

No testimony.

Draft Capital Improvement Plan (CIP)

Mr. Parkin reviewed the Capital Improvement Plan (CIP) and process that included a public open house this year. He discussed the accomplishments that included work beginning on Spring Park, the dedication of Homewood Park, and some work at Riverfront Park. The phone system upgrade was deleted, and the Library security system was carried over. Pond House improvements totaled \$30,000 rather than the projected \$100,000, and City Hall maintenance and upkeep was estimated at \$45,000. He encouraged the Committee to consider \$100,000 for a trailer to address overcrowding at the main Johnson Creek facility. He did not support the engineering department's moving to the operations building as it was a small space and efficiency would be degraded because engineering needed to work closely with planning and community development. He would provide additional information at the next Committee meeting.

Mr. Swanson added this was not a win/lose situation, and the Committee should hear about both options.

Mr. Chaimov said it would be helpful to know how much money was needed and where it would come from.

Ms. Schockner asked the rationale for spacing capital projects out over time.

Mr. Parkin replied there was a greater need than the number of projects submitted annually, and to simplify the process staff worked with a 5-year plan. Facilities staff and a consultant helped prioritize the needs. Mr. Parkin reviewed the fleet budget proposed at \$360,000 for 10 vehicles including police, utilities, facilities, building, and engineering. He discussed the ages of some of the vehicles, fuel efficiency, and maintenance records.

Mr. Swanson added often the user drives the decision to purchase a new vehicle such as the police department patrol vehicles that are used 24/7. Two patrol vehicles were replaced annually.

Mr. Palacios explained if a vehicle were sold the money went back into the fund for that department.

Mr. Parkin reviewed the utilities and process and referred to a map showing the public improvements and discussed the decant facility that would be used by all of the 4 utilities to dry materials. He talked about disposal methods once the material dried. He provided a brief description of the Kellogg for Coho project and pointed out a small amount of money to match any grants that were awarded. If the City did not receive any grants the design work would probably continue to be prepared for the next round. He understood this project had a lot of support from other environmental agencies. Some funds were budgeted to

decommission drywells. For streets this year the railroad crossings were completed, and a couple of neighborhood traffic and pedestrian safety projects were done. Progress was being made on Lake Road, and the Jackson Street bus shelter project was moving forward. Next year staff was looking at bike route improvements, Lake Road design and right-of-way acquisition, SDC rate study, and quiet zones. He commented on issues in dealing with Union Pacific.

Mr. Parkin provided an overview of the Street Surface Maintenance program and noted the City had received stimulus funding that would go toward Linwood Avenue making it possible to include 27th Avenue and Roswell. Logus Road Phase 1 would be done this year, and staff was seeking grant funds for Phase 2. The Wastewater Master Plan was nearly completed, and there were a number of projects being planned including the NE Milwaukie extension and the Main Street Main replacement. He reviewed projects in the water fund that included a master plan.

Additional Budget Committee Comments

None.

Set Future Meeting Dates for Public Comment

The group agreed to hold the next meeting on May 14.

Adjourn

It was moved by Ms. Barnes and seconded by Ms. Schockner to adjourn the meeting. Motion passed with the following vote: Arne, Aschenbrenner, Barnes, Chaimov, Miller, Schockner, Stone, and Storm voting “aye.” [8:0]

Chair Aschenbrenner adjourned the meeting at 8:37 p.m.

Pat DuVal, Recorder

MINUTES
BUDGET COMMITTEE MEETING
May 14, 2009

Secretary Schockner called the meeting to order at 6:30 p.m. in the Milwaukie City Hall Council Chambers, 10722 SE Main Street, Milwaukie, Oregon.

Budget Committee members present: Melissa Arne, Deborah Barnes, Greg Chaimov, Jeremy Ferguson, Joe Loomis, Mike Miller, and Susan Stone.

Staff present: City Manager Mike Swanson, Finance Director Ignacio Palacios, Engineering Director Gary Parkin, Police Chief Bob Jordan, Administrative Supervisor Jeanne Garst, Operations Director Paul Shirey, Library Director Joe Sandfort, Library Circulation Supervisor Nancy Wittig, and Planning Director Katie Mangle

Preliminary Comments

Secretary Schockner commented on her concerns about adequately funding the reserves and certain process issues she wished to be on the record. She had emailed her memo to the Committee and given the short time period for review by the members she proposed with Mr. Swanson's concurrence that responses to her questions and comments be deferred to the next meeting.

Public Comments

None.

Mr. Swanson noted members of the public works department were present to discuss the planning trailer and alternatives for the space issue. Given the time pressures and previous commitments by Budget Committee members he recommended this be deferred to the next meeting.

Responses to Committee Questions from the April 23, 2009 Meeting

Mr. Swanson had received one question related to the engineering department's current square footage compared to that of the trailer and the space in the second floor of the operations building. He had emailed his response to everyone and encouraged Committee members to send him or Mr. Palacios any additional questions before the next meeting.

Budget Committee Deliberations

None.

Next meeting: May 28, 2009 at 6:30 p.m. in the City Hall Council Chambers.

Respectfully submitted,

Pat DuVal, Recorder

TO: Milwaukie Budget Committee
FROM: Mike Swanson
DATE: May 26, 2009
RE: Comments on Leslie Schockner's May 14, 2009 Issues and Comments

I want to thank Leslie both for the issues she has raised over the past years as well as for the ones raised specifically in her May 14, 2009 memo. She has made each year's budget better with her comments and requests for refinements. Thank you also for the kind comments about me and Ignacio. While we enjoy the positive mention, this product is a team effort involving as many City staff as possible.

I know that we have come a long way from the first process in 2001 in making the budget internally meaningful and externally understandable. I also know that we have a long way to go. While our major annual goal is to develop a budget for the ensuing fiscal year, it is no less important that we use each year to strengthen both our budget and our process. Leslie has been a strong advocate of and contributor to that goal.

I couldn't agree more with Leslie that the budget is a statement of policy. At one time it was nothing more than a multiplicity of pages filled with only numbers. One had to have a full command of the City's chart of accounts to understand the revenues and expenditures that were being proposed. (I imagine it cut down on spelling and grammatical errors.) With the exception of a few people who understood the system underlying it, the budget was a useless tool for most people. We have changed that, citing as twin goals the need for people to understand where their money is going as well as what the City's priorities were. We have made movement in the right direction; we still have a ways to go; we will continue to vigorously pursue those twin goals. (One thing I would like to emphasize is that we do not "inadvertently" go along, and no one believes that an appropriate answer to any question is, "Because we have always done it that way." This organization does not look much like it did in 2000 because we have not remained static.)

I also agree with Leslie that I can do more with that section of the Budget Message entitled "Description of Major Differences." I tend to focus on a couple of major changes. In the future I will pay attention to a broader array of differences.

With regard to Process Issue 1, we will include measures from all departments in the FY 2010-11 process—including mine. We have only made a beginning in the use of performance measures, and we will strengthen them in future years.

With regard to Process Issue 2, the format of the budget is dictated by State Budget Law, and our budget document must comply with that mandate. We can, however, provide either a projected budget or year to date actuals as a separate document if that is something that is desired. (Many of my projections are arrived at through the use of year to date actual expenditures. We begin those projections at the beginning of the calendar year and constantly update them as we receive monthly reports.)

With regard to Process Issue No. 3, we do include a ten year history as a separate document within the budget. Again, we are guided by the format mandated by State Budget Law, which seems to believe that the numbers of employees is not as important as the gross costs within Personal Services. Our software was designed to comply with the dictates of the State. We will work on a way that allows us to both stick with our software solution to the requirements of State Budget Law as well as to present the information within the document you receive. However, as we approach your adoption of a budget document, it will have to be in the form required by State law, and that does not include specific positions within the budget.

With regard to Process Issue 4, the budget is an evolving process. The departments submit narratives in January, which are incorporated into the document we give you in April-May. In the specific instance you cite, I made the decision to include the Blackberrys months after the Police department submitted its narrative. The phones are an additional tool that provides redundant communications, quiet communications, video-photo capabilities and the like when an officer is responding away from his/her vehicle. I did not amend the narrative to note the addition of this tool in the proposed budget.

As regards Process Issue No. 5, the Administrative and Facilities charges are based equally throughout the City. For example, our admin charges are based on the number of FTEs within a department. Every FTE within a General Fund department and a Public Works department is charged equally. But when we make a change in either the number of FTEs or in admin charges, every department with FTEs is impacted. I can estimate the impact on an individual fund, but I only know the true admin charges paid by any one department once the budget is finalized in June.

As regards the policy issue of declining reserves, no one is unhappier than I with that drop, and no one will work harder to restore our reserves to a more acceptable level. But I do so in the context of the real world.

When I arrived here in 2000 we were faced with an annual argument over whether or not to increase the number of officers per thousand population, the effect being that the Library would be without sufficient funds to operate. My argument was that if we weakened one we weakened all because we are a

system. If we intentionally weaken one part of our system, we do a disservice to all. As then Police Chief Larry Kanzler put it, "You believe that if we cannot check out books we cannot effectively enforce the law." Yes, that is what I believe. My goal is to make both strong and able to deliver the service I think people desire. The Budget Committee and the City Council are the final two steps beyond me. I want to make it clear that I do not just try to balance numbers; I first must balance services.

I personally have had input or been aware of every change or issue mentioned in the Police Department, and I believe that they all strengthen our system and our City. I knew when asked about the addition of a Captain that I would be questioned about additional administration. I also knew that I would gain three additional officers who would respond to calls. In other words, we gained professional response capability. And the Chief and Captains still get their administrative work done. As often as not the Chief attends as many neighborhood meetings on a monthly basis as anyone. Department personnel are asked to provide their input on every significant event or project. These people are highly trained as police officers, and they are sworn to uphold the law in the State of Oregon. I want them available to both do that as well as to manage the organization.

The fact that crime is down in Milwaukie does not argue for fewer officers or less equipment. Rather, it demonstrates that we are successful with the people and equipment we have. Two years ago we had the lowest "increase" in crime in the United States. (It was actually a drop.) The United States Attorney General made an inquiry as to why, and Chief Kanzler responded that we are a team from the Mayor/Council/City Manager through the Department. I agree. However, we also train to a high standard, and we do take an active role in regional task forces. A region-wide gang task force has as much applicability in Milwaukie as anyplace, and we need to be at that table. Those who commit crimes neither respect nor limit themselves to City boundaries. Geographically situated as Milwaukie is, it is not a sleepy little burgh when it comes to criminal activity. With Portland on its north and with highways 99 and 224, we are in the middle of much of the action.

In addition, statistics show that crime is down, but they do not argue that it has been eliminated. Following is a list of recent examples of criminal activity that the Department is handling:

- 1) In January we responded to a call wherein a subject called LOCOM saying he was outside the Providence Milwaukie Hospital (PMH), had a gun and would kill the first police officer who responded, then himself. He was observed holding a semi-automatic pistol to his head in the PMH parking lot. After we evacuated a portion of the hospital, secured a perimeter and deployed the County SWAT Team, the subject surrendered without further incident

- 2) In March a Milwaukie High School teacher was charged with felony sex abuse relating to an intimate relationship he maintained with a minor student. The case involved prolonged interviews with the victim, a consensually recorded phone call, digital computer forensic searches and extensive coordination with school officials and the media.
- 3) In December we executed a search warrant on the Milwaukie clubhouse of the Mongols Outlaw motorcycle gang along with the Alcohol Tobacco, Firearms and Explosives Agency as part of a federal and Metro Gang Task Force effort.
- 4) In February we arrested a Ledding Library patron who was downloading child pornography at the Library and trading it on-line. He had an extensive collection and was sentenced to 7 years in prison.
- 5) In February we responded to a domestic dispute on Birk Street in the Island Station neighborhood wherein the female partner shot the male partner in front of her teenage daughter. As the male victim was bleeding, the teenage daughter ran from the house, advising us that her mother, the shooter, was still in the house and armed. After securing the perimeter, we decided that we needed to enter the premises because of the danger to the on-scene victim. We were able to talk the female subject into surrendering, so we could treat the male victim for gunshot wounds.
- 6) On the evening of our Officer of the Year Dinner in December, a drug related drive-by shooting occurred near Monroe and Home Avenue. The case has not been solved although we have identified potential subjects
- 7) In April we investigated a two car accident at the intersection of McLoughlin Blvd and Milport Avenue that resulted in one fatality and three injured/hospitalized
- 8) Recently (5/20/09), we responded to a 9-1-1 call that a UPS driver delivering a package to a residence off River Road had been confronted by a subject who shoved a handgun in his face at point-blank range. The subject was located in a residence, refused commands to come out and was subsequently subdued with non-lethal force and arrested. A firearm was recovered.

Prevention is one important strategy in "controlling" crime, and an adequate prevention program requires time. One officer is assigned to the high school on a full time basis. When he identifies a student who may be associating with a gang he personally visits the home and discusses the possibility with the parents and child. If the school notes a potential truancy issue, the officer again meets with the family in the home to resolve the issue. This is a labor intensive process that achieves results.

As Leslie says, "the strength of our force is in community policing, the degree to which our citizens and our police have a working partnership to prevent and solve crimes." I am not one for labels. What we have may to some be something called "community policing." I think that what we have is a highly professional

cadre of law enforcement officers who interact with the public. A recent case in point is the plethora of parking complaints we received due to a major service one recent Sunday at a large church in the City. The Chief followed up with a walk through the neighborhood to both understand the problem (which has been a longstanding one) and to explain the parking provisions of State and City law. We also had an officer attend the church one Sunday to explain parking issues to the congregation. The issue is not crime fighting at its highest level. It is a livability and communication issue. Our Department invested countless hours talking with both sides so they might better understand the whole picture. That approach is not an isolated response from this Department. Rather, it is the way they deal with the people they serve.

In the course of thirty seven years in this business I have been close to the operations of many law enforcement agencies. In all of those thirty seven years I have never been associated with a more professional and progressive Chief and law enforcement personnel. I am not interested in simply implementing ratios developed in Washington, D.C. or staffing patterns or programs promulgated by people who have never actually had to run or deliver city services—departments that achieve results, whether it is a Police Department, Library, Public Works Department, Community Services Department, or Administrative Services. In the Milwaukie Police Department I believe we have created the combination that truly achieves the goal of serving and protecting the public.