

CITY OF MILWAUKIE
BUDGET COMMITTEE MEETING
April 28, 2016

Chair Stoll called the meeting to order at 6:04 p.m. Committee members and staff introductions were done.

Members Present: Lisa Batey, Jesse Boumann, Scott Churchill, Milo Denham, Mark Gamba, Michael Osborne, Ronn Palmer, Karin Power and Jon Stoll

Excused: Wilda Parks

Staff Present: Casey Camors and Bill Monahan

Approval of prior meeting minutes

It was moved by Mr. Churchill and seconded by Ronn Palmer to approve the April 19, 2016 meeting minutes as written. Motion passed unanimously.

Election of Officers – Chair & Vice-Chair

Ms. Batey nominated Mr. Stoll as Chair and Mr. Churchill as Vice-Chair; Mrs. Power seconded the motion. Motion passed unanimously.

Mr. Monahan asked the Committee to clarify the election be for the length of the biennial budget process. The Committee confirmed that nominations will take place every two years corresponding to the budget process.

Call for Public Comment

None.

Delivery of BN 2017-2018 Proposed Budget and City Manager's Budget Message

Mr. Monahan read his budget message for the 2017-2018 biennium.

Chair Stoll expressed thanks for the message, it is encouraging to hear the City can afford some FTE increases after seeing reductions the last few years.

Public Hearing - State Revenue Sharing

Ms. Camors began the hearing by stating the funds received will be used in the General Fund. The City expects to receive \$232,000 in FY17 and \$243,000 in FY18 which will be used for operational purposes.

Ms. Batey asked where the funds are coming from within the State.

Ms. Camors responded these are the general funds of the State; allocations based on per capita rate.

Chair Stoll called for public testimony for the State Revenue Sharing.

Chair Stoll acknowledged there was no public testimony and closed the public hearing.

Budget Review and Discussions

Ms. Camors began by stating the budget is a working document and there are some edits. She asked the Committee to provide Finance with feedback on edits. The document includes a lot of informational pieces to assist the reader with interpreting the document. Narratives are critical in understanding how the City works. The Committee is welcome to offer input on improving the document.

Ms. Camors started with the City-wide overall budget summary which is a high level summary. Overall, most of the revenues have increased. Personnel Services is 25% of the overall budget. Material & Services is 19% of the total budget. Debt Service is 1% of the total budget. Transfers to other funds are 8% of the total budget. Capital Outlay is 26% of the total budget. Total reserves are 21% of the overall budget. The Capital Outlay has increased significantly due to possible library expansion.

Mr. Osborne asked why the debt service had decreased so much.

Ms. Camors explained the Trimet obligation was refinanced through General Obligation bonds and must be recorded as an expenditure when the obligation is paid off.

Ms. Batey stated 2015 was the year the transaction took place.

Ms. Camors responded under governmental accounting standards this is how the transaction must be recorded.

Ms. Camors continued with the anticipated PERS increase of 4.1% starting July 1, 2017.

Ms. Batey clarified those are personnel expenditures.

Mr. Churchill asked if it is an 11% increase in personnel expenditures.

Ms. Camors responded that yes, it is \$1.6 million increase.

Mr. Churchill stated this is a big change.

Ms. Camors stated the additional FTEs are part of this amount.

Ms. Camors continued with the General Fund budget which is all the General Fund departments rolled up. The City anticipates a 4.25% property tax increase based off the County Assessor's estimate for FY17; 3% is estimated for FY18, as there is no estimate available from the County as of yet.

Mr. Osborne stated the photo radar is expected to drop.

Ms. Camors responded that photo radar deployment has fluctuated and this change may be discussed further by Chief Bartol.

Ms. Batey stated it looks like it already dropped and expected it was going up.

Ms. Camors responded there were some staffing issues due to loss of employees and backfill into patrol was needed. Expenditures are down 8%, staff continues to save taxpayer's funds. General Fund policy requirements are above the policy minimum.

Mr. Churchill asked about City Council general office supplies line at \$16,000.

Ms. Camors responded that we will need to look at financial software for specific amounts. Finance will provide an answer in the narratives.

Mr. Churchill stated there is not an amount for professional services, would like to know why that is.

Ms. Camors responded Mr. Monahan could provide an answer during the City Council department discussion.

Chair Stoll asked about the City's flexibility with PERS going forward.

Ms. Camors stated employees are under contract; moving away from PERS is highly unlikely, cannot bargain a lesser plan. One City adopted a plan where they were a plan administrator.

Chair Stoll asked if the Council would initiate a change like that.

Ms. Camors stated Mr. Rebello would address that question.

Mr. Boumann asked if the individual departments will address the additional FTEs.

Ms. Camors answered yes and added the other piece of PERS is that it keeps the City as a municipal employer competitive with the private sector when recruiting new hires.

Ms. Camors continued with the five-year financial forecast; the City focuses on the ending fund balance to make sure long-term financial outlook remains good. This is the guiding document for the budget.

Mr. Churchill stated at the last review the City was forecasting to go negative in reserves in FY17-18, this has been pushed out.

Ms. Camors agreed and this is why the forecast is a tool for the budget.

Ms. Batey clarified Ms. Camors is speaking of the total resources line.

Mayor Gamba asked about the intergovernmental fund stating that it has been climbing, then there is a drop off in 2018.

Ms. Camors stated intergovernmental is made up of revenues received from the State or another governmental agency, including grants, which change from year to year depending on the projects to be completed in a given year.

Mr. Churchill asked if a project grants has not been applied for, then is it not in the forecast.

Ms. Camors stated if the City knows we are going to get a grant, or if a project requires a grant for the City to do the project, it is budgeted for along with the related expenditures.

Mr. Churchill nothing is forecasted for FY20 and beyond, that is the drop Mayor Gamba is asking about and beyond.

Ms. Batey asked if the increase could be the \$1 million for the Library is reflected here.

Ms. Camors responded she isn't positive whether it's the Library.

Mayor Gamba asked if it is the 17th Avenue grant.

Ms. Camors stated she will need to look at more detail, will look at it via the individual funds.

Ms. Camors stated intergovernmental other includes \$600K in miscellaneous grants for FY16; Trimet officer grant increased due to placing another officer with Trimet. In FY18 \$1.2 million for Connect Oregon grant for Kronberg Park; this is the primary amount for that line. FEMA money in FY17. City anticipates another \$500 thousand for Kronberg Park project.

Mr. Palmer asked about debt proceeds.

Ms. Camors responded debt proceeds in FY 17 will be an interfund utility loan; the Wastewater Fund will purchase property and will issue debt to the Transportation, Water and Stormwater Funds. The \$9.2 million is the Library.

Mr. Osborne asked if the total of all funds capital outlay increase applicable to the Library.

Ms. Camors responded yes; it is not a one for one increase. Now the Department Heads will begin presenting their individual budgets to the Committee.

Mr. Monahan presented the City Council budget which is consistent with prior years. Education and training increased due to Council recommendation. Special events include City participation with Sunday Parkways. There is also funding for murals.

Ms. Batey asked if the murals are in events.

Mr. Monahan stated \$10K is for murals.

Ms. Camors responded with the breakdown for the Sunday Parkways.

Mr. Churchill reiterated this is going from zero to \$55K.

Ms. Batey asked for breakdown again.

Ms. Camors provided the breakdown again.

Ms. Batey does not understand why that much is needed for Sunday Parkways.

Mr. Monahan City is being cautious.

Mr. Boumann asked what is Sunday Parkways.

Ms. Batey explained the event.

Mr. Churchill clarified that the cost is to close streets.

Ms. Batey added barricades and port-a-potties.

Mr. Nieman added the event involves flaggers, staff time, and logistics; the grant received was only for promotions and does not pay for the labor.

Ms. Batey clarified budget year FY18 is the fall of 2017; we will be doing it 2 years with Portland budget year 18.

Mayor Gamba thought City was doing two years with them and then going out on our own.

Mr. Monahan stated this will be a question to resolve.

Mr. Boumann asked why October was selected.

Ms. Batey responded there were some date conflicts.

Mayor Gamba added part of it was to have 17th Avenue's bike pedestrian path completed, it is good to have the extra time.

Mr. Nieman continued a standalone event will increase costs of this event.

Mrs. Powers asked about general office supplies; is the increase for the Council iPad's.

Mr. Monahan responded no.

Ms. Camors added this is the line she will have to look back at to see what constitutes the amount.

Mrs. Powers said the replacement was going to be budgeted in future years.

Mr. Monahan stated the City was going to look at a different approach to funding the replacements.

Ms. Camors added there might be some room in the Information Technology budget.

Mayor Gamba asked about the meals and travel line gradually rising.

Mr. Churchill asked if it was an anomaly.

Ms. Camors responded yes, it is dependent on the number of meetings, more travel.

Mayor Gamba asked if there is a budget line for new City Manager search.

Mr. Monahan responded it is in the Human Resources budget.

Ms. Batey asked if the videographer charges are for Carl.

Mr. Monahan responded yes.

Mr. Monahan presented the City Manager budget. He stated there have been new directors hired this past budget and two new positions added, Sustainability Director and the Right of Way (ROW) Coordinator. These two positions have been built into the budget. The ROW Coordinator is in the Finance Department and the Sustainability Director is in the City Manager budget.

Mr. Churchill stated Council did not discuss the downgrading of the IT manager position.

Mr. Monahan said that is correct; the reason for the change is so this position is more hands on. For several years the City can get away with not having a department head.

Mr. Churchill appreciates Ms. Eichelberger's work and wants to make sure IT does not slide back down. His concern is technology is always increasing and we need to make sure the City is not cutting back too soon too quickly.

Ms. Camors added IT will be coming under the Finance Department; the candidate has been selected and will do a fabulous job. Bringing into Finance offers a lot more support to the department.

Mr. Churchill wants caution of doing that.

Ms. Camors stated the increased General Fund contingency would allow Council to reallocate for additional IT funding if necessary.

Mr. Monahan pointed out the FTE increase from 4 to 5; which includes wages and benefits increase. Added volunteer appreciation event for ongoing years. Advertising includes a web refresh, to make sure the website is responsive to the community and will become major communication tool. Pilot funded in budget, for the next two years, at a total cost of \$68K for printing and postage.

Ms. Batey asked what line contains this amount.

Mr. Monahan responded the advertising and publicity.

Mr. Boumann asked the web refresh is for the City website.

Mr. Monahan added phase one to be completed by July 1st. Contractual services has increased, this budget has \$16K for geese mitigation for the next two years; geese have reduced at Riverfront Park.

Mrs. Power asked if \$15K is enough for the website refresh.

Mr. Nieman stated to get the City where it needs to be by July 1st; yes. During FY18 City will review other modules to refine such as business registration, GIS mapping and the RFP and bids.

Mr. Boumann asked how success is going to be defined.

Mr. Nieman responded measures have not been defined.

Mrs. Power added the Council packet outlined options for web developers. A lot of it is the backend of the website; it is not just analytics on the front end.

Mr. Boumann stated IT is not connected to the web platform.

Mr. Nieman responded no; the website is hosted offsite; it is more of an outreach tool to citizens.

Mrs. Power want to make sure the website is flexible and responsive so if additional funds need to be spent to get this, it should be done up front.

Ms. Camors stated the Budget Committee can put funding changes in the budget before approval.

Mr. Monahan added if the website is the majority of communication, Council can decide to stop publishing the Pilot and use those funds for the website.

Ms. Batey added the survey shows most citizens read the Pilot.

Mr. Nieman stated Milwaukie is similar to other cities but most don't publish monthly.

Mrs. Powers asked if Mr. Nieman was looking for Council direction of reallocation of costs.

Mr. Palmer asked what the cost was to publish the Pilot quarterly.

Mr. Monahan stated approximately \$20K.

Mr. Nieman added staff does all the design and writing of articles.

Mayor Gamba stated if the Pilot is cut to quarterly the rest of money could go to website development.

Mr. Monahan responded yes.

Ms. Camors mentioned the Pilot goes to all residences, including apartments, there are options; or combine with utility bills to save on postage but that would go to the utility holder on the account.

Mr. Monahan added quarterly publication of the Pilot would allow for advertising the website refresh.

Chair Stoll asked about geese mitigation services, are other cities working together on this problem.

Mr. Monahan answered he is not aware of any other cities working on this problem.

Mr. Nieman added the golf course is performing mitigation as well.

Ms. Batey added experts say it is localized.

Mr. Nieman stated there might be an opportunity with the Kellogg treatment plant neighborhood.

Ms. Camors presented the Finance budget; the FTE budget has increased to 8 staff with the addition of the ROW and Contract Coordinator. There are minor increases in bank charges, audit services.

Mr. Churchill clarified the general office supplies budget amount.

Ms. Camors stated she has not received quotes for design of budget document, this is an estimate.

Chair Stoll asked about capital outlay, is this new software.

Ms. Camors responded it is for the Incode software upgrade which is split between two years.

Mr. Churchill stated money well spent; good to see the technology investment.

Ms. Camors presented the IT budget. Ms. Eichelberger did a fabulous job to clean up the Department and she assisted in preparing this budget before she left. All maintenance agreements have an indexing causing them to increase.

Mr. Churchill asked about the other category in the maintenance agreements.

Ms. Camors responded there were areas that were not managed well prior to Karen; capital outlay projects impact maintenance agreements, including Wi-Fi installations, VOIP upgrade, these affect fees.

Mr. Churchill would like more breakdown of other line in the budget.

Ms. Camors continued with the Municipal Court budget.

Mr. Boumann asked about the vehicle budget for IT.

Ms. Camors explained IT is located at PSB; the vehicle they use to travel to the other buildings is very old.

Ms. Camors presented the Municipal Court budget, which is status quo. City Prosecutor contract was renewed, court of record was implemented this past budget. Professional services have decreased due to having half as many court days.

Ms. Camors presented the Non-departmental budget. Primary items are the general liability cost increase of 10%. Knutson Pioneer Cemetery funds held in this department.

Mr. Churchill asked about the professional services of \$130K.

Ms. Camors explained it is cost related to debt issuances.

Ms. Batey stated the pond house loan is paid off.

Ms. Camors responded yes in 2013.

Ms. Batey asked if the City loaned itself money to buy the Cash Spot.

Mr. Monahan said it was a loan from a utility before 2013.

Ms. Camors continued the General Fund contingency has increased.

Mr. Churchill stated contingency is a rolling target.

Ms. Camors continued with the Debt Service fund.

Ms. Batey asked for an explanation about Riverfront Park.

Ms. Camors explained it is from the Good Neighbor Committee; City issued the debt, makes the payments on the debt, bills the County and is reimbursed by the County.

Ms. Batey asked if it is a 20 year pay off.

Ms. Camors stated 19 years. Property taxes assessed for GO are less than estimate; budget before yes vote. Interest rate was half of what was in the last budget.

Ms. Batey asked if property owners will see the decrease.

Ms. Camors stated yes.

Chair Stoll asked if the Library bond will show up in this fund.

Ms. Camors responded yes but the payment will be outside of this biennium.

Mr. Rebello presented the Human Resources budget. Funding for the City Manager search is in contractual services. Question on PERS, City has negotiated contracts that include City's participation in PERS; changes would have to be renegotiated. If City no longer participates in PERS, future hires would impact employment opportunities.

Ms. Batey asked which City Ms. Camors was referring to earlier.

Mr. Rebello stated Forest Grove. He continued with the Department's accomplishments and future goals.

Ms. Camors added that HR implemented NEO-Gov, an online application process.

Mr. Rebello added that the City no longer accepts paper applications. Also added was Language Line, translation service, arranges for interpreter when needed; Police and the City Hall front counter both use the service.

Ms. DuVal presented the Public Access budget. RIM and PA have embraced the champion goal of embracing the City's heritage by adding photos online, placing old videos on YouTube. Some of the department's projects include reorganization of the AV equipment; improvements to the conference room speakers and addition of a big screen television for conference room. Office of City Recorder budget was presented; some bigger budget items include the online records management program and the codification of the City ordinances.

Mr. Churchill asked if they will forecast a spike in record requests.

Ms. DuVal responded not really although the Building and Police have most requests.

Mr. Churchill asked if the records request fee covers the cost.

Ms. DuVal responded the online records make it easier to obtain the information for the request.

Ms. Batey asked for clarification of Professional Services for the codification work seems to fluctuate.

Ms. DuVal responded there was an increase to account for the upgrade.

Ms. Newell presented the Library budget. Staff has been constant; the budget is requesting for a 10% increase in materials. Staff has been keeping costs low by receiving grants. RFID is coming, a capital outlay item has been added for this, and it is a district wide implementation. The consultant has recommended four self-check out stations; upgrading staff computers and material tagging is involved and well worth it in the long run. Security gates are not a requirement but it is a deterrent in keeping materials safe. Mr. Denham previously asked ways to increase money; the Library does not make money. Friends of the Library give funds for things that the City can't afford with regular budget.

Mayor Gamba what kind of losses has the Library incurred.

Ms. Newell responded that is not known, since an inventory has not been done; usually staff does not know an item is lost until someone wants it.

Ms. Batey asked if \$100K is not the full cost of RFID and if some funds are coming from the County.

Ms. Newell stated some will come from County and it depends how elaborate the City would like to make it.

Ms. Batey asked if Library really needs four self-check out stations.

Ms. Newell responded two would be located in the Children's Library and one near the Circulation desk.

Mr. Palmer asked if the 10% increase was for the self-checkout.

Ms. Newell responded the 10% is for materials, includes supplies for programs, DVDs, books, and tags for the books.

Chair Stoll asked about the allocation of property taxes, did something change.

Ms. Camors responded there is a change in the methodology. Previously the Library received an allocated percentage of the General Fund's property tax rate. This method was moved away from in hard years because there was a concern with funding in both areas. In good and bad times it changes the equity between the General and Library funds. This budget reflects both the General and Library funds receiving a set percentage of the rate and will allow both funds to be on equal footing.

Chair Stoll agreed that would be the preferred method since there was an inequity.

Ms. Newell agreed this method will help.

****Five minute break****

Ms. Fuchs presented the Facilities budget. She pointed out a Department accomplishment included fully utilizing the facility work order software. Some goals include obtaining excellent reviews, maintaining high standards, minimizing water usage at City facilities. One of the major items is exterior painting of City Hall, Johnson Creek and Public Safety. A special projects line item was created to have more transparency for the projects that facilities perform.

Mr. Boumann asked who does the City pay property taxes to.

Ms. Camors responded taxes are paid on the parking lot across the street; since the City receives revenue from permit fees, taxes are paid to the County.

Mr. Churchill stated the Department seems light on employees with buildings being at the end of their life cycle. Maybe consider increasing FTE by .5 due to increased deferred maintenance of buildings.

Ms. Fuchs responded she agrees, she would like to delve into facilities and understand what the Department does and where savings can be realized, such as looking into contracted services vs. another employee. Looking into changes in preventative maintenance tasks or are there ways to purchase items that don't require a lot of maintenance.

Mr. Churchill stated that is a smart assessment; he has seen over the years how a .5 FTE would be useful.

Ms. Fuchs presented the Fleet Department. This Department consists of 3 FTE and .5 administrative assistant (from PW Administration). Some of the accomplishments generating revenue for outside contracted work for smaller water providers, fuel pump replacement, and complete detail of vehicle fleet. She is very impressed with the Department's meticulous clean shop, parts storage, and maintains complete files on each vehicle. Decrease in fuel and oil purchases directly reflect the decrease in gas prices. There was a decrease in sweeper parts due to purchase of the new sweeper.

Ms. Camors stated fleet reserve for vehicles are being moved to the individual funds.

Ms. Fuchs mentioned City Manager provided her \$10K for special events which is designated for the solarized panels, if grants are not utilized.

Mayor Gamba stated 140 vehicles and some are dinosaurs, he encourages the City replace the gas guzzlers with Nissan Leafs or go to a vehicle pool system.

Mr. Osborne asked if snow plows are through public works or fleet management.

Ms. Camors responded snow plows would be purchased from the utility funds.

Mr. Osborne asked if there is a big snow storm and snow plows are used, is that the Fleet budget or public works.

Ms. Camors responded it is both, public works purchases the snow plow but Fleet performs maintenance on the vehicle and parts.

Ms. Batey likes the car pool idea; good idea not to throw vehicles out based on age but determine what vehicle can be used for other things.

Ms. Camors stated Finance has a list of the questions asked this evening. She asked the Committee to provide written questions by the end of the day on May 4th, so answers will be

provided to the Committee on May 9th. Copies of the proposed budget will be available at City Hall and the Library along with it being posted on the City website.

Mr. Boumann asked if Mr. Monahan is retiring.

Mr. Monahan answered after 42 years in government he will be retiring in October. The recruitment process will begin next Tuesday.

Chair Stoll added that the City is in a much better place with Bill and Casey; Milwaukie is moving forward.

Announcement of next meeting date, time and place

The next meeting is May 12th at 6:00 pm.

Adjourn

It was moved by **Ms. Batey** and seconded by **Mayor Gamba** to adjourn the Budget Committee meeting at 8:47 p.m.

Respectfully submitted,

Judy Serio, Accountant

DRAFT