

**CITY OF MILWAUKIE**  
**BUDGET COMMITTEE MEETING**  
**July 19, 2016**

**Chair Stoll** called the meeting to order at 5:15 p.m. Committee members and staff introductions were done.

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

Excused: Ronn Palmer

Staff Present: Casey Camors, Bonnie Dennis, and Bill Monahan

Approval of prior meeting minutes

**It was moved by Mr. Gamba and seconded by Ms. Batey to approve the May 12, 2016 meeting minutes as written. Motion passed unanimously.**

Committee Involvement Discussion

**Chair Stoll** began the discussion with possible alternative ways the Budget Committee to influence the budget. The enterprise funds receive thorough review from the Citizens' Utility Advisory Board (CUAB) and would like to see the Budget Committee perform more in-depth review of departments within the General Fund and the Library Fund.

**Mr. Boumann** agreed any additional detail would be advantageous.

**Mr. Churchill** asked if Chair Stoll had concerns with these funds.

**Chair Stoll** responded no, it gets back to the scope of the Committee; when he began with the Committee, he thought the responsibility of the Committee was to help the City allocate resources and he is not sure that the Committee performs that function.

**Ms. Camors** stated the budget document is the City Manager's budget put together by City staff. The primary roles of the Budget Committee is to review the budget, ensure there is a public process, and make sure the budget looks reasonable. The staff performs the detailed work including analytics. The City Manager, Finance Director, and Department Heads look at the individual lines. The Budget Committee offers a more high level review.

**Mr. Denham** would like to have the proposed budget at least a week prior to the first budget meeting, to have adequate time to review the document.

**Ms. Camors** responded that we can provide the proposed budget at that time to the Committee but it is a very confidential document and cannot be discussed prior to the first budget committee hearing. The State has guidelines for the budget process.

**Ms. Parks** thought the budget document must be delivered to the Committee at the first meeting and not prior to that.

**Ms. Camors** responded the City Manager's budget message must be delivered at the first Budget Committee hearing. The budget document can be delivered prior to the hearing but the budget message would not be part of the document; it would be given at the first meeting.

**Mayor Gamba** added his first time through the budget process; it felt like it was a done deal and he wonders about the conversations that take place prior to the budget being given to the Budget Committee. He would like to know what the directors ask for during those discussions.

**Mr. Monahan** stated the directors are given direction to incorporate the City Council goals into their budgets.

**Ms. Batey** liked the question to the Departments Heads of what they would do with an extra \$100,000, Mr. Denham's question.

**Mr. Monahan** added the Department Heads know the City's financial conditions and recognize the limitations.

**Ms. Batey** thought that being aware of what activities were not being funded was a useful discussion.

**Mr. Boumann** thought it was a good question; helpful to know what would be nice to have in the individual departments.

**Mr. Monahan** added that would be good process for the City Council to pursue; it would be beneficial to do during the goal setting, not on an individual department level.

**Mr. Churchill** thought this is a fine line stepping in over the City Manager's role and the relation with the Departments Heads.

**Mr. Monahan** stated the budget is based on the Council goal setting and is headed in the right direction. During an off budget approval year, the Council can look more strategically at their goals.

**Mr. Boumann** stated the Department Heads and staff provide on-going review of the budget.

**Ms. Camors** stated the City has a collaborative Department Head team and they are encouraged to offer ideas.

**Mayor Gamba** stated the Committee should think about that going into the next budget season as the management currently at the table will not be here during the process. Instead of goal setting, the Council is looking to change it to a visioning process with action plans.

**Ms. Batey** stated it will be interesting to see how far they get on the visioning process.

**Mr. Monahan** stated the process can be modified and the Council has done great work with establishing long-term goals.

**Chair Stoll** asked if the quarterly reports could include an FTE report by department which shows budget to actual numbers.

**Mr. Denham** added an FTE report by department with actuals.

**Chair Stoll** added the City was running well under the FTE count to keep the City going and Mr. Monahan did a great job.

**Ms. Camors** stated the numbers can be provided by payroll but reminded the Committee the costs are not one-to-one; there are always changes in enrollment which has a big impact and cost savings swings are not indicative of an FTE count.

**Mr. Denham** stated it is good to look at goals in relation to the headcount to make sure the two are aligned.

**Mr. Churchill** stated that this is the City Manager's job and does not want the Committee to interfere with the City Manager's role; this seems to lead to micro-managing and the Committee should be cautious.

**Ms. Batey** asked if the Committee could be provided pieces of the budget document in advance or be given a longer lead time to review the document.

**Mr. Boumann** stated after the first budget cycle it does get easier.

**Ms. Camors** stated the deadline could be moved up and the CIP document could be provided earlier or the budget could be provided two weeks earlier.

**Mr. Denham** asked if there could be enhancements to the quarterly report, such as subtotals in the expense section as well as an FTE by fund comparison.

**Ms. Camors** responded that both could be done.

Review of quarterly financial report for the third quarter ended March 31, 2016 and discussion

**Ms. Camors** began by telling the Committee the City received a Moody's rating of Aa2, which is a great rating.

**Mr. Osborne** asked what does that mean.

**Ms. Camors** responded it allows the City to borrow at a lower interest rate.

**Mr. Denham** asked if this is for the Library bonds.

**Ms. Camors** responded yes; this is what the City has been working towards with the biennium budget and financial policies.

**Mr. Osborne** asked if Moody's audits the City's systems.

**Ms. Camors** responded there are many factors Moody's reviewed, such as the City's audits, financial statements, management, to name a few. The rating will allow the City to borrow around 2.15% for a 20 year bond.

**Mr. Churchill** asked what the rate was for the next step down.

**Ms. Camors** responded 2.4% for an single A rating. The City also received GFOA awards for FY 2015's CAFR and PAFR.

**Ms. Camors** continued with the quarterly report, All City Funds page, overall, it is looking great.

**Mr. Churchill** asked where the Transportation Fund was at the end of the second quarter.

**Ms. Camors** responded that she will get this information to the Committee, as she did not have those numbers with her. She continued with the General Fund, stating that several revenue sources have timing issues and they will catch up. As for the fines and forfeitures this is lower and will not catch up to the budget. Most of the variances are related to capital outlay; projects will pick-up during the last quarter.

**Mr. Churchill** stated the two departments that stand out are Fleet Services and Planning.

**Ms. Camors** responded they are specific to capital projects. She continued with the Debt Service Fund, which is right in line with the budget. The Building Fund has had rate changes and volume has increased; it continues to remain solid.

**Mr. Churchill** asked if there was discussion on adding support staff.

**Mr. Monahan** responded yes, especially if the City has major construction projects.

**Ms. Camors** continued with the Library Fund, personnel services are low due to benefit enrollments; allocation of property tax revenue is higher due to timing. The SSMP Fund has solid revenue; the Railroad Avenue paving project exceeded budget. The State Gas Tax Fund's intergovernmental revenue is lower since it is in direct correlation with capital outlay.

**Ms. Batey** stated the County is considering a six cent gas tax on the November ballot.

**Mayor Gamba** stated if the County creates a gas tax, it will only be the amount over the two cents that the City receives.

**Mr. Monahan** added this will be an upcoming Council discussion since the City must provide the County with their position on this possible tax.

**Mr. Boumann** asked if the marijuana tax is County or City.

**Mr. Churchill** responded it is a City tax.

**Mr. Boumann** asked if there is an alcohol tax.

**Ms. Camors** responded the City already receives the liquor tax from the State. There is potential for the State to collect the marijuana tax on behalf of the City and distribute funds to the City. She continued with the Water Fund, which is looking good, the revenues are up due to the weather; capital outlay is low since projects are not yet completed.

**Mr. Churchill** stated the fund looks rich and is concerned citizens might wonder why this is.

**Ms. Camors** reminded the Committee that during the budget hearing, a 50% reserve policy was discussed and subsequently adopted by Council for the Water Fund. The CUAB is very aware of the fund's activity and impacts on future rates.

**Chair Stoll** stated if the Committee has concern that they should attend a CUAB meeting to discuss the matter.

**Mayor Gamba** stated infrastructure is in need of replacement and there are pipes that need to be made earthquake proof.

**Chair Stoll** stated he does not know the proper avenue to make citizens aware of what projects could be done.

**Ms. Batey** added water is cyclical and wonders if revenues will go down due to a cooler summer.

**Ms. Camors** stated the City does not want to collect more than needed. Infrastructure repair is needed and these capital projects take a long time to gear up to get the projects done. The City does not want to have a deficit position with any of the utility funds; at that point the money would come from the General Fund.

**Mayor Gamba** stated the water towers are in need of repair, which is in this year's CIP.

**Ms. Camors** continued with the Wastewater Fund, where fees are up due to consumption; material and services are low, but this is due to the WES payment being a month behind; overall the fund looks good. The Stormwater Fund revenue is exactly 100%; personnel services was low due to some vacancies; material and services was low due to professional and contractual services; capital outlay was low due to the main project not getting started.

**Mayor Gamba** stated a funding stream was created for the project, but staff was not caught up to start the project. There are quite a few projects that need to be completed.

**Chair Stoll** asked about the status of Kellogg Creek bridge replacement.

**Mr. Monahan** responded the contract to pursue repair will be awarded in a month.

**Ms. Camors** finished with the SDC Fund; revenues are higher due to more citizens connecting.

**Chair Stoll** thanked Casey for all her work done for the City and wished her well with her next adventure.

**Mr. Boumann** asked the status of Mr. Monahan's replacement.

**Mayor Gamba** invited the Budget Committee to attend tonight's City Council meeting where an update of the City Manager search will be discussed.

Adjourn

It was moved by **Mayor Gamba** and seconded by **Chair Stoll** adjourn the Budget Committee meeting at 6:08 p.m.

Respectfully submitted,

---

Judy Serio, Accountant

DRAFT