

**CITY OF MILWAUKIE
BUDGET COMMITTEE MEETING**

March 3, 2015

Chair Stoll called the meeting to order at 5:31 p.m. Committee members and staff introductions were done.

Members Present: Lisa Batey, Scott Churchill, John Fox, Mark Gamba, Michael Osborne, Ronn Palmer, Wilda Parks, Karin Power and Jon Stoll

Excused: Jesse Boumann

Staff Present: Casey Camors, Bonnie Dennis, Mark Dye, Pat DuVal, Mitch Neiman and Judy Serio

Approval of prior meeting minutes

It was moved by Councilor Gamba and seconded by John Fox to approve the December 16, 2014 meeting minutes. Motion passed with five votes; Mayor Parks, Councilors Batey and Power abstained. Michael Osborne was not present for the vote.

Quarterly Financial Report for December 31, 2014 Review and Discussion

Ms. Camors stated the Comprehensive Annual Financial Report (CAFR) was issued December 22, 2014 and it received a clean opinion from the auditors. This report and the Popular Annual Financial Report (PAFR) are on the City's website. Thank you to Grady Wheeler for all his work creating the final printed documents. Michael Osborne was introduced to the Committee.

Ms. Camors continued with the presentation of the quarterly report. Three areas to keep in mind as she discusses the report: 1) property tax revenue increased exponentially as the majority is received during November and December; 2) capital outlay projects are more intensive during summer months; and 3) there is a new debt service fund for the general obligation bond and full faith and credit obligation. The All City Funds page shows the change in fund balance by fund. The General Fund amount reflects the property tax revenues that have been received, which is a majority of taxes during the months of November and December. The Debt Service fund is a new fund. The Library Fund's main revenue source is the County Library district levy which is received in the spring. The Building Fund has gone down and will be discussed later in the meeting. The Transportation Fund has gone down a little due to franchise fees not received until the latter part of the fiscal year. In the Water, Wastewater and Stormwater Funds many of the budgeted capital projects have not been scheduled to begin this early in the biennium.

Mayor Parks asked if Fines & Forfeitures will increase significantly as the year progresses.

Ms. Camors stated there are two factors that influence the photo radar revenue; the first is deployment of the van and the second is personnel. The Police Department has been down six officers who are currently in training; projected revenue will increase once those officers are deployed.

Ms. Camors continued with the Fleet department. Due to capital purchases done at the beginning of the year, such as vehicles, it may appear that the department has over

spent but it should even out by year-end. Non-departmental reflects the bonds and insurance payments made at the beginning of the year and should also even out by year-end. Police Admin is over budget due to personnel.

Councilor Churchill asked where are the discretionary funds in this budget.

Ms. Camors responded a general forecast update has been done; the contingency available to reappropriate is down to \$435,000 and of that amount, \$85,000 has been earmarked for the landings on the bike/pedestrian bridge.

Councilor Churchill stated that the remaining funds available are \$350,000 in the reserve.

Ms. Camors recommends not reappropriating the \$350,000 because the City would need money in the event of an emergency; coming up with other ways to fund projects or reprogramming current budgeted funds are two alternative options.

Councilor Churchill asked at what point will the City be dipping into reserves.

Ms. Camors responded by the end of fiscal year 2018 the City would be below policy minimums based on a general update to the City's existing financial forecast.

Councilor Churchill clarified with the current trend it would be the latter of fiscal year 2018.

Councilor Power asked if the Council's events are included in the budget since they are commitments made by the Council.

Ms. Camors responded that some funds were adopted into the Council's budget with the supplemental budget for those events. Additionally, the City Manager's budget had some personnel savings that have been reprogrammed for events. She continued with the Debt Service Fund; the first payment is lower since it is new debt but the subsequent payments will be more. The Library Fund's intergovernmental revenue is lower due to the district revenue being received in January and June of each year.

Chair Stoll asked which Councilor is leading the Library Task Force.

Councilor Power acknowledged she is on the task force and the group is looking at a bond measure.

Councilor Batey asked if the City can do a bond measure for the entire district including those outside Milwaukie City limits; is it legal.

Councilor Power responded there are pros and cons to doing so but yes, it is legal.

Councilor Gamba added that the County board can approve such a bond measure.

Ms. Camors continued with the Building Fund; the Building Official will be meeting with Council to discuss the fees in a few weeks. The Transportation Fund in total is fine; there is the possibility that the state gas tax will increase and management is focused on building the fund balance. Overall the Water Fund is healthy.

Mr. Palmer asked if the City anticipates a water shortage and is there enough in reserves.

Ms. Camors does not foresee one since it has been a dry winter the City anticipates higher usage this year; the fund is on an uptick and trying to build reserves. The Wastewater Fund is on target. The Stormwater Fund continues to be strong. The System Development Charges Fund is also seeing an increase from transportation. The project status report is included in the report. Funding strategies for the bike pedestrian bridge are being looked at and will be seen in a supplemental budget; a

recommendation would be to fund the bridge using money from the General Fund, Transportation SDC and FILOC money.

Chair Stoll asked if staffing was the reason why fines and forfeitures are down.

Captain Dye explained the photo radar van is understaffed because officers are required to make minimum staffing for patrol. When new officers are trained and released, the officer able to oversee the photo radar van will be back in that capacity.

Ms. Camors added there were also van deployment changes.

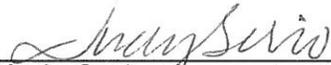
Councilor Churchill added that photo radar is a safety tool not a financial tool.

Ms. Camors stated fines and forfeitures' historical tracking and accurate forecasting is difficult due to lag time from when a citation is issued to the time a defendant has their court appearance, and a fine is imposed and collected.

Adjourn

It was moved by **Councilor Gamba** and seconded by **Councilor Churchill** to adjourn the Budget Committee meeting at 6:14 p.m.

Respectfully submitted,



Judy Serio, Accountant