

REGULAR SESSION

REVISED

AGENDA

MILWAUKIE CITY COUNCIL JANUARY 17, 2012

MILWAUKIE CITY HALL
10722 SE Main Street

2118th MEETING

REGULAR SESSION – 7:00 p.m.

- | | Page
No. |
|---|---------------------|
| 1. CALL TO ORDER
Pledge of Allegiance | |
| 2. PROCLAMATIONS, COMMENDATIONS, SPECIAL REPORTS, AND AWARDS | |
| A. Recognize Milwaukie High School Student of the Month for December 2011 Maddy Duretete and January 2012 Troy Hermo | |
| B. Introduce Katie Newell, Ledding Library Director | |
| C. Introduce Susan Lehr, CEO North Clackamas Chamber of Commerce | |
| 3. CONSENT AGENDA <i>(These items are considered to be routine, and therefore, will not be allotted Council discussion time on the agenda. The items may be passed by the Council in one blanket motion. Any Council member may remove an item from the "Consent" portion of the agenda for discussion or questions by requesting such action prior to consideration of that portion of the agenda.)</i> | 1 |
| A. City Council Minutes | 2 |
| 1. December 6, 2011 Work Session | |
| 2. December 20, 2011 Work Session | |
| 3. December 20, 2011 Regular Session | |
| 4. AUDIENCE PARTICIPATION <i>(The Presiding Officer will call for statements from citizens regarding issues relating to the City. Pursuant to Section 2.04.140, Milwaukie Municipal Code, only issues that are "not on the agenda" may be raised. In addition, issues that await a Council decision and for which the record is closed may not be discussed. Persons wishing to address the Council shall first complete a comment card and return it to the City Recorder. Pursuant to Section 2.04.360, Milwaukie Municipal Code, "all remarks shall be directed to the whole Council, and the Presiding Officer may limit comments or refuse recognition if the remarks become irrelevant, repetitious, personal, impertinent, or slanderous." The Presiding Officer may limit the time permitted for presentations and may request that a spokesperson be selected for a group of persons wishing to speak.)</i> | |
| 5. PUBLIC HEARING <i>(Public Comment will be allowed on items appearing on this portion of the agenda following a brief staff report presenting the item and action requested. The Mayor may limit testimony.)</i> | 11 |
| A. Conditions and Findings for Appeal of Planning Commission's Decision to Approve the TriMet Kellogg Bridge – Continued from January 3, 2012
Appeal File: AP-11-01
Appellants: Maria Dion Shepard, Jo Anne Bird, Milwaukie City Council
Staff: Katie Mangle, Planning Director | 12 |

6. **OTHER BUSINESS** *(These items will be presented individually by staff or other appropriate individuals. A synopsis of each item together with a brief statement of the action being requested shall be made by those appearing on behalf of an agenda item.)* **13**

A. **Audit Presentation and Financial Policies Update – Resolution** **14**
Staff: Rina Byrne, Assistant Finance Director

B. **City Council Direction Acceptance of a Proposal and Authorization to Negotiate a Personal Services Agreement for City Prosecutor Services – Resolution**
Staff: Pat DuVal, City Recorder

7. **INFORMATION**

8. **ADJOURNMENT**

Public Information

- **Executive Session**: The Milwaukie City Council may meet in executive session immediately following adjournment of the regular session pursuant to ORS 192.660(2).
- All discussions are confidential and those present may disclose nothing from the Session. Representatives of the news media are allowed to attend Executive Sessions as provided by ORS 192.660(3) but must not disclose any information discussed. No Executive Session may be held for the purpose of taking any final action or making any final decision. Executive Sessions are closed to the public.
- The Council requests that all pagers and cell phones be either set on silent mode or turned off during the meeting.

3.

CONSENT AGENDA

MINUTES
MILWAUKIE CITY COUNCIL WORK SESSION
DECEMBER 6, 2011

Mayor Ferguson called the work session to order at 6:20 p.m. in the City Hall Conference Room.

Council Present: Council President Greg Chaimov and Councilors Dave Hedges, Joe Loomis, and Mike Miller

Staff Present: City Manager Bill Monahan, Assistant to the City Manager Teri Bankhead, City Recorder Pat DuVal, City Attorney Damien Hall, Community Development/Public Works Director Kenny Asher, Engineering Director Gary Parkin, and Senior Planner Susan Shanks

Media: Molly Harbargar, *The Oregonian*

City Manager's Report

Mr. Monahan updated the City Council on a number of items of interest: draft code of conduct for boards, commissions, and committees, quasi-judicial land use training, the Sunnybrook extension, community development block grant application, and possible appeal of TriMet's land use application for the light rail bridge.

Greg Bowman Request

The City Council discussed Greg Bowman's request that the Milwaukie City Council send a written statement related to the County's removing the Sunnybrook Extension from its Transportation System Plan (TSP). Councilor Hedges suggested reiterating City Council's letter of a couple of years ago and making a written request that the County remove it from the TSP and Regional Transportation Plan (RTP). Councilor Miller questioned the City's responding in an open forum situation. Councilor Chaimov recommended the City's position occur during more individual conversations.

Community Development Block Grant Projects

Mr. Asher discussed the Community Development Block Grant (CDBG) program administered by Clackamas County for infrastructure improvements such as sidewalks, water and sewer projects, and other public service needs. Mr. Asher described recent projects, and **Mr. Parkin** described projects identified in the City's TSP and Walk Safely Milwaukie Program (WSMP) that might be application-worthy.

Mayor Ferguson supported the Harvey Street and Washington Street projects because they were on both the TSP and WSMP lists. He also favored the Balfour Park project. **Councilor Loomis** said his priority was Balfour Park followed by ADA ramps and Harvey Street. **Councilor Hedges** favored the Balfour Project and ADA ramps. **Councilor Miller** supported Balfour Park and the Harvey Street and Washington Street projects as they were at the top of the WSMP priority list. **Councilor Chaimov** chose Balfour Park, ADA ramps, and the Harvey Street project.

Mr. Asher would prepare a resolution for Council adoption directing staff to submit a CDBG application for the design and construction of Balfour Park and related sidewalk improvements on Balfour Street.

Land Use Application

Mr. Hall and **Ms. Shanks** discussed the possible appeal of the Planning Commission's approval of TriMet's land use application for the light rail bridge if a fee waiver were granted. The group discussed probable options and issues related to the 120-day clock. **Councilor Hedges** thought refuting evidence had already been given.

Mayor Ferguson adjourned the work session 6:58 p.m.

Respectfully submitted

Pat DuVal, Recorder

MINUTES
MILWAUKIE CITY COUNCIL WORK SESSION
DECEMBER 20, 2011

Mayor Ferguson called the work session to order at 5:00 p.m. in the City Hall Conference Room.

Council Present: Council President Greg Chaimov and Councilors Dave Hedges, Joe Loomis, and Mike Miller

Staff Present: City Manager Bill Monahan, Assistant to the City Manager Teri Bankhead, City Recorder Pat DuVal, Program Specialist Beth Ragel, Community Development/Public Works Director Kenny Asher, Planning Director Katie Mangle, Community Services Director JoAnn Herrigel, and Engineering Director Gary Parkin

Media: Molly Harbargar, *The Oregonian*

City Manager's Report

Mr. Monahan provided a memo related to the supplemental budget resolution and the Voice over Internet Protocol (VoIP) request.

He had completed an informal review of the Planning Department staff to determine if its work with the light rail project had been performed with a bias toward TriMet. He concluded in a memo to the Mayor and Council that staff had performed its tasks in a manner that was in the best interests of the City.

The City Council would meet in on January 11 at 6 p.m. with North Clackamas #12 School District Board members and staff. Topics would include the school resource officer program, and Mr. Monahan sought input on what other matters of community interest might be added to the agenda. He reported in his meeting with District representatives attendees had discussed emergency management and the decision on the proposed bond measure.

Mr. Monahan, Mr. Asher, and Mr. Seals met with TriMet to discuss what the City's light rail funding obligation might be after credits were allowed. Mr. Monahan reviewed the upcoming meeting schedule.

Mayor Ferguson would pull the fee waiver from the consent agenda and allow Council President Chaimov to take the vote on that matter.

Code of Conduct

Mr. Monahan provided an updated code of conduct. Mayor Ferguson felt it was important that City Council adopt this or a modified code of conduct prior to asking the boards, commissions, and committees to adopt it.

Community Development and Planning Active Projects

Mr. Asher discussed the Commercial Core Enhancement Program (CCEP) which the Milwaukie staff had not acted upon since his last report. The Dark Horse Comics relocation and use study will not move forward until the company's mortgage prepayment penalty period expires in about a year. The City's application for the Oregon Department of Transportation (ODOT) flexible funding grant that would have paid for the pedestrian bridge over Kellogg Lake did not advance to the second round of

City Council Work Session – December 20, 2011

Draft Minutes

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consideration. He reported various agencies were reviewing the report on the fish passage related to the Kellogg for Coho Project.

Ms. Mangle reported the next batch of annexations in the Northeast Sewer Extension area would be before the City Council in February. Staff was working with ODOT on selecting a consultant team for the Tacoma Station area planning. She reviewed the progress on the Residential Development Standards with a study session planned for January 31.

Dual Interest Area Neighborhood Designation

Ms. Ragel provided a report on options for incorporating properties recently annexed in the North East Sewer Extension Area also known as Dual Interest Area A (DIA A). Those residents who annexed to the City were no longer eligible to participate in Clackamas County's Community Planning Organization program, so the Lewelling Neighborhood District Association (NDA) expressed interest in including those properties in its boundaries. She discussed the options available and possible outreach strategy. Some properties may not be within the City limits for years, so staff recommended focusing outreach on those who had already annexed.

Councilor Chaimov was happy to assign the new properties to the Lewelling Neighborhood, providing some additional resources, and gathering more input from the DIA A residents.

Councilor Hedges thought as long as the annexed properties were dotted all over the place it made sense to have something combined. The NDA leadership may be interested in moving some boundaries so NDAs were more equally numbered.

Councilor Loomis was interested in asking the residents how they felt about forming a new neighborhood.

Ms. Ragel explained those who had annexed into the City were no longer eligible to participate in the County Community Planning Organizations (CPO).

Mayor Ferguson observed the annexation area would be about the same size as the Island Station NDA. He was leaning toward finding out if Lewelling wanted to take on the annexation area since creating another neighborhood would be a large project.

Pepi Anderson, Lewelling NDA Chair, said the neighborhood membership had voted in support of asking those residents in the DIA A to join them.

Court Relocation

Ms. Bankhead, Court Clerk Carla Bantz, Chief Bob Jordan, and City Recorder Pat DuVal addressed concerns expressed by the City Council at its August 30 study session on this topic. Issues identified were parking, use of the Public Safety Building (PSB) Community Service Room, and available space in the community meeting room and lobby.

Ms. Bankhead noted currently docket sizes were not as high as had been anticipated, and she had asked Chief Jordan to attend this work session to comment on Police Department's plans. She outlined options for additional court sessions and related costs including judge rates, bailiffs, and officer overtime. She had checked the community meeting room schedule, and there were not that many events during the day. The biggest issue was parking which would be addressed through land use application.

Ms. Bantz thought it might be appropriate from a logistical standpoint to consider relocating court staff to PSB as well.

Chief Jordan stated three things on his mind when he made the suggestion to relocate court: inherent security issues with the volume of people appearing for court; disruption of day-to-day business activities in City Hall; and the perception of a lack of professionalism. Two facts about photo radar were that it was accurate and was operating as it was supposed to and that the system was a speed deterrent.

Mr. Monahan suggested the lower number of appearances resulted in less disruption at City Hall, but it was unknown if that trend would continue. Relocating to PSB would be an investment, and he discussed the Council's options.

Chief Jordan said in the long-term relocating to PSB would address safety issues.

Councilor Loomis agreed.

Councilor Miller added City Hall was not an appropriate location for court and that PSB was better from a safety and security perspective. He supported pursuing what needed to be done to relocate court.

Councilor Chaimov agreed.

Mayor Ferguson observed PSB had fewer bus lines serving it than City Hall.

Baseball Feasibility Study

Mr. Asher introduced Eric Hovee, H.D. Hovee & Co, LLC who was invited to provide information to the City Council related to his work on the Clark County baseball proposal.

Mr. Hovee said in his analyses for public and private entities, he focused on payroll, employment, spending in the community, and, in the case of a public agency, tax revenues. The key questions had to do with initial investment, return on investment, and benefit to the community as a whole. He referenced the recent Yakima Bear proposal that included a 4,000-seat stadium at Clark College. It would have been a single A facility with approximately 38 home games per year with additional tournaments plus use by Clark College. The League average attendance per game was about 3,000 with an average ticket price of \$7. This was a family-oriented activity with about 12 full-time employees and part-time employees (9 – 10 FTE) during the season.

Mr. Hovee discussed the importance of scoping broader community effects and not just looking at hard core figures. In Clark County the community interest was in building the relationship with the College and addressing some Title 9 issues. The second important factor was anchoring other downtown business. Was it a quality of life amenity that would attract other businesses? Key points were impacts that might come to the City, recognizing direct and indirect costs, and identifying economic and community benefits to achieve a vision and broader objectives.

Councilor Hedges asked if it were possible to predict how long it would take to break even.

Mr. Hovee replied that was more a part of the financial analysis and the team owner may not wish to share that kind of critical information early on. He recommended looking at the experiences of comparable facilities.

Councilor Loomis felt this showed the importance of getting someone like Mr. Hovee on board to help determine if this project would act as a catalyst which he personally felt it would.

Councilor Chaimov said the City Council consistently heard that the community wanted better infrastructure like streets, sidewalks, and bike paths. In order to provide

neighborhood amenities, the City needed to do something to increase property values. Anecdotally the City of Keizer officials attributed the stadium project with new business and improved infrastructure. What questions needed to be asked if that kind of scenario will play out in Milwaukie or not to help people decide if they would support the project?

Mr. Hovee suggested talking with several communities and asking them to be as specific as possible with supporting documentation after some fashion. It might take interviewing five facilities to get a clear idea of what happened to property values and how Milwaukie might compare with other communities. It was sometimes difficult separating the wheat from the chaff, and he preferred doing qualitative work through interviews enhanced by hard data and distinguishing factors. He would frame questions in terms of making public policy and funding decisions while getting general thoughts on how the work got done.

Councilor Loomis thought what was special or unique was the size of the region and location. He hoped research could find a similar project in a community like Milwaukie next to a major market like Portland.

Councilor Miller asked at what point citizens should be brought on board to help determine whether the City Council ought go forward or not.

Mr. Hovee felt the City should start with a citizen advisory committee to gather good information on when to go to the voters and making certain people had the facts to make an informed decision. He discussed franchise owner financial strength and his/her long-term plans. It was important to look at the team's business model.

The group discussed a special session the week of January 3 to discuss TriMet obligations.

Mayor Ferguson adjourned the work session 6:48 p.m.

Respectfully submitted

Pat DuVal, Recorder

**CITY OF MILWAUKIE
CITY COUNCIL REGULAR SESSION
DECEMBER 20, 2011**

Agenda Item: 3.A.3.
Meeting Date: 1/17/12

CALL TO ORDER

Mayor Ferguson called the 2116th meeting of the Milwaukie City Council to order at 7:00 p.m. in the City Hall Council Chambers.

Present: Council President Greg Chaimov, and Councilors Dave Hedges, Joe Loomis, and Mike Miller

Staff present: City Manager Bill Monahan, City Attorney Tim Ramis, City Recorder Pat DuVal, Finance Director Casey Camors, Community Services Director JoAnn Herrigel.

PLEDGE OF ALLEGIANCE

PROCLAMATIONS, COMMENDATION, SPECIAL REPORTS AND AWARDS

CONSENT AGENDA

It was moved by Mayor Ferguson and seconded by Councilor Hedges to adopt consent agenda items A.1-4. Motion passed with the following vote: Councilors Loomis, Miller, Chaimov, and Hedges and Mayor Ferguson voting "aye." [5:0]

A. City Council Minutes

1. October 25, 2011 Study Session;
2. November 1, 2011 Regular Session;
3. November 15, 2011 Regular Session; and
4. December 6, 2011 Regular Session

It was moved by Councilor Chaimov and seconded by Councilor Hedges to grant to the fee waiver for the appeal of the TriMet Light Rail Bridge, File #A #A-11-01. Motion passed with the following vote: Councilors Loomis, Miller, and Hedges and Councilor Chaimov voting "aye." [4:0]

AUDIENCE PARTICIPATION

Jim Sanders, Milwaukie, Ardenwald Neighborhood. He addressed the baseball stadium and stated his main concern was paying for it. How many people in support of the proposal were actually property owners in Milwaukie? He was not sure the project would improve the local economy and sustain commerce.

Jeffrey Leiss, Milwaukie, Linwood Neighborhood. He provided information on social gaming and asked for the City Council's thoughts on the matter.

PUBLIC HEARING

A. Adopt Supplemental Budget – Resolution

Mayor Ferguson called the public hearing to order at 7:09 p.m.

The purpose of the hearing was to consider a resolution adjusting the FY 2011 – 2012 budget by adopting a supplemental budget and revising appropriations.

Ms. Camors provided the staff report in which the City Council was requested to adopt a resolution adjusting the FY 2011 – 2012 Budget. Overall, \$250,000 of the general fund contingency would be allocated to Information Systems Technology (IST), \$200,000 of the systems development charges (SDC) fund contingency allocated to

CITY COUNCIL REGULAR SESSION – DECEMBER 20, 2011

DRAFT MINUTES

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capital outlay and \$66,000 of the stormwater fund contingency allocated to materials and services, and \$118,000 transferred from Community Services to City Manager.

There was no correspondence or public comment on the proposed resolution.

Councilor Hedges asked if a sum was carried forward to this year since the phone system was not completed last fiscal year.

Ms. Camors replied a component of the fund balance was adjusted into capital outlay on that project.

Mayor Ferguson closed the public testimony portion of the hearing at 7:15 p.m.

It was moved by Councilor Chaimov and seconded by Councilor Loomis to adopt the resolution adjusting the budget for the fiscal year 2011 – 2012 by adopting this supplemental budget and revising appropriations. Motion passed with the following vote: Councilors Loomis, Miller, Chaimov, and Hedges and Mayor Ferguson voting “aye.” [5:0]

RESOLUTION NO. 104-2011:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, AJUSTING THE BUDGET FOR THE FISCAL YEAR 2011 – 2012 BY ADOPTING THIS SUPPLEMENTAL BUDGET AND REVISING APPROPRIATIONS.

B. OTHER BUSINESS

A. Riverfront Park Task Force – Ordinance and Resolution

Ms. Herrigel provided the staff report in which the City Council was requested to consider an ordinance amending the Milwaukie Municipal Code by removing language regarding the Riverfront Board and a resolution creating a Riverfront Park Task Force. This would help preserve momentum and help complete the goals of the former Board.

It was moved by Councilor Miller and seconded by Councilor Loomis for the first and second readings by title only and adoption of the ordinance amending the Milwaukie Municipal Code to remove language regarding the Riverfront Board. Motion passed with the following vote: Councilors Loomis, Miller, Chaimov, and Hedges and Mayor Ferguson voting “aye.” [5:0].

Mr. Monahan read the ordinance two times by title only.

Ms. DuVal polled the City Council: Councilors Loomis, Miller, Chaimov, and Hedges and Mayor Ferguson voting “aye.” [5:0].

ORDINANCE NO. 2042:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, AMENDING THE MILWAUKIE MUNICIPAL CODE TO REMOVE LANGUAGE REGARDING THE RIVERFRONT BOARD.

It was moved by Councilor Chaimov and seconded by Councilor Miller to adopt the resolution creating a Riverfront Task Force. Motion passed with the following vote: Councilors Loomis, Miller, Chaimov, and Hedges and Mayor Ferguson voting “aye.” [5:0].

RESOLUTION 105-2011:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, CREATING A RIVERFRONT TASK FORCE.

B. Property Acquisition at Bowman and Brae

Ms. Herrigel provided the staff report in which the City Council was requested to adopt a resolution approving the purchase of real property located at the NW corner of SE Bowman and Brae Streets. She discussed the Metro Local Share Program and priority list that included a property in the Lake Road Neighborhood target area. The City was offering \$90,000 for the property and through Metro staff conducted a phase 1 environmental assessment where no concerns were identified. That was an additional \$3,000, and the appraisal was about \$2,000. Local share funding was \$75,000, and the Lake Road Neighborhood District Association (NDA) offered \$12,000 with the balance coming out of the community services budget.

Vincent Alvarez, Lake Road NDA Vice Chair and treasurer. The NDA supported the purchase. It will make a nice neighborhood park, and he hoped in the near term part of it could be used as a community garden.

It was moved by Councilor Miller and seconded by Councilor Loomis to adopt the resolution approving the purchase of real properties located at the NW corner of SE Bowman Street and SE Brae Street for use as a City Park. Motion passed with the following vote: Councilors Loomis, Miller, Chaimov, and Hedges and Mayor Ferguson voting "aye." [5:0].

RESOLUTION NO. 106-2011

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, APPROVING THE PURCHASE OF REAL PROPERTIES LOCATED AT THE NW CORNER OF SE BOWMAN STREET AND SE BRAE STREET (T2S, R2E, SEC. 6, TAX LOT 3100) FOR USE AS A CITY PARK, PURSUANT TO MILWAUKIE MUNICIPAL CODE SECTION 3.15.030.

C. Council Reports

Mayor Ferguson and Councilors provided updates on meetings they attended on behalf of the City and announced upcoming community events.

ADJOURNMENT

It was moved by Councilor Chaimov and seconded by Councilor Hedges to adjourn the meeting. Motion passed with the following vote: Councilors Loomis, Miller, Chaimov, and Hedges and Mayor Ferguson voting "aye." [5:0].

Mayor Ferguson adjourned the regular session at 7:40 p.m.

Respectfully submitted,

Pat DuVal, Recorder

5.
PUBLIC HEARING



Memorandum

To: City Council

From: Susan P Shanks, Senior Planner

Through: Bill Monahan, City Manager

Date: January 10, 2012

Re: Status of Continued Appeal Hearing on the Light Rail Bridge

Pursuant to Council direction on January 3, 2012 regarding the Oregon white oak in Kronberg Park, staff and the City Attorney are preparing revised findings and conditions of approval for consideration by Council at the upcoming continued appeal hearing on the light bridge over Kellogg Lake.

Staff will provide the Council President with a preliminary draft of revised findings and conditions of approval in advance of the January 17, 2012 continued hearing for his review and comment. Staff will provide Council with a final draft of the revised findings and conditions of approval on or before the continued hearing date.

6.
OTHER BUSINESS



Agenda Item: 6.A.
Meeting Date: 1/17/12

COUNCIL AGENDA ITEM SUMMARY

Issue/Agenda Title: Audit Presentation and Financial Policies update

Prepared By: Rina Byrne, Assistant Finance Director
Dept. Head Approval: Casey Camors, Finance Director
City Manager Approval: Bill Monahan
Reviewed by City Manager: 1/9/12

ISSUE BEFORE THE COUNCIL

Approve updates to financial policies to comply with generally accepted accounting principles and City practices.

STAFF RECOMMENDATION

Approve the proposed resolution adopting the provisions of Government Accounting Standards Board Statement No. 54 (GASB 54) and adopt revised financial policies.

KEY FACTS & INFORMATION SUMMARY

It is necessary to adopt a resolution regarding the definitions of funds and fund balances in order to meet the provisions of GASB 54. Financial policies also need to be updated for GASB 54 and to reflect current practices.

OTHER ALTERNATIVES CONSIDERED

None.

ATTACHMENT LIST

1. Comprehensive Annual Financial Report for the year ended June 30, 2011
2. Financial policies with proposed updates using track changes
3. Financial policies with proposed updates
4. Analysis of governmental funds based on guidance provided by GASB 54
5. Draft Resolution XX-2012 adopting the provisions of Governmental Accounting Standards Board Pronouncement No. 54



To: Mayor and City Council

Through: Bill Monahan, City Manager

From: Rina Byrne, Assistant Finance Director
Casey Camors, Finance Director
Richard Seals, Finance Director

Date: January 4, 2012

Subject: Audit Presentation and related Policy Updates

ACTION REQUESTED

The purpose of this report is to present the audit document to Council and to request consideration of the following two action items:

1. Move to approve Resolution XX-2012 adopting the provisions of GASB 54; and
2. Adopt the updated financial policies consistent with City practices and the provisions of GASB 54.

BACKGROUND

Fiscal policies were adopted by Council in February 2011. These policies are reviewed throughout the year by the Finance Department which periodically proposes updates based upon changing circumstances, laws, regulations or accounting principles that affect the City. Fiscal policies may also be updated based upon the recommendations of the City's auditors. The audit of the Comprehensive Annual Financial Report for the year ended June 30, 2011 is complete and we are recommending several updates to our policies.

PROPOSED UPDATES

The most significant changes relate to the implementation of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), which affects the classification of governmental fund types and fund balances. The two major areas addressed by the statement are how various

constraints over governmental fund balances are reported and how the governmental fund types are actually defined.

The Finance Department has performed an analysis of governmental funds revenue (attached) and has concluded that the City has the following fund types:

General Fund:	The General fund is used for all financial resources not reported in another fund
Special Revenue Funds:	Building Inspections, Library and Transportation funds
Capital Projects Fund:	Systems Development Charges fund

Under the new requirements fund balance is reported using 5 categories as follows: 1) unspendable; 2) restricted; 3) committed; 4) assigned; and 5) unassigned. These definitions are included in the revised fiscal policies (attached).

In accordance with GASB 54, the City is also required to define who has the authority to commit and assign revenues and to define a spending policy.

FISCAL IMPACT

No change

WORK LOAD IMPACTS

No change

ATTACHMENTS

1. Comprehensive Annual Financial Report for the year ended June 30, 2011
2. Financial policies with proposed updates using track changes
3. Financial policies with proposed updates
4. Analysis of governmental funds based on guidance provided by GASB 54
5. Draft Resolution XX-2012 adopting the provisions of Governmental Accounting Standards Board Pronouncement No. 54

ATTACHMENT 2

City of Milwaukie Fiscal Policies

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Purpose

The City of Milwaukie is committed to responsible fiscal management through financial integrity, prudent stewardship of public assets, planning, accountability and full disclosure. The broad purpose of the Fiscal Policies is to enable the City to achieve and maintain a long-term stable and positive financial condition. These policies are adopted by the City Council as the basic framework for overall financial management of the City, to guide day-to-day and long-range fiscal planning and decision making, and to achieve the following general financial goals:

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1. Provide an adequate financial base to sustain the desired level of municipal services to maintain the social wellbeing and physical conditions of the City.
2. Deliver cost effective and efficient services to citizens.
3. Provide and maintain essential public facilities, utilities, and capital equipment.
4. Protect and enhance the City's credit rating so as to obtain the lowest cost of borrowing and assure taxpayers and the financial community that the City is well managed and financially sound.
5. Provide the financial stability needed to navigate through economic downturns, adjust to changes in the service requirements of the community and respond to other changes as they affect the City's residents and businesses.
6. Adhere to the highest standards of financial management and reporting practices as set by the Government Finance Officers Association, the Governmental Accounting Standards Board and other professional standards.
7. Fully comply with finance related legal mandates, laws and regulations.

To achieve these goals, fiscal policies generally cover areas of revenue management, operating and capital budgeting, financial planning and forecasting, investment and asset management, debt management, accounting and financial reporting, reserves and internal controls. These policies are reviewed annually by management, the Budget Review Board, and City Council and amended as necessary, as part of the budget process.

Revenue Policies

1. The City will strive for and maintain diversified and stable revenue sources to prevent undue or unbalanced reliance on any one source of funds. Revenue diversity will also reduce risk to the City from short-term fluctuations in any one revenue source.
2. One-time revenues will be used only for one-time expenditures. The City will minimize using temporary revenues to fund continuing programs and services.
3. The City will maximize the use of service and user charges in lieu of ad valorem taxes and subsidies from other City funds, for services that can be identified and where costs are directly related to the level of service provided. The Council may establish fees at less than "full cost recovery" when deemed in the public interest. The City will periodically and systematically review user fees and charges to take into account the effects of additional service costs and inflation.

4. Unless prohibited by law, City fees may be deferred or waived by the City Manager or City Council action when it can be demonstrated that a direct public benefit will be obtained. In addition, the City Council may direct that City fees, e.g., system development charges, building permit fees, planning fees, be paid on behalf of applicants and City Council's action will include a determination of the source of funds to pay such fees. Fees that are deferred or waived by the City Manager exceeding \$1,000 will be communicated to the Council.
5. All fees, charges or assessments that are deferred for later payment will be evidenced by a written promissory note or agreement. The City may charge periodic interest, processing fees and additional interest and penalties for delinquencies as appropriate.
6. System development charges shall be established to fund the costs of improvements to service additional increments to growth such as street, water, wastewater and storm water facilities and infrastructure.
7. Water, Wastewater and Stormwater funds will be self-supporting through user fees. Utility rates will be established to fully recover costs, including operation, administration, replacement of assets, capital expansion, with consideration given to return on investment and existing and or anticipated debt to insure a debt coverage ratio of no less than 1.50.
8. Fee adjustments will be based on five-year financial plans that will be reviewed and updated annually.
9. The City Manager shall approve all grant applications before their submission. Additionally, all potential grants that require matching funds, on-going resource requirements, or include new or additional continuing compliance requirements shall be evaluated and considered before submittal of the application. The City Council will be provided the evaluation with the request for their acceptance of the grant.
10. Revenues will be estimated realistically and prudently. Revenues of a volatile nature will be estimated conservatively. The City will estimate its revenues by an objective, analytical process using best practices as defined by the Government Finance Officers Association.
11. Charges for services shall accurately reflect the actual or estimated costs of providing a specific service. The cost of providing specific services shall be recalculated periodically and the fee adjusted accordingly.
12. The City shall pursue an aggressive policy for collecting delinquent accounts. When necessary, the City shall use such methods as small claims courts, collection agencies, liens to enforce collection. The City may impose late fees and penalties.

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Budget Policies

1. The City will prepare an ~~annual budget~~ ~~biennial budget~~ with the participation of all departments that incorporates GFOA recommendations relative to budgeting for results and outcomes.
 - a. Determine how much money is available. The budget should be built on expected revenues. This includes base revenues, any new revenue sources, and the potential use of fund balance.
 - b. Prioritize results. The results or outcomes that matter most to citizens should be defined. Elected leaders should determine what programs are most important to their constituents.
 - c. Allocate resources among high priority results. The allocations should be made in a fair and objective manner.
 - d. Conduct analysis to determine what strategies, programs, and activities will best achieve desired results.
 - e. Budget available dollars to the most significant programs and activities. The objective is to maximize the benefit of the available resources.
 - f. Set measures of annual progress, monitor, and close the feedback loop. These measures should spell out the expected results and outcomes and how they will be measured.
 - g. Check what actually happened. This involves using performance measures to compare actual versus budgeted results.
 - h. Communicate performance results. Internal and external stakeholders should be informed of the results in an understandable format.
2. All budgetary procedures will conform to existing state regulations. Oregon budget law requires each local government to prepare a balanced budget and Oregon Administrative Rules state: 1) the budget must be constructed in such a manner that the total resources in a fund equal the total of expenditures and requirements for that fund, and 2) the total of all resources of the entity must equal the total of all expenditures and all requirements for the entity.
3. The budget process will be coordinated so that major policy issues and department goals and objectives are identified and incorporated into the budget. Additionally, the Budget Review Board as established by its charge, shall review the budget of selected departments and/or City functions and shall make recommendations on service levels and the appropriate budget resources necessary to achieve that service level, consistent with its Council approved annual work plan to the full Budget Committee.
4. A cost allocation plan will be developed and incorporated into the City budget. The cost allocation plan will be the basis for distribution of general government and internal service costs to other funds and capital projects.
5. ~~Unless otherwise authorized by City Council, general fund unrestricted revenues shall not be assigned for specific programs, activities or services.~~
56. The City Council shall adopt the budget at the fund, departmental or program level as a total dollar amount for all appropriations except contingency,

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unappropriated ending fund balance and reserves, which shall be stated separately.

76. At a minimum, a mid-year review process will be conducted by the City Manager in order to address any necessary adjustments to the adopted budget.

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87. The City will submit the Adopted Budget Document to the Government Finance Officers' Association (GFOA) to obtain the Award for Distinguished Budget Presentation.

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98. A budget calendar will be prepared detailing the key elements in the development of the budget. (Please see exhibit 1).

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Expenditure Control Policies

1. Expenditures will be controlled through appropriate internal controls and procedures. Management must ensure expenditures comply with the legally adopted budget. Each Department or Division Manager or Director will be responsible for the administration of his/her department/division budget. This includes accomplishing the goals and objectives incorporated into the budget and monitoring each department/division budget for compliance with spending limitations.

2. The City Manager will administer expenditure control at the category level and program or divisional level. Additionally, the City Manager may give authorization to mandate this level of control down to any line item level. Expenditures anticipated to be in excess of these levels require approval of the City Manager, or Finance Director. Any increase in a budget category anticipated to exceed \$50,000 will require City Council approval.

3. All purchases of goods and services must comply with the City's Purchasing Policies, guidelines and procedures and with State laws and regulations.

4. All compensation planning and collective bargaining will include analyses of total cost of compensation, which includes analysis of salary increases, health benefits, pension contributions, and other fringe benefits. The City will only propose operating personnel costs that can be supported by continuing operating revenues.

5. City staff are to make every effort to control expenditures to ensure City services and programs provided to its citizens and taxpayers are cost effective and efficient. Expenditures that will reduce future costs will be encouraged.

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Capital Improvement Investment Policies

1. A five-year Capital Improvement Program (CIP) encompassing all City facilities, including utilities infrastructure, buildings and major equipment and vehicles, shall be prepared and updated periodically as needed annually. A public process will be utilized to consider public testimony on the CIP, including review and approval of the CIP by the Citizens Utility Advisory Board (CUAB), Budget Review Board, and the City Council. The five-year CIP will be incorporated into the City's budget and long-range financial planning processes and as such its annual review and approval is anticipated to occur approximately six months, i.e., prior to December 31, prior to the beginning of the subsequent fiscal year. (Please see exhibit 1, Budget Calendar).
2. Projects included in the CIP shall describe the need for the project, the scope of work, total cost estimates, future operating and maintenance costs and how the project and future operations and maintenance will be funded.
3. An objective process, e.g., a rating matrix that includes but is not limited to neighborhood association support for projects within or directly or indirectly impacting a neighborhood association, public safety considerations, engineering, operations, connectivity, inter-departmental and or inter-governmental commitments or requirements, and funding availability, will be established to evaluate and rank CIP projects with respect to each utility and to the overall needs of the City. The ranking of projects will be used to allocate resources to ensure projects are completed effectively and efficiently.
4. Changes to the CIP such as addition of new projects, significant change to the scope of the project or reprioritization of projects will require City Manager or City Council approval.
5. The City will maintain its physical assets at a level adequate to protect the City's capital investment and to minimize future operating maintenance and replacement costs. The City recognizes that deferred maintenance increases future capital costs, thus placing a burden on future residents. Therefore, the CIP will include an orderly and systemic replacement of capital facilities and equipment.
6. The City will establish and fund infrastructure and building reserves adequate to sustain each utility and the City's building facilities. The City will also establish major repairs and replacement reserves to provide stable funding of major repairs and replacements. The reserves will be included and identified as separate components of fund balance in the various funds.
7. The City will utilize "pay-as-you-go" funding for capital improvement expenditures considered recurring, operating or maintenance in nature whenever possible. The City may also utilize "pay-as-you-go" funding for capital improvements when current revenues and adequate fund balances are available or when issuing debt would adversely affect the City's credit rating or debt terms are unfavorable relative to the benefits derived from the capital improvement.

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8. The City will consider the use of debt financing for capital projects and equipment under the following circumstances:
 - a. When the use of debt will result in total project cost savings that exceed borrowing costs.
 - b. When the project's useful life will exceed the terms of the financing.
 - c. When resources are deemed sufficient and reliable to service the long-term debt.
 - d. When market conditions present favorable interest rates for City financing.
 - e. When the issuance of debt will not adversely affect the City's credit rating.

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Financial Planning Policies

1. The Finance Department, collaborating with other departments, will prepare a Five Year Financial Forecast~~long-term financial plan~~ for each fund to promote responsible planning for the use of resources. The long-term financial plan will include projected revenues, expenditures and reserve balances for the next five years.
2. The City's financial plan should be strategic, reflecting the City Council and community priorities for service while providing resources that fund desired service levels.
3. Long-term projections of revenues and expenditures will be based upon disclosed assumptions, and prepared consistent with best practices established by the Government Finance Officers Association.
4. The Five Year Financial Forecast~~five-year financial plan~~ will be integral to the development of the ~~annual~~-budget and will be included in the proposed budget presented to the Budget Committee. (Please see exhibit 1, Budget Calendar).

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Economic Development Funding Policies

1. The City may utilize economic development incentives to encourage value-added development and accrue public benefits to the City of Milwaukie. Public benefits may include but are not limited to, the following:
 - a. A benefit that materially enhances the financial position of the City by increasing its employment base or assessed valuation.
 - b. A contribution to the basic infrastructure of the City that is greater than that which would be required of the development alone.
 - c. A benefit that increases access to other public services.
2. Economic development incentives may include formation of improvement or redevelopment districts, reimbursement, deferral of certain fees and charges, use of discount lease rates or other forms of financial incentives. All such incentives will be evaluated as to the costs, risks and level of benefit as well as the financial impact of such incentives on the City's operating and capital budgets.

3. The fiscal impact evaluation will be presented to City Council along with the City Manager's recommendation. The City Council shall make the final decision concerning proposed economic development incentives including any repayment of incentives if performance requirements are not met.
4. Funding for economic development incentives must be identified before approval of all such incentives.
5. A development incentive shall not be provided if the development does not provide sufficient public benefit or if the cost and risks to the City will have a materially adverse impact on the City's finances or operations.

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Pension and Retirement Funding Policies

1. All current pension liabilities shall be funded on an annual basis.
2. ~~In addition to providing pension benefits, the City provides certain health and dental care benefits for retired employees. Funding the liability for future retiree benefits will be determined by City Council action. The City does not pay for any portion of retiree health insurance premiums except in a limited number of cases as grandfathered in under a previous policy. A retiring employee may be able to purchase City provided benefits if the person meets the eligibility requirements.~~

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Cash Management and Investment Policies

1. The Finance Director or their designee shall invest all City funds according to four criteria, in order of their importance: (1) legality, (2) safety, (3) liquidity, and (4) yield.
2. The City shall maintain and comply with a written Investment Policy that has been approved by City Council.
3. The City will consolidate or pool cash balances from various funds for investment purposes and will ~~allocate investment earnings to each participating fund apply interest earned to offset bank fees. In the event that interest exceeds fees, interest will be allocated to funds based on their respective share of the pool.~~
4. The City's investment securities will be protected through third party custodial safekeeping.
5. ~~Quarterly investment reports summarizing investment holdings and compliance with the City's Investment Policy will be prepared and posted on the City's website.~~

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Accounting and Financial Reporting Policies

1. The City Manager or Finance Director shall prepare and submit fiscal policy and changes to fiscal policies to the City Council. Such fiscal policies and changes in policies shall be approved by the City Council.
2. The City will comply with the following accounting and reporting standards:
 - a. Generally Accepted Accounting Principles (GAAP) developed by Governmental Accounting Standards Board.
 - b. Government Accounting, Auditing and Financial Reporting standards prescribed by the Government Finance Officers Association (GFOA).
 - c. Government Accounting Standards, issued by the Comptroller General of the United States.
 - d. Oregon Revised Statutes relating to Municipal finance and
 - e. U.S. Office of Management and Budget (OMB) Circular A-133,
3. Monthly financial reports comparing actual to budgeted expenditures will be prepared timely by the Finance Department and posted on the City's website. Reports will be distributed to City Management and the City Council. Significant budget to actual variances will be identified and explained. If an additional appropriation is anticipated, such shall be noted.
4. Quarterly financial reports comparing actual to budgeted revenues and expenditures will also be prepared and will be posted on the City's website.
5. A system of internal controls and procedures will be maintained to provide reasonable assurance of the safeguarding of assets and proper recording of financial transactions and compliance with applicable laws and regulations.
6. In accordance with State law, a comprehensive financial audit including an audit of federal grants will be performed annually by an independent public accounting firm with the objective of expressing an opinion on the City's financial statements and assessing the accounting principles used and evaluating the internal controls in place.
7. The City will prepare its financial statements and maintain its accounting and internal control systems in accordance with applicable standards with the goal of obtaining an unqualified opinion from its auditors.
8. The City will prepare a Comprehensive Annual Financial Report (CAFR) and submit its CAFR to the GFOA's "Certificate of Achievement for Excellence in Financial Reporting" program.
9. Upon request, all departments will provide notice of all significant events and financial and related matters to the Finance Director for the City's annual disclosures to the municipal markets as required by SEC Regulation 15-C-2-12. Full disclosure will be provided in the financial statements and bond representations. Significant events include delinquencies and defaults related to the City's bonds, adverse tax opinions or events affecting the tax exempt status of bonds, the release, substitutions or sale of property securing repayment of

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bonds and other events having a significant impact on the City's finances and outstanding bonds. The Finance Director will notify all Nationally Recognized Municipal Securities Information Repositories of these significant events.

8.10. The City's asset capitalization policy is to capitalize and depreciate assets greater than \$10,40,000,000 with a useful life beyond one year. Capital assets costing less than \$10,40,000,000 or having a useful life of one year or less will be treated as operating expenditures. Assets will be depreciated straight line over their estimated useful lives.

Fund Balance Policies

In accordance with accounting principles generally accepted in the United States of America, Council defines **governmental funds**' fund balances as follows:

1. **Non-spendable** – Include amounts that by their nature cannot be spent such as inventories, prepaid expenditures, long-term loans and notes receivable, permanent contributions, and property held for resale.

2. **Restricted** – Includes constrained amounts that are restricted are 1) externally imposed by creditors, grantors, contributors, or laws/regulations, or 2) internally imposed by law through constitutional provisions or *enabling legislation*. *Enabling legislation* authorizes the City to assess, levy, charge, or mandate payment of resources from outside the government, and includes a legally enforceable requirement that those resources be used only for specific purposes. Legally enforceable means the City can be compelled by those outside the government to use those resources for the purposes specified in the legislation.

Practical Application of Enabling Legislation – Board Ordinances and provisions of the City Code and external restrictions.

3. **Committed** – Includes constrained amounts that can be used only for specific purposes imposed by City Council. Commitments can only be reversed by taking the same action employed to commit the amounts (e.g. ordinance). The difference between Restricted and Committed is that committed resources can be redeployed for other purposes with appropriate due process. Compliance with the commitment is not legally enforceable by those outside the government.

Practical Application – Ordinances and City Code.

4. **Assigned** – Includes amounts constrained by the *intent* that they be used for specific purposes. Intent can be expressed by either the City Council or officials and committees to whom the Council has delegated authority.

Practical Application – Board Resolutions

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5. Unassigned – Defined as the residual fund balance that is not non-spendable, restricted, committed, or assigned. Unassigned fund balance applies only to the General fund.

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Debt Management Policies

1. The Finance Director will structure all debt issuances and oversee the on-going management of all City debt. Debt includes general obligation bonds, lease purchase obligations, revenue bonds, special assessment obligations, promissory notes, equipment financing agreements and any other contractual arrangements that obligate the City to make future principal and interest payments.
2. No debt shall be issued for which the City has not identified specific revenue sufficient for repayment. The Finance Director shall prepare an analysis of the source of repayment prior to issuance of any debt.
3. The City will not use long-term debt to fund current operations, to balance the budget or to fund projects that can be funded from current resources, unless the use of debt is otherwise determined to be in the best interest of the City.
4. The City may utilize short-term debt or inter-fund loans ~~as permitted~~, to cover temporary cash flow deficiencies due to timing of cash flows, such as may result from delay in receipting grant proceeds or other revenues and delay in issuance of long-term debt.
5. When issuing long-term debt, the City will ensure that the debt is soundly financed by:
 - a. Incurring debt only when necessary for capital improvements too large to be financed from current available resources,
 - b. Insuring that capital projects financed through long-term debt shall be financed for a period not to exceed the useful life of the project,
 - c. Determining that the benefits of the project financed exceed the cost of financing including interest costs,
 - d. Analyzing the source of repayment, debt coverage ratios and the impact of debt service on annual fixed costs prior to issuance of long-term debt.
6. All bond issuances, promissory notes, and capital leases will be authorized by resolution of the City Council.
7. The City will consider establishing a credit rating when issuing debt in the capital markets and once established maintain or enhance the credit rating.

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Reserve Policies

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1. The City will maintain sufficient contingency and reserves in each fund for the ability to:
 - a. Maintain a positive fund balance at all times
 - b. Mitigate short-term volatility in revenues
 - c. Mitigate short-term economic downturns (two years or less)
 - d. Absorb unanticipated operating needs that arise during the fiscal year but were not anticipated during the budget process
 - e. Sustain City services in the event of an emergency
 - f. Meet operating cash flow requirements before the collection of property taxes, grant proceeds and other operating revenues
 - g. Absorb unexpected claims or litigation settlements
 - h. Meet major facility and equipment repair and replacement needs
 - i. Meet requirements for debt reserves

2. Reserve amounts for individual funds:
 - a. General Fund - General Fund undesignated reserves are desired to be sufficient to meet expenditure requirements without the use of short-term borrowing. This is anticipated to be approximately twenty-five percent (25%) of General Fund operating expenditures.
 - b. Building Inspection Fund – Building Inspection Fund undesignated reserves are desired to be at least fifty percent (50%, approximately six months) of the operating budget to provide operational stability given the volatility of the revenue sources for this fund.
 - c. Water, Wastewater and Stormwater Funds – The City desires to maintain undesignated operating reserves of at least twenty five percent (25%, or three months) of the operating budget for its utility funds. Additionally, a major capital repair and replacement reserve and capital improvement reserve, ~~are desired to will~~ be created and maintained in each fund.
 - d. All other funds – ~~Undesignated~~ reserves of at least seventeen percent (17%, or two months) of the operating budget in all other operating funds unless it can be demonstrated that less than 17% is adequate to meet the needs of the ~~each~~ fund are desired.

3. The City may use reserves on a one-time or temporary basis for purposes described above. In the event that reserve funds are presently or decrease to levels below the levels desired by this policy, the City will develop a plan to restore reserves to the desired levels.

2.5. ~~The City shall establish a contingency reserve as part of the biennial budget process. Funds may not be disbursed directly from contingency but must be reclassified into a spendable budget category through a supplemental budget.~~

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Definition of Terms

Budget Committee – is the legal body appointed by the City Council consisting of the five citizen members and the five councilors, all with equal vote. The role of the Budget Committee is governed by the State of Oregon’s Local Budget Law and includes reviewing the City Manager’s proposed budget and making recommendations to the Council regarding budget items and property tax rates.

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Budget Review Board (BRB) – is an advisory board appointed by the City Council consisting of the five citizen members of the budget committee. The board was established to provide the Council with the citizen member’s expertise developed during the budget process during the year when the budget committee is/was not in session.

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Government Finance Officers Association (GFOA) – is is the national finance officers/officers’ organization whose purpose is to enhance and promote the professional management of governments for the public benefit by identifying and developing financial policies and best practices and promoting their use through education, training, facilitation of member networking, and leadership.

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Category level – for budget control purposes, categories include personal services, materials and services, capital outlay, debt service, transfers, contingency, reserves and unappropriated.

Program level – for budget control purposes, programs may include library services, community services, administration/community development, finance, human resources, etc.

Divisional level – for budget control purposes, divisional level would include water, street, storm water, and wastewater divisions within the public works department. Other divisions may include the police field services, police administration, and police support services within the police department.

Capital Improvement Plan (CIP) – The CIP is a schedule of capital projects including estimated cost and timing. There is a separate CIP for each major infrastructure system in the City, e.g., water, streets, sidewalks, storm water, wastewater, information technology, City facilities and vehicles.

Debt Coverage Ratio (DCR) – represents the ratio of “net revenues” available to pay scheduled debt service. A ratio of 1.0 reflects “net revenues” equal to scheduled debt service. A ratio greater than 1.0 reflects “net revenues” in excess of scheduled debt services and a ratio less than 1.0 indicates “net revenue” is less than scheduled debt service.

Oregon Revised Statutes (ORS) – Oregon’s compilation of state laws including rules of civil procedure.

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**Exhibit 1
Draft Budget Calendar**

Description	Parties	Proposed Date	Latest Date	
Council approval of CIP	Council, City Mgr, dept heads	End of Dec	End of Jan	Formatted: Font: (Default) Arial, 11 pt Formatted: Justified
Estimate current year-end revenue and expenditures (ORS 294.361 and 294.352)	Dept heads	End of Jan	Mid-Feb	Formatted: Font: (Default) Arial, 11 pt Formatted: Justified
Review December financials, preliminary year-end estimates, five-year financial projections and budget process with Budget Committee	Dept heads	End of Jan	Mid-Feb	Formatted: Font: (Default) Arial, 11 pt Formatted: Justified
Council Goal Setting	Council with City Mgr	Dec	End of Jan	Formatted: Font: (Default) Arial, 11 pt Formatted: Justified
Requested budget prepared and provided to finance	Dept heads	End of Feb	Mid-Mar	Formatted: Font: (Default) Arial, 11 pt Formatted: Justified
Updates to five-year financial plan, e.g., staffing and other assumptions provided to finance director	Dept heads	End of Feb	Mid-Mar	Formatted: Font: (Default) Arial, 11 pt
Dept meetings with City Manager and Finance Director	Dept heads, staff and City Mgr	Mid-Mar	End of Mar	Formatted: Justified Formatted: Font: (Default) Arial, 11 pt Formatted: Justified
Budget narratives completed	Dept heads	Early April	End of April	Formatted: Font: (Default) Arial, 11 pt Formatted: Justified
Update year-end revenue and expenditure estimates	Dept heads	Monthly	Monthly	Formatted: Font: (Default) Arial, 11 pt
Publish "Notice of Budget Committee Meeting" (ORS 294.401)	Finance Dir	Xx days before meeting	Xx days before meeting	Formatted: Justified Formatted: Font: (Default) Arial, 11 pt Formatted: Justified
Publish "Second Notice of Budget Committee Meeting" (ORS 294.401)	Finance Dir	Xx days before meeting	Xx days before meeting	Formatted: Justified Formatted: Font: (Default) Arial, 11 pt Formatted: Justified
Provide Proposed Budget (ORS 294.396) and Five-Year Financial Projections to Budget Committee	Finance Dir	End of April	Mid-May	Formatted: Font: (Default) Arial, 11 pt Formatted: Justified
First Budget Committee meeting (ORS 294.401)	Budget Committee, City Mgr and dept heads	1 st Council meeting in May	2 nd Council meeting in May	Formatted: Font: (Default) Arial, 11 pt Formatted: Justified
Additional Budget Committee meetings (ORS 294.406)	Budget Committee, City Mgr and dept heads	Week following 1 st Council meeting in May	Week following 2 nd Council meeting in May	Formatted: Font: (Default) Arial, 11 pt Formatted: Justified
Budget Committee approves budget (ORS 294.406)	Budget Committee	Mid-May	End of May	Formatted: Font: (Default) Arial, 11 pt Formatted: Justified

▲ Publish "Notice of Budget Hearing" (ORS 294.413, 416, 418)	Finance Dir	Xx	days	Xx	days	Formatted: Font: (Default) Arial, 11 pt
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▲ City Council holds public hearing; adopts budget; levies taxes (ORS 294.430, 435)	City Council	1 st	Council	June 30		Formatted: Font: (Default) Arial, 11 pt
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			June			
▲ Adopted Budget goes into effect	City-wide	July 1		July 1		Formatted: Font: (Default) Arial, 11 pt
▲ Adopted Budget submitted to County Assessor and Department of Revenue (ORS 294.555)	Finance Dir	July 1		July 15		Formatted: Justified
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ATTACHMENT 3

City of Milwaukie Fiscal Policies

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Purpose

The City of Milwaukie is committed to responsible fiscal management through financial integrity, prudent stewardship of public assets, planning, accountability and full disclosure. The broad purpose of the Fiscal Policies is to enable the City to achieve and maintain a long-term stable and positive financial condition. These policies are adopted by the City Council as the basic framework for overall financial management of the City, to guide day-to-day and long-range fiscal planning and decision making, and to achieve the following general financial goals:

1. Provide an adequate financial base to sustain the desired level of municipal services to maintain the social wellbeing and physical conditions of the City.
2. Deliver cost effective and efficient services to citizens.
3. Provide and maintain essential public facilities, utilities, and capital equipment.
4. Protect and enhance the City's credit rating so as to obtain the lowest cost of borrowing and assure taxpayers and the financial community that the City is well managed and financially sound.
5. Provide the financial stability needed to navigate through economic downturns, adjust to changes in the service requirements of the community and respond to other changes as they affect the City's residents and businesses.
6. Adhere to the highest standards of financial management and reporting practices as set by the Government Finance Officers Association, the Governmental Accounting Standards Board and other professional standards.
7. Fully comply with finance related legal mandates, laws and regulations.

To achieve these goals, fiscal policies generally cover areas of revenue management, operating and capital budgeting, financial planning and forecasting, investment and asset management, debt management, accounting and financial reporting, reserves and internal controls. These policies are reviewed annually by management, the Budget Review Board, and City Council and amended as necessary, as part of the budget process.

Revenue Policies

1. The City will strive for and maintain diversified and stable revenue sources to prevent undue or unbalanced reliance on any one source of funds. Revenue diversity will also reduce risk to the City from short-term fluctuations in any one revenue source.
2. One-time revenues will be used only for one-time expenditures. The City will minimize using temporary revenues to fund continuing programs and services.
3. The City will maximize the use of service and user charges in lieu of ad valorem taxes and subsidies from other City funds, for services that can be identified and where costs are directly related to the level of service provided. The Council may establish fees at less than "full cost recovery" when deemed in the public interest. The City will periodically and systematically review user fees and charges to take into account the effects of additional service costs and inflation.

4. Unless prohibited by law, City fees may be deferred or waived by the City Manager or City Council action when it can be demonstrated that a direct public benefit will be obtained. In addition, the City Council may direct that City fees, e.g., system development charges, building permit fees, planning fees, be paid on behalf of applicants and City Council's action will include a determination of the source of funds to pay such fees. Fees that are deferred or waived by the City Manager exceeding \$1,000 will be communicated to the Council.
5. All fees, charges or assessments that are deferred for later payment will be evidenced by a written promissory note or agreement. The City may charge periodic interest, processing fees and additional interest and penalties for delinquencies as appropriate.
6. System development charges shall be established to fund the costs of improvements to service additional increments to growth such as street, water, wastewater and storm water facilities and infrastructure.
7. Water, Wastewater and Stormwater funds will be self-supporting through user fees. Utility rates will be established to fully recover costs, including operation, administration, replacement of assets, capital expansion, with consideration given to return on investment and existing and or anticipated debt to insure a debt coverage ratio of no less than 1.50.
8. Fee adjustments will be based on five-year financial plans that will be reviewed and updated annually.
9. The City Manager shall approve all grant applications before their submission. Additionally, all potential grants that require matching funds, on-going resource requirements, or include new or additional continuing compliance requirements shall be evaluated and considered before submittal of the application. The City Council will be provided the evaluation with the request for their acceptance of the grant.
10. Revenues will be estimated realistically and prudently. Revenues of a volatile nature will be estimated conservatively. The City will estimate its revenues by an objective, analytical process using best practices as defined by the Government Finance Officers Association.
11. Charges for services shall accurately reflect the actual or estimated costs of providing a specific service. The cost of providing specific services shall be recalculated periodically and the fee adjusted accordingly.
12. The City shall pursue an aggressive policy for collecting delinquent accounts. When necessary, the City shall use such methods as small claims courts, collection agencies, liens to enforce collection. The City may impose late fees and penalties.

Budget Policies

1. The City will prepare a budget with the participation of all departments that incorporates GFOA recommendations relative to budgeting for results and outcomes.
 - a. Determine how much money is available. The budget should be built on expected revenues. This includes base revenues, any new revenue sources, and the potential use of fund balance.
 - b. Prioritize results. The results or outcomes that matter most to citizens should be defined. Elected leaders should determine what programs are most important to their constituents.
 - c. Allocate resources among high priority results. The allocations should be made in a fair and objective manner.
 - d. Conduct analysis to determine what strategies, programs, and activities will best achieve desired results.
 - e. Budget available dollars to the most significant programs and activities. The objective is to maximize the benefit of the available resources.
 - f. Set measures of annual progress, monitor, and close the feedback loop. These measures should spell out the expected results and outcomes and how they will be measured.
 - g. Check what actually happened. This involves using performance measures to compare actual versus budgeted results.
 - h. Communicate performance results. Internal and external stakeholders should be informed of the results in an understandable format.
2. All budgetary procedures will conform to existing state regulations. Oregon budget law requires each local government to prepare a balanced budget and Oregon Administrative Rules state: 1) the budget must be constructed in such a manner that the total resources in a fund equal the total of expenditures and requirements for that fund, and 2) the total of all resources of the entity must equal the total of all expenditures and all requirements for the entity.
3. The budget process will be coordinated so that major policy issues and department goals and objectives are identified and incorporated into the budget. Additionally, the Budget Review Board as established by its charge, shall review the budget of selected departments and/or City functions and shall make recommendations on service levels and the appropriate budget resources necessary to achieve that service level, consistent with its Council approved annual work plan to the full Budget Committee.
4. A cost allocation plan will be developed and incorporated into the City budget. The cost allocation plan will be the basis for distribution of general government and internal service costs to other funds and capital projects.
5. Unless otherwise authorized by City Council, general fund unrestricted revenues shall not be assigned for specific programs, activities or services.
6. The City Council shall adopt the budget at the fund, departmental or program level as a total dollar amount for all appropriations except contingency,

unappropriated ending fund balance and reserves, which shall be stated separately.

7. At a minimum, a mid-year review process will be conducted by the City Manager in order to address any necessary adjustments to the adopted budget.
8. The City will submit the Adopted Budget Document to the Government Finance Officers Association (GFOA) to obtain the Award for Distinguished Budget Presentation.
9. A budget calendar will be prepared detailing the key elements in the development of the budget. (Please see exhibit 1).

Expenditure Control Policies

1. Expenditures will be controlled through appropriate internal controls and procedures. Management must ensure expenditures comply with the legally adopted budget. Each Department or Division Manager or Director will be responsible for the administration of his/her department/division budget. This includes accomplishing the goals and objectives incorporated into the budget and monitoring each department/division budget for compliance with spending limitations.
2. The City Manager will administer expenditure control at the category level and program or divisional level. Additionally, the City Manager may give authorization to mandate this level of control down to any line item level. Expenditures anticipated to be in excess of these levels require approval of the City Manager, or Finance Director. Any increase in a budget category anticipated to exceed \$50,000 will require City Council approval.
3. All purchases of goods and services must comply with the City's Purchasing Policies, guidelines and procedures and with State laws and regulations.
4. All compensation planning and collective bargaining will include analyses of total cost of compensation, which includes analysis of salary increases, health benefits, pension contributions, and other fringe benefits. The City will only propose operating personnel costs that can be supported by continuing operating revenues.
5. City staff are to make every effort to control expenditures to ensure City services and programs provided to its citizens and taxpayers are cost effective and efficient. Expenditures that will reduce future costs will be encouraged.

Capital Improvement Investment Policies

1. A five-year Capital Improvement Program (CIP) encompassing all City facilities, including utilities infrastructure, buildings and major equipment and vehicles, shall be prepared and updated periodically as needed. A public process will be utilized to consider public testimony on the CIP, including review and approval of the CIP by the Citizens Utility Advisory Board (CUAB), Budget Review Board, and the City Council. The five-year CIP will be incorporated into the City's budget and long-range financial planning processes and as such its annual review and approval is anticipated to occur approximately six months, i.e., prior to December 31, prior to the beginning of the subsequent fiscal year. (Please see exhibit 1, Budget Calendar).
2. Projects included in the CIP shall describe the need for the project, the scope of work, total cost estimates, future operating and maintenance costs and how the project and future operations and maintenance will be funded.
3. An objective process, e.g., a rating matrix that includes but is not limited to neighborhood association support for projects within or directly or indirectly impacting a neighborhood association, public safety considerations, engineering, operations, connectivity, inter-departmental and or inter-governmental commitments or requirements, and funding availability, will be established to evaluate and rank CIP projects with respect to each utility and to the overall needs of the City. The ranking of projects will be used to allocate resources to ensure projects are completed effectively and efficiently.
4. Changes to the CIP such as addition of new projects, significant change to the scope of the project or reprioritization of projects will require City Manager or City Council approval.
5. The City will maintain its physical assets at a level adequate to protect the City's capital investment and to minimize future operating maintenance and replacement costs. The City recognizes that deferred maintenance increases future capital costs, thus placing a burden on future residents. Therefore, the CIP will include an orderly and systemic replacement of capital facilities and equipment.
6. The City will establish and fund infrastructure and building reserves adequate to sustain each utility and the City's building facilities. The City will also establish major repairs and replacement reserves to provide stable funding of major repairs and replacements. The reserves will be included and identified as separate components of fund balance in the various funds.
7. The City will utilize "pay-as-you-go" funding for capital improvement expenditures considered recurring, operating or maintenance in nature whenever possible. The City may also utilize "pay-as-you-go" funding for capital improvements when current revenues and adequate fund balances are available or when issuing debt would adversely affect the City's credit rating or debt terms are unfavorable relative to the benefits derived from the capital improvement.

8. The City will consider the use of debt financing for capital projects and equipment under the following circumstances:
 - a. When the use of debt will result in total project cost savings that exceed borrowing costs.
 - b. When the project's useful life will exceed the terms of the financing.
 - c. When resources are deemed sufficient and reliable to service the long-term debt.
 - d. When market conditions present favorable interest rates for City financing.
 - e. When the issuance of debt will not adversely affect the City's credit rating.

Financial Planning Policies

1. The Finance Department, collaborating with other departments, will prepare a Five Year Financial Forecast for each fund to promote responsible planning for the use of resources. The long-term financial plan will include projected revenues, expenditures and reserve balances for the next five years.
2. The City's financial plan should be strategic, reflecting the City Council and community priorities for service while providing resources that fund desired service levels.
3. Long-term projections of revenues and expenditures will be based upon disclosed assumptions, and prepared consistent with best practices established by the Government Finance Officers Association.
4. The Five Year Financial Forecast will be integral to the development of the budget and will be included in the proposed budget presented to the Budget Committee. (Please see exhibit 1, Budget Calendar).

Economic Development Funding Policies

1. The City may utilize economic development incentives to encourage value-added development and accrue public benefits to the City of Milwaukie. Public benefits may include but are not limited to, the following:
 - a. A benefit that materially enhances the financial position of the City by increasing its employment base or assessed valuation.
 - b. A contribution to the basic infrastructure of the City that is greater than that which would be required of the development alone.
 - c. A benefit that increases access to other public services.
2. Economic development incentives may include formation of improvement or redevelopment districts, reimbursement, deferral of certain fees and charges, use of discount lease rates or other forms of financial incentives. All such incentives will be evaluated as to the costs, risks and level of benefit as well as the financial impact of such incentives on the City's operating and capital budgets.
3. The fiscal impact evaluation will be presented to City Council along with the City Manager's recommendation. The City Council shall make the final decision

concerning proposed economic development incentives including any repayment of incentives if performance requirements are not met.

4. Funding for economic development incentives must be identified before approval of all such incentives.
5. A development incentive shall not be provided if the development does not provide sufficient public benefit or if the cost and risks to the City will have a materially adverse impact on the City's finances or operations.

Pension and Retirement Funding Policies

1. All current pension liabilities shall be funded on an annual basis.
2. The City does not pay for any portion of retiree health insurance premiums except in a limited number of cases as grandfathered in under a previous policy. A retiring employee may be able to purchase City provided benefits if the person meets the eligibility requirements.

Cash Management and Investment Policies

1. The Finance Director or their designee shall invest all City funds according to four criteria, in order of their importance: (1) legality, (2) safety, (3) liquidity, and (4) yield.
2. The City shall maintain and comply with a written Investment Policy that has been approved by City Council.
3. The City will consolidate or pool cash balances from various funds for investment purposes and will apply interest earned to offset bank fees. In the event that interest exceeds fees, interest will be allocated to funds based on their respective share of the pool.
4. The City's investment securities will be protected through third party custodial safekeeping.

Accounting and Financial Reporting Policies

1. The City Manager or Finance Director shall prepare and submit fiscal policy and changes to fiscal policies to the City Council. Such fiscal policies and changes in policies shall be approved by the City Council.
2. The City will comply with the following accounting and reporting standards:
 - a. Generally Accepted Accounting Principles (GAAP) developed by Governmental Accounting Standards Board;
 - b. Government Accounting, Auditing and Financial Reporting standards prescribed by the Government Finance Officers Association (GFOA);
 - c. Government Accounting Standards, issued by the Comptroller General of the United States;
 - d. Oregon Revised Statutes relating to Municipal finance; and
 - e. U.S. Office of Management and Budget (OMB) Circular A-133,
3. Monthly financial reports comparing actual to budgeted expenditures will be prepared timely by the Finance Department. Reports will be distributed to City Management and the City Council. Significant budget to actual variances will be identified and explained. If an additional appropriation is anticipated, such shall be noted.
4. Quarterly financial reports comparing actual to budgeted revenues and expenditures will also be prepared and will be posted on the City's website.
5. A system of internal controls and procedures will be maintained to provide reasonable assurance of the safeguarding of assets and proper recording of financial transactions and compliance with applicable laws and regulations.
6. In accordance with State law, a comprehensive financial audit including an audit of federal grants will be performed annually by an independent public accounting firm with the objective of expressing an opinion on the City's financial statements and assessing the accounting principles used and evaluating the internal controls in place.
7. The City will prepare its financial statements and maintain its accounting and internal control systems in accordance with applicable standards with the goal of obtaining an unqualified opinion from its auditors.
8. The City will prepare a Comprehensive Annual Financial Report (CAFR) and submit its CAFR to the GFOA's "Certificate of Achievement for Excellence in Financial Reporting" program.
9. Upon request, all departments will provide notice of all significant events and financial and related matters to the Finance Director for the City's annual disclosures to the municipal markets as required by SEC Regulation 15-C-2-12. Full disclosure will be provided in the financial statements and bond representations. Significant events include delinquencies and defaults related to the City's bonds, adverse tax opinions or events affecting the tax exempt status of bonds, the release, substitutions or sale of property securing repayment of

bonds and other events having a significant impact on the City's finances and outstanding bonds. The Finance Director will notify all Nationally Recognized Municipal Securities Information Repositories of these significant events.

10. The City's asset capitalization policy is to capitalize and depreciate assets greater than \$10,000 with a useful life beyond one year. Capital assets costing less than \$10,000 or having a useful life of one year or less will be treated as operating expenditures. Assets will be depreciated straight line over their estimated useful lives.

Fund Balance Policies

In accordance with accounting principles generally accepted in the United States of America, Council defines **governmental funds'** fund balances as follows:

1. **Non-spendable** – Include amounts that by their nature cannot be spent such as inventories, prepaid expenditures, long-term loans and notes receivable, permanent contributions, and property held for resale.
2. **Restricted** – Includes constrained amounts that are restricted are 1) externally imposed by creditors, grantors, contributors, or laws/regulations, or 2) internally imposed by law through constitutional provisions or *enabling legislation*. Enabling legislation authorizes the City to assess, levy, charge, or mandate payment of resources from outside the government, and includes a legally enforceable requirement that those resources be used only for specific purposes. Legally enforceable means the City can be compelled by those outside the government to use those resources for the purposes specified in the legislation.

Practical Application of Enabling Legislation – Board Ordinances and provisions of the City Code and external restrictions.

3. **Committed** – Includes constrained amounts that can be used only for specific purposes imposed by City Council. Commitments can only be reversed by taking the same action employed to commit the amounts (e.g. ordinance). The difference between Restricted and Committed is that committed resources can be redeployed for other purposes with appropriate due process. Compliance with the commitment is not legally enforceable by those outside the government.

Practical Application – Ordinances and City Code.

4. **Assigned** – Includes amounts constrained by the *intent* that they be used for specific purposes. Intent can be expressed by either the City Council or officials and committees to whom the Council has delegated authority.

Practical Application – Board Resolutions

5. **Unassigned** – Defined as the residual fund balance that is not non-spendable, restricted, committed, or assigned. Unassigned fund balance applies only to the General fund.

Debt Management Policies

1. The Finance Director will structure all debt issuances and oversee the on-going management of all City debt. Debt includes general obligation bonds, lease purchase obligations, revenue bonds, special assessment obligations, promissory notes, equipment financing agreements and any other contractual arrangements that obligate the City to make future principal and interest payments.
2. No debt shall be issued for which the City has not identified specific revenue sufficient for repayment. The Finance Director shall prepare an analysis of the source of repayment prior to issuance of any debt.
3. The City will not use long-term debt to fund current operations, to balance the budget or to fund projects that can be funded from current resources, unless the use of debt is otherwise determined to be in the best interest of the City.
4. The City may utilize short-term debt or inter-fund loans to cover temporary cash flow deficiencies due to timing of cash flows, such as may result from delay in receipting grant proceeds or other revenues and delay in issuance of long-term debt.
5. When issuing long-term debt, the City will ensure that the debt is soundly financed by:
 - a. Incurring debt only when necessary for capital improvements too large to be financed from current available resources,
 - b. Insuring that capital projects financed through long-term debt shall be financed for a period not to exceed the useful life of the project,
 - c. Determining that the benefits of the project financed exceed the cost of financing including interest costs,
 - d. Analyzing the source of repayment, debt coverage ratios and the impact of debt service on annual fixed costs prior to issuance of long-term debt.
6. All bond issuances, promissory notes, and capital leases will be authorized by resolution of the City Council.
7. The City will consider establishing a credit rating when issuing debt in the capital markets and once established maintain or enhance the credit rating.

Reserve Policies

1. The City will maintain sufficient contingency and reserves in each fund for the ability to:
 - a. Maintain a positive fund balance at all times
 - b. Mitigate short-term volatility in revenues
 - c. Mitigate short-term economic downturns (two years or less)
 - d. Absorb unanticipated operating needs that arise during the fiscal year but were not anticipated during the budget process
 - e. Sustain City services in the event of an emergency
 - f. Meet operating cash flow requirements before the collection of property taxes, grant proceeds and other operating revenues
 - g. Absorb unexpected claims or litigation settlements
 - h. Meet major facility and equipment repair and replacement needs
 - i. Meet requirements for debt reserves

2. Reserve amounts for individual funds:
 - a. General Fund - General Fund undesignated reserves are desired to be sufficient to meet expenditure requirements without the use of short-term borrowing. This is anticipated to be approximately twenty-five percent (25%) of General Fund operating expenditures.
 - b. Building Inspection Fund – Building Inspection Fund undesignated reserves are desired to be at least fifty percent (50%, approximately six months) of the operating budget to provide operational stability given the volatility of the revenue sources for this fund.
 - c. Water, Wastewater and Stormwater Funds – The City desires to maintain undesignated operating reserves of at least twenty five percent (25%, or three months) of the operating budget for its utility funds. Additionally, a major capital repair and replacement reserve and capital improvement reserve will be created and maintained in each fund.
 - d. All other funds –Undesignated reserves of at least seventeen percent (17%, or two months) of the operating budget in all other operating funds unless it can be demonstrated that less than 17% is adequate to meet the needs of the fund are desired.

3. The City may use reserves on a one-time or temporary basis for purposes described above. In the event that reserve funds are presently or decrease to levels below the levels desired by this policy, the City will develop a plan to restore reserves to the desired levels.

5. The City shall establish a contingency reserve as part of the budget process. Funds may not be disbursed directly from contingency but must be reclassified into a spendable budget category through a supplemental budget.

Definition of Terms

Budget Committee – is the legal body appointed by the City Council consisting of the five citizen members and the five councilors, all with equal vote. The role of the Budget Committee is governed by the State of Oregon's *Local Budget Law* and includes reviewing the City Manager's proposed budget and making recommendations to the Council regarding budget items and property tax rates.

Budget Review Board (BRB) – is an advisory board appointed by the City Council consisting of the five citizen members of the budget committee. The board was established to provide Council with the citizen member's expertise developed during the budget process during the year when the budget committee is not in session.

Government Finance Officers Association (GFOA) – is the national finance officers' organization whose purpose is to enhance and promote the professional management of governments for the public benefit by identifying and developing financial policies and best practices and promoting their use through education, training, facilitation of member networking, and leadership.

Category level – for budget control purposes, categories include personal services, materials and services, capital outlay, debt service, transfers, contingency, reserves and unappropriated.

Program level – for budget control purposes, programs may include, community services, community development, finance, human resources, etc.

Divisional level – for budget control purposes, divisional level would include water, street, storm water, and wastewater divisions within the public works department. Other divisions may include the police field services, police administration, and police support services within the police department.

Capital Improvement Plan (CIP) – The CIP is a schedule of capital projects including estimated cost and timing. There is a separate CIP for each major infrastructure system in the City, e.g., water, streets, sidewalks, storm water, wastewater, information technology, City facilities and vehicles.

Debt Coverage Ratio (DCR) – represents the ratio of "net revenues" available to pay scheduled debt service. A ratio of 1.0 reflects "net revenues" equal to scheduled debt service. A ratio greater than 1.0 reflects "net revenues" in excess of scheduled debt services and a ratio less than 1.0 indicates "net revenue" is less than scheduled debt service.

Oregon Revised Statutes (ORS) – Oregon's compilation of state laws including rules of civil procedure.

**Exhibit 1
Draft Budget Calendar**

Description	Parties	Proposed Date	Latest Date
Council approval of CIP	Council, City Mgr, dept heads	End of Dec	End of Jan
Estimate current year-end revenue and expenditures (ORS 294.361 and 294.352)	Dept heads	End of Jan	Mid-Feb
Review December financials, preliminary year-end estimates, five-year financial projections and budget process with Budget Committee	Dept heads	End of Jan	Mid-Feb
Council Goal Setting	Council with City Mgr	Dec	End of Jan
Requested budget prepared and provided to finance	Dept heads	End of Feb	Mid-Mar
Updates to five-year financial plan, e.g., staffing and other assumptions provided to finance director	Dept heads	End of Feb	Mid-Mar
Dept meetings with City Manager and Finance Director	Dept heads, staff and City Mgr	Mid-Mar	End of Mar
Budget narratives completed	Dept heads	Early April	End of April
Update year-end revenue and expenditure estimates	Dept heads	Monthly	Monthly
Publish "Notice of Budget Committee Meeting" (ORS 294.401)	Finance Dir	Xx days before meeting	Xx days before meeting
Publish "Second Notice of Budget Committee Meeting" (ORS 294.401)	Finance Dir	Xx days before meeting	Xx days before meeting
Provide Proposed Budget (ORS 294.396) and Five-Year Financial Projections to Budget Committee	Finance Dir	End of April	Mid-May
First Budget Committee meeting (ORS 294.401)	Budget Committee, City Mgr and dept heads	1 st Council meeting in May	2 nd Council meeting in May
Additional Budget Committee meetings (ORS 294.406)	Budget Committee, City Mgr and dept heads	Week following 1 st Council meeting in May	Week following 2 nd Council meeting in May
Budget Committee approves budget (ORS 294.406)	Budget Committee	Mid-May	End of May

Publish "Notice of Budget Hearing" (ORS 294.413, 416, 418)	Finance Dir	Xx days before meeting	Xx days before meeting
City Council holds public hearing; adopts budget; levies taxes (ORS 294.430, 435)	City Council	1 st Council meeting in June	June 30
Adopted Budget goes into effect	City-wide	July 1	July 1
Adopted Budget submitted to County Assessor and Department of Revenue (ORS 294.555)	Finance Dir	July 1	July 15

ATTACHMENT 4

City of Milwaukie
Analysis of Revenues pursuant to GASB 54

Fund No.	Fund Type	Description and Revenue Sourc	Average Annual Revenue	Significant Revenue		Legally Restricted	Committed or Assigned	Explanation
				Percentage of Total Fund Revenue				
110		General Fund						
		Property taxes	6,000,000	50%		No	No	
		Franchise taxes	1,600,000	13%		No	No	
		Intergovernmental	1,000,000	8%		No	No	
		Fines and forfeitures	1,800,000	15%		No	No	
		Other	1,600,000	13%		No	No	
300	Special Revenue	Buildings Inspections	220,000	100%		Yes		SB 587, OAR 9148, OAR 913 and ORS 455
310	Special Revenue	Library						
		Library levy	1,000,000	48%		Yes		November 2008 election established library district levy.
		Property taxes	1,000,000	48%		No	Yes	Budget resolution 61-2011 June 7, 2011
		Other	100,000	4%		No		
320	Special Revenue	Transportation						
		State gas tax	1,000,000	38%		Yes		ORS 366 - restricted for street and highway operations
		Local gas tax	200,000	8%			Yes	Milwaukie City Code 3.40.030
		Franchise fees	600,000	23%			Yes	Milwaukie City Code 3.30.010
		Street maintenance fee	600,000	23%			Yes	Milwaukie City Code 3.25.030
		Other	200,000	8%				
350	Capital Projects	Systems Development Charges	100,000	100%		Yes		ORS 223 restricts SDC funds to economic improvements

ATTACHMENT 5

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, ADOPTING THE PROVISIONS OF GOVERNMENT ACCOUNTING STANDARDS BOARD PRONOUNCEMENT NO. 54 REGARDING CATEGORIZING FUND BALANCES, ESTABLISHING SPECIAL REVENUE FUNDS, AND ESTABLISHING ACCOUNTING POLICIES.

WHEREAS, the Government Accounting Standards Board (GASB) has released Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54); and

WHEREAS, The City Council approved the 2011-12 annual budget which includes special revenue and capital projects funds; and

WHEREAS, the City Council recognizes the importance of maintaining consistent fund structures for financial planning purposes;

NOW, THEREFORE, BE IT RESOLVED that in accordance with GASB 54, the City of Milwaukie does hereby recognize and confirm the following:

1. Authority to establish, maintain and commit fund balance. The City Council reserves the authority to establish and modify commitments of revenues and ending fund balance.
2. Authority to establish, maintain and assign fund balance. The City Council reserves the authority to assign revenues and ending fund balance
3. Order of spending of fund balance. The City Council considers that when both restricted and unrestricted fund balance is available for use, it is the City's policy to use restricted fund balance first, then unrestricted fund balance as needed. When unrestricted fund balance is spent, committed funds will be used first; then assigned and unassigned.
4. Commitment of funds to Special Revenue Funds. The City Council confirms its commitment of motor vehicle fuel tax, street maintenance fees and franchise fees to the Transportation fund.
5. Assignment of funds to Special Revenue Funds. The City Council confirms its assignment of property taxes to the Library fund in the amount approved by the City Council and Budget Committee through the budget adoption process.

Introduced and adopted by the City Council on _____ .

This resolution is effective on _____ .

Jeremy Ferguson, Mayor

ATTEST:

APPROVED AS TO FORM:
Jordan Ramis PC

Pat DuVal, City Recorder

City Attorney