

WORK SESSION

**WORK SESSION
MILWAUKIE CITY COUNCIL
DECEMBER 7, 2010**

MILWAUKIE CITY HALL

Second Floor Conference Room
10722 SE Main Street

A light dinner will be served

WORK SESSION – 5:30 p.m.

Discussion Items:

	<u>Time</u>	<u>Topic</u>	<u>Presenter</u>	<u>Page #</u>
1.	5:30 p.m.	Joint Session with Budget Review Board to Review Fiscal Policies	Andy Parks	1
2.	6:20 p.m.	Progress Report on the Downtown Milwaukie Light Rail Station Building	Kenny Asher	17
3.	6:45 p.m.	Adjourn		

Information

Executive Session: 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.

Public Notice

- The Council may vote in work session on non-legislative issues.
- The time listed for each discussion item is approximate. The actual time at which each item is considered may change due to the length of time devoted to the one previous to it.
- The Council requests that all pagers and cell phones be either set on silent mode or turned off during the meeting.
- The City of Milwaukie is committed to providing equal access to information and public meetings per the Americans with Disabilities (ADA). If you need special accommodations, please call 503.786.7502 or email ocr@ci.milwaukie.or.us at least 48 hours prior to the meeting.

Memo:

To: Mayor Jeremy Ferguson
City Council President Greg Chaimov
City Councilor Deborah Barnes
City Councilor Joe Loomis
City Councilor Susan Stone

From: Budget Review Board Chair David Aschenbrenner
BRB Committee member Melissa Arne
BRB Committee member Mike Miller
BRB Committee member Leslie Schockner
BRB Committee member Gabe Storm

Date: October 12, 2010

Re: Budget Review Committee Fiscal Year 2010-11 Work Plan

Per Resolution Number 24-2001, adopted by the Council July 2, 2001, the Budget Review Board has developed the attached work plan for Council consideration and approval.

The key issues identified by the Budget Review Committee for fiscal year 2010-11 is to 1. Improve coordination of effort and roles and responsibilities between our committee and other committees, particularly the Citizen's Utility Advisory Committee with capital improvement plans and utility rates, and 2. Initiate periodic evaluations of service levels and funding for City programs and services. These efforts together with the recently completed review of the financial policies represent a full schedule for the committee.

Based upon discussion and feedback received during the past few budgets and our understanding that capital funding for the Library from the Clackamas County Library District is forthcoming we believe initiating a review of the level of service and related costs for the Library to be beneficial. We understand there is internal support by Finance and Library management to this effort and BRB believes this support to be helpful to the effort.

We appreciate your consideration of our proposed work plan and encourage your approval as soon as possible.

The Budget Review Board is available to discuss any concerns you have, either formally or informally. Thank you for the opportunity to perform this important function on behalf of the City of Milwaukie.

cc: Pat DuVal, Interim City Manager

Draft for discussion purposes

City of Milwaukie
 Budget Review Board
 Proposed Work Plan
 Fiscal Year 2010-11

Purpose: The BRB, the citizen members of the Budget Committee, is charged with annually reviewing 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 to the Council for consideration during the annual budgeting process, and shall also serve in their role on the Budget Committee. To that purpose the BRB shall develop an annual work plan that shall be reviewed by the Council and approved or amended.

Description	Parties	Begin	End
Develop/adopt work plan	BRB/Council	March	June
Review financial policies	BRB/finance staff/Council	August	October
Joint meetings with CUAB, Neighborhood Association leadership, Library Advisory Board, Public Safety Advisory Board	BRB and various groups - Library first	October	January
Review budget and service levels of Library	BRB, Library, Library Advisory Board, staff, and Council	November	February
Review year-end financials	BRB/council/staff	December	December
Review CIP	BRB, CUAB, staff	December	January
Review six-month financials	BRB/council/staff	January	January
Review five-year forecasts	BRB/council/staff	April	May
Budget review and approval	Budget committee	May	May

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To: Mayor Jeremy Ferguson
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From: Budget Review Board Chair David Aschenbrenner
BRB Committee member Melissa Arne
BRB Committee member Mike Miller
BRB Committee member Leslie Schockner
BRB Committee member Gabe Storm

Date: October 12, 2010

Re: Financial Policies

Based on the request of the Mayor and Council, the Budget Review Board has developed the attached financial policies, which we are recommending the City Council formally adopt. We appreciate your confidence in assigning us this task and thank Andy Parks for the excellent staff support in bringing these policies forward for adoption.

We based these policies on the Model Government Finance Officers Association (GFOA) fiscal policies with due consideration for the particulars of Milwaukie as a small city. We believe that adoption of these policies will go a long way towards ensuring that over time, and through the succession of administrations in Milwaukie, the financial affairs of the City will be conducted in a consistent, fiscally prudent manner.

We therefore urge the adoption of these policies with all due speed so that they can be in place as soon as possible. We think that these policies, which specify a methodology for ensuring that the City's finances are appropriately budgeted and managed in a cost-efficient and service-effective manner, will be especially useful now as we move forward with a new City Manager in a period of fiscal constraint.

The Budget Review Board is available to discuss any concerns you have, either formally or informally. Thank you for the opportunity to perform this important function on behalf of the City of Milwaukie.

cc: Pat DuVal, Interim City Manager

City of Milwaukie Fiscal Policies

Table of Contents

Purpose	2
Revenue Policies	2
Budget Policies	4
Expenditure Control Policies	5
Capital Improvement Investment Policies	6
Financial Planning Policies	7
Economic Development Funding Policies	7
Pension and Retirement Funding Policies	8
Cash Management and Investment Policies	8
Accounting and Financial Reporting Policies	9
Debt Management Policies	10
Reserve Policies	11
Definition of Terms	12
Exhibit 1 - Draft Budget Calendar	13

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. 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.
7. Fee adjustments will be based on five-year financial plans that will be reviewed and updated annually.
8. 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.
9. 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.

Budget Policies

1. The City will prepare an annual 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. 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.

6. 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.
7. The City will submit the Adopted Budget Document to the Government Finance Officer's Association (GFOA) to obtain the Award for Distinguished Budget Presentation.
8. 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 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.

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.
 - c. 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 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 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).

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. 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.

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.
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.

Accounting and Financial Reporting Policies

1. 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 Officer's 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,
2. 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.
3. 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.
4. 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 principals used and evaluating the internal controls in place.
5. 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.
6. 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.
7. 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.

8. 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.

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.

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, are desired to 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.

2. 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.

Definition of Terms

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 the citizen member’s expertise developed during the budget process during the year when the budget committee was 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 library services, community services, administration, 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

Memo:

To: Mayor Jeremy Ferguson
City Council President Greg Chaimov
City Councilor Deborah Barnes
City Councilor Joe Loomis
City Councilor Susan Stone

From: Andy Parks, Interim Finance Director

Date: November 30, 2010

Re: Fund Structure

An initial assessment of the City's fund structure was performed shortly after my arrival in early 2010 and was distributed during the budget process. Since that time we have discussed the assessment with the City's auditors, the Budget Review Board (BRB), and with West Linn's Finance Director.

The conclusion of myself and the other CPA's involved is that the City has too many funds. These additional funds create unnecessary complexity and appear not to provide the benefits initially intended. What appears to have occurred is the extra funds that were created to provide transparency and simplify the budget have instead had the opposite effect. There appears to be confusion and lack of understanding with many of the existing funds, which makes gaining the confidence of internal and external users much more difficult to secure and maintain.

During the BRB review and consideration of the financial policies there was a thorough discussion regarding implementation of the fund changes addressed in the attached document. And recently, when the suggestion of a separate Library Fund was discussed between the BRB and the LAB, the LAB indicated their support for the concept.

As has been noted to you, there is considerable room for improvement in the financial operations of the City. And there has been much progress in the past several months. A key element to continued improvement and to do so most efficiently is the timely implementation of the fund structure changes noted on the attached summary. Making these changes now will minimize the number of funds and effectively create a model fund structure similar to that which exists in the city of West Linn and elsewhere.

Please note there has been one minor change to this document since its initial draft. Rather than create a separate fund for each SDC type, e.g., water, storm water, sewer, and street, a single SDC fund is suggested, further reducing the number of funds.

cc: Bill Monahan, City Manager

Draft for Discussion Purposes Only

City of Milwaukie, Oregon
 Accounting/Budgeting Fund Structure Changes
 Fiscal Year 2010-11

Summary

Number of funds budgeted, i.e., with appropriations (FY 2010) 29

Number of funds budgeted, i.e., with appropriations (FY 2011) 26

Proposed number of funds budgeted, i.e., with appropriations (FY 2012) 10

Funds to be used are highlighted and italicized

Fund	Comments	Fund Balance June 30, 2010 (000's)	Proposed Action	FY
<i>General</i>	Includes Library, Community Services, Code Enforcement, Public Access Studio, Police Administration, Police Field Services, Police Support Services, Planning, Municipal Court, Intergovernmental/Interfund	\$1,769	Retain General Fund, create <i>Library Fund</i> , possibly <i>Police Fund</i>	2012
Administrative Services	Includes City Council, City Manager, City Attorney, Human Resources, Finance, Records and Information Management, Information & Technology, and Photocopier	\$552	Close fund, consolidate into General Fund	2012
Computer Reserve	Computer Reserve	\$0	Fund closed, consolidated with Admin. Services	2010
Neighborhood Grants	Neighborhood Grants	\$0	Fund closed, grants disbursed from General Fund	2010
Public Safety Debt Service	Payment of general obligation bonded debt	\$481	Retain fund until bonds paid off in 2011	2011
<i>Pension Debt Service</i>	Payment of debt issued to pay pension obligation	\$14	Retain fund until bonds paid off	NA
<i>Building Inspection</i>	Building Inspection Fund	\$90	Retain fund, self sufficient program	NA
Street/Surface Maintenance	Street maintenance	\$1,254	Close fund; consolidate to Streets/State Gas	2012

Draft for Discussion Purposes Only

City of Milwaukie, Oregon
 Accounting/Budgeting Fund Structure Changes
 Fiscal Year 2010-11

Summary

Number of funds budgeted, i.e., with appropriations (FY 2010) 29

Number of funds budgeted, i.e., with appropriations (FY 2011) 26

Proposed number of funds budgeted, i.e., with appropriations (FY 2012) 10

Funds to be used are highlighted and italicized

			Tax Fund	
<i>Streets/State Gas Tax</i>	Street maintenance	\$107	Retain fund	NA
Streets SDC	Street System Development Charges	\$451	Consolidate to single <i>SDC fund</i>	NA
Streets Capital & Reserve	Street capital projects	\$0	Fund closed.	2010
Bike Path	Bike Path	\$45	Close fund; consolidate to Street/State Gas Tax Fund	2012
<i>Water</i>	Water system operations	\$173	Retain fund	NA
Water SDC	Water system development charges	\$486	Consolidate to single SDC fund	NA
Water Capital and Reserve	Water maintenance capital projects	\$104	Close fund; consolidate to operations and SDC funds	2012
<i>Wastewater</i>	Wastewater operations	\$2,014	Retain fund	NA
Wastewater SDC	Wastewater system development charges	\$772	Consolidate to single SDC fund	NA
Wastewater Capital and Reserve	Wastewater maintenance capital projects	\$53	Close fund; consolidate to operations and SDC funds	2012
<i>Stormwater</i>	Stormwater operations	\$606	Retain fund	NA
Stormwater SDC	Stormwater system development charges	\$353	Consolidate to single SDC fund	NA
Stormwater Capital and Reserve	Stormwater maintenance capital projects	\$146	Close fund; consolidate to operations and SDC funds	2012
Community Development Administration	Community development administration	\$46	Close fund; consolidate into General Fund	2012
Engineering	Engineering	\$1	Close fund;	2012

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			consolidate into General Fund	
Fleet Services	City-wide vehicle/equipment maintenance	\$215	Close fund; consolidate to General Fund	2012
Fleet Capital and Reserve	City-wide fleet capital and reserve fund	\$2,209	Close fund; allocate balance of resources to where funds originated	2012
Facilities Management	City-wide facilities management	\$397	Close fund; consolidate to General Fund	2012
Knutson Pioneer Cemetery Fund	Cemetery trust account	\$36	Close fund; consolidate to General Fund	2012
Library Endowment	Donations for Library projects	\$166	Close fund; consolidate to Library Fund	2012
Forfeiture	Asset forfeitures related to law enforcement	\$4	Close Fund; consolidate to Police Fund	2012



To: Mayor and City Council

Through: Bill Monahan, City Manager

From: Kenneth Asher, Director of Community Development & Public Works

Subject: Progress Report on the Downtown Milwaukie Light Rail Station Building

Date: November 22 for the December 7, 2010 Work Session

Action Requested

No action requested. This is a progress report on the design and process integration of the proposed Light Rail Station Building on the "Triangle Site" adjacent to the downtown Milwaukie light rail platforms.

History of Prior Actions and Discussions

September 2010: Staff provided a progress report to Council on concept planning in the South Downtown area, which included information about design work underway specific to the light rail station building.

February 2010: Council was updated on the overall Community Development workplan, which included the light rail station building.

October 2009: Staff, along with CES, provided Council with an update on South Downtown planning, which focused on the recent completion of a Pattern Language document that memorialized the community's desire for a light rail station building (Pattern 5).

June 2008: The City Council adopted a ten-year MOU with TriMet (Umbrella Agreement) that, among other things, committed the two parties to working together on a joint development project on the "Triangle Site"

Background

In 2008 and 2009, as the Milwaukie community began to seriously envision a new future for the South Downtown area, and the introduction of light rail service, a vision emerged very naturally and consensually that the downtown Milwaukie light rail station deserved more than a typical TriMet platform. Through the work of CES and a large group of citizen volunteers, an idea surfaced that the vacant site to the east of the future light rail stop (the “triangle site”) could be used for a new train station that would resemble the historic small town train station that had character, charm and strong civic presence.

Running with the idea, staff engaged the architectural firm of Ankrom Moisan to begin designing a building that would fit on the site, work with the light rail platforms, and provide a character and program that would take advantage of the light rail adjacency.

Having worked on a conceptual design for the building for about a year, in coordination with light rail designers and Walker Macy (the city’s South Downtown urban design firm), the building design has gained a measure of definition and personality. Staff would like the Council to see the progress and provide suggestions about future direction, if desired.

The station building, which can be seen in the images provided in Attachment 1, is trying to achieve several goals:

- Bring more eyes and ears to the light rail station itself, so there are more people watching over activity on the platforms at all times.
- Beautify the area immediately around the platforms, most specifically, the triangle site to the east, which has been vacant for many years.
- Stimulate revitalization of the downtown, especially the south downtown, by introducing new building construction in the area after several decades of dormancy.
- Create a civic marker and a gateway to the downtown light rail stop, which will be easily recognizable from Main, 21st and Lake Road, and one which the community will take pride in.
- Create new spaces for office, retail and government activities downtown, which the community desires. These are hoped to include a coffee shop, bike shop, and a City of Milwaukie Bicycle Police Patrol Office.
- Be constructed and occupied by opening day of light rail service, currently scheduled for September 2015.

Current design assumption include 3,200 square feet of ground floor retail space that would face 21st Avenue (bike shop and coffee shop), 2,100 square feet of upstairs office space (at the level of the MAX platforms), a 760 square foot meeting room with views onto the platform that would be available for City of Milwaukie evening meetings, and covered bicycle parking for 90 bikes. A large tower and stair through the building make a direct and visible connection to the MAX platform, and the building eave on the west side provides shelter for transit patrons awaiting Portland-bound MAX trains. Milwaukians stated very clearly, during the South Downtown Pattern Language work, that they wanted a station, that would shelter passengers waiting for trains.

Having a community-supported design in place is an important step to attracting a developer to the project.

In 2011, the City and TriMet will work together to market the site and the opportunity to the development community. It is imagined that the project will be a public-private partnership, with the public agencies contributing the value of the land and insisting on certain features, with the private partner arranging for project financing, leasing, design and construction permits, and ongoing ownership and operations. A portion of the building is expected to remain in public use, however these are details that will be worked out once a developer is selected.

In 2012, an RFQ will be issued and a developer will be selected. This important step cannot occur until TriMet actually acquires the land for the light rail project. After an agreement is reached with the developer, the design and permitting processes will ensue, followed by construction. If the city continues to define the desired project, market the opportunity, and coordinate the light rail project to anticipate the building, then the project should be ready by the time light rail service begins in September 2015.

Even with construction of the building several years off, the city's clear direction on the future of this parcel is important to the light rail design process. The light rail project is looking to the City, and to the future use of this site, for direction on items like platform design, ramping, bicycle parking, shelter architecture, landscaping, stormwater treatment and retaining wall design. For these reasons, it is important that the City plan for the future of the site, and work carefully and consistently in executing the vision that the community has provided for its future downtown light rail station.

One item of uncertainty will be resolved prior to final design of the building: the light rail "second" or side platform, which would adjoin the west side of the building, was deferred during the recalibration of the project this summer (due to the 50 percent federal contribution limitation). If this platform cannot be built by the project, it will become part of the cost of the development project, making that project more expensive and that

much more difficult to achieve. Staff will continue to advocate that the side platform be added back to the light rail project.

Concurrence

There is no item with which to concur, however the building design as drawn by Ankrom Moisan has received very positive review from members of the South Downtown Steering Committee, participants in light rail meetings, and members of the public who have seen the drawings at the Farmers Market. TriMet's design team has reviewed the drawings, as has the Walker Macy design team. Both are optimistic about the building's contribution to the overall station area and downtown Milwaukie. Milwaukie's Police Chief has also reviewed the plans and has provided support and input on space requirements for the future Bicycle Patrol Office.

The chair of the Historic Milwaukie NDA is supportive of the design direction shown in this drawing set.

Members of the city's light rail design team from Community Services, Planning, Engineering, Operations and Community Development have contributed to the design review process.

In 2011, staff will present the design to the Design and Landmarks Committee and possibly the Planning Commission to solicit feedback.

Fiscal Impact

None related to the action. The total cost of the work shown is \$14,000. The Community Development budget is sufficient in the current fiscal year to market the site and opportunity, and should be sufficient in future years to provide the necessary level of attention to ensure project completion.

Some city funds may be requested to help with construction of the project, although this won't be known until a developer agreement is negotiated (in 2012). A successful project will raise the assessed value of the site, and will likely stimulate increased development activity and value in the south downtown.

Work Load Impacts

None. This project is within existing Community Development workplans. The workload will intensify in future years, but the timing will likely coincide with a reduction in work related to the design and permitting of the light rail project itself.

Alternatives

Council can direct staff to stop or delay the planning efforts on the project. As there is no action sought, neither the project, nor the Council, is facing a critical decision at this juncture.

Attachment

1. Ankrom Moisan drawing set (November 2010) including precedents for small, historic train stations.
2. Ankrom Moisan triangle site study station photos.

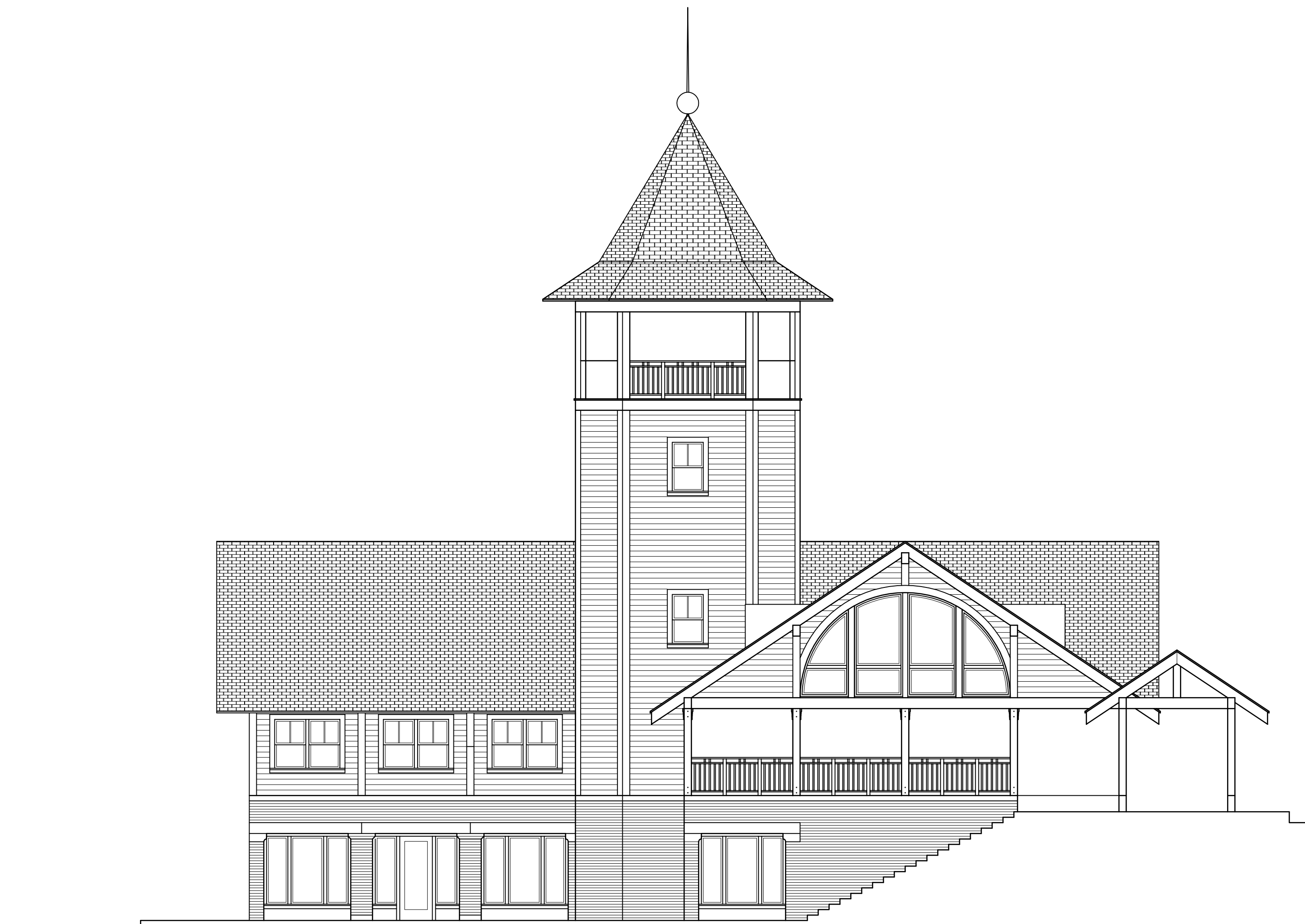




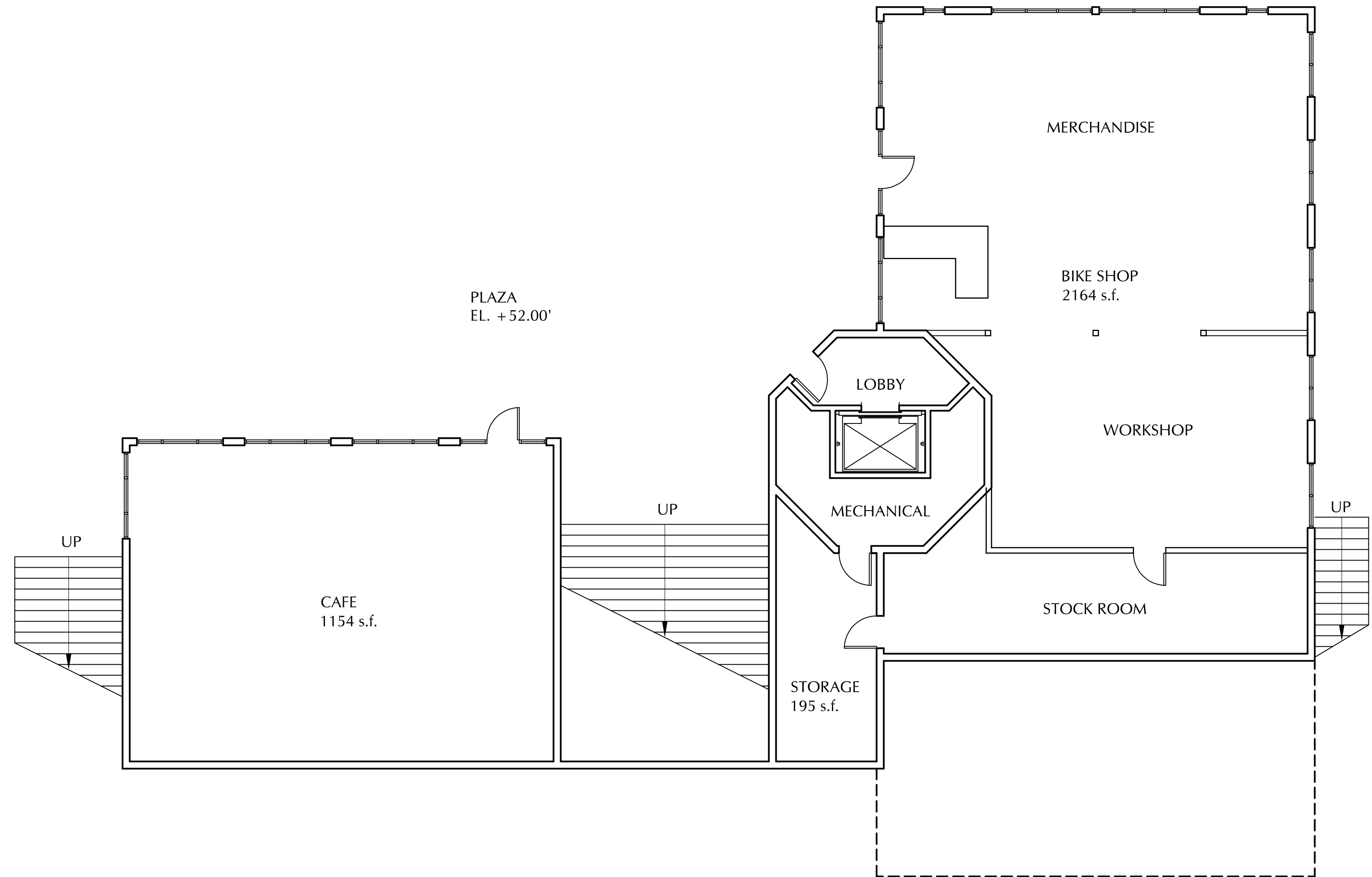




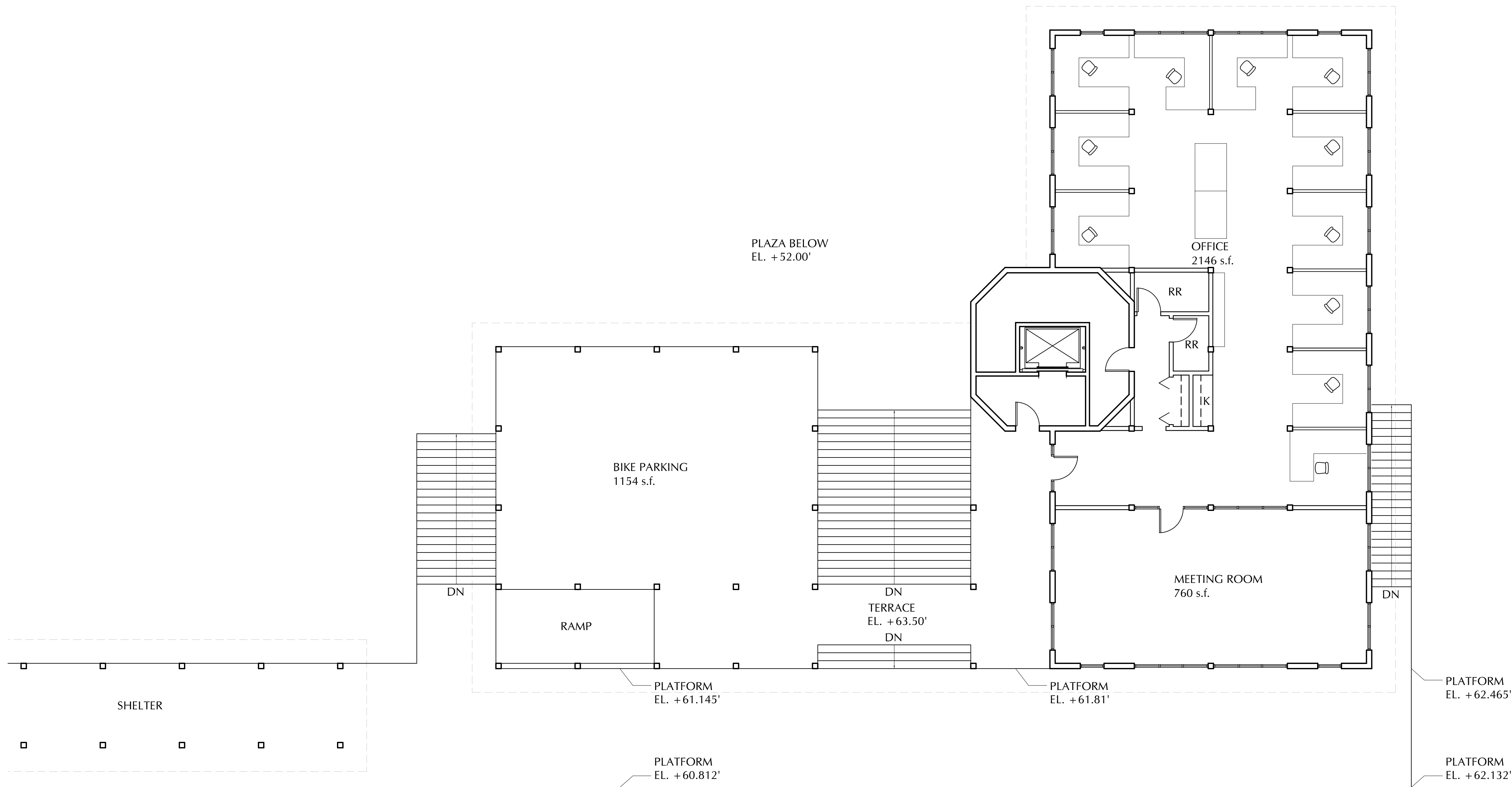
EAST ELEVATION



NORTH ELEVATION



1 LOWER LEVEL PLAN
1 1/8" = 1'-0"

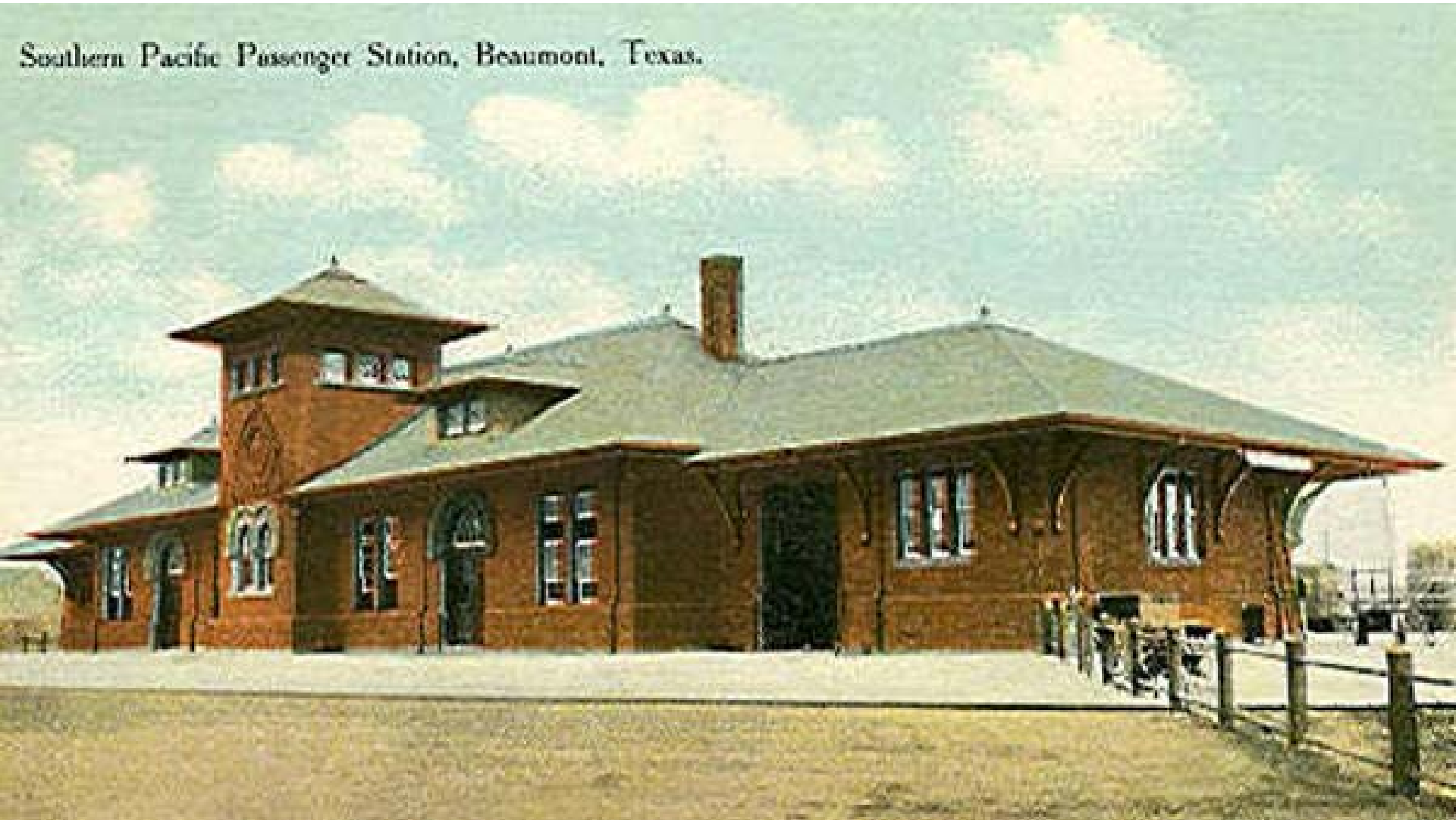


1 MEZZANINE FLOOR PLAN
 3 1/8" = 1'-0"





Southern Pacific Passenger Station, Beaumont, Texas.





EUGENE



gregg doll photography © 2009



GODERICH

GODERICH









