

CITY OF MILWAUKIE
BUDGET COMMITTEE MEETING
April 24, 2014

Chair Stoll called the meeting to order at 6:00 p.m.

Members Present: Jesse Boumann, Scott Churchill, Jeremy Ferguson, John Fox, Mark Gamba, Dave Hedges, Mike Miller, Ronn Palmer and Jon Stoll

Excused: Jeff Dondino

Staff Present: City Manager Bill Monahan, Finance Director Casey Camors and Assistant Finance Director Bonnie Dennis; Steve Bartol, Steve Butler, Pat DuVal, Denny Egner, Karen Eichelberger, Katie Newell, Gary Parkin, Gary Rebello, Jason Rice, and John Stelzenmueller

Approval of prior meeting minutes

It was moved by Mr. Palmer and seconded by Mr. Ferguson to approve the April 10, 2014 meeting minutes. Motion passed unanimously.

Call for Public Comment

Willie Miller, AFSCME President, addressed the Committee bringing to their attention the hard work of members getting the bond measure to pass. Several City Councilors phone banked with members earlier this week; during the phone banking members received a lot of positive responses to the upcoming ballot measure. Union members would like the Budget Committee to know their decisions will affect union members and their families.

Delivery of BN 2015-2016 Proposed Budget and City Manager's Budget Message

Mr. Monahan presented the budget message to the Budget Committee.

Public Hearing – State Revenue Sharing

Chair Stoll opened the public hearing for the state revenue sharing.

Ms. Camors presented the staff report on the state revenue sharing. The funds are allocated based on a per capita.

Chair Stoll opened the public comment section for state revenue sharing.

There was no public testimony. The public hearing testimony was closed.

Staff Discussion of Projected Amounts and Proposed Uses

Ms. Camors reminded the Committee that Ms. Dennis will be recording the questions asked by the Committee tonight and any additional questions can be emailed to her no later than May 2nd. Answers to the questions will be sent to the Committee by May 9th.

Ms. Camors discussed the City Wide Overall Budget. Estimates look like they will be 4% short of the budget allotment. In the General Fund Budget; most revenue sources show increases. Property tax dollars will increase between 4.25% - 4.75%; revenue for

this line is budgeted for 4.5%. The proposed budget anticipates moving forward with bond funding.

Mr. Churchill stated to be clear for citizens the budget assumes the bond passes.

Ms. Camors continued with a review of the requirements.

Mr. Miller asked why the 2016 resources take a dive when they go up in 2015 and with the economy getting better it would appear they would be going the other way.

Ms. Camors responded the \$5 million in proceeds from the good neighbor loan and bond proceeds are reflected in 2015 along with intergovernmental other, which included the Riverfront grant and other line items.

Ms. Camors pointed out some items in the five year forecast; including intergovernmental revenue is higher in 2015 than in 2016. Overall, total revenue will increase due to those items mentioned earlier. She drew their attention to the end of FY 2016 where City will be sitting in an over policy minimum; the following years, balances drop below the policy minimums.

Mr. Churchill stated it would be helpful to know what the under / over policies would look like if the bond measure does not pass.

Ms. Camors stated the individual department budgets will now be reviewed.

Mr. Monahan presented the City Council budget.

Mr. Hedges suggested cuts should be made in this budget just as in other City department.

Mr. Churchill responded Education and Training would be an area to review.

Mr. Monahan responded there is training and orientation that offers fiduciary responsibility for new councilors.

Mr. Churchill responded meals and travel should be reviewed.

Mr. Gamba added training is beneficial for councilors who come from many areas of the business world; training helps us to do the best possible job as councilors.

Mr. Ferguson added he would much rather have his monthly stipend cut than training reduced. He has received great value in trainings he has attended.

Mr. Hedges responded he has been to various trainings and has used his stipend to pay for training. Has not taken any money out of his training budget this year or in past years; he believes this is what the stipend is for. The example should start at the top.

Mr. Churchill agreed.

Mr. Miller agreed; he believes online training could be utilized. If we are asking the staff to sacrifice, we need to do the same.

Mr. Boumann asked if Mr. Hedges \$2,000 can be cut if he is not going to use.

Mr. Hedges responded you are welcome to it; he will not be spending any of those funds this year.

Ms. Camors stated a list of these types of items will be compiled; when a motion is made to approve the budget, these items will be listed as being taken out of the budget prior to the budget going to City Council.

Mr. Boumann recommended going to city businesses for donations of office supplies.

Mr. Monahan presented the City Manager budget.

Ms. Camors presented the Finance budget; the office supplies line includes printing, shredding and armored car service.

Mr. Monahan added the armored car service was added this biennium as a result of the audit.

Ms. Camors stated the West Linn contract will terminate June 30, 2014. The audit line reflects the cost of the new auditor, which is more expensive than the previous firm; there are also funds allocated for a Federal Single Audit related to grants the City may obtain.

Mr. Churchill asked about the substantial increase in general office expenses and bank charges.

Ms. Camors explained in previous years all bank charges were booked to this account; the net method was used to net bank charges with interest earned. In recent years, interest earned has significantly decreased, so the offset is not as high, making the expenses higher.

Mr. Churchill stated it looks as if bank charges have gone up between FY 2012 and FY 2013.

Ms. Camors responded that the interest earned goes against the bank charges however interest rates have decreased over the past years. Bank charges have decreased but the offsetting revenue has decreased more.

Ms. Camors presented the Municipal Court budget; she explained how the previous judge was paid through payroll and the new judge has a contract and is paid from professional services.

Mr. Hedges asked why there was a change on how the judge is employed.

Mr. Rebello responded the judge has the ability to work for other jurisdictions or their own business. After consulting legal, a determination was made the judge is considered an independent contractor.

Mr. Hedges asked if this is this beneficial to the City.

Mr. Rebello responded yes.

Ms. Camors presented the Non-Departmental budget; she explained that general liability insurance increased significantly.

Mr. Gamba asked the reason for the increase.

Ms. Camors explained it is a pooled risk program; there were quite a few employment claims (not from Milwaukie) from other jurisdictions.

Chair Stoll asked how the City can minimize the risk of employment claims.

Ms. Camors said CIS has programs available to cities to minimize the costs.

Mr. Monahan stated the City did not have any of the employment claims mentioned earlier. CIS performs evaluations and assessments for the City.

Ms. Camors continued with the Non-Departmental budget.

Mr. Rebello presented the Human Resources budget; employee training line increased to account for broad spectrum employee training not skill-based training.

Mr. Churchill asked why it has increased.

Mr. Rebello explained the City has gone years without diversity harassment training, drug and alcohol training; playing catch up this year which will reduce the liability of the City.

Ms. DuVal presented the Records and Information Management budget.

Mr. Boumann asked what is HP TRIM.

Ms. DuVal answered it is software that manages City records; Milwaukee was part of the TRIM pilot program and now we are moving into the implementation phase.

Mr. Boumann asked if the .5 Admin staff is not coming back, should this position be removed.

Mr. Monahan responded no, the recommendation is for the position not to be removed; over the past few years, the City has relied on RIM to become a centralized source of support. RIM is training the departments on how to utilize TRIM; under records law this is crucial to comply with the law.

Mr. Churchill thanked Ms. DuVal for her careful management of this budget; asked for clarification of professional services.

Ms. DuVal explained in the previous budget there was a records management consultant who assisted Community Development in scanning and inputting records into TRIM. This budget reflects the cost of a book publishing company for the updating of the City code.

Chair Stoll clarified the change being discussed is in contractual services.

Ms. DuVal presented the Public Access Studio budget.

Mr. Churchill stated it is a good budget and believes the other councilors would agree that transparency via the television is important.

Chief Bartol presented the Code Enforcement budget.

Mr. Hedges asked if there are any proposals for the parking around Light Rail.

Chief Bartol responded that consideration has been given to a residential parking permit system; if this type of system is implemented, the half-time position would need to increase to a full-time position.

Mr. Miller asked what would be the effect on the neighborhoods by eliminating the half-time position.

Chief Bartol responded currently Code Enforcement utilize a triage management for enforcement.

Mr. Miller asked if the City is proactive or reactive when it comes to code enforcement.

Chief Bartol responded a little bit of both.

Ms. Eichelberger presented the Information Services Technology budget.

Mr. Palmer asked how much the Wi-Fi devices will cost.

Ms. Eichelberger answered the City has received a quote of \$38,000.

Ms. Newell presented the Library budget.

Ms. Camors explained the Library expansion funds budgeted in capital outlay will be included in this upcoming budget, since the project was not completed in the current budget.

Mr. Hedges asked the percentage of patrons that check out e-books versus regular books.

Ms. Newell responded last year there were 8,000 electronic check outs out of 720,000 check outs total.

Mr. Hedges asked if an electronic book cost more.

Ms. Newell stated yes.

Mr. Gamba asked if an electronic version can be downloaded simultaneously by multiple patrons.

Ms. Newell stated no; it is a similar process to checking out a regular book.

5 Minute Break

Mr. Butler presented the Community Development budget.

Chair Stoll asked if there are specific projects in mind for economic development.

Mr. Butler responded they are developing strategies and ideas with possible programs to present to City Council.

Mr. Churchill stated other departments are making cuts and this is not a cut; it is hard to support and would encourage the removal of this line.

Mr. Boumann asked to if the ideas could be compiled so the Committee can be more informed and make an educated decision.

Mr. Gamba would like to remind everyone about the big red circle noted earlier in the meeting. It is great to see detail but one must consider that it takes money to make money.

Mr. Ferguson asked for a better idea of the possibilities related to the numbers. The business community believes Milwaukie falls short on economic development.

Mr. Stelzenmueller presented the Building Inspection Fund budget.

Mr. Ferguson asked if aggressive annexation would this help compensate for increasing fees.

Mr. Stelzenmueller responded the area east of Milwaukie is really not buildable land and increased volume would be difficult to handle with a two person department.

Mr. Churchill asked about the future contingency.

Mr. Stelzenmueller stated must reserve one half of operating budget as contingency.

Mr. Churchill stated \$147,000 is currently there.

Mr. Stelzenmueller responded he has not determined the structure of the fee increases.

Chair Stoll asked if there are opportunities to contract with other cities.

Mr. Stelzenmueller responded Milwaukie currently has contracts with Happy Valley and Clackamas County.

Mr. Churchill asked if those would be in personnel services.

Ms. Camors stated they would be included in material and services.

Mr. Egner presented the Planning Department's budget; a handout was provided to the Committee that was not included in the budget document.

Chair Stoll asked how old the comprehensive plan is.

Mr. Egner responded it was developed in 1987 but includes updates.

Chair Stoll stated it is a placeholder for consultants as of now.

Mr. Egner explained staff time would also be needed to manage updating the comprehensive plan.

Mr. Rice presented the Engineering budget.

There were no questions.

Mr. Rice presented the System Development Charge Fund budget. The three upcoming projects are upsizing of the McBrod water line, 17th avenue multi-use path and a previous light rail obligation.

Mr. Parkin presented the Facilities budget.

There were no questions.

Mr. Parkin presented the Fleet budget.

Ms. Camors added the vehicle replacement reserve is being accounted for the old way; the dollars are coming directly from accumulated reserves. She is working with Mr. Parkin and Ms. Sears to make sure funds are being properly tracked.

There were no questions.

Mr. Parkin presented the Public Works Admin budget.

There were no questions.

Mr. Parkin presented the Transportation Fund budget, this fund includes Street Surface Maintenance program.

Chair Stoll asked about the increase to franchise fees in the utility funds.

Ms. Camors explained each utility pays 8% of revenue to the Transportation Fund; at the end of the year, the amount is trued up to match the actual amount.

Mr. Gamba asked about a portion of the state gas tax earmarked for bike facilities.

Mr. Parkin responded there is a State directive regarding spending 1% of state gas tax revenue for bike lane maintenance.

Ms. Camors stated the auditors review this amount because it is State mandated.

Mr. Parkin presented the Water Fund budget.

There were no questions.

Mr. Parkin presented the Wastewater Fund budget.

There were no questions.

Mr. Parkin presented the Stormwater Fund budget.

There were no questions.

Chief Bartol presented the Police Department's budget. All narratives, goals, and accomplishments were combined since the department is comprised of three sub-departments.

Mr. Gamba asked for clarification of the AFF Equitable Sharing line.

Chief Bartol responded it is asset forfeiture / equitable sharing; when criminal proceeds are seized the funds are split among the agencies involved with the case; this line item is to have the ability to spend the funds.

Ms. Camors added the funds are restricted and designated in the General Fund.

Mr. Ferguson asked about the education and training and the training and equipment line items, looks like they have been split.

Chief Bartol responded education and training is used when officers participate in training; this is used for conference registration, travel and lodging. The community safety upgrades line item is money set aside from citation revenue reinvested back into the community such as digital speed signs. The training and equipment line is for a possible upgrade to the handheld ticketing device used by officers.

Mr. Miller asked in reference to dispatch, we are going to save \$200,000 from the previous two years.

Ms. Camors responded there was a change in the state accounting requirement for LOCOM fees.

Mr. Monahan acknowledged the manager's participation at tonight's meeting and acknowledged Ms. Camors' efforts in creating the budget document.

Ms. Camors offered her gratitude to all the department managers. She requested all questions be submitted via email by May 2nd and she will respond to the Committee no later than May 9th. The proposed budget will be available on the City website, and copies will be available at all the City facilities.

Chair Stoll called for public comment.

There was no public comment.

Mr. Boumann asked Mr. Miller if a union representative speaks at each meeting.

Mr. Miller stated yes.

Mr. Boumann asked if there was a catalyst that provoked him to speak tonight.

Mr. Miller stated the purpose was mainly the concern of the upcoming budget.

Chair Stoll thanked all the departments for their participation.

Adjourn

It was moved by Mr. Gamba and seconded by Mr. Miller to adjourn the meeting. Motion passed unanimously.

Chair Stoll adjourned the Budget Committee meeting at 9:20 p.m.

Respectfully submitted,



Judy Serio, Accountant