

CITY OF MILWAUKIE
BUDGET COMMITTEE MEETING
May 28, 2015

Chair Stoll called the meeting to order at 6:05 p.m. Committee members and staff introductions were done.

Members Present: Lisa Batey, Jesse Boumann, Scott Churchill, Mark Gamba, Ronn Palmer, Wilda Parks, Karin Power and Jon Stoll

Excused: John Fox, Michael Osborne

Staff Present: Casey Camors, Bonnie Dennis, Pat DuVal, Bill Monahan, Katie Newell and Judy Serio

Approval of prior meeting minutes

It was moved by Ronn Palmer and seconded by Mayor Parks to approve the March 3, 2015 meeting minutes. Motion passed unanimously.

Quarterly Financial Report for March 31, 2015 Review and Discussion

Ms. Camors began with the summary of all City funds. The General Fund received the majority of property tax revenues in November, so as of the end of December it is typical to see revenue outpacing expenditures. The Library Fund's primary revenue sources are property taxes and the County's district levy. The Building Fund shows a decrease fund balance; detail will be provided during the individual fund discussions. The utility funds show an increase in fund balance since budgeted capital projects have not begun this early in the biennium.

Ms. Camors continued with the General Fund revenue detail; property taxes are on target. Fines and forfeitures are lower due to photo radar staffing. In the expenditures section, Community Development capital outlay reflects Riverfront Park expenses. The PSB roof replacement has just begun and is not reflected in the Facilities Department expenditures line. Fleet has had some large purchases which were budgeted in FY 2015; this should even out by the end of the biennium. The Planning Department looks significantly under budget but this is due to the \$50,000 added during the supplemental budget process.

Councilor Churchill mentioned IT had some major capital expenses.

Ms. Camors responded clarified those expenses related to the VOIP, WIFI and system upgrades.

Ms. Camors continued with the Non-departmental line which reflects the bond expenses.

Councilor Batey asked about the difference between the bond expenses and the new fund.

Ms. Camors explained the bond revenue and capital expenses were budgeted in the General Fund. The money accrued for payment of the bonds will come from the Debt Service Fund.

Ms. Camors continued with Police Field Services which is at full staff now; the decrease to photo radar tickets causes a reduction in the photo radar program expenses.

Chair Stoll asked what other expenses are in Non-departmental.

Ms. Camors responded insurance premiums.

Ms. Camors continued with the Debt Service Fund explaining the bond payments are made in December and June. The Library Fund is doing well; it receives the district levy payments in early spring and prior to year end.

Councilor Batey asked if the Library district provides the levy projection to the City or is it projected by the Finance Department.

Ms. Camors responded she prepares the projection based on previous actual amounts received from the County and any information submitted by the District.

Ms. Camors continued with the Building Fund; the State has approved the new fees which will be presented to Council at the June 16th meeting. The fee increase will make the fund more sustainable.

Councilor Batey asked if the Council adopts the new fees will this increase allow for catch-up within the fund or will a new budget or supplemental budget need to be done.

Ms. Camors responded the budget is fine but the fund has been spending down its reserves; the fund is not yet under policy minimums.

Councilor Churchill stated the fee adjustment will allow the fund to tread water but it will have to increase its volume to build reserves.

Mr. Boumann asked the timing of the fee adjustment.

Ms. Camors responded the effective date is July 1, 2015.

Councilor Churchill stated even with a fee increase, the results will not be instantaneous.

Ms. Camors stated she will continue to analyze the Building Fund. The Transportation Fund is divided into SSMP and State Gas Tax departments. The SSMP portion looks good; revenues are on track. The State Gas Tax portion has low revenues with capital outlay not fully expended. The State Gas Tax department has been cutting costs for a while however these cuts are unsustainable.

Councilor Batey asked if the pending State transportation bill might include increased state gas taxes.

Councilor Power responded she heard there were changes to the bill.

Ms. Camors continued with the Water Fund; this fund is doing great, revenues are above budget. Personnel Services are below budget; seasonal workers have not been hired as of this report.

Chair Stoll asked at what point does the City not implement a utility fee increase.

Ms. Camors responded this fund is volatile and the City must determine an appropriate policy minimum, staff is considering a 50% policy. Currently the policy minimum is 17%; the City maintains 17% of operating expenditures in reserves at all times to prepare for swings in revenue based on weather and large expenses.

Mr. Boumann asked how far into the future are projected rate increases.

Ms. Camors responded one year; there has been a study which projects rates for several years. Every year the projected percentage is analyzed.

Ms. Powers asked if there are any big capital expenditures for water.

Ms. Camors referred to the project status report at the end of the document.

Mr. Monahan added staff is looking ahead to maintenance responsibilities which need to be addressed, such as reservoir painting inside and outside. Funds are put into the reserves for this type of maintenance.

Ms. Camors continued with the Wastewater Fund, overall it is doing well. Payments on the reimbursement district account continue to be stable. There has been discussion about Water Environment Services (WES) treatment fees which could impact this fund.

Mayor Parks asked for an explanation of the transfers.

Ms. Camors explained the Utility, Library, and Building funds make transfers to the General Fund for internal services.

Councilor Churchill mentioned the vehicle replacement amount is healthy, is this for vehicles that have been around for more than five years. The City does not have a lot of discretionary funds, yet Stormwater spent \$400,000 on vehicles.

Ms. Camors responded this amount was for the Vector equipment.

Ms. Camors continued with the Stormwater Fund; overall the fund is doing fine. She pointed out the Intergovernmental grant has not been completed to allow for reimbursement.

Councilor Batey asked what the grant is for.

Ms. Camors responded it is the Kellogg Creek dam removal.

Mr. Monahan added it has been set aside for a number of years and will be discussed in the Council goals.

Ms. Camors continued with the System Development Charges Fund, this fund accumulates funds for projects and looks fine. She directed the Committee to the project status report section.

Councilor Churchill asked about the Water Fund's vehicle purchases.

Ms. Camors offered to provide detail of the purchases.

Councilor Churchill encouraged the City to repair vehicles when appropriate instead of replacing vehicles.

Councilor Batey asked if the City does comparisons with other agencies on vehicle retention and inventory.

Mr. Monahan stated the City constantly monitors other cities; but does not do so for vehicle replacement.

Councilor Churchill added the purchase of the crack seal machine was a good decision.

Ms. Camors added the Fleet Department continually tracks vehicle repairs. Staff repairs as much as they can on the vehicles and equipment.

Councilor Churchill requested information regarding the vehicles lifespans.

Mayor Parks asked if large equipment can be rented from other agencies.

Ms. Camors stated the City tries not to purchase items that can be rented for infrequent use.

Mr. Monahan stated sometimes the City does share equipment; such as the crack sealer.

Ms. Camors mentioned the sweeper that was just replaced was 20+ years old; the cost of repairs to the old sweeper was analyzed by Kenny Hill prior to the purchase.

Mr. Monahan added that prior to that purchase; the City looked at contracting the service instead of keeping it in-house.

Mayor Parks added other agencies use their vehicles and equipment in different environments and different factors might not be beneficial to the City when looking to share equipment. Are police cars rotated out at a certain mileage.

Mr. Monahan stated vehicles are evaluated on an individual basis.

Mr. Palmer asked if the Emergency supplies discussed by a previous councilor were added to the budget and have been purchased.

Ms. Camors responded the BEECN project supplies that were unfunded during the original budget process were added back to the budget during the supplemental and are in the process of being purchased.

Mr. Monahan added staff and the CERT team are looking into satellite radio and other options.

Discussion on other topics and items to note

Ms. Camors stated the City received the CAFR award for FY 2014, with very few comments from the GFOA. Bonnie Dennis and Judy Serio were recognized for their work on the audit and CAFR.

Ms. Camors continued with a statement regarding the PERS reform and the Supreme Court ruling in which the rates will take effect July 1, 2017. The City will see a significant increase in those rates and will continue to monitor this issue.

Ms. Camors mentioned she is working on the five-year financial forecast and that will be presented with the 4th quarter financial reports at the next meeting. Staffing levels are being discussed to address goals and projects.

Mr. Monahan stated early discussions are taking place with departments about their staffing needs. The Parking Enforcement and GIS Coordinator positions will be filled soon. Police does not have any vacancies but the process to get officers in the field takes some time, so a list of qualified candidates is beneficial when vacancies come open. The IT Desk Analyst vacancy is a funded position that will be filled soon. Other positions being considered are Admin Sergeant, Finance position for franchise right-of-way manager, administrative support for Police and IT, and a sustainability position. All positions mentioned will be evaluated in addition to positions in accordance with Council goals.

Councilor Churchill mentioned the IT Desk Analyst position performed by contractors and will now be filled by a full time person.

Mr. Boumann asked Ms. Camors if there were any funds that she is concerned about that she did not mention in her discussion.

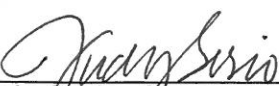
Ms. Camors responded nothing she hasn't mentioned.

Chair Stoll requested the next quarterly report to include a write-up on the non-standard to date budget adjustments she did for the report.

Adjourn

It was moved by **Mayor Parks** and seconded by **Councilor Churchill** to adjourn the Budget Committee meeting at 7:05 p.m.

Respectfully submitted,



Judy Serio, Accountant