

CITY OF MILWAUKIE
BUDGET COMMITTEE MEETING
April 10, 2014

Chair Stoll called the meeting to order at 5:05 p.m.

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

Excused: None

Staff Present: City Manager Bill Monahan, Finance Director Casey Camors and Assistant Finance Director Bonnie Dennis

Approval of prior meeting minutes

It was moved by Mr. Hedges and seconded by Mr. Fox to approve the March 18, 2014 meeting minutes. Motion passed unanimously.

Working departmental draft budget review and discussion

Mr. Monahan began the discussion stating the purpose of this meeting is to review the internal budget process, familiarize the Committee with the budget and its document, review key assumptions used in the budget / forecast development and provide the Committee with the document to begin their review.

Ms. Camors explained that the budget and CIP documents are truly a draft. She explained the process staff has gone through to arrive at this draft document. On April 24th the proposed budget will be presented to the Committee. Any questions from the Committee can be submitted verbally this evening or via email and answers to these questions will be returned via email to the group.

Mr. Churchill asked if the meeting on April 24th could be rescheduled since there is a Clackamas Cities dinner that evening.

Mr. Gamba made the same request.

Ms. Camors explained the required number of days for public hearing notice and unfortunately, to move the meeting up, would not meet the public hearing requirement.

Ms. Camors directed the Committee to the first section of the draft and explained how the reserve policy impacts the budget. She pointed out that each fund has a minimum reserve that it must maintain. The five year forecast is updated every six months. The forecast is using the assumption the bond passes and anticipating current trends with expenses. Discussion on the five year forecast ensued.

Ms. Camors directed the Committee to review the draft budget assumptions and stated the Building Official is working on submitting updated building fees to the State for their review. The State must approve these increases prior to the City implementing the new fees.

Ms. Camors reviewed the major assumptions used when drafting the budget.

Mr. Monahan added the reduced traffic and photo radar revenue assumption has

several contributing factors which include a change in the type of film used, changes in staffing and drivers noticing the van on the streets.

Ms. Camors added the property tax is running higher than originally anticipated at 4.5% due to NE Sewer Extension annexations for FY 2015; the property tax valuation is at 3% for FY2016 which is the standard assumption for most jurisdictions.

Mr. Fox asked if the City had a back-up plan if the bond measure does not pass.

Mr. Monahan answered that depending on the results; there are several ways the City can respond.

Mr. Gamba stated those cuts will last for twenty years and this group will be making a decision for two years. Advisor recommended not to mention cuts if the measure does not pass; this is not a recommended practice.

Mr. Churchill stated it is always good to have a Plan B.

Mr. Miller stated the City should be transparent to the citizens.

Mr. Dondino requested the Committee to continue with the budget document review.

Chair Stoll asked who could answer questions about the utility rates.

Ms. Camors responded the rates are established by the master plans and recommended to the City Council by the CUAB.

Ms. Camors continued by stating both supplemental budgets are reflected in the document. Historically, Community Development and Public Works Administration have been combined but now will be split in the upcoming year. The Facilities budget reflects unfunded capital projects which were included in the original request; the projects are listed so the Committee is aware of the projects.

Mr. Monahan added the City is working with CCFD #1 on an IGA to have the fire district monetarily assist with upkeep of the Public Safety Building. The amount in the Facilities budget is the assumption that CCFD will pay their fair share.

Ms. Camors continued with the Finance budget stating the IGA with West Linn will end on June 30, 2014. In the next section, the Activity Based Costing module was pointed out to the Committee. In the FTE positions for the General Fund, salary ranges and comparisons section, it was noted the increase / decrease reflects transfers or promotions, not new hires. Current fiscal year FTE count is 137. The Capital Improvement Plan is just a plan; she did note the City is diligently trying to extend the life of their vehicle fleet.

Mr. Boumann asked if any City owned property is rented.

Mr. Monahan responded the Bertman House is rented to New Century Players. The City also owns the building at 40th Avenue and Harvey Street and the old Cash Spot lot.

Mr. Boumann asked if the City has considered selling the Bertman House.

Mr. Monahan answered the land under the Bertman house has a water facility under it that we need to continue to own. The Cash Spot is being considered for economic development and the City would not want to sell until the market price is at an acceptable level.

Mr. Ferguson asked if the Bertman House is a historical landmark; the City should look at their options.

Ms. Camors directed the Committee to the Performance Measures Drafts for their review after the meeting. In the Master Fee Schedule section, the first copy is the

current fee schedule; the second copy shows the strike outs. The last section is citizen correspondence.

Chair Stoll asked for citizen comment. There was none.

Ms. Camors requested questions to be emailed to her no later than April 18th. She will prepare the answers and email them to the Committee no later than April 23rd. If there are any questions specific to a department, the Department Head will come to the next meeting to answer those questions. If members see any edits, please bring them to her attention.

Mr. Dondino asked Mr. Monahan to define difficult times.

Mr. Monahan responded there are three factors as he sees it; the State's property tax system does not work in a down economy; the City's has suspended some projects for quite some time and eventually they will need to be completed; the last, is Milwaukie's uniqueness, in the sense of political issues.

Mr. Gamba added the Light Rail debt.

Mr. Ferguson added the fire district annexation was a hit to the revenue; the 2.5% that goes directly to the fire district via property taxes.

Mr. Gamba stated there is hope on the horizon with increased development due to Light Rail and potential annexation within the UGMA area.

Chair Stoll asked for a Plan B summary.

Mr. Monahan said he would bring the alternatives.

Adjourn

It was moved by Mr. Dondino and seconded by Mr. Palmer to adjourn the meeting. Motion passed unanimously.

Chair Stoll adjourned the Budget Committee meeting at 6:50 p.m.

Respectfully submitted,

Judy Serio, Accountant