

BUDGET COMMITTEE

Video Meeting
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MINUTES

MAY 9, 2020

Chair Stoll called the Budget Committee meeting to order at 10:17 a.m.

Present: Lisa Batey, Angel Falconer, Mark Gamba, Kathy Hyzy, Caili Nance, Michael Osborne, Wilda Parks, Mary Rowe, Leslie Schockner,, and Jon Stoll

Absent: none

Staff: Finance Director Bonnie Dennis
City Manager Ann Ober

Assistant Finance Director Keith McClung
Accountant Judy Serio

1. CALL TO ORDER**2. INTRODUCTIONS****3. APPROVAL OF FEBRUARY 24, 2020 COMMITTEE MEETING MINUTES**

It was moved by Ms. Batey and seconded by Ms. Parks to approve the February 24, 2020 minutes as written.

Motion passed with the following vote: Batey, Falconer, Gamba, Hyzy, Nance, Osborne, Parks, Rowe, Schockner, Stoll voting “aye.” (10:0)

4. PUBLIC COMMENT

Ms. Serio stated there were no public comment emails.

5. DELIVERY OF BN 2021-2022 PROPOSED BUDGET AND CITY MANAGER’S BUDGET MESSAGE

Ms. Ober delivered the budget message.

Ms. Dennis explained the proposed budget’s contents.

Chair Stoll asked about the timing of the City Hall relocation that was assumed in the proposed budget.

Ms. Ober responded the closing will happen on June 23rd; in December 2022, the city will take possession of the building and the remodel will begin January 2023. Funds for the renovation are reflected in this budget.

Ms. Dennis clarified the building purchase will be included in a supplemental budget this current fiscal year.

Ms. Dennis continued with the city overview section. There are no recommended changes to the financial policies. The transfer schedule, which allocates indirect overhead costs, reflects an 8% decrease; the transfer allocation was reduced to coincide with the increase in the General Fund from the prior year.

Ms. Batey asked if the methodology is new or was it adopted years ago.

Ms. Dennis responded that it is the same methodology used since implementation in 2011; other jurisdictions use a similar method.

Ms. Dennis explained the May 23rd meeting will go into greater detail of the department budgets. The department narratives provide an overview, goals, accomplishments and performance measures. The five-year forecast reflects the elements of the city-wide requirements; it is a tool to develop the budget and reflects any funds that fall below policy minimum or fund balance. The glossary of terms defines the terms used in the budget document. The Milwaukie Redevelopment Commission is a separate entity, also known as a taxing district; it has its own budget message, budget and five-year forecast. The proposed drafted capital improvement plan (CIP) will be discussed in detail as the individual budgets are presented.

Ms. Dennis returned to the city-wide budget. Personnel services represent 33% of the total city-wide budget; predominant increases are in health care and PERS costs. Materials and services represent 22% of the total city-wide budget. Capital outlay represents 27% of the total city-wide budget.

Mayor Gamba asked for specific numbers for the health care and PERS costs.

Ms. Dennis continued with the contingency, which is proposed to be \$9.9 million; a large portion of this amount is to match debt service requirements for the Transportation fund. The ending fund balance will remain above the required policy requirements; which will equate to \$172 per capita.

Mayor Gamba asked if the per capita number is a combination of property taxes and utility bills.

Ms. Dennis responded that she will need to clarify the calculation of that number.

Ms. Rowe asked if there is data on how the number compares to similar size cities.

Ms. Dennis responded her question will be added to the list of questions that will have answers presented at the next meeting.

Ms. Dennis continued with the General fund revenues. Property taxes are forecasted with a 2% increase, which is conservative. The franchise taxes were reviewed by franchisee.

Mayor Gamba asked if the numbers are current with collections or what they should pay.

Ms. Dennis responded it is current with collections.

Mayor Gamba stated one is significantly delinquent in their payments.

Ms. Ober responded that Mr. McClung is currently working on this issue, which most likely will need to go to court.

Committee members discussed upcoming 5G collections and rates.

Ms. Falconer requested clarification of the Comcast increase.

Ms. Dennis corrected her original statement; Comcast is a decrease.

Mayor Gamba asked the reason for the decrease.

Mr. McClung responded that streaming is increasing in popularity, so customers are cancelling their Comcast cable.

Ms. Dennis continued with solid waste, that reflects a 7% increase in rates. Intergovernmental, which is state revenue sharing, reflects a conservative amount; on May 20th, the State will have an economic update and if there are significant changes, those will be brought back to the committee on May 23rd. The intergovernmental other is a local share of the Metro bond to be received in FY22; the offset for those funds are in Community Development and the CIP, the funds are to be used for parks.

Ms. Batey questioned the date funds would be received.

Ms. Dennis was provided the date by Kelly Brooks, Assistant City Manager; she will clarify with Ms. Brooks.

Ms. Dennis continued with fines and forfeitures, there will be an increase in FY21 reflected by the postponement of court sessions and trials due to COVID-19; this category will reflect a decrease in FY22. The fees and charges (licenses and permits), much of this category is business registrations and parking permits; the master fee schedule did not propose any increases to either fee. In previous years, interest income reflected higher rates; prior to COVID-19, the rates began to decrease at the local government pool and will continue to do so.

Ms. Dennis stated the Building and Library funds illustrate decreases due to the recession.

Ms. Parks is concerned about the \$10K projection of tourism money.

Ms. Ober responded that Ms. Brooks requested the money be reflected in this budget; the events projected are not dependent on the funding.

Ms. Parks is fine with it remaining in the budget, but request that staff remain aware of the money during that fiscal year.

Ms. Dennis continued with the General Fund expenditures; overall, personnel services represents 68% of the general fund's proposed budget; materials and services represents 23% of the general fund's proposed budget; debt service represents 2% of the general fund's proposed budget; she noted the debt service for the new City Hall will be in the Debt Service fund; and capital outlay represents 6% of the general fund's proposed budget.

Ms. Batey asked what the debt service is for the General fund.

Ms. Dennis responded was for facility upgrades.

Ms. Dennis reminded the committee today's questions that were not answered will be have the answers brought back to the committee at the next meeting. Email additional questions to Ms. Dennis and Mr. McClung by end of day May 20th; this will allow for research and replies to be sent out to members before the May 23rd meeting.

Ms. Ober added the committee will have the opportunity to ask additional questions of the directors at that meeting.

Ms. Dennis stated the proposed budget will be available on the Finance page of the city website.

Chair Stoll asked about the \$23.5 million of issued debt.

Ms. Dennis responded that it includes the second part of the transportation bond in FY22.

Ms. Ober clarified it is the second of three tranches of debt.

9. OTHER ITEMS

Ms. Dennis stated the meeting schedule for the upcoming fiscal year's quarterly report is shown in item 13 of the agenda.

Chair Stoll asked when the supplemental budget would be discussed.

Ms. Dennis responded that it would be presented to City Council at the beginning of June; the supplemental will be discussed with the City Hall fund presentation.

Chair Stoll opened the public comment.

Ms. Serio stated there were no public comment emails.

Chair Stoll closed the public comment.

10. ADJOURNMENT

It was moved by Mayor Gamba and seconded by Ms. Batey to adjourn the meeting. Motion passed with the following vote: Batey, Falconer, Gamba, Hyzy, Nance, Osborne, Parks, Rowe, Schockner, Stoll voting "aye." (10:0)

Chair Stoll moved to adjourn the meeting at 11:16 a.m.

Respectfully submitted,



Judy Serio, Secretary / Accountant