

BUDGET COMMITTEE

Video Meeting
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MINUTES

August 8, 2022

Chair Schockner called the Budget Committee meeting to order at 5:31 pm

Present: Lisa Batey, David Chitsazan, Mark Gamba, Kathy Hyzy, Adam Khosroabadi, Mary Rowe, Leslie Schockner

Absent: Caili Nance, Desi Nicodemus, Jon Stoll

Staff: Administrative Services Director Bonnie Dennis
Accountant Judy Serio
Assistant Finance Director Michael Osborne
City Manager Ann Ober

1. CALL TO ORDER

2. INTRODUCTIONS

Chitsazan introduced as newest citizen member of the committee.

3. APPROVAL OF APRIL 30, 2022 AND MAY 7, 2022 COMMITTEE MEETING MINUTES

Schockner requested the May 7, 2022 minutes on page 3 state how to contact the public works department.

Batey made a motion to approve the April 30, 2022 minutes as written and approve the May 7, 2022 minutes with the change. Rowe seconded the motion.

Motion passed with the following vote: Batey, Chitsazan, Gamba, Hyzy, Khosroabadi, Rowe, Schockner voting "aye." (7:0)

4. PUBLIC COMMENTS

None

5. CITY MANAGER UPDATE

Ober stated there are several projects, including CET affordable housing funding to be released for public process and the current city hall will be posted for sale or lease in the next few weeks. Council has been discussing bringing parks back into the city as a department at tomorrow night's meeting.

Schockner asked about the timeline to move to new city hall building.

Ober responded that is still the same with moving at the end of next summer.

Ober clarified that if Council decides to proceed with parks, there will be two options. The first, a fee that would increase property taxes that would be a ballot measure levy; the second is a fee that would be levied on the utility bill.

6. FY 2023 PROPOSED MEETING DATES

Dennis referenced the agenda that listed the FY23 upcoming proposed meeting dates.

7. REVIEW AND DISCUSSION OF THE QUARTERLY FINANCIAL REPORT FOR THE FOURTH QUARTER OF FY 2022

Dennis began with the highlights including the report reflects unaudited numbers; the final audit is scheduled for December. The current budget was adopted in June, and it has been submitted to the GFOA (Government Finance Officer Association) for award. The city is still waiting to hear from the GFOA on the awards for the FY 2021 ACFR (Annual Comprehensive Financial Report) and PAFR (Popular Annual Financial Report).

Schockner asked about the process to reduce the outstanding past due balances and give customers payment options.

Dennis explained customers who are past due have been placed on an automatic payment plan and referred to St. Vincent de Paul for possible assistance.

Ober clarified the numbers reflect customers who have not responded to the city and do face shut-off.

Dennis continued with the staffing levels table which reflects several vacancies, but since that time the positions have been filled or recruitment is underway.

Committee members discussed the difficulty of hiring and the mental health crisis. The city does offer an employee assistance program.

Dennis continued with the General Fund financial statements. Property taxes received were above expectations due to new development. Intergovernmental revenue reflects the ARPA (American Rescue Plan Act) funds related to parks. Fines and forfeitures and license and permits both came in less than budget which was expected. Community Development came in under budget due to postponed programs. Engineering was under budget due to project delays. Facilities was under budget related to lower operating costs for city buildings. Planning was under budget due to cost savings related to the comprehensive plan.

Batey asked why PEG (Public Education Government) is so low.

Dennis responded funds are being saved for the new city hall.

Dennis continued with City Hall Fund. The Debt Service Fund had an overstatement from the general fund transfers several years ago that was rightsized this fiscal year. The Building fund reflects increased fees due to construction; materials and services does reflect the supplemental budget. The Construction Excise Tax Fund, (formerly known the Affordable Housing Fund) also reflects increase in revenue tied to new development.

Gamba asked if the strategy has changed for affordable housing.

Ober responded staff has talked to developers about adding affordable units to the developments.

Committee members discussed the affordable housing process in relation to development and the budget.

Dennis continued with the Library Fund which does not have much to note. The Transportation Fund's franchise fees were higher than anticipated and cash balances were higher than expected due to lower capital expenditures. The Water Fund has seen an increase in new connections.

Ober stated a supplemental budget will be brought to the committee to transfer Water ARPA funds to Public Works Admin to cover an after-action reporting plan on Covid and updating the city's emergency operation plan.

Gamba ask why the local gas tax revenue is significantly lower than expected.

Dennis responded due to reduced commuting during the pandemic as one factor but the amount will be looked at and the committee updated at the next meeting.

Gamba asked why the franchise fee for NW Natural is in the General Fund.

Dennis responded research will need to be done to answer the question.

Dennis continued with the Wastewater Fund which also has seen an increase in new connections. The Stormwater Fund did not issue the expected debt.

Schocker asked if Stormwater is the only fund that has tree permits.

Dennis responded yes.

Gamba asked why the system development charges for transportation do not correlate to the increase in development.

Ober responded the city is collecting SDCs at the point of occupancy for larger developments instead of at the point of permitting. A few years ago, the state asked city to collect at the point of occupancy.

Dennis continued with the Milwaukie Redevelopment Commission.

8. OTHER ITEMS

None

9. ADJOURN

It was moved by Hyzy and seconded by Gamba to adjourn the meeting.

Motion passed with the following vote: Batey, Chitsazan, Gamba, Hyzy, Khosroabadi, Rowe, Schockner voting "aye." (7:0)

Chair Schockner adjourned the meeting at 6:32 pm.

Respectfully submitted,

Judy Serio, Secretary / Accountant