

# **A G E N D A**

## **BUDGET COMMITTEE MEETING APRIL 13, 2006**

**6:00 p.m.**

**Milwaukie City Hall  
Council Chambers  
10722 SE Main Street**

- 1) Call to Order – Chair David Aschenbrenner
- 2) Introductions and Roll Call
- 3) Election of Officers, Chair and Secretary – Chair David Aschenbrenner
- 4) Consider Minutes of March 29 and April 3, 2005
- 5) 2006 – 2007 Budget Message and Budget Officer's Balanced  
Budget Proposal – City Manager Mike Swanson
- 6) Additional Budget Committee Comments
- 7) Public Comments
- 8) Draft Capital Improvement Plan – Engineering Director Paul Shirey
- 9) Additional Budget Committee Comments
- 10) Set Future Meeting Dates for Public Comment and Budget Committee  
Deliberation and Motions
- 11) Adjourn

**MINUTES**  
**BUDGET COMMITTEE MEETING**  
**MARCH 29, 2005**

**Chair Aschenbrenner** called the meeting to order at 6:05 p.m. in the Milwaukie City Hall Council Chambers.

Budget Committee members present: Deborah Barnes, Jim Bernard, Carlotta Collette, Mike Miller, Leslie Schockner, and Susan Stone.

**Election of Officers – Chair and Secretary**

**Chair Aschenbrenner** called for nominations.

**It was moved by Ms. Barnes and seconded by Mr. Miller to nominate Mr. Aschenbrenner as Budget Committee Chair. Motion passed unanimously among the members present.**

**It was moved by Mr. Bernard and seconded by Ms. Collette to appointment Ms. Schockner as secretary of the Budget Commission. The Motion passed unanimously among the members present.**

**Consider Minutes of May 17, 2004**

**It was moved by Mr. Bernard and seconded by Ms. Barnes to approve the May 17, 2004 meeting minutes. Motion passed unanimously among the members**

**Chair Aschenbrenner** encouraged citizens to apply for two currently-vacant positions on the Committee.

**2005 – 2006 Budget Message and Budget Officer’s Balanced Budget Proposal**

**Budget Officer Mike Swanson** provided the Annual Budget Message:

Pursuant to ORS 294.391 and 294.401(1), I am delivering the budget document for public question and comment and Budget Committee deliberation and action.

Pursuant to ORS 294.401(1) the Budget Committee must hold at least one meeting for the purpose of “[r]eceiving the budget message and the budget document; and . . . [p]roviding members of the public with an opportunity to ask questions about and comment upon the budget.” ORS 204(2) further provides that when there is more than one meeting of the Budget Committee, “the first meeting shall be the meeting at which the budget message and the budget document are received by the budget committee. The budget committee may provide members of the public with an opportunity to ask questions about and comment upon the budget document at the first meeting of the budget committee. If such opportunity is not provided at the first meeting, the budget committee shall provide the public with the opportunity to ask questions and make comments upon the budget document at subsequent meetings.”

ORS 204.406(1) requires that the Budget Committee “approve the budget document as submitted by the budget officer or the budget document as revised and prepared by the budget committee.” The approved budget document “shall specify the ad valorem property tax amount or rate for all funds.”<sup>1</sup>

ORS 294.391 requires that this budget message shall:

- (1) Explain the budget document;
- (2) Contain a brief description of the proposed financial policies of the municipal corporation for the ensuing year;
- (3) Describe, in connection with the financial policies of the municipal corporation, the important features of the budget document; and
- (4) Explain the major changes in financial policy.

Each of these requirements is addressed in turn.

### **EXPLAIN THE BUDGET DOCUMENT**

This budget document is the third created using the City’s new financial accounting system. It lists departmental requests under the column entitled “2005-2006 Requested” column. Budget Officer recommendations appear under the “2005-2006 Proposed” column. Budget Committee action will appear under the “2005-2006 Approved” column, and the Council’s adopted budget will appear under the “2005-2006 Adopted” column heading.

As required by ORS 294.376, the “2002-2003 Actual” and “2003-2004 Actual” columns provide budget history for the two years preceding the current (FY 2004-2005) fiscal year. You will also see budgets that no longer propose expenditures but still appear in the budget document because of the requirement to present two years of history. An example is the General Fund’s Program Coordinator budget, which was combined with Neighborhood Services and renamed Community Services. The former remains in the General Fund budget in order to comply with the requirement to present the two years of history, but it has no expenditure proposed for FY 2005-2006.

The budget document is organized by individual funds, each of which reflects a specific or generalized purpose. Examples of the former are utility funds (e.g.

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<sup>1</sup> This authority of the Budget Committee limits the power of the governing body to adopt a final budget. ORS 294.435 provides as follows: (1) After the public hearing provided for in ORS 294.430 (1) has been held, the governing body shall enact the proper ordinances or resolutions to adopt the budget, to make the appropriations, to determine, make and declare the ad valorem property tax amount or rate to be certified to the assessor for either the ensuing year or each of the years of the ensuing budget period and to itemize and categorize the ad valorem property tax amount or rate as provided in ORS 310.060. Consideration shall be given to matters discussed at the public hearing. The budget estimates and proposed ad valorem property tax amount or rate as shown in the budget document may be amended prior to adoption and may also be amended by the governing body following adoption if such amendments are adopted prior to the commencement of the fiscal year or budget period to which the budget relates. However, the amount of estimated expenditures for each fund in an annual budget may not be increased by more than \$5,000 or 10 percent of the estimated expenditures, whichever is greater, and the amount of estimated expenditures for each fund in a biennial budget may not be increased by more than \$10,000 or 10 percent of the estimated expenditures, whichever is greater, and the amount or rate of the total ad valorem property taxes to be certified by the municipal corporation to the assessor may not exceed the amount approved by the budget committee:

- (a) Unless the amended budget document is republished as provided by ORS 294.416 or 294.418 and 294.421 for the original budget and another public hearing is held as provided by ORS 294.430 (1); or
- (b) Except to the extent ad valorem property taxes may be increased pursuant to ORS 294.437.

Wastewater and Water) and the Streets/State Gas Tax Fund. An example of the latter is the General Fund, which includes a variety of functions (e.g. Police, Municipal Court, Planning, and Code Enforcement).

Individual fund designations are not merely accounting conventions. They also serve to define the limits of your powers. This proposed budget document recommends a City budget of \$46,676,125, but you do not have the discretion to use that total amount in any way you deem appropriate.<sup>2</sup> For example, the major revenue in the Streets/State Gas Tax Fund is derived from the State motor vehicle fuel tax, whose use is “exclusively” limited by the Constitution of Oregon, Article IX, Section 3(a) to “construction, reconstruction, improvement, repair, maintenance, operation and use of the public highways, roads, streets and roadside rest areas in this state.” Likewise, use of the property tax levied within the Public Safety Debt Service Fund is limited to retirement of the outstanding debt on the Public Safety Building. In fact, approximately only one-third of the City budget is discretionary and can be used for any proper purpose.

**CONTAIN A BRIEF DESCRIPTION OF THE PROPOSED FINANCIAL  
POLICIES OF THE MUNICIPAL CORPORATION FOR THE ENSUING YEAR  
OR ENSUING BUDGET PERIOD**

A number of principles guided the development of this proposed budget.

First, the proposed budget retains existing services in a manner that does not impair the ability of any one to perform at a reasonable level. Among the many reasons that cities exist is the need and desire for an organization capable of providing an array of public services. Were we to eliminate many of our present functions and become a limited provider of services, we would more appropriately resemble a district charged with a specific service function. One of the strengths of cities is the ability to manage a menu of disparate functions. This proposed budget is designed to fulfill that essential mission of cities.

Second, the proposed budget attempts to focus this organization’s energies on increasing the value of the community. While this proposed budget sets a reasonable level of services, it is still a minimal level at best. We have not been able to provide a basic level of road maintenance, and we will continue in that vein without additional revenues. The Police Department is only minimally staffed and will continue to be so without additional revenues. The Library is operating on a minimal budget and will continue to do so without additional revenues.<sup>3</sup> The Planning Department is minimally staffed and will continue to be so without additional revenues. The list goes on and on, the point being that available revenues are sufficient to provide only a minimal level of services.

Third, the proposed budget continues efforts at public input and participation. Support of the City’s neighborhoods and continued efforts to increase public

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<sup>2</sup> This is a 4.4% increase over the FY 2004-2005 budget of \$44,692,244. The increase is \$1,983,881. The General Fund carries forward the full costs of a new proposed photo radar program that amounts to approximately \$891,921 and a new proposed Traffic Officer, which represents approximately \$68,326. The remaining increase is found largely in the Street Fund (\$958,193) and the Sewer Water Fund (\$518,753).

input before decisions are finalized are imperative if Milwaukie is to move in a positive direction. The ability to present a unified community whose approach to issues is consistent and directed toward a vibrant future is essential if we are to attract new investment. Investors need to be able to count on some measure of future stability and consistency when they commit resources, and the City needs to meet those expectations. Like it or not, change is a fact of life in a growing region, and the City's fate is to be located in the geographic center of at least one major piece of it. The City needs to manage that change in a manner that both honors the past and present while creating a prosperous, livable city for future residents. One way to do that is to ensure that current residents are fully involved as the City meets its future challenges.

Fourth, the budget document is constructed so that it is easily understood. The allocation of administrative, facility, and computer reserve charges is consistently applied; no one department is treated in a manner that is different from the others. Transfers track within the budget. In its final form the budget document will contain narratives that will expand upon the numbers.

Fifth, budget stability is maximized by reserving adequate funds when confronted with the possibility of extraordinary expenditures. The General Fund Qwest reserve and the PERS reserves within each fund are the two examples. The Court of Appeals issued a decision in the Qwest appeal this past year. However, I do not yet believe that has been a final resolution, and, therefore, Qwest franchise fee revenues continue to be placed in reserve. During the past month the Oregon Supreme Court issued its PERS decision. Better returns on PERS investments appear to have stabilized the rate issue, but I believe that there may be a significant rate increase in the next few years. Therefore, the proposed budget eliminates the PERS Reserve that has been maintained within the General Fund for all City funds. However, the proposed budget also contains reserves within each fund in anticipation of future increases. The General Fund Contingency, while not at a comfortable level, is within reason. However, when a final decision is reached in the Qwest matter, I will recommend that the priority for use of the Qwest funds be adequate funding of reserves. The proposed budget continues the new Computer Reserve Fund.

Sixth, revenues are conservatively estimated. Inflated revenues are often used as a tool to balance budgets. It is not, however, an acceptable strategy in this City. Every effort has been made to ensure that our estimates are achievable and do not inflate the budget.

**DESCRIBE IN CONNECTION WITH THE FINANCIAL POLICIES OF THE MUNICIPAL CORPORATION THE IMPORTANT FEATURES OF THE BUDGET DOCUMENT**

And

**SET FORTH THE REASON FOR SALIENT CHANGES FROM THE PREVIOUS YEAR OR BUDGET PERIOD IN APPROPRIATION AND REVENUE ITEMS**

The above requirements contain common elements, and, therefore, they are discussed simultaneously.

The proposed budget once again proposes new positions and operational funding to operate a proposed photo radar program. At present the City is awaiting legislative authorization to operate a program. There will be no expenditure of funds for photo radar until that authorization is received.

Adequate, stable, long-term funding for Library services remains an elusive goal. With the defeat of the County-wide Library Levy in November 2004 the proposed budget anticipates a \$123,021 reduction in budgeted revenues from Clackamas County for Library operations. The proposed budget recommends the same service level that is presently being provided, and it also proposes that the Library budget be transferred to the General Fund so that future funding decisions can be made with all requests considered simultaneously.

Specific project expenditures are budgeted within each SDC fund. In the past each SDC fund included a transfer to its corresponding operations budget without reference to the project(s) being funded. That made it difficult for one to track expenditures for a specific project. With this proposed budget that portion of a project funded by an SDC will now be identified and accounted for within the SDC fund, and that portion of a project funded by the corresponding operations budget will be identified and accounted for within the operations budget.

You will also note numerous changes in fund titles and line item descriptions. The changes were made to better describe functions or to clarify purpose. For example, the Public Works Structural Safety Fund is now the Building Inspection Fund, and the Traffic Assessment Citation revenue in the General Fund now includes identification of the resolution that created it. The goal is to make the budget document as fully self-explanatory as it can be made. A citizen who desires to review the City budget should be able to do so without having to resort to a myriad of other reference materials.

### **EXPLAIN THE MAJOR CHANGES IN FINANCIAL POLICY**

The financial policies of this organization have not changed appreciably in the past year. Every effort must be made to maximize revenues. Revenues increase, but they increase at a slower rate than costs. Left unchecked, in the General Fund that will eventually lead to the erosion of financial support for all but one service. As mentioned before, the effect is to erode Milwaukie's identity as a city. Thus, the policies that governed development of the proposed budget both maintain current services as well as encourage the elements necessary for attracting new investment.

One additional policy should be noted, even though it does not affect this proposed budget—namely, the need to act on the annexation of the City to Clackamas Fire District No. 1 (District). In 1998 the City entered into a contract to purchase fire suppression and emergency medical services from the District. Since then the City and District have operated pursuant to the contract. At present the City is paying the District roughly the equivalent of the District's

permanent rate of \$2.4012 per \$1,000 of valuation. While this arrangement has worked well for both parties, it presents two major problems. First, Milwaukie's status as a contract city does not afford either the City or District the stability needed to plan for the future. The experience with the District has been excellent, but there is no long-term guarantee of fire and emergency medical services as long as the City remains a contract city. Annexation to the District ensures the continued provision of those important services. Second, City residents pay the equivalent of the District's permanent rate, but they are not eligible to hold District office, nor can they vote on District financial proposals. Annexation to the District corrects both issues. Ballot Measure 3-166, which is on the May 17, 2005 ballot, proposes annexation of the City to the District. It also requires that there be no tax increase to Milwaukie property owners if the annexation vote is successful. Rather, tax increases by both the City and the District will require voter approval at a future election. Should the Measure pass, the effective date of the annexation is July 1, 2005. This will require adjustments of your approved budget by the City Council when it takes action adopting the FY 2005-2006 budget.

In closing, we have witnessed a change in the City's operations during the past few years. With the slower growth in revenues we are experiencing tighter, leaner budgets. The Council, Budget Committee members, City volunteers, staff, and management of this organization have responded to the budget "crises" with action. The Council and Budget Committee have provided the direction needed to move forward, and the City's volunteers, staff, and management have responded by moving in that direction. By continuing to respond with positive action we will continue that forward movement even during the worst of times."

At the end of the Budget Message, **Mr. Swanson** reviewed several issues. Frequently, there were questions about what was discretionary and what was dedicated, so he provided a chart. Although funds may be dedicated, such as the state gas tax, the City may make certain decisions as long as the projects complied with the purpose. Only a very small portion of the funds were available for proper discretionary purposes. Even in the general funds there were dedicated monies such as PEG access, which could be used only for capital expenditures. The traffic citation assessment fee was dedicated only for police department training, equipment, and administration. Even within the general fund, which was the largest portion of the discretionary funding, \$1.5 million had to be used for specified purposes.

**Mr. Swanson** provided a list of grants the City had applied for, and which were awarded thus far. He would have included the Lake Road Multimodal Project; however, the funds had not yet been appropriated. The \$5 million was authorized, and appropriation would likely occur after the beginning of the fiscal year. There were a number of major efforts such as Oregon Solutions, and staff was looking for every possible source of revenue. The \$336,000 for the Homeland Security grant application related to updating the Public Safety Building Community Meeting Room into an Emergency Operations Center

(EOC). Something like that would only be achievable with grant funding. Staff consistently sought grants to supplement existing funds.

**Mr. Swanson** reported the budget was balanced in the face of significant issues. Those included the defeat of the countywide library levy in November. He was able to balance the budget while maintaining the same service level. When one looked at a straight-line projection in the 2006 – 2007 budget, there was a \$740,000 deficit in the general fund. That number would change, however, throughout the year. It was feasible that the Clackamas County Commissioners might reduce the payments to the cities. If faced with a \$740,000 deficit, the City would still have to balance its budget while attempting to maintain service levels. That was the City's business.

**Ms. Schockner** noted the 2006 – 2007 projection was substantially less for materials and services and capital. Was that because projects were taken out that were completed and new ones were not added?

**Mr. Taylor** replied the intent was to provide a conservative estimate. Those projects included were those on next year's list, and there would likely be more.

**Ms. Schockner** said if the history were straight-lined, then the deficit could be substantially greater.

**Mr. Swanson** said it would move throughout the year, and it would likely come to a point where it was much worse. He referred to page 11 – general fund revenues. He moved the Library from being its own fund into the general fund. He did that because in the last four years, Library services tended to be cut to balance the budget. He believed that was the case because of the structure of the budget document. The general fund had a number of services, and the Library had its own fund. By crunch time, the budget was balanced by fund. Part of it was the process. It was analogous to a fantastic dinner to which the library was not invited until everyone was sitting around smoking cigars and drinking cognac. By that time there were only crumbs. With this change, the Library would be able to participate in the dinner. It would not make the process any easier; it would just be more fair. The Library expenditure budget was on page 16 as well as a Library services budget. There was one proposed expenditure, which was the fund balance that would close it out. The second Library budget would have to be in the document for a number of years because statute required that history be included.

Community service and code enforcement was the same as last year with the same number of employees. Program services was no longer an expenditure budget, but it did have history that needed to be included. The public access studio budget did not indicate a contract increase, but there were funds to upgrade the City Hall sound system. There were no significant changes in police administration from the previous fiscal year. There were some changes in field services contractual services because emergency dispatch was moved from its own line item. He discussed the photo radar budget with equal revenues and expenditures. If the legislature did not authorize photo radar in Milwaukie, then the net effect on the budget would be zero.



**Chief Kanzler** had talked with Sen. Brown and Rep. Tomei about their support for the bill, and he discussed Sen. Metzger's issues with the City of Beaverton.

**Mr. Miller** noted last year's adopted budget was \$1.6 million, and the proposed was \$1.962 and asked why there was a difference.

**Mr. Swanson** responded that a 3% cost of living was applied plus it included photo radar positions. He noted the \$75,000 expenditure to standardize firearms in the department, which was funded by traffic assessment. Each officer currently supplied his/her own firearm, and he felt this action was important. He noted the Homeland Security Grant. In police support services, he would have liked to add a property room clerk, but he did not have the money for any new positions. Fire operations was the contract with Clackamas Fire District #1, which he under-funded by about \$189,000 to balance the general fund. If annexation did not pass, then he would have to use contingency.

**Ms. Schockner** asked Mr. Swanson to comment on the effects of the Measure's passing.

**Mr. Swanson** replied that there was a one-time bump of about \$100,000 in the general fund if the annexation passed. If annexation passed, the City Council could see a different general fund that zeroed out fire operations, a levy reduced by \$2.4012, and revenue in facilities for the District's leasing of the building. Those changes can be made without going back through the process because the levy amount was not being increased.

**Mr. Swanson** had hoped to hire another planner but did not find the money to do so. The planning department was working on several large issues that consumed considerable staff time. As Milwaukie becomes more discovered, he wanted sufficient staff to maintain City standards.

He referred to page 36 and the economic development funds. He commented on the Milwaukie light rail draft environmental impact statement (DEIS) and the Kellogg Lake transit center site. The estimated cost of the DEIS was \$4.3 million that included \$2 million in Metropolitan Transportation Improvement Program (MTIP) money. The cities of Portland and Milwaukie, TriMet, and the Oregon Department of Transportation (ODOT) would be asked to make up the balance. This was a two-year project, so he would be seeking funds again next year if approved. The Special Public Works Fund (SPWF) loan was recently authorized to complete the North Main Village public improvements.

There were a number of transfers to various funds. There was \$28,000 in Neighborhood Services for the grant program and \$121,560 to the water fund to repay the riverfront property acquisition loan. He discussed the PERS reserve transfers and the contingencies in each fund that would address future increases.

Contingency was \$900,000, and that fund would be impacted if the Fire District annexation did not pass. There was \$915,000 remaining in the Qwest contingency, and he recommended that the City continue to reserve that money. If the decisions are favorable to the City, then he recommended sending the bulk

of that amount to reserves rather than using it for operations. He felt a reasonable reserve for Milwaukie would be about \$1.5 million.

**Ms. Schockner** discussed street funding and the feasibility of a priority list.

**Mr. Swanson** said whatever was not used for contingency would be available. To retain its identity as a City, Milwaukie needed to continue to provide a range of services in its role as a general service provider. Code enforcement, for example, was an important service in terms of property value within the community and distinguished Milwaukie from adjacent areas. Milwaukie provided a high level of law enforcement and planning services with limited staffing levels.

He continued his discussion with administrative services, which derived its funds from general administrative charges. He commented on the difficulties with Oregon Budget Law and transferred charges that resulted in an inflated document. Administrative services would be status quo with the exception of a resignation in the finance department.

**Mr. Swanson** referred to special services and focused briefly on the street budget that included \$350,000 for street lighting. The logical place to put that expense was the general fund, but he did not have the money to do that. In the past when the gas tax was doing well, many cities transferred street lighting to their road funds, but over the years that was becoming a struggle. He pointed out that system development charge (SDC) funds followed the operational budget. SDCs were assessed on new development as a way to get new development to pay for additional demand and eligible past improvements. The biggest change in the utility services was the addition of two employees in stormwater to comply with federal mandates.

**Mr. Swanson** noted there would not be individual departmental presentations unless requested. The proposed budget was posted on the City's website and at City facilities. He expressed his appreciation to Mr. Taylor, Ms. Howard, and Ms. DuVal for their work in putting the budget together.

**Chair Aschenbrenner** appreciated having the departmental goals and accomplishments included in the document.

**Mr. Bernard** asked which positions were open and which would be filled.

**Mr. Swanson** said the community development/public works director position was funded as were the program coordinator, civil engineer, and utility worker positions.

**Chair Aschenbrenner** asked if the police department was reaching its full staffing level.

**Chief Kanzler** said there were five officers in training with two more hires starting April 4. Those would fill all the authorized positions.

**Chair Aschenbrenner** asked if any members had questions for certain departments.

**Ms. Stone** had questions about vehicle replacement. There seemed to be a lot of them in the police department. She discussed getting information on the number of FTEs in the departments.

**Chair Aschenbrenner** had several minor questions and would contact the department directly.

**Mr. Swanson** would provide the FTE information Ms. Stone requested.

There were no further remarks from the Committee and no public comment.

### **Draft Capital Improvement Plan (CIP)**

**Mr. Shirey** discussed the five-year projections in seven funds. About \$400,000 to \$500,000 was spent annually in the traditional utilities through charges on projects identified in the master plans. Stormwater priorities had changed based on new federal and state standards. There were few changes in wastewater and water, and those projects were a continuation of the master plan. The \$845,400 in the street budget was a result of the new transportation SDC that repaid gas tax dollar used for capacity over a number of years. Funds would be used for the 21<sup>st</sup> Avenue extension, Lake Road, and Oak/Hwy 224. It was a matter leveraging public improvements to encourage development.

**Ms. Schockner** referred to last year's CIP and requested a list of previous projects completed this year and projects that have been substituted. She wanted to get a sense of what was completed and what was being re-prioritized.

**Chair Mr. Aschenbrenner** referred to the 37<sup>th</sup> Avenue stormwater/sewer replacement and asked if it would go forward. He understood an existing pipe ran along the wetlands.

**Mr. Shirey** replied there was some unimproved right-of-way in which the existing line would be replaced. The design was completed and construction was planned for July.

**Ms. Stone** understood the total cost for the 37<sup>th</sup> Avenue project was \$126,000, but it was listed on the "pink sheet" as \$90,000.

**Mr. Shirey** said that was an error that would be corrected. The correct amount was the larger of the two.

**Mr. Aschenbrenner** referred to the well rehabilitation and asked what that was for.

**Mr. Shirey** would provide the answer.

**Chair Aschenbrenner** commented on the railroad crossing at Oak/37<sup>th</sup> Avenue and asked if Milwaukie would be applying for grants. He was concerned about pedestrian access at those crossings.

**Mr. Shirey** discussed the CDBG funding cycle. The crossings continued to be a high priority.

**Ms. Stone** asked if there was some way to denote the actual amount of the grant versus the amount of the match.

**Mr. Shirey** believed staff tried to do that on the individual project sheets. He discussed the McLoughlin Boulevard improvement project.

**Mr. Bernard** commented on efforts by the railroad industry to address those types of crossing issues.

**Chair Aschenbrenner** added that the sidewalk basically ended at 37<sup>th</sup> Avenue. He asked that Mr. Somers comment on the \$5,000 for emergency repairs at the Public Safety Building. He discussed signage that directed people to the community meeting room.

### **Future Meeting Dates**

The group agreed to meet on April 5 at 7:15 p.m. after the regular Council meeting for public comment and any further discussion of capital projects. A meeting would be held on April 21 at 6:00 p.m. if needed.

**It was moved by Mr. Bernard and seconded by Ms. Barnes to adjourn the Budget Committee meeting. Motion passed unanimously among the members present. [7:0]**

**Chair Aschenbrenner** adjourned the meeting at 8:15 p.m.

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Pat DuVal, Recorder

**MINUTES  
BUDGET COMMITTEE MEETING  
April 5, 2005**

**Chair Aschenbrenner** called the meeting to order at 7:30 p.m. in the Milwaukie City Hall Council Chambers.

Budget Committee members present: Melissa Arne, Deborah Barnes, Jim Bernard, Carlotta Collette, Joe Loomis, Mike Miller, Leslie Schockner, and Susan Stone.

**Public Comment**

- **Pat Healy, 8831 SE 41<sup>st</sup> Avenue, Ledding Library Board**

**Mr. Healy** thanked Mr. Swanson for his recommendation to continue funding the Library at the same level and adding it to the general fund. He hoped the Budget Committee would concur because the Library was important to the redevelopment of the downtown and to the community as a whole. The facility was used to its fullest, and the Board was proud of the patrons, Friends organization, and Library staff.

**Mr. Aschenbrenner** discussed County funding issues.

**Mr. Healy** added that the Library Foundation was close to being organized.

- **Ed Zumwalt, 10888 SE 29<sup>th</sup> Avenue, Ledding Library Board**

**Mr. Zumwalt** appreciated not having to pick up the scraps off the table. The playing field was more level as it should have been for many years, and the Library might be in the same ballpark. A whole new town was going to drop right in the middle of the Library in about 18 months. 97 residential units, retail, and all the problems that went with it. The Library would be a vital part of that and would be half again as busy. Waldorf and Milwaukie High School students are using it more and more. The Library was a very important part of the City. He hoped the Budget Committee would approve the budget as proposed by the City Manager.

- **Judy Croft**

**Ms. Croft** frequently took her granddaughter to the Library, and she was a big fan. She thanked the Budget Committee and Mr. Swanson for allowing a little breathing room. She observed 60 children watching the puppet show during spring break and there were 16 children at story time today. She hoped everyone realized the importance of the Library.

Seeing no one else who wished to speak, **Chair Aschenbrenner** closed the public comment portion of the meeting.

### **Deliberations**

**Ms. Collette** asked for clarification of the Records and Information Management with 6 FTE and Information Systems and Technology (IST) had 4 FTE.

**Mr. Swanson** explained the first one was Ms. DuVal's budget that included City Recorder, Risk Management, and Municipal Court. The IST budget was computer, telephone, and GIS.

**Mr. Aschenbrenner** asked Mr. Swanson to review the reserve funds in lieu of issue.

**Mr. Swanson** noted that Chair Aschenbrenner was very involved and helped staff be successful by identifying issues. One of the things he identified was the "in lieu of" funds. Those were paid to the City through a development agreement, and in the past they had not been well identified. He referred to the budget adjustments. The first item was creating a reserve that was called "in lieu of improvements." The money was being held for expenditures some time in the future for a specific purpose either created by agreement or Planning Commission requirements. Those monies would now be identified in the budget within the Streets/State Gas Tax fund as a reserve. He believed it was a good policy issue because in the past no one had a way to identify those funds. He felt Chair Aschenbrenner had appropriately pointed out the issue.

**Chair Aschenbrenner** understood those funds were being tracked even though the amounts were small.

**Mr. Swanson** explained that those funds were restricted because they were identified by a specific project or location. The amounts, though small, were actual figures. Mr. Swanson referred to the proposed budget adjustments. At the last hearing it was pointed out that some numbers needed to be conformed between the budget and the capital improvement plan (CIP). The water, wastewater, and stormwater future capital amounts were exactly what was discussed. He commented on improved tracking of expenditures in the SDC funds. These were changes staff would ask to be incorporated by reference in a motion when the Budget Committee approved the budget.

**Mr. Swanson** thought it was important to note that the City was attempting to recognize its role as a city. It was a law enforcement agency, library, streets, and many other things. Bringing the Library into the general fund was a recognition of the City's role in the community as a general provider of services which was only as good as the weakest link in the chain. Each year when the Council adopted a budget, it also identified the services it provided. After annexation to the Fire District the intent is to hold fast to that list of services. The underlying principle in the creation of this budget was to recognize that Milwaukie provided an array of services and needed to provide them well. He discussed potential County cuts to Library funding and how that related to the general fund. If the funding were less, everyone in the general fund would be impacted.

**Ms. Schockner** discussed reconciliation of the CIP and budget and suspected there was some kind of systemic disconnect.

**Mr. Swanson** said Chair Aschenbrenner had been instrumental in moving the process along. Staff had been struggling with this issue through four budgets. The City was working every year to bring them more and more into conformance, and it would get better by taking the necessary steps.

**Mr. Miller** asked what adjustments would be made if the Legislature did not pass photo radar.

**Mr. Swanson** referred to page 12 of the budget that showed photo radar revenue of \$891,921. If the Legislature did not approve photo radar, then that amount would not be collected. There was a corresponding expenditure in the police department budget all related to photo radar that would not be spent.

**Chair Aschenbrenner** noted the difference between actual traffic fine revenues and what was forecasted.

**Mr. Swanson** replied the departments were trying to do a better job of identifying revenues. The fines from both basic traffic fines and photo radar were lumped together in the 2005 – 2005 budget. This year they were separated. This year \$370,000 in revenue was forecasted for regular traffic fines.

**Mr. Bernard** understood the legislature passed a bill that did not reduce fines below a certain amount, and that has increased revenue.

**Ms. Barnes** would like to look at the feasibility of hiring a grant writer on a contingency basis to open up more possibilities.

The group discussed the need to have another meeting on April 21, and it was consensus that one was not needed. It was determined that anyone still wishing to comment on the budget could address the City Council.

**Mr. Swanson** read the form of motion: the action would be to approve a budget with the proposed budget adjustments as submitted by the Budget Officer this evening and specifying an ad valorem property tax rate of \$6.5379/\$1,000 of valuation for the general fund and \$300,000 as an amount property tax for the public safety debt service fund.

**It was so moved by Mr. Bernard and seconded by Ms. Stone. Motion passed unanimously. [9:0]**

**Mr. Swanson** announced that the City would go out for proposals for audit services. He updated the Committee on some legislative bills including one that would divert traffic fines collected by the cities to the state and an effort by Qwest to continue collecting the franchise fee however Qwest got to keep it.

**Mr. Swanson** reviewed the annexation to the Fire District. If it was successful, the annexation would occur on July 1, 2005 and the fiscal year for which the Committee just approved a budget. If the measure passed, then the City Council would consider a different budget from the one approved by the Budget Committee. The Council hearing would be on June 7 at 7:00 p.m. in the

Chambers. If the annexation passed, the ad valorem property tax within the general fund would be \$2.4012 less than the amount certified at this meeting. The measure on the ballot committed to no tax increase, so the City would reduce its levy of the general fund by the amount of the Fire District's permanent rate. The fire operations budget within the general fund would be eliminated in the amount of approximately \$3 million. There would be revenue to the facilities fund because the District would be leasing space at the Public Safety Building. These changes would not require additional process because taxes were being reduced rather than increased.

**Chair Aschenbrenner** adjourned the meeting at 8 p.m.

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Pat DuVal, Recorder