

A G E N D A

BUDGET COMMITTEE MEETING APRIL 30, 2007

6:00 p.m.

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

- 1) Call to Order – Chair David Aschenbrenner
- 2) Preliminary Comments—Chair David Aschenbrenner
- 3) Approval of the minutes of the April 9, 2007 Committee Meeting
- 4) Public comments
- 5) Comments of Draft Financial Policies
- 6) Responses to Committee questions from the April 9, 2007 meeting
- 7) Responses to Capital Improvement Plan questions from the April 9, 2007 meeting
- 8) Budget Committee Deliberations
- 9) Next Steps – Next scheduled meeting May 7, 2007
- 10) Adjourn

MINUTES
BUDGET COMMITTEE MEETING
April 9, 2007

Chair Aschenbrenner called the meeting to order at 5:50 p.m. in the Milwaukie City Hall Council Chambers.

Budget Committee members present: Melissa Arne, Deborah Barnes, Jim Bernard, Carlotta Collette (arrived 5:58 p.m.), Jeremy Ferguson, Joe Loomis, Mike Miller, Leslie Schockner (arrived 5:57 p.m.), and Susan Stone.

Staff present: Operations Supervisor Mike Clark, Engineering Director Gary Parkin, Community Services Director JoAnn Herrigel, Library Co-Director Joe Sandfort, Planning Director Katie Mangle, Accountant Judy Serio, Human Resources Director Mary Rowe, Operations Director Paul Shirey, and IST Director Esther Gartner.

Election of Officers – Chair and Secretary

Mr. Aschenbrenner called for nominations.

It was moved by Mr. Miller and seconded by Ms. Arne to nominate David Aschenbrenner as Budget Committee Chair. Motion passed unanimously among the members present. [8:0].

It was moved by Mr. Miller seconded by Ms. Arne to nominate Leslie Schockner as Secretary of the Budget Commission. Motion passed unanimously among the members present. [8:0]

Consider Minutes of April 20 and May 17, 2006

It was moved by Ms. Barnes and seconded by Mr. Miller to approve the April 20 and May 17, 2006 minutes. Motion passed unanimously among the members. [8:0]

2006 – 2007 Budget Message and Budget Officer’s Balanced Budget Proposal

Budget Officer Swanson requested that the Budget Committee members ask questions at this meeting, and he would respond at the next meeting. He delivered the 2007 – 2008 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.”¹

ORS 294.391 requires that the budget message:

- (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

The budget document lists the Budget Officer’s recommendations under the “2007-2008 Proposed” column. The Budget Committee’s action will appear under the “2007-2008 Approved” column, and the City Council’s adopted budget will appear under the “2007-2008 Adopted” column.

As required by ORS 294.376, the “2004-2005 Actual” and “2005-2006 Actual” columns provide budget history for the two years proceeding the current fiscal year. You will note the inclusion of budgets that do not

¹ 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.

propose expenditures. They remain in the budget document because of this requirement.²

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. 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 \$42,866,264, but you do not have the discretion to use that full amount in any way you deem appropriate.³ For example, the major revenue in the Streets/State Gas Tax Fund is derived from the State motor vehicle fuel tax. Use of those revenues 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 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 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 and managing 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 mission.

Second, the proposed budget focuses organizational energies on increasing the value of the community. A major accomplishment of the

² An example is Fund 180—Ledding Library. The Library budget was placed within the General Fund two years ago, eliminating the need for a separate fund. Though there is no longer an expenditure associated with Fund 180-Library Services, it remains in the budget document until the requirement to present two years of history has been satisfied.

³ The proposed FY 2006-2007 budget is 4% more than the FY 2006-2007 budget, or an increase of \$1,704,477. A portion of the increase—or \$568,738—represents a photo radar program that awaits legislative approval. \$802,228 represents the new street maintenance program, which you will find in a new Fund 315. It is proposed to be funded by a combination of three revenue sources—gas tax, street maintenance fee, and a privilege tax on PGE usage.

past year is creation of the Street Maintenance Program. This program derives its revenue from three sources: gas tax, street maintenance fee, and PGE privilege tax. These new funding sources will enable the City to maintain its investment in its road infrastructure. At the same time, the General Fund continues to provide a stable but only very basic level of services. For example, the Police Department is staffed at a very basic level, and it will continue to be so without additional revenues. Charting the course of Library services is dependent on Clackamas County's annual appropriation of funds for local libraries. The current uncertainty surrounding County receipt of timber monies from the Federal Government is certain to play havoc with the Library and General Fund budgets in the future. And we have yet to even make a move toward, much less meet, the long-held goal of providing each Neighborhood Association with \$10,000 in grant funds for local initiatives.

Third, the proposed budget continues to encourage public input and participation. Support of the City's neighborhoods and continued efforts to increase public 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 count on 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 region's geographic center. We must manage that change in a manner that maximizes the value of both the community as a whole as well as each residential property within it while retaining the small town livability that is quickly vanishing from other communities.

Fourth, the budget document is written to be easily understood. The allocation of administrative, facility, and computer reserve charges is consistently applied; no one department is treated in a manner different from any other. Transfers track within the budget.

Fifth, budget stability is maximized by continuing to fund a General Fund Contingency of \$1,000,000 and an Unappropriated Reserve of \$500,000, both increases over the current year.

Sixth, revenues are conservatively estimated. Other organizations have inflated revenues as a tool to balance budgets. That is not an acceptable strategy in this City. Every effort has been made to ensure that our estimates are achievable and do not overstate our resources.

**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.

A noticeable change from the FY 2007-2008 budget is the addition of funding for a photo radar program. However, the proposed legislation appears not to be headed for approval, although red light photo authorization may be adopted. The revenue and expenditures have been set at the same level, so the Legislature's failure to authorize photo radar will have no impact on the budget.

You will also note that once again property tax revenue within the General Fund reflects the City's commitment not to raise taxes if the voters approved annexation to Clackamas Fire District No. 1. There is a further reduction in the levy of the City's permanent rate to correct a mistake made when the annexation was approved. The City promised that annexation would not result in an increase, and because of the assumption of District bonded debt there was an increase. Thus, in order to fully meet our commitment to the voters, a further reduction of \$119,880 has been made.⁴

EXPLAIN THE MAJOR CHANGES IN FINANCIAL POLICY

Concurrent with the adoption of a proposed budget I am requesting that the Budget Committee approve the Financial Policies set out beginning at page 9 of the budget document. The Budget Review Board, which is comprised of the citizen members of the Budget Committee, have reviewed these policies and made recommended changes. These policies speak to the following issues: minimum fund balances; contingencies and reserves; revenues; interest income; expenditures; debt; and accounting principles.

In closing, I wish to thank everyone for support and assistance in producing the budget document as well as in transforming its promises into results throughout the ensuing year. I wish to individually recognize the City's former Finance Director, Stewart Taylor. I wish to express my deepest appreciation for his hard work, positive attitude, and wisdom.

We have witnessed changes in the City's operations during the past few years. With the slower growth in revenues we are experiencing tighter,

⁴ The City's authorized permanent rate is 6.5379/\$1,000 assessed valuation. Upon annexation to the District the City committed to reduce its levy of its permanent rate by the amount of the District's permanent rate, which is 2.4012/\$1,000 valuation. There is then a further reduction to fully meet that commitment, resulting in a total levy of 4.0512/\$1,000 assessed valuation during FY 2007 - 2008. Attached to this Budget Message are a copy of Ordinance No. 1958 "AMENDING MILWAUKIE MUNICIPAL CODE TITLE 3—SUBCHAPTER 3.20 RELATING TO THE ANNUAL LEVY OF THE CITY'S PERMANENT RATE BY REQUIRING A FURTHER REDUCTION OF THE ANNUAL LEVY AND DECLARING AN EMERGENCY" and the accompanying staff memo dated February 10, 2006. These, together with the attached bar graph that visually displays the change, more fully explain the action taken to fully meet the City's commitment to the voters.

leaner budgets. The Council, Budget Committee members, City volunteers, staff, and management of this organization have responded with results. The Council and Budget Committee have provided the direction needed to move forward, and the City's volunteers, staff, and management have responded by focusing on results.

Chair Aschenbrenner asked Mr. Swanson if he had any information on the County timber tax.

Mr. Swanson said both Oregon senators negotiated a five-year compromise that was part of the Democrat's legislation calling for certain actions in Iraq. The President had threatened to veto. It was a daily thing, and he would get more information. The County was hoping to hang on and meet its commitment. The City put it in its budget, but he looked for the total demise of those monies in the future.

Mr. Swanson referred to page 9 and the financial policies. The Budget Review Board spent most of its last meeting discussing the policies and the various options available. The result was the draft now before the Budget Committee. In some cases the City had followed these policies, so this was a restatement of what was done in the past. These were good management practices that had not been set forth somewhere. He asked that the members focus on these policies and make comments, as the intent was to adopt them as part of the Budget Committee process. In the June budget adoption process, the Council would be asked to adopt these as City policy. Mr. Taylor devoted a great deal of time on these, and Mr. Swanson felt that they needed to be incorporated in all future budget documents and evaluated on a regular basis in the interest of long-term financial stability.

Mr. Swanson referred to page 16 which outlined the personnel section, and he provided a condensed version of the positions being proposed.

Mr. Bernard asked what the City's bond rating was and its bonding capacity.

Mr. Swanson would have to find out. The only outstanding debt, the public safety building, was minor.

Mr. Swanson recommended several new positions after a great deal of thought. In 1997-1998 the City had a total staff of 154, and if these positions were approved the City would be operating at 130.88. The reduction in numbers was because 24 firefighters were transferred to the Fire District. The number of employees had changed very little over time. That, however, came at a cost. He recommended one IST analyst to help deal with the day-to-day system issues. Ms. Gartner dealt with the longer-term City projects, such as changing banking services. One of his big priorities for next year was e-ticketing, to help streamline the jobs of the traffic enforcement officers and court staff. In 1997 – 1998 the planning department had 7.5 planners, and today it had four. He made a number of adjustments in the general fund in order to fund the planning position. The City had a great department, but it never was able to get to the long-term planning projects. The associate planner position was a big priority for him. The

.5 FTE in records and information management would help in finance and community services with special projects and when employees were sick or on vacation. He learned that library aides' hours were being scheduled to avoid paying them benefits, and he did not believe that type of practice reflected the City's values. The positions in police services were related to photo radar. There was \$350,000 in personal services, and these funds would not be spent if the program were not approved by the legislature. Two years ago the revenues were set for photo radar once the expenses were determined, so they equaled each other. In police support there was .5 FTE for the police records scanning project. In public works operations there was one administrative specialist II. Ms. Quinn would be reassigned from fleet and facilities as would Mr. Butcher from water and storm water. If one looked at the detail, each of those four budgets dropped .5 FTE that were picked up in the public works operations director. The net increase was actually one position. Mr. Shirey would give emphasis to asset management and sustainability issues.

Ms. Stone referred to the list of proposed positions under police field services. Mr. Swanson gave the figure \$351,520, but in the footnote on page 2 the figure was \$568,738.

Mr. Swanson said there was money in contract services that would go to the photo radar provider. The \$351,520 was that portion that dealt with personnel.

Mr. Swanson referred to page 19 – general fund revenue. The County timber money was put in the county library cooperative line item. He was still confident/hopeful of the \$480,363, but there would likely be problems in the future. That amount would eventually decrease to zero and be a significant hit on the general fund. The Metro local share in the amount of \$657,751 would be used to purchase open space and parks.

Page 20 identified traffic fines in the amount of \$510,000, and he commented on an earlier decline in revenues due to a retirement and an internal transfer. This year the two traffic enforcement officers were restoring the revenues. When one looked at the cost of funding two officers and the cost of court, one saw it was a break-even situation. Traffic enforcement is really about public safety and was not a profit center. Traffic fines from photo radar were the \$568,738 to which Ms. Stone referred with \$351,520 of that being personal services.

On page 26, community services, Mr. Swanson pointed out the Metro local share in capital outlay in the amount of \$657,751. There was also \$100,000 in Riverfront money to continue the design work that would continue into next year. He referred to page 31 and noted next year the City planned to implement streaming video. He pointed out the photo radar salaries on pages 35 and 36. Both personal services and contractual services were overstated if photo radar was not approved.

Chair Aschenbrenner asked what the numbers would be if photo red light were adopted and photo radar was not.

Mr. Swanson said the numbers would be left as they were, but only a certain portion would be allocable from contractual services. He pointed out increases in professional services and contractual services on page 42 of the court budget. The City entered into a new contract with Judge Ron Gray that anticipated additional court dates based on the number of citations currently being written. Under contractual services, part time bailiff services were added.

He referred to pages 43 and 44 that had a number of different programs. One was economic development in the amount of \$48,200. Milwaukie's share of the \$4 million light rail Draft Environmental Impact Study (DEIS) was \$200,000. It was budgeted in the current fiscal year, but if the City were not billed before the end of the fiscal year it was in the 2007 – 2008 budget. The special public works fund (SPWF) principal and interest was on the loan from Oregon Housing Community Services for the North Main offsite improvements. \$28,000 was transferred to neighborhood grants. The WW Cap transfer to 550 in the amount of \$196,872 was the repayment to the wastewater fund for the purchase of the Cash Spot property. The \$31,498 transfer to 880 was a portion of the Ethel Folden bequest to the Library. \$1,000 would be used to purchase a bench in her memory for Scott Park. A couple of weeks ago, the City received the annuity payment in the amount of \$119,711.79, but it did not come in time to be included in the proposed budget. Those funds would also be deposited into fund 880, so the total from the Folden Bequest was about \$150,000. There was also contingency in general fund set at \$1 million up from \$860,00. The unappropriated reserve was set at \$500,000 up from \$414,000. He had been trying to get to the \$1 million contingency for some time and was pleased to see it remained this year within a balanced general fund. The PEG fees were dedicated to capital, and for a number of years it was not tracked. Some time ago Ms. Herrigel and Mr. Taylor reconstructed the PEG expenditures and revenues, and those were now being tracked much better. \$38,000 was proposed within the budget, and this was the remainder. The general fund was \$13,891,351 with about \$538,000 of that in photo radar.

The administrative services budget was constructed and then divided by the number of FTE and allocated to the departments accordingly. This was a simple and equitable way to allocate these charges. That means if photo radar does not pass, then the general fund will pick up a little more. Page 45 was the Council budget, and he would propose an increase in the Council stipend for the purpose of adequately reimbursing the members for their expenses. Currently, the Mayor's stipend was \$200 a month and \$150 for the Councilors. He would likely fund that by transferring money from the City Manager's budget.

The city manager's budget had a line item called misdemeanor court study. Right now the court dealt with traffic and code violations. The study would look at the feasibility of a misdemeanor court for minor things like shoplifting that the district attorneys office did not have time to prosecute. Mr. Swanson wanted to look at increasing the jurisdiction of the municipal court and specifically consider remodeling the fire bay at City Hall and possibly the County facility on McBrod. An architect would be hired to begin looking at both of the spaces. If the

jurisdiction were expanded, the City needed to look at a different facility that kept people from wandering throughout the building. Those going to misdemeanor court would be actual criminals, so there would be safety concerns. The architect would look at the space to determine if it could be converted, and he noted there would be historic building issues. It was time to get serious about whether the City wanted to go with a misdemeanor court. This would be an update of the study that was done several years ago.

Page 64 showed the neighborhood services grants in the amount of \$4,000. The first year Mr. Swanson was in Milwaukie, the goal of \$10,000 per neighborhood was set. The proposed budget showed how much each neighborhood had available in grant funds at the beginning of the new fiscal year.

Councilor Collette asked how Linwood went from \$6,300 to \$18,000 in two years.

Mr. Swanson replied there may have been some challenges in piecing that together and would look into it for the next meeting.

In referring to page 73, Mr. Swanson found one of the most gratifying things was the recently adopted street surface maintenance program. The second reading of the gas tax ordinance would be on April 17. This was the first budget for this program. Budget Committee members asked about the projects, and the most frequent was, "Where's King?". He provided copies of the project schedule, and King Road reconstruction was in year two. 2007 – 2008 was the year in which the revenues were actually determined. He also noted that an employee restroom in the basement of City Hall was included.

Mr. Swanson, in closing, provided a taste of the work that would be undertaken during the new fiscal year as well as that that was being done by 123 dedicated people: implement a new street surface maintenance program, transition to a new finance director, implement new business management process in public works related to asset management and sustainability, design and development of the riverfront and the sternwheeler question, wastewater treatment and resolution of Kellogg Treatment Plant issues, South Corridor Phase 2 light rail, bus layover and bus shelter improvement project, the Town Center site project, and the Kellogg Bridge removal. In the past year, the Library fielded 30,000 reference questions, sent 95,000 individual materials to other libraries for the interlibrary loan program, and checked out 544,818 items. Staffs in water, wastewater, storm water and finance worked with 6,600 residential and commercial utility accounts. Stormwater had 1,190 catchbasins, 548 manholes, 197 drywells, and 37 miles of pipe and open ditches. Wastewater had 75 miles of public sanitary sewers, 5 lift stations, and 1,607 manholes. Water had 100 miles of lines, 7 wells, and 4 pump stations. 75 miles of City streets were swept on an 8-day cycle to meet DEQ permitting requirements. The Milwaukie police department registered a 28% decrease in Part 1 crimes and a 12% overall reduction. The national trend was just the opposite. The department eliminated chronic criminal activity from three locations in cooperation with code enforcement. IST would implement e-ticketing and replace six servers that were

nearly obsolete. The City's current phone system has been in place for more than 10 years. This was a partial list but conveyed the idea. It reminded him of the story about the janitor at the National Aeronautics and Space Administration who when asked what his job was, replied his job was to put a man on the moon. This was not an organization of one or a few living off the work of others. This was not an organization that had direct and support functions. Every function called support in another organization was a direct delivery service. He believed this was a dedicated group of people who though may not be putting a person on the moon, were doing the best to make this the community its residents wanted -- a community with a vibrant, sustainable, exciting future. A community that retained its small town feel in an urban setting. A community that current residents' children's grandchildren wanted to return to and create their own future. The real story was that there was a lot that got done. Portland was called the City that Works, but Milwaukie would be known as the City that did a lot of work. With that he submitted the budget.

Chair Aschenbrenner thanked staff. His dealings with staff were consistently high quality.

Mr. Bernard asked if would be possible to pave King Road sooner by borrowing from another fund. It was in such bad shape, and he suggested the King Road project would show people what they were getting for their street maintenance fees.

Mr. Miller referred to page 28 and asked why parking citations had dropped from 936 to 241 in past year.

Mr. Swanson guessed it had to do with staff changes.

Mr. Miller referred to page 74 that showed \$600,000 in the street maintenance fund while the CIP showed \$550,000.

Mr. Swanson would defer to Mr. Parkin on that question.

Ms. Collette thought the street maintenance fund revenues would be closer to \$1.2 million.

Mr. Swanson believed that some adjustments were made after the extensive community process.

Chair Aschenbrenner referred to pages 21 and 22, the library fund. There was a discussion of a self-checkout system in the CIP, which he understood was dependent upon replacing the network computer system. He asked if it would be possible to take \$10,000 for that system from the Folden Bequest once the computer system issue was solved.

Mr. Swanson understood that the computer company would no longer support the system, so the network was looking again. Once the budget was adopted the Council could look at the Folden fund and decide if the self-checkout system was a good expenditure after going through the Library Board and Budget Review Board. If people were interested, he would like to pursue that after July 1.

Chair Aschenbrenner would like to hear from the Friends and Library staff about their plans for the Pond House.

Ms. Schockner had a question related to the performance measures in the summaries. She understood the police department referred to their reports, but wanted to know if it was possible to project the current year and next year statistics, so there would be a sense of what would be accomplished.

Mr. Swanson thought her point was good. Being short one person can make those figures plummet, but it was something staff would work on next year.

Ms. Schockner asked whether or not the City had a policy on how bequests were used.

Mr. Swanson replied there was no policy. When the City received notice of the Folden Bequest he did not assume it would be used to replace operating funds, so it was segregated. He suggested it might be good seed money for the building fund. Staff could look at other cities' policies. He would be very concerned if the money was used for operations, but he had not gotten any further than that.

Ms. Schockner suggested having a brochure that advised people who wished to donate to the Library.

Mr. Swanson understood the Friends were working on something like that with Greg Chaimov's help.

Ms. Schockner suggested working on a process by which community groups could have standard input into what they thought should be in the budget that might include such things as traffic calming. Her final question had to do with the capital budget. She requested a spreadsheet that would track projects that had been completed or may have dropped off the list.

Ms. Stone referred to the photo radar budget and noted police field services was \$351,520 out of a total \$568,7838.

Mr. Swanson explained the difference was the cost of purchasing a van for the officer, equipment, and contractual services.

Draft Capital Improvement Plan (CIP)

Mr. Parkin introduced the 2008 – 2012 Draft Capital Improvement Plan for the City's infrastructure. The City collected systems development charges (SDC) and would soon be collecting funds for street maintenance. In the past, Milwaukie relied on gas taxes to maintain its streets, but that has proven to be inadequate. The City will collect about \$1 million a year once the program is up and running. The first year would be less than that because of the timing of funds coming in such as the PGE privilege tax.

The stormwater fund was not collecting enough each year to do the needed capital improvements, so the only project being funded this year was \$65,000 in storm work related to the Logus Road project. The intent was to save up reserves to do some of the larger projects on the horizon.

In the street fund there were several small projects including the 37th Avenue and Oak Street that was in the design phase. Staff is looking for ways to tie that in with the quiet zone proposal. It was the continuation and completion of that project in the upcoming budget. The City received grant money for the downtown streetscape that would be available in October although he was not sure those would be constructed this year since it was contingent on other work in that area. Other smaller projects included the 37th Avenue sidewalks, 42nd Avenue and King Road intersection, and the Linwood School crossing. Those had been on the CIP, and they could be done this year in part because the street surface maintenance funding freed up other funds. Four streets would be overlaid this year for a total of about \$600,000. The combination of Oak Street, 37th Avenue, Washington Street, and 42nd Avenue was about \$550,000, and those were the streets staff planned doing this coming year. King Road was not addressed the first year because funds would be lacking to get the entire project done, but staff could look at other funding mechanisms as Mayor Bernard mentioned. Lake Road was mainly funded by grants, and the design phase was beginning. Staff would go to the Neighborhood Association meeting with some initial plans. A design consultant was hired to begin the work. The total project was approximately \$4 million, and the City's matching funds were shown in the CIP. The amount shown for the Logus Road was matching funds for the Community Development Block Grant (CDBG). That project was just beginning, and staff hoped to complete it this fiscal year.

In wastewater the Minthorn Loop replacement was a carryover planned for this summer because of the high water table. There was a sewer main going through the Island Station Neighborhood on 18th Avenue. It was a rehabilitation project to address infiltration. Completion of the Wastewater Master Plan begun in 2002 was being planned to help determine future capital projects. \$72,000 was budgeted for the Johnson Creek Boulevard pump station that was part of the effort to extend sewer service into that unsewered area of the County.

There were two projects in the water division. The Water Master Plan was about 8 years old and there were questions about some of the data. The Well 8 rehabilitation was a carryover. The project had been started, but the bulk of the construction would be next year.

Chair Aschenbrenner observed it was difficult to track between the CIPs what had been done and what had been moved. This document looked forward as well, but it was difficult to understand what had been accomplished.

Mr. Parkin would address that matter and would take up tracking issues next year. He understood the CIPs did not match up, but he did have the information that he would provide for the next meeting.

Ms. Schockner suggested developing a spreadsheet template that would provide that kind of detail.

Ms. Collette agreed it would be helpful to know if projects were dropped or postponed.

Ms. Schockner understood that certain projects came up during the year that would take priority.

Mr. Miller noted the summary for the streetscape project showed \$100,000, but the other amount was \$550,000. Was it grant money that did not show up?

Mr. Parkin replied it was grant money. He noted in looking through the CIP that grant money had been included in some cases but not in others. He decided only to show money that came from the funds with a footnote about the grant amount.

Mr. Aschenbrenner suggested breaking out maintenance from the regular street fund.

Mr. Bernard noted a lot of street damage was due to street cuts and understood the City had a policy. Kelly Somers had suggested not rebuilding all of King Road because the center was still okay, so staff might look at that option.

Mr. Parkin responded the soon-to-be adopted Public Works Standards would provide for more robust details related to cuts. Secondly, the City would take more oversight when those cuts are made to ensure an adequate inspection process. There would be a five-year moratorium on the newly paved streets, and if emergency cuts were necessary, then more stringent criteria would be in place.

Mr. Bernard commented on Mr. Hummel's property on King Road and his Measure 37 claim. Would there be a stub to ensure he could connect without having to wait five years?

Mr. Parkin replied that would be the best way to go if the City knew of those instances. It would be a good idea to drop in a lateral when the street work was done.

Ms. Collette added when Johnson Creek Boulevard was reconstructed, stubs were added where lots were clearly dividable. She recalled there was a five-year moratorium on utility cuts.

Ms. Barnes asked how staff came up with the priority list of projects.

Mr. Parkin replied there were a number of factors. The City first conducted a visual inspection of all the streets, and a street condition number was assigned. Some projects might be grouped for efficiency, while others might be spread apart to lessen the impact on a neighborhood. Certain projects were over the amount of available funding and were put in a separate year. If the funds were unlimited, then the worst streets would be done first. The intent of the program is to fix streets that still had some life before they fell from the good into the bad category. It was not intuitive that the worst streets would be done first.

Ms. Schockner asked if the new program was addressing any of the worst streets.

Mr. Parkin replied King Road was on the list as a reconstruction. There was likely a base failure, so the existing paving would be ground out and removed. A

new base would be constructed and then paved over. This was a very extensive and very costly project.

Ms. Barnes suggested looking at a policy to limit studded snow tires since the City was spending so much on repairing its streets.

Mr. Parkin indicated he would support such a policy from a street maintenance perspective.

Mr. Swanson would research state law which might preempt that type of policy.

Mr. Aschenbrenner recommended issuing citations to those vehicles that had studs past the removal deadline.

Ms. Stone commented on the order of street maintenance. She would like to find money to bring King Road up because of the average daily traffic. It carried so much traffic and costs kept going up. She thought it was a priority street especially with the new Safeway store. She wanted to be creative and move some money around this year. She asked if the \$160,000 for master planning was done in house or was it consultant work.

Mr. Parkin replied it was mostly consultant work. There was staff time, but it was not shown in the CIP.

Mr. Loomis thought King Road was a logical choice to showcase the program because he suspected not all citizens knew about the upcoming fees.

Mr. Parkin replied King Road was high on the list but believed it was in year two because of the cost.

Ms. Stone followed up with King Road question. She asked if there would be intersection work at 42nd Avenue and King Road.

Mr. Parkin replied it was in this year's budget.

Ms. Stone thought it would make sense to do the street if the City could find the money to go along with the intersection project.

Ms. Schockner asked if there were a process between the police department and public works to identify areas that would benefit from traffic calming.

Mr. Parkin hoped to build a program in the coming year that would address neighborhood traffic issues. The Transportation System Plan (TSP) process would help identify levels of service and possible funding mechanisms. The public process for the TSP was outstanding, and by the end of the calendar year there should be a good understanding of how to develop a process to prioritize projects. It did not really need to be part of the CIP. There needed to be a way to ensure those types of projects were prioritized, funded, and handled in a timely manner. Police and public works collaborated, but it could be better.

Ms. Stone said there was already a list of traffic calming projects done a few years ago but few of them qualified. At one point, there was a line item in the amount of \$35,000 to \$40,000 to spend on traffic calming, and there were not that many projects left to do. It made sense to her to refer to that list and decide

if money could be allocated to traffic calming. She commented on the e-mail from Lisa Batey and speeding in the Island Station Neighborhood. That project was talked about a year ago, and Ms. Stone had mentioned 32nd Avenue. Northbound traffic was still going fast into the school zone. Traffic calming was also needed at the south end near Hillside. Think about the people living on the busy streets that had to live with the nuisance of traffic noise.

Mr. Parkin was working with Island Station on 22nd Avenue, and the ODOT rehabilitation project will help some of the traffic coming off McLoughlin Boulevard onto River Road.

Ms. Collette noted the King Road project would consume almost the entire budget for street maintenance in that one year. She recognized there might be efficiencies to doing it all at once, but it might be useful to look at doing two sections to reduce costs during one year. King Road was the most visible, damaged, and had the highest concentration of traffic.

Ms. Arne noted some of the projects had grant money associated. If King Road did come up, then would grants for projects like 37th Avenue and Oak Street go away if not used?

Mr. Parkin replied 37th Avenue was not associated with a grant but was an effort to piggyback on other work in the area. Logus Road, however, was a grant project. Usually rehabilitation projects like King Road were not eligible for grants.

Mr. Bernard did not suggest bumping any project but rather looking other places for funding. Oak Street was a very important project, and the traffic volume was probably greater than King Road.

Mr. Aschenbrenner noted Library roof repair was in both years. He asked Mr. Shirey to use a format similar to Mr. Parkin's spreadsheet to clarify what projects had and had not been done.

Mr. Shirey replied the Library roof was a carryover.

Public Comment

Alicia Hamilton, Island Station, reiterated her concerns about Island Station's not having any funds allocated this year yet there were serious safety issues with 22nd Avenue and River Road. Speeds at the 85th percentile were a huge concern for the safety of the neighborhood children. Everyone was waiting for the TSP and ODOT projects to be done, and the neighborhood was concerned about the traffic volumes with no traffic calming in place. She hoped the Budget Committee would take another look because Island Station had not been represented for some time. There was a railroad improvement project, but no one really knew why it was on the list. It would be helpful to look for other ways to communicate with the public on the upcoming projects such as the 18th Avenue sewer rehabilitation. The Neighborhood had been working with Brenda Schleining taking photos and prioritizing projects. The Neighborhood had been very proactive by doing some of the groundwork.

Future Budget Committee meetings were set for April 30 and May 7 at 6:00 p.m. in the Council Chambers.

Adjourn

Chair Aschenbrenner adjourned the meeting at 7:57 p.m.

Pat DuVal, Recorder

Look Back to 2006-07 CIP				SUMMARY OF ALL PROJECTS				
Dept or Division	Project Number	SubObj Code	Neighborhood	Project Name	Page	YEARS		Notes
						06/07	07/08	
Admin	0001	n/a	n/a	Public Access Studio	1-1	\$ 28,000		About \$1,000 spent to date, place holder for potential expenses. Funds are in a reserve account from PEG/INET fee collected from all cable customers
Admin	0002	n/a	n/a	Government Access Facility	1-2	10,000		See note for Public access
Admin	0145	n/a	Lewelling	Lewelling Community Park Construction	1-3	192,500		Completed - total funds spent and reimbursed by grant from State Parks Dept
Admin	0001	n/a	n/a	Public Access Studio	1-1		\$ 28,000	This is adjusted to \$10,000 for 2007-08, place holder in case we need equipment (also comes from PEG funds - see note above)
Admin	0002	n/a	n/a	Government Access Facility	1-2		5,000	This is proposed for \$25,000 for 07/08. Web streaming for Council meetings.
Total Funded Administration						\$ 230,500	\$ 33,000	
Facilities	0144	0771	n/a	Upgrade Security Systems - All Buildings	2-1	\$ 130,000		In process - Vendor engineering
Facilities	1004	1650	Lewelling	PW Operations Building 2nd Floor - JCB	2-2	160,000		In process - 50% complete
Facilities	0115	0701	Lewelling	Refinish Lunchroom & Restrooms - JCB	2-3	40,000		reallocated to upgrade security system
Facilities	0116	0702	Historic Milw	Book Checkout System - Library	2-4	75,000		moved to '07-08 (proposed) budget
Facilities	0117	0704	Historic Milw	Roof Repair - Library	2-5	10,000		moved to '07-08 (proposed) budget
Facilities	0119	0706	Historic Milw	Seismic Bracing for Shelving - Library	2-6	30,000		will be moved to '07-08
Facilities	0123	0711	Historic Milw	Install Fan Women's Restroom - City Hall	2-7	5,000		will be moved to '07-09
Facilities	0124	0713	Ardenwald	Replace 1st Floor Carpet - PSB	2-8	20,000		Will complete this year
Facilities	0127	0716	Ardenwald	Add Batteries to UPS - PSB	2-9	5,000		Will complete this year
Facilities	0014	0801	Historic Milw	Self-Checkout Kiosk - Library	2-10		10,000	Moved to '08-09
Facilities	0015	0802	Historic Milw	Replace Roof - Library	2-11		6,500	Moved to '08-09 (\$20,000)
Facilities	0016	0803	Historic Milw	Paint Exterior Trim - City Hall	2-12		10,000	Moved to '08-09
Facilities	0017	0804	Ardenwald	Treat Roof - PSB	2-13		10,000	Moved to '08-09
Total Funded Facilities						\$ 475,000	\$ 36,500	
Fleet	0030	0736	n/a	Replace Police Detective Vehicle	3-1	\$ 30,000		Purchased
Fleet	0031	0737	n/a	Replace Police Patrol Vehicles (2)	3-2	90,000		Purchased one and an additional motorcycle
Fleet	0032	0738	n/a	Replace Police Patrol SUV	3-3	35,000		Purchased
Fleet	0133	0739	n/a	Replace Police Patrol Motorcycle	3-4	22,000		Purchased two motorcycles (instead of two patrol vehicles)
Fleet	0134	0740	n/a	Upgrade Existing TV Van - Stormwater/Wastewater	3-5	50,000		Purchased items
Fleet	0135	0741	n/a	Hydraulic Hammer for Backhoe - PW Shared	3-6	12,000		Purchased
Fleet	0036	0742	n/a	Replace Special Shared Sweeper	3-7	150,000		Purchased
Fleet	0038	0805	n/a	Purchase Police Patrol SUV	3-8		45,000	Moved to '08-09 (added one detective vehicle and pickup for Storm/Waste water)
Fleet	0039	0806	n/a	Replace Police Patrol Vehicles (4)	3-9		180,000	in proposed budget
Fleet	0040	0807	n/a	Replace Police Patrol Motorcycle	3-10		25,000	in proposed budget
Fleet	0041	0808	n/a	Replace 3/4-Ton Pickup Truck - Water	3-11		20,000	in proposed budget
Fleet	0042	0809	n/a	Replace Backhoe - PW Shared	3-12		60,000	in proposed budget
Fleet	0043	0811	n/a	Replace TV Van - Wastewater	3-13		45,000	in proposed budget
Total Funded Fleet						\$ 389,000	\$ 375,000	<i>NOTE: '06-07 Staff vehicle added by City Council: not purchased yet</i>
Stormwtr	0056	1105	Historic Milw	North Main Bio-Swale (Const)	4-1	\$ 45,000		Completed
Stormwtr	1004	1650	Lewelling	PW Operations Building 2nd Floor - JCB	2-2	\$ 40,000		Completed
Stormwtr	0063	1775	ARD, LWL	42nd Ave. Street/Stormwater Improvements	5-4	\$ 93,000		Completed
Stormwtr	0057	1110	Lewelling	Decant Facility (Const)	4-2		50,000	postponed due to budget constraint (needed but can wait)
Stormwtr	0059-4	1615	Lewelling	Brookside Stormwater Improvements Ph IV: (Design 07/08/Const 09/10)	4-3		20,000	postponed, design will be done with construction
Stormwtr	0059-5	1616	Lewelling	Brookside Stormwater Improvements Ph V: (Design 07/08/Const 10/11)	4-4		40,000	postponed, design will be done with construction

Dept or Division	Project Number	SubObj Code	Neighborhood	Project Name	Page	06/07	07/08	Notes
Stormwtr	0059-6	0322	Lewelling	Brookside Stormwater Improvements Ph VI: (Design 07/08/Const 10/11 unfunded)	4-5		30,000	postponed, design will be done with construction
Stormwtr	0096	1550	Milw Bus Ind	Minthorne Wastewater/Stormwater Replacement	6-1		\$ 65,000	As design progressed it became apparent that this project is not needed. The funds were added to the Logus Road project (storm portion).
Total Funded Stormwater						\$ 178,000	\$ 205,000	
Streets	0066	0249	Multiple	Highway 224/Oak Street Improvements	5-1	\$ 140,000		Completed
Streets	0067	1765	Historic Milw	McLoughlin Blvd. Improvements	5-2	45,000		Completed
Streets	0069	0500	Historic Milw	North Main Project Ph II	5-3	527,510		Completed
Streets	0063	1775	ARD, LWL	42nd Ave. Street/Stormwater Impr.	5-4	321,000		Completed
Streets	0087-2	0247	Multiple	CDBG - King Rd/37th Ave/Oak St/RR Ave Streets/Stormwtr/Water Imprvmts Phase II	5-5	120,000		in process; designed, working on permitting, looking at Quiet Zone improvements
Streets	0075-2	1790	N/A	Pavement Management System Ph II	5-6	10,000	5,000	in process
Streets	0086	0720	LR, HM	Lake Road Multimodal Improvements	5-7	400,000	808,000	in process
Streets	1004	1650	Lewelling	PW-Operations Building 2nd Floor - JCB	2-2	\$ 40,000		Completed
Streets	0077	0650	Hector Cmpbl	37th Avenue Sidewalks	5-8		3,000	in proposed budget
Total Funded Streets						\$ 1,603,510	\$ 816,000	
Wastewtr	0096	1550	Milw Bus Ind	Minthorne Wastewater/Stormwater Replacement	6-1	\$ 270,000		Designed and will bid this fiscal year. Construction will be in summer 2007 (FY 07-08) because of site considerations (in proposed budget).
Wastewtr	0098	0820	Lewelling	Johnson Creek Boulevard Unsewered Area Pump Station	6-2	72,000	241,000	Project moved forward (in proposed budget). City is working with Clackamas County and their N Clackamas Revitalization Area plans.
Wastewtr	0094	0910	Lake Road	Lakeside Apartments Wastewater	6-3	12,000	84,000	Design process revealed that this project is not warranted.
Wastewtr	1004	1650	Lewelling	PW Operations Building 2nd Floor - JCB	2-2	\$ 40,000		Completed
Wastewtr	0097	1665	Island Station	18th Avenue Wastewater Rehabilitation	6-4		228,000	in proposed budget
Total Funded Wastewater						\$ 394,000	\$ 553,000	
Water	0099	0302	HM, LR	Lake Rd./Oatfield Rd. Ph 2	7-1	\$ 252,000		Completed
Water	0143	0765	Lake Road	Well No. 8 Rehabilitation	7-2	247,000	102,000	Project underway, bulk of money will be in proposed budget due to late start.
Water	0109	0760	Lake Road	Well Maintenance	7-3	31,500	33,000	Well 6 maintained in '06-07, funding dropped for '07-08 to build reserves
Water	1004	1650	Lewelling	PW Operations Building 2nd Floor - JCB	2-2	\$ 40,000		Completed
Water	0087-2	0247	Multiple	CDBG - King Rd/37th Ave/Oak St/RR Ave Streets/Stormwtr/Water Imprvmts Phase II	5-5	\$ 150,000		Project underway, construction to begin week of April 23rd, will complete this fiscal year.
Water	0100	1190	Linwood	54th Pl. and Woodhaven St. Waterline	7-4		6,000	postponed (design only), Master Plan will define priority
Water	0101	1300	Linwood	55th Ave (King to Monroe)	7-5		7,000	postponed (design only), Master Plan will define priority
Water	0102	1310	Ardenwald	38th Ave. and Drake St.	7-6		5,000	postponed (design only), Master Plan will define priority
Total Funded Water						\$ 720,500	\$ 153,000	