

BUDGET COMMITTEE

In-person and Video Meeting
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MINUTES

November 14, 2022

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

Present: Lisa Batey, David Chitsazan, Adam Khosroabadi, Desi Nicodemus, Mary Rowe, Leslie Schockner, Jon Stoll

Absent: Mark Gamba, Kathy Hyzy, Caili Nance (all excused)

Staff: Accountant Judy Serio
Assistant Finance Director Michael Osborne
City Manager Ann Ober
Climate & Natural Resources Manager
Natalie Rogers

1. CALL TO ORDER

2. INTRODUCTIONS

3. APPROVAL OF AUGUST 8, 2022 COMMITTEE MEETING MINUTES

Batey made a correction to strike word climate under city manager update. Batey made a motion to approve the August 8, 2022, minutes as corrected. Rowe seconded the motion.

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

4. PUBLIC COMMENTS

None

5. CITY MANAGER UPDATE

Ober provided the members with an update on city projects. Seven Acres Apartments, previously referred to as Monroe Street Apartments, are nearing completion. Big projects downtown include the new city hall renovation and the bid process for the current city hall and the bidder will be announced next week. Wood and Home Avenues will be done in December.

Ober announced staff changes at the city. Bonnie Dennis, Finance Director, has resigned. Brent Husher is the new Library Director.

Schockner asked if there are any materials that could be provided to the committee on tax increment financing.

Ober will send the link to the committee for the budget committee meeting that had the discussion. With new council members starting, financial training for the committee will be provided in the next couple of months.

6. NEW CLIMATE FEE ON UTILITY BILLS

Rogers presented to the committee background on the climate fee. A detailed presentation will be given at the November 15, 2022, city council meeting.

Schockner asked if the council meeting is a discussion only or will there be action.

Rogers responded there is a draft code ready to be presented to city council.

Stoll asked if ratepayers are in favor of this fee.

Rogers responded the engagement survey asked what programs citizens would like to see.

Stoll asked if funds are collected, how will it be tracked to make sure it is being used in the capacity it is intended to be used.

Rogers responded there are established metrics and updates will be provided to city council.

Batey commented the city has not recognized all the accomplishments done by staff; the survey may not reflect all that has been done.

Schockner asked how much money will be raised and how it will be allocated.

Rogers responded approximately \$500,000 a year.

Ober updated the committee on the status of the transportation bond and urban renewal debt; both items total \$24 million and will be presented at the November 15, 2022, city council meeting.

7. REVIEW AND DISCUSSION OF THE QUARTERLY FINANCIAL REPORT FOR THE FIRST QUARTER OF FY 2023

Osborne provided quarter highlights. The final audit will begin December 12th; the city has filed an extension with the state.

Batey asked when the PAFR (Popular Annual Financial Report) will be done. Also mentioned the financial forecast on the website is not updated.

Osborne responded the PAFR is done once the audit is complete. The financial forecasts will be updated on the website.

Osborne continued with the property tax section; the current numbers are reflected in the section.

Stoll asked if it is possible to break out incremental property tax for the larger new developments.

Ober responded it could possibly be done. The larger new construction is a majority in urban renewal.

Osborne continued with the utility fees outstanding receivable balance which has decreased from the previous quarter. Clackamas County has utility-based assistance program going live in December.

Chitsazan asked if city has something in place for customers who have had water shut off during cold or an emergency.

Ober responded during Covid no one was shut-off.

Osborne added there are approximately seven shutoffs a month.

Osborne continued with the new franchise fee table. The telecom decrease from FY21 to FY22, will need further research to understand why.

Ober commented there are changing federal laws and the city will be looking into the matter once the new finance director is on board.

Osborne continued with the staffing level table.

Ober offered more information on the city's behavioral and houseless specialist along with the county's intergovernmental agreement for the houseless advocate; the individual will work with the police but will be spending time at the library to support individuals.

Batey clarified the seasonal positions were not filled and asked about the opioid settlement.

Ober explained it was difficult to find seasonal workers. The opioid settlement's second payment will be received soon; these funds have certain criteria to spend.

Osborne continued with the revenue forecast assumptions table. Committee questions will be incorporated into the presentation. The city has received all the ARPA (American Rescue Plan Act) funds. Property tax payments are ramping up. Expenditures reflect prepaid expenses and yearly expenses. The increase in police expense include personnel, police equipment and training.

Ober added the body cameras are fully deployed and working well.

Schockner asked about the interactive website for the body cameras.

Ober will ask Chief Strait.

Osborne continued with non-departmental; the increase reflects the insurance premium costs and the debt service transfer.

Ober added the insurance rate is based on five-year data.

Osborne continued with the City Hall Fund; work will begin in January 2023. The Debt Service fund has no major changes. The Building Fund reflects an increase in revenue due to Kellogg Bowl and Monroe Street developments; the expenses reflect money spent on GovBuilt, new permitting software. The Construction Excise Tax fund reflects the new developments; there will be future expenses. The Transportation Fund gas taxes are trending downward; there is a two month lag in gas tax and vehicle registration fee receipts. The Water Fund reflects the LGIP interest rate budgeted amount. The Wastewater Fund's capital outlay expenses will be increasing during second quarter, as noted in the obligated funds table. The Stormwater Fund will reflect the same type of capital outlay expenses.

Stoll asked if money will be given back to the ratepayers due to the increasing fund balances of the utility funds.

Ober responded these concerns have been discussed. Staff must make sure projects are right scoping the rate. Stormwater capital projects are coming online and will deplete the fund balance, at least \$4.5 million. There are also two additional projects that will expend \$2 million from the Stormwater Fund.

Committee members discussed the increase in fund balances, rate increases and CIP projects of the utility funds.

Chitsazan asked if transfers can be done between the transportation and utility funds.

Ober responded that is not allowed. Council will be looking at older ordinances and how money can be used within the utility funds.

Osborne encouraged members to review the project status report.

8. OTHER ITEMS

Ober clarified that Mayor Gamba, Councilor Hyzy and Nance were excused from the meeting.

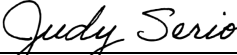
9. ADJOURN

It was moved by Rowe and seconded by Stoll to adjourn the meeting.

Motion passed with the following vote: Batey, Chitsazan, Khosroabadi, Nicodemus, Rowe, Schockner, Stoll voting “aye.” (7:0)

Chair Schockner adjourned the meeting at 6:45 pm.

Respectfully submitted,



Judy Serio, Secretary / Accountant