

## **BUDGET COMMITTEE**

In-person and Video Meeting  
www.milwaukieoregon.gov

## **MINUTES**

February 13, 2023

### **Chair Schockner called the Budget Committee meeting to order at 5:32 pm**

**Present:** Lisa Batey, David Chitsazan, Adam Khosroabadi, Robert Massey, Desi Nicodemus, Mary Rowe, Leslie Schockner, Rebecca Stavenjord, Jon Stoll

**Absent:** Caili Nance,

**Staff:** Accountant Judy Serio  
Assistant Finance Director Michael Osborne  
City Manager Ann Ober  
Finance Director Toby LaFrance

### **1. CALL TO ORDER**

### **2. INTRODUCTIONS**

### **3. APPROVAL OF NOVEMBER 14, 2022 COMMITTEE MEETING MINUTES**

Mayor Batey made a motion to approve the November 14, 2022, minutes as written. Member Rowe seconded the motion.

Motion passed with the following vote: Mayor Batey, Member Chitsazan, Councilor Khosroabadi, Councilor Massey, Councilor Nicodemus, Member Rowe, Chair Schockner, Councilor Stavenjord, Member Stoll voting “aye.” (9:0)

### **4. PUBLIC COMMENTS**

LaFrance read Elvis Clark’s, Milwaukie citizen, public comment regarding property taxes versus General Fund operating costs graph on page 7 of the FY23 Q2 report.

No other public comment.

LaFrance provided the committee members background on urban renewal. The quarterly report will respond to Clark’s comment in more detail.

### **5. CITY MANAGER UPDATE**

Ober began by stating tomorrow will be the closing on the loan for transportation and urban renewal projects. This is a loan instead of a bond since the rate was better and allowed for more flexibility on long-term funding. The new City Hall design will begin, and the move-in target is September. The current City Hall will be a future food space for three restaurants. The three city parks are on schedule

for construction. The parks measure will be discussed at the study session tomorrow night.

Member Stoll asked if the funds borrowed are a line of credit.

LaFrance responded it will be much like bonds, a solicitation of banks was done and three bids were received. The bank that was chosen will provide a good rate and flexibility of pre-payment.

Chair Schockner would like to participate in the League of Oregon Cities' (LOC) budget training that was offered to the committee.

LaFrance responded the LOC budget training will be offered on March 7<sup>th</sup> and 8<sup>th</sup>.

## **6. PERS UPDATE**

Osborne provided follow-up on PERS questions asked during the January City Council study session. The Annual Comprehensive Financial Report has a section for other postemployment benefits that provides detailed information regarding PERS.

Discussion ensued among members regarding the city's PERS bonds and rates.

Councilor Massey asked what the base amount used to calculate the increase.

LaFrance responded with OPSRP (Oregon Public Service Retirement Plan) it is 16.7% of salary paid to the state.

Member Stoll asked if the auditors look at the unfunded liability.

LaFrance responded the auditors make sure the city follows GAAP (Generally Accepted Accounting Principles) and GASB (Government Accounting Standards Board) for reporting purposes.

## **7. REVIEW AND DISCUSSION OF THE QUARTERLY FINANCIAL REPORT FOR THE SECOND QUARTER OF FY 2023**

LaFrance presented the report highlights which include the city investment earnings that are above budget due to the LGIP (Local Government Investment Pool) rate being over 3%.

Mayor Batey commented about gas tax increase of 12%.

LaFrance responded this will be discussed during the Transportation Fund. A revamped property tax graph was presented to respond to Clark's public comment.

Chair Schockner asked if the urban renewal district created for a specific period.

LaFrance responded, in general, some districts are based on date, or it can be based on a maximum indebtedness.

Discussion ensued among members regarding urban renewal. Schockner requested city staff to arrange training on this subject.

Osborne presented the outstanding utility receivables balances; the newly established county program was discussed. There are several programs available to citizens to assist with their utility bills.

Discussion ensued among members regarding the assistance programs available.

LaFrance continued with the franchise fee reduction which is related to the Comcast settlement. The staffing levels table reflect a 7% vacancy rate. The city-wide fund balance increased to \$6.4 million due to property tax and ARPA funds, offset by capital expenditures.

Mayor Batey asked how the tax base will be affected by new multi-family and residential construction.

Discussion ensued among members regarding property taxes' assessed value.

LaFrance explained how to read the individual fund reports and timing of revenue received. Human Resources and Police budgets are being monitored. The Building and Construction Excise Tax Funds are affected by the increase in construction. The City Hall and Debt Service Funds do not have much activity this quarter. The Transportation Fund's intergovernmental revenue has a two-month lag on revenue received from the state. The state gas tax noted in the quarterly highlights only reflect the most recent gas tax, not the total gas tax revenue received. The Water Fund did receive ARPA (American Rescue Plan Act) funds. The utility funds have projects in the design phase, as noted by the capital outlay anticipated actual percentages that reflect projects not started.

Mayor Batey asked what the ARPA money in the Water Fund is for.

Ober responded it is for the Stanley reservoir.

LaFrance encouraged committee members to read the project report and mentioned a link to a City Council meeting that discusses the CIP. The SDC (System Development Charges) Fund reflects revenues being paid at building completion (certificate of occupancy).

Member Stoll commented the MRC (Milwaukie Redevelopment Commission) note should read expenditures not expenses being it is capital outlay.

LaFrance responded that change will be made.

Member Chitsazan asked if the departments with lower anticipated actuals are due to staffing.

LaFrance responded in relation to the Library some is related to staffing and there is reduced spending in materials and services.

Ober added the Library had retirements and departures of long-standing employees who were at a significant higher pay rate than their replacements.

## **8. OTHER ITEMS**

LaFrance reminded members the annual boards and committees' recruitment is now open. Three members on the budget committee have terms expiring on June 30, 2023, Stoll, Nance and Rowe.

Mayor Batey reminded members Volunteer of the Year nominations are open through February 15<sup>th</sup>.

Ober added citizens can be renominated if a citizen has not previously received the award.

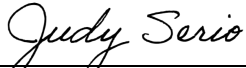
## **9. ADJOURN**

It was moved by Member Stoll to adjourn the meeting.

Motion passed with the following vote: Mayor Batey, Member Chitsazan, Councilor Khosroabadi, Councilor Massey, Councilor Nicodemus, Member Rowe, Chair Schockner, Councilor Stavenjord, Member Stoll voting “aye.” (9:0)

Chair Schockner adjourned the meeting at 6:59 pm.

Respectfully submitted,



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Judy Serio, Secretary / Accountant