

BUDGET COMMITTEE

In-person and Video Meeting
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MINUTES

August 26, 2024

Present: Lisa Batey, William Johnson, Robert Massey, Mary Rowe, Leslie Schockner, Sofie Sherman-Burton, and Rebecca Stavenjord

Absent: Will Anderson, David Chitsazan, Adam Khosroabadi

Guest(s): None

Staff: Assistant Finance Director Matt Deeds
Building Official Patrick McLeod
Finance Director Michael Osborne

City Manager Emma Sagor
Accountant Judy Serio

1. CALL TO ORDER

Chair Schockner called the committee meeting to order at 5:39 pm.

2. INTRODUCTIONS

Committee members and staff introduced themselves.

3. APPROVAL OF MINUTES

It was moved by **Mayor Batey** and seconded by **Councilor Stavenjord** to approve the April 27, 2024, minutes with the scrivener edits from **Chair Schockner**, leaving the option to have the minutes come back to the committee if the edits are more detailed.

Motion passed with the following vote: **Mayor Batey, Member Johnson, Councilor Massey, Member Rowe, Chair Schockner, Member Sherman-Burton and Councilor Stavenjord** voting “aye.” (7:0)

Discussion ensued on property tax exempt properties within the city.

Chair Schockner noted that committee members sometimes have questions during meetings with a request for follow-up and that it would be helpful to maintain a list of these questions for tracking purposes. Osborne agreed and suggested that follow-up items be added to subsequent meeting agendas.

It was moved by **Mayor Batey** and seconded by **Member Sherman-Burton** to approve the May 4, 2024, minutes with the scrivener edits from **Chair Schockner**, leaving the option to have the minutes come back to the committee if the edits are more detailed.

Motion passed with the following vote: **Mayor Batey, Member Johnson, Councilor Massey, Member Rowe, Chair Schockner, Member Sherman-Burton and Councilor Stavenjord** voting “aye.” (7:0)

4. PUBLIC COMMENT

None

5. CITY MANAGER UPDATE

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Sagor presented updates of events and activities that have taken place including Porchfest, First Friday, and Concerts in the Park. In the current budget there was a reallocation of money to the CM budget for a community events fund. Construction activities continue with Monroe Greenway, Washington Street and King Road improvements along with private development projects. Urban renewal just launched the business improvement grant program. Staff continues to work on performance metrics. Public works has numerous new staff members. The city has received county funding to open a cooling center at the library which has already been open six days this summer. The city has hired a new city manager.

Sagor presented the priorities for the next quarter including continuing the Milwaukie Momentum strategic plan, continuing recruitments, supporting council in preparation for the next goal setting session and continuing to build a data-driven culture.

Sagor presented two current organizational needs, the first is within the Building fund. Additional capacity is needed to manage the work demand; currently there are four FTEs in the department. The fund is healthy and growing at 3% each fiscal year. A proposed supplemental budget ask is for one FTE that would be a building inspector; this position would decrease the amount spent on outside contractors.

Chair Schockner asked if one FTE will resolve all of the current items performed by outside contractors.

Sagor responded saying McLeod would probably take more than one FTE, but a conservative approach is appropriate as there will be high and low points of construction activity. Sagor and McLeod will continue having conversations around what the right number of FTE is.

McLeod added it will not eliminate the entire amount of contracted expenses. Recently renegotiated intergovernmental agreements and contracts to decrease expenses.

Member Rowe asked if this position would be a limited duration employee.

Sagor responded this would be a permanent position.

McLeod added the department will be able to support a permanent position. Permanently.

Councilor Massey asked about the restraints of the Building Fund.

McLeod responded stating the Building Fund is strictly for building activities which include permitting and plan review. The fund is providing a service and should not be profitable.

Mayor Batey has received comments from residents on the time a permit review takes to process.

Sagor presented the second organizational need related to the Milwaukie Redevelopment Commission. The economic development workload has increased with the business improvement grants, business coordination and support, and five-year action plan of the urban renewal area. Currently, all these tasks are being done by Joseph Briglio, Community Development Director. A proposed supplemental budget ask is to add one FTE that would be an economic development coordinator.

Chair Schockner asked what projects fall under economic development.

Sagor responded it includes administration of business improvement grants, business relationship coordination, and promotion of downtown as a destination.

Mayor Batey asked if the position would replace the work done by the contractor hired to oversee the grant administration.

Councilor Stavenjord clarified the role of the contractor with relation to the business grant program and clarified that the management function is not the priority of the contractor.

Sagor stated the supplemental budget will be on the September 17th City Council regular session agenda.

6. QUARTERLY REPORT AND SUPPLEMENTAL BUDGET PROPOSALS

Osborne introduced **Matt Deeds** the new Assistant Finance Director. The FY24 Q4 report reflects unaudited numbers. In November, Moss Adams CPAs will be conducting this year's audit.

Councilor Massey added the interaction with the new audit firm was positive; the firm will hold the city accountable to the upcoming deadlines.

Osborne added the auditors were onsite for the interim audit earlier in August.

Osborne presented the fourth quarter financial information. The staffing table provided employee count by department; currently, police is understaffed so overtime costs will increase.

Mayor Batey asked for clarification on the police staffing numbers.

Osborne responded there are several officers now out on leave due to injury.

Committee members discussed the police staffing issues.

Mayor Batey asked if the TriMet officers are included in the staff count.

Sagor responded the number does account for those officers.

Osborne continued with an overall look at fund balances. The General Fund received 97% of budgeted revenue; intergovernmental revenue is low due to accrual entries that have not been done yet. Investment earnings were budgeted at 1.5% but actuals are at 5% . General Fund expenditures are on target; park construction is ramping up. Information Technology costs reflect FY25 subscription costs which will have an adjustment done to move the expense. Police overtime continues to be monitored and is on track. Capital outlay is low due to staffing and project delays.

Councilor Stavenjord asked for the over/under anticipated actual numbers be clarified.

Osborne responded there have been additional expenses posted back to FY 2024 which are done during the audit preparation.

Councilor Massey asked if the spending slope has been used to calculate staff capacity.

Sagor responded currently the process is done using Excel but looking to move towards an automated way to produce reports.

Mayor Batey clarified project timelines and asked how billings affect the overall numbers.

Osborne clarified the report numbers are preliminary and that there are expenses still being booked to FY 2024. Continuing to the City Hall Fund, it will be closed as of the end of FY 2024. The Debt Service Fund balance is low which is appropriate given the nature of the fund. The Construction Excise Tax fund reflects the two-million-dollar allocations that have been distributed. The Building Fund continues to remain healthy and will have a supplemental budget going to City Council in September. The Transportation Fund will have accrual entries done for intergovernmental revenues; capital outlay expenditures are low due to delay in projects. The Water Fund has ARPA funds reflected in the intergovernmental revenue for the Stanley reservoir project, these funds must be obligated by December 31, 2024.

Councilor Massey asked if funds should be obligated or spent by December 31st.

Osborne responded funds need to be obligated. The Wastewater Fund has ARPA funds reflected in the intergovernmental revenue for the Stanley reservoir and Ardenwald North projects. The Stormwater Fund's capital expenditures are higher than other utility funds due to Washington Street construction. The SDC Fund revenues coincide with development and construction.

Mayor Batey asked if all system development charges are reflected in the SDC Fund.

Osborne responded yes, there are some SDCs the city collects on other agencies' behalf and remits those funds to the respective agencies.

Councilor Stavenjord asked if the money the city collects for other agencies is reflected in the SDC revenue.

Members discussed that clarification is needed for SDC revenue and requested that a breakdown of what was received for the City versus what was received for other governmental organizations be provided. (I think that's what they were asking for).

Osborne continued with the Urban Renewal Fund which reflects a healthy fund balance and will have a supplemental budget going to City Council in September. A brief presentation of the General Fund's five-year forecast was presented to the committee.

Sagor added the five-year forecast will be included in future quarterly report packets.

7. FINANCIAL STABILITY STRATEGY

Sagor started the presentation by stating this information was presented at the City Council retreat and has been updated with feedback received during the retreat.

Osborne presented the objectives of the strategy which are stabilizing costs, maximizing existing revenue streams, and selecting one to three new revenue strategies. Stabilizing costs will make sure potential efficiencies and cost savings are utilized having trouble understanding this sentence, streamlining technological services and continuing to hold the line on the budget.

Sagor added staff will be asked to look at the organizational structure and see if there are opportunities to stabilize costs.

Osborne continued discussing maximizing existing revenue stream's objective which will include reviewing the fee schedule to make sure costs are being recouped and proposing improvements to increase revenue.

Sagor added improving the assets related to the stormwater system and looking into digital utility meters.

Osborne continued with plans to identify new revenue sources that will assist City Council in implementation planning and communicate with stakeholders the need for new revenue sources. Staff is focused on increasing general fund revenue, balancing the five-year forecast and providing quarterly updates for the committee. The evaluation criteria list was presented.

Sagor stated there are quite a few evaluation criteria, but a matrix will be created to evaluate the new revenue sources. The committee will be presented with the matrix at the next meeting.

Osborne presented the new revenue opportunities which included changing existing revenue streams, new revenue streams, infrastructure investments and addition of new services.

Chair Schockner asked if the digital water meters were implemented could the cost be shared with the county given the wastewater fee has a water consumption piece used in calculating the fee.

Member Sherman-Burton asked if digital meter implementation would be for cost savings and not for new revenue.

Sagor responded it would be for efficiency and eliminate human error which may capture more revenue.

Osborne added that if there is a leak, it comes to the city's attention every 30 days whereas digital would be able to detect a leak a lot sooner.

Sagor encouraged committee members to email any additional revenue ideas to staff.

Osborne continued with the strategy's timeline and the roles for those involved including City Council, Finance, the City Manager's office and department directors.

Councilor Massey asked about the delivery fee.

Sagor responded it would be for companies such as Amazon and food delivery services.

Member Sherman-Burton asked if there is a way to see which cities are not facing these shortfalls and look at their revenue streams.

Sagor responded that is a good suggestion and staff can investigate that aspect. The League of Oregon Cities state quite a few cities are facing these challenges.

Member Rowe asked if there is strategic benefit if multiple cities implement certain taxes at the same time.

Sagor said it will be added to the list.

Chair Schockner stated a business license revenue study was done by the previous finance director years ago and that data could be reviewed.

8. OTHER BUSINESS

None

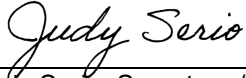
9. ADJOURN

It was moved by **Member Sherman-Burton** and seconded by **Member Johnson** to adjourn the meeting.

Motion passed with the following vote: **Mayor Batey, Member Johnson, Councilor Massey, Member Rowe, Chair Schockner, Member Sherman-Burton and Councilor Stavenjord** voting "aye." (7:0)

Chair Schockner adjourned the meeting at 7:25 pm.

Respectfully submitted,



Judy Serio, Secretary / Accountant