

MINUTES
MILWAUKIE CITY COUNCIL WORK SESSION
FEBRUARY 19, 2013

Mayor Ferguson called the work session to order at 5:00 p.m. in the City Hall Conference Room.

Council Present: Council President Hedges and Councilors Mark Gamba, Scott Churchill, and Mike Miller

Staff Present: City Manager Bill Monahan, Assistant to the City Manager Teri Bankhead, City Recorder Pat DuVal, Finance Director Casey Camors, Assistant Finance Director Rina Byrne, Engineering Manager Jason Rice, Interim Community Development Director Steve Butler, and Library Director Katie Newell

City Manager's Report

Mr. Monahan reviewed the evening's agenda. He briefed the City Council on the City Prosecutor Personal Services Agreement with Rhett Bernstein, Attorney at Law. He reviewed audience participation from the previous meeting and the desire from several Neighborhood District Association (NDA) members to have more than a "light touch" on the Transportation System Plan (TSP) including more public engagement.

Community Development, Engineering and Planning Active Projects

Mr. Butler reported on the Riverfront Park and said an update on the capital campaign was scheduled for the March 5 Council agenda.

Ms. Herrigel announced two activities planned for March 2: Johnson Creek Watershed Council watershed wide event and tree planting at Klein Point.

Mr. Butler reported on the Tacoma Station Area Plan (TSAP), light rail permitting, and the Metro Construction Excise (CET) Grant for the Commercial Core Enhancement Project (CCEP). He reported on engineering projects including quiet zone implementation, the Stormwater Master Plan, Walk Safely Milwaukie Program (WSMP), and the 17th Avenue Bike/Pedestrian Path.

Ledding Library Departmental Report

Ms. Newell reported the Library had had a very good year. The Library Expansion Task Force (LETF) was moving forward and would have a recommendation for the needs assessment consultant shortly. She addressed Oregon Library Association (OLA) standards where in most cases the Ledding Library was between adequate and excellent. She provided information on programs including the recently instituted Ledding Library Cultural Forum funded in part by the Clackamas County Cultural Coalition and Oregon Cultural Trust. In the past year over 700,000 items were circulated, volunteer hours exceeded 8,000, and nearly 250,000 patrons were counted. She discussed the effects of the formation of the Library District and generosity of a very active Friends group that funded many programs and services. She discussed the increase in the service area and the status of the City of Gladstone Library after its decision not to build.

Mayor Ferguson recessed the work session at 5:37 p.m. to go into a Budget Committee meeting and reconvened the City Council work session at 6:13 p.m.

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Lake Road Projects Update

Mr. Rice reviewed the history of the Lake Road project that began in the 1990's as the Lake Road Multimodal Project and discussed some of the upcoming decision points. The City was working on two Lake Road projects: the Oregon Department of Transportation (ODOT)/City Project which was Oatfield Road to Where Else Lane and the Safe Routes to School Project from Where Else Lane to Freeman Way. Funding for the two projects was falling short. The question before the City Council was whether staff should negotiate with ODOT to allow the Safe Routes to School funds to be shifted to the Lake Road Project. He outlined the scopes of the projects.

Councilor Churchill understood there was a process early on and asked how the City got to the point of knowing there were challenges and a liability issue.

Mr. Rice responded the City signed intergovernmental agreements (IGA) with ODOT. One obligated the City to contribute 10.27% of the total costs and to pay any overages beyond the total project cost. The second allowed ODOT to fund a right-of-way phase. In 2007 the consultant designed a project that utilized as much of the money as possible without going over budget. The City relied on the ODOT consultant to track costs. By March 2011 staff understood \$700,000 remained beyond the construction project. Based on the information at the time it appeared that by combining City funds and the remaining ODOT funds that roadway improvements could be made from Guilford Drive to Oatfield Road. During the first week of February, ODOT informed the City about \$422,000 remained and not \$700,000. The State cited increased asphalt costs, traffic control expenses, and \$100,000 in water system modifications requested by the City. The original project was put together in 2005, and a number of circumstances had changed in the intervening years. He discussed lessons learned that would be put to use in the 17th Avenue Bike/Pedestrian improvement project.

Councilor Churchill noted this type of forensic on the Lake Road project might help the City make decisions on the 17th Avenue project. He added it was always good to have trap doors for certain elements of a project.

Mr. Rice would be available to make quarterly reports to the City Council on the 17th Avenue project and identify priorities. He discussed the impending shortfall and the impact of the Guilford Drive to Where Else Lane segment coming in under budget. The Safe Routes to School Program made \$234,000 available and added the Program would be phased out this year due to changes in the Statewide Transportation Improvement Program (STIP). The ODOT Program Manager for the Safe Routes to Schools Program had preapproved the notion of transferring money to the current Lake Road improvements pending a written request from City staff.

Councilor Gamba hoped there was an opportunity to make sure design flaws, such as utility poles in the middle of sidewalks, were avoided.

Mr. Rice responded 100% of the design was done, and he understood there were differing views about sidewalks and swales. He added that the sidewalks were ADA compliant, and less right-of-way had to be purchased.

Councilor Miller said the section from Where Else Lane to Freeman Road was 450-feet and owned by the School District. How does \$234,000 not build one block of sidewalk?

Councilor Gamba understood it was not only the cost to build the sidewalk but also all of the reports required by ODOT. He asked how much it would cost the City to build the sidewalk.

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Mr. Rice replied it had not been surveyed yet so it was not clear how the properties on the downhill side would be impacted. He could not see turning the wheel for \$170,000. He would inquire with Tom Weatherford at ODOT.

Councilor Churchill asked if there had been a higher level discussion to find out if the City's expectations were reasonable.

Mr. Rice said it was not abnormal for 30-40% engineering costs.

Councilor Churchill discussed risks related to the process of initial cost work on 17th Avenue and how those might be mitigated.

Mr. Rice replied as staff submitted grant applications, TSP projects were considered using best judgment without a survey. He discussed the upfront staff time on grant application preparation and how much the City might receive.

Councilor Hedges was supportive of the recommendation to complete Lake Road.

Councilor Miller agreed however was concerned about the cost of building sidewalks.

Mr. Rice replied if the City used its own funds, sidewalk dollars would go further and added consultant's estimates were based on work with ODOT.

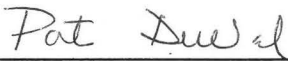
Kronberg Property Report

Mr. Monahan provided information based on a question brought before the City Council related to combining certain properties into Kronberg Park. Staff did not feel at this time it was necessary, and they were unclear as to what the implications might be to the Kellogg for Coho Project.

There was consensus among the members of Council to not combine the parcels but perhaps consider the suggestion at a date in the future.

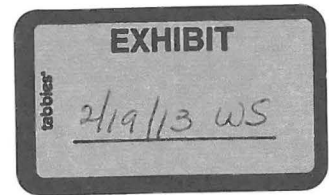
Mayor Ferguson adjourned the work session at 6:53 p.m.

Respectfully submitted,



Pat DuVal, Recorder

WORK SESSION



MILWAUKIE

Dogwood City of the West

Memorandum

To: City Council

From: Steve Butler, Interim Community Development Director
JoAnn Herrigel, Parks and Sustainability Director
Jason Rice, Engineering Manager

CC: Bill Monahan, City Manager

Date: February 19, 2013

Re: CD, Parks & Sustainability, Engineering & Planning Active Projects: City Council Update for 2/19/13 Work Session

Parks & Sustainability

- Neighborhood Park Completion
- Park District cost allocation
- City swale/median maintenance contracts
- Sustainability Plan
- Public/Government Access
- **Milwaukie Riverfront Park**

Engineering

- **Quiet Zone Implementation**
- Citywide Sidewalk Improvement Program (exploring)
- **Stormwater Master Plan**
- State Transportation Improvement Program App
- **Walk Safely Milwaukie Program**
- **17th Avenue Bike/Ped path**

Planning

- Annexations
- Land Use and Development Review
- Metro Population/Employment 2035 Forecast Data
- **Transportation System Plan Update**
- **Tacoma Station Area Planning**
- **Light Rail Permitting**
- Zoning Code Enforcement
- **“Commercial Core Enhancement Project” Grant**
- Light Rail Urban Design

Parks & Sustainability

Milwaukie Riverfront Park

Based on Council's input at the January 29 work session on the capital campaign, staff has postponed the discussion of the contract extension until March 5. A complete update on the campaign will be provided for Council review in that meeting's packet.

Planning

Transportation System Plan Update

Associate Planner Brett Kelter presented an overview of the Transportation System Plan Update project to the Planning Commission and at the Ardenwald, Lewelling, Linwood, Hector-Campbell, Island Station, and Lake Road NDA meetings last week (while Steve Butler attended the Historic Milwaukie NDA meeting). He will present a briefing to City Council at the March 5, 2013 worksession.

Tacoma Station Area Planning

Staff will be presenting an amendment to the intergovernmental agreement between ODOT and the City on the consent agenda for the March 5, 2013 regular session. The amendment will allow contingency funding to be reallocated to additional public meetings and other graphics and technical work. The amendment may also increase the total funding provided by ODOT for the project.

Light Rail Permitting

A notice of decision was issued on February 15, 2013 for Phase 2 of development of the Trolley Trail. This is the second of multiple development review permits anticipated for work on the trail. The recently issued permit approves installation of retaining walls, the path surface, and other civil improvements like path lighting along the trail.

Metro CET Grant for "Commercial Core Enhancement Project (CCEP)"

Planning staff continues to work with Metro on the proposed scope of work for the CCEP grant. Staff would like to arrange approximately 45 minutes to discuss the final details of the grant with City Council, possibly at the March 19, 2013 City Council Worksession or the March 21, 2013 Study Session. The primary topic will be discussion of potential commitments that the City may be asked to make in order to receive Metro funding for the work.

Engineering

Quiet Zone Implementation

Internal review of a draft plan set is complete as comments are now being incorporated into the final plan set. Staff is in the beginning stages of the railroad permitting process which is expected to take approximately four months to complete. Once the permits are obtained construction is scheduled to commence (around September 2013). With a 2 month construction window, plus some additional approvals for the quiet zones themselves, this project is poised to be completed by the end of 2013.

Stormwater Master Plan

Staff is currently reviewing multiple sections in the form of a final draft. Staff will present the rate study, staffing analysis, and CIP to the CUAB on March 6. Staff will then present a draft of the Master Plan to Planning Commission in a work session on March 26 and to City Council in a work session on April 16.

Walk Safely Milwaukie Program

Staff was recently requested by PSAC to analyze the remaining WSMP projects in pursuit of combining multiple projects under one construction contract. This combination of projects will better enable PSAC to spend the programs remaining budget on construction by reducing contract overhead.

17th Avenue Bike/Pedestrian Path

Selected by the region as Clackamas Counties highest priority that was eligible for MTIP funding in 2012, this project received \$2,969,000 in METRO funding. The current proposal designs and constructs a Bike/Ped path similar to that of the Springwater Corridor Trail from Milwaukie Riverfront Park north along 17th Avenue to Ochoco, where it will intersect with the Springwater Corridor in the future. Staff is currently working with ODOT to release an advertisement for proposals that will ultimately conclude in the selection of a design firm that will manage the project for ODOT and the City. Once the design team is selected, they will begin to survey the area to confirm the feasibility of the City's conceptual design that was included within the original application. Next steps for Council will be to agree to two local agency agreements with ODOT. One agreement to provide our commitment financially and another to allow right-of-way services to be performed on the project. Staff expects these agreements to be ready within the next few months.

Anticipated Schedule of Major Events:

- Intergovernmental Agreements for Signature before Council - **April 2013**
- Engineering (Survey and Design) - **June 2013 through December 2014**
 - Right-of-Way Negotiations - **December 2013 through December 2014**
- Construction - **Spring 2015 through Summer of 2015**

AGENDA

MILWAUKIE CITY COUNCIL WORK SESSION

FEBRUARY 19, 2013

MILWAUKIE CITY HALL

10722 SE Main Street

A light dinner will be served

- | | | | | |
|----|-----------|---|--------------|----|
| 1. | 5:00 p.m. | City Manager's Report | Bill Monahan | |
| | | • City Prosecutor Personal Services Agreement | | |
| 2. | 5:30 p.m. | Leading Library Departmental Report | Katie Newell | 1 |
| 3. | 5:45 p.m. | Budget Committee Joint Session – Quarterly Report | Casey Camors | 13 |
| 4. | 6:15 p.m. | Lake Road Projects Update | Jason Rice | 38 |
| 5. | 6:30 p.m. | Kronberg Property Report | Bill Monahan | |
| 6. | 6:45 p.m. | Adjournment | | |

Information

Executive Session: The City Council may meet in executive session pursuant to ORS 192.660(2). All discussions are confidential and those present may disclose nothing from the Session. Representatives of the news media are allowed to attend Executive Sessions as provided by ORS 192.660(3) but must not disclose any information discussed. No Executive Session may be held for the purpose of taking any final action or making any final decision. Executive Sessions are closed to the public.

Public Notice

- The Council may vote in work session on non-legislative issues.
- The time listed for each discussion item is approximate. The actual time at which each item is considered may change due to the length of time devoted to the one previous to it.
- The Council requests that all pagers and cell phones be either set on silent mode or turned off during the meeting.
- The City of Milwaukie is committed to providing equal access to information and public meetings per the Americans with Disabilities (ADA). If you need special accommodations, please call 503.786.7502 or email ocr@ci.milwaukie.or.us at least 48 hours prior to the meeting.



To: Mayor and City Council

Through: Bill Monahan, City Manager

From: Katie Newell, Library Director

Subject: Ledding Library Update for Council

Date: February 19, 2013

ACTION REQUESTED

None, informational only.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

Annual Report

BACKGROUND

The City of Milwaukie City Council requires a regular department update. This will provide information about the Ledding Library of Milwaukie in the year 2012.

2012 was a year of transition for the Ledding Library. Joe Sandfort, the director of the Library, retired November 2011 after 32 years with the City of Milwaukie. Katie Newell was hired as the new director beginning in January 2012.

It was also a year of planning. At its February 1, 2011 Work Session meeting, City Council met with the Ledding Library Board and discussed the space needs of the library as well as the process necessary to evaluate options for enlarging the Library. The availability of \$1 million of capital funds from the Library District of Clackamas County in 2013 requires the City undertake an analysis of how to use the funds and develop a plan to address space needs. At its March 15, 2011, meeting, the Milwaukie City Council authorized the creation of the Library Expansion Task Force (LETf) to look into the issues surrounding the expansion of the Ledding Library. The first meeting of LETf was June 23, 2011, with representatives from City Council, Library Board, Library Foundation, Planning Commission, Budget Commission, Neighborhoods, Business, Library staff. The LETf is reviewing RFPs to find an architectural firm to complete a needs-assessment/programming document to present to City Council its recommendation for any expansion.

The Library strives to achieve an excellent rating as set by the Oregon State Library Standards, but can only achieve an adequate rating due to circumstances that are outside our control. These are mainly issues dealing with facility size, collection size, staff size.

Every year the Library adds more programs and activities for our patrons to partake in (attachment A). Our circulation has been over 700,000 for the past two fiscal years and is on track to be so again this year. The number of books we send out to other libraries went over 200,000 in 2012. Our number of volunteer hours was over 8,000. We are averaging over 20,000 patron visits every month (attachment B).

The Friends of the Ledding Library contributed over \$29,000 towards our wish list items in FY 2012 (attachment C) and budgeted \$31,490 for FY 2013. Their continued support makes it possible for the Library to offer the programs, materials and services we provide our patrons.

Clackamas County voters approved a measure to establish a library district four years ago. The district was formed to ensure a stable, dedicated and long-term funding source for library services. The first year, FY 2009, we received \$499,000; FY 2012 we received \$1,036,609. Library District statistics are attached (attachments D-J).

The Ledding Library continues to provide a place for people to gather for their pursuits of education, entertainment and enlightenment. It is the center of the community for the City of Milwaukie.

FISCAL IMPACTS

None.

WORK LOAD IMPACTS

None.

ATTACHMENTS

- A. Programs at Ledding Library
- B. Summary of Ledding Library Statistics
- C. Friends' Contributions
- D. Library District of Clackamas County Purpose
- E. Ledding Library Annual Progress Report for Library District/OLA Standards
- F. Library District Internal Service Transfers for FY2013
- G. Library District Funding Distribution, FY 2012, FY 2013

Attachment A

Programs for Children & Teens at Ledding Library

Weekly:

5 storytimes (1 baby, 1 toddler, 2 preschool, 1 family)
Drop-in craft for preschoolers
Read to the dog program

Twice a month:

Saturday crafts for school-age kids
Homeschool programs (for kids)

Monthly:

Book group for young teens
Spanish storytime
Storytimes for both Head Start classes
(We go to two different Head Start locations every month: River Road & Wichita)
Visits from a group of Spanish-speaking families who attend Ready, Set, Go! at Wichita Center

Special programs:

Toddler dance parties quarterly
Kindermusik or Baby signing demo classes once/twice per year
Halloween Party
Spring Break performer

Summer:

Reading program for kids and teens (all ages, birth through high school)
10 performers
10 additional programs that we presented (i.e. Pinkalicious Party; Hunger Games Party; etc.)
(4 of our 20 summer programs/performers were for teens)

Programs for Adults at Ledding Library

Weekly:

Knit Nite
Library2Go

Monthly:

Health Lecture
Book Club
Poetry Series
Open Mike
Author Series
Music Concerts

Attachment B

**Summary of Ledding Library Statistics
FY2000-FY2013**

Year	Circulation	Fines Collected	Volunteers	Vol. Hours Worked	Reference Questions	Programs	Program Attendees	Interlibrary Loans	Patron Count
FY 2000	387,137	\$29,361	398	3,391	28,572	57	2,364	66,254	
FY 2001	429,884	\$29,740	392	2,470	29,332	201	4,927	62,530	
FY 2002	463,800	\$31,190	514	3,483	29,671	222	6,206	77,385	
FY 2003	505,263	\$36,240	698	4,524	30,406	248	7,792	93,270	
FY 2004	484,937	\$41,947	758	5,401	28,999	231	7,157	86,974	
FY 2005	539,386	\$45,365	814	6,131	29,830	242	7,449	88,162	
FY 2006	544,818	\$48,557	763	5,816	29,248	236	7,448	94,728	
FY 2007	549,454	\$50,798	731	6,427	29,678	243	6,846	105,525	
FY 2008	585,857	\$58,546	1,356	7,592	30,752	299	8,356	109,922	
FY 2009	651,764	\$58,756	894	6,992	32,511	305	9,902	122,320	
FY 2010	671,554	\$56,480	1,114	8,513	33,573	378	11,415	178,031	
FY 2011	717,821	\$56,707	1,368	8,493	34,397	408	11,987	199,809	
FY 2012	709,614	\$57,346	1,507	8,679	31,490	505	12,619	200,749	88,444*
Jul-Dec FY13	356,726	\$31,827	743	3,927	14,625	276	8,178	98,322	126,323

*Beginning 3/1/2012

Attachment C

	Amount requested 2011-2012	Amount Spent 2011- 2012
2011-2012 Wish List		
Landscaping/Gardening		\$599
First Saturday Program Series	\$3,600	\$3,612
Volunteer and staff recognition (Brunch, etc.)	\$2,000	\$1,979
Printing (newsletters, fliers, etc.)	\$1,500	\$881
Postage	\$700	\$643
Book store, accident and officers insurance	\$1,800	\$1,655
Cultural passes	\$1,000	\$1,175
Adult Summer Reading Program	\$600	\$500
Health & fitness books & dvds	\$600	\$383
Foreign films	\$1,000	\$1,453
Science books	\$500	\$230
Psychology and self-help books	\$500	\$0
Reference USA database	\$2,995	\$0
Oregonian database	\$2,200	\$1,297
CD case tables	\$1,200	\$0
Playaways	\$300	\$0
Teen Summer Reading Program	\$1,500	\$1,219
Children's performers	\$3,000	\$2,775
Summer Reading Program prizes and bags	\$2,500	\$2,934
Spanish storytimes	\$990	\$990
AWE Early Literacy Stations	\$3,000	\$6,000
Book Page and FOLUSA subscriptions	\$450	\$536
Tape and disc replacements	\$400	\$321
Total requested 2011-2012	\$32,335	\$29,182

2012-2013 Wish List	Amount requested 2012-2013
First Saturday Program Series	\$4,000
Volunteer and staff recognition (Brunch, etc.)	\$2,000
Printing (newsletters, fliers, etc.)	\$1,500
Postage	\$900
Book store, accident and officers insurance	\$1,800
Tables (8)	\$400
Book display stands for book booth	\$200
New signs for book sale tables	\$400
Cultural passes	\$1,200
Landscaping	\$700
Carpet	\$1,500
Annual movie licenses (MLUSA & MPLC)	\$550
Annual music license (ASCAP)	\$500
Adult Summer Reading Program	\$600
Non-fiction DVDs on the arts	\$500
Craft books	\$700
College/vocational prep & testing books	\$500
Oregon travel/hiking/camping books	\$300
YA graphic novels	\$500
YA cd audiobooks	\$500
Display cases for music cds (custom made)	\$1,800
Teen summer reading program prizes	\$800
Children's performers	\$3,000
Summer reading program books (kids & teen)	\$3,300
Summer reading program bags (kids & teen)	\$350
Spanish storytimes	\$990
AWE Early Literacy Stations - annual license/update	\$700
Toddler table	\$200
Duplos	\$100
Book Page and FOLUSA subscriptions	\$600
Disc replacement for audiobooks	\$400
Total requested 2012-2013	\$31,490

Attachment D

Library District of Clackamas County Purpose

Official Clackamas County 2008 General Election Voters' Pamphlet

Measure 3-310

ESTABLISH A COUNTYWIDE LIBRARY SERVICE DISTRICT IN CLACKAMAS COUNTY

QUESTION: Shall District be formed for countywide libraries to restore hours and retain services; \$0.3974 per \$1000 assessed value beginning FY2009?

Creation of the Library District would do the following:

- Provide permanent and dedicated library funding;
- Allow libraries to make basic repairs and library improvements;
- Restore all libraries' ability in the Library District to purchase more books and materials; and
- Prevent reductions in services and closure of some city libraries.

The creation of a Library Service District would ensure a dedicated long-term funding source for library services, allowing libraries to retain educational resources and programs.

All of the monies shall be spent on library operations and services. An annual audit is available to the public.

The libraries of Clackamas County currently work together to provide important community services, including:

- Educating youth: Public libraries shoulder a greater proportion of this role today as school library budgets are cut.
- Fostering literacy: Libraries support literacy education efforts by providing teaching resources and space for tutoring.
- Providing information and referral services: Libraries provide information in areas of personal interest, research, business development, or to support recreational interests.
- Serving pre-school children: Libraries provide educational opportunities by supplying rotating collections of books to pre-school centers, holding weekly story hours and craft events and special programs directed at pre-school children.
- Serving the elderly and home-bound: Libraries provide rotating collections housed in retirement centers and direct loan service to home-bound, and provide large print and audio books.
- Providing cultural opportunities: Artistic, musical, and cultural experiences are held at libraries usually without fee and libraries in Clackamas County provide "Cultural Passes" so that patrons can take their children to museums and gardens free of charge.

This work is currently supported by annual payments from the County general fund to **supplement city libraries** and provide funding for County operation of three libraries serving unincorporated residents. The County also funds the Library Network allowing the libraries to connect electronically, share their collections and work together to more efficiently provide library services.

Rationale for Proposal

However, declining federal funding to counties, including Clackamas County, has created a shortfall for local programs, including libraries. Clackamas County can no longer provide **supplemental funding to city libraries** or operate the three existing county libraries. The county has announced that, barring new funding, the three county libraries will close on June 30, 2009, and county-provided supplemental funding to city libraries will be reduced by 20% per year for the next five years, ending completely in 2014.

What the New District Would Provide

The creation of a Library District would ensure a stable, dedicated, and long-term funding source for library services, allowing libraries to retain their educational resources and programs. The Library District would implement a permanent rate of \$0.3974 per \$1,000 assessed value to exclusively fund library services. A home assessed at \$200,000 would pay approximately \$79.48 per year. This dedicated funding would allow the libraries in Clackamas County to stay open and continue their programs.

- 1.1 Distribution of Revenue. Revenues generated by the District permanent rate, including delinquent taxes, are allocated, appropriated and expended pursuant to the budget adopted by the District Board. The District Board agrees to allocate, appropriate, and distribute the funds of the District pursuant to the formula as defined on Attachment A (the "Formula") for the service areas as shown on the maps included as Attachment B ("Service Area Maps"). The Formula may be reevaluated as necessary by the Parties to this Agreement. Any change to the Formula shall occur as an amendment to this Agreement.

Section 2 Obligations of the Cities

- 2.1 Use of Funds. The Library Cities will use District revenue to provide public library service, and ***shall expend the entire library revenue paid under this Agreement in accordance with the purpose for which it was provided by implementing a plan to achieve the Service Standards.*** For the purposes of this Agreement, "Service Standards" shall mean (i) the standards described on Attachment C, (ii) the provision of services to all District residents on the same terms, and (iii) the proper expenditure of funds as described in this Section 2.1. ***District funds may not be used to support general overhead or administrative costs of Cities except to the extent such overhead or administrative costs are directly related to the provision of library services and/or the operation of a public library.*** It is the intention of the parties to work cooperatively in helping each city make progress in meeting the Service Standards.

Section 4 General Provisions

4.14 Enforcement of Terms. The Parties hereto recognize that the District is relying on the good faith and commitments of the Library Cities to utilize the funding provided by the District in the promised manner. The Parties expect that to the extent there is any noncompliance or breach of this Agreement, the Parties will discuss such noncompliance or breach in the District Advisory Committee and encourage an effort towards compliance. If discussions and encouragement do not remedy the continued failure of a party to meet the Service Standards or other term of this Agreement, then the District Advisory Committee shall meet to consider an amendment to this Agreement to create incentives for compliance, including but not limited to withholding of District funds, reallocation of unincorporated residents to neighboring service areas, or other such actions as may be deemed appropriate. The Parties hereto agree that in an event of a material breach of this Agreement by one of the Parties, an amendment proposed to specifically address such breach shall require a two-thirds vote of the Library Cities, including but not limited to any amendment which would reduce the breaching City's 100% return on assessments within such City's boundaries, either via a Formula amendment or otherwise.

Attachment E

Library Name:	Ledding Library of Milwaukie	
Service Population:	33,288	
Fiscal Year:	2011/2012	
<u>Library Service District of Clackamas County - - Annual Progress Report toward OLA Standards</u>		
1. Is the library open the number of hours mandated by its population served at THRESHOLD level?		YES
Library open hours	66	
Open hours required by OLA Threshold Standards	50	
2. Does the library staffing adhere to all of the standards for number and qualifications of staff employed as outlined in the OLA standards for THRESHOLD level for its population served?		YES
Total library FTE	18.7	
Total library FTE needed as per OLA Threshold Standards	10.9	
Total staff with an MLS	5.15	
Total staff required to have an MLS as per OLA Threshold Standards	3.6	
Library Director has an MLS?	YES	
3. Does the Library collection contain sufficient volumes to meet OLA Threshold standards for the library population served?		YES
Library volumes owned	121,917	
Library volumes needed for Threshold Standards	62,356	
4. Please report briefly on any changes or improvements to the library due to District. <i>Able to sustain the 66 hours we are opened and our level of staffing.</i>		
5. Does the Library provide adequate and reasonable continuing education/training for all staff? Please list annual budget for library staff continuing education here.		YES \$3,000
6. Each year, does the library evaluate a percentage of the materials collection to consider for weeding/withdrawal based on criteria such as use, currency and condition? OLA Threshold standard percentage is 20% evaluated annually. What is your percentage (estimate)?		YES 50%
7. Does the library have a formal written collection development policy?		YES
8. Does the library make available all basic core public services during all open hours? <i>Note: "basic core public services" include circulation, reference, reader's advisory to all ages, interlibrary loan, and technology assistance.</i>		YES
9. Does the Library have a written long-range strategic plan that addresses facility needs?		YES

Attachment F

LINCC LIBRARIES FY12/13: INTERNAL SERVICE TRANSFERS AND GENERAL FUND CONTRIBUTIONS (as of 10/12)

<u>Library</u>	<u>Internal services estimated and/or charged to library</u>	<u>Value assigned to these internal services</u>	<u>Operational support from General Fund</u>	<u>Other (non-operational) general fund cash support</u>	<u>Net cash operational support from city or county (after any deductions for internal services, if made)</u>	<u>Estimated revenue from library district (as of 1/12)</u>	<u>Net amount deducted for internal service transfers from library district revenues</u>
<u>Canby</u>	Admin, IT, Finance, Facilities	\$156,403	\$70,000	-0-	-0-	\$696,730	\$86,403
<u>County-run libraries (Oak Lodge and Sunnyside)</u>	Admin, Finance, Facilities, IT,	\$269,767	-0-	-0-	-0-	\$2,998,873	\$269,767
<u>Estacada</u>	Admin, Finance. (Library pays for IT and facilities.)	\$26,000	-0-	-0-	-0-	\$581,890	\$26,000
<u>Gladstone</u>	None (Library pays for IT, janitorial and facilities.)	Not calculated	Not to exceed \$220,000	-0-	Not to exceed \$220,000	\$581,705	-0-
<u>Lake Oswego</u>	Admin, IT, Finance, Facilities	\$565,000	\$1,532,000	-0-	\$967,000	\$2,288,469	-0-
<u>Ledding (Milwaukie)</u>	Admin, IT, Finance, Facilities	\$710,000	\$823,000	-0-	\$113,000	\$1,319,578	-0-
<u>Molalla</u>	Portion of city administrator and finance director's salaries. (Library pays for IT and facilities.)	\$53,139	-0-	-0-	-0-	\$681,215	\$53,139
<u>Oregon City</u>	Portion of salary for facilities staff. (Library pays for other facilities costs.)	\$11,604	-0-	\$202,029 —annual alloc. for capital reserve fund	-0-	\$1,720,913	\$11,604
<u>Sandy and Hoodland</u>	None (Library pays for facilities, IT.)	Not calculated	-0-	-0-	-0-	\$973,794	-0-
<u>West Linn</u>	Admin (inc. Council and HR), Finance, IT, Facilities	\$738,000	\$1,100,000	-0-	\$362,000	\$1,295,962	-0-
<u>Wilsonville</u>	None (Library pays some facilities costs).	Not calculated	\$511,569	-0-	\$511,569	\$922,311	-0-

Attachment G

Clackamas County Library District
Fiscal Year 2011 - 2012 Distribution Formula
Fiscal Year 2011 - 2012 Estimate

SV Opens April 1, 2012

Total Current Year Tax Receipts	\$13,435,575	100.00%	Prior Year
City Assessed Value	\$7,071,143	52.63%	\$179,348
Unincorporated Population Served	\$6,364,432	47.37%	\$153,765

Prior Year Fund Balance	\$65,985
Interest Earned	\$10,000
Delinquent Tax & Interest/Penalties	\$257,128
Total	\$333,113
Total Library District Revenues	\$13,768,688

		Assessed Value	Unincorporated Population Served	Assessed Value Prior Interest & Delinquent Tax	Unincorporated Prior Interest & Delinquent Tax	Total Distribution	%
CA	Canby	\$407,298	\$327,264	\$10,420	\$8,335	\$753,317	5.47%
ES	Estacada	\$72,833	\$555,442	\$1,811	\$14,146	\$644,232	4.68%
GL	Gladstone	\$257,390	\$276,603	\$6,510	\$6,938	\$547,441	3.98%
SV/HV	Happy Valley	\$629,332	\$1,318,843	\$16,052	\$26,991	\$1,991,217	14.46%
LO	Lake Oswego	\$1,951,636	\$97,265	\$49,626	\$2,475	\$2,101,001	15.26%
MI	Milwaukie	\$603,876	\$409,271	\$15,047	\$8,701	\$1,036,894	7.53%
MO	Molalla	\$167,586	\$487,916	\$4,286	\$12,540	\$672,328	4.88%
OC	Oregon City	\$835,809	\$910,591	\$21,091	\$23,190	\$1,790,682	13.01%
SA	Sandy	\$231,933	\$540,274	\$5,847	\$13,759	\$791,814	5.75%
SA/HO	Hoodland	\$0	\$206,817	\$0	\$5,267	\$212,084	1.54%
TUL	Tualatin	\$140,716	\$0	\$3,605	\$0	\$144,321	1.05%
WL	West Linn	\$1,096,027	\$169,858	\$27,691	\$4,326	\$1,297,903	9.43%
MV	Wilsonville	\$676,708	\$114,023	\$17,361	\$2,898	\$810,990	5.89%
CO	Oak Lodge	\$0	\$950,265	\$0	\$24,201	\$974,466	7.08%
Total		\$7,071,143	\$6,364,432	\$179,348	\$153,765	\$13,768,688	100.00%

Clackamas County Library District
Fiscal Year 2012 - 2013 Distribution Formula
Estimate

Total Current Year Tax Receipts	\$13,771,464	100.00%	Prior Year
City Assessed Value	\$7,247,922	52.63%	\$191,573
Unincorporated Population Served	\$6,523,542	47.37%	\$172,427

Prior Year Fund Balance	\$65,000
Interest Earned	\$9,000
Delinquent Tax & Interest/Penalties	\$290,000
Total	\$364,000
Total Library District Revenues	\$14,135,464

	Assessed Value	Unincorporated Population Served	Assessed Value Prior Interest & Delinquent Tax	Unincorporated Prior Interest & Delinquent Tax	Total Distribution	%
Canby	\$417,480	\$259,349	\$11,035	\$8,866	\$696,730	4.93%
Estacada	\$74,654	\$490,215	\$1,973	\$15,048	\$581,890	4.12%
Gladstone	\$263,824	\$303,414	\$6,973	\$7,494	\$581,705	4.12%
Happy Valley	\$645,065	\$1,264,332	\$17,050	\$35,730	\$1,962,177	13.88%
Lake Oswego	\$2,000,426	\$195,522	\$52,874	\$2,635	\$2,251,457	15.93%
Milwaukie	\$618,972	\$673,157	\$16,360	\$11,088	\$1,319,578	9.34%
Molalla	\$171,776	\$491,681	\$4,540	\$13,219	\$681,215	4.82%
Oregon City	\$856,704	\$816,895	\$22,644	\$24,670	\$1,720,913	12.17%
Sandy	\$237,732	\$526,454	\$6,284	\$14,637	\$785,106	5.55%
Hoodland	\$0	\$183,085	\$0	\$5,603	\$188,688	1.33%
Tualatin	\$144,234	\$0	\$3,812	\$0	\$148,046	1.05%
West Linn	\$1,123,428	\$130,836	\$29,694	\$4,602	\$1,288,560	9.12%
Wilsonville	\$693,626	\$177,653	\$18,334	\$3,089	\$892,701	6.32%
Oak Lodge	\$0	\$1,010,951	\$0	\$25,745	\$1,036,696	7.33%
Total	\$7,247,922	\$6,523,542	\$191,573	\$172,427	\$14,135,464	100.00%



WS 3.

BUDGET COMMITTEE MEETING AGENDA

February 19, 2013 at 5:30 p.m.

City Hall

1. Call to order and roll call
2. Introductions
3. Approval of prior meeting minutes
4. Nomination and election of committee Vice Chairperson
5. Review of Quarterly Financial Report for the second quarter ended December 31, 2012 and Discussion
6. Adjourn

Budget Committee Meeting Minutes
January 10, 2013

Members Present: Scott Churchill, Jeff Dondino, John Fox, Dave Hedges, Mike Miller, Ron Palmer, Jon Stoll

Members Absent: Jeremy Ferguson and Mark Gamba

Staff Present: Bill Monahan, Rina Byrne, Casey Camors, Richard Seals, Judy Serio

Vice-Chair is vacant.

Citizen(s) Present: None

Chair Stoll called the meeting to order at 6:05 pm.

Approval of Prior Meeting Minutes

Stoll asked for corrections to the September 20, 2012 minutes.

It was moved by Councilor Hedges and seconded by Dr. Dondino to approve the September 20, 2012 Budget Committee minutes. Motion passed with the following vote: Churchill, Dondino, Fox, Hedges, Miller, Palmer, and Stoll [7:0].

Camors stated the Popular Annual Financial Report (PAFR) is available in printed version and online. The Comprehensive Annual Financial Report (CAFR) is available online. Ms. Camors recognized Rina Byrne for her efforts. There were no audit adjustments or prior period adjustments for the fiscal year ended June 2012.

Camors reviewed the Quarterly Financial Report for the first quarter ended September 30, 2012. Some of the major items include the TriMet obligation was booked up front; property tax revenue is low since revenue is received in November; fund balance came in with only a 1% variance from estimated.

Camors continued with the General Fund expense highlights which include the City Manager and Community Development departments YTD actuals higher than budget due to the movement of Community Services staff to other departments. The supplemental budget will resolve this issue. The IST expenses are over budget due to the Polar Contract.

Camors continued with the Library Fund. The Intergovernmental revenue has not been received as of this date. Personnel Services are over due to unanticipated medical costs, workers compensation increase and unemployment increase. The Personnel Services in other funds will also be affected by these same increases.

Dondino asked if this was just a quarterly issue or will it affect the entire budget year.

Camors replied that it will affect the entire budget year.

Camors continued to the Building Fund stating this fund has recovered due to the TriMet Light Rail revenue that has been received.

Camors continued to the Transportation Fund. For reporting purposes, State Gas Tax and SSMP have been separated. SSMP is under due to a timing issue of the franchise fees received; capital outlay projects were done earlier due to weather and other factors. State Gas Tax revenue has a seasonal affect; Intergovernmental grants have not been received as of yet. There is an issue to address within the fund since it will be in red by FY 2014; Bill, Gary Parkin, and Jamie Clark are discussing ways to resolve this issue.

Churchill asked if the five-year forecast will show a decrease in revenue when Light Rail comes.

Camors stated that that is not forecasted.

Dondino asked if this split between State Gas Tax and SSMP is a recent one. He asked what the State Gas Tax does and what expense is related to it.

Camors responded the split is not a recent occurrence. State Gas Tax funds the pavement markings and maintenance; Personnel expense is reflected against the State Gas Tax portion of the fund.

Stoll asked if there is a basis to allocate Personnel costs to the SSMP portion of the fund.

Camors stated the ordinance does not allow for it currently.

Monahan stated a City must determine what it would like to accomplish with such a program. It can be controversial given the economic times.

Camors offered going forward to show the fund combined and separate.

Hedges stated the County is looking into a gas tax. He would like to know how the City's funds would be affected by this.

Camors continued to the Water Fund and reported consumption has increased by slightly over three percent. Over the five year forecast period, this fund shows good recovery.

Churchill asked why Personnel costs are lower.

Camors reported there have been part-time seasonal help.

Monahan reported that there was also a retirement which was not back-filled, during the first quarter.

Camors continued to the Wastewater Fund where fees and charges are higher than estimated due to the CCSD contract being finalized in December. The CUAB and City Council did a rate study and approved a thirty percent rate increase to fund the expense. Personnel Services is up due to the factors mentioned earlier. Debt Service is higher due to a timing factor. Capital Outlay projects have not been started as of the first quarter.

Dondino asked if the Personnel Services increase was due to the factors mentioned in the Library Fund regarding the benefits increases.

Camors responded the benefit increase along with vacancies contribute to this number.

Monahan added the vacancy was not filled until recently.

Camors continued to the Stormwater Fund which overall is good.

Dondino asked if the Personnel Services increase was due to the factors mentioned in the Library Fund regarding the benefits increases.

Camors responded to keep staffing levels the same there will be these increases. The budget is based on known factors. Insurance was budgeted on a ten percent increase; there were additional enrollments, etc. which increase the benefits costs.

Churchill asked within stormwater Capital Outlay if there were any anticipated risks.

Monahan responded currently working on a master plan but there are no major repairs pending at this time.

Churchill asked if there will be an audit of the system which would identify deficiencies.

Monahan responded outside consultants would perform this type of task within the master plan.

Camors continued to the SDC Fund which overall is good; even though there has not been a lot of development.

Churchill asked if the SDC decreased would it be sustainable.

Monahan responded there is a need for future growth.

Churchill asked if there is a slow way to ramp SDC charges to encourage development.

Monahan responded one would have to look at the methodology.

Camors continued to the Supplemental Budget discussion agenda item.

Stoll asked if the Supplemental Budget is for a two year period.

Camors responded yes. It will address the increase in Personnel Services in FY 2013 and other known items.

Camors stated the reallocation of property tax revenue between the General and Library Funds. This will allow the Library to maintain specific needs.

Dondino asked what needs.

Camors explained the increase in Personnel Services and paying off the Pond House loan.

Monahan explained the Pond House background and mentioned there are six years remaining on the loan.

Byrne elaborated on the loan and explained by paying it off early the City would save approximately \$70,000 in interest expense.

Dondino questioned why Contingency had to be increased by \$104,000. Concerned about perception of this line item to the citizens as it appears that we are just padding the Library fund

Discussion regarding the Library ensued, during which it was explained that the ending fund balance at 6-30-2012 was approximately \$100,000 less than anticipated when the 2013-14 biennial budget was adopted. Contingency is effectively a component of ending fund balance as even though it is appropriated, it cannot be spent without further Council action.

Hedges expressed concern that programs and services in the general fund may not be getting adequate funding because some tax revenue is allocated to the library.

Hedges asked where the \$269,000 for the Library is coming from.

Camors responded that it is coming from the General Fund property tax allocation.

Camors continued to the Transportation Fund Supplemental Budget. The Fees (Other) are the FILOC, which have limitation to their use. The fund will be in the red by FY 2014 if things continue the way they are.

Monahan stated the City needs to look into additional revenue or annexing additional areas.

Palmer asked if the railroad crossings quiet zones are included.

Camors responded there is funding in the budget and the supplemental includes \$55,000 to complete.

Monahan stated this is high on the City Council's goals.

Camors continued to the Water Fund Supplemental Budget. The charges reflect a 3.3% increase in rates.

Camors continued to the Wastewater Fund Supplemental Budget. The reserves were spent down with the new rates and treatment cost charges. The CCSD contract is in place and the new rates will begin being billed next month.

Camors mentioned the Stormwater Fund is maintaining well. Capital projects include replacing some of the dry wells and adding new systems.

Camors continued to the SDC Fund Supplemental Budget. The FY 2012 ending fund balance was lower than the prior five year forecast.

Camors stated the \$450,000 for the Supplemental Budget will be funded by other revenue sources.

Churchill stated it would be a good idea to compare Milwaukie's Library budget to other cities in the area. He asked if Katie Newell, Library Director, could speak to the Budget Committee.

Stoll asked for a motion to recommend the Supplemental Budget to the City Council.

Fox made a motion to recommend the Supplemental Budget as is to City Council.

Stoll seconded the motion.

Palmer asked what the impact would be if the vote was delayed in order to hear from Katie Newell.

Camors responded that some project would possibly have to be put on hold to ensure funding, losing momentum and possibly efficiency.

Miller moved to vote to recommend the Supplemental Budget to the City Council. Motion passed [4:3]. Yes votes: Churchill, Fox, Miller, Stoll. No votes: Dondino, Hedges, Palmer.

Camors announced Gabe Storm has been appointed to the Planning Commission. The vacancy on the Budget Committee will receive its new appointment next meeting.

Camors announced the Audit Committee is forming and its first task will be an Audit Services Request for Proposal.

Camors stated the FY 2012 audit will be presented at the January 15th City Council meeting.

Monahan announced there will be ethics training on February 26th.

Monahan announced the Finance Director position will be advertised next week.

Adjourn

It was moved by Dondino and seconded by Fox to adjourn the meeting. Motion passed with the following vote: Churchill, Dondino, Fox, Hedges, Miller, Palmer, and Stoll [7:0].

Chair Stoll adjourned the meeting at 8:15 p.m.

Respectfully submitted,

Judy Serio, Accountant



To: Mayor and City Council
Through: Bill Monahan, City Manager
From: Casey Camors, Finance Director
Richard Seals, Finance Director
Subject: Budget Committee
Date: February 19, 2013

ACTION REQUESTED

Presentation of and review of Quarterly Financial Report for informational purposes only.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

The Budget Committee reviews the Quarterly Financial Report every quarter.

BACKGROUND

The City of Milwaukie Finance Department prepares an annual financial report (Comprehensive Annual Financial Report), Budget Document and four Quarterly Financial Reports every fiscal year. The Quarterly Financial Reports are prepared for the Budget Review Board and City Council, collectively referred to as the City's Budget Committee, to inform them as to the financial results for the quarter ended and year-to-date. These reports are issued timely by the Finance Department and significant budget-to-actual variance are identified and explained.

The City of Milwaukie Quarterly Financial Report through the second quarter ended December 31, 2012 includes:

- Executive Summary with Quarterly Highlights
- Budget-to-Actual comparisons for all City Funds and Departments

City-wide resources at December 31, 2012 total \$21,190,000 (excluding fund balance carryover of \$14,400,000) as compared to total year-to-date City-wide requirements of \$20,800,000 resulting in a increase to Unappropriated Ending Fund Balance of \$390,000.

FISCAL IMPACTS

N/A

Council Staff Report – Budget Committee
Page 1 of 2

ALTERNATIVES

N/A

ATTACHMENTS

1. Quarterly Financial Report for the second quarter ended December 31, 2012



Quarterly Financial Report

Reporting financial results
for the second quarter ended
December 31, 2012

Milwaukie Finance

Executive Summary

We are pleased to offer this financial report of City operations for your review. This report covers financial operations through the second quarter ended December 31, 2012 relating to the fiscal year ending June 30, 2013.

ANNUAL REPORTS

Our auditors completed their annual audit fieldwork in mid-November with a “clean” opinion and no proposed adjustments. The Comprehensive Annual Financial Report (Financial Statements) was issued at the end of November and is available for review at www.cityofmilwaukie.org/finance. The audit was properly filed with the Secretary of State-Audits Division by the December 31, 2012 deadline.

The City’s second Popular Annual Financial Report (PAFR) was issued in December and is also available online at www.cityofmilwaukie.org/finance or in printed form at any one of the City’s facilities. Popular Annual Financial Reports are specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance.

QUARTERLY HIGHLIGHTS

This second quarter financial report summarizes the financial results for the fiscal year ending June 30, 2013 (year-to-date) and highlights certain topics of interest.

Summary of Beginning Fund Balances

Beginning fund balances represent the amount of funds available to fund capital projects and operations until property taxes begin to be received in November. During the budget process we estimated that beginning fund balances for all funds would total \$14,534,000. In our financial statements for June 30, 2012 fund balance for all funds was \$14,398,000, which is less than a 1% variance from that anticipated.

Second Quarter Financial Results

As you know, the construction on the TriMet Lightrail project has commenced. In the General Fund, for accounting purposes, the entire cost of the contribution to TriMet for light rail has been booked as an expenditure under the Community Development Department. Additionally, licenses and permits related to this project that are counted as a reduction to the project liability in accordance with the TriMet agreement are shown as revenues.

The General Fund and Library Fund are dependent upon property taxes for operations. The majority of property taxes were received in November, showing a revenue at 88% of property taxes budgeted for the fiscal year. Distributions from the Library District of Clackamas County shown in the Library Fund are still outstanding as of December 31, 2012 but are expected to be received as budgeted.

The Building Inspection Fund's financial position has improved significantly over the prior year, predominately due to the increase in fees and charges from the Lightrail project.

In this second quarter report, you can see that the Transportation Fund is displayed in total, but has also been broken out into two distinct departments to separate its two main. These two functions are the Street Surface Maintenance program and the State Gas Tax program.

The Street Surface Maintenance program fund balance has declined in the first two quarters due to planned capital projects. The City was able to combine bids on planned projects which advanced the timeline for project completion and overall, saved City funds.

The State Gas Tax program for streets had a negative fund balance in 2011 and 2012; however this program is on track to have a positive balance by the end of the biennium.

The Water Fund had a negative fund balance at the end of fiscal year 2012. It has made up some ground in this first two quarters and we anticipate that this Fund will have a positive fund balance by the end of the biennium. Overall, increases in water consumption (3.3%) and increases in the utility rate for water have facilitated the quick recovery in this Fund.

Wastewater treatment is performed by Clackamas County Service District No. 1 (CCSD #1). During the budget process in the Spring of 2012 the City was working with CCSD #1 to come to an agreement on the cost of wastewater treatment. Since the budget was adopted, the City has finalized the agreement with CCSD #1 which results in expenditures for treatment being much higher than that anticipated. To fund the increase in treatment costs, the City implemented an interim 30% wastewater rate increase. In the Wastewater Fund, both revenues and expenditures are expected to far exceed the original adopted budget, requiring a supplemental budget item to be presented to the Budget Committee for recommendation to the City Council.

Expenditures in the SDC Fund also exceed revenues in the first quarter due to planned capital projects and items related to the Lightrail project.

PERS and Supplemental Budget

In late October the PERS board announced rates for the biennium beginning July 1, 2013. In our budget for the 2013-2014 biennium, we expected a 3% increase in PERS rates; however rates are expected to increase 4.5% due to a lower funding status than anticipated of the actuarial liability. Personnel service costs have also had unanticipated increases due to rising health insurance costs and enrollment, and increases in workers compensation and unemployment rates.

Additionally, some projects budgeted in 2012 were not completed by year-end and need to continue into fiscal year 2013 if they are to be completed. As a result, the supplemental budget was proposed to the Budget Committee on January 10th for discussion. The Budget Committee has recommended the supplemental budget to the City Council for a public hearing and potential adoption on February 19th.

Improvements to Finance Department Webpage

Substantial improvements continue to be made to the Finance webpage to include the addition of financial material and relevant topical items. If you have not visited this website recently, we encourage you to do so and let us know what else you would like to see: www.cityofmilwaukie.org/finance.

Two Utility Assistant Programs Offered

As a reminder, the City of Milwaukie continues to offer its residential customers a *Low Income Utility Program*. This reduced rate program is a waiver of the established base charge for water service; one-half of the established base charge for wastewater (sewer) and storm water service; one-half of the established volume charge for wastewater service; and waiver of the street maintenance fee. During the first two quarters of fiscal year 2013, 192 customers have applied for and received low income utility assistance. For more information on the eligibility requirements for the *Low Income Utility Program*, please visit:

<http://www.cityofmilwaukie.org/finance/low-income-program> or call (503) 786-7525.

New with the FY 2012 Budget, a pilot program was approved called the *Emergency Utility Assistance Program*. Modeled after a similar successful program in West Linn, the idea is to provide emergency seed money to reduce City utility obligations to help those who find themselves in poor economic situations. This program is generally geared towards utility accounts showing solid payment history, but due to some emergency or dramatic loss in income, the citizen is unable to catch up on their utility obligations. This program just gives a little bit of help to get back on track with regularly monthly payments. During the first two quarters of fiscal year 2013, 7 customers had received emergency utility assistance for a total of \$797 in assistance provided.

Receive Utility Bills Electronically and Pay Online

We offer paperless billing for utility customers. After registering for this service, customers receive an email notification that their utility billing statement is available for viewing. After viewing the statement payments may be made online via credit card using the City's online payment program or by using a personal bank bill pay feature from the convenience and security of a home computer. Payments can also be made by calling 1-800-701-8560, 24 hours a day, 7 days a week (a "live" person is available if you call between 8am to 9pm EST). Of course, the regular "non-online" ways of making payments are still available. These new services are simply additional ways to make payments for customer convenience.

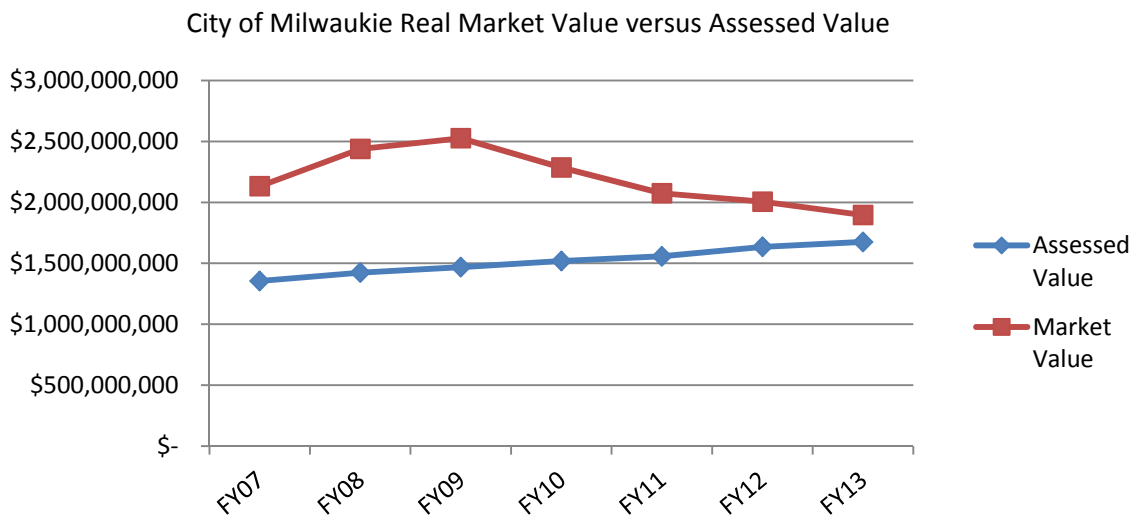
Business Registrations are Now Online

The Finance Department just converted business registration and renewal to an online service. Businesses may register, renew and pay online as well as print their own business registration certificate. Annual renewal reminders will be sent by email to all registered businesses. This is being offered as a convenience to our business partners and as well as to reduce the costs of administering the business registration program.

Property Tax Bills Mailed out by County

Clackamas County mailed out property tax bills this last quarter. This year, property taxes in Clackamas County are at their lowest growth rate of the past 16 years. Oregon's slow to improve economy and struggling real estate market coupled with Oregon's two constitutional property tax limitations all contributed to lower than normal tax growth.

The County is reporting an overall increase of 0.83% in property tax growth county-wide. For the City of Milwaukie, the County reports a 1.58% increase. Overall Real Market Values are still above Assessed Values, but we are seeing some properties where this gap has closed completely.



A growing number of property owners will see tax decreases where their particular property's real market value has fallen below their assessed value. The County also reports two local cities with new tax measures on the rolls this year. City of West Linn voters approved new general obligation bonds with a rate of 14 cents per thousand for construction of a new police station and City of Canby voters approved a local option at 44 cents per thousand to fund their swim center services and provide for future pool maintenance.

Oregon Recovery Ranked 5th Best

In January 2013, *24/7 Wall Street* reports that Oregon ranks 5th among states that have recovered most from the recession. The report cites the fact that Oregon's unemployment rate has declined 3% from its recession peak of 11.6% and GDP growth in 2011 was 4.7%, which ranked second among all states.

According to the report, just before the recession hit, Oregon's unemployment rate of 5.3% was one of the highest in the country. That month there were roughly 102,000 unemployed people looking for work in the state. By May 2009, Oregon's unemployment rate had reached 11.6% of the labor force, and more than 230,000 people were looking for work. While the state's unemployment rate remains high, it is now a full three percentage points lower than its peak

rate two years ago. In each of the past two years, the state's GDP growth rate has been among the highest in the country. In 2011, Oregon's 4.7% economic growth well outpaced the national rate of 1.5%.

We value your trust and promise to ensure fiscal integrity in all that we do. As you review this quarterly report, I welcome your questions, comments, and any suggestions you may have. As always, the best way to contact us is by email at: camorsc@ci.milwaukie.or.us.

Respectfully,



Casey Camors, CPA CMA CPFO
Finance Director, City of Milwaukie



Richard Seals, CPA CMA CFM CFE
Finance Director, City of Milwaukie

January 25, 2013

City of Milwaukie, Oregon
 Quarterly Financial Report
 Budget-to-Actual
 Through the second quarter ended December 31, 2012

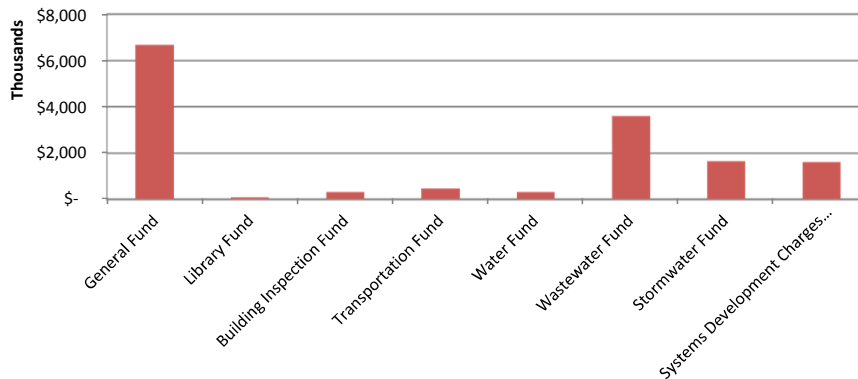
All City Funds

Fund	Beginning	Year-to-Date		Ending	Change
	Fund Balance as of June 30, 2012	Revenues	Expenditures	Fund Balance as of Dec. 31, 2012	
1 General Fund	\$ 5,781,952	\$ 13,497,595	\$ 12,593,285	\$ 6,686,262	\$ 904,310
2 Library Fund	557,060	700,201	1,151,251	106,010	(451,050) ¹
3 Building Inspection Fund	284,156	176,506	150,696	309,966	25,810
4 Transportation Fund	1,738,589	1,121,907	2,378,058	482,438	(1,256,151) ²
5 Water Fund	(224,869)	1,563,660	1,021,589	317,202	542,071
6 Wastewater Fund	3,085,206	3,112,433	2,583,292	3,614,347	529,141
7 Stormwater Fund	1,416,231	988,658	753,402	1,651,487	235,256
8 Systems Development Charges Fund					
Transportation SDC Department	451,556	7,846	262	459,140	7,584
Water SDC Department	235,926	1,316	73,340	163,902	(72,024) ²
Wastewater SDC Department	805,180	7,499	1,037	811,642	6,462
Stormwater SDC Department	267,182	9,447	92,795	183,834	(83,348) ²
Systems Development Charges Fund	1,759,844	26,108	167,434	1,618,518	(141,326)
Totals	<u>\$ 14,398,169</u>	<u>\$ 21,187,068</u>	<u>\$ 20,799,007</u>	<u>\$ 14,786,230</u>	<u>\$ 388,061</u>

¹ This negative change in fund balance is expected at the end of the second quarter of every fiscal year as the majority of intergovernmental revenues are received later in the fiscal year.

² These changes are the result of planned capital projects that were combined and advanced to take advantage of weather and cost savings.

Ending Fund Balances



City of Milwaukie, Oregon
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General Fund

	Year-to-Date through December 31, 2012			Annual through June 30, 2013 (year-to-date)			
	Flexible Budget	Actual	% of Budget	Annual Budget	Actual	Variance	% of Budget
Revenue							
Property taxes	\$ 5,263,000	\$ 5,261,340	100%	\$ 5,947,000	\$ 5,261,340	\$ (685,660)	88%
Licenses & permits	532,000	601,081	113% ¹	1,063,000	601,081	(461,919)	57%
Franchise fees	173,000	123,315	71%	1,727,000	123,315	(1,603,685)	7%
Intergovernmental	456,000	469,534	103%	1,302,000	469,534	(832,466)	36%
Fines & forfeitures	690,000	777,128	113% ²	1,380,000	777,128	(602,872)	56%
Miscellaneous	63,000	85,179	135% ³	126,000	85,179	(40,821)	68%
	<u>7,177,000</u>	<u>7,317,577</u>	102%	<u>11,545,000</u>	<u>7,317,577</u>	<u>(4,227,423)</u>	63%
Other financing sources	4,010,000	4,010,000	100%	4,010,000	4,010,000	-	100%
Transfers	2,170,000	2,170,018	100%	4,340,000	2,170,018	(2,169,982)	50%
	<u>13,357,000</u>	<u>13,497,595</u>	101%	<u>19,895,000</u>	<u>13,497,595</u>	<u>(6,397,405)</u>	68%
Total revenue							
	<u>13,357,000</u>	<u>13,497,595</u>	101%	<u>19,895,000</u>	<u>13,497,595</u>	<u>(6,397,405)</u>	68%
Expenditures							
City Council	25,000	13,868	55%	49,000	13,868	35,132	28%
City Manager	247,000	297,091	120% ¹	493,000	297,091	195,909	60%
Community Development and Public Works	5,009,000	5,462,198	109% ^{1,2}	6,261,000	5,462,198	798,802	87%
Engineering Services	298,000	255,087	86%	596,000	255,087	340,913	43%
Facilities Management	604,000	424,362	70%	1,207,000	424,362	782,638	35%
Finance	342,000	354,732	104% ³	684,000	354,732	329,268	52%
Fleet Services	308,000	315,563	102% ⁴	615,000	315,563	299,437	51%
Human Resources	176,000	106,237	60%	352,000	106,237	245,763	30%
Information Systems Technology	482,000	562,881	117% ⁵	964,000	562,881	401,119	58%
Municipal Court	181,000	161,536	89%	362,000	161,536	200,464	45%
Planning Services	309,000	260,407	84%	617,000	260,407	356,593	42%
Community Services	346,000	429,857	124% ¹	691,000	429,857	261,143	62%
Code Enforcement	101,000	82,032	81%	201,000	82,032	118,968	41%
Public Access Studio	47,000	23,792	51%	93,000	23,792	69,208	26%
Records and Information Management	216,000	187,684	87%	431,000	187,684	243,316	44%
Non-Departmental	767,000	759,790	99%	1,023,000	759,790	263,210	74%
Police Administration	248,000	240,448	97%	495,000	240,448	254,552	49%
Police Field Services	2,544,000	2,518,911	99%	5,088,000	2,518,911	2,569,089	50%
Police Support Services	174,000	136,809	79%	347,000	136,809	210,191	39%
	<u>12,424,000</u>	<u>12,593,285</u>	101%	<u>20,569,000</u>	<u>12,593,285</u>	<u>7,975,715</u>	61%
Total expenditures							
	<u>12,424,000</u>	<u>12,593,285</u>	101%	<u>20,569,000</u>	<u>12,593,285</u>	<u>7,975,715</u>	61%
Revenue over (under) expenditures	933,000	904,310		(674,000)	904,310	1,578,310	
Beginning fund balance	5,717,000	5,781,952		5,717,000	5,781,952	64,952	
Ending fund balance	<u>\$ 6,650,000</u>	<u>\$ 6,686,262</u>		<u>\$ 5,043,000</u>	<u>\$ 6,686,262</u>	<u>\$ 1,643,262</u>	

¹ The Community Services Department actual activity has moved to the City Manager, Community Development and Public Access Studio Departments. The move of the budgeted amounts will be made with the supplemental budget.

² The majority of revenues and expenditures related to the TriMet Lightrail project have been recorded in the first quarter of the fiscal year for accounting purposes. These amounts should be within budget at the end of the fiscal year.

³ The Finance Department has completed the implementation of the Online Business License System to be included in the supplemental budget.

⁴ The Fleet Services Department had an unexpected need for a temporary employee. The cost of this employee is included in the supplemental budget.

⁵ The City has contracted with an outside information technology firm to assist the Information Systems Technology Department with systems analysis and ongoing department and project management. The cost to cover this contract is included in the supplemental budget.

City of Milwaukie, Oregon
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Library Fund

	Year-to-Date through December 31, 2012			Annual through June 30, 2013 (year-to-date)			
	Flexible Budget	Actual	% of Budget	Annual Budget	Actual	Variance	% of Budget
Revenue							
Intergovernmental Revenue	\$ 12,000	\$ 4,148	35% ¹	\$ 2,397,000	\$ 4,148	\$ (2,392,852)	0%
Fines	31,000	30,750	99%	61,000	30,750	(30,250)	50%
Miscellaneous	-	1,193	100%	-	1,193	1,193	100%
Allocation of general property taxes	670,000	664,110	99%	757,000	664,110	(92,890)	88%
Total revenue	713,000	700,201	98%	3,215,000	700,201	(2,514,799)	22%
Expenditures							
Personnel services	683,000	715,406	105% ²	1,366,000	715,406	650,594	52%
Materials & services	107,000	63,585	59%	213,000	63,585	149,415	30%
Debt service	18,000	17,258	96%	35,000	17,258	17,742	49%
Transfers	355,000	355,002	100%	710,000	355,002	354,998	50%
Capital outlay	-	-	-	1,000,000	-	1,000,000	-
Total expenditures	1,163,000	1,151,251	99%	3,324,000	1,151,251	2,172,749	35%
Revenue over (under) expenditures	(450,000)	(451,050)		(109,000)	(451,050)	(342,050)	
Beginning fund balance	657,000	557,060		657,000	557,060	(99,940)	
Ending fund balance	\$ 207,000	\$ 106,010		\$ 548,000	\$ 106,010	\$ (441,990)	

¹ County District Levy funding is received in the third quarter. Projects qualifying for grants during the year have not yet been completed to allow for reimbursement.

² Unexpected costs in personnel services are included in the supplemental budget.

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Building Inspection Fund

	Year-to-Date through December 31, 2012			Annual through June 30, 2013 (year-to-date)			
	Flexible Budget	Actual	% of Budget	Annual Budget	Actual	Variance	% of Budget
Revenue							
Fees & charges	\$ 200,000	\$ 176,236	88%	\$ 400,000	\$ 176,236	\$ (223,764)	44%
Miscellaneous	3,000	270	9%	5,000	270	(4,730)	5%
Total revenue	203,000	176,506	87%	405,000	176,506	(228,494)	44%
Expenditures							
Personnel services	103,000	105,782	103% ¹	205,000	105,782	99,218	52%
Materials and services	4,000	4,912	123% ²	8,000	4,912	3,088	61%
Transfers	40,000	40,002	100%	80,000	40,002	39,998	50%
Total expenditures	147,000	150,696	103%	293,000	150,696	142,304	51%
Revenue over (under) expenditures	56,000	25,810		112,000	25,810	(86,190)	
Beginning fund balance	80,000	284,156		80,000	284,156	204,156	
Ending fund balance	\$ 136,000	\$ 309,966		\$ 192,000	\$ 309,966	\$ 117,966	

¹ Unexpected costs in personnel services are included in the supplemental budget.

² Unexpected costs were incurred to fill a temporary personnel gap using a contracted service.

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Transportation Fund - in Total

	Year-to-Date through December 31, 2012			Annual through June 30, 2013 (year-to-date)			
	Flexible Budget	Actual	% of Budget	Annual Budget	Actual	Variance	% of Budget
Revenue							
Dedicated to St/Surf Maintenance Program:							
Fees (from street maintenance fee)	\$ 301,000	\$ 304,048	101%	\$ 601,000	\$ 304,048	\$ (296,952)	51%
Franchise fees (from 1.5% privilege tax)	-	-	- ¹	327,000	-	(327,000)	-
Intergovernmental (from local gas tax)	59,000	61,094	104%	176,000	61,094	(114,906)	35%
	<u>360,000</u>	<u>365,142</u>	<u>101%</u>	<u>1,104,000</u>	<u>365,142</u>	<u>(738,858)</u>	<u>33%</u>
Intergovernmental (from state gas tax)	490,000	481,030	98%	1,175,000	481,030	(693,970)	41%
Intergovernmental (other)	-	-	- ²	1,023,000	-	(1,023,000)	-
Franchise fees (from utility funds)	271,000	270,996	100%	542,000	270,996	(271,004)	50%
Miscellaneous	37,000	4,739	13%	74,000	4,739	(69,261)	6%
	<u>1,158,000</u>	<u>1,121,907</u>	<u>97%</u>	<u>3,918,000</u>	<u>1,121,907</u>	<u>(2,796,093)</u>	<u>29%</u>
Expenditures							
Personnel services	224,000	217,795	97%	447,000	217,795	(229,205)	49%
Materials and services	235,000	203,355	87%	470,000	203,355	(266,645)	43%
Transfers	480,000	480,000	100%	960,000	480,000	(480,000)	50%
Capital outlay	1,478,000	1,476,908	100%	2,942,000	1,476,908	(1,465,092)	50%
	<u>2,417,000</u>	<u>2,378,058</u>	<u>98%</u>	<u>4,819,000</u>	<u>2,378,058</u>	<u>(2,440,942)</u>	<u>49%</u>
Revenue over (under) expenditures	<u>(1,259,000)</u>	<u>(1,256,151)</u>		<u>(901,000)</u>	<u>(1,256,151)</u>	<u>(5,237,035)</u>	
Beginning fund balance	<u>1,792,000</u>	<u>1,738,589</u>		<u>1,792,000</u>	<u>1,738,589</u>	<u>(53,411)</u>	
Ending net available fund balance	<u>\$ 533,000</u>	<u>\$ 482,438</u>		<u>\$ 891,000</u>	<u>\$ 482,438</u>	<u>\$ (5,290,446)</u>	

¹ Privilege taxes are received from PGE along with the Franchise Fee in the third quarter.

² Projects qualifying for grants during the year have not yet been completed to allow for reimbursement.

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Transportation Fund - by Program

Street Surface Maintenance Program

	Year-to-Date through December 31, 2012			Annual through June 30, 2013 (year-to-date)			
	Flexible Budget	Actual	% of Budget	Annual Budget	Actual	Variance	% of Budget
Revenue							
Dedicated to St/Surf Maintenance Program:							
Fees (from street maintenance fee)	\$ 301,000	\$ 304,048	101%	\$ 601,000	\$ 304,048	\$ (296,952)	51%
Franchise fees (from 1.5% privilege tax)	-	-	- ¹	327,000	-	(327,000)	-
Intergovernmental (from local gas tax)	59,000	61,094	104%	176,000	61,094	(114,906)	35%
Total revenue	360,000	365,142	101%	1,104,000	365,142	(738,858)	33%
Expenditures							
Materials and services	30,000	5,377	18%	60,000	5,377	54,623	9%
Transfers	101,000	100,998	100%	202,000	100,998	101,002	50%
Capital outlay	1,349,000	1,347,887	100%	1,420,000	1,347,887	72,113	95%
Total expenditures	1,480,000	1,454,262	98%	1,682,000	1,454,262	227,738	86%
Revenue over (under) expenditures	(1,120,000)	(1,089,120)		(578,000)	(1,089,120)	(511,120)	
Beginning fund balance	1,459,000	1,903,732		1,459,000	1,903,732	444,732	
Ending net available fund balance	\$ 339,000	\$ 814,612		\$ 881,000	\$ 814,612	\$ (66,388)	

¹ Privilege taxes are received from PGE along with the Franchise Fee in the third quarter.

State Gas Tax Program

	Year-to-Date through December 31, 2012			Annual through June 30, 2013 (year-to-date)			
	Flexible Budget	Actual	% of Budget	Annual Budget	Actual	Variance	% of Budget
Revenue							
Intergovernmental (from state gas tax)	490,000	481,030	98%	1,175,000	481,030	(693,970)	41%
Intergovernmental (other)	-	-	- ²	1,023,000	-	(1,023,000)	-
Franchise fees (from utility funds)	271,000	270,996	100%	542,000	270,996	(271,004)	50%
Miscellaneous	37,000	4,739	13%	74,000	4,739	(69,261)	6%
Total revenue	798,000	756,765	95%	2,814,000	756,765	(2,057,235)	27%
Expenditures							
Personnel services	224,000	217,795	97%	447,000	217,795	229,205	49%
Materials and services	205,000	197,978	97%	410,000	197,978	212,022	48%
Transfers	379,000	379,002	100%	758,000	379,002	378,998	50%
Capital outlay	129,000	129,021	100%	1,522,000	129,021	1,392,979	8%
Total expenditures	937,000	923,796	99%	3,137,000	923,796	2,213,204	29%
Revenue over (under) expenditures	(139,000)	(167,031)		(323,000)	(167,031)	155,969	
Beginning fund balance	333,000	(165,143)		333,000	(165,143)	(498,143)	
Ending net available fund balance	\$ 194,000	\$ (332,174)		\$ 10,000	\$ (332,174)	\$ (342,174)	

² Projects qualifying for grants during the year have not yet been completed to allow for reimbursement.

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Water Fund

	Year-to-Date through December 31, 2012			Annual through June 30, 2013 (year-to-date)			
	Flexible Budget	Actual	% of Budget	Annual Budget	Actual	Variance	% of Budget
Revenue							
Fees and charges	\$ 1,358,000	\$ 1,535,861	113% ¹	\$ 2,715,000	1,535,861	(1,179,139)	57%
Miscellaneous	31,000	27,799	90%	61,000	27,799	(33,201)	46%
Total revenue	1,389,000	1,563,660	113%	2,776,000	1,563,660	(1,212,340)	56%
Expenditures							
Personnel services	272,000	267,610	98%	543,000	267,610	275,390	49%
Materials and services	320,000	273,584	85%	640,000	273,584	366,416	43%
Transfers	465,000	465,000	100%	930,000	465,000	465,000	50%
Capital outlay	22,000	15,395	70%	444,000	15,395	428,605	3%
Total expenditures	1,079,000	1,021,589	95%	2,557,000	1,021,589	1,535,411	40%
Revenue over (under) expenditures	310,000	542,071		219,000	542,071	323,071	
Beginning fund balance	(267,000)	(224,869)		(267,000)	(224,869)	42,131	
Ending fund balance	\$ 43,000	\$ 317,202		\$ (48,000)	\$ 317,202	\$ 365,202	

¹ Water consumption is up 3.3% during the first two quarters over the same period last year which was unexpected.

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Wastewater Fund

	Year-to-Date through December 31, 2012			Annual through June 30, 2013 (year-to-date)			
	Flexible Budget	Actual	% of Budget	Annual Budget	Actual	Variance	% of Budget
Revenue							
Fees and charges	\$ 2,690,000	\$ 3,089,034	115% ¹	\$ 5,379,000	\$ 3,089,034	\$ (2,289,966)	57%
Intergovernmental	-	-	- ²	168,000	-	(168,000)	-
Miscellaneous	5,000	-	-	10,000	-	(10,000)	-
Proceeds from Reimbursement District	62,000	23,399	38%	123,000	23,399	(99,601)	19%
Total revenue	2,757,000	3,112,433	113%	5,680,000	3,112,433	(2,567,567)	55%
Expenditures							
Personnel services	196,000	207,806	106% ³	392,000	207,806	184,194	53%
Materials and services	1,468,000	1,796,443	122% ¹	3,522,000	1,796,443	1,725,557	51%
Debt service	55,000	48,229	88%	110,000	48,229	61,771	44%
Transfers	460,000	460,012	100%	920,000	460,012	459,988	50%
Capital outlay	838,000	70,802	8%	1,675,000	70,802	1,604,198	4%
Total expenditures	3,017,000	2,583,292	86%	6,619,000	2,583,292	4,035,708	39%
Revenue over (under) expenditures	(260,000)	529,141		(939,000)	529,141	1,468,141	
Beginning fund balance	3,260,000	3,085,206		3,260,000	3,085,206	(174,794)	
Ending fund balance	\$ 3,000,000	\$ 3,614,347		\$ 2,321,000	\$ 3,614,347	\$ 1,293,347	

¹ To provide funding for the CCSD #1 wastewater treatment agreement, a 30% interim wastewater rate increase was implemented after preparation of the biennial budget. These unexpected costs and revenues will be included in the supplemental budget.

² Projects qualifying for grants during the year have not yet been completed to allow for reimbursement.

³ Unexpected costs in personnel services are included in the supplemental budget.

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Stormwater Fund

	Year-to-Date through December 31, 2012			Annual through June 30, 2013 (year-to-date)			
	Flexible Budget	Actual	% of Budget	Annual Budget	Actual	Variance	% of Budget
Revenue							
Fees and charges	\$ 978,000	\$ 985,335	101%	\$ 1,956,000	\$ 985,335	\$ (970,665)	50%
Intergovernmental	-	-	- ¹	300,000	-	300,000	-
Miscellaneous	1,000	3,323	332%	1,000	3,323	2,323	332%
Total revenue	979,000	988,658	101%	2,257,000	988,658	(668,342)	44%
Expenditures							
Personnel services	206,000	217,572	106% ²	411,000	217,572	193,428	53%
Materials and services	170,000	122,116	72%	339,000	122,116	216,884	36%
Debt service	-	-	-	-	-	-	-
Transfers	370,000	370,002	100%	740,000	370,002	369,998	50%
Capital outlay	588,000	43,712	7%	1,175,000	43,712	1,131,288	4%
Total expenditures	1,334,000	753,402	56%	2,665,000	753,402	1,911,598	28%
Revenue over (under) expenditures	(355,000)	235,256		(408,000)	235,256	1,243,256	
Beginning fund balance	1,391,000	1,416,231		1,391,000	1,416,231	25,231	
Ending fund balance	\$ 1,036,000	\$ 1,651,487		\$ 983,000	\$ 1,651,487	\$ 1,268,487	

¹ Projects qualifying for grants during the year have not yet been completed to allow for reimbursement.

² Unexpected costs in personnel services.

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Systems Development Charges Fund

	Year-to-Date through December 31, 2012			Annual through June 30, 2013 (year-to-date)			
	Flexible Budget	Actual	% of Budget	Annual Budget	Actual	Variance	% of Budget
Revenue							
System development charges	\$ 192,000	\$ 26,100	14%	\$ 384,000	\$ 26,100	\$ (357,900)	7%
Miscellaneous	3,000	8	0%	6,000	8	(5,992)	0%
Total revenue	195,000	26,108	13%	390,000	26,108	(363,892)	7%
Expenditures							
Materials and services	27,000	33,595	124% ¹	53,000	33,595	19,405	63%
Capital outlay	333,000	133,839	40%	666,000	133,839	532,161	20%
Total expenditures	360,000	167,434	47%	719,000	167,434	551,566	23%
Revenue over (under) expenditures	(165,000)	(141,326)		(329,000)	(141,326)	187,674	
Beginning fund balance	1,854,000	1,759,844		1,854,000	1,759,844	(94,156)	
Ending fund balance	\$ 1,689,000	\$ 1,618,518		\$ 1,525,000	\$ 1,618,518	\$ 93,518	

¹ Materials and services expenditures are for the stormwater master plan and are not incurred evenly throughout the year.



Milwaukie Finance



Agenda Item: WS 4.
Meeting Date: 2/19/2013

COUNCIL AGENDA ITEM SUMMARY

Issue/Agenda Title: Lake Road Projects Update

Prepared By: Jason Rice, Engineering Manager

Dept. Head Approval: Stephen Butler, Interim Community Development Director

City Manager Approval: Bill Monahan

Reviewed by City Manager:

ISSUE BEFORE THE COUNCIL

Presently the City is working on two public improvement projects on Lake Road. The first is an ODOT/City funded project from Oatfield Road to Where Else Lane and a second Safe Routes to School project from Where Else Lane to Freeman Way. Funding for the two road improvement projects on Lake Rd. is falling short. The issue is whether the City should drop the Safe Routes Project to assist the Oatfield Road to Where Else Lane construction.

STAFF RECOMMENDATION

Staff suggests negotiating with ODOT to allow the Safe Routes to School funding to apply to the current Lake Rd. project; if ODOT agrees, staff then recommends proceeding with the lake Road project's Oatfield to Guilford improvements. Without this transfer, Staff recommends terminating these improvement projects as the cost to the City is too large for the improvements that could be completed at this time.

KEY FACTS & INFORMATION SUMMARY

The current Lake Rd. Plan set for construction is estimated to cost approximately 1 million dollars. This is a \$258,000 shortfall even if the supplemental budget is passed. The project could be reduced in scope, but the amount of improvements actually built would be minimal. Transfer of \$234,000 from the Safe Routes to School project, however, would help keep this project going without changes.

OTHER ALTERNATIVES CONSIDERED

1. Reduce the project scope for both projects.

CITY COUNCIL GOALS

Goal 6. Allocate resources within the Capital Improvement Plan to improve livability in the neighborhoods.

ATTACHMENT LIST

Project Vicinity Map

FISCAL NOTES

The proposed supplemental budget has designated \$350,000 for the completion of Lake Road. Along with \$656,000 in federal and state funding, the current Lake Road project could proceed as planned.



To: Mayor and City Council

Through: Bill Monahan, City Manager
Stephan Butler, Interim Community Development Director

From: Jason Rice, Engineering Manager

Subject: Lake Road Projects Update

Date: February 19, 2013

ACTION REQUESTED

Staff would like Council direction on moving forward with expenditures tied to the Lake Road Multimodal Improvements and the Lake Road Safe Routes to School Project.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

September 2012 – Council was provided with an up-to-date project assessment. During this discussion staff presented the many challenges that this federally funded project brought to the table.

June 2010 – Council approved resolution to invoke commendation for the completion of the Lake Rd. Improvements.

August 2009 – Council was presented with a design update to the project. During this update, conceptual drawings were provided via a Power Point Presentation.

October 2007 – Council approved a Local Agency Agreement for Lake Rd. Right-of-Way Acquisition Services.

March 2007 – Council approved an Inter-governmental Agreement with ODOT for the construction of improvements on Lake Rd. Within this agreement, the City committed to a 10.27% match of all expenditures related to this project plus agreed to account for all costs that over run 3.97 million dollars.

October 2005 – The City received federal earmark funding.

May 1997 – Lake Road Multimodal Plan was adopted into the City’s Comprehensive Plan. The Lake Road plan was a product of many months of citizen and staff effort to identify the improvements desired for this transportation corridor.

BACKGROUND

A. Lake Road (Oatfield Rd. to Where Else Lane)

The primary goal of the Lake Road Multimodal Plan has always been to provide a better connection between two METRO designated Regional Centers. The plan focuses on ways to foster improvements for all modes of traffic. When the City received notice in 2005 that ODOT was able to earmark approximately 3.6 million dollars for building improvements on Lake Road, the City was very appreciative. The City not only had a plan for these improvements, but as a result of this funding, finally had the dollars to actually build some of them.

Once the money was allocated, as in any situation when federal dollars are involved, two Inter-Governmental Agreements (IGA) were soon agreed upon. The first was an agreement on the total funding allocation and the City’s share. This contract obligated the City to contribute 10.27% of the total costs, increasing the total project budget to \$3,969,280. Within this contract, the City also committed to pay any overages beyond the total project budget. This is important to remember as the City makes decisions on how to move forward at each phase of the project. The second IGA involves language to allow ODOT to fund a Right-of-Way phase. In the case of this project, the design team knew well in advance that at a minimum, temporary easements would be needed so this IGA was brought before Council in October of 2007.

From 2007 when a design consultant was selected through January 2011, the project was taken from a conceptual design to a complete project plan set. The idea at this point was to have a complete project that utilizes as much of the budget as possible, without running over. While the design phase is occurring it is also necessary to acquire right-of-way to stay on schedule. In some cases land was purchased, while in others temporary easements were obtained.

By March of 2011 the project received bids for construction and it appeared as though there was about \$700,000 in remaining funds beyond the construction project that was planned for. At face value this appeared to be a good thing. However, in the pursuit of spending the entire federal pot of money the City needed to make a decision. The City could move forward and see if change orders would account for the remaining budget, or at some point add work outside of the original contract. Approximately half way through the original project, staff was told that while the project had seen some changes, overall the project budget was still on pace to end with a surplus of about \$700,000 in federal dollars.

As a result of this information, Staff posed a question to ODOT, “how much would it cost to extend the project limits two additional blocks to Oatfield Road?” ODOT’s engineers then

estimated the project to come in near one million dollars. From here, Staff then researched how much the City had contributed to the project overall and found that it had fallen short by \$350,000 from what Staff told Council would be spent over the entire project. It seemed to be advantageous if the City could provide the \$350,000 back into the project via a supplemental budget, these funds plus the federal funding of \$700,000 appear to provide more than enough funding to finish the additional two blocks. Staff proceeded to direct ODOT to release right-of-way services in the new area to stay ahead of the construction. The “new” project at this point was assumed to include roadway improvements exactly like the original project between Guildford Drive and Oatfield Road in addition to two new signal arms and controllers at the intersection of Oatfield Road and Lake Road.

During the week of February 4, ODOT notified the City that only approximately \$422,000 federal dollars remain, not \$700,000. Their explanation for the reduction from what the City believed to be \$700,000 boils down to a few key factors. There is a caveat in ODOT contracts to allow for price adjustments for asphalt costs and since the price in asphalt changed so dramatically over the course of last year, the contractor was allowed to apply for those additional funds. Another key factor was traffic control costs; flagging time was severely under estimated. The contractor expressed this concern for a lack of flagging hours and was able to adjust the total amount allotted for this expense. Lastly, the City had requested approximately \$100,000 in water system modifications that were not on the plans. While Staff was aware of all three of these change orders, it was Staffs impression that all three were accounted for when the \$700,000 number was being offered.

To compound the matter, while right-of-way costs are reimbursable costs they do deduct from the remaining \$422,000. To date, no payments have been authorized but Staff estimates that these 7 files will cost approximately \$30,000.

Assuming the City move forward with \$742,000 (including \$350,000 from the City’s supplemental budget), Staff posed the question to ODOT’s engineer, “what can we get done without increasing the City’s obligation to provide funds”? After a quick analysis, Staff thought if the project were to remove the intersection at Lake and Oatfield Roads, then the budget could see a savings of \$190,000. Leaving the City \$68,000 short of what it would take to complete a truncated extension of the Lake Road Improvements.

B. Lake Rd. Safe Routes to School (Where Else Lane to Freeman Way)

Concurrently there is also a Safe Routes to School (SRTS) Project on Lake Road as well. Staff prepared a SRTS grant application back in 2010 and while it was not selected for funding at that time, it was selected as an alternate. In January of 2011 Staff was notified that only a portion (\$234,000) of the requested funding became available to Milwaukie. Since that date, Staff has been negotiating with ODOT as to what work could be performed with this reduced amount of funding.

It was thought that sidewalks on the south side of Lake Rd. from Where Else Lane to Freeman Way would be a good fit, but after further review the amount of money needed to complete that work came to \$485,000. A request was then made to ODOT to increase the amount authorized to clear the gap. Because the Safe Routes to School Program is being

phased out with this year's changes to the Statewide Transportation Improvement Program (STIP), this request was denied. This decision leaves the City with no option to construct improvements under the original Where Else to Freeman application.

In an effort to keep as much federal funding active between these two projects, Staff made a second inquiry. If the \$234,000 in SRTS funding could be transferred to the existing Lake Road project, this would allow all of the planned improvements between Guilford and Oatfield to move forward with ease.

Benefits to the City in making the transfer:

1. Cost savings not having a consultant perform additional historical and environmental reviews for the area east of Where Else Lane
2. Cost savings not having a consultant perform additional survey and design
3. An increase in available Engineering Staff time due to the reduction in process to spend the SRTS money

Costs to the City in making the transfer:

1. The public would not see improvements between Where Else Lane and Freeman Way on the south side of Lake Road at this time. It should be noted, however that due to such a large gap in funding on this project that if the money isn't transferred there is little to no chance that improvements could be built with the available budget.

CONCURRENCE

ODOT's Local Agency Liaison for Milwaukie has internally confirmed all of the federal budget numbers used in this report.

The ODOT Program Manager for SRTS has pre-approved the notion of transferring money from the SRTS Program to the current Lake Road Improvements, pending receiving a written request from Milwaukie staff.

FISCAL IMPACT

If the Lake Road change order was to proceed with right-of-way and construction, it is necessary to approve the \$350,000 designated within the supplemental budget. Without it, the project should stop immediately.

If the Oatfield Road to Guilford Street work were to receive aid in the form of \$234,000 in SRTS funding, this allows the signals and intersection improvements to also be constructed, however this scenario also requires the supplemental budget on the February 19th Council Agenda to pass as well.

WORK LOAD IMPACTS

Engineering Staff is prepared to provide assistance to ODOT under whichever alternative is selected. Prior to construction, this project currently demands approximately 5-10 hours per

week to address design issues and review coordination. Once construction begins this number would likely increase to 15-20 hours per week to include site visits for inspections and utility conflict resolution.

ALTERNATIVES

1. Continue the project as planned understanding that additional funding may be required beyond the \$350,000 that is currently in the Supplemental Budget Proposal
2. Approve the concept (pending an approval from ODOT) of transferring \$234,000 from the "Safe Routes to School" Grant to the Lake Road Project to allow for the complete improvements between Guilford and Oatfield.
3. Reduce the project scope to allow for the completion of a portion of the Guilford to Oatfield improvements.
4. End the project to eliminate further spending under this Federal Grant.

ATTACHMENTS

1. Vicinity Map of both Lake Rd. Projects



Both projects have identical improvements.

The Safe Routes project extends sidewalks and bike lanes along Lake Road from Where Else Lane to Freeman Way on the south side. However, this project has yet to begin and would require Historical and Environmental reviews.

The Lake Road Multimodal Phase 2 realigns sidewalks on the south side and extends bike lanes on both sides of the street. This project is shovel-ready and would see a large benefit from a \$234K contribution from the Safe Routes program.

Lake Road Multimodal Project - Phase II
Original Project Cost Estimate = \$1M
(Truncated) Project Cost Estimate = \$800K
Available Funding = \$740K

Rowe Middle School

Safe Routes to School Project
Project Cost Estimate = \$485K
Available Funding = \$234K
(Currently Under Review)
Milwaukie has requested additional funds from ODOT



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